DISTRICT AND REGIONAL COUNCIL LONG TERM PLANS 2021

FEDERATED FARMERS' GUIDE FOR SUBMITTERS

Information to assist Federated Farmers policy staff, governance and members working on draft Long-term Plan submissions and advocacy in 2021

Document Purpose and Layout

This document aims to facilitate effective submissions for farmers on the important and costly issues in the 2021 – 2031 Long-term Plans (LTPs) of District and Regional Councils.

These guidelines offer an overview of how the LTP works and the Federation's approach to major topics common to the strategic planning of District and Regional Councils. It opens with a preamble on advocacy in the Long-term Plan setting - **which is quite a bit different to advocacy on statutory RMA processes** – which is followed by three parts:

Part One, 'Policy Context', provides a brief overview of the huge ongoing problem farm businesses have with the primary taxation power of councils, property value rates. There is discussion of the rate types and their usage, and what Federated Farmers generally supports within rating policy. Weaved through this is an outline of the LTP's framework, and the 'Consultation Document' format required when councils are engaging with their communities on the Plan.

Part Two, 'Major Themes', discusses some major emerging issues for the 2021 LTPs. This LTP round will be unusually challenging with Covid-19 impacts on the table, costly freshwater management reforms to be locally funded, and new demands on councils to throw money at climate change.

Part Three, 'Basic Submission Steps', offers a step-by-step approach for developing a submission on a LTP and is there for analysts that are new to the process, and/or spend their time buried in RMA work. There is also plenty of experience within the Feds policy team available for those navigating these uncertain waters for the first time.

Accompanying this guide is a **resource folder** on the FFNZ shared drive. It can be located at -

Policy and Advocacy\02 General Policy\Local Government\Annual Plans and Long-term Plans\National Campaign\2021\2021 LTP resource folder

All the very best for your submissions and advocacy in 2021!!

The contributors,

Nigel Billings

Nick Clark

Rhea Dasent

Kim Reilly

Macauley Jones

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.

We're hoping to make things a bit easier for you with the material that follows. We don't want you to panic 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 don't have to submit on everything. Pick your targets, maybe a top three and ones that look achievable. You will see in these pages that getting the Uniform Annual General Charge (UAGC) increased can save farmers thousands of dollars. Aim for that, rather than attacking a Mayor's pet project or new carpet in the library foyer.

- Unlike the RMA, if you don't submit on something you're not excluded from debate on it going forward. LTP submitting is more tactical than strategic.

- Keep your submissions reasonably brief and to the point. Remember, frequently council staff summarise submissions for the councillors so be as clear as possible about what you want and why.

- If staff aren't summarising the submissions, you're relying on councillors to read, understand and remember them. *Let's not expand on that point*.

- Try to present constructive solutions. If tourism promotion is on the general rate and farmers are pumping money into it, suggest a targeted rate. Crowd source within your team, someone will know of a council that has a groovy targeted rate for this purpose.

- You don't need to read everything. If you're in trouble for time, maybe just focus on the Funding Impact Statement that should clearly set out how each activity is funded.

- If you're lying on your sick bed and close to death, just scribble down that Council should use the UAGC to the maximum allowable extent. Your manager will understand.

- You are doing important work that no other farming entity has a crack at. Whether directly or indirectly, it saves farming families much needed cash. You won't see DairyNZ or Beef + Lamb in the process, most outfits head for the hills at rates time.

- 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.

Table of Contents

PART ONE – POLICY CONTEXT

1. Taking care of business

Long Term-plan submissions, advocacy, and media are an essential part of taking care of business at Federated Farmers.

The high cost of local government rates on farmland is a major issue for Federated Farmers members. 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 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 rating systems.

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, 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!

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

The Federation advocates for farmers at both national and local level to bring equity to this situation. We seek reform of local government funding through legislative change, and submissions to councils locally for better rating systems. A good outline of our local and national work can be found in our 'Rates Report' newsletter – the 2020 edition can be viewed in the **resource folder** referred to on page 1 of this document **(*file name <u>2020 Rates Newsletter – 1120v3</u>*)**.

Another valuable document, which you are of course *welcome to plagiarise*, is our is our 2019 Local Elections Platform. It is also in the **resource folder (*file name <u>190703 Local Body Elections Platform 2019</u>*)**.

Submitting on the Long-term Plans of district and regional councils forms an important part of this advocacy - both as a platform for national reform and an opportunity to influence local rating policies and contain and reduce rating impacts on farmland.

The perception that changing minds and having an influence on the goings in council chamber – especially on rates – is nigh on impossible, is not quite true. Difficult yes, extremely difficult maybe, but we at Federated Farmers have a good track record on this work. Whether it's knocking back huge rate increases on farms or protecting the equitable components of council rating policy such as uniform charges and targeted rates, Federated Farmers has saved the farming community big money over the years.

2. 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 in 2019 by the Productivity Commission and a key provision in s.101 of the LGA that sets out funding principles for local authorities[1]. In practice though the 'benefit principle' is watered down

with many councils factoring in other considerations like 'affordability' or 'ability to pay' when councils have no idea of the financial situations of their individual ratepayers.

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

For example:

If a District Council plans to raise a total general rate revenue of $18 million on capital value, and the total capital value of all the rateable properties in the district is $8,690.00 million, then the rate in the dollar is calculated by dividing $18 million by $8,690.00 million = 0.0021 cents in the dollar of capital value.

[1] **101 Financial management**

(1) A local authority must manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

(2) A local authority must make adequate and effective provision in its long-term plan and in its annual plan (where applicable) to meet the expenditure needs of the local authority identified in that long-term plan and annual plan.

