

28 August 2019



Dear Sir/Madam

### **Bay of Plenty Regional Council's submission to NZ Productivity Commission Draft Report**

Thank you for the opportunity to comment on the above submission. The Bay of Plenty Regional Council does not wish to be heard on this submission.

For matters relating to this submission, please contact Stephen Lamb at [stephen.lamb@boprc.govt.nz](mailto:stephen.lamb@boprc.govt.nz) or 0800 884 881 ext. 9327.

#### **Our Organisation**

The Bay of Plenty Regional Council is responsible for the sustainable management of resources within the Bay of Plenty region. Our role is determined by Central Government through statutes such as the Local Government Act and the Resource Management Act, and is different from that of territorial authorities (district and city councils). Some of our key roles are:

- Regional planning for land, water quality and air quality;
- Setting environmental management policies for the region;
- Allocation of natural resources;
- Flood control;
- Natural hazard response;
- Soil conservation;
- Pest control / biosecurity;
- Public transport;
- Strategic transport planning;
- Regional economic development; and
- Strategic integration of land use and infrastructure.

#### **Summary**

Please find our detailed comments attached. We trust you find them constructive.

Yours sincerely

A handwritten signature in black ink, appearing to read "Stephen Lamb".

pp Stephen Lamb  
**Natural Resources Policy Manager**

**On behalf of:**

Namouta Poutasi  
**General Manager Strategy & Science**

*Objective ID:*

## Comments from Bay Of Plenty Regional Council on New Zealand Productivity Commission Draft Report

1 Specific provisions that submission relates to:		2 Nature of submission		3 Bay of Plenty Regional Council seeks the following decisions
Page No.	Section Heading and Reference	Clarify the issues you are concerned about	Support/Oppose or Seek Amendments and Provide Reason	
75	<b>Treaty Settlement Arrangements</b> Findings F4.7, F4.8 and F4.9	Absence of any recommendations on these findings.  Seeking to ensure recommendations are made on each finding, to ensure currency and forward action.	<b>Support</b> <p>We strongly support these findings on the basis of both the discussion in the report and our own experiences, aspects of which were detailed to this review, in our earlier submission.</p> <p>The significance of these findings reinforces the increasing need for concerted action by central government on these matters. We consider it both necessary and appropriate that the report should include specific recommendations on these findings to ensure they remain current and are not lost amongst other priorities of central government. As a Council that has for some time advocated for action on these matters we are hopeful that specific recommendations delivered through this report may progress action in this regard.</p>	Recommend that: The final report include specific recommendations on each of the findings F4.7, F4.8 and F4.9

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75	F4.7 – Lack of independent and comprehensive cost analysis	Absence of any recommendations on this finding.  Limited knowledge and appreciation of actual implementation costs by central government.  Crown's funding policy and its implementation lacks consistency and parity.	<b>Support</b>  Support the need for a comprehensive and independent analysis of costs to local government.  Our experience has shown limited knowledge by central government of actual implementation costs of Treaty settlement arrangements that operate at local government level. We have on several occasions been asked to provide costs estimates to assist central government in seeking to determine a cost contributions in particular cases. The approach and categorisation of costs by central government for this purpose, is often at odds with the reality of what our experience is and what the actual costs are.	A comprehensive and independent analysis of costs to local government be commissioned.  Emphasise the importance of this analysis being undertaken by an independent and suitably qualified professional.

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75	F4.8 – Ad hoc nature of Crown funding contribution to local government, to support Treaty mechanisms	<p>Absence of any recommendations on this finding.</p> <p>Crown's funding policy and its implementation lacks consistency and parity.</p> <p>Crown policy is dated and out of step with reality of costs and implementation.</p>	<p><b>Support</b></p> <p>Factors determining Crown contribution are set out in the Crown policy on contributions to costs to local authorities and iwi arising from treaty settlements (Oct 2011 / April 2013).</p> <p>This policy is now somewhat old and was developed at a time when few conventional co-governance arrangements were in existence or fully implemented. There are questions about the robustness and reliability of that policy – which continues to inform current Crown contributions – given its development prior to any reliable source data for this purpose. It is at best underlined by theoretical cost projections which experience has shown, are out of step with actual costs.</p> <p>Cost calculations also appear to occur ad hoc. There are vast disparities both in quantum and specific purposes for which some co-governance entities are funded versus others. Similarly there is a need for greater transparency by central government, in terms of the basis of calculations in particular instances.</p>	<p>A more systematic approach to determination of Crown cost contributions to local government.</p> <p>Greater transparency as to the basis of cost calculation made by central government in particular instances.</p> <p>A comprehensive review of existing policy on “Crown contributions to costs to local authorities and iwi arising from treaty settlements (Oct 2011 / April 2013)”</p>

