

SUBMISSION

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To: Marlborough District Council
PO Box 443
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Submission on: **Marlborough District Council Annual Plan 2022-23**

Submission by: Marlborough Branch of Federated Farmers of New Zealand

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1. INTRODUCTION

- 1.1 Marlborough Branch of Federated Farmers of New Zealand Incorporated (**Federated Farmers**) appreciates this opportunity to submit on Marlborough District Council's (**MDC**) Annual Plan for 2022/23.
- 1.2 Federated Farmers acknowledges any submissions from individual members of Federated Farmers.
- 1.3 Federated Farmers is focused on the transparency of rate setting, rates equity and both the overall and relative cost of local government to agriculture. Federated Farmers submits on annual plans and long term plans throughout New Zealand to make constructive proposals every year to almost every local authority.
- 1.4 Federated Farmers is conscious that there may be significant 'consultation fatigue' out in the community, following the long term plan consultation process and 18 months' worth of significant central government proposals.
- 1.5 Federated Farmers' members do not want their busy silence to be misconstrued as disinterest in the proposed changes. Federated Farmers acknowledge there may be a low

response rate to the consultation process given the challenging regulatory and economic environment.

2. SUMMARY

- 2.1 Federated Farmers **opposes** the purported rates increase of 5.37%.
- 2.2 Federated Farmers **recommends** MDC undertake a comprehensive review of how rates in the district are levied.

3. RATES INCREASE

- 3.1 The Annual Plan update purports that there will be an increase of 5.37% to rates in the MDC district. Federated Farmers understands that this is an average for across the district and, after a survey of some local farmers, understands the increase is closer to 6% or in excess of 6%.
- 3.2 The Annual Plan update states the bulk of this increase is to cover general roading and footpaths, community facilities, environmental management, democratic processes, solid waste management, libraries, regional development and general revenues. The key beneficiaries of these services are located in the Blenheim/Blenheim Vicinity and Picton/Picton Vicinity, not the General Rural area.
- 3.3 If the main beneficiaries of these services are not located in the General Rural area and yet the General Rural area has an increase significantly above the average rates rise (5.37%), that must mean the General Rural area is subsidising services for people not in that area. Effectively, those in the General Rural area are paying more for services they do not or only minimally utilise.
- 3.4 More broadly, Federated Farmers is concerned with such a significant rates increase in a time when annual inflation is at a 30 year high. Cost of living has increased dramatically, which is being driven partly by the costs of primary production. To give a couple of examples, fertiliser has increased by over 300% in the last year, and petrol and diesel continue to rise. Both are fundamental to primary production.
- 3.5 Given this context, Federated Farmers considers that MDC needs to have a good reason for any rates increase. MDC's constituents, particularly farmers, are currently experiencing the pressures of rampant inflation and a rates rise in the vicinity of 6% is only going to cause more angst and add to inflationary pressures.

4. COMPREHENSIVE RATES REVIEW

- 4.1 Federated Farmers understands that the same or similar rating structure has been in place for over 10 years, despite several funding policy reviews. Broadly speaking, rates are collected by MDC on the basis of land value, rather than capital value. Additionally, the current rating structure is no longer fit for purpose for flood protection in the district. For these reasons (and no doubt countless other reasons), Federated Farmers recommends MDC undertake a comprehensive review of how rates in the district are levied.

Capital verse land value

- 4.2 MDC's rates are set in accordance with the long term plan. MDC's 2021-31 Long Term Plan (the **LTP**) focuses on land value when setting rates, rather than capital value (with a few exceptions). Capital value is the value of the land including improvements, whereas the land value is the value of the un-improved land.
- 4.3 By basing rates on the land value, MDC is not fairly distributing rates based on use of MDC services. Land value is determined reference to the land's potential for development. Capital value is based on the actual development. Those who have developed their land should be paying more in rates as they are using more of the services MDC provides. Those that are

not developed are using less. It therefore makes equitable sense to base rates charges on capital value rather than land value.

Flood protection

- 4.4 MDC charges a targeted rate for Wairau Valley River Works to cover the cost of river planning, control and flood protection in the Wairau Catchment. While Federated Farmers supports MDC undertaking river planning, control and flood protection for the Wairau Catchment, MDC needs to give further thought to the undertaking the same in other areas of the district.
- 4.5 Federated Farmers considers that river planning, control and flood protection is a district wide issue. There are other rivers in the district, such as the Pelorus, that also need to be managed. By making river works a general rate, MDC could undertake river management on a district wide basis. River management benefits all the constituents of MDC and not simply those downstream of the Wairau-Waihopai confluence.

5. GENERAL COMMENTS

- 5.1 Federated Farmers observes that there is an inconsistency in using the “three waters well-being” funding from the Government when MDC opposes the three waters reform.
- 5.2 Federated Farmers also observes that using the “three waters well-being” funding to fund new MDC initiatives will result in future funding shortfalls that will need to be accounted for in the general rates.
- 5.3 Federated Farmers observes that, while it may be desirable to increase staff remuneration budgets, increasing MDC’s staff pay during a time of record inflation creates an image of MDC staff doing well at the expense of its constituents.
- 5.4 Federated Farmers recommends MDC invest more in rural roading as a lack of attention has resulted in major damage in the recent flood events.
- 5.5 Federated Farmers would like to take the opportunity to remind MDC that there are rural access inequities to waste recovery and recycling services.
- 5.6 Federated Farmers opposes any further decreases in speed limit on rural roads as this is uneconomic and does not result in better safety outcomes.
- 5.7 Federated Farmers would like to see MDC actively working with AgRecovery to establish free drop off hubs for farm plastics. AgRecovery is seeking product stewardship accreditation from the Ministry for the Environment for farm plastics in 2023/34. AgRecovery estimates it will recover 80% of farm plastics within three years of accreditation.
- 5.8 This will have a meaningful impact on rural waste streams and therefore reduce pressure on landfills. However, those recovery facilities need to be planned for to ensure the service is accessible for all rural people.
- 5.9 Further, we note that the Ministry for the Environment has identified that organic waste must be removed from landfills in order to reduce greenhouse gas emissions across New Zealand. Federated Farmers would appreciate a response from MDC as to whether this situation is being planned for, and what the long-term organic waste recovery fees impact may be.

Federated Farmers thanks Marlborough District Council for considering our submission.

Federated Farmers is a not-for-profit primary sector policy and advocacy organisation that represents the majority of farming businesses in New Zealand. Federated Farmers has a long and proud history of representing the interests of New Zealand's farmers.

The Federation aims to add value to its members' farming 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 business 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; and
- 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.

