



# Federated Farmers of New Zealand

Submission to the Dunedin City Council Draft Annual Plan 2023-24

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# **SUBMISSION ON THE DUNEDIN CITY COUNCIL DRAFT ANNUAL PLAN 2023-24**

To: Dunedin City Council

Name of submitter: Otago Province, Federated Farmers of New Zealand

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## **ABOUT FEDERATED FARMERS**

Federated Farmers of New Zealand is a membership organisation, which is mandated by its members to advocate on their behalf and ensure representation of their views. Federated Farmers does not collect a compulsory levy under the commodities levy act and is funded from voluntary membership.

Federated Farmers represents rural and farming businesses throughout New Zealand. We have a long and proud history of representing the needs and interests of New Zealand's farmers.

Federated Farmers aims to empower farmers to excel in farming. Our key strategic outcomes include provision for 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 a vibrant rural community; and
- Our members adopt responsible management and sustainable food production practices.

## **Summary of submissions**

**We welcome the opportunity to submit to the 2023/24 Draft Annual Plan. We ask that the council prioritise delivering a rates cap for rural landowners, especially farmers.**

**We support the council taking a measured and economically pragmatic approach in recognizing the economic challenging times. We recognise that council has taken an increased debt approach to not pass the burden onto ratepayers. The increase of debt by \$23.127 million is not sustainable in the longer term, however, could be offset with the government's acquisitions of local water assets within this decade.**

**We encourage the council to increase the targeted rates, especially for ratepayers in the urban centres, to better service the urban services provided to the ratepayer. We also advocate for an increase in the Uniform Annual General Charge (UAGC). Increasing the UAGC will create a more equitable rating across the district. We urge future rate increases are increased through the UAGC.**

**We support the overall direction of the proposed Annual Plan, and welcome dialogue with the Council to become more farmer friendly, encourage opportunities of collaboration and create relationships that better serve our communities and their interests. We highly commend the Council for the approach they have taken in this Proposed Annual Plan.**

**Federated Farmers of Otago find the Proposed Annual Plan under the current Council leadership as proactive, ratepayer focused and economically pragmatic.**

## 1. Introduction

- 1.1 Federated Farmers welcomes the opportunity to provide feedback to the Dunedin City Council Proposed Annual Plan (PAP). We support the Council engaging in consultation particularly given the existing context, the proposed rates increase, and some significant divergences from the Long-Term Plan, and as a result the rating impacts from the new CV ratings.
- 1.2 Council is proposing overall rates increase 6.5%, which is forecasted to be lower than the 7% prescribed in the Long-Term Plan. We are understanding of the historic drivers to the increase of the rates such as 7% inflation, cost of living crisis and economic conditions outside the control of the Council. We congratulate the council for trying to keep rates as low as possible, by taking on more debt, which is not sustainable in the long term. We are still in the strong view that Council should prioritise a rural ratepayer rate cap for any future rate increases.
- 1.3 Since Council considered expenditure for the year ahead and included this in the Proposed Annual Plan, the context is still changing daily. The impacts from COVID-19, record high inflation and a looming recession. It is important that council continues to play a part in reducing the impacts by capping rating costs.
- 1.4 We note that the Council has reduced expenditure across the board, by trimming work programs, whilst also acknowledging it is important to continue with already started work programs. We congratulate the council for taking an approach for keeping rates as low as possible. There is further the council could go in terms of increasing the Uniform General Rate Charge to the legislative maximum and putting a rating cap on Dunedin City rural ratepayers, bring equity into the Council's rating ability.

### **Submission**

**We welcome the opportunity to submit to the 2023/2024 Proposed Annual Plan. We ask the council to introduce a rates cap on rural ratepayers going forward into future rating years.**

## 2. Rating impact

- 2.1 The rating examples outlined in the Proposed Annual Plan indicates that rural properties will have an increase in rates of around 2.5%, however the community services charge is well above the 6.5% increase, in fact 7.7% increase which is well above the 7% even stated in the Long-Term Plan as your proposed limit increase.
- 2.2 Farmers continue to pay a large amount in rates with little to low gain to their properties. We do acknowledge that farmers do gain from accessing and using services when visiting the city itself. We urge council to reconsider their formula of rating to become more equitable rating formula. This is something that we will be pursuing in future PAP and Proposed Long Term Plans.
- 2.3 Irrespective of this small increase in rates for farmers, it remains important for Council to send a signal of support to ratepayers overall, reducing rate increase to below inflation in 2023/24, which is what the council has achieved. Federated Farmers of Otago commends the council for taking this approach.

## Submission

**We acknowledge that farmers will face rates increase due to the impacts of the city-wide revaluations taking effect in 2023/24, reflecting that farm capital values have increased in value alongside other land use types.**

**This offsets in part the decrease in capital values which occurred when last valued in 2021.**

### **3. Proposed amendments to the Community services targeted rate**

- 3.1 Council is proposing to increase the Community services targeted rate by 7.7% (CSR), which is a uniform targeted rate. This rate funds the likes of the Botanical Garden and is charged to every rateable property in the city area. This is not dependent on the CV evaluation.
- 3.2 A consequence of the CRS is that a rural ratepayer in Middlemarch will be paying the same as an urbanised ratepayer, yet the rural ratepayer will not get any or the same benefit from the Botanical Gardens as that of the urban ratepayer. We urge the council to change the CSR from a uniform targeted rate to a targeted rate where those that will directly benefit from the service pay for the service. This would be like the targeted rating system the Otago Regional Council operates.
- 3.3 Farmers are already paying into the tens of thousands in rates with limited net benefit to their properties or area. Many of these ratepayers are also on private roads which they maintain themselves, water systems and are not eligible to waste services (i.e., recycling or sewage) to name a few.
- 3.4 Council could explore increasing the Uniform Annual General Charge from 20% to the legislative limit of 30% as prescribed under the Local Government Rating Act 2002, this would enable a more equitable annual general charge across the Council, this could be seen as a replacement for the Uniform Community Services Targeted rate.
- 3.5 We continue to disagree with the assumption that property values are a good measure of income (to a lesser extent) whether, particularly between different land use types. They should therefore be an imperfect measure of ability to pay rates. We urge council to reform the system to allow for more equitable rating with a focus on user pays rating system, and the introduction of a rural rates cap.
- 3.6 We encourage council to set a self-imposed rates cap, such as used by Clutha District Council<sup>1</sup>. The cap on farmland properties and investigate the opportunity for a rates rebate through properties that provide their own services that are currently provided to ratepayers in urban areas. This will enable rating burdens to shift away from farmland to a more equitable rating system.

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<sup>1</sup> [Council again stays under rates-rise cap | Otago Daily Times Online News \(odt.co.nz\)](https://www.odt.co.nz/news/otago/2023/05/10/council-again-stays-under-rates-rise-cap)

- 3.7 Council should note that the impact of increasing the CSR by the Local Government Cost Index (the index), rather than overall rates increase, has had, and will have an impact on shifting costs onto the general rate over time.
- 3.8 We continue to advocate for those who may be affected by the rates increase in urbanised centres by encouraging Council to target those who are unable to pay their rates, by expanding the eligibility under the existing rates remissions policies (remission or postponement of rates for extreme financial hardship) and encouraging whilst supporting those ratepayers who are struggling to pay rates through central governments rates rebate scheme.

### **Submission**

**We encourage the Council to implement a rates cap and by expanding the criteria for existing rates remissions policies and encouraging eligible ratepayers to apply for central government's rates rebate scheme.**

Mark Patterson  
President  
Otago Province  
Federated Farmers of New Zealand

**SUBMISSION ENDS**