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75	F4.9 – Funding shortfalls risk compromising durability of settlement arrangements	Absence of any recommendations on this finding.  Cumulative impacts of multiple settlement arrangements and funding impacts	<b>Support</b>  We support the clear nexus between sufficient levels of resourcing and the long term durability of settlement arrangements.  As a Council with involvement in multiple co-governance entities we have observed first-hand the clear advantage of those with Crown resourcing. There is a much greater level of independence and ability to pursue its purpose and key objectives without reliance and dependence on the availability of resourcing from local government.  Cumulative impacts of obligations to multiple co-governance entities, increase the risk of compromising durability of individual arrangements. There is little recognition given by central government to those local authorities in this position. There is a greater need to do so and assist with mitigating the increased responsibilities and risks that these councils face.	A comprehensive review of existing policy on “Crown contributions to costs to local authorities and iwi arising from treaty settlements (Oct 2011 / April 2013)”  Any review should be undertaken with input from local government entities with direct experience.  Targeted assistance from central government to local authorities with specific obligations under multiple settlement arrangements (co-governance entities).
85	‘Climate mitigation’ section	The text states: ‘Reducing emissions in the transport sector, for example, will likely require significant investments from regional councils in public transport infrastructure, and investments from many territorial authorities to encourage “mode-shifting” away from cars and to cycling and walking.’ However regional councils are not responsible for public transport infrastructure.	Seek amendment:  As per <a href="#">NZTA</a> , public transport responsibilities are:  <b>Regional councils</b> plan public transport networks through a mandatory Regional Public Transport Plan. This plan includes working details and policies (including procurement methods) relating to the public transport network, information and monitoring requirements, accessibility standards, ticketing, and signage. Regional councils also partially fund and provide public transport services. They own ticketing equipment, while operators (described below) manage and run it.  <b>Territorial authorities</b> (district and city councils) provide and manage public transport infrastructure such as bus stops, interchanges, and stations, signage and park and ride stations.	Amend the public transport responsibilities of regional councils and territorial authorities.

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100	R5.3	While we support the notion of audit and risk committees with independent member(s), it may not always be necessary to have an independent chair depending on the skill and experience of the elected councillors.	Support in part	Amend that Audit and Risk committee does not require an independent chair.
111	R5.4	We support a full first principles review of the financial disclosures, Funding Impact Statement, and mandatory performance measures.	Support	Support the recommendation
124	R5.7	We support the streamlining of LTP content requirements, and consider that this should be a full review along with R5.4.	Support	Support the recommendation
126	Q5.1	As the Long-term Plan is a key part of enacting political aspirations, it is difficult to see a workable solution to separate this from the three year election cycle.	n/a	n/a
128	Q5.2	Allowing for expected inflation is a key part of setting prudent budgets and must be included in expenditure and rates forecasts. Excluding expected inflation is simple under-estimation of costs.	n/a	n/a

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130	Q5.3	We do not see a useful role for capital charges in local government. Greater use of targeted rates for local infrastructure will drive the right asset management discussions.	n/a	n/a
168	R6.4	Additional financial support should be given to councils in high-growth areas to provide infrastructure necessary for intensification and new greenfield areas.	Support	Providing necessary infrastructure in high growth areas, such as Tauranga, is challenging due to the range of issues identified in the report. Financial support from Central Government would assist councils to provide housing and build sustainable and successful communities.
171	R6.5	Additional financial mechanisms should be available for councils in high-growth areas to provide infrastructure necessary for intensification and new greenfield areas.	Support	A range of effective and practicable financial mechanisms is necessary.
172	R6.6	Smaller councils in the Bay of Plenty (such as Ōpōtiki District and Whakatāne District) are challenged with maintaining and upgrading wastewater infrastructure. Particularly to comply with environmental requirements, and address issues in specific communities (such as Matatā).	Support	Support the recommendation.

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180	R6.10	We support a more constructive relationship with central Government, in particular the opportunity to be involved with analysis of new regulation that has cost effects on Councils.	Support	Support the recommendation. Government regulatory impact analysis should include an assessment of implementation costs that Council's contribute towards preparing.
181	R6.9 and R6.10	Central and local government should work in partnership to ensure regulation costs are appropriate, and there are sufficient lead in times for implementation.	Support	Support the recommendations.

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196	R7.2, 7.5 and 7.6	<p>We support the amendment of the Local Government Act to more specifically assess matching rates with services/benefits received. We support greater use of targeted rates as the mechanism to achieve this.</p> <p>We find there is some conflict between ideas of a national government run rates postponement scheme, Central Government's pivotal role in income redistribution, and Council's consideration of ability to pay. We consider that rates expense is a relatively small component of living expenses and affordability concerns should be addressed through accommodation supplements or other existing benefits.</p>	Support in part	<p>Support the recommendation.</p> <p>Replace discussion on national rates postponement schemes and detailed Council analysis of ability to pay with Central Government consideration of rates as part of living expenses in any benefit or accommodation supplement.</p>
197	R7.4	We note that UAGC are regressive in nature. Removing the cap on UAGC may therefore be counter-productive for ability to pay. While we support the beneficiary principle, this may be counter-productive.	Seek amendment	Instead of removing the cap on UAGC, conduct more thorough analysis on the level of cap that may be appropriate.

