DISTRICT AND REGIONAL COUNCIL LONG TERM PLANS 2024

FEDERATED FARMERS' GUIDE FOR SUBMITTERS

Information to assist Federated Farmers members working on draft Long-term Plan submissions and advocacy in 2024.

Taking care of business

Property value rates can be among the highest overheads for a farm business.

The high cost of local government rates on farmland is a major issue for the farming community. The fundamental problem is that rates are based on property value which, for farmers, means a much higher cost than other residents or businesses for District and Regional Council services and amenities.

At its heart, this is about who in our communities pay for the parks, the stormwater, libraries, non-state highway roads, streetlights, regulation etc., and how much. Farmers are more than happy to pay their fair share, but not the ridiculous amounts loaded onto them by many council ratingsystems.

It is simply good business to push back.

In the world of local government rating, urban and other residents gain significant advantage from property values that are relatively lower than farm units - leading to the widely held view amongst farmers that they are propping up their council's books.

General rates on farms (excluding billable services such as flood protection and water supply) vary around the country. A Federated Farmers survey in early 2019 indicated a median of about $16,000 for district council rates, and for regionals about $4,000. At the high end, for the 2018/19 year almost 2% of respondents paid more than $100,000 in rates to district and regional councils combined and a further 8% of respondents paid between $50,000 and $100,000!

Submitting on the Long-term Plans of district and regional councils forms an important part of advocating for farmers – it is an opportunity to influence localrating policies and contain and reduce rating impacts on farmland.

The perception that changing minds and influencing the goings on in council chambers – especially regarding rates – is nigh on impossible, is not quite true. Difficult yes, extremely difficult maybe, but knocking back huge rate increases on farms - or protecting the equitable components of council rating policy such as uniform charges and targeted rates - can save the farming community ***big*** money over the years.

In 2020, 12 upper North Island farmers met in a room to discuss their District Council's expenditure. While in that room the farmers added up their total rates for the year. The numbers ran like this:

Farmer A, $9,509;	*Farmer B, $16,584;*	*Farmer C, $10,762;*	*Farmer D, $33,981;*
Farmer E, $22,032;	*Farmer F,$77,391;*	*Farmer G, $22,194;*	*Farmer H, $65,114;*
Farmer I, $9,532;	*Farmer J, $9,021;*	*Farmer K, $15,556;*	*Farmer L, $87,000.*

The Federation advocates for farmers at both national and local levels to bring equity to this situation. We seek reform of local government funding through legislative change and submit and advocate to councils locally for better rating systems.

An outline of our local and national work can be found in our '2022 Rates Report' newsletter, available here.

Another valuable document, which provides an overview of our position on key policies, is our 2022 Local Elections Platform. It is available here.

PREAMBLE

The reason you are reading this is likely because you've been landed with the task of submitting on a local authority Long-term Plan, or your rates are going through the roof and you want to try to do something about it. You're in the right place.

This document aims to facilitate effective submissions for farmers on the important and costly issues in the 2024 – 2034 Long-term Plans (LTPs) of District and Regional Councils.

This guide offers an overview of how the LTP works and the Federation's approach to major topics common to the strategic financial planning of District and Regional Councils.

We're hoping to make things a bit easier for you with the material that follows. We want to minimize disquiet when you first catch sight of a full Long-term Plan or even the Consultation Document that is the public face of it.

Some tips from old hands:

- You needn't submit on everything. Pick your targets, maybe a top three and ones that look most achievable. You will see below that getting the Uniform Annual General Charge (UAGC) increased can save farmers thousands of dollars. Aim for that, rather than disputing a mayor's pet project or the new carpet planned for the library foyer.
- Unlike the RMA, if you don't submit on something you can still debate on it going forward. LTP submitting is not so much a statutory process, as a political one. Your job is to convince busy councillors that the path you are suggesting is the right path.
- Keep your submissions reasonably brief and to the point. Council staff will often summarise submissions for the councillors, so be as clear as possible about what you want and why.
- You don't need to read everything. If you're in trouble for time, maybe just focus on the Funding Impact Statement (see further on) which should clearly set out how each activity is funded – or just scribble down that Council should use the UAGC to the maximum allowable extent.
- Be proud of your work and remember that farmers pay more for council services than other residents, and in that sense are the most caring, contributing members of the community. The people you are representing are not mean-spirited, they just want a fair deal.

This is the key to all that follows in this Guide:

- We support the use of the UAGC and Targeted Rates; they are generally fairer for farms than general rates on property value.
- We support the use of modifiers such as differentials, to reduce the high general rates on farms.
- We are suspicious of expenditure on big new projects and want to know what they will cost farms if they are funded on property value rates.
- We oppose farm businesses being rated for the promotion of tourism or other businesses. Farmers pay for their own industry promotion and development.

All the very best for your submissions and advocacy in 2024!

Table of Contents

What is a Long-term Plan?

The Long-term Plan is the over-arching financial and service strategy of any elected council. Its forecasts span ten years, but it is reviewed and publicly consulted on every three years.

Local Government exists and is empowered through the Local Government Act 2002 (LGA).

