



**WHANGANUI
DISTRICT COUNCIL**
Te Kaunihera a Rohe o Whanganui

Draft Revenue and Financing Policy

Submissions Received

From: [Whanganui District Council](#)
To:
Subject: Policy Submission Acknowledgment - Submission: Draft Revenue and Financing Policy
Date: Tuesday, 4 May 2021 9:15:36 am



Submission: Draft Revenue and Financing Policy

Thank you for your submission. We appreciate you participating in the consultation process on this issue. This email is a formal acknowledgement of Whanganui District Council's receipt of your submission. Please print a copy of this page for your records.

Reference number	021050915213504
First name	Heather Marion
Last name	Smith
Email address	
Postal address	
Daytime phone number	
Organisation name	
Your role	
Have you submitted to the Whanganui District Council before?	
Gender	
Age group	
Ethnicity	
Location	
Would you be interested in being involved in further consultation opportunities with Council?	

KEY ISSUES	
Do you have any comments to make on our Draft Revenue and Financing Policy?	
Supporting documents	FW_Draft Revenue & Financing Policy - smith.pdf - Received
I would like to speak in support of my submission	Yes
Submission method	Email

From: [Whanganui District Council](#)
To:
Subject: Policy Submission Acknowledgment - Submission: Draft Revenue and Financing Policy
Date: Tuesday, 4 May 2021 9:18:00 am



Submission: Draft Revenue and Financing Policy

Thank you for your submission. We appreciate you participating in the consultation process on this issue. This email is a formal acknowledgement of Whanganui District Council's receipt of your submission. Please print a copy of this page for your records.

Reference number	854050917215904
First name	George
Last name	MacLachlan
Email address	
Postal address	
Daytime phone number	
Organisation name	
Your role	
Have you submitted to the Whanganui District Council before?	Yes
Gender	Male
Age group	60 years or over
Ethnicity	NZ European
Location	
Would you be interested in being involved in further consultation opportunities with Council?	

KEY ISSUES	
Do you have any comments to make on our Draft Revenue and Financing Policy?	Yes - It's excellent! Well done, everybody!!
Supporting documents	File(s) not provided
I would like to speak in support of my submission	No
Submission method	Delivered

From: [Whanganui District Council](#)
To:
Subject: Policy Submission Acknowledgment - Submission: Long-Term Plan 2021 - 2031
Date: Monday, 3 May 2021 9:24:21 am



Submission: Long-Term Plan 2021 - 2031

Thank you for your submission. We appreciate you participating in the consultation process on this issue. This email is a formal acknowledgement of Whanganui District Council's receipt of your submission. Please print a copy of this page for your records.

Reference number	517050921213103
First name	Coralee
Last name	Matena
Email address	
Postal address	
Daytime phone number	
Organisation name	Federated Farmers of New Zealand - Whanganui Province
Your role	Senior Advisor Regional Policy
Have you submitted to the Whanganui District Council before?	
Gender	
Age group	
Ethnicity	
Location	
Would you be interested in being involved in further consultation opportunities with Council?	

KEY ISSUES	
FOUR IMPORTANT ISSUES – HELP US DECIDE	
1. Whanganui Velodrome Project Roofed Velodrome: roof over the velodrome, expected to cost in the order of \$20M (range \$18.7M to \$22.0M). (page 16 of the Consultation Document)	
2. Development of Youth Places and Spaces Operating costs of \$10,000 in year 1 and then \$46,000 on average thereafter; Capital cost of \$386,000 in year 2 (page 18 of the Consultation Document)	
3. Extend the Davis Library Budgeted to cost \$2.84M across years 2 – 4, with construction occurring in year 4. \$920k of grant funding is anticipated as part of the funding of this project, leaving the council to fund up to \$1.9M (page 20 of the Consultation Document)	
4. Development and implementation of a coastal plan for Whanganui District Implementation of the Coastal Plan is budgeted at \$1.1M across years 2 to 4, and another \$1.3M across years 8 to 10. (page 22 of the Consultation Document)	
WHO PAYS?	
Our proposed funding approach for:	
1. Definition of Separately Used and Inhabited Part (SUIP) of a rating unit (page 36 of the Consultation Document)	
2. Stormwater rating changes (page 36 of the Consultation Document)	

