

29 August 2019

Local government funding and financing inquiry
New Zealand Productivity Commission
PO Box 8036
WELLINGTON 6143

Lodged via: info@productivity.co.nz

Attn Steven Bailey, Inquiry Director

Dear Mr Bailey

Submission from the Manawatū District Council to the New Zealand Productivity Commission's local government funding and financing draft report

Thank you for the opportunity to submit on the Productivity Commission's draft report on local government funding and financing.

While the Commission has deliver an insightful and sound report, the report is silent on one key issue... Politics.

In order to exercise decision making power politicians must be elected. In order to retain that power politicians must be re-elected. One of the traditional methods of seeking election is to propose lower rates and one of the most reliable means of staying elected is keeping rates down¹.

Thus regardless of what the Assets Management Plans say, regardless of what is actually required to deliver the three waters, politicians have a powerful incentive to keep rates down. Those that do keep their jobs, those that don't lose them.

This pressure can even extend to Council officers, whose jobs may be under threat from current or aspiring politicians if rates rise too much².

In addition Council spending and direction can be heavily influenced by the actions of a small number of voters. Three terms ago the Mayor of Manawatū District was decided by 14 votes – so every vote counts. A group of 15-30 people turning up to Council represents enough voters to determine the outcome of an election, leverage enhanced by the current (for some Councils) first-past-the-post system of voting. Lobby groups can encourage Councils to invest in nice to haves, such as road sealing, ahead of must haves like road maintenance.

So politics is the key missing issue in the report. It needs to be acknowledged even if it cannot easily be resolved.

¹ <https://www.stuff.co.nz/auckland/110630814/auckland-rate-rises-if-25-per-cent-is-the-answer-what-is-the-question>

² <https://www.stuff.co.nz/business/better-business/103455408/hamilton-city-councils-rates-woe-puts-heat-on-chief-executive-richard-briggs>

The Manawatū District Council largely supports the submissions prepared by the Society of Local Government Managers (SOLGM) and Local Government New Zealand (LGNZ).

Attached to this submission are two tables. Table 1 includes each of the recommendations contained in the SOLGM submission, whether the Manawatū District Council supports their recommendations, and reasons why.

Table 2 includes an analysis of whether the Manawatū District Council supports the findings and recommendations of the Productivity Commission's draft report on local government funding and financing. Also included in Table 2 is a summary of the LGNZ submission points (as contained in their draft submission on 29 August 2019) in relation to each of the recommendations in the draft report and an assessment of whether the Manawatū District Council supports these points. Tables 1 and 2 form the body of the Manawatū District Council's submission.

Please feel free to contact me if you have any questions regarding our submission.

Yours sincerely

A handwritten signature in blue ink that reads "Richard Templer". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Richard Templer
Chief Executive

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Table 1: Manawatū District Council's support for the recommendations contained in the SOLGM submission

Table 2: Manawatu District Council's feedback on the findings and recommendations of the Productivity Commission's draft report and the conclusions in the draft LGNZ submission.