



**For now &
our future**

LTP24/34 CLC Chairs Workshop

Community Resilience
Climate resilient infrastructure and funding

Key issue for the 24/34LTP

Regionwide
community
resilience

Infrastructure,
data and
knowledge and
response

A more
regionalised
approach to
funding

Investment

Agenda



Scene setting

Options – infrastructure and capability

Funding

Discussion/direction/guidance

Next steps

Scene setting for integrated community resilience

The status quo is not desirable



50 years old



It has all changed



Regionwide beneficiaries



We need to review

Three Options

Option 1 - Status quo & capital projects debt repayment.

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

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

Option 1 - Status quo & debt

Repay debt

Flood risk

Limited data

Lack capacity

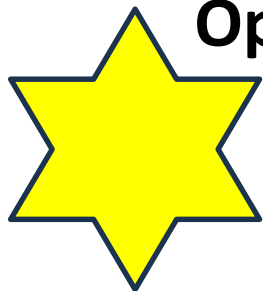
Site specific

Flood bank
focus

Deferred
maintenance

Unmanaged
risk

Changing
environment



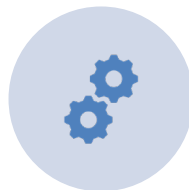
Option 2 - A graduated improvement in capability, maintenance, data and knowledge and new infrastructure.



REPAY DEBT



DEFECTS
PROGRAMME



CAPABILITY
AND CAPACITY



DATA AND
INFORMATION



CAPEX
PROJECTS

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



Option 2, plus



Significant upgrades to the flood protection schemes

Discussion/direction/guidance

Community
resilience focus
and regional
approach?

Option 2?

Engage early?

Climate Resilience Funding Review

Discussion points

1. What have we learnt
2. What can we do
3. When

At the workshop 24th August

We covered the legal parts and the process we need to follow.

We asked the following questions:

1. Is there benefit in taking a more regional approach?
2. Do we need to rate on location or any other classification?
3. How should we rate, CV, LV, area, fixed charge

Feedback from groups – common themes:

Desire to change, desire to simplify.

Queries around control of funding.

Uncertainty around voice in regional asset management planning.

Recognition of those outside catchments not contributing.

No funding for works outside of the catchment that could benefit the catchment.

Urban LOS higher.

More information, understand the impacts.

Outcomes for workshop

1. Catchment management funding?
2. River management funding?
3. Local share – classifications?
4. New investment and asset maintenance?

Discovery – what have we learnt?

Not all ratepayers are in a rating district.

15% of capital value sits outside the rating districts.

We've learnt that land value rates result in very little contribution from industry, non from utilities and less from residential compared to investment.

Eight ratepayers represent \$2b worth of capital value, paying little in catchment rates.

Question: Should all ratepayers be in a rating district?

Options

Yes They should because ...

No Not necessary because....

Sharing regionally

Catchment Management

We've learnt that keeping staff costs and overheads in the catchment management team, creates better outcomes and makes better use of resources, while sharing the costs across the region with all ratepayers. Doing this recognises that catchment management (flood plain management) benefits everyone.

We've learnt that after doing the above, sharing \$1m of costs, the direct cost of river management is \$3m, which is less than half the total science budget.

Do we really need 140 levies to apportion it when we have one science rate?

Question: Is sharing the cost of the catchment management teams across the region something we agree on?

Options

Yes We agree because.....

No We disagree because

Regional share vs local share

River management

We've learnt that there are 4 stakeholder groups who fund river management activity.

| | |
|---|-------------------------|
| Regional ratepayers | Fund 30% of total rates |
| Local ratepayers In the catchment but not on the flood plain (Rate class F). | Fund on average 28% |
| On the flood plains and can flood (rate class E) | Fund a combined 14% |
| On the flood plains but behind flood banks (rates A&B) | Fund a combined 28% |

Regional share

We've learnt that the more we share the river management cost across the region (higher general rate %), the greater the amount of catchment rates paid for by ratepayers who are not currently paying any or much.