(3) The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of,—

(a) in relation to each activity to be funded,—

(i) the community outcomes to which the activity primarily contributes; and

(ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and

(iii) the period in or over which those benefits are expected to occur; and

(iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and

(v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and

(b) the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.

A $5m farm would pay $10,500 in general rates; a $550,000 urban property, $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.

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

- We support the use of modifiers such as differentials, to reduce the high general rates on farms.
- We support the use of the UAGC and Targeted Rates; they are generally fairer for farms than property value.
- 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 like a transparent process, and a robust LTP consultation document that shows who pays for what.
- We oppose farm businesses being rated for the promotion of tourism or other businesses. Farmers pay for their own industry promotion.

A year or so ago 12 farmers met in a room to discuss their District Council's expenditure on appealing a regional council Plan Change; The appeal, if successful would have made their businesses harder than ever to run – but Feds dug deep and, with some allies, got the appeal knocked on the head.
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 (Maori incorporation) $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.

That's 12 farms, total rates $378,676.

3. What is the 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.

[2] Unitary councils, such as Auckland, Gisborne, Tasman, Nelson, and Marlborough carry out the functions of both a regional and district council.

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.

2021 is a Long-term Plan year

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 2021-31 is the underlying document for the 2020 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 years of 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 examples see 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 suchlike.

4. 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’ to facilitate 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 to the 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 of the LGA 2002*).

Fun fact: In 2018 maintenance of Otorohanga's cemeteries cost the high value residential example $5. For the high value farm, the cost was $78.

4.1 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 rare (and to be cherished!). To get an idea of what itemised rating examples look like, look up Otorohanga District Council's 2018 LTP and go to page 188[3].

5. Rates: Rules, Modifiers and What We Support

Federated Farmers is unique for our across-the-board advocacy for farmers on local authority rates. We submit in most localities and offer practical policy alternatives to councils based on our immense learning and teamwork over many years.

Let's be clear, we loathe property value rates, but their impact on farms can be made more equitable through judicious use of rating policy. If we're supporting capital value rating 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.

To follow is the basic framework underlying the archaic inequitable local tax system, details on how it can be modified to produce equity for farmers, and what we support in that regard.

5.1 Rates

New Zealand's local authorities are required by law to collect their general tax revenue by way of rates on the land or capital value of property within their jurisdiction. A certain amount 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 feature of any council's rating system will be a general rate on land or capital value.

[3] To whomever submits on Otorohanga's LTP this year, a shout out to them please, for transparency (assuming they still do the rates breakdown).

5.2 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 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).

- 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 alongside the 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 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 $325 for community facilities while another ward pays $275; 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 (as above, funding water, wastewater, with a targeted rate on connected properties, or funding tourism promotion with a targeted rate on commercial properties).

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.

5.3 Rules, modifiers, and what we support.

A bit about what we support and why, within the rules that is.

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 a general rate on all properties within 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.

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.

- 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 might 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 (see p.5).

Where differentials apply to the general rate a rating system might typically include for example a 0.7 differential on rural land (meaning a $5m farm would pay on $3.5m), a differential of 1.0 for urban properties (so a $750,000 section would pay on the full $750,000) and a 1.2 differential for commercial properties (so a $5m supermarket would pay on $6m).

Differentials can be applied to categories of land described in Schedule 2 of the LGRA. In the main the categories are defined by the use to which the land is put, where the land is situated, and the provision and availability of council services.

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.

To demonstrate:

- A ratepayer owning a farm with a capital value of $5m might have a $2m overdraft, made a <u>net loss</u> in the previous year and be billed $10,500 (see p.3) in general rates.
- A ratepayer owning a home worth $550,000 might have a salaried job with a <u>net income</u> of $80,000 and be billed $1,155 (see p.3) in general rates.

We also support differentials above 1.0 for property types that directly benefit or cause more 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 strenuously supported Gisborne District Council pushing their roading rate (district-wide, targeted on CV) differential on exotic forest land up 10.0. 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 capital value). Forests (through logging trucks) do great damage to the roading network.

- **Commercial businesses and direct benefit from council promotion of tourism.** Retail, accommodation, and hospitality earn income from local government's unnerving fascination with the tourism industry. Farmers, 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).

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.

This is not untrue, but it is quite likely that there are urban residents running businesses from their homes who can, partly or wholly, do the same thing. Truth is, council wouldn't have a clue about where this is occurring - so it is at the very least, a specious argument.

It's worth noting too that rates attract GST because they are considered a payment for goods and services, and **not** 'just a tax'.

- 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.

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 on a targeted rate will be used for that particular purpose.**

- 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 or region. Its effect is to ameliorate 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 out 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 a per 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.

  - The 30% uniform charge cap (UAGC and TUCs)

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

Figuring out how much of the 30% a council is using is a complicated exercise and requires some experience in running calculations using an LTP's Funding Impact Statement. Seek advice if you are new to this. The generally accepted approach to calculating the 30% cap rule can be viewed in the **resource folder** referred to on page one of this document.

- The magically disappearing UAGC.

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, as even a small UAGC reduction can shift a boatload of the rates burden onto higher value properties such as farms.

As shown on pages 9 and, further on, page 12 of this document this argument is largely baloney. Council doesn't actually know the incomes, expenditure or net wealth of their ratepayers. The generally accepted starting point for measuring ability to pay in tax literature (not forgetting that rates aren't just a tax – see p.10, just above the pigeons) are income, expenditure, and net wealth[4], however 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 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[5]

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 council to increase the share of its revenue from fees and charges.

