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#015

To: **RANGITĪKEI DISTRICT COUNCIL**
46 High Street,
MARTON

Submission on: Rangitikei District Council Annual Plan 2022/23, and Rates Remission Policy

Date: 10 May 2022

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1. The Manawatu/Rangitikei Province of Federated Farmers (Federated Farmers) welcomes the chance to submit on the Rangitikei District Councils (the Council) Annual Plan 2022/23, and Rates Remission Policy. We acknowledge any submissions made by individual members of Federated Farmers.
2. We would like to be heard in support of our submission.

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3. We understand that during the long-term plan and this year's annual plan there has been considerable level of pressure due to external factors such as COVID, inflation, and central government implications on three waters and other reforms.
4. Rates are among the top ten operational expenses of a farming business. They are a source of considerable financial pressure for all farmers. Federated Farmers makes submissions on Annual Plans and Long-Term Plans to ensure councils exercise fiscal prudence, and consider

affordability, fairness, and equity issues when recovering rates (to the extent this is possible in land and capital value rating systems).

5. Our submission covers the following points:

- Forestry differential
- Roothing
- Fees and charges
- Rates Remission Policy
- CCO
- Climate change
- Rates

Key Issues

Targeted Roothing Rate Forestry Differential

6. Although the Council receives a subsidy from the New Zealand Land Transport Fund, this does not cover the total cost of transport. Therefore, the Council has to rely partly on other sources of funding, i.e. rates and 'depreciation reserves' (a.k.a. rates).
7. This has two implications, namely:
 - a) The choice of activities that the subsidy is spent on, affects how much else has to be funded by ratepayers, and how much 'bang' there is for each ratepayer 'buck'.
 - b) Without some checks and balances, the risk is that farmers would end up disproportionately funding the greater part of the Council's unsubsidised rural rooothing expenditure, because farms are bigger than other properties, and therefore rural rates (which are based on land value) would be higher.
8. For these reasons, Federated Farmers **support** the use of differentials for various industry sectors to redress unjust imbalances, e.g.: where a particular sector is causing more wear and tear on road infrastructure.
9. Forestry's impacts on rural roads are well known. During harvest operations rural roads receive a massive increase in vehicle numbers, which are generally larger and more load bearing on both sealed and unsealed rural roads. This is not limited to haulage trucks transporting the felled logs to port; but also includes all support/site vehicles, along with heavy equipment and machinery which is used to prepare the sites for felling, which contribute to the degradation of the road surface.
10. Federated Farmers **support** the rooothing differential proposed in the Annual Plan for forestry, which acknowledges the increased pressure placed on roads during harvest that impacts our rural rate paying members. We do however have some concerns around the "who is captured". The Council has stated that "Farmers who want to plant trees on small blocks on their properties can do so without worrying about the higher rate."

11. We seek **clarification** that this land captured under the Council’s definition of “forestry land” (predominantly or solely in plantation forestry). is classified as forestry exotic (FE), rather than forestry indigenous (FI) or forestry protected (FP).
12. We seek **clarification** on land which is classified as forestry vacant (FV), which is land identified as “suitable for planting”. We are unclear on how this land will be managed in relation to the targeted rate (how long is the lag time between land identified as FV, to then be planted and classified as FE, to then be captured within the targeted rate); and likewise for production land which is purchased and converted to forestry exotic (FE), during the 3-year period between QV registered valuations.
13. We seek **clarification** on the targeted rate noted on page 45 (of the draft annual plan) under “Community and Leisure Assets” which is listed as a new targeted rate of \$50,000 (we have cross checked the table on pages 62 and 63 and have found no targeted rate categorised under this section). We assume that this is potentially the forestry differential, but question why this is not reflected in the roading targeted rate? After speaking with Council officers, they confirmed the \$50,000.00 is the forestry differential, and that it should be listed under the roading section of the document. We also note that on page 71 of the draft Annual Plan, the forestry differential is quoted as \$180,466.00. We would like **clarification** on the exact amount expected under new forestry targeted differential and how many properties this would affect. Additionally, we would like to know if this difference has an impact on the calculations contained within the draft documents?
14. As we are unclear on the difference between the quoted amounts, we are unsure if the proposed targeted forestry differential of 1.5 will be enough to contribute substantially to the maintenance of rural roads, as a result of forestry operations.
15. Additionally, Federated Farmers **encourages** the Council to continue to improve and seal more of rural Rangitikei. Sealing improves road safety, reduces road damage and maintenance, and improves rural connectivity which helps support rural communities. Farmers pay a considerable amount to the roading rate and we wish to see additional value brought from the rate to rural Rangitikei.
 - **Federated Farmers supports the roading differential for land classified as forestry exotic (FE).**
 - **Federated Farmers seeks clarification on FV classified land, and the lag time between revaluation if land is reclassified.**
 - **Federated Farmers seeks clarification on the new targeted rate listed under “Community and Leisure Assets”, and the amount listed under “rate types”.**
 - **Federated Farmers encourages the Council to continue to improve and seal more Rangitikei rural roads.**

