



Federated Farmers of New Zealand

Submission on Ashburton District Council's Annual Plan 2022-2023

6 May 2022



SUBMISSION TO ASHBURTON DISTRICT COUNCIL ON ITS ANNUAL PLAN 2022-2023

To: Ashburton District Council
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Submission on: Annual Plan 2022-2023

Date: 6 May 2022

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Federated Farmers would like to be heard in support of this submission.

SUBMISSION TO ASHBURTON DISTRICT COUNCIL ON ITS DRAFT ANNUAL PLAN 2022-2023

1 Introduction

- 1.1 The Mid Canterbury province of Federated Farmers of New Zealand (MCFF) appreciates the opportunity to comment on the Ashburton District Council's draft Annual Plan 2022-2023.
- 1.2 MCFF has a strong membership base in the Ashburton District, and we focus on representing the needs of our members well. This includes ensuring:
 - I. the rates settings are justified and affordable
 - II. the Council applies Uniform Annual General Charges (UAGC) and targeted rates as much as it can, and
 - III. their rates funds projects and schemes that have a real impact on their ability to contribute and operate in the Ashburton community.
- 1.3 The economic importance of the agricultural sector to New Zealand's economy is well recognised. Its direct and indirect contribution to New Zealand's economy is about 15%. Land-based primary sector exports comprise over 70% of New Zealand's total exports. Any council activity which affects farm businesses has the potential to also impact, positively or negatively, on district, regional and national economies.
- 1.4 Rates and other local government charges and costs make up a significant portion of farm business expenses. As a result, Federated Farmers is very concerned with the transparency of rate setting and the overall cost of local government to agriculture.
- 1.5 MCFF has reviewed the consultation document and referred to the full draft Annual Plan. It acknowledges the Council's decision to apply a rate increase of 9.4%, however, we urge the Council to reduce this increase given the global impact of Covid-19 and increasing costs for all in the district.
- 1.6 At a time where farmers are facing increasing costs from nationwide regulations on Freshwater quality, Indigenous Biodiversity, and Climate Change, it is crucial the Council remains prudent in its spending.
- 1.7 This submission was developed in consultation with the members and policy staff of Federated Farmers of New Zealand. It is important that this submission is not viewed as a single submission, but as a collective one, representing opinions and views of our members.
- 1.8 **Mid Canterbury Federated Farmers wishes to be heard in support of its submission.**

2. Summary of recommendations

2.1 Our recommendations on the proposals are:

- **Recommendation 1** - That Council reduce levels of service across Council facilities including EA Networks Centre.
- **Recommendation 2** - That Council review service levels across activities to reduce the proposed rates increase of 9.4%.

- **Recommendation 3** – That Council use \$1.7 million of the forestry reserve to pay for major roading repairs.
- **Recommendation 4** - That Council considers introducing a remote rural differential for the general rate of 0.75 when reviewing the Revenue & Financing Policy later in the year.
- **Recommendation 5** - That Council keeps rates as low as possible by ensuring rates increases do not dramatically exceed inflation.

3 Topic 1 – Should we review our day to day levels of service?

- 3.1 MCFF fully supports a review of levels of service to reduce the proposed increase of 9.4% to a more manageable increase for the community. It is our view that rates increases should not exceed inflation. Spending should be managed prudently, particularly in current times where all members of the community are impacted by the pandemic.
- 3.2 The Consultation Document proposes reducing budgets in ‘day-to-day services’ across the organisation, although the only example detailed is decreasing the EANC opening hours. It is therefore difficult for us to comment on an overall reduction in services although we assume this applies to reducing services for Council facilities, of which we would support. Our members are less likely to utilise urban based services than urban ratepayers therefore any reduction in the rates they pay towards these would be welcomed. We do not support any reduction in the level of service provided for the Roding activity.
- 3.3 MCFF agrees with the proposition to reduce the level of service provided by the **EA Networks Centre (EANC)**. It is our view that EANC should be able to sustain operating costs through minimal input from ratepayers. Fees and charges should be fully utilised to ensure the beneficiary principle is met.
- 3.4 MCFF suggests Council consider reducing the level of service for **the Economic Development and Tourism** activity. MCFF oppose farms being rated for the promotion of tourism or other businesses. Farmers pay levies for promotion and support of their own industries, which add substantial value to local economies.
- 3.5 We note Business and Economic Development is funded 100% through the general rate, meaning farmers contribute a large share to an activity they gain little benefit from. We urge Council to conduct a review into the delivery of this service, and minimise its cost to rural ratepayers.

Recommendation 1 - That Council reduce levels of service across Council facilities including EA Networks Centre.

Recommendation 2 - That Council review service levels across activities to reduce the proposed rates increase of 9.4%.

4 Topic 2 – Should we use \$1.7 million from our forestry reserve to pay for major roading repairs?

- 4.1 MCFF supports the use of reserves to fund projects as this eliminates an immediate rating impact. It also ensures application of the intergenerational equity principle through depreciation being funded over a number of years.
- 4.2 We note the Council’s total reserve is \$65.6 million. We commend the Council on maintaining this reserve and are therefore comfortable with the use of \$1.7 million from the forestry reserve to pay for major roading repairs.