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 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 $655 per year to offset part of their rates. Farmland is not

[4] S. James & C. Nobes, *The Economics of Taxation*, (Oxford: Philip Allan, 1988) pp. 90-92
[5] This is not recommended as an advocacy tactic; our representatives got angry that day. It's best not to get angry as statements made in anger are most often regretted.

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 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 paying UAGCs and TUCs on each one. There is a specific provision in the Local Government (Rating) Act 2002 that covers this…

20 Rating units in common ownership
Two or more rating units must be treated as 1 unit for setting a rate if those units are—
(a) owned by the same person or persons; and
(b) used jointly as a single unit; and
(c) contiguous or separated only by a road, railway, drain, water race, river, or stream.

… however, a remission policy can extend this provision such that titles that are leased (not in common ownership) can have charges remitted, 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.

6. Districts and Regions

District and Regional Councils have the same rating powers. Frequently the rates for each come 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 rates principally related 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 costs is applied to all resource users. For example, if one sector is being charged for the costs associated with their resource use, but another is not, the LTP may provide an avenue to express this more general concern while also highlighting how this should influence funding.

PART TWO – MAJOR THEMES

2021 is a big year for local government. Covid-19 and a fast-changing regulatory landscape are impacting council finances in ways unforeseen. As such we are expecting, alongside rating system reviews, some weighty issues to arise in this year's LTPs.

In this Part of the guidelines some insight is offered as to how to handle these 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…

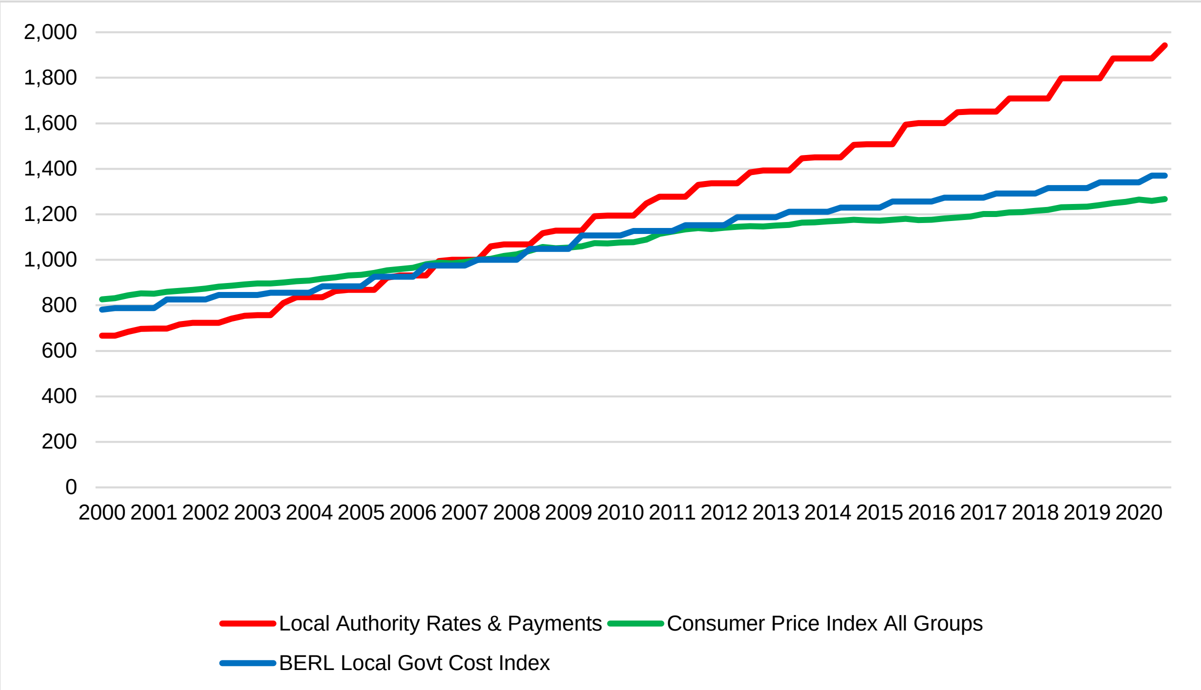
7. State of the Gap

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.