The LGA provides the general decision-making framework for New Zealand's 78 democratically elected regional, district and unitary[2] councils. Under the LGA, councils have broad powers to decide which activities they undertake, alongside various statutory obligations such as the provision of water services.

The LGA also sets out the rules for transparency, and consultation with communities. Each year councils are required to publish a financial plan showing their revenue and expenditure for the coming year. This is called the Annual Plan. Every third-year councils are required to publicly consult on a Long-term Plan (LTP), which contains financial forecasts to a ten-year horizon and major financial policies.

The LTP must include information on the activities and services provided by a council, and specific rating, funding, and financial management policies.

The full version of the Long-term Plan 2024-34 is the underlying document for the 2024 consultation round – it is particularly important as it contains the full versions of:

- **The Financial Strategy** – this provides the financial context of the proposed expenditure and revenue, and shows debt, cost of services, rates etc. for the ten yearsof the LTP (see s.101A of the LGA 2002).
- **The Infrastructure Strategy** – sets out significant infrastructure issues and options for managing those issues (see s.101B of the LGA 2002).
- **Revenue and Financing Policy** - this sets out the rating mechanisms that District and Regional Councils will use (see s.103 of the LGA 2002).
- **The Funding Impact Statement** – this statement tabulates the practical effect of the revenue and financing policy; how rates are allocated with property specific examplessee Schedule 10, s.15 of the LGA 2002).
- **Rates Remission and Rebate Policies –** these policies are mechanisms to remit rates in specific circumstances. Typically, there will be remissions for means-tested hardship, hopefully for QEII covenanted land, adverse events, and the like.

Long-term Plan Consultation Document

Councils are required to publish a concise version of the full LTP, for consultation purposes.

Each council is required to publish a 'Consultation Document' as the centerpiece for community feedback on the LTP. In the main, the consultation document will highlight and profile the major issues on which the council wants feedback. These might include new spending proposals – a new library or road project for example – or changes to policy, such as the rating (revenue and financing) policy.

For us, the consultation document makes the job of submitting on the LTP somewhat easier, but it does not mean that our submissions should be limited to the subjects selected by the council. This is a once-in-three-years opportunity to set out the concerns of the farming community as regards value for money, or rather lack thereof, they are receiving from council.

The consultation document should be a genuine publication to facilitate consultation. It should not simply be a summary of everything in the LTP, nor should it just be a promotional brochure. There should be a good accounting of, and good reasons for, rate increases. Accompanying every new spending proposal there should be examples of the cost impacts on ratepayers. With every new or revised policy, a reasonable set of options (*see s.93B – 93D ofthe LGA 2002*).

The LTP Consultation Document is required to cover:

1. Issues of significance, options, and financial implications – whether this is a new project (new library, refurbished pool, road project etc.), endeavour (an economic development or tourism promotion programme, events, venues etc.), or an enhancement or winding back of service levels.
2. Any proposed changes to the rating system.
3. The impact of proposals on the rates of example properties from different categories of rateable land (generally urban residential, rural, commercial etc.).

> *"The purpose of the consultation document is to provide an effective basis for public participation in local authority decision-making processes relating to the content of a long-term plan by—(a) providing a fair representation of the matters that are proposedfor inclusion in the long-term plan, and presenting these in a way that—(i) explains theoverall objectives of the proposals, and how rates, debt, and levels of service might beaffected; and (ii) can be readily understood by interested or affected people; and (b) identifying and explaining to the people of the district or region, significant and other important issues and choices facing the local authority and district or region, and the consequences of those choices; and(c) informing discussions between the local authority and its communities about the matters in paragraphs (a) and (b). S. 93B LocalGovernment Act 2002."*

Indicative Rating Examples

While not specifically required in the LGA any LTP consultation document worth its salt should include a table of rates on example properties in a district or region.

Examples might include low, medium, and high value residential properties, commercial properties, farms, lifestyle blocks and orchards.

Generally, an indicative example will show the general rate, UAGC, and targeted rates allocated to the example property. Ideally the general rate and UAGC would be itemised to show the cost of individual council activities, but this is very rare (and to be cherished!).

Table 1 - Otorohanga District Council's 2018 LTP (page 188) itemised rating examples

