



Corporate Office

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29 August 2019

New Zealand Productivity Commission  
PO Box 8036  
The Terrace  
Wellington 6143

Sent by email to: [info@productivity.govt.nz](mailto:info@productivity.govt.nz)

### **POWERCO – Submission on local government funding and financing: Draft report**

We welcome the opportunity to submit on the local government funding and financing draft report. We appreciate the challenges local government face in balancing the services provided to their community with rising cost pressure and inadequate current funding and financing options.

While the reforms and new tools presented may provide new revenue streams to alleviate pressure, we suggest an additional opportunity for consideration:

1. As an Electricity Distribution Business that is no longer council owned, we suggest some local councils may close funding gaps if they sold assets that are not deemed consistent with their core purpose. This was demonstrated by New Plymouth District Council (NPDC) when they sold their 38.2% interest in Powerco in 2004. As a result of the sale the NPDC now benefits from a Perpetual Investment Fund (PIF) valued at ~\$288m which accounts for ~17% of annual revenue<sup>1</sup>.

If you have any questions on this submission, or would like to discuss the points raised, please contact Leisa Patel ([Leisa.Patel@powerco.co.nz](mailto:Leisa.Patel@powerco.co.nz)).

Yours sincerely

A handwritten signature in blue ink, appearing to read "Stuart Marshall".

Stuart Marshall  
General Manager – Regulation and Commercial

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<sup>1</sup> New Plymouth District Council Annual Report 2017/18