Document)	
3. Fordell water supply rates (page 37 of the Consultation Document)	
4. Marybank wastewater rates (page 37 of the Consultation Document)	
5. Stormwater separation loans (page 37 of the Consultation Document)	
KEEPING YOU UP TO DATE PROJECT DEVELOPMENTS	
Community housing \$4.2M across years 2 and 3 as a placeholder for potential work in the housing space. (page 26 of the Consultation Document)	
Town Centre Regeneration An increase of \$3.3M across the 10 year period is budgeted for town centre regeneration with variable spend occurring throughout the 10 years. (page 26 of the Consultation Document)	
Do you have any further comments to make?	
Supporting documents	210430 FFNZ submission to Wanganui DC LTP.pdf - Received
I would like to speak in support of my submission	Yes
Submission method	Email

SUBMISSION

TELEPHONE 0800 327 646 | WEBSITE WWW.FEDFARM.ORG.NZ



To: WHANGANUI DISTRICT COUNCIL
101 Guyton Street
WHANGANUI

Date: 30 April 2021

Submission on: **WHANGANUI DISTRICT COUNCIL DRAFT LTP 2021**

Submission by: Federated Farmers of New Zealand
Whanganui Province

MIKE CRANSTONE
PRESIDENT, WHANGANUI PROVINCE
Federated Farmers of New Zealand

TIM MATTHEWS
EXECUTIVE MEMBER, WHANGANUI PROVINCE
Federated Farmers of New Zealand

Address for service: **CORALEE MATENA**
SENIOR POLICY ADVISOR
Federated Farmers of New Zealand
PO Box 945, Palmerston North 4440
E cmatena@fedfarm.org.nz

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1. The Whanganui Province of Federated Farmers (Federated Farmers) welcomes the chance to submit on the Whanganui District Council (Council) Draft Long Term Plan (LTP) 2021. We acknowledge any submissions made by individual members of Federated Farmers.
 2. Federated Farmers would like to be heard in support of our submission.

SUBMISSION

3. Rates are among the top ten operational expenses of a farming business. They are a source of considerable financial pressure for all farmers. Federated Farmers makes submissions on Annual and LTP's to ensure Council's exercise fiscal prudence, and consider affordability, fairness and equity issues when recovering rates (to the extent this is possible in land and capital value taxation systems).

4. Federated Farmers appreciates that for Regional and District Councils alike, the 2021 LTP is heavily directed by external factors. Increasing costs to implement Central Government regulatory changes, coupled with the ongoing impact of COVID19 are untimely challenges for Councils. We appreciate that for many Councils, the pressure to invest in new and upgraded infrastructure while also maintaining existing infrastructure, is forcing tough conversations to be had about nice to have services compared to core services. For our members, this conversation is long overdue.
5. We therefore support the introductory comments from the Mayor with regard to the uncertain future and the need to concentrate on the must haves. Aligned with Federated Farmers position, spending must be on core needs and services first. With this in mind, we consider that Council have not gone far enough to limit the number of new projects in order to reduce debt and position the District in a more viable space for the future. It is not economically prudent to progress all projects at this time.

FINANCIAL STRATEGY

Draft Revenue and Finance Policy

6. 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 Local Government Act 2002 that sets out funding principles for local authorities. In practice though, Federated Farmers considers that the 'benefit principle' is often eroded by factoring in other considerations like 'affordability' or 'ability to pay', albeit without evidence about the real financial situations of individual ratepayers.
7. Federated Farmers disagrees with P 7 of the Draft Revenue and Financing Policy including the statement *"Rates are a form of taxation and as such the amount paid does not necessarily reflect the level of benefit received. Rates are not a charge for the use of a service."* The whole premise of the Policy is enshrined in s.102 of the LGA, along with the policy requirements in s.101 and s.103 of the Act. Nowhere does that section of the Act refer to taxes, and taxes are not generally imposed with due regard to the benefits to the person paying. Federated Farmers therefore requests that that paragraph be deleted from that section of the Policy, along with the first bullet point on P 7 of the Policy.
8. We also disagree with the statement *"Separate rates may make for greater transparency of costs but increase complexity and may restrict future expenditure decisions and lead to large fluctuations in movements"*. We do not accept that General rates should be simplified so that they can be easily understood by the ratepayer and community. Most ratepayers want to know exactly what they are paying for, and resent components of their rates being "hidden" in a lump sum. Sometimes it feels that rates are condensed, so that Council's Financial Managers are not restricted in their ability to "dip into other buckets of the rate pool" if the initial plans at Annual Plan time go astray during the year (or "restrict future expenditure decisions").
9. Attached is an example of a Rangitikei District Council rate demand for 2020-21 showing the breakdown of the UAGC and General rate components for a Rural property with 2 occupied houses, which gives significant transparency, which Council could well emulate.

