LTP24/34 Workshop

Community Resilience

Climate resilient infrastructure and funding

environment SOUTHLAND
REGIONAL COUNCIL
Te Taiao Tonga

Key issue for the 24/34LTP

- To increase regionwide community resilience.
- We need to improve our infrastructure, data and knowledge and our capability and ability to respond.
- To take a regionwide approach we will need to reassess how this is funded.
- To achieve results beyond the status quo we need additional investment.
- In workshops to date we have identified the current state of our infrastructure, the direction needed to develop our new Infrastructure Strategy and we have presented on the financial tools available to Council and our obligations.
- Today's workshop brings together infrastructure and funding and covers options proposed by staff and seeks guidance on funding principles.

Introduction

- When considering funding Council must have regard to Section 101 of the Local Government Act. (explained next)
- In addition, Council must consider affordability
- Acknowledge there are funding constraints
- There is other work being done to review existing budgets
- How much work is done and when will be matters for Council to consider

Agenda

1. Recap
2. Scene setting for integrated community resilience
3. Options for future community resilience – infrastructure and capability
4. Funding
5. Discussion/direction/guidance
6. Next steps

Recap – Infrastructure Strategy

- We have workshopped the current state of our flood management infrastructure.
- We have workshopped the draft Infrastructure Strategy.
- Feedback - we need to do more.
- Concerns were expressed around funding and existing governance arrangements.

Recap – Finance tools and obligations

- We have talked about the Financial Strategy – Our story
- We discussed our Finance and Revenue Policy – where does our revenue come from
- We identified our other policies and the need to review them including our Liability Management policy and our Investment policy, and
- We talked about the requirements of Section 101 of the Local Government Act 2002. When deciding where funding comes from, we must consider, what outcomes are being funded, who benefits, over what period, who causes the activity to be funded, and cost v benefit of the funding source proposed
- We then must review the overall impact – is it sensible, fair and transparent

Scene setting for integrated community resilience

- The status quo is not desirable.
- Policies, funding decisions identifying who benefitted and should pay were established more than 50 years ago with little if any review.
- Our demographics, our economic investments, our GDP, have all changed along with our reliance on lifelines such as roads, bridges, electricity, communications, sea and air transport links.
- The beneficiaries are now regionwide.
- We need to review what we do, what we provide and who pays.

Options for future community resilience – infrastructure and capability

- Presenting options is a requirement in consulting under the Local Government Act.
- Staff have identified three options.
- With each options comes variables such as specifications and time.

Three Options

Option 1 - Status quo.

Option 2 - Gradual improvement in capability, maintenance, data and knowledge and new infrastructure **– Staff recommended option.**

Option 3 - Significant investment in capability, maintenance and new infrastructure and moving early in developing alternative policies and infrastructure – Not recommended at this stage.

Options for future community resilience – infrastructure and capability

Option 1 - Status quo.

Repay debt

Continue to leave parts of our community open to flood risk

Continue to work with limited data

Not enough capacity to deliver the work needed

Problems are dealt with as they arise and are mostly site specific

Focus on flood banks as the main mechanism to mitigate flood risk

Options for future community resilience – infrastructure and capability

Option 1 - Status quo cont.

Maintaining current budget will mean deferred maintenance is not dealt with

Risk remain and are not managed

Does not prepare or respond to Southlands changing environment

Does mean no change in budget

Options for future community resilience – infrastructure and capability

Option 2 - A graduated improvement in capability, maintenance, data and knowledge and new infrastructure.

Repay debt.