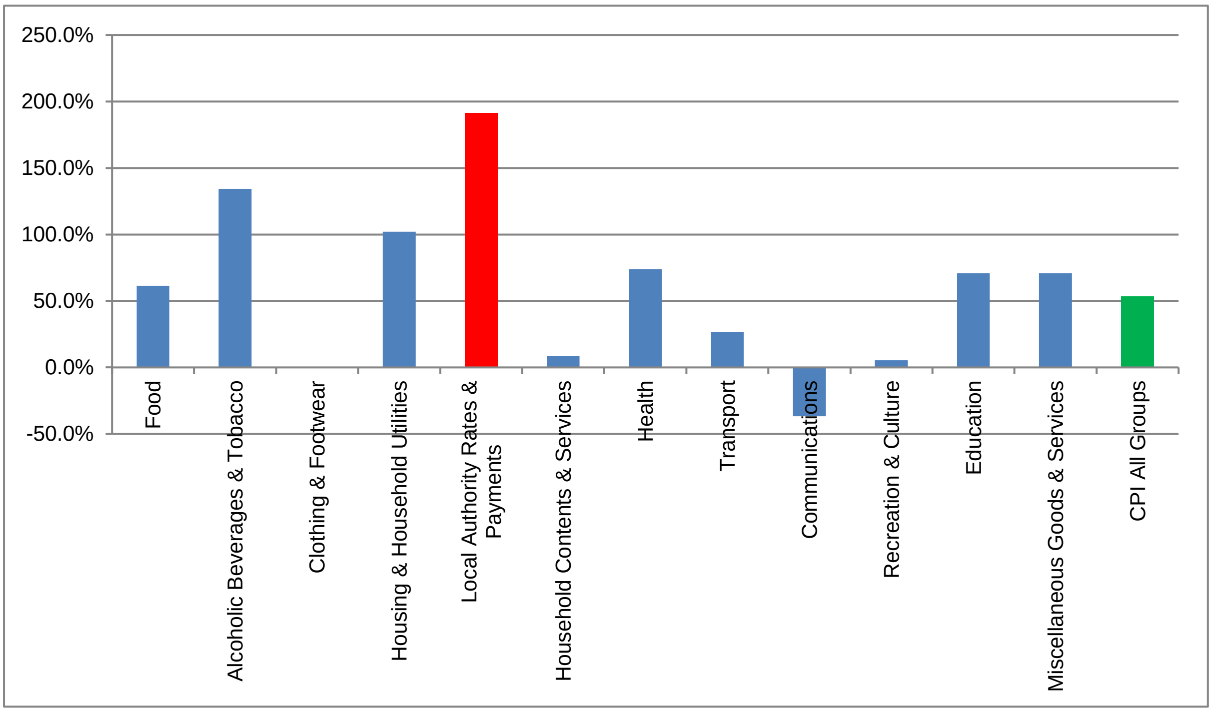
Local government argues that it is not fair to compare rates to the CPI, because councils' cost pressures are different from those of consumers. Fair enough, so we've also plotted the Local Government Cost Index, developed by BERL for the local government sector. Yet even it shows rates increasing well in excess of local government costs.

It's particularly telling that rates have risen even faster than alcohol and tobacco prices!

Rates vs Consumer Price Index 2000-20 (June 2007=1000)



CPI Groups' Percent Increases 2000-20



8. Covid-19 Impacts

2020 was overwhelmingly dominated by the Covid-19 pandemic and its economic impacts, including on council finances. Unfortunately for those of us sick of hearing about Covid-19 and hoping for a return to business as usual, the pandemic's long shadow will once again cast darkness over council finances.

When the pandemic hit last year, it came during the height of annual plan season and seriously disrupted councils' consultation and decision-making processes. The lockdown had a big impact on council finances, especially for councils that make high use of non-rates income. Covid-19 dramatically reduced income councils receive from sales of goods and services, fees and charges, and investment income.

The lockdown and economic downturn also increased financial pressure on ratepayers so councils came under pressure to not increase rates at such a difficult time and to offer rates relief to those in hardship. This reduced the scope for using rates revenue to meet the shortfall from non-rates revenue so many councils were suddenly staring down the barrel of big fiscal holes.

There was also a wish from many in local government and from central government for councils to maintain local employment and infrastructure investment as part of the whole of government response to the pandemic. This meant pressure to keep spending.

Unlike central government, local government is required to run balanced budgets, so councils aren't able to run operating deficits unless they resolve it financially prudent to do so. This added further pressure on councils (although a number did run operating deficits, justifying them on the basis of Covid-19's unprecedented impact).

As well as submitting on individual council annual plan consultations, Federated Farmers' then President and Local Government Spokesperson Katie Milne wrote to all councils seeking them to keep their spending under control to ease the burden on ratepayers. This can be viewed in the **resource folder** referred to on page 1 of this document **(*file name <u>3 Katie Letter to Councils CV-19</u>*)**.

Councils responded to the pressures they were facing in different ways but after reviewing their budgets most were able to cut or defer their spending plans while maintaining existing levels of service. Most councils were able to reduce their proposed rates increases for 2020/21. In a few cases, councils implemented 'zero rates increases'.

With these approaches local government managed to get through 2020 but 2021 is shaping up to be a tough year even if New Zealand remains Covid-19-free and there are no further lockdowns.

Councils will be under pressure to make up for last year's belt tightening. Even without Covid-19 councils were (and are) under acute pressure to invest in new and upgraded infrastructure, especially for the 'three waters' and for roading and transport, let alone adequately maintain their existing infrastructure. Councils can defer this work for only so long.

Regional and district councils alike are facing ever escalating costs to implement legislation and regulations passed by central government, for example, tougher drinking water standards, earthquake strengthening, and new rules for freshwater management, with RMA reform and biodiversity still to come.

Many people in the community want councils to keep spending money on non-core activities promoting various aspects of social, economic, environmental, or cultural 'wellbeing'. Many of these might be small change compared to water, rubbish, and roads but put together they certainly add up.

And councils will find it harder to justify operating in deficit as this will not be considered sustainable or prudent in the long-term.

Already there are councils signalling very large rates increases for 2021/22. For example, late last year Wellington City Council signalled a 23% increase for the coming year (since revised down to 'only' 14%), while New Plymouth District Council is signalling a 12% increase for the coming year followed by an average 6% increase every year for the following nine years.

While Covid-19 isn't a significant driver of increased council spending, it is a problem for councils seeking to raise revenue to meet increased spending demands. If councils are not collecting as much non-rates revenue as they normally would then this puts added pressure on rates. A report by the Department of Internal Affairs showed the pressures to be particularly acute for Auckland Council, and for smaller councils like Queenstown-Lakes and Hurunui district councils which rely heavily on tourism. This report can be viewed in the **resource folder** referred to on page 1 of this document **(*file name <u>Financial-Implications-Report-3-(August-2020)-1</u>*)**.