Examples of Contributions to Council Services – 2018/19 year

Property Value	250,000	300,000	250,000	500,000	200,000	300,000	1,000,000	1,500,000	4,500,000
	Otorohanga Residential		Otorohanga Commercial		Kawhia		Rural		
Activity	$	$	$	$	$	$	$	$	$
Democratic Process	205	215	244	337	215	243	216	269	588
Council Support	13	13	13	16	12	13	22	28	63
Corporate Planning	100	104	100	119	96	104	158	197	430
District Economic Development	73	75	73	83	71	75	103	124	246
Policy Development	5	6	5	6	5	6	9	11	23
Civil Defence	35	35	35	35	35	35	35	35	35
Environmental Health	17	17	17	20	16	17	26	33	72
Dog Control	10	10	10	10	10	10	10	10	10
Stock Ranging & Impounding	4	4	4	4	4	4	4	4	4
Litter Control	8	9	8	11	8	9	16	21	53
Sport Waikato	11	12	11	13	11	12	15	17	32
Parks & Reserves	93	101	93	132	85	101	210	288	758
Refuse	115	115	115	116	260	261	41	44	62
Water Supply	448	448	448	448	575	575	11	11	11
Sewerage	365	365	365	365	7	7	7	7	7
Library	60	62	60	71	57	62	94	118	257
Public Conveniences	18	20	18	25	13	16	35	48	129
Kawhia Medical Centre	1	1	1	2	13	16	2	3	6
Kawhia Wharf	4	4	4	4	14	16	6	7	15
Aotea Erosion Maintenance	0	0	0	0	0	0	0	0	0
Council Property	- 1	- 1	- 5	- 10	37	44	9	11	25
Pool	174	174	174	174	14	14	121	121	121
Security Patrol	5	6	662	891	0	0	1	2	5
Halls	-	-	-	-	17	17	2	2	7
Environmental Services Manager	5	6	5	10	4	6	20	30	90
Planning & Development	13	15	13	26	10	15	51	77	230
Building Control	21	25	21	41	17	25	83	124	373
Property Management	2	3	2	4	2	3	9	13	40
Cemeteries	4	5	4	9	3	5	17	26	78
Rural Fire	-	-	-	-	-	-	-	-	-
Stormwater	76	91	190	379	41	61	14	22	65
Land Transport	626	677	626	883	575	677	1,397	1,911	4,995
Sewerage Loan	34	41	85	169	-	-	-	-	-
Water Loan	15	18	37	74	27	40	-	-	-
Land Drainage	-	-	-	-	-	-	13	19	57
Property Development	-	-	-	-	-	-	-	-	-
CBD Development	-	-	197	227	-	-	-	-	-
	$2,557.95	$2,674.67	$3,634.71	$4,694.29	$2,253.85	$2,489.16	$2,755.94	$3,631.35	$8,883.79

Districts and Regions

District and Regional Councils have the same rating powers. Frequently the rates for eachcome on the same rate demand.

While the core problem of property value is the same for both Districts and Regions, District Council rates are generally far higher because of the role of Districts in providing public infrastructure, amenities, and services.

The policy issues underlying Regional Council general rates principally relate to environmental management and are of course different and more sensitive for farming interests. However, in considering how resource management costs are rated, it is important to also consider what other costs farmers may be facing (for example, consenting and on-farm investment) and what proportion of the costs are to be met by the 'general ratepayer' versus resource users.

It is also important to consider if the regulation underpinning the cost is applied to all resource users. For example, if one sector is being charged for the costs associated with theirresource use, but another is not, the LTP may provide an avenue to express this more generalconcern while also highlighting how this should influence funding.

Rates: Rules, Modifiers and What We Support

Let's be clear, we loathe property value rates, they are absolutely inappropriate to the funding needs of modern local government. Their impact on farms can be made more equitable through judicious use of rating policy. If we're supporting capital value rating over land value – because it's broader tax base and captures house values - it doesn't mean that we think that's a good approach to funding local government. What we're saying is that it is better than land value.

Rates

The rules governing rates collection are set out in the Local Government (Rating) Act 2002 (LGRA). Councils ***must use land or capital value*** as the basis for the majority of the rates on all propertieswithin their jurisdiction.

Council's policies on rates collection – outside of the principal requirement above – vary, as the allocation to different property types can be modified using the instruments discussed below. Up to 30% of revenue can be collected by fixed or uniform charges, which are the same dollar amount for every property or rating unit (a land title is a rating unit).

The key policy determining how rates are allocated is the Revenue and Financing Policy. Its effect on rates distribution is reflected in the Funding Impact Statement.

The key feature of any council's rating system will almost always be the general rate on land or capital value. In rare instances a council may use a combination of targeted rates, but these must also be on a land or capital value basis.

The problem with rates on property value

Rates are a charge for services, and they are **supposed** to reflect the access to, and benefit derived by ratepayers from council services. This is a key principle, reinforced by government provisions and legislations[1]. In practice though the 'benefit principle' is watered down, with many councils factoring in other considerations like *'affordability'* or *'ability to pay'*, even though councils have no idea of the financial situations of their ratepayers.

Councils don't actually know the incomes, expenditure or net wealth of their ratepayers - most local authorities only know about property value and census data, or have some anecdotal knowledge.

"It is incumbent on a statutory authority to be consistent and fair when charging their citizens, and to base their revenue systems on genuine evidence not assumption".

We've had that debate many times in council chambers; in one instance the council was arguing their urban residents had the lowest incomes, forgetting that their CEO – on a salary of $350,000 – lived in that very area. Red faces all round on that one.

- A ratepayer owning a farm with a capital value of $5m might have a $2m overdraft, made a net loss in the previous year and be billed $10,500 in general rates.
- A ratepayer owning a home worth $550,000 might have a salaried job with a net income of $80,000 and be billed $1,155 in general rates.

Simply put, rates based on capital or land value result in farms paying much more than other types of property for the services of council.