Roading

16. We note that on page 20 of the Draft Annual Plan, there is an increase of 3.2 million for roading debt, compared to what was proposed in the LTP for Y2 of the plan. Federated Farmers would like **clarification** on what project this additional debt would be funding. This is a significant variation on the proposed council debt amounts.
17. Federated Farmers would like to **highlight** that performance measures for roading does not provide for any indication on the condition of unsealed roads. We note there is a measure for re-metalling of unsealed roads; however, there are no mechanisms for reporting on user experience/concerns.
 - **Federated Farmers seek clarification on the proposed 3.2 million increase of roading debt.**
 - **Federated Farmers highlight the roading performance measures to do not capture user experience on unsealed roads.**

Fees and Charges 2022/23

18. Federated Farmers **acknowledge** the increase in costs associated with building control through the introduction of the Simpli portal, which is proposed to be recovered through a user pays costing regime. We would assume that over time productivity costs are reduced (through faster online administration processing), and potentially costs over time would be lower?
19. We note in the summary of information that all fees and charges have been adjusted for inflation at 3.3% (except for library charges, amusement devices, and liquor licensing). We **highlight** that farmers cannot transfer increase costs within their operations, and there are no additional revenue streams. Any increases are absorbed and taken out of their profits and results in a reduction of funds to spend on improving the footprint of the farming operation, and reduces the amount spent locally by the rural sector.
20. Additionally, we **encourage** the Council to update their website (under “Liquor licensing” - “Licensing Authority Reports”) to include the 2020 and 2021 Annual Report (as required under section 199) 5) of the Sale and Supply of Act 2012), as we are unable to ascertain if the liquor licensing function is operating within the budget covered by the current fees and charges regime.
 - **Federated Farmers acknowledges the increase in costs for Simpli portal, which is recovered through user pays regime.**
 - **Federated Farmers encourages the Council to include the 2020 and 2021 Annual Report under the Sale and Supply of Alcohol Act on their website.**

Rates Remission Policy

21. We **acknowledge** the strategic approach the Council is using by limiting the ‘Incentivising Residential Development’ in a particular area of the district. This is a tool that the Council uses

to encourage residential development in appropriate areas of the district. We **question** if the strategic approach of remitting rates to incentivise residential development/subdivision is a prudent way to encourage development (at the cost of established rate payers). Being that the Council has identified in its Annual Plan that large increases are because of additional demands on wastewater and sewerage, and improving the levels of service for stormwater and drainage.

