



# Federated Farmers of New Zealand

## Submission to Environment Canterbury on: The Annual Plan 2019/2020

19 March 2019



# **SUBMISSION ON ENVIRONMENT CANTERBURY ANNUAL PLAN 2019/2020**

To: *Environment Canterbury*

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## Introduction

- 1 Federated Farmers thanks Environment Canterbury for the opportunity to submit on the Annual Plan 2019/20.
- 2 Federated Farmers of New Zealand is a voluntary, primary sector organisation that represents farming and other rural businesses. Federated Farmers has a long and proud history of representing the needs and interests of New Zealand farmers and their communities.
- 3 Federated Farmers aims to add value to its members' farming businesses by ensuring that New Zealand provides an economic and social environment within which:
  - Our members may operate their businesses in a fair and flexible commercial environment;
  - Our members' families and their staff have access to services essential to the needs of the rural community; and
  - Our members adopt responsible management and environmental practices.
- 4 The economic importance of the agricultural sector to New Zealand's economy is well recognised. Its direct and indirect contribution to New Zealand's economy is about 15%. Land-based primary sector exports comprise about 70% of New Zealand's total exports. Any council activity which affects farm businesses has the potential to also impact, positively or negatively, on district, regional and national economies.
- 5 Rates and other local government charges and costs make up a significant portion of farm business expenses. As a result, Federated Farmers is very concerned with the transparency of rate setting and the overall cost of local government to agriculture.
- 6 Federated Farmers supports councils that are making progress towards achieving fairness and equity in their rating policies. We support Environment Canterbury's objectives *that rates are collected from properties that are the direct beneficiaries of services where these can be identified and to spread the incidence of rates as fairly as possible to be consistent in charging rates*. Federated Farmers appreciates the extensive use of targeted rates by the Council for a range of activities which benefit some particular groups more than others.
- 7 This submission was developed in consultation with the members and policy staff of Federated Farmers. It is important that this submission is not viewed as a single submission, but as a collective one, that represents the opinions and views of our members.
- 8 Federated Farmers acknowledges any submissions from individual provinces or individual members of Federated Farmers.
- 9 Federated Farmers wishes to be heard in support of its submission.

## Submissions

### Expenditure and Revenue (Forecast Financial Information p 64 - 72)

- 10 In the draft 2018-2028 Long Term Plan (LTP) there was to be a small decrease in operating expenditure (0.85%) for 2018/19 compared with 2017/18, and relatively modest increases were projected for the following 9 years (1.6% – 2.5%). A cumulative increase in expenditure of 21% (an average of 2.1% per year) was budgeted for the 10-year period of the LTP. This was close to the rate of inflation (the CPI averaged 2.3% over 1989 - 2017). In our submission we asked that Council constrain its expenditure increases to no greater than the rate of inflation for the 10 years of this LTP.
- 11 In the final version of the LTP there was a 2.1% increase in expenditure for 2018/19 compared with 2017/18, followed by a 1.6% increase for 2019/2020 compared with 2018/19, and a cumulative increase of 24.9% for the 10 year period of the LTP.
- 12 Therefore, Federated Farmers is extremely concerned about the further proposed increase in operating expenditure in the 2019/20 Annual Plan: 7.7% for 2019/20 compared with 2018/19, substantially greater than the 1.6% increase projected in the LTP. In our submission on the LTP we asked that Council constrain its expenditure increases to no greater than the rate of inflation for the 10 years of this LTP. We reinforce that request in this submission.
- 13 However, it should be noted that of the \$13,260,000 increase in total operating expense, \$9,276,000 is due to increased expenditure in Transport and Urban development, funded almost entirely by targeted rates, grants and user pays.
- 14 In the draft 2018-2028 LTP, rates were projected to increase by 4.5% per year for the first 3 years of the LTP, before declining to about 2.5% from year 5. The reason given for greater increases initially was to restore reserves to levels consistent with Council policy. Again we asked that Council constrain its expenditure increases to no greater than the rate of inflation for the 10 years of this LTP, thereby reducing the need for further rate increases, because any form of rate or user charge will impact on rate payers and ultimately the regional and national economies.
- 15 In the final version of the LTP there was a 4.9% increase in total rates for 2018/19 compared with 2017/18, followed by a 5.1% increase for 2019/2020 compared with 2018/19, and a cumulative increase of 41.8% for the 10 year period of the LTP.
- 16 Federated Farmers is very concerned about the 8.9% increase in total rates now proposed in this Annual Plan for 2019/20 compared with 2018/19. This is much greater than the 5.1% increase projected in the LTP. This is the inevitable flow-on from the increased expenditure discussed above.
- 17 The user pays component of revenue is projected to increase by 3.1% in 2019/20 (compared with 2018/19), compared with a projected decrease of 0.5% in the LTP. A large proportion of this increase is from the Transport and Urban Development portfolio, which is largely public transport. The justification given is that effort is needed to maintain public transport services on a sustainable basis (including fare increases).