Perversely, farmers are miles away from a lot of what their council provides, and rural areas are sparsely populated – without demand for (let alone supply of) footpaths, litter bins, streetlights, and parks. Meanwhile, most farmers provide for and meet the costs of their own drinking water and wastewater which may also be subsidized by general rates.

For example:

If a District Council plans to raise their general rate revenue based on capital value, they would find the total capital value of all rateable properties in the district and then divide it by the amount they want to raise, to calculate the rates cost per dollar of capital value.

A $5 million farm would pay **$10,500** in general rates;
a $550,000 urban property would pay **$1,155**

If the rating basis is land value (the land without any permanent structures on it), the discrepancy between the farm and the residence is even greater.

Types of rates

Typically, a council's rating system will be made up of these three components:

A **General Rate** on the capital or land value of property (funding general district or region-wide services such as parks and reserves, roads and streetlights, litter, stormwater, etc.).

A **Uniform Annual General Charge (UAGC).** The UAGC is a flat dollar amount per property, regardless of value that also funds district or region-wide services alongsidethe general rate.

Targeted Rates (for property specific services such as water, wastewater and refuse services; potential also for stormwater (urban properties), tourism promotion (commercial properties), pest management (farmland), or a basket of community services. **Can be based on LV, CV, or be a targeted uniform charge (TUC).**

A general rate can be **differentiated**, so that different areas in a district or region are rated on a different proportion of their property value (for example rural properties might have a 0.7 differential, urban 1.0 and commercial/ industrial 1.2).

There is also a wide range of supporting revenue streams that reduce the demand for rates. These include:

- Central government subsidies (particularly for the roading, water and wastewater networks).
- Fees and charges applied to council services (for example fees for swimming pool entry, library use, etc.).
- Revenue from community-owned assets such as ports and electricity companies.
- Development contributions.

- Interest and dividends from investments.

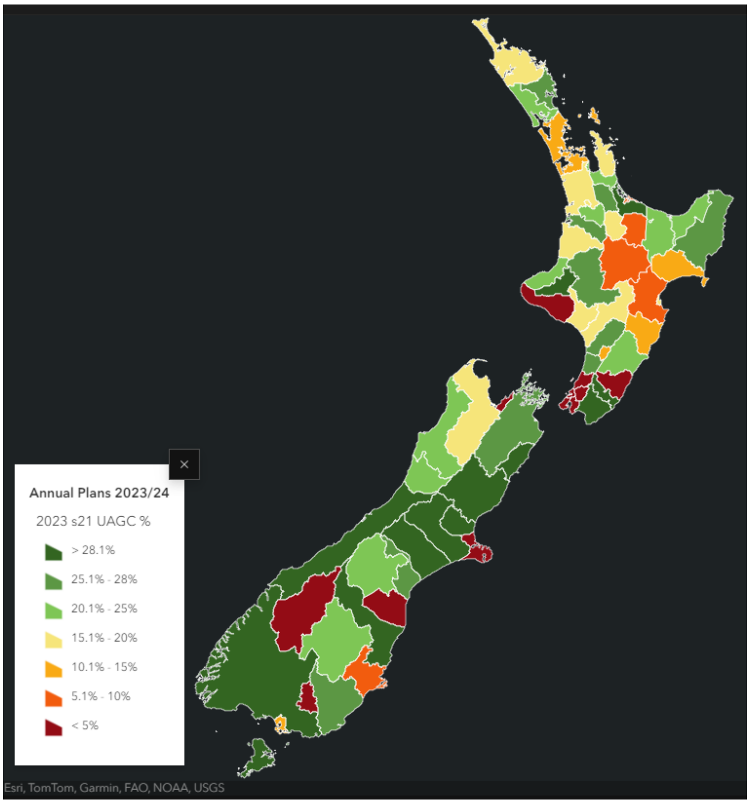
The GST and income tax fallacy

An argument we often get from Councils attempting to justify their treasure haul from farmers is that they can claim a GST deduction from their rates, and claim tax credits when running at loss. While this can be true, the same could be said for urban residents that are running businesses from their home.

Truth is, council wouldn't have a clue about where this is occurring - so it is at the very least, a misleading argument. The fact that GST is charged on rates demonstrates that rates are a payment for services rendered, rather than the view taken by many in local government that they are "just a tax" (see s.6 of the Goods and Services Act 1985, "Meaning of term taxable activity").

Uniform Annual General Charge (UAGC)

The Uniform Annual General Charge or UAGC – is a general revenue mechanism that sits alongside the general rate in a district or region. Under s.21 of the Local Government (Rating)Act 2002 the UAGC can be used to collect up to 30% of total rate revenue.



Use of the UAGC strongly influences the distribution of rates across properties in a district orregion. Its effect is - to some extent - rectify the impact of property value rates on higher value properties, while ensuring lower value properties pay a little more.

Federated Farmers strongly supports use of the full 30% allowed; this is a consistent and enduring view and is our first port of call on any Long-term Plan submission.

The basis of our view is the fact that council services are in large part used by people, and aper property charge at least ensures that all people make some reasonable contribution (whether through rates or rent) toward their cost.

