



<https://www.treasury.govt.nz/publications/local-government-funding-and-financing-productivity-commission-inquiry-material-2018-2019>

Productivity Commission inquiry

## Local government funding and financing - Productivity Commission inquiry material 2018 - 2019

Publication type:

[Productivity Commission inquiry \(/publication-type/productivity-commission-inquiry\)](#)

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Not Current

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Material on this page was migrated from the Productivity Commission website [productivity.govt.nz](http://productivity.govt.nz) in May 2024 after the Productivity Commission was disestablished in February 2024.

Part of:

[Productivity Commission \(2011 - 2024\) \(/information-and-services/nz-economy/productivity/productivity-commission-2011-2024\)](#)

Corporate author:

[The Treasury \(/author-corporate/treasury\)](#)

[New Zealand Productivity Commission \(/author-corporate/new-zealand-productivity-commission\)](#)

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The Productivity Commission completed its inquiry into local government funding and financing and presented its final report and recommendations to Government in 2019.

### The inquiry

The Commission received and considered 270 submissions, held more than 75 face-to-face meetings with individuals, government and non-government organisations and firms throughout New Zealand, carried out five case studies, commissioned research and conducted in-depth analysis.

The Productivity Commission's final report presented 78 findings and 44 recommendations.

### What did the inquiry find?

Radical reform is not required. The current rates-based system remains appropriate for New Zealand. International experience offers no clearly superior alternative.

But there are areas of significant funding pressure. These pressures are highly uneven across councils with small, rural councils serving low-income communities under particular pressure.

Targeted solutions are needed to tackle these pressures. Key recommendations include new tools to help councils fund and manage growth, and additional support from central government to help councils adapt to major pressures, such as climate change.

Councils need to lift their performance to help manage funding pressures. This includes making better use of all existing funding tools. Transparency is key, and a number of recommendations are aimed at improving the transparency of local government funding decisions and performance.

A better relationship between central and local government is essential. An agreed protocol would help end the practice of central government imposing responsibilities on local government, without appropriate funding. The Crown should also be paying for council services it receives on its properties and developments.

Regional spatial planning will better prepare councils for the future. It's a key tool for achieving more efficient use of resources, and better coordination between councils, and local and central government.

## Government response

The final report was presented to the House of Representatives. The Government issued a response to the inquiry and how it provided input into the Ministerial Review into the Future for Local Government.

## Evaluation

An independent evaluation of the Commission's performance was undertaken with inputs from expert review, focus groups and participant survey.

## Timeline

- Terms of reference - 16 July 2018
- Issues paper - 6 November 2018
  - Public submissions closed - 15 February 2019
- Draft report - 4 July 2019
  - Public submissions closed - 29 August 2019
- Final report - 30 November 2019
- Evaluation - 2020
- Government response - 2020

## Key documents

### Final report and Government response

Expand the table below

Final Report: Local Government Funding and Financing Inquiry		
Doc. Date	Creator	Title

Doc. Date	Creator	Title
1 Jun 2021	Government of New Zealand	<a href="/sites/default/files/2024-05/pc-inq-lgff-government-response-to-the-productivity-commission-report-on-local-gover.pdf">Government response to the New Zealand Productivity Commission report on local government funding and financing (/sites/default/files/2024-05/pc-inq-lgff-government-response-to-the-productivity-commission-report-on-local-gover.pdf)</a> (PDF 529.86 KB)
1 Nov 2019	New Zealand Productivity Commission	<a href="/sites/default/files/2024-05/pc-inq-lgff-final-report-local-government-funding-and-financing.pdf">Final report - Local government funding and financing (/sites/default/files/2024-05/pc-inq-lgff-final-report-local-government-funding-and-financing.pdf)</a> (PDF 6.27 MB)
1 Nov 2019	New Zealand Productivity Commission	<a href="/sites/default/files/2024-05/pc-inq-lgff-at-a-glance-local-government-funding-final-report.pdf">At a glance - Final report - Local government funding and financing (/sites/default/files/2024-05/pc-inq-lgff-at-a-glance-local-government-funding-final-report.pdf)</a> (PDF 140.27 KB)
1 Nov 2019	New Zealand Productivity Commission	<a href="/sites/default/files/2024-05/pc-inq-lgff-one-page-summary-local-government-funding-and-financing-final-report-v2.pdf">One-page brief - Final report - Local government funding and financing (/sites/default/files/2024-05/pc-inq-lgff-one-page-summary-local-government-funding-and-financing-final-report-v2.pdf)</a> (PDF 130.84 KB)