### **Recommendation:**

- 18 Federated Farmers is very concerned about the large increases in total operating expenditure and total rates budgeted for the 2019/20 year compared with 2018/19 (7.7% and 8.9% respectively). We ask that council constrains expenditure below the rate of inflation, because any form of rate or user charge (to fund that expenditure) will impact on rate payers and ultimately the regional and national economies.

### **Freshwater Management (p 9-18)**

- 19 Expenditure for this group of activities was budgeted (in the LTP) to decrease by 0.43% in 2019/20 compared with 2018/19. Similar expenditure is budgeted for in this Annual Plan, with a decrease of 0.24%.
- 20 However, total rate funding for the Freshwater Management portfolio is budgeted to increase by 11.9% in 2019/20 compared with 2018/19, largely as a result of decreased grant funding.
- 21 Starting from 2018/19, this group of activities is funded almost entirely from general rates. Federated Farmers believes that this mechanism is appropriate given the wider community interest (both urban and rural) in water management and the fact that many of the outcomes sought are for the benefit of communities as a whole (both local and region-wide).
- 22 Minor changes to LTP targets to do with environmental monitoring are highlighted in the Annual Plan. Federated Farmers supports any changes to improve the effectiveness of environmental monitoring within the current cost structure.

### **Data management**

- 23 Federated Farmers wishes to highlight the difficulty of extracting actual water usage on a day-by-day and month-by-month basis from the ECan records. It would appear that ECan has adequate systems in place to monitor adherence to consents through a variety of methods (including telemetering and annual reporting), but do not have streamlined systems in place to provide useful summary information to water users or other interested parties, such as Zone Committees. It would appear that water use data has to be down-loaded and analysed manually. This must be a huge drain on staff time, which could be more usefully employed elsewhere.
- 24 During discussions within the OTOP (Orari, Temuka, Opihi, Pareora) Zone Committee, it became clear that there was a discrepancy between consented annual surface and ground water takes for irrigation, and actual water use (and therefore water available at any point in time). It has been shown that, in an average year, only 65% of annual consented take is used. The discrepancy between actual and consented water takes was clearly distorting the discussion over suggested minimum flows within the OTOP Zone Committee, particularly for the tributaries of the Opihi and Temuka rivers. The upshot was to form a technical subcommittee, the Flow and Allocation Working Party (FAWP), to analyse and compare actual river flow against actual water usage. The years 2000 to 2016, were chosen as they incorporated high, medium and extremely low years of rainfall. The recommendations for the Te Ana Wai, and South and North Opuha tributaries were eventually accepted by the OTOP Zone Committee.

- 25 The affected irrigators supporting the FAWP had to employ professional hydrologists at considerable collective personal expense to accurately analyse actual water usage by all abstractors. This was an exercise that should by rights have been a function of ECan. Ironically, ECan staff time had to be allocated to check the report for accuracy, which highlighted the inadequacy of ECan systems.
- 26 Therefore, Federated Farmers requests, that ECan initiates plans to manage water-take, rainfall, well level and river flow data so that it is readily available to provide catchment-level data month-by-month and season-by-season. This sort of data should be routinely available to irrigators and other interested parties such as Zone Committees.
- 27 The public discussion on water usage at present tends to be opinion-based due to insufficient hard data in the public sphere. It has an effect on not only pressure group attitudes, but the decision making processes within Council. It is self-evident that more accurate and up to date, appropriately summarised information would lead to better informed Council discussions and improved decision making by Council.

### **Fees and charges policy**

- 28 It is proposed to amend the Fees and Charges Policy to allow for the charging of a water data fee of up to \$200 per consent holder. It is difficult to understand what this fee is for, that is not already covered by the compliance monitoring charges levied upon consent holders. These charges are supposed to cover the actual and reasonable cost of carrying out individual compliance monitoring programmes.
- 29 The stated purposes of the new charge include: development of guidelines for quality data; checking and chasing missing data; licence fees for software; verification of meters; compliance checking against limits; reporting and compliance results; and recording and maintaining all data. These appear to be standard compliance monitoring and data management activities, which should be covered by the existing compliance management charges or by the general rate where there is an element of public interest, such as in the maintaining of data and enabling meaningful access to it (as also discussed above).
- 30 Therefore, Federated Farmers is opposed to the change in policy as currently presented.

### **Recommendations:**

- 31 That the rates to fund this group of activities are directed to reflect the wider community interest (both urban and rural) in water management and the fact that many of the outcomes sought are for the benefit of communities as a whole (both local and region-wide).
- 32 Federated Farmers supports the minor changes to LTP targets to do with environmental monitoring, provided they improve the effectiveness of environmental monitoring and fit within the current cost structure.
- 33 Federated Farmers requests that ECan plans to manage water-take, rainfall, well level and river flow data so that it is readily available to provide catchment-level data month-by-month and season-by-season. This sort of data should be routinely available to irrigators and other interested parties such as Zone Committees.