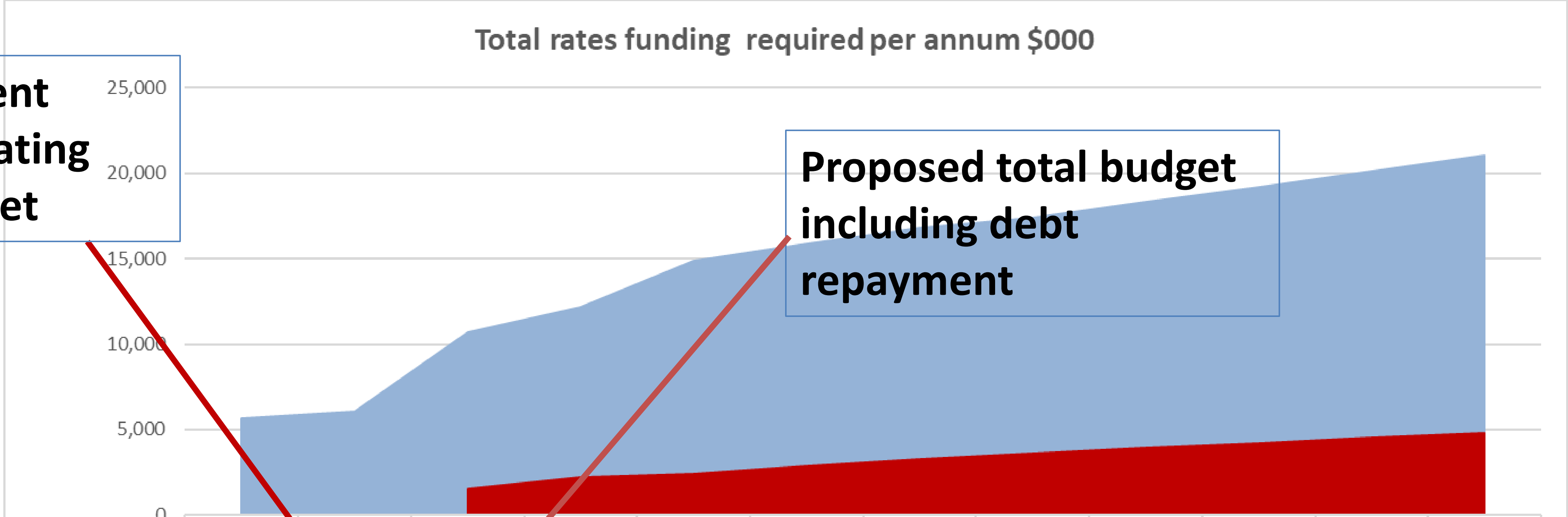
Significantly increase resourcing of the defects programme.

Increase capability and capacity of the team.

Improved catchment and climate change data and information.

CAPex projects.

Option 2 – Proposed Budget



	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.3	2030.31	2031.32	2032.33	2033.34
Total cost	5,636	6,028	10,678	12,172	14,859	15,884	16,785	17,393	18,293	19,199	20,114	21,039
Funding cost			1,540	2,189	2,390	2,890	3,246	3,584	3,904	4,209	4,499	4,774

Current operating budget

Proposed total budget including debt repayment

Debt repayment starting

Options for future community resilience – infrastructure and capability

Option 3 - Significant investment in capability, maintenance and new infrastructure and moving early in developing alternative policies and infrastructure

In addition to option 2, it would include significant upgrades to the flood protection schemes

Funding

Funding changes for Options 2 and 3 can be the same.

A regionwide approach can be applied.

All the tools are available.

Proportionality

Who pays what, what tools are used in what proportion.

1. Government grants – NZ as a whole contributing
2. Debt – intergenerational equity
3. Using capital value – those that can pay do pay
4. Fixed charges - everyone should pay a bit
5. Targeted rates – direct beneficiary

Funding

Funding for option 1 would be status quo, rates and debt.

As per the previous presentation and discussions, council has committed to reviewing the catchment rating system and is considering a more regionally based approach.

Funding Option 2 (incl current CR debt repayment)

	Yr1	Yr2	Yr3	Yr 10
Increase in rates funding vs prior year $000	4,650	1,494	2,687	926
Increase in rates funding %	77%	14%	22%	5%
Increase $ per $100k Capital value	11	3	6	2
Examples				
Inrease per $450k house	49	16	28	10
Increase per $5m farm	541	174	312	108
Increase per $10m farm	1,081	347	625	215

Per average residential household in Southland based on capital value

Per rural or commercial based on capital value

The example assumes costs spread equally across all ratepayers on capital value (CV), could be combination of fixed charges and CV.

Repayment of current CR debt = approx. $14 per residential household,
→ net cost in Yr 1 of new Infrastructure budget could be $35 per average residential household.

Discussion/direction/guidance

- Is there general endorsement for adopting a community resilience focus and taking a regional approach?
- If so, do we pursue option 2 for budgeting, modelling and early engagement?
- Who should we early engage with – the catchment chairs and/or committees? Who else?
- We will update the rates models chosen earlier in this session with the infrastructure budget option decided on.

Next

- Depending on the directions of this workshop staff will develop budgets, policies and funding models for future consideration.