

QLDC Council
12 September 2019

Report for Agenda Item | Rīpoata moto e Rāraki take 7

Department: Corporate Services

Title | Taitara Submission to the Productivity Commission – Local Government Funding and Financing

PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO

The purpose of this report is to present and seek retrospective approval of QLDC's submission to the Productivity Commission's inquiry into local government funding and financing. The submission deadline was 29 August 2019.

RECOMMENDATION | NGĀ TŪTOHUNGA

That the Council:

1. **Notes** the contents of this report and
2. **Gives** retrospective approval to the submission.

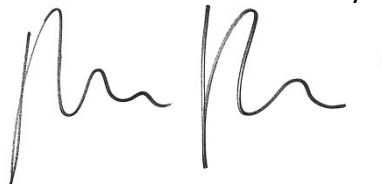
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29/08/2019

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CONTEXT | HOROPAKI

1. In November 2018, the Productivity Commission released an Issues Paper exploring local government funding and financing, to which QLDC provided feedback in February.
2. In July 2019, a Draft Report was released from the inquiry, suggesting that the current system based on rating properties was fundamentally sound. However, the inquiry has acknowledged that new tools are needed to help councils deal with specific cost pressures in relation to:
 - Supplying enough infrastructure to support rapid urban growth;
 - Adapting to climate change;
 - Coping with the growth of tourism; and
 - The accumulation of responsibilities placed on local government by central government
3. The Commission made 67 findings, 30 recommendations and asked eight questions. The next stage of the inquiry is for the Commission to consider the submissions in relation to the Draft Report.

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

4. QLDC broadly agrees with the positions taken by LGNZ and SOLGM within their submission across all questions raised and expressed this accordingly within the submission.
5. However, QLDC took the opportunity to support unequivocally the recommendation for the introduction of a Local Visitor Levy (recommendation 6.7). The focus of the submission was to provide additional context to the Commission, from the perspective of a high-growth Council with a mature visitor economy.
6. QLDC strongly supported the following matters:
 - Local Visitor Levy (recommendation 6.7)
 - Rating of vacant land (still under review by the Commission)
 - New building work payments (recommendation 6.4)
7. QLDC tentatively supported the following matters:
 - Value capture mechanisms (finding 6.7)
 - Climate change adaptation approach (recommendations 8.1 – 8.6)
8. QLDC did not support the following matters:
 - Removal of the rates differential and the Uniform Annual General Charge (UAGC) (recommendation 7.1)
 - Introduction of a backstop arrangement for Three Waters (finding 9.4)
 - Introduction of a standardised template for Development Contributions (DC) Policies (recommendation 6.1)

9. QLDC identified two inaccuracies in the Draft Report relating to perceived deficiencies in QLDC's DC Policy and its approach to debt levels. The Commission has recognised that these comments were unfounded and will not be included in the final report.

Option 1 (recommended)

10. That Council retrospectively approves the contents of the report and the submission to the Productivity Commission.

Advantages:

11. This enables QLDC's position to be formally acknowledged by the Productivity Commission and potentially included in its recommendations to government. It further provides QLDC with the opportunity to reinforce its much-stated position in support of a local visitor levy.

Disadvantages:

12. There are no clear disadvantages to this option.

Option 2

13. That Council does not retrospectively approve the contents of this report and the submission to the Productivity Commission and requests its withdrawal from the process.

Advantages:

14. There are no clear advantages to this option.

Disadvantages:

15. QLDC's position would not be formally acknowledged by the Productivity Commission and potentially included in its recommendations to government. QLDC would not be able to take the opportunity to reinforce its much-stated position in support of a local visitor levy.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

16. This matter is of low significance, as determined by reference to the [Council's Significance and Engagement Policy](#) because the submission does not have a direct impact on the environment, culture and people of the District. It is consistent with QLDC's Finance Strategy and much-stated policy position and does not negatively affect Council's capability and capacity.

> MĀORI CONSULTATION | IWI RŪNANGA

17. This submission reflected Council's much-stated policy position and operational perspective in relation to funding and financing. As such, iwi were not consulted separately.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

18. This matter relates to the Strategic/Political/Reputation It is associated with RISK 00038 Lack of Alignment - Strategies and policies within the QLDC Risk Register.

19. The approval of the recommended option will support the Council by allowing us to retain the risk at its current level. This shall be achieved by ensuring that we deliver consistent messages in relation to QLDC's policy position.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

20. There are no budget or cost implications resulting from the decision.

LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA

21. The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by leveraging local economic development efforts through cooperation and potential access to central government funding.
- Can be implemented through current funding under the Ten Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

ATTACHMENTS | NGĀ TĀPIRIHANGA

- A Submission to the Productivity Commission – Local Government Funding and Financing