



**For now &
our future**

LTP24.34 workshop 30 Nov

Climate Resilience Funding

Progress to date

The benefits to a simpler, more equitable regional approach to rating are many.

Catchment committees have been asking for a review for some years.
Building sustainable region wide resilience was the starting point for this review.
Sharing all the costs of council across the community is a key outcome.

The council preferred option will have varying impact depending on location and capital value of the property.

Ratepayers with higher capital value and low land value, and thus have been rated very little for catchment, land sus and bio, will have the larger increases.

All those outside the current catchment schemes will have increases above average.
Those within catchments will see changes dependent on location.

After the “adjustment” year, all ratepayers will share the same rate increases.

Workshop Outline

Progress to date

Proposed change to Option 1 – UAGC @ \$95

Proposed rate increases 2024.25 – impacts

Summary

Progress to date – rate changes

	Option 1	Option 2
1. Catchment <i>management</i> funding	100% cv regional	100% regional
2. River management – regional vs local	100% cv regional	70%/30% share
3. Local share – classifications	use of cv	current system
4. New investment and asset maintenance	100% cv regional	region/local share
5. Land management rates, Bio and Land sus	100% cv regional	transition with one
6. UAGC (reduce to “balance” shift in rates)	\$70-\$143	transition
7. New investment - debt with repayment (use of lease land surplus - \$450k pa)	use of cv	region/local

Summary of Changes – with rate increase

Modelling to date has been around changes to how we share the cost of council, reviewing who pays. Adding another \$6.7m of rates funding, as a general rate adds to the impact of the change.

Approx 80% of commercial and residential ratepayers will pay no more than \$2 per week “on average” (dependent on location and current capital value/land value).

The 80% are in the lower capital value ranges, through to \$550k. The “average residential” capital value is \$450k. The median capital value property is \$328k.

Residential ratepayers with properties from \$550k-\$1m will pay from \$3 - \$6 per week additional, on average. 18% of residential ratepayers are in this category.

The remaining 2%, properties over \$1m in value will pay upwards of \$6 per week dependent on value and location.

The majority of rural ratepayers are above \$1.25m in value (68%). Those below that amount will have average increases of up to \$3 per week.

Overall, the rural sector rates will benefit by 8%, prior to the addition of extra rates. Increases and decreases in rural areas are dependent nearly exclusively on location.

Commercial ratepayers with less than \$1.25m of property value, will on average will pay \$3-\$5 additional per week.

Increases for those in the higher value ranges will average 90%, some reaching 160%.

Utilities and Large industry will see increase up to 200%.

UAGC, rate impacts and samples

The rates impacts and samples following have been calculated with a UAGC of \$95 and 100% cv rating.

The early modelling indicated a UAGC lower than \$143 was needed to “balance” the impact of the rates changes for lower value properties.

A UAGC of \$70 was first proposed and modelled vs \$143.

Council chose the \$70 option at a recent workshop.

When reviewing the impact of that across all property values, it became apparent that the UAGC was too low.

At \$70, the lower value properties were receiving refunds while the mid and upper value properties were experiencing much higher rates.

At a UAGC of \$95, 46% of residential properties will have a net rates increase of 13% while 78% of commercial properties will have a net rate increase less than the budgeted 26%.

Residential ratepayers

80% of residential ratepayers will pay on average < \$107 or \$2 per week

3% of residential ratepayers will pay on average > \$300 or \$6 per week

Residential							
Capital value range \$	% properties	Average % increase	# properties	Average \$ increase		Average current rates \$	Average new rates \$
<350000 or (blank)	46%	13%	19,492	32		247	279
350,000-449,999	22%	24%	9,247	77		328	405
450,000-549,999	12%	28%	4,878	107		376	482
550,000-649,999	8%	35%	3,252	145		419	564
650,000-749,999	5%	41%	1,979	189		458	647
750,000-849,999	3%	47%	1,224	232		489	722
850000-949,999	2%	51%	719	268		527	795
950,000-1,049,999	1%	52%	434	295		570	865
1,050,000-1,149,999	1%	53%	244	322		609	930
1,150,000-1,249,999	0%	51%	126	341		666	1,008
>1,250,000	1%	59%	406	455		767	1,222

Commercial ratepayers

78% of commercial ratepayers will pay on average < \$105 or \$2 per week

15% of ratepayers will pay on average \$1,279. Within the top 15% there is a wide range, with a maximum increase of \$27,247 to a decrease of \$2,100