So, watch out for councils blaming Covid-19 for proposed large rates increases. Even though they are under pressure, councils should always remain mindful of challenging economic times for ratepayers and that rates increases should be kept under firm control. Councils should be asked to look closely at what is driving increased council spending and demand for revenue (rates and non-rates).

9. Three Waters – Drinking, Waste and Stormwater

Many councils are facing big infrastructure deficits on their water networks. Wastewater is the biggest of these, and Government is also ramping up standards for drinking water quality.

Now you might think that isn't an issue for farmers, many of whom are on private water schemes, have their own septic tanks, and pay for drainage on rural roads through general rates (or, if targeted, the roading rate). Urban residents pay water and wastewater charges, and (hopefully) a targeted rate on the urban area for stormwater.

Below is a quote from our excellent submission on Central Hawke's Bay District Council's 2018 LTP.

We were successful in defeating the proposal.

Federated Farmers usually congratulates the Central Hawkes Bay District Council on it's policy of 100% funding of activities that provide private benefit by rates targeted at those who receive that benefit, such as refuse collection.
However this year the Council has decided to introduce two new district-wide rates that shift cost from those who directly benefit, onto those who do not. In previous years, the Council has funded reticulated systems 100% targeted at ratepayers who are connected or within a serviceable area.
Federated Farmers is disappointed that this year new district-wide wastewater and water rates will be imposed on the wider community who are not connected.
Recommendation:

1. That the Council returns to 100% targeted funding sources when the activity provides private benefit.

But wait! The cost of remedying local government's failings in this regard is steadily working its way into farm rates. There's the cunning approach, and one more blatant. We'll deal with each in turn.

- The cunning

Refer to page 14 and the text under the bullet point 'the magically disappearing UAGC'. When water and wastewater go up, council's popularity declines. They cry 'affordability problems in town!' and cut the UAGC, thus pushing more of the general rate burden onto farmland.

As outlined on p.14 this is just plain bad public policy and should strenuously opposed. Feds has successfully stopped this on occasion but using process arguments rather than principle.

Councils shouldn't get away with failing at their most fundamental of duties.

- The blatant

  This approach comes in the form of a proposal to fund part of the water and wastewater network costs with the general rate. It generally starts at about 10%, and then you're on the slippery slope.

10. Water Services Regulator

Last year government introduced Taumata Arowai – The Water Services Regulator Bill to Parliament. It is to set up a national regulator of drinking water standards, that will also have some oversight of the environmental performance of wastewater and stormwater networks.

The new water regulator will have a massive task: every water supplier will be within its ambit, with "domestic self-suppliers – single dwellings with exclusive rain or bore water supply – the only exceptions. Rural local government is deeply concerned at the cost implications where standards might be beyond the capacities of councils with smaller townships. Closer to home is the same worry for small community water supplies, on which many farms depend, and which serve the dual purpose of stock, shed and irrigation water as well as domestic connections.

Affordability is potentially a huge problem for small rural water supplies, if a logical protocol is not developed that applies drinking water standards to the point of supply to a dwelling not at the point of the water source.

The next step, in the form of the Water Services Bill, is before Parliament. Feds is hard at work participating in the development of 'acceptable solutions' for rural and small water supplies

You may wish to mention this situation in your LTP submission to any rural or provincial council, and our support for the position smaller councils have taken on the Bill. The wording below may serve:

"*Federated Farmers is representing rural concerns on the three waters reforms. We have submitted on Taumata Arowai – the Water Services Regulator Bill arguing for central government support for smaller councils with limited capacity to meet aspirational national water quality objectives.*"

We have made a strong case for development of a logical protocol for small community water schemes, that applies drinking water standards to the point of supply to a dwelling rather than at source. We would appreciate what support council can provide throughout the process of establishment of the new water regulator that protects the affordability and availability of water to farms and small rural communities."

Our submission on the Water Services Regulator Billcan be viewed in the **resource folder** referred to on page 1 of this document **(*file name 200304 Taumata Arowai Bill final submission*)**.

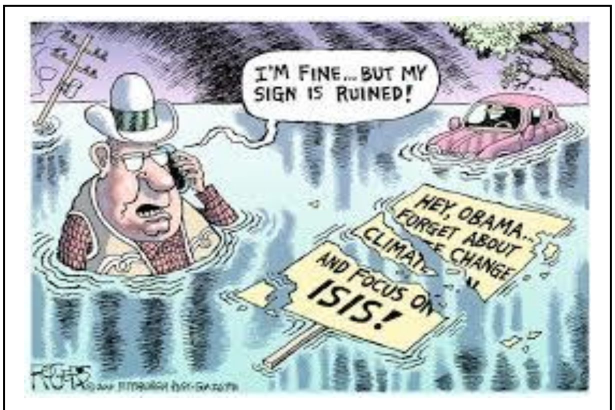
11. Climate Change and Local Government

Until recently local government's role on climate change was understood to be narrow, focussing on climate change adaptation, recognising that central government had primary responsibility to set policy for addressing climate change and its effects. The Emissions Trading Scheme (ETS) has been the key mechanism to encourage emissions reduction and the RMA prevented councils from considering greenhouse gas mitigation when granting consent, developing regional plans, or setting regional rules. Adaptation rather than mitigation was where councils were seen to have an appropriate role.

