



SUBMISSION TO

Christchurch City Council

on the

Draft Annual Plan 2008/2009

by

NORTH CANTEBURY FEDERATED FARMERS

APRIL 2008

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1.0 Introduction

- 1.1 North Canterbury Federated Farmers appreciates the opportunity to submit on Christchurch City Council's Draft Annual Plan 2008-2009.
- 1.2 Federated Farmers is focused on the transparency of rate setting and the overall cost of local government to agriculture.
- 1.4 North Canterbury Federated Farmers acknowledge any submissions from individual members of Federated Farmers.
- 1.5 North Canterbury Federated Farmers wish to be heard in support of this submission.

2.0 Increases in Rates

- 2.1 The financial overview (page 16) states that there will be an increase of 7.58% in the rate income for the year 2008/2009 (compared with 9.14% budgeted for in the LTCCP). Federated Farmers appreciates that the predicted rate take is less than that budgeted in the LTCCP. However, a 7.58% increase is large, and well beyond the rate of inflation.
- 2.2 We understand that cost inflation is a problem for local authorities, and that councils are subject to many market pressures. However, we do consistently encourage councils to more effectively absorb inflation costs, and we encourage Christchurch City Council to work on methods to find ways to do that.
- 2.2 **Recommendation: That the Council make every effort to ensure that rate increases do not exceed the rate of inflation.**

3.0 Uniform Annual General Charge

- 3.1 For the 2008/09 plan, the UAGC has been set at \$115 and will raise 6.95% of total rates revenue. This is a decrease from last year of 7.6% of total rates revenue. Federated Farmers believes this figure is far too low. In fact we note that the UAGC has been set at \$115 for some years now and as total rates revenue grows the proportion collected from the UAGC has been falling. We recommend that the Council raise the amount of the UAGC until it more closely reaches the 30% cap of the total rates revenue raised as stated in the Local Government Act.
- 3.2 Within the current property-based rating system, Federated Farmers supports the use of uniform annual charges to meet the costs of people-based services where everyone gets the same level of benefit. Federated Farmers believes that Christchurch City should be making more use of the uniform annual general charge.
- 3.3 We understand there are concerns regarding the fairness of the UAGC for the lower income population. We sympathise with those concerns and believe they should be addressed. The most sensible proposal is the Government's expanded rates rebates scheme.

3.4 Recommendation: Federated Farmer recommends that the Council continues to increase the percentage of rates revenue raised by uniform annual charges until it reaches the 30% cap imposed by the Local Government Act.

4.0 Targeted Rates

4.1 This year Christchurch City has targeted rates for waste minimisation, water supply, sewerage, land drainage, water fire connection and excess water supply which together raise 28% of the total rates revenue.

4.2 Federated Farmers believes that Christchurch City needs to further utilise targeted rates. For example other councils have district wide uniform per-property rates for governance, museums, art galleries, recreation reserves, community centres and library services as well as a number of targeted uniform per-property rates such as district library services, ward amenities, economic development and tourism promotion, and medical buildings.

4.3 Recommendation: Federated Farmers submit that an even greater use should be made of targeted rates, particularly for those services that are more appropriately targeted to subsets of ratepayers.

5.0 Rural Differential

5.1 Federated Farmers welcomes the 75% differential for the 2008/09 draft plan. The differential addresses the reality that (compared to urban residents) rural ratepayers:

- Receive a lower standard of service (e.g., no footpaths, street lighting, or rubbish collection, etc).
- Are located further from council services and will therefore use these services less (e.g., lack of adjacent parks, museums, libraries, etc).
- Will see less of an influence of council services on property values (e.g., farm land may not be enhanced by community services)

5.2 However, due to the current rating system based on capital values of property valuations, farmers (particularly those in outlying and remote areas of Banks Peninsula) still face a large rates burden completely disproportionate to the level of service provided. In the absence of any increase in the UAGC or greater use of targeted rates, we consider there are reasonable grounds for an even lower rural differential.

5.3 Recommendation: Federated Farmers appreciates the maintenance of the 75% differential and submits that the Council should consider reducing the rural differential further.

6.0 Funding of Roads

- 6.1 Without doubt the most important council service for rural residents is roading. Federated Farmers believes that roads should be funded by road users -- not property owners. Using rates based on land value to fund roads is inequitable.
- 6.2 Federated Farmers' policy is to advocate for a flat 90% financial assistance rate for all local authorities. The remaining 10% would be funded by local authorities using uniform per property charges. Local authorities would continue to own and manage their own roads. We would appreciate the Council's support in advocating this policy to central government as it reviews the financial assistance rate and considers road funding policy.
- 6.3 North Canterbury Federated Farmers also supports Christchurch City Council's efforts to ensure that Canterbury receives a fair share of state highway road funds and an increase in the national priority for important projects in the region.
- 6.4 Recommendations: That Council continue to move away from funding roads using rates levied on a land value basis and that Council advocates to central government for a 90% financial assistance rate for local roads.**

7.0 Uniform Annual Charges for land held in multiple titles

- 7.1 Many of our members farm multiple titles as one economic unit and often these titles are held in different names (e.g., husband and wife, brothers, trusts, etc). Federated Farmers understands that Christchurch City's policy is that land held as one economic unit but in multiple titles will be charged only one UAGC if the land is contiguous (i.e., the titles touch).
- 7.2 Furthermore, if a title is non-contiguous (e.g., separated by a neighbour's land) but still forming part of the economic unit we understand that the council has discretion to not charge a separate UAGC. This is an important issue for our members and we welcome Christchurch's approach as fair and reasonable.
- 7.3 We appreciate the continuation of this policy.