97% of commercial ratepayers will increase < \$1,000

Commercial							
Capital value range \$	% properties	Average % increase	# properties	Average \$ increase		Average current rates \$	Average new rates \$
<350000 or (blank)	50%	(8%)	1,685	(17)		222	205
350,000-449,999	9%	3%	298	13		392	405
450,000-549,999	7%	8%	235	37		446	482
550,000-649,999	5%	16%	165	76		477	553
650,000-749,999	4%	16%	136	86		548	634
750,000-849,999	3%	17%	99	105		611	716
850000-949,999	2%	24%	69	155		650	805
950,000-1,049,999	2%	31%	67	206		673	879
1,050,000-1,149,999	2%	34%	53	245		714	958
1,150,000-1,249,999	1%	38%	27	278		731	1,009
>1,250,000	15%	69%	508	1,279		1,863	3,142

Rural ratepayers

28% of rural ratepayers will pay on average < \$106 or \$2 per week

68% of ratepayers will pay on average \$596.

Within the top 68% there is a wide range, with a maximum increase of \$14,162 to a decrease of \$11,220

80% of rural ratepayers will increase < \$1,000 and 99% < \$3,000

Rural							
Capital value range \$	% properties	Average % increase	# properties	Average \$ increase		Average current rates \$	Average new rates \$
<350000 or (blank)	14%	(15%)	766	(23)		158	135
350,000-449,999	1%	1%	62	4		411	415
450,000-549,999	2%	4%	85	21		510	531
550,000-649,999	2%	5%	98	26		576	602
650,000-749,999	2%	10%	136	64		644	709
750,000-849,999	2%	10%	134	66		665	731
850000-949,999	2%	10%	128	81		776	857
950,000-1,049,999	3%	13%	145	106		816	922
1,050,000-1,149,999	2%	17%	118	141		849	990
1,150,000-1,249,999	2%	16%	87	149		930	1,080
>1,250,000	68%	18%	3,776	596		3,274	3,870

Rate examples – lower capital value

Moving to a 100% capital value rating system means all properties with the same value pay the same rate total.

In the process of changing over, some properties increase at different amounts, others may have a decrease.

The increase and decrease arise because of location and the move away from land value rates.

The table displayed shows a range of changes for a list of properties with a \$450k value.

Capital value	Current rates	New rates @ \$UAGC 95, 100% cv	Change in rates
450,000	338	393	56
450,000	340	393	53
450,000	299	393	95
450,000	355	393	38
450,000	299	393	95
450,000	393	393	-0
450,000	355	393	38
450,000	411	393	-18
450,000	388	393	5
450,000	311	393	82
450,000	373	393	20
450,000	373	393	21
450,000	346	393	47
450,000	353	393	41
450,000	325	393	68
450,000	337	393	56
450,000	337	393	56
450,000	337	393	56
450,000	343	393	50
450,000	329	393	64
450,000	325	393	68
450,000	309	393	85
450,000	296	393	98
450,000	512	393	-119
450,000	373	393	21

Rates increase – Utilities

Increase to rates from rates review only

Increase to rates including new budget

Changes to capital value rating with a UAGC of \$95 sees an overall increase of 100% for Large industry and Utilities.

With a proposed 26% rate increase in addition, the same ratepayers will experience an average 164% rate increase.

Ratepayer	Capital value	Sum of Current rates	Sum of Rates change \$95 UAGC	Sum of New budget rates change \$95 UAGC
Large Industry				
Meridian Energy Ltd	877,750,000	255,405	251,518	415,832
NZ Aluminium Smelters Ltd	195,935,000	62,472	60,379	100,193
Pacific Aluminium (New Zealand) Limite	1,150,000	708	107	340
Large Industry Total	1,074,835,000	318,586	312,003	516,366
Utilities CV				
Aurora Energy Ltd	380,000	251	63	134
Chorus NZ Ltd	81,920,000	24,137	24,332	39,971
Electricity Invercargill Ltd	48,580,000	15,107	15,401	25,272
Gore District Council	37,800,000	9,594	9,512	15,652
Invercargill City Council	394,030,000	121,939	125,116	205,183
NZ Post Ltd	104,000	461	(114)	(94)
One New Zealand Group Ltd	2,300,000	939	576	1,007
Southland District Council	94,450,000	27,089	27,576	45,257
The Power Company Ltd	208,300,000	58,783	60,103	98,598
Transpower NZ Ltd	59,380,000	17,031	16,995	27,946
Vector Ltd	90,000	169	(22)	(5)
Vodafone New Zealand Limited	1,320,000	518	338	585
Utilities CV Total	928,654,000	276,017	279,876	459,506
Grand Total	2,003,489,000	594,603	591,879	975,872
			100%	164%

Rates increase – Commercial

Increase to rates from rates review only

Increase to rates including new budget

With a proposed 26% rate increase, the top 250 commercial ratepayers will experience an average 90% increase in rates