Over recent times councils have come under increasing public and political pressure to do more to address the impacts and consequences of climate change. The Government also recently amended the RMA to remove restrictions on councils from considering greenhouse gas mitigation in RMA processes. Over the past few years many councils have declared 'climate change emergencies' and some are working on climate change action plans. These will potentially have impacts on Long-Term Plans.

Federated Farmers understands that many in local government to do more to fight climate change and its effects. We think councils could do more to reduce their own emissions footprints, such as by moving to clean energy for their buildings and using electric vehicles for their fleets. Councils could influence carbon dioxide emissions more generally through their core role of planning and funding of their transport infrastructure and services.

Councils will also continue to have an important role in ensuring that their areas adapt to the varied and many expected localised impacts of climate change. This may include protecting infrastructure from rising sea levels and securing drinking water supplies in the face of more frequent and severe extreme weather events. New Zealand's favourable climatic conditions have enabled the agriculture sector to be one of the most productive in the world but these conditions cannot be relied upon into the future. Some regions will become hotter and drier, other regions will become colder and wetter, and extreme weather events will become more frequent and damaging. The need for increased water storage infrastructure highlights the appropriateness of local councils developing plans to adapt to the expected impacts of climate change.



But beyond these roles Federated Farmers is not convinced that councils can or should seek to do more, for the following reasons:

1. Despite concerns about the effectiveness of the ETS, recent changes to the scheme are and will be driving a higher emissions price and over time it will drive the intended behaviour change if the scheme continues to be improved upon. Long-term certainty in in the functionality of the ETS is critical for its success and the ETS should be allowed to remain the primary mechanism for encouraging emissions reduction, especially for long-lived gases like carbon dioxide.

Submitting on LTPs can involve quite a bit of writing.

Here's some hot tips to help you get your point across without wasting space on a whole lot of redundant words that in the end probably aren't that necessary or even that useful and can lead to overly long sentences:

How to write good

1. Avoid Alliteration. Always.
2. Prepositions are not words to end sentences with.
3. Avoid cliches like the plague. (They're old hat.)
4. Employ the vernacular.
5. Eschew ampersands & abbreviations, etc.
6. Parenthetical remarks (however relevant) are unnecessary.
7. It is wrong to ever split an infinitive.
8. Contractions aren't necessary.
9. Foreign words and phrases are not apropos.
10. One should never generalize.
11. Eliminate quotations. As Ralph Waldo Emerson once said, "I hate quotations. Tell me what you know."
12. Comparisons are as bad as cliches.
13. Don't be redundant; don't use more words than necessary; it's highly superfluous.
14. Profanity sucks.
15. Be more or less specific.
16. Understatement is always best.
17. Exaggeration is a billion times worse than understatement.
18. One word sentences? Eliminate.
19. Analogies in writing are like feathers on a snake.
20. The passive voice is to be avoided.
21. Go around the barn at high noon to avoid colloquialisms.
22. Even if a mixed metaphor sings, it should be derailed.
23. Who needs rhetorical questions?

2. In relation to agricultural emissions (which are currently not subject to surrender obligations under the ETS), the Government, Iwi/Maori, and the agricultural sector are, under the *He Waka Eke Noa* Primary Sector Climate Action Partnership, working to co-design policy and programmes to measure, manage, and incentivise the reduction of agricultural greenhouse gas emissions.

This partnership is working on ways to equip farmers and growers with the knowledge and tools they need to reduce emissions, while continuing to sustainably produce quality food and fibre products for domestic and international markets. It includes collaboration on the detailed development of an appropriate farm gate emissions pricing mechanism by 2025. The Climate Change Commission has been asked to assess progress under *He Waka Eke Noa* and provide this no later than July 2022.

More information on *He Waka Eke Noa* can be found here:
https://www.mfe.govt.nz/climate-change/he-waka-eke-noa-primary-sector-climate-change-action-partnership

Federated Farmers is concerned that councils may be considering undertaking, or being encouraged to undertake, actions to manage agricultural emissions, especially methane and nitrous oxide. By doing so councils may end up acting prior to the completion of work under *He Waka Eke Noa* which would be at best duplicative and at worst could undermine this work.

3. Taking an overly expansive role on climate change going beyond councils' core roles would, in Federated Farmers' view, not be the best use of ratepayers' money at a time when councils will be facing many financial challenges in recovering from the effects of COVID-19 and when many ratepayers are struggling to make ends meet.

In late October 2020 Federated Farmers National President wrote to all council mayors, chairs, councillors, and chief executives making these points. This correspondence can be viewed in the **resource folder** referred to on page 1 of this document **(*file name <u>201030 Councils CEOs re Climate Change AH(2)</u>*)**.

A template submission has also been provided to help with any submissions to councils on climate change action plans. Thie template can be viewed in the **resource folder** referred to on page 1 of this document **(*file name <u>201211 TEMPLATE Climate Change and Local Government</u>*)**.

12. Inquiry into Local Government Funding and Financing

In December 2019, the New Zealand Productivity Commission released the final report for its inquiry into Local Government Funding and Financing It made more than 40 recommendations to both central government and local government to improve local government funding and financing arrangements.

Although more than a year has passed since the report was released, there as of January 2021 there was no sign of a formal Government response, let alone much progress against the inquiry's recommendations.

Federated Farmers worked hard on the Inquiry. We thought it the best opportunity in more than a decade to improve a status quo that places a disproportionate cost burden on farmers and results in them generally paying far more than can be justified by access to and benefit derived from most council activities.

Our work, submitting on an issues paper (February 2019) and a draft report (August 2019) and meeting with the Commission, was important for giving the farmer perspective. We made a real difference to the final report with some recommendations a direct result of our advocacy (such as support for the benefit principle; itemised rates assessments; and reporting amounts of rates paid by different categories of ratepayers).