22. Federated Farmers **oppose** the removal of the contiguous rating units under the Rates Remission Policy. Where ratepayers own multiple properties but run these as a single economic unit, it would be better to retain contiguous rating units. In this regard, income derived from productive use of land (and hence ability of ratepayers to contribute to rates revenues) may be quite unrelated to whether the land is held in different parcels under the same ownership. The Council should retain the ability to make appropriate distinctions about contiguous rating units in recognition of the fact the 'one size does not fit all'.
- **Federated Farmers questions the development incentives contained within the Rates Remission Policy.**
 - **Federated Farmers opposes the removal of contiguous rating units owned or leased by a single ratepayer in the Rates Remission Policy.**

Marion Rail Hub related CCO

23. Federated Farmers **prefer** that any work associated with the Marion Rail Hub CCO be funded by a targeted rate on rating units situated within the Marion township including residential properties, township commercial business, and visitor accommodation businesses who benefit from enhancing 'business' activity near transport facilities for businesses and visitors. Rural ratepayers get no direct benefit from funding this sort of activity.

Recommendation:

- **That Council fund work associated with Marion Rail Hub CCO with targeted rates on rating units within the Marion township.**

Climate change

24. Federated Farmers understands that many in local government want to do more to fight climate change and its effects. We think councils could do more to reduce their own emissions footprints, starting with taking stock of the Council's essential services going forward, and how these can be effectively funded without incurring wasteful and unnecessary ratepayer costs and reducing emissions footprints. Councils could influence greenhouse gas emissions more generally through their core role of planning and funding their transport infrastructure and services.
25. Federated Farmers recognises that councils will continue to have an important role in ensuring that their areas adapt to the varied and many expected localised impacts of climate change. New Zealand's favourable climatic conditions have enabled the agriculture sector to be one

of the most productive in the world, but these conditions cannot be relied upon into the future. Some regions will become hotter and drier, other regions will become colder and wetter, and extreme weather events will become more frequent and damaging.

Answers to targeted climate change questions:

Q1: Together, how can we immediately reduce the impact of climate change in Rangitikei? •

Examples: Offsetting emissions, creating more cycleways, restoring waterways.

26. Before spending money on arbitrarily chosen projects, the Council should undertake a cost benefit analysis to identify any benefit to citizens and ratepayers for future identified projects based on likelihood of actual use of such facilities. For example, cycleways may be a waste of ratepayer's money if these are not used (or barely used) over the asset lifetime.

Q2: What resources are needed to better prepare Rangitikei for the effects of climate change? •

Examples: Natural flood management, erosion barriers, new technology, educational resources.

27. The answer to this question depends upon which areas are at risk of climate-change related hazards, and what the level of that risk is. Areas likely to experience high or extreme risk of destruction/loss may need to be abandoned, rather than sinking large amounts of ratepayer resources into staving off inevitable destruction, especially where use of such at-risk land is limited, or where there is a risk of harm to life (including human life). On the other hand, infrastructure such as river/floodplain stop-banks, which have a 'high-payback' for investment where these enable economic utilisation of primary production land, from which revenue can be derived (including rates), and where there is little risk of damage to residential properties.

Rates

28. We **remind** the Council that the incomes of ratepayers will in no way increase to the same extent as the proposed increases in rates, with the implication that the costs the Council is imposing on its ratepayers, will squeeze out other areas of expenditure. This is especially so for farming, where, despite farm properties having higher land values than residential properties, the ability of farmers to pay rates is tied to their ability to productively farm the land, rather than relative or absolute wealth in land. While the total rates increase for the district is 7.29% (up 0.04% from the 2021 LTP) is significant, the reality is that for our members, rural ratepayers, the increase will have a real impact on their livelihoods.

About

Federated Farmers is a not-for-profit primary sector advocacy organisation that represents farmers, and other rural businesses. Federated Farmers has a long and proud history of representing the needs and interests of New Zealand's farmers.

The Federation aims to add value to its members' businesses. Our key strategic outcomes include the need for New Zealand to provide an economic and social environment within which:

- Our members may operate their businesses in a fair and flexible commercial environment.
- Our members' families and their staff have access to services essential to the needs of the rural community.
- Our members adopt responsible management and environmental practices.

This submission is representative of member views and reflect the fact that local government rating and spending policies impact on our member's daily lives as farmers and members of local communities.

Federated Farmers thanks the Rangitikei District Council for considering our submission on the Annual Plan 22/23, and Rates Remission Policy.