We've learnt that sharing the cost using 100% regional rate based on capital value, shares the cost more evenly across the *various ratepayers, regardless of location*.

[Refer to appendix for graphs and explanation.](#)

Question: Is moving towards 100% regional rate (gen rate funding) beneficial?

Options

Yes We agree because....

No We disagree because.....

Sharing the local cost

Classifications

If we do not agree on 100% regional rate and still have a local share, do we need to share the local cost based on location (classifications)?

Question: Can we look to alternative ways to share the cost by using capital value, a fixed cost or by area?

Options Retain the current

Option 1 = Refine current classification system.

Option 2 = Rate all properties in the catchment on equal basis.

Option 3 = Consider how the use of fixed charge on capital value could provide some degree of differentiation.

Regional approach – New investment

Thoughts -

Can we consider regional flood protection infrastructure in a similar way to drainage and water infrastructure in a city?

Residents in cities are not rated on where they live but contribute to the overall infrastructure cost of the city.

In comparison, rural residents with much lower population, have tended to be charged for the costs of “local” communities. This has serious economic challenges for small communities and is causing a change in thinking, e.g. SDC sewerage schemes and nationally with “Affordable Waters”.

Which option contributes to best to overall community outcomes and community well beings?

Regional approach – New investment

Funding options for new infrastructure:

Government funds where available

Asset reserves if available

Debt

There is no current rating mechanism for the repayment of debt raised to build new flood protection infrastructure.

Options

Current

no current rate in place

Option 1

100% across the region – everyone in the region benefits from a resilient community (CV or fixed rate per property)

Option 2

% regional share and % local share (consider catchment boundaries)

Next steps - what can we do

We could consider the boundaries of the current rating districts.

We can continue to work to understand the costs and benefits those on the flood plain receive relative to those who are not, and how that might translate into a new system.

What can we do

Ensure that the policy changes we need, overall policy on asset management, rural flood bank maintenance, river erosion, vegetation control (third party contributions needed here as well) are well designed and agreed upon.