## Terms of reference and issues paper

Expand the table below

Issues Paper: Local Government Funding and Financing Inquiry		
Doc. Date	Creator	Title
29 Apr 2019	Minister of Finance	<a href="/sites/default/files/2024-05/pc-inq-lgff-terms-of-reference-addition-29-april-2019.pdf">Addition to Terms of Reference for an inquiry into local government funding and financing (/sites/default/files/2024-05/pc-inq-lgff-terms-of-reference-addition-29-april-2019.pdf)</a> (PDF 72.11 KB)
1 Nov 2018	New Zealand Productivity Commission	<a href="/sites/default/files/2024-05/pc-inq-lgff-local-government-funding-and-financing-issues-paper-final.pdf">Issues paper - Local government funding and financing (/sites/default/files/2024-05/pc-inq-lgff-local-government-funding-and-financing-issues-paper-final.pdf)</a> (PDF 2.3 MB)
18 Jul 2018	Minister of Finance	<a href="/sites/default/files/2024-05/pc-inq-lgff-terms-of-reference-local-government-funding-and-financing.pdf">Terms of Reference for an inquiry into local government funding and financing (/sites/default/files/2024-05/pc-inq-lgff-terms-of-reference-local-government-funding-and-financing.pdf)</a> (PDF 234.91 KB)

## Research

Expand the table below

Research: Local Government Funding and Financing Inquiry		
Doc. Date	Creator	Title
7 May 2019	Colegrave, Fraser; Winter, Tom	<a href="/sites/default/files/2024-05/pc-inq-lgff-insight-economics-analysis-of-council-rating-policies.pdf">Analysis of the Current and Past Use of Council Rating Tools in New Zealand (/sites/default/files/2024-05/pc-inq-lgff-insight-economics-analysis-of-council-rating-policies.pdf)</a> (PDF 1.79 MB)

Doc. Date	Creator	Title
7 May 2019	Insight Economics	<a href="/sites/default/files/2024-05/pc-inq-lgff-insight-economics-dataset-council-rating-information.xlsx">Dataset - Analysis of the Current and Past Use of Council Rating Tools in New Zealand (/sites/default/files/2024-05/pc-inq-lgff-insight-economics-dataset-council-rating-information.xlsx)</a> (XLSX 1.26 MB)
1 Jun 2019	Hansen, Carl	<a href="/sites/default/files/2024-05/pc-inq-lgff-csa-implications-of-3w-reforms.pdf">How funding and financing affects productivity: Implications for threewaters reform and for local government funding and financing (/sites/default/files/2024-05/pc-inq-lgff-csa-implications-of-3w-reforms.pdf)</a> (PDF 722.3 KB)
1 May 2019	Ball, Ian	<a href="/sites/default/files/2024-05/pc-inq-lgff-public-sector-performance-lg-accounting-and-financial-management-issues.pdf">Local Government Funding and Finance – Accounting and Financial Management Issues (/sites/default/files/2024-05/pc-inq-lgff-public-sector-performance-lg-accounting-and-financial-management-issues.pdf)</a> (PDF 572.44 KB)
1 Dec 2019	Hansen, Carl	<a href="/sites/default/files/2024-05/pc-inq-lgff-csa-recovering-costs-from-tourists.pdf">Recovering costs from tourists to pay for mixed-use local services (/sites/default/files/2024-05/pc-inq-lgff-csa-recovering-costs-from-tourists.pdf)</a> (PDF 655.54 KB)
15 May 2019	Shaw, Robin	<a href="/sites/default/files/2024-05/pc-inq-lgff-olivershaw-report-on-land-based-local-tax-systems.pdf">Report on Land Based Local Tax Systems – a comparison of a rating base that applies over successive years as compared with the current New Zealand rating system (/sites/default/files/2024-05/pc-inq-lgff-olivershaw-report-on-land-based-local-tax-systems.pdf)</a> (PDF 234.33 KB)
6 Aug 2019	Colegrave, Fraser	<a href="/sites/default/files/2024-05/pc-inq-lgff-insight-economics-review-of-changes-to-council-development-contributions-policies-v2.pdf">Review of Changes to Council Development Contributions Policies in Four High-Growth Areas (/sites/default/files/2024-05/pc-inq-lgff-insight-economics-review-of-changes-to-council-development-contributions-policies-v2.pdf)</a> (PDF 1.54 MB)
1 Nov 2019	Crawford, Ron; Shafiee, Hamed	<a href="/sites/default/files/2024-05/pc-wp-scope-and-funding-of-local-government-an-international-comparison.pdf">Scope and funding of local government: an international comparison (PCWP 2019/02) (/sites/default/files/2024-05/pc-wp-scope-and-funding-of-local-government-an-international-comparison.pdf)</a> (PDF 946.69 KB)
1 Dec 2019	Hansen, Carl	<a href="/sites/default/files/2024-05/pc-inq-lgff-csa-vacant-land-taxes-and-housing-supply.pdf">Vacant land taxes and housing supply (/sites/default/files/2024-05/pc-inq-lgff-csa-vacant-land-taxes-and-housing-supply.pdf)</a> (PDF 1.03 MB)

