

# **RUSSELL PROTECTION SOCIETY (INC)**

P O Box 154  
Russell, Bay of Islands

Draft Long Term Plan 2012-22 Submissions  
Far North District Council  
Private Bag 752  
Memorial Avenue  
KAIKOHE 0440

## **FAR NORTH DISTRICT COUNCIL - DRAFT LONG TERM PLAN 2012-22 SUBMISSION**

The Russell Protection Society wishes to speak about our submission at a hearing.

We do not require a Maori translator.

Friday 18 May is our preferred day and Monday 21 May second choice.

Contact details are as above.

Email address: [webmail@rps.org.nz](mailto:webmail@rps.org.nz)

Phone: 09 403 8147

1. The Russell Protection Society is an incorporated entity that has been active for over two decades in promoting and enhancing the cultural, natural and historic amenity of Russell. The Society has a membership of some 60 individuals, families and organisations who collectively represent the interests of a broad cross-section of the Russell community.

### **Alternative Rating System**

2. It is understood that the Far North District Council wishes to change the way properties are rated in the District and to move to a “user pays” system. The Council has indicated that this is a fairer system and reflects more closely the benefits that groups of ratepayers receive from the rates that they pay.

3. Under the proposed new system, the rates that Russell people would pay are estimated to increase at an average of about 35%. At a public meeting held on the 12<sup>th</sup> of April 2012 in the Russell Town Hall, the Mayor and his staff acknowledged that because of the high land values in Russell, the ratepayers there pay the highest rates in the District and that while the services provided in Russell are similar to those provided to other Far North communities, the amount of money collected through rates is much higher.

4. The Mayor's has commented that this is a result of current rating laws and if Russell people didn't like it they always could move to Moerewa, where the property

values and hence rates are much lower. There are several problems with this. For a start, it makes a mockery of the “user pays” philosophy touted by Council.

5. Secondly, there is an existing mechanism called “differentials” that is intended to be used where the rate needs to be changed in order to reflect the level of service provided. On that basis a strong case can be made to apply a differential to high value East Coast properties, especially on Russell Peninsula, so that the rates collected more closely reflects the services provided. The existing Wards could be modified to more closely reflect a “community of interest”, or in this case high-value coastal properties. The Uniform General Charge should be kept at the maximum level and a differential applied to more closely reflect the actual level of service provided to local coastal communities, as distinct from the wider benefit that is provided to transient tourists.

6. Lastly, Russell has a high proportion of retired people who are on a fixed income and would find a 35% increase in their rates unsustainable. Likewise many businesses in town are struggling because of the high costs of doing business in Russell and an increase in rates of that magnitude would mean that many would have to close their shops, further undermining the economy and level of services in Russell.

**Outcome sought: That Council apply a differential to high value East Coast, including Russell, properties as a way of ensuring a fair user pays system or that it abandon this alternative rating system in favour of the status quo.**

### **Calculating Benefits**

7. Council has employed consultants in an attempt to identify what benefits various groups in the District receive from the rates that are collected. This is a very difficult task that requires a number of assumptions and guesses to be made. In this regard, it makes a mockery of the process to quote figures as percentages down to the second decimal point. It also requires a holistic view of the total range of benefits that are derived and identification of all the groups that receive these benefits.

8. This important information has not been made available in the documentation supplied by Council. More importantly, the process should first include a public debate about whether Council has gotten this analysis right. In our view there are a number of flaws that render this analysis questionable.

9. For a start, the whole economy of the Far North is heavily dependent on the tourism industry. This industry creates large seasonal demands on infrastructure such as roading, sewerage, water, wharves, jetties and launching ramps. The benefits to the Far North community of this activity are spread widely in term of employment and expenditure. However, the demands that it makes are localised and can create a significant and unfair burden if these infrastructure costs are to be borne by local communities. For instance, the population of Russell can increase ten-fold during peak holiday periods.

10. On that basis tourists are an important user group who derive benefits that are unaccounted for in the analysis. For that reason, the proposal to place separate

roading, sewerage and water capital works levys on communities such as Russell, which is a popular tourist destination area, is manifestly unfair and is unaffordable for many ratepayers who are effectively being asked to subsidise the economy of the wider Far North. It is also unfair to expect local communities to fund the maintenance and upgrade of wharves, jetties and launching ramps because these are also part of the tourism infrastructure and add to the wider economy of the Far North.