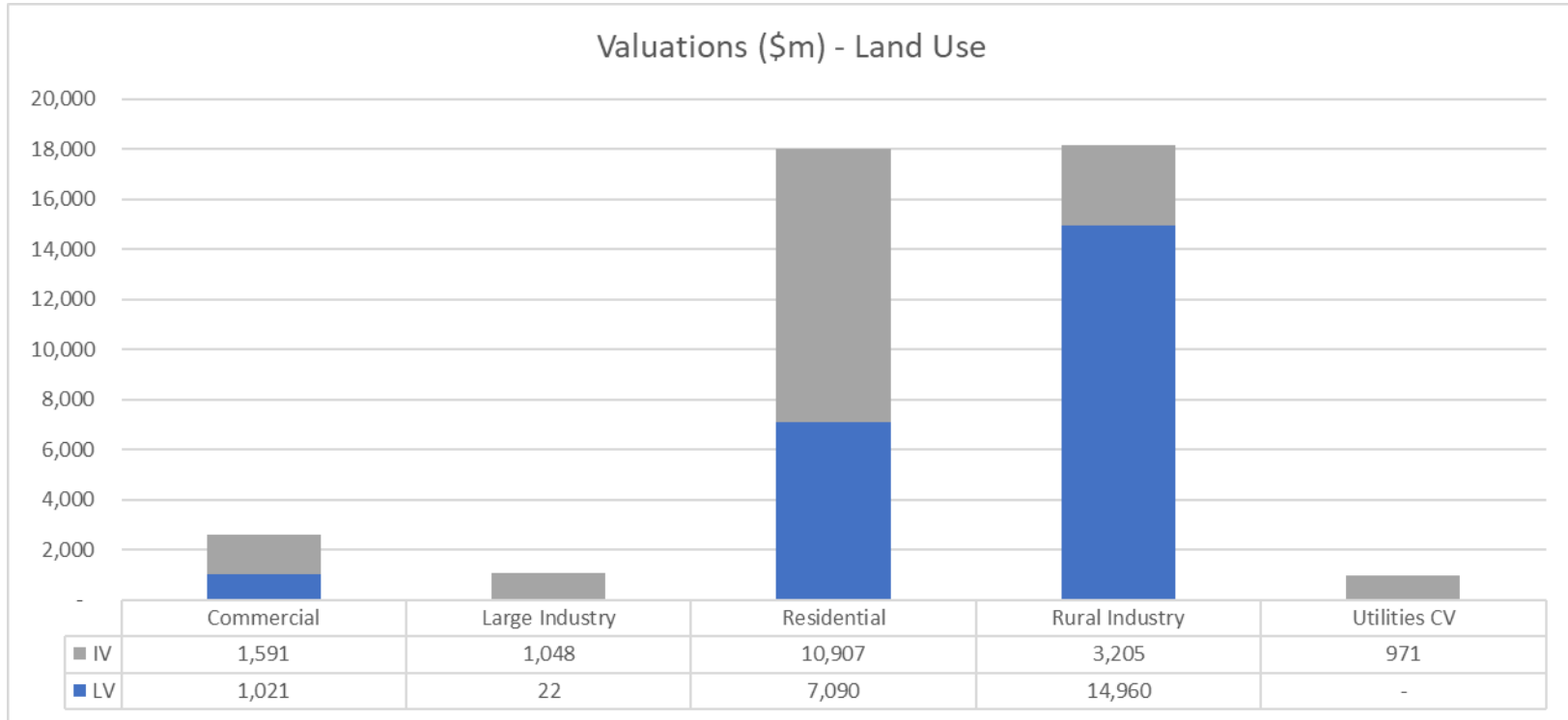
Agreement reached

1. Catchment management funding?
2. River management – funding
3. Local share – classifications?
4. New investment and asset maintenance?

