SUBMISSION

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To:	Dunedin City Council
Submission on:	**Draft Long Term Plan 2025-34**
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SUBMISSION TO DUNEDIN CITY COUNCIL LONG-TERM PLAN 2025-2034

1. Introduction

Otago Federated Farmers welcomes the opportunity to comment on the Dunedin City Council (DCC) Proposed Long-term Plan 2024-25.

Otago Federated Farmers submission represents the views of 113 farming members and rate payers from the DCC area.

This submission is focused on an opportunity for DCC to make a small change (minimal cost) to its rating methodology, that would make a big positive difference to the lives of DCC farmer ratepayers.

*We wish to be heard in support of our submission.

2. Background

Rates and other local government fees and costs make up a significant portion of farm business expenses. With a large geographical area, DCC includes a proportion of farmer rate payers that contribute only 3.35% to the General Rate Share[1].

It would be helpful to know from DCC how many rating units make up that 3.35% - we were not able to determine that information from the consultation material.

Council's rating method is based on capital value, meaning that farms with a high capital value pay more rates – some farms around Middlemarch pay over $70K in DCC rates. The disparity or issue with the fairness of that model comes into play with a couple of different factors. Farming businesses are not able to increase production (often limited by rules or government regulations restricting change of farm system or intensity) to allow for increased costs (like rates). Farm gate prices are not negotiable for a farmer – and are based on external factors beyond their control.

2. Rural Differential

Otago Federated Farmers appreciates and supports DCC's use of the rural differential in Dunedin's rating system. This differential goes some way toward recognizing the significant disparity in services available to rural properties compared to those in urban areas. The differential helps to improve the equity of the rating system but is completely inadequate on its

[1] From the Rating Method document. [Microsoft Word - 2025-26 Rating Method Funding Impact Statement.docx]

own. Without a Uniform Annual General Charge (UAGC), the funding of council services still falls disproportionately on rural properties for services that are shared across the whole community – many of which farms are remote from.

3. Uniform Annual General Charge (UAGC)

Otago Federated Farmers are profoundly concerned about the absence of a UAGC in DCC's rating system. The UAGC is an essential tool for ensuring fairness and equity in local government rating – ensuring that all ratepayers make a standard minimum contribution to council services. The UAGC reflects that it is people that benefit from council services.

Its exclusion in the current consultation document is concerning, particularly for those rural ratepayers whose properties often have higher capital values, but limited access to many urban based services funded through general rates. It is also unusual in that the vast majority of city, district and regional councils utilize the UAGC at levels between 10% and 30% of general rate income.

Without the UAGC, the burden of funding essential services falls disproportionately on high-value properties regardless of income, net wealth, or the level of service received by the ratepayer. This approach does not reflect the principle of equity – that those who receive the same level of service should contribute similarly to its cost.

By reinstating the UAGC (up to the allowable 30%), Council can:

- Promote fairness by recognizing that some services benefit all residents equally (e.g. emergency management, governance and democracy, parks and reserves, libraries, etc).
- Reduce the regressive impact on rural landowners who are rated excessively on the basis of their property value, but who live 50-100km away from the city and receive limited direct benefit from community infrastructure and amenities.
- Enhance transparency in rating policy by clearly separating universal service costs from property value-based charges.
- Align with common practice across many other territorial authorities, particularly in rural regions. Federated Farmers estimate that 90% of councils in NZ use the UAGC.

Applying a UAGC ensures that rates reflect both the value of the property and the extent to which services are received. It promotes a more balanced and equitable funding model for all ratepayers of Dunedin city.

Even at a level of 10% of rate income, excluding water and wastewater services, the UAGC would come at a relatively small cost to urban ratepayers, but would be of great value to the small number of farmers in the council's jurisdiction.

Recommendation:

That Council support local farming families by reinstating a UAGC, reducing the disproportionate economic burden currently placed on a small proportion of the ratepayers.

3. UAGC and Differential – two separate mechanisms

While the rural differential provides some welcome relief for DCC farmer ratepayers, it is not a replacement for a UAGC – the two mechanisms serve complementary but distinct roles in achieving a fair and equitable rating system.