**Outcome sought: That Council first have a public debate about who benefits from the services it provides and that it acknowledge that tourists are an important user group and that the benefits they derive from infrastructure be paid for out of general rates because of its importance to the whole Far North economy.**

### **Separate Rating Levys for Roads and Sewerage**

11. There are several important factors to note here. Russell has one primary road serving the Peninsula and in lieu of a bridge it pays the costs of vehicle and passenger ferry transport off the Peninsula. This low level of benefit and the extra costs to ratepayers needs to be acknowledged in any analysis.

12. It is also noted that Council has no accurate basis upon which to levy Russell ratepayers for their sewerage scheme. The Auditor General, Mr Kevin Brady, was asked in 2004 to conduct a Performance Audit in order to investigate a number of aspects of the construction, management, maintenance and funding of the sewerage scheme. It soon became evident that the FNDC did not have any accurate financial records which could be used to determine what the actual capital costs of these works were.

13. The sewerage scheme is also much larger and expensive than it should be because of a five-fold increase in volume due to stormwater and groundwater ingress into a reticulation network that was improperly installed. The Russell community located within the sewerage district that was created undertook to pay off a \$3million capital works loan and this has been done. As a result of the Auditor General's investigations discussions were held with Council representatives and it was agreed that the then existing capital works levy on Russell ratepayers would be removed in favour of a District-wide capital works levy. The situation now is that Council clearly lacks the proper financial records upon which to again levy the ratepayers of Russell for their sewerage scheme.

**Outcome sought;** That Council recognise the unique situation of Russell by reducing the roading levy and by reinstating the District wide capital sewerage levy.

### **Funding the Development Contributions Deficit**

14. FNDC has a longer term strategy of funding growth and the need for an expanded infrastructure from Development Contributions. Much of the Council's infrastructure such as sewerage, water and roading is at the point where demand will require substantial upgrading. This 'tipping point' is primarily a result of slow,

incremental growth in the Far North and hence it is appropriate that developers should fund a large measure of these costs. It makes no sense to reverse Council's long standing policy and reduce the Development Contributions levy and instead put this burden on existing ratepayers.

**Outcome sought** – Retain existing Development Contributions levy

### **Waiving Uniform Annual General Charges on 2 or More Adjoining Properties**

15. Russell Peninsula and many parts of the Far North currently have an oversupply of empty sections, particularly in this depressed economy. Council should be encouraging growth in the Far North by retaining incentives for the development of these empty sections. The proposal to give a “rating holiday” to owners of these empty sections is therefore counter productive and removes any incentive for owners of empty sections to either develop or sell these.

16. Another issue is land speculation in the Far North, which pushes property values beyond the level that can be sustained by the local economy. Council's proposals to remove part of the costs of retaining empty parcels of land simply encourages land owners to hold on to undeveloped land in the hope of achieving a greater return. Transferring their rating burden to existing ratepayers is both unfair and counter productive, particularly since it is projected that rates for everyone else would increase by almost 7%.

**Outcome sought** – Retain Uniform Annual General Charge on 2 or more adjoining properties.

### **Three Percent Discount for Early Payment of Rates**

17. The Russell community has a high proportion of retired people who supported and benefited by Council's previous policy of giving a discount for early payment of rates. The reinstatement of this discount will be of mutual benefit to both ratepayers and Council because it will provide certainty of payment and income, however this should be reinstated to a meaningful 5% level..

**Outcome sought** – Reinstatement of the 5% discount for early payment of rates.

### **Waste Oil Sprays on Metal Roads**

18. Waste oil, particularly sump oil from petrol and diesel engines, contains a number of toxins such as heavy metals, PCB's, hydrocarbons, and other solvents that can impact on the environment. The Far North is subjected to periodic high intensity storms, particularly over summer when the dust nuisance is greatest, and there is a high likelihood that this very toxic oil would be washed onto adjoining land, streams and estuaries.

**Outcome sought** – Do not use waste oil on metal roads

## **Unitary Authority for the Far North**

19. The above issue of waste oil on roads is a prime example of why the Far North requires a Regional Council in order to provide adequate checks and balances. Another example close to hand is the Russell landfill and the attempts by the FNDC to use it as a District-wide tip without proper resource consent. Unfortunately the FNDC has not demonstrated the maturity necessary to inspire confidence that our fragile Northland environment will be adequately protected for locals and tourists, and their children, to enjoy. Instead, the FNDC and the NRC should improve their communication and learn to work more closely together.

**Outcome sought** – No Unitary Authority for the Far North

## **Future of Russell Landfill**

20. The FNDC has budgeted to convert the Russell landfill to a full transfer station and to truck our household waste off the Peninsula. With the rising cost of fuel this does not make environmental sense and it takes away the ability of the Russell community to have responsibility for its own waste disposal. It is also likely that the cost of disposal to Russell residents will increase as a result.