Next steps

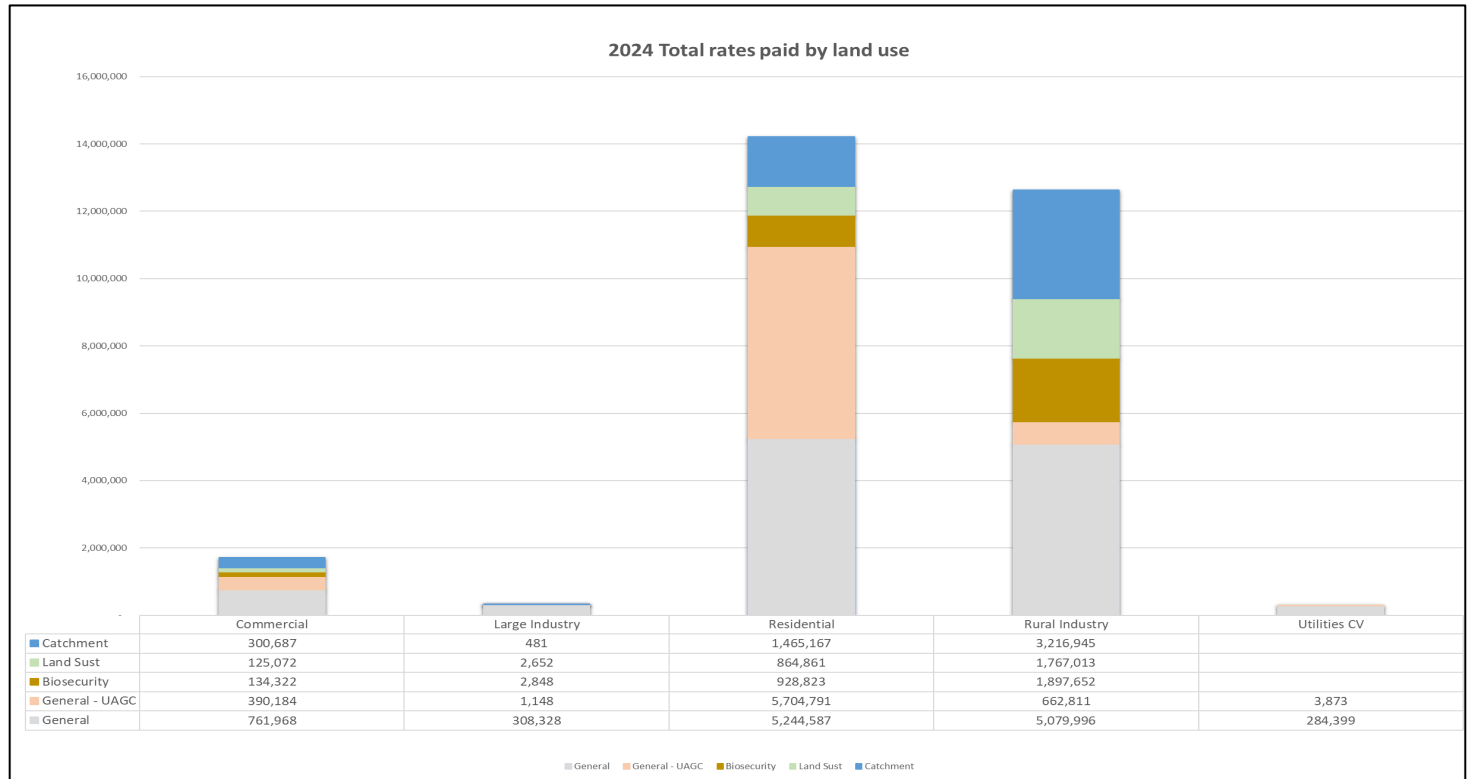
Appendices

Analysis of capital value by land use



Analysis of rates by land use

Current catchment rates are paid - 64% by rural ratepayers, 31% by residential ratepayers and 5% by others.