Rating differentials

10. Federated Farmers thanks the Council for the use of the differential system based on land use, and consider this to be a progressive and enlightened method of rating. This has been a system that Federated Farmers has supported for many years. Federated Farmers supports this rating mechanism, as a differential rating spreads the incidence of rates as equitably as possible by balancing the level of service provided and the incidence of costs in relation to benefits received.

Separately Used or Inhabited Part (SUIP) of a rating unit

11. In our submission to the 2020 Annual Plan, we did not support use of fixed charges per Separately Used or Inhabited Part (SUIP), as farmers end up paying multiple times, with every staff house or shearers quarters (whether currently in use or not) subject to a fixed fee. In practice, these 'separate' units are inseparable parts of the one farming business, the charges are paid for by the one ratepayer and there is little opportunity to pass on these costs.
12. We understand that Council are not proposing to amend the definition of SUIP, rather the intent is to provide further clarity and transparency to ratepayers. We understand that this means that Council will clarify what a separate SUIP looks like, that every rating unit has one, and also that that a SUIP is defined by its capability of being separately used rather than its actual usage. We note Council further provide that: *"in a residential situation a separately used or inhabited part will only be classified if all of the following apply: separate kitchen including a sink, separate living facilities, separate toilet and bathroom facilities, and separate access (including access through a common area such as a lobby, stairwell, hallway or foyer etc.)"*
13. Federated Farmers supports the use of SUIP for permanent housing where there is a full-time occupant or family who use District services as if they were on a separately rated property. However, we consider this should not apply to part-time, or itinerant accommodation such as shearers' quarters, donkos or ancillary farm buildings. Rural people do not generally get to enjoy the urban facilities and parks, etc to the extent that city dwellers do, solely because of the distance and time to access them and therefore, the SUIP policy should reflect this lack of benefit to the rural residents.
14. There also needs to be provision for farming properties that consist of non-contiguous blocks (without dwellings) that have not been amalgamated on the Quotable Value Rating Valuation database, to be exempted from the UAGC charge. Federated Farmers would be pleased to assist Council in developing a rational policy that fairly reflects the on-farm situation.

Development Contributions

15. Federated Farmers notes that Council is proposing to introduce development contributions, to help offset debt for development. We understand that Council expect to recover half of the infrastructure investment forecast via development contributions over the ten years, totalling \$9 million.
16. In general, alternative revenue sources like development contributions are viewed positively by the farming community. When applied appropriately, Development Contributions can reduce the reliance on rates and more fairly align with a user pays approach.
17. However, development contributions can also be applied inappropriately, for example when the charge is not collected proportionate to the actual use of Council infrastructure (ie. payment for sewerage connection when sewerage will be managed onsite. Federated

Farmers therefore asks Council to review and seek feedback on development contributions on an annual basis, to ensure they are fit for purpose and/or amended as required.

18. Federated Farmers also proposes that the Development Contributions Policy align with the approach taken by other Territorial Authorities for rural non inhabitable buildings.
19. Hastings District Council's Development Contributions Policy exempts farm ancillary buildings from requiring a Development Contribution because of the minimal demand they place on the Council's infrastructure *"Non-residential sheds and farm buildings ancillary to land based primary production occurring on the subject site, and which do not place additional demand on infrastructural services, will not incur a development contribution"*. Federated Farmers supports this approach and recommends that Council make rural ancillary buildings exempt.

Rates increases

20. Federated Farmers understands that the average rates increase in year one of the plan is 5.7%. We further see that the rates examples provided on page 34 of the consultation document, show indicate increases of between 4.1 and 5.3% for illustrative farming properties. Council have also helpfully provided an average rate increase for the 10 years of the plan of 3.2%. A long term comparison of the rates increases by example property would also have been a helpful addition to the plan.

Debt

21. Federated Farmers is concerned with the \$146 million debt forecast for 2024/25, a significant jump from the 2015 LTP debt forecast of \$84 million.
22. In our submission to the 2015 Long Term Plan, we supported the then forecast, which meant that for the first time in 15 years the amount of debt being paid off each year would exceed new borrowing for 8 years of the 10 year plan. We also understood that Council would start looking to repay debt once the wastewater treatment plant had been built.
23. Council has a significant level of debt plus a need to incur future debt for infrastructure, which will constrain its ability to spend on community aspirations. It will need to be focussed and judicious in managing both spending and borrowing, so that it is able to accommodate the community's future needs on a sustainable basis. Unnecessary projects should not proceed until debt levels are reduced. While it is a low interest environment at present, that may not continue long term, and future Councils could become very constrained by the proposed debt levels.
24. As with previous submissions to Council, we continue to ask that Council ensure that debt is recovered proportionately from those that will benefit from the expenditure.

