

BULLER DISTRICT COUNCIL DRAFT SUBMISSION

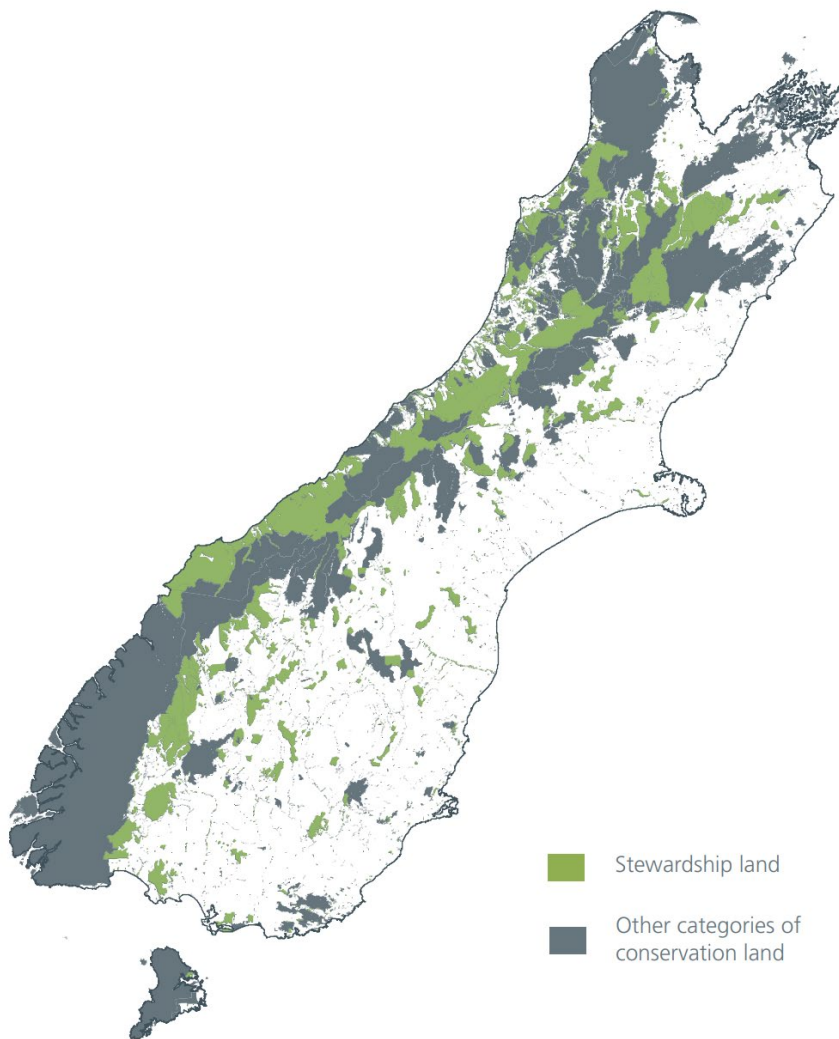
Productivity Commission - Draft Report into Local Government Funding and Finance

Recommendation – Taxation of Vacant Land

- Support encouraging investors or individuals to develop land that is sitting vacant, particularly if land banking is being carried out.

Recommendation – Funding Policy

- Local government funding and financial tools may be sufficient for large councils or councils with high growth, but many of the tools are not viable for small councils that have a low rating base and low to zero growth. It is essential that councils retain the ability to use tools such as UAGC and differentials. These mechanisms allow for fairness and large changes in valuations to be allowed for. This cannot be achieved through targeted rates alone.
- The Commission has made recommendations in previous enquiries that councils should have the ability to rate crown land, including conservation land. Although the Commission states that they cannot comment on this as it was not included in their terms of reference it should be noted again, that the ability to rate conservation land would be of huge benefit to regions like the West Coast. Funding of Local Government must have regards to land area a Regional or District Council has available to rate. New Zealand's Conservation Estate, managed by Department of Conservation for the benefit of all New Zealanders and future generations, is currently not available for rating purposes. It invariably has a direct cost of infrastructure services for ratepayers as councils provide for roading and public services that allow access and utilisation of National Parks and conservation areas. The map below shows how Buller, Westland and Southland are severely limited to rating and use of land but maintain road and waste services that lead to iconic national Parks. As an example only 17% of Buller District Council land area is rateable with 83% being in Conservation Estate. Sustainability and affordability of infrastructure given low population and restricted private land is making upgrade to compliant services totally unaffordable. In the Buller District the small population of Punakaiki (100 permanent residents) has an infrastructure requirement costing \$78m over the next 30 years. It is a New Zealand key icon with 500,000 visitors per annum. Rates are not an option to provide such funding.