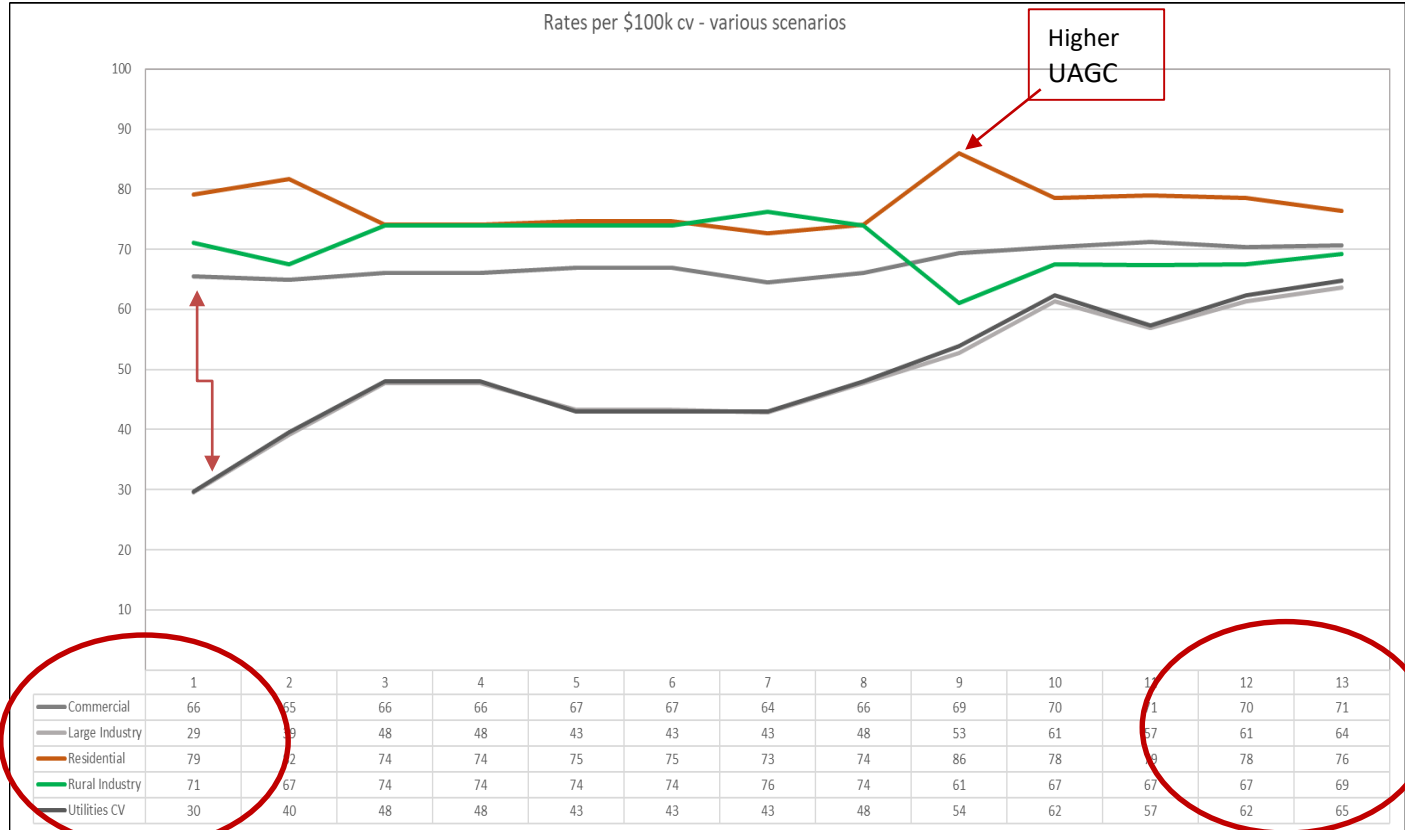
Comparing total rates to capital value – land use

The graph displays rates per \$100k of capital value - current rates models vs various alternative combinations.

From left to right, models show increasingly higher capital value % as rates method.

As capital value % increases, the ratepayer groups rates per \$100k converge.

A model with a higher UAGC, shows a spike in residential rates.