- The rural differential acknowledges the geographic and service access differences – it adjusts how the general rates is applied to land use types.

- The UAGC on the other hand, spreads the cost of universal services equally across ratepayers – for those services that benefit everyone, regardless of where they live or their properties value.

By applying both tools the Council can:

- More fairly distribute costs between those who benefit directly from services and those who do not.

- Avoid overburdening rural landowners who already individually contribute significantly through capital value-based rates.

- Maintain consistency with rating principles outlined in the Local Government (Rating) Act 2002, including equity and transparency.

The differential helps – but does not go far enough on its own as it is. Without a UAGC, the burden still falls disproportionately on high value rural properties for services that are shared across the whole community.

Recommendation:

With the farmland General Rate Share being 3.35%, a change to the differential (for example, from 0.8 to 0.5) would be at minimal cost to other ratepayers, but would mean a lot to those local farming families.

4. Rates and Funding Pressures

The consultation document outlines significant infrastructure investments, particularly in water services which could lead to increased rates. As highlighted above, DCC farmer ratepayers could be disproportionately affected by those rates increases. Also discussed were other projects (three Waters Infrastructure, Future Development Strategy, and Environment and Climate Change Initiatives):

- <u>Three Waters Infrastructure</u>

  The Infrastructure Strategy emphasizes substantial upgrades to water supply, wastewater, and stormwater systems. While these upgrades are essential, the associated costs and potential changes in services levels could impact rural communities, especially if funding mechanisms lead to higher rates or if service changes affect farm operations.

- Future Development Strategy (FDS)

  The FDS informs the 9-year plan and includes policies that could influence land use planning. Changes in zoning or development priorities might affect rural landowners, potentially leading to restrictions on land use or increased pressure from urban expansion.

- Environmental and Climate Initiatives

  The consultation document includes commitments to environmental sustainability and climate resilience. These may introduce new regulations or requirements for land management, which could impact farming practices – and introduce more costs.

Recommendation:

For each of the new initiatives, Otago Federated Farmers encourages council to engage with the local farming ratepayer community and ensure that as these project ideas develop, the farmer ratepayer concerns identified and highlighted above are addressed so they do not manifest into more cost burden for those farming families. These projects directly impact those farming families, so it is crucial for farmers to ensure their perspectives are adequately represented, especially on issues directly affecting rural areas.

5. Transport and Access

There is a focus in the consultation document on improving transport infrastructure, including roads and bridges. DCC farmer ratepayers rely heavily on this infrastructure for moving goods/produce and accessing markets. Rural communities rely on the network. Any changes in maintenance priorities or funding allocations could affect the reliability and safety of rural transport routes.

Recommendation:

That Council connect with rural communities to ensure that the roading and access priorities for those local areas are addressed. Any changes to priorities or funding will impact rural communities.

6: Uncertainty over water services delivery and three waters infrastructure assets forecast

The consultation document includes the auditor's report which highlighted two matters of uncertainty over water services delivery and uncertainty over three waters infrastructure assets forecast.

Councils 9-year plan has been prepared with the three water services included (as reflecting its preferred option). The auditor had noted that if the preferred option is not adopted, the content of the 9-year plan will look significantly different.

Council is also faced with a significant backlog in renewals for three waters assets. The Council's phased approach aims to eliminate the backlog over a 30-year period (whilst prioritising critical renewals). The auditor had noted that planning on this basis increases the risk of disruption in services.

Recommendation:

That Council provide more clarity for the community on the merits of the alternative (a council-owned water company) if the preferred option is not adopted for Water Services Delivery. More information on the advantages of a water company needs to be included in the separate Local Water Done Well consultation.

We appreciate the difficulty for the Council in dealing with a backlog of renewals – however noting the auditors comment regarding the risk of retaining water service in-house and phasing renewals over a considerable period, is there a different model that could be used that would allow for dealing with the backlog, whilst reducing the risk of disruption?

THANK YOU