KEY PROJECTS

25. Federated Farmers notes that Council are proposing to spend \$341 million over the ten years of the plan on capital expenditure, primarily funded by loans. As with earlier comments, we are concerned that some of the projects identified do not warrant funding at this time.
 - a. **Town centre regeneration** – 3.3 m across ten year period. We note that this project includes upgrades to core services such as toilets, however also features spending

for cosmetic improvements. We consider this project will have a primary benefit to urban businesses, and therefore suggest that rates be appropriately targeted to this group and the surrounding urban community primarily.

- b. **Velodrome** – we note that Council is yet to undertake detailed design work to support applications for external funding. As construction is proposed to commence in 2023/2024, Federated Farmers suggests deferring decision on the project to the 2024 LTP. This would enable the community to make a decision taking into account more detailed information about the associated costs. We see benefits in working towards option 2, however first consider the community needs greater certainty about cost.
- c. **Youth strategy** - we also consider that Council's proposed expenditure on its youth strategy be reconsulted via the Annual or Long Term Plan, when details of the scoping study and anticipated costs are known.
- d. **Davis Library Extension** – we appreciate that the library is a well-used asset, and agree that the proposed extension would be to the benefit of the community/District. We therefore support Council expenditure towards this asset, noting further the ability for this space to act in a multipurpose manner, similar to the Sarjeant Gallery. We ask Council to be open minded as this project develops, to look for opportunities to include meeting rooms or spaces for specific community uses (like a youth space) while also being prudent with spending and ensuring that the community is updated on project milestones and costs along the way.
- e. **Coastal improvements** – we note that Council are looking to direct resources to coastal resilience, to target in particular erosion, wetland restoration and weed control. As the surrounding ratepayers will be of primary benefit to these activities, we ask that Council seeks to recover the costs from these activities primarily via a targeted rate to these beneficiaries.
- f. **Waste management review** - we understand that the Plan proposes to remove the partially subsidised peri urban rubbish bag collection and drop off facility, however we are unsure if this also includes proposing to end the partially rated drop off service for outer rural areas. We encourage Council to retain this service as it is minimal expense to Council (\$75000 per year).

We also understand that Council will shortly consult on its Proposed Waste Management and Minimisation Plan. The Wanganui Rural Community Board understands the problems of rural waste, and fly-tipping that occurs outside the urban area. Farmers generally feel that the Council does not appreciate the impacts of fly-tipping in farmers' backyards and roadsides by individuals from both the rural areas but more particularly urban people who are unwilling or unable to pay Waste Transfer Station charges. A legitimate use of the Waste Minimisation Levy paid by all waste generators might be to use it to cover fly-tipping remediation, which is a not-insignificant cost to Council.

- g. **Increasing active and passenger transport options** – other than school buses funded by the Ministry of Education, public transport is of limited benefit to farmers. We therefore ask Council to ensure that where possible, costs associated with these provisions are collected from the user (fee charges) and subsequently supported by differentials that reflect the limited use/benefit these services provide to rural ratepayers.

- h. **Natural Environment** - we note that Council have set aside \$210,000 to prepare for the release of the Governments Draft National Policy Statement for Indigenous Biodiversity. While we are concerned with the impact that the NPS will have on farmers, we do however support Council taking a proactive approach to forecasting likely future spending. We understand that Council will be required to identify all Significant Natural Areas in the District within 5 years, and most of those will be on working farm land.
- i. **Climate change** - we note that Council are proposing to invest in climate change mitigations, like solar lights, in appropriate Council facilities at a cost of \$1m per year in years 2 to 4 and again in years 8 to 10. Without understanding the life of the infrastructure council is proposing, it is hard to support this proposal. We also consider that Council should focus on the must have's or must do's at this time, and look to implement climate mitigations at a future time when Council costs and debts have been minimised.
- j. **Three Waters – Drinking, Waste and Stormwater** - The 3 waters reform is an interesting case for Wanganui, as it has replaced most of its water infrastructure (sewage plant twice) which is responsible for much of the debt now saddling its rate payers. If Central Government were to take this responsibility from local councils, it may free up Council time to focus on other areas of importance like roading. It may also lead to less understanding about who are the local beneficiaries of current and past spending, and therefore require farms or those not connected to the service to nevertheless contribute to past and future costs. .