Current rates method

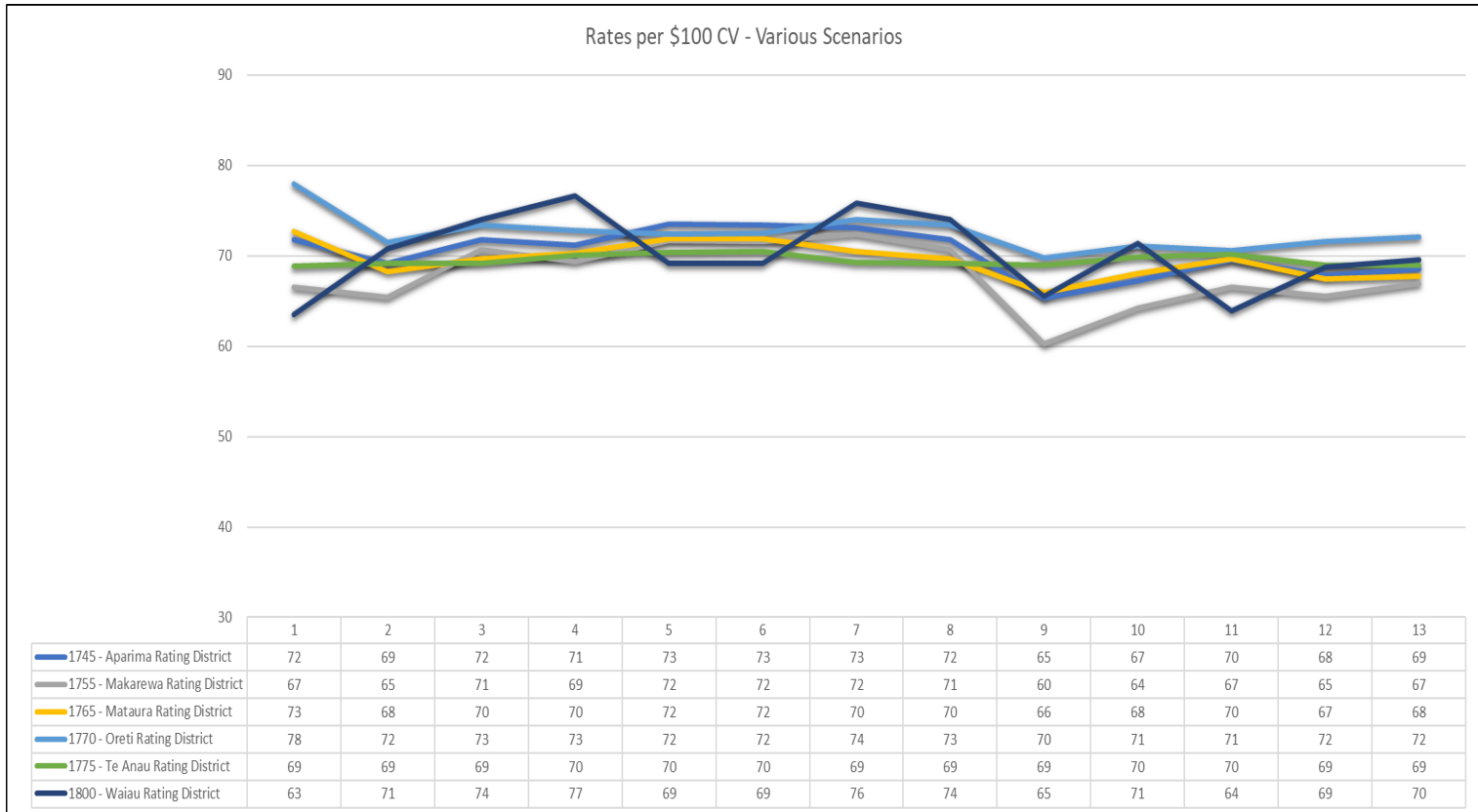
100% capital value method with reduced UAGC

Comparing rates to capital value – scheme

The graph displays rates per \$100k of capital value for rural rating districts - current rates models vs various alternative combinations.

From left to right, models show increasingly higher capital value % as rates method.

As capital value % increases, the rural rating districts remain similar or decrease, with one exception.