## Research (externally hosted)

16 May 2019 | Milkop, Ashley; Young, Michael; Moore, David | [Analysis of local government cost drivers - Sapere \(srgexpert.com\)](https://srgexpert.com/resource/analysis-of-local-government-cost-drivers/) (<https://srgexpert.com/resource/analysis-of-local-government-cost-drivers/>)

## Draft report

Expand the table below

Draft Report: Local Government Funding and Financing Inquiry

Doc. Date	Creator	Title
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Doc. Date	Creator	Title
4 Jul 2019	New Zealand Productivity Commission	<a href="/sites/default/files/2024-05/pc-inq-lgff-local-government-funding-not-broken-but-will-need-help.docx">Media release - Draft report - Local Government funding: Not broken but will need help (/sites/default/files/2024-05/pc-inq-lgff-local-government-funding-not-broken-but-will-need-help.docx)</a> (DOCX 58.34 KB)
1 Jul 2019	New Zealand Productivity Commission	<a href="/sites/default/files/2024-05/pc-inq-lgff-prodcom-draft-report-local-government-funding-and-financing-v5.pdf">Draft report - Local government funding and financing (/sites/default/files/2024-05/pc-inq-lgff-prodcom-draft-report-local-government-funding-and-financing-v5.pdf)</a> (PDF 5.62 MB)
1 Jul 2019	New Zealand Productivity Commission	<a href="/sites/default/files/2024-05/pc-inq-lgff-a3-briefing.pdf">One-page brief - Draft report - Local government funding and financing (/sites/default/files/2024-05/pc-inq-lgff-a3-briefing.pdf)</a> (PDF 116.35 KB)
1 Jul 2019	New Zealand Productivity Commission	<a href="/sites/default/files/2024-05/pc-inq-lgff-at-a-glance-local-government-funding.pdf">At a glance - Draft report - Local government funding and financing (/sites/default/files/2024-05/pc-inq-lgff-at-a-glance-local-government-funding.pdf)</a> (PDF 112.25 KB)

## Submissions

[Public submissions on issues paper - Local government funding and financing \(/publications/public-submissions-issues-paper-local-government-funding-and-financing\)](/publications/public-submissions-issues-paper-local-government-funding-and-financing)

[Public submissions on draft report - Local government funding and financing \(/publications/public-submissions-draft-report-local-government-funding-and-financing\)](/publications/public-submissions-draft-report-local-government-funding-and-financing)

## Evaluation

Expand the table below

Evaluation: Local Government Funding and Financing Inquiry		
Doc. Date	Creator	Title
1 Mar 2020	Charteris, Gus	<a href="/sites/default/files/2024-05/pc-inq-lgff-expert-review-gus-charteris.pdf">Review of the NZ Productivity Commission Report on Local Government Funding and Financing (/sites/default/files/2024-05/pc-inq-lgff-expert-review-gus-charteris.pdf)</a> (PDF 440.5 KB)
1 Feb 2020	Pickens, David	<a href="/sites/default/files/2024-05/pc-inq-lgff-focus-group-review-david-pickens.pdf">Focus group evaluation - Local Government Funding and Financing Inquiry (/sites/default/files/2024-05/pc-inq-lgff-focus-group-review-david-pickens.pdf)</a> (PDF 169.45 KB)

## Related content

### Related information:

[Productivity Commission \(2011 - 2024\) \(/information-and-services/nz-economy/productivity/productivity-commission-2011-2024\)](/information-and-services/nz-economy/productivity/productivity-commission-2011-2024)

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# Productivity Commission material

Material incorporated in the Treasury website since May 2024:

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**Inquiries** (/information-and-services/nz-economy/productivity/productivity-commission-2011-2024#collection-group-heading-0)

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**Working papers / research** (/publications/research-and-commentary/discontinued-series/productivity-commission-working-papers-and-research-papers-2013-2024)

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**Corporate documents** (/information-and-services/nz-economy/productivity/productivity-commission-2011-2024#collection-group-heading-2)

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**Disestablishment February 2024** (/information-and-services/nz-economy/productivity/productivity-commission-2011-2024)