8.0 Itemised Rates Accounts

- 8.1 Federated Farmers submits that the Christchurch City should provide itemised rates assessments to its ratepayers so they may see how much of their rates will be spent on each area of service. Itemised rates accounts are an important, easily understood accountability tool that is simple and cost effective to implement. A number of other local authorities already do so and there is no credible reason why Christchurch City Council should not do the same. Attached is an example of an itemised rates account from Wairoa District Council that we suggest Christchurch City Council could model its itemised rate sheet on.
- 8.2 Recommendation: North Canterbury Federated Farmers recommends that Christchurch City Council should provide itemised rates accounts to its ratepayers.**

9.0 Amendments to the LTCCP 2006 – 2016

- 9.1 We understand that the Waste Minimisation Plan is a primary change to the LTCCP 2006-2016. This service is estimated to cost \$6.2 million in 2008/09 and will be funded by a targeted service rate.
- 9.2 Federated Farmers appreciates the use of a targeted rate for this service, and understands that the move to a targeted rate will decrease the amount paid by farmers for waste services under a general rate.

10.0 Reform of Local Government Funding

- 10.1 Federated Farmers has major concerns with the current rating systems used by councils. While local government authorities are broadly empowered in terms of roles and responsibilities they are also restricted to a narrow, archaic funding base made up of property value rates and property charges.
- 10.2 Using a rating system based on property value rates does not take into account either the "ability to pay" or the actual use of a service. This is inequitable in two ways.
- 10.3 Firstly, it is inequitable for one cross-section of the population to fund public services for the rest simply because they own land. Other business enterprises that do not own a significant amount of land are not faced with this same burden.
- 10.4 Secondly, farmers rarely (if ever) use many of the services they pay for. This does not seem a good way to measure the benefit to the wider community, nor is it appropriate for only those who use the land to make their living to fund nearly all services in urban areas.
- 10.5 Therefore, Federated Farmers is focused on the transparency of rate setting and the overall cost of local government to agriculture. Federated Farmers is a consistent submitter to council draft annual and long term plans. In 2007 we submitted to 66 of the 85 councils - as well as providing support to individual members making their own submissions. The Federation's local efforts are focused on improving council rating systems and reducing the rates burden on farms.
- 10.6 This local experience has given Federated Farmers a unique perspective on local government funding issues. This was invaluable to our interaction with last year's Independent Inquiry into Local Government Rates (the 'Rates Inquiry'). The Federation made a comprehensive submission to the Rates Inquiry and had a constructive engagement with the Inquiry Panel.
- 10.7 The Inquiry made recommendations directed at both local government and central government. Although Federated Farmers does not agree with all of the Inquiry's recommendations, we strongly agree with the goal of significantly reducing property value rates as a proportion of local government revenue.
- 10.8 Federated Farmers seeks that all councils:

- Take better account of inter-generational equity through prudent use of debt.
- Make greater use of uniform annual charges.
- Make greater use of targeted rates to ensure that there is a better link between the funding of services and a resident's access to and benefit from such services.
- Join with the leading edge councils that provide ratepayers with itemised rates assessments.
- Report financial information consistently to enable comparisons.
- Participate in performance benchmarking

10.9 Federated Farmers seeks that central government:

- Enable councils to move away from having to fully-fund depreciation.
- Provide more revenue from petrol taxes and road user charges to ensure that local roads (like state highways) are funded according to road use rather than property value.
- Commit funds to councils if it is imposing increased roles, responsibilities and costs on councils.
- Commit one cent of the 12.5 cents of GST as a general revenue share for local government. This is an appropriate funding avenue so long as the GST contributed is spread equitably throughout the country in the case of those entities that do business throughout New Zealand. For example, one cent of every 12.5 cents should not be taken from national companies and contributed to one district simply because that company has its headquarters there.
- Remove blanket rating exemptions on land, including Department of Conservation land. Federated Farmers fully supports incentive based rates remissions policies for biodiversity preservation and similar strategies, but does not support "as of right" exemptions for entities that have significant land holdings and should therefore contribute to rates funding.
- Make it clear that central government retains all responsibility for income redistribution and that this is not a role for councils.

10.10 Federated Farmers desires meaningful progress in the funding of local government and wishes to work with Christchurch City Council in putting the case forward for reform.

10.6 Recommendation: Federated Farmers recommends that Christchurch City Council advocate for local government funding reform to central government – in order to remedy problems with the current local government funding system and to consider alternatives to property value-based rates.

11.0 Federated Farmers would again like to extend our appreciation for the opportunity to submit and we thank the Council for its efforts.

Pam Richardson

Banks Peninsula Chairperson/Facilitator
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21 April 2008

Norm Thomas
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Wairoa District Council

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Your Investment in the Community

This is a breakdown of your Rate Assessment Notice on page 1.

Community Representation	222.23
Library	71.27
Marine Liaison	13.74
Economic Development	11.28
Safer Communities	8.29
Total Uniform Annual General Charge	\$332.90
Airport	19.44
Planning	46.84
Health	16.75
Emergency Management	312.67
Animal Control	15.10
Sundry Property	36.34
Forestry	23.91
Total General	\$470.80
Economic Development	18.46
Community Support	53.55
Community Halls	1.10
Cemeteries	16.76
Building	17.39
Planning & Resource Management	72.78
Health Control & Safety	16.20
Liquor Licensing	2.23
Emergency Management	5.78
Animal Control	22.06
Roading (Parking)	6.50
Total Services	\$163.70
Roading	4,226.90
Total Rooding	4,226.90
Stormwater & Drainage	28.60
Total Stormwater & Drainage	\$28.60
Fees & Reserves	482.10
Total Recreation	\$482.10
Waste Management	135.70
Total Waste Management	\$135.70
Total Investment In The Community	\$5,723.10