Owning a farm is not a good reason to pay hundreds of dollars towards for example the local library, when urban residents nearby are paying in the tens of dollars. That just isn't rational, let alone fair, and in no way complies with good taxation principles.

Councils should publish the Uniform Charge percentage in their Funding Impact Statement; unfortunately, most do not.

When not published, figuring out how much of the 30% a council is using can be a complicated exercise, and requires some experience in running calculations using an LTP's Funding Impact Statement. The generally accepted approach to calculating the 30% cap rule can be viewed here.

A significant trend in rating policy at many councils in recent years is a reduction in the level of the UAGC. This is usually dressed up as an "affordability" or "ability to pay" issue for urban ratepayers, however even a small UAGC reduction can shift a boatload of the rates burden onto higher value properties such as farms. It is also true that low-income families have a higher tendency to rent their homes, so any cut in the UAGC on their behalf actually benefits their landlord in the first instance.

Targeted Rates

As above, the LGRA provides for rates to be targeted.

Targeted rates can be based on land or capital value or be a flat (uniform) charge per property.

A targeted rate can be district or region-wide for a particular service or group of services (for example roading or community facilities). It can be differentiated, for example a ward in a district might pay a TUC of $525 for community facilities while another ward pays $475; or be based on land or capital value with different rates in the dollar of property value for rating units in different areas of the district or region.

More common are targeted rates that are not district or region-wide, but are focused on a group of rating units in a particular area or property type, such as funding water or wastewater with a targeted rate on connected properties.

Federated Farmers supports the use of targeted rates for three main reasons:

- **Transparency:** A targeted rate will appear as a separate line item in a rates invoice, so a ratepayer can identify the cost of the service – it isn't buried in the general rate.
- **Benefit:** The cost of particular services can be targeted to those that benefit – for example hospitality businesses can pay a targeted rate for tourism promotion, or a farmer can pay a targeted rate for pest management in rural areas.
- **Accountability:** while not a strict rule, it is a general principle that rates collected ona targeted rate will be used for that particular purpose.

Differentials

The LGRA allows modifications to property value through policies such as differentials. A differential is a ratio that adjusts the rateable value of property and can be used to balance the relative contributions of urban and rural properties, or to increase the contribution from the commercial and industrial sector.

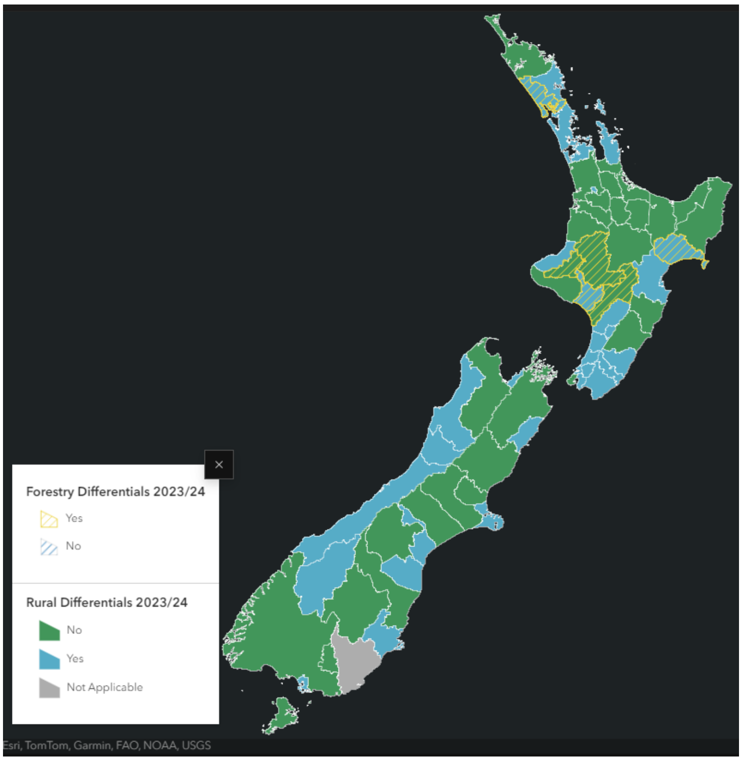
Differentials may apply to the general rate or targeted rates.

Differentials can be read as a percentage applied to the general rate, or targeted rates, within a rating system. For example, a 0.7 (70%) differential on rural land would mean a $5m (CV) farm would only pay on $3.5m of the property value, a differential of 1.0 (100%) for urban properties means a $750,000 section would pay on the full $750,000, and a 1.2 (120%) differential for commercial properties would see that a $5m supermarket would pay on $6m.

Federated Farmers strongly supports the use of differentials of less than 1.0 for farmland.

Our support is based on the simple argument that property value does not reflect actual wealth, income, or benefit from services. The fact that farming is a land-intensive business (that is, you need a lot of it, unlike, say, a tech company or law firm) should not mean that farmers pay so much more than other residents for services often miles away from the farm.

We also support differentials above 1.0 for property types that directly benefit or causemore cost than residents and agricultural properties from council services.



Good examples of this:

Exotic forestry and the impact on the roading network.