- 4.3 The roading network is crucial for the agricultural sector and we therefore support bringing forward major repairs if the rating impact is manageable for rural ratepayers (who are the major contributor to the roading rate).

Recommendation 3 – That Council use \$1.7 million of the forestry reserve to pay for major roading repairs.

5 Rates – General Comments

- 5.1 MCFF notes that the consultation document proposes an overall average rate increase of 9.4% for 2022-2023. We do not support an increase of this amount, which exceeds inflation and the Council's self-imposed rates limit of 7.88% as per the Financial Strategy in the Long-term Plan 2021-31.
- 5.2 We note this draft Annual Plan proposes an increase for all areas of the district, although the increase for rural properties is below the average at 0.7%. We commend the Council on the low rate increase for rural properties who contribute a significant amount towards rates through the general rate but do not necessarily access all the services of Council. However, it is crucial that the Council take measures to reduce the overall rate increase. The rural townships are facing increases of 13.3-16.2% and this is unacceptable.
- 5.3 It would have been useful to include a breakdown of the rural rate increase across the different rural areas of the district, such as 'Hinds rural' and 'Methven rural' (as opposed to just the townships in rural areas). This would align with the approach to show the rate increases across urban areas and is commonly used by other councils in their presentation of rates information. Inclusion of the rural rates increases per area is a transparent approach and would help us to better understand the impact on our members.
- 5.4 We note the 9.4% increase is higher than consumer price inflation and we urge the Council to reduce this figure across the district. All councils are facing inflationary pressures, yet many are absorbing these costs through deferring projects and accessing reserves. Cost pressures are felt widely across communities, wages are remaining stagnant and agriculture in particular is facing rising costs due to political uncertainty, government regulation and Covid 19. There is a widespread impact on 'ability to pay' and proposing an average rates increase which exceeds inflation neglects to consider the pressures faced by our communities.
- 5.5 Compared to a random sample of other councils' proposed rates for 2022-23, Ashburton's average rates increase of 9.4% is at the higher end:
- Thames-Coromandel District Council – 2.21%
 - Waimakariri District Council – 4.3%
 - Waipa District Council – 4.3%
 - Christchurch City Council – 4.96%
 - Marlborough District Council – 5.37%
 - Queenstown Lakes District Council – 5.96%
 - Carterton District Council – 6%
 - Selwyn District Council – 6%

- Stratford District Council – 6.41%
- Kapiti Coast District Council – 7.5%
- Invercargill City Council – 7.78%

5.6 Rates increases should be managed within the rates limits set in the Financial Strategy, and we note the proposed increase exceeds the limit of 7.88%.

5.7 MCFF notes the Council will this year be consulting on it's Revenue & Financing Policy. We would like the Council to consider introducing a remote rural differential to properties located a notable distance away from the Ashburton town centre. Christchurch City Council (CCC) utilise this approach, enabling remote rural properties to pay a lesser rate. CCC's differential is set at 0.75 which is a fair amount considering these properties are less likely to access Council services.

Recommendation 4 - That Council considers introducing a remote rural differential for the general rate of 0.75 when reviewing the Revenue & Financing Policy later in the year.

Recommendation 5 - That Council keeps rates as low as possible by ensuring rates increases do not dramatically exceed inflation.

Other issues

6 Second SH1 Urban Bridge

6.1 In our submission on the Council's Long-term Plan 2021-31, we urged the Council to proceed with work on the Second Urban Bridge.

6.2 We are aware that work is underway, but we wish to reinstate our view that the bridge needs to be built as soon as possible. It is crucial for the economic and social well-being of Ashburton residents and visitors.

7 Central Government Reforms - Three Waters

7.1 MCFF shares the Council's concerns regarding Three Waters and the creation of Taumata Arowai and are pleased the Council has joined Communities 4 Local Democracy - He hapori mō te Manapori.

7.2 Many (but not all) of our members and elected representatives view this reform with great disdain. There is likely to be a loss of regional knowledge and understanding of the assets due to centralization.

7.3 Some farm households are connected to council reticulated schemes, so have a vested interest, while others are not connected but contribute to the cost of council's urban water networks through general rates. We are also very concerned at what will happen with council operated but community owned schemes.

8 About Federated Farmers

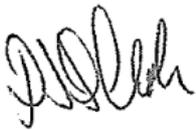
8.1 Federated Farmers of New Zealand is a voluntary, member-based organisation with a long and proud history of representing the needs and interests of New Zealand farmers and wider rural enterprises.

8.2 Our members aspire to:

- operate their business in a fair and flexible commercial environment;
- have access to services essential to the needs of the rural community; and
- adopt responsible management and environmental practices.

Mid Canterbury Federated Farmers thanks the Ashburton District Council for the opportunity to submit on its Annual Plan.

We look forward to speaking in support of our submission.



David Clark
President – Mid Canterbury
Federated Farmers of New Zealand