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Date: *28th August 2019.*

Dear Murray

Local government funding and financing – draft report

I am writing in the context of your draft report on local government funding.

In the hazardous substances regulatory regime, local government authorities have a range of compliance, monitoring and enforcement functions. For some time, the Environmental Protection Authority (EPA) has been concerned about the ability of local government organisations to carry out these functions. It is apparent that this is, in part, a result of how these local government functions are funded.

To address these concerns, the EPA and the Ministry for the Environment convened a Technical Working Group (TWG)¹ to review the overall effectiveness of the hazardous substances compliance, monitoring and enforcement system. The terms of reference included a requirement to identify the strengths and weakness of current funding arrangements. The TWG recently submitted its report, and this will be published shortly and, at present, is not in the public domain. I note with interest the similarities between the findings and recommendations made by the TWG and the Commission's draft report on local government funding and financing.

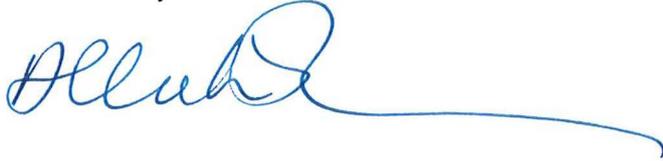
The TWG noted that authority over the management of hazardous substances was dispersed over a wide range of agencies, including 76 local authorities. The report noted that, in general, local government agencies tend to lack the expertise and funds to undertake their enforcement responsibilities. The TWG also noted that the lack of expertise was exacerbated by the absence of an agency specifically charged with providing advice and support to local government authorities.

Similar to the Commission's report, the TWG recommended that alternative sources of funding be considered, such as the introduction of a financial assurance mechanism to mitigate the costs of clean-up operations and the creation of civil liability for loss or damages.

¹ The Technical Working Group consisted of Lisa te Heuheu (Chair), Peter Harris and Lindsay McKenzie.

If you or your staff should like to discuss these issues with us, then please contact Cherie Engelbrecht on 04 474 5747 or via email Cherie.Engelbrecht@epa.govt.nz if you have any questions about the TWG's report and to arrange a meeting.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Allan Freeth', with a long horizontal flourish extending to the right.

Dr Allan Freeth
Chief Executive
Environmental Protection Authority