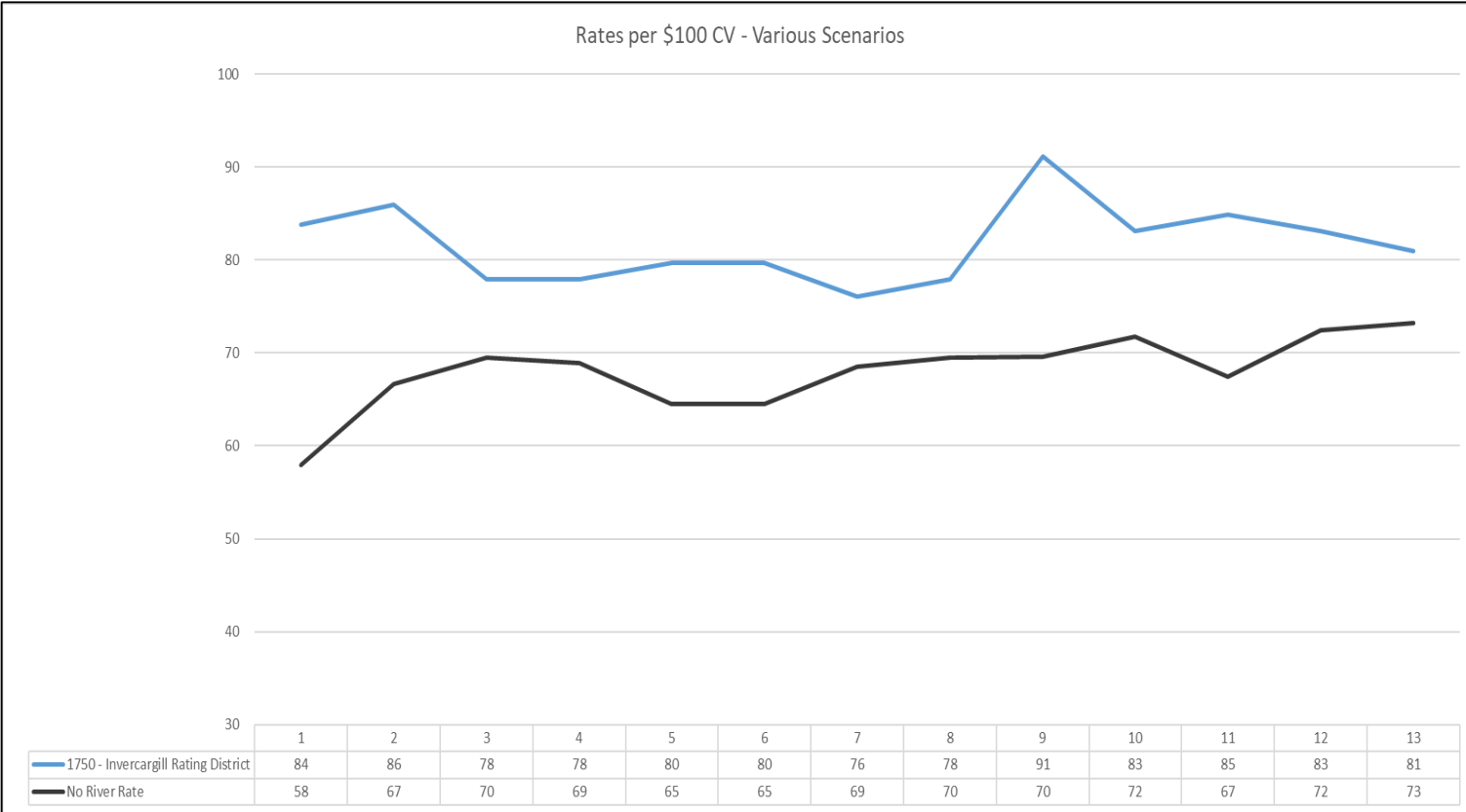


Comparing rates to capital value

The graph displays rates per \$100k of capital value, for the Invercargill flood scheme and for those not currently in a scheme.

From left to right, models show increasingly higher capital value % as rates method.

As capital value % increases. Invercargill remains similar or less, with the rates for those not in a catchment scheme increasing.



Impacts of Model 13

Analysis of change from current to Model 13, changes to land use groups and rating districts.

Greatest change on those currently paying least catchment rates, i.e. high cv groups and those not in catchments.

| Rates \$m current vs Model | | | | |
|----------------------------|---------|----------|-----------|----------|
| Land use | Current | Model 13 | Change \$ | Change % |
| Commercial | 1,713 | 1,846 | 133 | 8% |
| Large Industry | 315 | 681 | 365 | 116% |
| Residential | 14,230 | 13,754 | (476) | (3%) |
| Rural Industry | 12,922 | 12,579 | (343) | (3%) |
| Utilities CV | 288 | 629 | 340 | 118% |
| | 29,468 | 29,488 | 20 | 0% |