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217	R8.1	<p>Climate change presents a huge challenge for local government and communities. Adaptation will be costly, and specific information and advice will be required.</p> <p>Some councils are (or soon will be) working together to identify collaborative approaches and projects around climate change. For example, the Upper North Island Strategic Alliance (UNISA) is looking at forming a Climate Change Technical Officers Group.</p>	Support	Support the recommendation, subject to recognition and inclusion of existing collaborative local government groups.
222	Q8.1	<p>The idea of land owners accepting the possibility of future risks is generally supported.</p> <p>It is, however, unclear what this would mean in the case of living in a high risk area e.g. adjacent to areas likely to have land-slides. That is, would the land owner accept the risk of loss of life, or accept the risk of loss of property value if the risk exceeds natural hazard tolerances set in regional plans? Also, there may well be legal implications if, for instance, a council intends to complete some protection work but later finds it too expensive or impractical.</p>	n/a	n/a

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222	R8.2 R8.3 R8.4	Government direction, including legislation and policy, legal frameworks, and guidance on adaptation, is necessary to assist local government to manage the implications of climate change.	Support	Support the recommendations.
222	R8.3	Agree that ideally local authorities 'adopt anticipatory and flexible approaches to climate-change adaptation, in line with recognising the constantly changing nature of the risks' - but inherent in this approach is having some mechanism to track and adjust for this 'constantly changing nature', which is time and resource dependent. This responsibility needs to sit within the role of the 'centres of knowledge and guidance about climate-change adaptation for councils' recommended in R8.1.	Support with clarification	Clarify where responsibility for tracking the 'constantly changing nature of risks' sits
230	R8.5 R8.6	As above	Support	Support the recommendations.

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230	R8.6	Agree with the need for a Local Government Resilience Fund, but not necessarily that it should be limited to water and river infrastructure. There are other costs associated with adaptation that local government is likely to face e.g. supporting managed retreat. These should be included in such a fund. Clarity from central government on funding principles and responsibilities is needed as soon as possible to help guide decisions at a local government level around the principles and purpose around any climate change funds (which are already being discussed across several councils)	Seek amendment	That the proposed Local Government Resilience Fund not be limited to water and river infrastructure.
264	R6.3	We support the general principle of assessing funding sources based on consideration of beneficiaries (and exacerbators) followed by an ability to pay discussion. We do note that the phrase 'significant concerns about ability to pay' is vague and further detail will be required to make this a reality.	Support in part	Support the recommendation, however, further examples of 'significant concerns' about ability to pay need to be considered and considered against central Government's primary role in income redistribution.

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	General comment	Greater recognition of the challenges in the CDEM context.	<p>The New Zealand Productivity Commission Draft Report on Local Government Funding and Financing has done well to identify on a broad scale the many challenges facing local government now and into the future. It is considered that a more detailed understanding of the pressures facing Local Government in a Civil Defence Emergency Management (CDEM) context would add weight to the review. The role, function and delivery of CDEM is underrepresented within the document. The challenges faced in a CDEM context are similar to those identified in other Local Government delivered services, however there are nuances in the way CDEM is delivered that warrant further consideration. The level of CDEM services required to be delivered for and with communities is continuing to increase. The increasing frequency of disasters and the magnitude of their consequences (direct and compounding), higher level of response capability and capacity expectation from the community, central government and supporting agencies and an increasing expectation to provide a 24/7 warning and response capability all add pressure on Local Government to deliver an affordable but quality emergency management capability.</p> <p>Changes in Local Government's responsibility to deliver welfare services and an increase in the expectation to undertake strategic planning for recovery are two examples where additional work has been imposed on Local Government from central government with little meaningful consultation and no regulatory impact statements on how these new requirements will be enabled. We support finding F4.6 in the report and seek that more emphasis is put on ensuring central government agencies develop and understand the regulatory impact of changes before they are proposed and meaningful consultation is conducted before policies are enacted. Greater use of shared funding should also be explored to address the significant challenges ahead with climate adaptation. Similar funding structures should also be explored for professionalisation of the CDEM sector and conduct of scientific hazard research/ data provision given their national spill over alongside the desire for greater consistency and standardisation of effect delivered.</p>	<p>It is recommended that the report considers the issues and recommendations arising from the recent Ministerial review into CDEM and how this could be applied in the Local Government Funding and Financing Report. The recent "Ministerial Review: Better Responses to Natural Disasters and Other Emergencies in New Zealand" (18 January 2018) and the subsequent "Delivering better responses to natural disasters and other emergencies: Government response to the Technical Advisory Group's recommendations report" (August 2018) identify the key challenges Local Government face in the CDEM space. Particularly challenging is how local government fund local and group (regional) CDEM service delivery across the four R's with a longer-term view rather than the more common short-term readiness and response capability focus.</p>

