

**Tararua District Council
Local Government Funding and Financing Submission August 2019**

1 Support for the Submission from the Society of Local Government Managers

Tararua District Council supports the submissions made by the Society of Local Government Managers.

In particular, Council would be disappointed if the rating mechanism to charge differentials and uniform annual general charges are lost, as these remains a tool for establishing equitable distribution of rates. Over the past fifteen years we have taken a pragmatic and politically acceptable approach to changes in rating.

These include:

- a. Limited targeted capital rating has been introduced
- b. Differential rates for roading activity
- c. Loan repayments for major projects, with significant buy-in from the community
- d. Remissions for schools sewerage rates to overcome pan tax issues where there are reducing school rolls with toilets that become excessive for the reduced numbers of staff and students
- e. A different way to achieve transparency in Council costs to ratepayers– invoicing with a breakdown by activity individualised to each ratepayer

Discussion: Guiding Principles in Legislation

A focus of ensuring that those that use Council services for private benefit should contribute to costs, where it is economically efficient to do so. In this respect, the Council respectfully notes that the Local Government Amendment Act 1996 did set out a three-stage process to review cost recovery and we believe this process remains an appropriate decision making tool for councils.

We note that the process did not attempt to “scientifically” determine outcomes, but it provided a structure to the decision making through multiple sets of principles resulting in democratic and pragmatic decisions. There will always be some instances, there will always exist situation where there are few metrics that are available to practically support decision making.

However, this remains a stronger process than having no method nor no basis for considering the widely varying values and needs of local communities and matters of private benefit versus public good. Its demise or devolution to something of low sector importance perhaps came not from lack of thought but through the uncomfortable inconsistency between central and local government approach to social policy. At some point, rates will always need to be a tax for some or a number of council services.

2 Changes in Land Use, affecting Council Income

The billion tree programme and the Emission Trading Scheme are already having a detrimental effect on our Tararua communities. We expect that Council income will be adversely affected over time by these structural changes. Essentially, productive agricultural land is being retired into permanent forests (mainly one-crop *Pinus Radiata*). This will have the flow on effect to support services and all fundamental community functions that Council provides. We have already noted a loss of fire-fighting response and a general diminished capacity in the rural community of Pongaroa in a period of less than six months.

We are further concerned that carbon farming will encourage an increase in absentee ownership, including foreign ownership, that will result in a reduced interest in the issues and values held in the local community, and that of all New Zealanders. This will challenge the extent and nature of council services, and our Council's ability to source income. For example, a reduction in road use may reduce the availability of roading subsidies to maintain the roads. This will be despite the need to retain a road network and the increasing risk of damage from climate change and natural wear/road ageing.

The dollar value assigned to carbon credits through the Emission Trading Scheme may increase further, accelerating speed and extent of land conversion. We support a "right tree, right place" approach where a more considered basis for land use is encouraged.

Discussion

Carbon farming, also known as "Permanent Carbon Forestry", has the potential to reduce the local population, change its demographics and reduce the local economy. There is little ability for carbon farming to "add value" to the local economy, unless it is actually harvested. The ratepayer property owners may become increasingly remote with no local district or New Zealand presence.

Sales of property into carbon farming is already reducing rural capacity in the Tararua District whilst also introducing a number of new risks (e.g. fire, ecological). Stabilising hillsides is one likely positive outcome of this activity and it may also enhance local ecology, particularly by the planting of native forestry, if this is promoted. However, the conversion and loss of productive land to forestry from food production could be better managed by planting in selective areas (such as lower quality land and hill country) and retaining suitable land for agriculture or horticulture production. This is not currently supported in current regional, district plans nor other regulations.

Unfortunately, we are now anticipating a possible deterioration of the local economy and community capacity as a result of these changes. We are already noting a reduction in volunteers within the Pongaroa Community as families and volunteer fire fighters leave the area. The increased risk of forest fires is particularly concerning at Pongaroa, which is one of the windiest areas in New Zealand (nearby Akitio recorded the highest official wind speed in New Zealand for 2018). In addition, the area can experience East Coast droughts which are forecast to increase as a result of climate change. Since the creation of Fire and Emergency New Zealand, Council is no longer able to develop bylaws for fire, such as requirement for water dams (to access for fire suppression).

Reducing population means that investment decisions in the mandatory water compliance, wastewater, recycling, communications, electricity infrastructure may have been based on the

wrong demand/population assumptions. Existing reticulation infrastructure across many farms may become unnecessary and with on-farm leaks draining the main supply, and at risk of tree root damage and restrictive access for repair of the Council supplied rural areas. Future changes in policy direction regarding planting of trees may also mean that current planting practices end up being wrong for future needs or optimised outcomes. Decisions made or underway may be wrong.

We also note the loss of employment, reduction of school pupil numbers, loss of business activity (including livestock support services), and potential increase in vermin & biodiversity risks. The growth of wildling pines is a significant risk to our land and may result in a need and cost for managed control, something that we think would justify a differential rate targeting forest land owners (refer to item 1 of this submission).

While carbon forestry may reduce the need for some council services, should QEII covenant's be granted, then no rates may be forthcoming from permanent native forests.

Furthermore, there may be unexpected ecological problems including the impact on excessive pine needles entering waterways and coastal sea areas, and its "toxic" effects on land for other species, the pollen it creates and other issues. Very recently, a study by the University of Florence, Penn State University and the University of Oklahoma has been reported as indicating that pine trees produce monoterpene compounds that create conditions that extend the life of atmospheric methane.

It is noted that the National Environmental Standards take legal priority over the Council District Plan which mean they cannot conflict with these Standards. Non plantation forestry such as Manuka native planting and carbon forests are not covered by the National Environmental Standards. Commercial forestry is currently a permitted activity in the rural managed area under our District Plan meaning we have some limited current control over the newly emerging activity of carbon forestry planting and its impacts. However, this type of land use was never contemplated when our District Plan rules were established. Such a new development as this would need to be considered as a plan change in light of our ability to create and enforce any changes.

Much more thought is required on this matter and we kindly suggest that it may be a subject that the Productivity Commission consider further. Our Council's ability to respond to this new and immediate threat is already challenging the legislative and policy frameworks that we work within, it is affecting the private and public sector investment decisions and the Country's adaptability to the Government's current climate mitigation policy.

Thank you for consideration of our submission. We do not wish to be heard.

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Tararua District Council