

Submission on Local Authority Funding and Financing

I am an Infrastructure expert with experience in several countries and NZ's infrastructure is one of the worst managed I've ever seen.

The current system of flat rates paying for infrastructure does not work and has led to councils deferring infrastructure investment to enable growth and some cases deferring required maintenance to the point where vast kilometers of pipe network across the country are not fit for purpose and are currently causing significant environmental harm.

NZTA provides a central govt refund of about 50% to LA's for their roading spend yet no similar system exists for any other form of infrastructure, why is this? Do Roads need more maintenance than pipes? Answer – No! The sad fact is that people can see a road crumbling hence we can't hide from it, the council HAS TO maintain roads and it can't afford it so Central comes to the party. The pipes under the ground are in need of repair too but as no one can see them the councils get away with not investing in them.

There are far too many councils looking after certain areas, and this is leading to extremely poor management of core infrastructure and poor allocation and management of funding.

Recommendation

Until all water infrastructure is changed to a volumetric charge base central govt needs to come to the party and part fund ALL infrastructure spend! Not just roads.

The govt needs to establish a water commission that will set standard water pricing and objectives across the country that will collectively cover the cost of all water infra but not make the guys in the isolated rural community pay 10 times that of the Aucklanders.

Local Authorities need to be forced to merge (including Regional Councils) into a maximum of say 15 districts. This Merger should be forced into cutting staff by about 30% in the process but opening the door to pay much better wages to attract better talent.

These districts need to have a water infrastructure body similar to Watercare. If they are not big enough to run it independently then they need to join up. Realistically there should be a max of 3 being upper North (Watercare takes over), Lower North (Wellington water turned into a Watercare model and expanded) and South Island.

Of the various models only Watercare+water commission is the correct choice as follows:

- Local Authorities managing directly – Historically has failed NZ for many decades
- Wellington water – better but no control over revenue generation hence still fails to maintain assets
- Watercare – 100% in control of revenue and spend hence is working
- Watercare + commission – Commission sets prices and audits the various (3) "Watercares" to ensure they are meeting the environmental and functionality requirements.

In the forms of other infrastructure, we need to move to a user pay also:

- Road tax – used to fund road maint
- Public transport ticketing used to fund rail / PT network (heavy subsidy needed first to drive usage up)

- Bin / waste fees used to fund landfills and recycling

Ultimately, we need to get to a point where council General rates are almost nothing to do with funding core infrastructure and are only really used to fund libraries, parks etc.