

28 April 2015

Freepost 178
Long Term Plan Submissions
Christchurch City Council
PO Box 73017
Christchurch 8156

Email: ccc-plan@ccc.govt.nz

Dear Sirs

Christchurch City Council Smart Choices 2015-2025 Consultation Document

We have discussed and reviewed the Smart Choices 2015-2025 Christchurch City Consultation Document with our membership, and we appreciated being invited to the meeting with Peter Gudsell and members of the City Council to discuss what businesses can expect from the Plan.

The New Zealand Manufacturers and Exporters Association represents manufacturers and exporters from around New Zealand. The majority of members are from Canterbury. Revenue by members nationally is around \$6 billion per year, and of this total, about 50% is exported. In Canterbury the manufacturing sector is a significant contributor to the economy, representing over 10% of employment and around 13% of GDP. Many of the jobs in manufacturing are highly skilled and well paid, while the sector also provides lower level work with opportunities for self improvement, such as apprenticeships and training schemes.

Elaborately transformed manufactures comprise over 13% and simple manufacturers make up over 8% of New Zealand tradable exports. New Zealand manufacturers face the increasing cost of local regulation, and global competition from low cost countries without any significant support and protection. In recent years our overvalued exchange rate has been a particular headwind, cutting into margins and making it harder to compete against imported goods in the domestic market and stay competitive in export markets, where for many businesses prices cannot be adjusted in response. The Canterbury region has a disproportionately high number of high value elaborately transformed manufacturers who have significant export sales when compared with all the other regions of New Zealand.

Economic development based on elaborate transformation, commands high prices from global customers and ultimately funds our lifestyle. Generating that cash, from exports based on ever increasing skill levels, will return the lifestyles we anticipate. A failure to do so will see an ever poorer New Zealand and a widening gap between what the world has to offer and what we can afford in health, infrastructure and general consumption.

The New Zealand Manufacturers and Exporters Association wishes to be heard on this submission.

The NZMEA also supports the comments made in the submissions of Snowy Peak Limited, EPL and Aucom Electronics Limited.

Comments

- The NZMEA supports the sell-down of Christchurch City Holdings Limited's assets to reduce debt by the Christchurch City Council in order to continue with the rebuild to a level which would keep rates at a manageable level.
- It is important that the needs of industry are clearly understood and addressed. There is no specific mention of industry in the Plan. Industry has specific requirements, e.g. infrastructure, transport, etc that are vital for their operation and success.
- Planning: industrial zones must be protected as industrial zones. In addition, far more consideration and care is needed on reverse sensitivity issues, as these continue to threaten activity and hundreds of jobs.
- Support local manufacturing via an explicit local procurement policy as used by many local governments around the world. We should do much better at keeping local money circulating locally, to the benefit of our regions' community.
- The proposed increase in the level of rates is excessive and lacks any connection to the realities faced by manufacturers and exporters. Increases of 8.75%, 8.5%, 8.5% and 7.5% represents an increase of 37.6% over the four years and falls well above domestic and international projected inflation rates. We also note that business rates will increase at a higher percentage than those stated above and this is a concern.

A base line of 2% rate increases should be seen as the maximum credible position from the standpoint of an internationally competitive economy. With greater increases we threaten the rating base and negatively impact competitiveness of our firms in the real economy.

Council and community aspirations are an additional cost to manufacturers and exporters. It is cold comfort that rates might be higher elsewhere in New Zealand - if operating here is too expensive the activity will leave Christchurch and perhaps New Zealand for good. Without manufacturing the resilience of our local economy will be significantly reduced as will overall employment numbers.

- The proposed 7.7% - 9.5% increase in trade waste charges are deemed excessive by our members. Structurally, the matter of "user pays" works until there are only a few "users" left, and needs further consideration. The waste water charges fall more heavily on fewer companies, at some point this needs to transfer to the general rate - it might be time to review the trade waste charges.
- Focus on utility: facilities should be multipurpose and sized in light of sensitivity to demographic projections. Be prepared to modify the plans should the demographics change. Some of the current facilities are currently not being fully utilised and should be planned out – we need to live within our means.

- Priority should be given to replacing/repairing core services and improving the habitability of the city, not the fast replacement of community facilities which could be deferred to a time when the City is in a better financial position.
- We would like to see more explicit risk management and scenario planning; for example, if predicted growth rates do not materialise, what major projects will be deferred or scheduled out.

We feel it is essential to build a balanced city, one which caters to the various needs of all of the ratepayers and not just a few. Whilst the current aspirations of the Council are to be commended, we need to be mindful of the commercial realities which we are currently facing and manage expenditure accordingly.

We appreciate the opportunity to comment on this Long Term Plan and should you have any questions around our submission please do not hesitate to call me on 03 353 2540.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tom Thomson', with a long horizontal flourish extending to the right.

Tom Thomson
President - NZMEA