For example, we have supported Gisborne District Council pushing their roading rate (district-wide, targeted on CV) differential on exotic forest land up 12.5. Forest land values tend to be quite low as this land is not valued at its highest and best use rather perpetually as forest (and trees are not included in the land or capital value (*see s.20 of the Rating Valuations Act 1998, Value of trees and minerals*).

Forests (through logging trucks) can do significant damage to a roading network at harvest time. The characteristics of this issue change from district to district, so as an opening we first ask council to gather evidence of forestry's impact on the roading network compared with their rate revenue from that activity.

Commercial businesses and direct benefit from council promotion of tourism.

Retail,accommodation, and hospitality earn direct income from local government's unnerving fascination with the tourism industry. Central government collects the GST. Farmers however, as exporting price-takers, generally pick up the cost of freedom campers, impacts on the road network, and – in the absence of a targeted rate – some of the cost of the promotion of another industry (while paying levies to industry bodies to promote their own).

So, do we support farm businesses paying rates to support tourism? **No.**

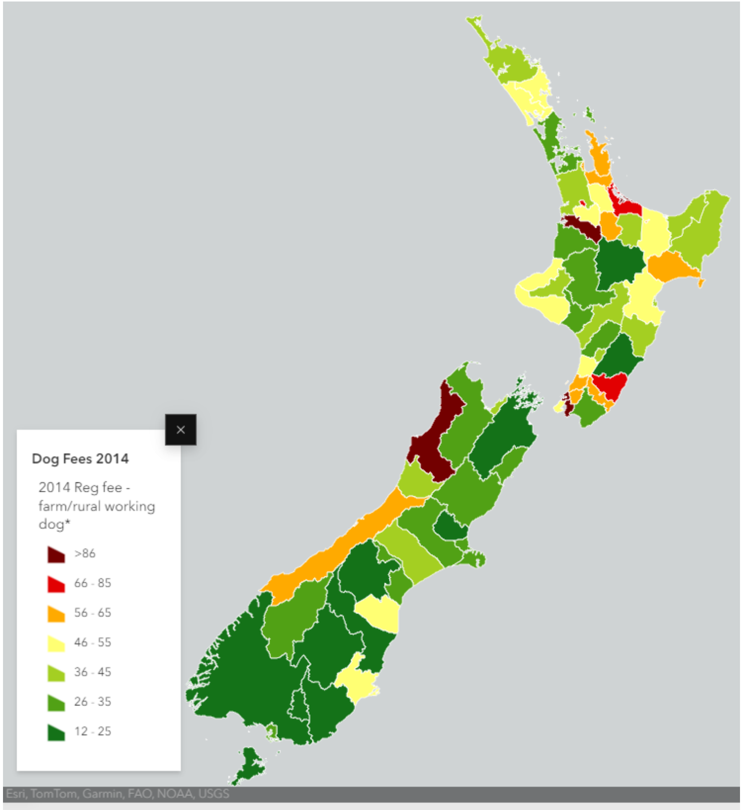
Fees and charges

Federated Farmers has always supported a user-pays approach to local services. In your submission it is always worthwhile, whether up for debate or not, to encourage the council to increase the share of its revenue from fees and charges.

In an LTP year councils usually review their fees and charges settings. For a district council many of these are sidebar for farmers – swimming pool fees, food premises, trade waste, libraries, etc. We, however, want those fees to cover as much of the cost of these services, minimizing the contribution from rates.

More significant on the list are fees that relate to animal control and dog registration. Federated Farmers has done a lot of work on dog registration fees, going all the way back to the 2005 regulations on micro-chipping – where we achieved an exemption for working dogs – and later amendments to the Dog Control Act 1996 providing for a working dog category in council fee schedules. We push hard for a lower fee structure for working dogs, and price breaks for teams.

Regional councils have an array of fees directly relevant to farms that relate to consents and the monitoring thereof. Their fee schedules can be complicated, but worth a look to see how things are trending.



Rate remission policies and rates rebates

Rate remission policies will occupy a separate chapter in the Revenue and Financing Policy. They are policies to remit rates in specific circumstances, such as hardship or adverse events.

If council is banging on about lowering rates in urban areas for low-income ratepayers, it is always worth noting that a remission policy is a more effective way of alleviating hardship, as it is means tested and gives council the opportunity to identify constituent homeowners in genuine need.

The Government also runs a Rates Rebate Scheme which allows qualifying (low income) ratepayers to get a rebate of up to $750 per year to offset part of their rates. Farmland is not eligible for a rates rebate, but we support the scheme as it should take pressure off councils to skew their rating system on 'affordability' grounds.

If a council claims it needs to say reduce the UAGC to make rates more affordable for low-income residential ratepayers, then point to the Rates Rebate Scheme as a better way to achieve this.

Rate remission for contiguous & common ownership rating units

Have a look through the remission policies for one of these. They generally apply to farms in multiple titles and can prevent farmers from paying UAGCs and Targeted Uniform Charges on each one. This is a specific provision covered in the Local Government (Rating) Act 2002.

Two or more rating units must be treated as 1 unit for setting a rate if those units are—

- owned by the same person or persons; and
- used jointly as a single unit; and

- contiguous or separated only by a road, railway, drain, water race, river, or stream.