Two problems have impeded progress since December 2019. The first is Covid-19, with both central government and local government focused on the response to and recovery from the pandemic. The second is that the inquiry and its final report concluded that the local government funding and financing system 'measures up well' and that its recommendations, while worthy, are tweaking of the status quo. This gives central and local government little sense of urgency to make necessary changes to the system, especially at a time of crisis.

That is not to say that we should give up. We are continuing to push the Minister and other politicians for action on the Inquiry's recommendations; with some of the recommendations directed to local government we can also do so locally. Long-term Plan season gives us the opportunity to urge councils to do what they can to improve funding and financing arrangements.

A full list of recommendations and what we think about them can be viewed in the **resource folder** referred to on page 1 of this document **(*file name* *191211 Prod Comm Final Report Recommendations Comment*)**.

For the purposes of a submission to a council's long-term plan consultation we suggest the following text could be used.

"Productivity Commission Inquiry into Local Government Funding and Financing

Federated Farmers has a strong interest in ensuring local government funding and financing is equitable and sustainable and we have long advocated reform of local government funding and rating systems to that end.

Federated Farmers therefore put considerable effort into the 2019 Productivity Commission Inquiry into Local Government Funding and Financing, and we believe the suite of recommendations made by the Inquiry would improve the funding and financing system.

The Inquiry made many recommendations both to central government and local government, most of which we support. Federated Farmers urges the council to adopt and advance those directed to local government, such as:

- *Improving basic governance, including financial governance, skills, and knowledge across elected members;*
- *Participation in ongoing professional development by elected members to ensure skills and knowledge are built and refreshed;*
- *All local authorities to have an Audit and Risk Committee;*
- *Robust quality-assurance procedures across long-term planning process, including the use of expert review where appropriate;*
- *Making better and more transparent use of rating and other funding tools.*
- *Close and explicit consideration to promoting economic efficiency, fairness in who pays (i.e., the benefit principle), and keeping compliance and administration costs low;*
- *Addressing issues of concern raised around depreciation of infrastructure assets;*
- *Considering partial or full sale of commercial assets as an alternative to borrowing to finance needed new investment;*
- *Publishing information on rates revenue by category of rateable property (e.g., residential, business and rural), the number of rating units in each category, and average and median rates per unit in each category;*
- *Providing indicative itemised rates assessments;*

- *Assessing rates for business (and farming) properties in proportion to the cost of the council services that benefit those properties;*
- *Adopting anticipatory and flexible approaches to climate-change adaptation;*
- *With regard to tourism pressures, making better use of existing tools for funding and financing mixed-use infrastructure, including better use of debt, user charges, and efficient targeted rates; and*
- *Setting volumetric targeted rates for provision of drinking water and wastewater.*

Federated Farmers submits that these changes (along with those directed to central government) would do much to improve the local government funding and financing system."

13. Costs of Freshwater Reforms

The Government's freshwater reforms will be a significant cost driver for regional councils and unitary councils and will mean increased rates bills.

Costs will come from implementing the reforms through regional planning processes and once they are in place administering, monitoring, and enforcing them.

What are these costs likely to be?

The first key costs will be those associated with reviewing and developing new land and water plans.

Costs will differ by region, depending on how extensively the council will have to review and amend their existing plans, and what type of engagement and research they will need to undertake to go through these processes. This will include identifying and translating community and Iwi values under a new planning framework.

This is the third time regional councils have been required to develop, review, and implement water plans in light of these new, stricter national requirements, at huge expense to ratepayers and communities.

Central government has imposed new 'fast track' processes for the development of the new freshwater plans, which means there will be no council hearings. That may keep expenses down a little compared to the preparation of previous plans, but even so they are likely to run into the tens of millions for many councils.

Economic consultancy Castalia undertook an analysis to estimate these costs, as part of the process of informing the new freshwater regulations. They found the total costs for all regional councils will be $210 million. Per annum. No, those are not typos. This analysis can be viewed in the **resource folder** referred to on page 1 of this document **(*file name <u>administrative-costs-of-proposed-essential-freshwater-package-on-regional-councils</u>*)**.

This is an average of $13 million per annum, for each regional council. As with the plan development costs themselves, the actual costs will differ by region. The analysis indicates

Canterbury will be looking at annual costs of $45 million per annum, with Waikato and Otago facing over $15 million per annum.

Looking further down the track, we're also concerned about the costs to district and city councils, which will also have to meet new environmental standards, primarily through water treatment, disposal, and supply infrastructure. These will require city and district councils to improve their infrastructure. In some instances, they will mean huge costs if for example an existing sewerage discharge can no longer occur in a specific waterbody.

When the new freshwater regulations were announced last year, our immediate focus was on the impracticality and unworkability of the rules, followed by the direct costs to farmers, regions, and the national economy. The impact on rates will unfortunately be a feature of 2021.

When looking at a council's LTP consultation document and its draft LTP's funding impact statement, look closely not only at the increase in spending but also on how that spending will be funded.

Consistent with our position on central government imposition of regulatory costs on local government (the so-called 'un-funded mandate'), Federated Farmers' first preference would be for central government funding to meet these costs.

Our second preference would be uniform annual charge per property (either through the uniform annual general charge or a uniform targeted rate), recognising that the wider community will be the beneficiaries of the spending.