- Regions with proportionally high percentages of land in conservation estate could be set up as Special Rating Districts which could allow the rating of conservation estate. Small councils would then have a greater ability to plan, it would increase their resilience and it would reduce the burden on a small number of rate payers and prevent smaller councils approaching central government for assistance, which is not efficient.

Recommendation – New Funding Tools

Supplying enough infrastructure to support rapid urban growth

- This is not applicable to Buller District Council. The Commission should consider how smaller councils could supply enough infrastructure to support rapid tourism growth in areas like Punakaiki, where there is not practical or affordable that a community of 200 can support the infrastructure needed for annual visitor numbers of 500,000+.

Adapting to climate change

1. Buller District Council, in partnership with West Coast Regional Council and the community, are beginning to identify concerns in the Westport area around climate change and sea level rise. The group will make recommendations around adaptive pathways to protect and create resilience in the town but Council will not have the financial capability to address many of the longer-term initiatives and projects that may need to be implemented. Central Government support will be required to help address issues that require major infrastructure protection or relocation.
2. A climate change resilience agency with financial capability could help with a long-term approach to climate change. Our district is susceptible to extreme weather events, as identified in the last two cyclones. A climate resilience agency could help with funding protective measures in the short term and with moving infrastructure if required in the long term. Central government should provide regulatory framework around climate change.
3. Extend the role of NZTA, to provide assistance to councils facing significant threats to viability of roads and bridges would greatly benefit our District. Our district has several areas on main highways (that are also main tourism routes) that are susceptible to weather extremes. Civil Defence has identified areas of risk on the entrance and exit from Westport that could hinder evacuation. NZTA could consider redesigning these escape corridors.
4. Support a central government lead on climate change response, including science based strategic planning and contestable funding for major work.

Coping with growth of tourism

- This has already been identified by many Districts as a growing issue. Freedom camping, compliance, toilets, refuse and water are areas that require a special focus. A centralised approach to the growing number of Airbnb accommodation and their regulation would help councils address this issue. Council would support a visitor or bed tax being made available for distribution to councils.

The accumulation of responsibilities placed on local government by central government.

- The growing number of tasks being assigned to local government by central government place both financial and staff resourcing pressures on local government, particularly in small councils with limited resources. Audit and compliance has seen small councils diverted from core delivery on order to comply. Funding and resourcing of these external central government requirements is essential. Organisation has become compliance centric rather than outcomes focus. This distraction has come at the cost of strategic planning and infrastructure upkeep. The Partners in Regulation protocol would be beneficial between local and central government if it provided collaboration and funding.

Recommendation – Value Capture

- Value capture can be a useful tool in urban centres and in Districts experiencing growth and economic upturn. Value capture may not be a feasible tool to use in small districts suffering from economic downturn, particularly when we are competing with other regions for investment. Value capture can already be achieved via rating differentials via current system based on the benefit received.

Recommendation – Special Purpose Vehicles for Debt

- Council does not support Special Purpose Vehicles for debt funding. The facility lacks transparency and may be more volatile for long term funding.

Recommendation – Rates Affordability

1. Rates in areas with small rating bases, pockets of high deprivation, high percentage of ageing population and with a large proportion of ratepayers on fixed income do have issues with rates affordability. The rates rebate should be available to anyone whose ability to pay is compromised by a low income. Means testing the rebate is sound practice.
2. Introducing a national rates postponement scheme is not supported by this Council. This would put even more pressure on small councils with low rating bases and could have a significant negative affect on the cash flow. The operational cost around administering such a scheme would also put additional burden on the resources of small councils.

Recommendation – Regulatory Regime 3 Waters

- Council supports in principal a new regulatory regime for 3 waters although there will be affordability concerns for smaller communities which will need to be addressed both for the initial capital upgrade and the ongoing operating cost of providing the supply standard. Therefore Council supports a contestable funding pool for small communities to move to 3 waters compliance.

Recommendation – Improving Decision Making

- Council supports some form of control/monitoring of Council performance in terms of costs and delivery. Councillor remunerations are set by the Remuneration Authority. The difficulty that Councils are grappling with is setting a structure for Council management and staff that is attractive, competitive to private market but has a scale relative to Council size. Should this be a role of State Services Commission to provide guidance on Council pay rates? Currently Councils use independent organisations such as Strategic Pay. The unfortunate consequence is that it is self-feeding salary escalation and closer examination of role, responsibility and skills is required to assist salary determination.