… however, a remission policy can be extended to cover titles that are leased (not in common ownership), or for titles that are in, say, the names of another family member for farm succession purposes. Councils strictly apply the common ownership rule, so adjacent titles in the name of D. Bloggs and A. Bloggs are not considered to be in common ownership unless a remission policy alleviates the legislative requirement.

A model remission policy is available here.

PART TWO – MAJOR THEMES

In this Part of the guidelines some insight is offered as to how to handle key issues on behalf of farmers in your district or region. We kick off though with some graphs showing how far ahead of the rate of inflation local authority rates have become…

State of the Gap

Our annual comparison of the growth in rates compared to other costs.

The charts below show how the rates component of Statistics New Zealand's Consumer Price Index (CPI) has grown compared to the CPI as a whole, and against some of its sub-groups.

Safe to say, rates are growing much faster than the CPI.

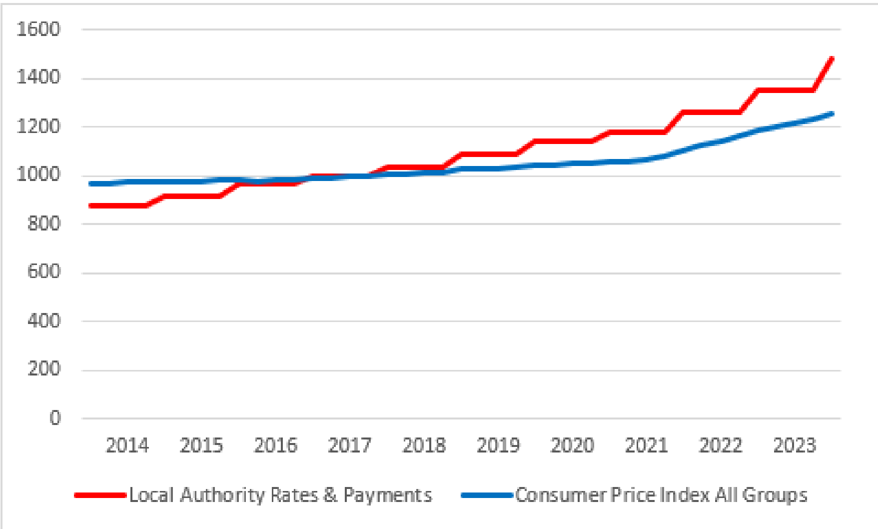


Figure 1 - Rates vs Consumer Price Index September 2013 – September 2023

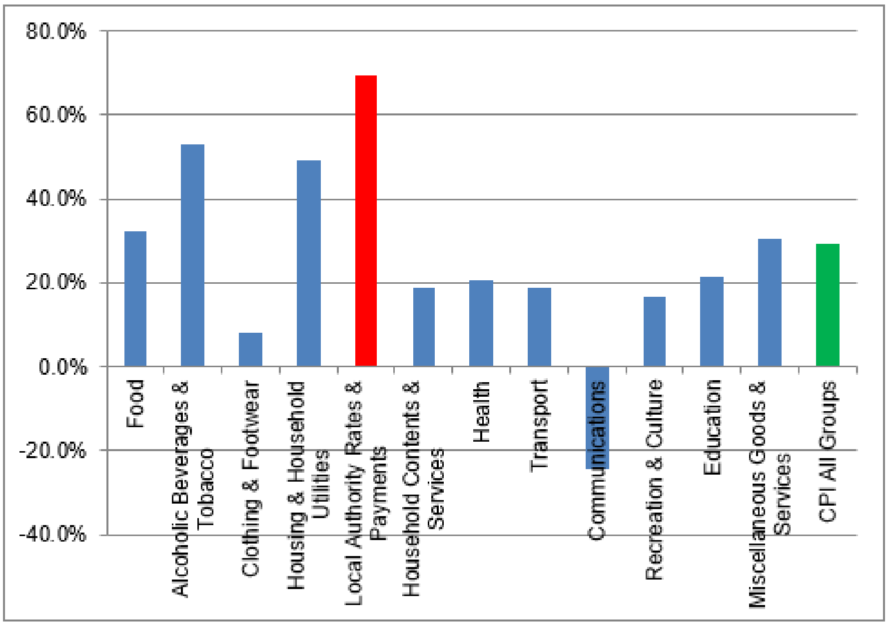


Figure 2 - Rates vs CPI groups (Sept 2013 - Sept 2023)

District Revaluations

Rating valuations are usually carried out on all New Zealand properties every three years. They are the principal basis that councils use to allocate rates. If capital value, they are intended to reflect the likely selling price of a property at the effective revaluation date. The land value component is in effect the capital value minus the value of improvements.

If a revaluation has been carried out in a district you are submitting on, it should be reasonably big news, and likely referenced in the LTP Consultation Document.