Rural roads

- 26. Roading provides vital connections for those living in rural communities, and is an integral component of New Zealand's economic productivity. An operational road network enables primary producers to efficiently move inputs and outputs, allows farm servicing agencies to access their customers, and allows farmers to access population hubs for goods and services.
- 27. Aligned with our submission to the Horizons Draft Regional Land Transport Plan, we are concerned about the level of focus and support rural roads and rural infrastructure are proposed to receive. We consider that rural roading is going backwards in terms of level of service and repair response, and are concerned that NZTA are financially compromised under current Government funding priorities.
- 28. Federated Farmers considers that the reduction in the Financial Assistance Rate for Whanganui District will be felt most keenly in the back country lower-use roads where pavements are failing prematurely, and usage and loads are increasing with forestry harvest. Denlair Road is a prime example. Federated Farmers would like to assist the Council to submit to NZTA for a fairer funding equation for the Whanganui District. Farmers are dismayed when they come to town for business, shopping or education reasons, and find large expanses of shared-pathways, cycle lanes, bridges, etc. , yet they cannot get potholes, depressions and eroded and steep seal edges fixed in a timely manner.
- 29. The Dublin St Bridge renewal should go ahead if NZTA reinstates it as part of the State Highway network, and funds it accordingly, perhaps connecting to Glasgow St, with a bridge in upstream Aramoho. There are substantial numbers and weights of heavy vehicles that are forced to deviate around and through the central city, that either source logs and farm loads

inland from Aramoho, or service the industrial sites such as Ravensdown fertiliser bulk store, Seales-Winslow grain storage and feed manufacturing site or the East town road-rail log-handling yard. At 304 metres long the existing Dublin St bridge is nearly double the length of the Town Bridge, and it might be better to move a replacement bridge upstream to a narrower part of the river, with higher banks and room to form approaches for long vehicles.

Federated Farmers is a not-for-profit primary sector policy and advocacy organisation that represents the majority of farming businesses in New Zealand. Federated Farmers has a long and proud history of representing the interests of New Zealand's farmers.

The Federation aims to add value to its members' farming businesses. Our key strategic outcomes include the need for New Zealand to provide an economic and social environment within which:

- Our members may operate their business in a fair and flexible commercial environment;
- Our members' families and their staff have access to services essential to the needs of the rural community; and
- Our members adopt responsible management and environmental practices.

This submission is representative of member views and reflect the fact that local government rating and spending policies impact on our member's daily lives as farmers and members of local communities.

Federated Farmers thanks the Whanganui District Council for considering our submission to the Draft Long Term Plan 2021

**Example of Rangitikei D C Rates Invoice showing UAGC and General Rate Breakdown
2020-2021 for Rural Property with 2 SUIP houses**

Valuation No: 1339000601

INSPECTION AND OBJECTIONS TO RATING

As ratepayer for this rating unit you have the right to inspect the Council Rating Information Database and rates records and object on certain grounds set out in the Local Government (Rating) Act 2002. All objections will be determined by the Council.

RIGHT TO WITHHOLD NAMES AND/OR POSTAL ADDRESS

Any owner of any rating unit has the right to request the Council in writing to withhold his or her name or postal address (or both) from the Councils Rating Information Database under S28C of the Local Government (Rating) Act 2002.

FUNCTIONS FUNDED BY RATES

The General Rate and Uniform Annual General Charge

The General rate is calculated on the Capital Value of your property. There is also a fixed charge called the Uniform Annual General Charge (UAGC) for every separately used or inhabited part of a rating unit. These rates are used to fund activities showing in the table below.

These charges appear on your rate assessment on page 1 as:

Uniform Annual General Charge	1,220.30
TOTAL Uniform AGC	1,220.30
Swim Centre	227.07
Public Toilets	48.64
Cemeteries	29.07
Public Refuse Collection - Litter	39.41
Elections	2.09
Libraries	263.36
Community Housing	6.64
Domains	305.07
Forestry	6.90
Halls	147.31
Real Estate	21.43
Dog Control	115.00
Stock control	8.31
TOTAL UAGC	1,220.30
RDC General Rate	2,073.20
TOTAL RDC General Rate	2,073.20
Community Awards	1.95
Building	187.26
Halls	60.50
District Planning	139.27
Health	55.49
Information Centres	196.30
District Promotions	391.34
Resource Consents	12.71
Civil Defence	111.65
Cemeteries	11.93
Community Housing	2.72
Domains	125.30
Forestry	2.83
Public Toilets	19.97
Real Estate	8.80
Swim Centre	93.24
Council	501.34
Council Committees	83.97
Roading and Footpath	66.63
TOTAL General	2,073.20

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