| Rating District | Current | Model 13 | Change | Change % |
|-------------------------------------|---------|----------|--------|----------|
| 1745 - Aparima Rating District | 2,400 | 2,294 | (106) | (4%) |
| 1750 - Invercargill Rating District | 7,166 | 6,922 | (244) | (3%) |
| 1755 - Makarewa Rating District | 1,518 | 1,528 | 9 | 1% |
| 1765 - Mataura Rating District | 7,131 | 6,648 | (483) | (7%) |
| 1770 - Oreti Rating District | 4,444 | 4,110 | (334) | (8%) |
| 1775 - Te Anau Rating District | 1,783 | 1,787 | 4 | 0% |
| 1800 - Waiau Rating District | 906 | 994 | 88 | 10% |
| No River Rate | 4,120 | 5,205 | 1,085 | 26% |
| TOTAL | 29,468 | 29,488 | 20 | |

Need to review impact of current rating agreements

Analysis of catchment rates currently paid by classification per catchment

The first table shows the total rates paid (incl. GST) for each of the river management rates.

| Sum of Rates | A | B | D | E | F | Grand Total |
|-------------------------------------|----------------|----------------|----------------|----------------|------------------|------------------|
| 1101 - Mataura Rating District | 44,843 | 171,622 | 12,331 | 517,292 | 503,192 | 1,249,280 |
| 440 - Oreti Rating District | 204,077 | 389,026 | | 27,224 | 456,022 | 1,076,349 |
| 1140 - Aparima Rating District | 52,695 | 168,553 | | 42,678 | 144,979 | 408,905 |
| 1080 - Makarewa Rating District | 67,474 | 98,486 | | | 111,387 | 277,347 |
| 450 - Te Anau Basin Rating District | | 12,767 | 76,602 | 51,068 | 102,136 | 242,573 |
| 434 - Waiau Rating District | | | 45,372 | 16,885 | 11,809 | 74,065 |
| Grand Total | 369,089 | 840,454 | 134,305 | 655,147 | 1,329,525 | 3,328,521 |

Current rates paid by classification as %

The first table shows rates paid by classification as a % of total “targeted” rates paid by that catchment. (targeted being 70% of the total rates needed)

Note the variation between the catchments, highlighting the differences in size and construction. Some have few stop banks and others have much higher degrees of bank protection.

The second table reflects the amount of \$ in land value sitting within each classification area.

E.g., a combined 5% of land value is in B classification areas paying 25% of combined rates.

| Sum of Rates | A | B | D | E | F | and Tot |
|-------------------------------------|------------|------------|-----------|------------|------------|-------------|
| 1101 - Mataura Rating District | 4% | 14% | 1% | 41% | 40% | 100% |
| 440 - Oreti Rating District | 19% | 36% | 0% | 3% | 42% | 100% |
| 1140 - Aparima Rating District | 13% | 41% | 0% | 10% | 35% | 100% |
| 1080 - Makarewa Rating District | 24% | 36% | 0% | 0% | 40% | 100% |
| 450 – Te Anau Basin Rating District | 0% | 5% | 32% | 21% | 42% | 100% |
| 434 – Waiau Rating District | 0% | 0% | 61% | 23% | 16% | 100% |
| Grand Total | 11% | 25% | 4% | 20% | 40% | 100% |

| Sum of Land value | Classification | A | B | D | E | F | and Tot |
|-------------------------------------|----------------|-----------|-----------|-----------|-----------|------------|-------------|
| 1101 - Mataura Rating District | | 0% | 5% | 0% | 14% | 80% | 100% |
| 440 - Oreti Rating District | | 4% | 7% | 0% | 1% | 88% | 100% |
| 1140 - Aparima Rating District | | 3% | 7% | 0% | 4% | 86% | 100% |
| 1080 - Makarewa Rating District | | 8% | 10% | 0% | 0% | 82% | 100% |
| 450 – Te Anau Basin Rating District | | 0% | 1% | 19% | 1% | 79% | 100% |
| 434 – Waiau Rating District | | 0% | 0% | 1% | 4% | 94% | 100% |
| Grand Total | | 3% | 6% | 2% | 5% | 84% | 100% |