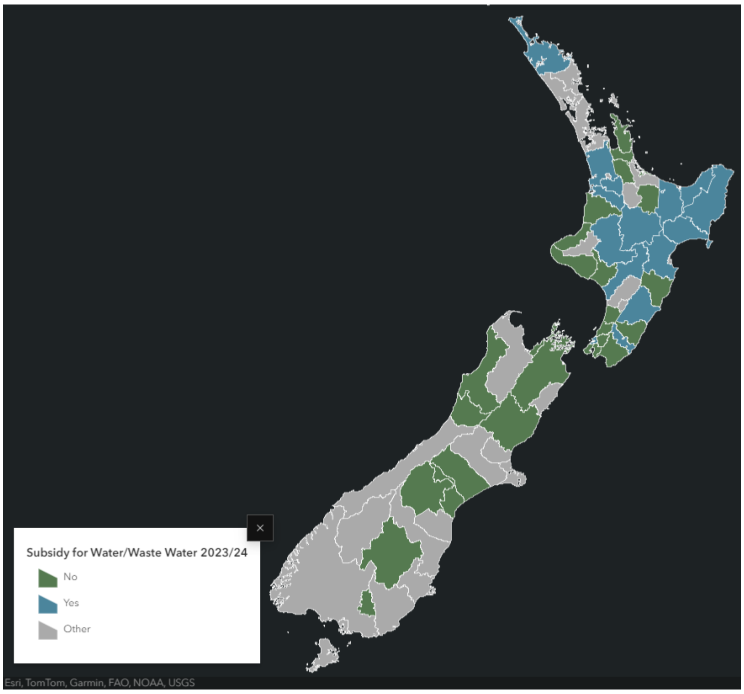
Revaluations frequently trigger rating policy reviews, particularly if urban values go up relative to farms, and council starts to worry about rate rises in towns and cities. A common tactic to defeat the rating impact of a rise in values on urban properties is a wind- back of the UAGC –

District Council	Effective Date	Public Notice Date	Owners Notices Lodged with NZ Post	Earliest Last Day of Objection
RUAPEHU	1/07/23	15/11/23	22/11/23	19/01/24
MARLBOROUGH	1/07/23	27/09/23	4/10/23	9/11/23
MACKENZIE	1/07/23	4/10/23	11/10/23	16/11/23
INVERCARGILL	1/07/23	18/10/23	25/10/23	30/11/23
KAPITI COAST	1/08/23	25/10/23	1/11/23	14/12/23
RANGITIKEI	1/08/23	1/11/23	8/11/23	22/12/23
STRATFORD	1/08/23	22/11/23	29/11/23	19/01/24
KAIPARA	1/09/23	24/01/24	31/01/24	7/03/24
THAMES COROMANDEL	1/07/23	TBC	TBC	TBC
WAITAKI	1/08/23	31/01/24	7/02/24	14/03/24
TIMARU	1/09/23	7/02/24	14/02/24	21/03/24
MASTERTON	1/09/23	14/02/24	21/02/24	28/03/24
WESTLAND	1/09/23	14/02/24	21/02/24	28/03/24
NAPIER	1/10/23	28/02/24	6/03/24	11/04/24
CLUTHA	1/09/23	6/03/24	13/03/24	18/04/24
TARARUA	1/09/23	13/03/24	20/03/24	25/04/24
TASMAN	1/09/23	20/03/24	27/03/24	2/05/24
WAIKATO	1/10/23	27/03/24	3/04/24	9/05/24
SOUTH WAIRARAPA	1/09/23	10/04/24	17/04/24	24/05/24
CARTERTON	1/09/23	10/04/24	17/04/24	24/05/24

Figure 3 - Quotable Value (QV) rating revaluations schedule for 2023/24

pushing more rates onto farms.

Three Waters



Local Roads

The road at the front gate is usually the main item that benefits farms. If you pay thousands in rates, you have a right to expect that it will work.

The poor state of rural roads in many districts is of serious concern to the farming community. The very high rates councils demand from farmers to fund them is also a cause of resentment and featured prominently in the feedback on the Federated Farmers rates survey.

Some rural councils have been trying to get ahead of looming maintenance challenges and set out programs in their Long-term Plans to meet the challenge.

This year be vigilant for any indication that councils are falling short of their roading service levels and take any opportunity to get farmers' concerns before council. This might require a look at council's Infrastructure Plan, a required part of the LTP process and documentation.

Forest Firebreaks and Water Storage

This is an issue only relevant to a subset of regions, but a highly important where it is.

It probably won't be raised as a consultation topic, but the great thing about LTPs is that they provide an opportunity to push unattended issues to the fore.

Many regions have large areas of forestry yet have no allowance for water storage or fire breaks – both important to minimise the risk of forest fires and their impact to local farms. Often, when there is a fire in plantation forestry, the only water available is from streams, rivers, and the water supplies farmers rely on for stock water.

We believe there should be more conditions on plantation forest owners to have water storage on their own properties, and that they maintain fire breaks. We note that it is in the interests of forest owners to protect their forests from fire. Setbacks from land activities and water storage matters can be addressed through individual District Plans and Regional Water Plans and via council-imposed consent conditions.

It should be acknowledged that water storage requirements may not always be necessary depending on the location of the forest or availability of existing water supplies, and any additional requirements may impact other water users in the catchment if water is currently over-allocated.

PART THREE – A Word to the Wise…

Section on comms