Land use	Owner	Sum of Current rates	Sum of Rates change \$95 UAGC	Sum of New budget rates change \$95 UAGC
Commercial	Alliance Group Ltd	22,067	15,528	27,247
	Open Country Dairy Ltd	16,185	15,837	26,201
	Mataura Valley Milk Ltd	11,235	10,908	18,096
	Daiken Southland Ltd	11,873	5,937	11,687
	South Pacific Meats Ltd P0000626	6,604	5,793	9,786
	Distinction Luxmore Ltd	6,633	4,769	8,438
	Niagara Sawmilling Company Ltd	6,678	4,228	7,504
	Invercargill City Council	6,151	4,086	7,378
	Ballance Agri-Nutrients Ltd	5,019	4,297	7,291
	Pak n Save	7,339	3,649	7,185
	Pioneer Generation Ltd	4,649	4,213	7,058
	Bupa Retirement Villages Ltd	5,046	3,625	6,409
	Invercargill Licensing Trust	5,386	3,536	6,401
	Rowena Jackson Retirement Village	5,603	3,444	6,350
	Bupa Care Services NZ Ltd	4,470	3,638	6,239
	South Port NZ Ltd	4,841	3,502	6,179
	HW Richardson Trustee Company Lt	4,640	3,492	6,132
	Bupa Care Services NZ Ltd	4,039	3,617	6,103
	Clare House Retirement Village Ltd	4,539	3,382	5,922
	Invercargill City Council	4,466	3,204	5,663
	Invercargill City Council	5,151	3,101	5,570
	Antipodean Supermarkets Ltd	6,180	2,585	5,430
	Spey Street Properties Ltd	4,244	3,050	5,387
	Southern Cross Hospitals Ltd	4,573	2,909	5,307
	Bupa Retirement Villages Ltd	3,650	2,905	5,001
	Fraser Properties Ltd	4,164	2,755	4,969
	MP Diversified Retail LP	5,751	2,357	4,958
	Department of Corrections	4,506	2,538	4,794
	Invercargill Licensing Trust	4,310	2,296	4,409

Rate examples – higher capital value

Rates changes in properties with higher capital value are greater, both the increases and the decreases.

5% of properties in the region are over \$5m and those properties may see rates increases of -20% to + 100%, dependent on location and their capital value relative to land value.

Capital value	Current rates	New rates @ \$UAGC 95, 100% cv	Change in rates
5,000,000	2,074	3,915	1,841
5,000,000	2,571	3,915	1,344
5,000,000	5,532	3,915	-1,617
5,000,000	2,853	4,038	1,185
5,000,000	5,486	6,131	645
5,000,000	2,824	4,071	1,247
5,000,000	2,849	3,916	1,068
5,000,000	3,145	3,820	675
5,000,000	5,251	4,309	-943
5,000,000	4,349	5,111	762
5,000,000	3,215	3,915	700
5,000,000	3,162	3,915	753
5,000,000	4,450	5,197	747
5,000,000	4,030	5,342	1,312
5,000,000	4,319	5,527	1,208
5,000,000	2,689	3,409	720
5,000,000	2,530	3,409	879
5,000,000	6,705	3,915	-2,790
5,000,000	3,333	3,915	582

Rates increase – Catchments

As noted previously, the catchments with the largest current catchment budgets, experience the largest decrease under the rates restructure. The rates cost moves mostly to those in the No River rated areas.

The rates decrease offsets the rates increase from the budget, thus reducing the impact for some, however it magnifies the impact for others.

Rating District	Sum of Current rates	Sum of Rates change \$95 UAGC	Sum of New budget rates change \$95
1745 - Aparima Rating District	2,399,987	(156,900)	469,304
1750 - Invercargill Rating District	7,165,767	189,605	1,927,249
1755 - Makarewa Rating District	1,518,311	(64,258)	359,856
1765 - Maitai Rating District	7,072,854	(620,745)	1,062,058
1770 - Oreti Rating District	4,443,946	(405,867)	677,737
1775 - Te Anau Rating District	1,783,493	8,172	492,991
1800 - Waiau Rating District	906,470	58,012	325,363
No River Rate	4,107,409	939,685	2,295,019
	29,398,237	(52,298)	7,609,578
1745 - Aparima Rating District		(7%)	20%
1750 - Invercargill Rating District		3%	27%
1755 - Makarewa Rating District		(4%)	24%
1765 - Maitai Rating District		(9%)	15%
1770 - Oreti Rating District		(9%)	15%
1775 - Te Anau Rating District		0%	28%
1800 - Waiau Rating District		6%	36%
No River Rate		23%	56%
			26%

Summary

Agreement on rates model with budgeted rate increase

Agreement on communications and planning for stakeholder engagement