



Federated Farmers of New Zealand

Submission to Ashburton District Council on: The Long Term Plan 2021 - 2031

18 April 2021



SUBMISSION ON ASHBURTON DISTRICT COUNCIL LONG TERM PLAN 2021 - 2031

To: *Ashburton District Council*

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Introduction

- 1 Federated Farmers thanks Ashburton District Council for the opportunity to submit on the Long Term Plan 2021 – 2031.
- 2 Federated Farmers of New Zealand is a voluntary, primary sector organisation that represents farming and other rural businesses. Federated Farmers has a long and proud history of representing the needs and interests of New Zealand farmers and their communities.
- 3 Federated Farmers aims to add value to its members' farming businesses by ensuring that New Zealand provides 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; and
 - Our members adopt responsible management and environmental practices.
- 4 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.
- 5 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.
- 6 Federated Farmers supports councils that are making progress towards achieving fairness and equity in their rating policies. We support Ashburton District Council's Revenue and Financing Policy that specifies the use of targeted rates where beneficiaries of a particular activity can be clearly distinguished from those who do not benefit. Further, where the benefit of a particular activity is for people rather than property, Federated Farmers supports the use of UAGC's or UAC's as the appropriate funding mechanism, where all property owners, or those within a targeted group, pay the same amount.
- 7 This submission was developed in consultation with the members and policy staff of Federated Farmers. It is important that this submission is not viewed as a single submission, but as a collective one, that represents the opinions and views of our members.
- 8 Federated Farmers acknowledges any submissions from individual provinces or individual members of Federated Farmers.
- 9 Federated Farmers wishes to be heard in support of its submission.

Key Submissions

Prospective Statement of Comprehensive Revenue and Expense

- 10 Federated Farmers appreciates that the increases in operating expenditure for the 10 years of this LTP (average of 4.6% per year) are relatively moderate, even though there is a large capital works programme planned. Federated Farmers asks that Council continues to exercise responsible governance and constrains expenditure increases to no greater than the rate of inflation. It should be noted that any form of rate or user charge (to fund that expenditure) will impact on rate payers and ultimately the regional and national economies.

Revenue and Financing Policy

- 11 That Ashburton District Council makes full use of targeted rates where beneficiaries of a particular service or activity can be clearly distinguished from those who do not benefit and UAC's or UAGC's where the benefit of a particular activity is for people rather than property.
- 12 That Council uses borrowing to fund capital expenditure, to enable cost to be spread over time and thereby preserve intergenerational equity, provided that debt levels and interest payments are less than the limits set in Council's Financial Strategy.

Second SH1 Bridge in Ashburton

- 13 That the need for a second State Highway One bridge in Ashburton is urgent, that design work needs to commence immediately and that the project needs to proceed as soon as possible.

Consultation Document Questions

Drinking Water Meters

- 14 That Ashburton District Council installs meters to monitor household use with the aim of identifying where leaks are occurring. Steps also need to be taken to identify leaks in the mainline delivery system.

Elder Persons Housing

- 15 That Council makes the provision of affordable housing self-sustaining in an economic sense, along with ensuring that units are up to Healthy Homes Standards and well maintained.

Detailed Submissions

Prospective Statement of Comprehensive Revenue and Expense

- 16 Federated Farmers appreciates that the increases in operating expenditure for the 10 years of this LTP (average of 4.6% per year) are relatively moderate, even though there is a large capital works programme planned. However, the increases are well above the rate of inflation (the CPI for the year ending December 2020 was 1.5%). We ask that Council makes every effort to constrain its expenditure increases to no greater than the rate of inflation.

- 17 Rates are projected to increase by 6.3% in 2021/22 compared with 2020/21, followed by an increase of 7.4% in 2022/23 compared with 2021/22. Increases over the following 8 years range from 1.4% to 6.6%. Rate increases average 5.1 over the 10 years of this LTP. Again, we ask that council constrains its expenditure increases to no greater than the rate of inflation, thereby reducing the need for rate increases, because any form of rate or user charge will impact on rate payers and ultimately the regional and national economies.
- 18 The increase in charges and fees average 4.5% per year over the 10 years of the LTP.
- 19 Federated Farmers supports Council's strategy to use loans and reserves to fund capital projects, such as the second Ashburton River bridge, in order to provide inter-generational equity. This is acceptable because estimated peak debt and interest payments will be significantly less than the limits set out in Council's Financial Strategy (Part 10 of the 2018/28 LTP).

Recommendation:

- 20 Federated Farmers asks that Council continues to exercise responsible governance, and constrains expenditure increases to no greater than the rate of inflation. It should be noted that any form of rate or user charge (to fund that expenditure) will impact on rate payers and ultimately the regional and national economies.