A reluctant third preference would be general rate funding based on property value. While farmers would pay a disproportionately high amount given the value of their properties relative to an urban resident, this would be better than any form of targeted rate levied solely or predominantly on rural ratepayers, especially one based on property value or land area (which some might argue for on the basis that farmers are significant 'exacerbators').

We should strongly oppose any attempt to sheet home all or most of the costs to farmers, especially considering that water quality is both an urban and a rural problem.

14. District Revaluations

Rating valuations are usually carried out on all New Zealand properties every three years. They are just one of a number of factors that councils use to allocate rates. They reflect the likely selling price of a property at the effective revaluation date, not including chattels (e.g. curtains and appliances), and are not designed to be used for raising finance or as insurance valuations.

In previous years we have run a schedule of revaluations in our rates guide, but unfortunately we couldn't locate a comprehensive list this year. This is because valuations are increasing carried out by valuers other than the traditional go to, Quotable Value.

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 raise in values on urban properties is a wind-back of the UAGC – pushing more rates onto farms (see page 12 of this document.

Be on the lookout!

15. 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 our 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.

16. Forest Firebreaks and Water Storage

This is an issue relevant to a subset of regions, but a mighty important one 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.

Vast tracts of forestry are in many regions and there is currently no allowance for water storage and fire breaks to minimise the risk of forest fires impacting nearby farms. When there is a fire in plantation forestry, the only water available is generally from streams or rivers and water supplies farmers rely on for stock water. Farmer concern is likely to increase in the years to come with government climate change imperatives driving further planting of trees properties near farms.

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 location of 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 – BASIC SUBMISSION STEPS

The steps to follow are for folk new to this process.

17. The Submission Process for Long-term Plans

LTPs are released mostly in March and April.

17.1 Getting started.

- The LTP Consultation Document can be obtained directly from the Council or via their website. The local media may carry stories on the rates budgeted for the coming year, and coverage of other items in the LTP.
- The Consultation Document is meant to be a guide to the major issues in the LTP. Legislation requires that issues of significance are to be covered and the likely impacts on rates, debt and level of service.
- The Consultation Document will provide the headline issues: expenditure, rates increase, new projects etc. on which you may wish to advise and consult members.

17.2 Find Long Term Plan - full version.

- You should then look for the full **Long-term Plan: 2021-2031** on the council's website – it, or the major policies in it, will form part of the "supporting information" related to the consultation document. The Financial Strategy, the Funding Impact Statement and the Revenue and Financing Policy are the key policies/ statements to review in the course of this process, in addition to the issues raised in the consultation document.

17.3 Setting up.

- Establish the submission deadline and preliminary dates for hearings so you've got a bit of room to move.
- Locate last year's Annual Plan submission to your subject council, and the last LTP submission (2018). They are contained in the S Drive at this address: Policy and Advocacy/ General Policy/ Local Government/ Annual Plans and Long Term Plans / City and District Councils or Regional Councils.
- Get a progress update from last year's submitter in the annual de-brief (here).
- Look through the **2021 LTP Consultation Document** for major issues, service changes, financial decisions etc. that you think will interest and affect farmers: the forecast

overall increase in rate revenue for the coming year is always of interest and should feature prominently.

- 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 proposed for inclusion in the long-term plan, and presenting these in a way that—(i) explains the overall objectives of the proposals, and how rates, debt, and levels of service might be affected; 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 Local Government Act 2002."*

17.4 Facts and strategy…

- Draft a summary of what you think is important about the LTP, and relevant to farmers.
- Contact governance (assuming they and/or members haven't already contacted you) to discuss substance and strategy and whether/how to get members involved.
- A LTP with a rate increase impacting farmers, or a policy change that affects them significantly, is likely worth a Member Advisory, Survey, or an APN article.
- Be sure to check on the purely local issues – especially things like fees and charges - with governance and members. The fees and charges for a district council may include dog registration fees, and you may wish to submit for a price break for farm working dogs if one does not already exist. For a regional council some consent fees, and charges for irrigation water takes, can be major issues requiring care and attention.
- The main idea is that you assemble the facts, monitor strategy, and write the issues up in a readable way for members.

17.5 Writing the submission

- Use the submissions previously written on Long Term Plans and Annual Plans (at the folder located on the S Drive as noted on page 8) to the Council you're involved with here. They will provide a good guideline to submission history, effect, and structure.
- A draft submission should go to both the local governance and your manager for feedback.
- Finalise the submission based on the feedback you receive.

17.6 Lodge the submission

- First, obtain the approval and sign off of key governance – the Provincial President, and/or Chairpersons of the Feds branches affected) and your manager.
- Email the submission to Council, according to the Council's instructions.
- Circulate the final version to key interested members and governance – with request that they, or a select group or person, attend the hearings with you.

Send the final submission to Nick Clark so he can "green it off" the workplan, and save it to the area on the S Drive (as above, where the previous submissions are to be found).

17.7 Hearings

- Federated Farmers policy staff are familiar with hearings and the challenges involved.
- While hearings on LTPs are optional they are an important part of the submission exercise – particularly given the political nature (who pays for what) of many of the issues and the high level of discretion that Council has in financial decision-making areas.
- LTP submission hearings are held with the whole council.

17.8 The outcome

- Look out for a written response from Council to the Federation's submission. You may not get one – it depends on the Council – so also keep an eye on the council website for the final version of the LTP.
- Communicate any changes arising from submissions to governance.
- Prepare a brief summary paragraph of submission points and outcomes for the final report that Nick Clark collates on the LTP campaign.

17.9 Territory Managers

- Finally, make sure you keep your regional TM in the loop throughout this process.

THANK YOU