21. The proposal is based upon a spurious claim that the Emissions Trading Act would impose a penalty on the Russell Landfill. In our view this could easily be offset by planting trees on the exposed banks of the landfill, thereby beautifying the area as well. It is also noted that our landfill has all the necessary resource consents, including discharge to air, to enable it to operate for at least another 18 years. It is particularly concerning that no negotiations have occurred with the Russell community over this important issue, in spite of a history of conflict between the people of Russell and the Council over their previous plans for the tip.

22. We have now been informed by our Community Board representative that Council has no intention of acting unilaterally on this matter, but that there may be a fifty cent levy per bag to cover the extra costs of emissions levies.

**Outcome sought** – Remove the unnecessary expenditure item in the budget for converting the Russell Landfill to a full transfer station.

## **Mineral Exploration and Extraction in the Far North**

23. The Far North, as distinct from many areas of Australia, has a fragile environment that does not lend itself to many forms of mineral extraction. For a start, the Far North has relatively steep topography, heavy clay soils and high rainfall, leading to existing problems with erosion and sediment run-off. In addition, many of the soils contain relatively high levels of naturally occurring mercury, arsenic, heavy metals and other toxins that can easily be flushed into water courses where ground disturbance occurs.

24. Even where “best practice” mining occurs it is simply not designed nor is it economically feasible to prevent such run-off and the inevitable trade-off is that the environment suffers. The other trade-off is that it can harm our important tourist industry, which is heavily dependent upon the natural values of the Far North.

**Outcome sought** – That Council does not promote mineral exploration and extraction in the Far North

### **Tsunami Warning System**

25. Russell has its own Civil Defence group that is working to establish a tsunami warning system. This is a further example of the Russell community taking responsibility for its own health and safety. However, we recognise that other communities in the Far North also need protection from the devastating effects of tsunamis.

**Outcome sought** – That Council investigate the feasibility of an early tsunami warning system

### **Local Govt. Funding Agency**

26. There is widespread concern about the current level of indebtedness that the Far North District Council is incurring on behalf of its ratepayers. This concern also applies to many other local authorities and raises questions about both the ease of borrowing and whether these organisations represent a good credit risk. If Councils were to default on their repayments, then this becomes a charge against all the members of the Funding Agency. It is preferable that Council borrow on the open market so that the true costs of borrowing are properly weighed against the longer term implications.

**Outcome sought-** That Council does not join the Local Government Funding Agency

### **Converting Waste to Fuel**

27. At a conceptual level this sounds like a good idea and our Society would like to support further investigations into this.

**Outcome sought** – That Council investigate turning waste into fuel

### **Storm Costs**

28. It is noted that Council is already budgeting for a surplus over expenditure during the next several years. This money could be used as and when required for repairing storm damage rather than setting up an expensive contingency fund that would serve to increase our rates by a further one percent.

**Outcome sought** – That Council not set up a contingency fund for flood relief

### **More Money for Parks/Walkways& Boat Ramps**

29. This infrastructure is a prime example of the benefits that tourists receive from our rates. Since tourism is an important economic activity in the whole District, we support increasing funding out of the general rates for improving this essential infrastructure, which is deteriorating in many instances.

**Outcome sought** – that Council provide more funding for parks, walkways and boat ramps.

### **Conclusions**

30. The use of a targeted capital works levy is usually applied to special projects that are in addition to normal public health and environmental infrastructure requirements, in a situation where local businesses or the community has specifically requested some other service. “Public good” infrastructure can often support many beneficiaries, especially in international tourism destination areas such as Russell where the population increases ten-fold during the holiday season and adds to the whole economy of the Far North.

31. The concept of “user pays” is based upon an understanding that a user requests a particular service and agrees with the provider to pay a certain amount for it. In the case of the Russell Sewerage Scheme the Council determined what was to be provided and how much it was to cost (\$3 million), based upon it's public health and environmental concerns. Further, the whole idea of user pays is that a fair payment is given for a fair service, to the agreement and benefit of both parties.

32. The rates under the proposed new rating system would increase roughly 35% on average for the Russell community, due to the high property values in the area and the alleged capital costs of the sewerage scheme. As has been noted in this submission, Council does not have the accurate financial records necessary to determine how much the scheme actually did cost. On that basis a user pays differential rating system as proposed would be manifestly unfair because Russell's rates do not reflect the services provided compared to the amounts that would be paid. Russell people would pay more than others for the same services and for a sewerage scheme that it has already paid for.



Signed

Date 14 April 2012

Bob Drey  
Chairperson  
Russell Protection Society