- 34 Federated Farmers is opposed to the proposal to amend the Fees and Charges Policy to allow for the charging of a water data fee, of up to \$200 per consent holder. The stated purposes of the new charge appear to be standard compliance monitoring and data management activities, which should be covered by the existing compliance management charges or by the general rate where there is an element of public interest (such as maintaining data and enabling meaningful access to it).

### **Biodiversity and Biosecurity (p 19-24)**

- 35 Expenditure on this group of activities is budgeted to increase by 22.7% in 2019/20 compared with 2018/19, compared with a 7.3% increase projected in the LTP. As a result, rates for this portfolio are budgeted to increase by 8.3%, compared with a decrease of 0.7% projected by the LTP. The increases appear to be largely as a result of support to the Pest-Free Banks Peninsula work (additional funding of \$480,000).
- 36 In the context of the Biodiversity and Biosecurity portfolio, Federated Farmers wishes to raise the issue of Environment Canterbury's appeal of the recent High Court Judgment relevant to the definition of the bed of a braided river (Dewhirst Land Company Limited and Michael Graham Dewhirst, and Canterbury Regional Council). We oppose the use of rate-payer funds to pursue this appeal. In addition, from an environmental perspective, we believe it would have been preferable to accept the High Court's view of what constitutes the bed of a braided river and get on with protecting braid plain values via the BRIDGE project and the upcoming omnibus plan change. This course of action would have avoided the potentially lengthy delay, and significant cost and resourcing implications, involved with the appeal process.
- 37 Following Council's adoption of the Canterbury Regional Pest Management Plan and the 2018–2028 LTP, a change was made to the way targeted pest management rates were levied. The new formula was based 50% on land area and 50% on capital value, whereas previously it was based purely on capital value. The land area charge was set at \$0.38/ha. This resulted in the owners of a small number of very large properties (greater than 3000 ha) facing large increases in their rates. To address this issue, it is proposed to change the formula to 80% capital value and 20% land area, with a land area charge of \$0.13/ha. It is also proposed to remit the calculated difference in rates charged between the two formulas, to the owners of properties greater than 3000 ha.
- 38 The new rating formula is a big improvement over the one originally proposed. Therefore, Federated Farmers supports this along with the proposal to remit rates already paid in excess of the new formula (by the owners of properties greater than 3000 ha). However, the targeted rate take for pest management is large and Council must make every effort to use it efficiently and focus on the weeds and pests most relevant from both farming and biodiversity standpoints.

### **Recommendations:**

- 39 Federated Farmers supports the Pest-Free Banks Peninsula work but asks that every effort is made to keep expenditure within the rate of inflation throughout the 10 year period of the LTP.
- 40 Federated Farmers is opposed to the use of rate-payer funds by ECan to pursue its appeal to the Court of Appeal of the High Court judgment on the proper interpretation of the term bed in the context of braided rivers. In addition, from an environmental perspective, we believe it

would have been preferable to accept the High Court's view of what constitutes the bed of a braided river and get on with protecting braid plain values via the BRIDGE project and the upcoming omnibus plan change. This course of action would have avoided the potentially lengthy delay, and significant cost and resourcing implications, involved with the appeal process.

- 41 Federated Farmers supports the new rating formula for targeted pest management rates along with the proposal to remit rates already paid in excess of the new formula (by the owners of properties greater than 3000 ha). However, the targeted rate take for pest management is large and every effort must be made to use it efficiently and focus on the weeds and pests most relevant from both farming and biodiversity standpoints.

### **Regional Leadership (p 49-57)**

- 42 Expenditure on this group of activities is budgeted to increase by 7.1% in 2019/20 compared with 2018/19, compared with a 0.24% increase projected in the LTP. As a result, rates for this portfolio are budgeted to increase by 10.3%, compared with a decrease of 2.6% projected by the LTP.
- 43 The reason for the increases in expenditure and rates is not clear because there appear to be only minor changes to LTP targets. Therefore, Federated Farmers asks that expenditure and rates be contained within the LTP projections.

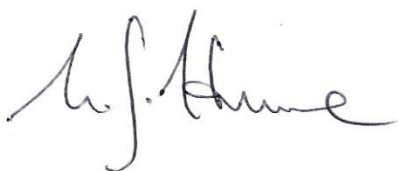
### **Recommendation**

- 44 Federated Farmers asks that expenditure and rates be contained within the LTP projections because there appear to be no changes to the LTP targets which would justify such increases.

### **Conclusion**

Federated Farmers, Canterbury Region, thanks Environment Canterbury for the opportunity to submit on its Annual Plan 2019/20. We are committed to the sustainable management of the region's natural and physical resources and look forward to continuing to work constructively with Council in the future.

Federated Farmers wishes to speak in support of its submission.



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Michael Salvesen  
Mid Canterbury Provincial President; and  
Chair, Canterbury Regional Policy Committee  
Federated Farmers of New Zealand