Revenue and Financing Policy

- 21 Federated Farmers supports Ashburton District Council's extensive use of targeted rates and UAGC's. Targeted rates are appropriate where beneficiaries of a particular service can be clearly distinguished from those who do not benefit. Where the benefit of a particular activity is to people rather than property, UAGC's or UAC's are the appropriate funding mechanism, where all property owners, or those within a targeted group, pay the same amount.
- 22 It should be noted that Council currently proposes that 24% of its rate take will be in the form of UAGC's. This is below the legal maximum of 30%.
- 23 Federated Farmers supports Council's policy to fund operational expenditure from income, including rates, charges, investment income and grants.
- 24 We also support Council's policy to use borrowing to fund capital expenditure, to enable cost to be spread over time and thereby preserve intergenerational equity.

Recommendation:

- 25 That Ashburton District Council makes full use of targeted rates where beneficiaries of a particular service or activity can be clearly distinguished from those who do not benefit and UAC's or UAGC's where the benefit of a particular activity is for people rather than property.
- 26 That Council uses borrowing to fund capital expenditure, to enable cost to be spread over time and thereby preserve intergenerational equity.

Second State Highway One Bridge in Ashburton

- 27 Council has budgeted (\$7.5m of debt funding) to start detailed design on the bridge in 2024/25, with construction to potentially commence the following year. Assumptions about other funding sources are also presented, including contributions from Waka Kotahi (\$18.8m) and central government (\$10.7m). The full cost of the project is estimated to be \$37m, with Ashburton District needing to fund about 20%. It is stated that if the funding needed from Ashburton is greater than 20%, further consultation with rate payers would be needed.
- 28 Federated Farmers believes that this project is crucial for the economic and social wellbeing of both the district and the wider region. The SH1 bridge is a vital for:
- the movement of people from one part of Ashburton to the other;
 - the movement of produce (including milk, livestock and harvested crops) from farm to processing facilities;
 - the movement of farm machinery (e.g. for cultivation and harvesting) across the Ashburton River/Hakatere; and
 - the movement of people and goods up and down the South Island, including goods for export through the ports of Lyttelton and Timaru.
- 29 Federated Farmers believes that the second bridge needs to be built as soon as possible and that design work should proceed immediately.

Recommendation:

- 30 That the need for a second State Highway One bridge in Ashburton is urgent, that design work needs to commence immediately and that the project needs to go ahead as soon as possible.

Consultation Document Questions

Drinking Water Meters

- 31 Council proposes to install water meters at all properties in the ADC drinking water schemes (except Methven-Springfield and Montalto). The immediate justification is to detect leaks (via identification of abnormally high use) given that up to 50% of drinking water is estimated to be lost to leaks.
- 32 It is stated in the consultation document that the initial purpose of the meters is not to enable charging for water, although this is not ruled out in the future. Indeed, a prerequisite for introducing a charging regime would be to ensure the integrity of the delivery infrastructure.
- 33 Council also needs to be able to identify leaks in the main-lines i.e. anything on the 'council-side' of meters linked to individual properties. Additional meters need to be installed for this purpose if necessary.

Recommendation

- 34 That Ashburton District Council installs meters to monitor household use with the aim of identifying where leaks are occurring. Steps also need to be taken to identify leaks in the mainline delivery system.

Elderly Persons Housing

- 35 Federated Farmers supports the provision of affordable housing for elderly residents. However, we believe that this activity should be self-sustaining, particularly since, as stated in the consultation document, some residents may be able to access greater accommodation supplements from central government as their rents increase. We support the proposal that units will be brought up to Healthy Homes Standards (Residential Tenancies (Healthy Homes Standards) Regulations 2019) and that maintenance will be done in a timely fashion as rents increase.
- 36 Federated Farmers prefers Option 1 (self-sustaining in 2 years), but Option 2 (self-sustaining in 7 years) would also be acceptable. One advantage of the latter option is that it would not require loan funding.

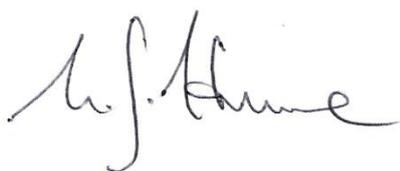
Recommendation:

- 37 That Council makes the provision of affordable housing self-sustaining in an economic sense, along with ensuring that units meet the prescribed Healthy Homes Standards are and well maintained.

Conclusion

The Mid Canterbury Province of Federated Farmers of New Zealand thanks the Ashburton District Council for the opportunity to submit on its Long Term Plan 2021 - 2031. We are committed to the efficient and sustainable management of Ashburton District's resources and infrastructure in a way that enables its people and businesses to flourish. We look forward to continuing to work constructively with Council.

Federated Farmers wishes to speak in support of its submission.



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David Clark
Mid Canterbury Provincial President
Federated Farmers of New Zealand