

A wide landscape photograph showing a river winding through a green valley. In the background, there are large, rugged mountains with patches of snow under a blue sky with light clouds.

**For now &  
our future**

# **LTP24.34 workshop 14 Dec**

## **Climate Resilience Funding**

# Workshop Outline

Summary of rate changes

Options for consultation

Option 1 – UAGC @ \$95, 100% capital value rates

Option 2 – UAGC @ \$120, 100% capital value rates

Option 3 – UAGC @ \$180, current rating policies

Proposed rate increase details of each

Summary

# 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.

Residential properties < \$450k in value will have on average, less of an increase under the proposed policy than the existing policy.

Commercial properties < \$950k in value will have on average, less of an increase under the proposed policy than the existing policy.

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).

Approx 49% of rural ratepayers will pay no more than \$2 per week on average, again dependent on location and capital/land value.

Overall rural rate increases will be 8% less than under the current rating policy.

As noted at the very beginning of the process, those properties with high capital values vs land values are most affected by the proposed policy change.

Commercial ratepayers with > \$1m in property value will pay rates substantially higher than under the current policy.

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

# UAGC, rate impacts and samples

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

UAGC’s of \$70 and \$95 have been modelled previously.

A desire to explore a higher UAGC was indicated at the last workshop.

Rate examples using aggregate averages across bands of property values are detailed in the presentation using both \$95 and \$120.

# Consultation options

Council needs to provide options for consultation on the rates proposal.

It is usual to propose the current policy, status quo, as an option.

Status quo with a 26% rate increase would see the UAGC increase to \$180 ( $\$143 \times 1.26$ ).

This presentation compares the proposed rating policy with the current policy for a range of ratepayers and values.

# Rates increase – Land use

Overall increases for residential overall are identical under the current policy vs the proposed policy with UAGC at \$95k. At a \$120 UAGC, average rate increases to 30%.

Rural rate increases are less under the proposed policy at 18% vs 26% current policy.

Commercial increases are higher under both UAGC policies, 41% vs 27%.

Large industry and utilities have substantially higher increases under the proposed policy vs current.

| Land use                      | Capital value  | Current rates | Rate increase \$   |                    |   |
|-------------------------------|----------------|---------------|--------------------|--------------------|---|
|                               |                |               | UAGC \$95, 100% cv | UGC \$120, 100% cv | Current policy, UAGC @ \$180, and value rates |
| Residential                   | 16,710,168,550 | 13,506,347    | 3,519,459          | 4,006,640          | 3,522,424                                     |
| Rural Industry                | 19,036,708,350 | 13,463,327    | 2,424,849          | 2,010,532          | 3,494,923                                     |
| Commercial                    | 3,027,371,950  | 1,894,972     | 775,458            | 756,509            | 511,033                                       |
| Utilities CV                  | 971,334,000    | 288,272       | 447,347            | 451,796            | 81,020  |
| Large Industry                | 1,069,705,000  | 315,456       | 515,380            | 484,328            | 87,645  |
|                               | 40,815,287,850 | 29,468,374    | 7,682,492          | 7,709,805          | 7,697,045                                     |
| <b>Increase %</b>             |                |               |                    |                    |   |
| Residential                   |                |               | 26%                | 30%                | 26%   |
| Rural Industry                |                |               | 18%                | 15%                | 26%   |
| Commercial                    |                |               | 41%                | 40%                | 27%   |
| Utilities CV                  |                |               | 155%               | 157%               | 28%   |
| Large Industry                |                |               | 163%               | 154%               | 28%   |
|                               |                |               | 26%                | 26%                | 26%   |
| <b>Rates per \$100k of cv</b> |                |               |                    |                    |   |
| Residential                   |                | 81            | 102                | 105                | 102   |
| Rural Industry                |                | 71            | 83                 | 81                 | 89  |
| Commercial                    |                | 63            | 88                 | 88                 | 79  |
| Utilities CV                  |                | 30            | 76                 | 76                 | 38  |
| Large Industry                |                | 29            | 78                 | 75                 | 38  |
|                               |                | 72            | 91                 | 91                 | 91  |

# Residential ratepayers

The average increase for all residential rates across the region of \$84 pa, is the same for the proposed rate policy change as with the existing policy. The distribution of rate increases varies. Under the proposed rates policy, properties < \$450k pay less rates.

80% of residential ratepayers in the region will pay on average < \$107 or \$2 per week under the proposed policy.

An increase of UAGC from \$95 to \$120 will increase rates \$4- \$15 pa for properties < \$800k. Properties > \$800k will benefit by a similar amount.

| Capital value   | % of properties | # of properties | Average current rates | Average rate increase |                    |   |
|-----------------|-----------------|-----------------|-----------------------|-----------------------|--------------------|---|
|                 |                 |                 |                       | UAGC \$95, 100% cv    | UGC \$120, 100% cv | Current policy, UAGC @ \$180, and value |
| <350000         | 47%             | 19,507          | 247                   | 32                    | 47                 | 65                                      |
| 350000-449999   | 22%             | 9,249           | 328                   | 77                    | 90                 | 85                                      |
| 450000-549999   | 12%             | 4,880           | 376                   | 107                   | 117                | 97                                      |
| 550000-649999   | 8%              | 3,255           | 419                   | 145                   | 152                | 108                                     |
| 650000-749999   | 5%              | 1,980           | 458                   | 189                   | 193                | 117                                     |
| 750000-849999   | 3%              | 1,225           | 489                   | 232                   | 233                | 127                                     |
| 850000-949999   | 2%              | 722             | 527                   | 268                   | 265                | 138                                     |
| 950000-1049999  | 1%              | 389             | 561                   | 302                   | 298                | 147                                     |
| 1050000-1149999 | 0%              | 175             | 588                   | 346                   | 339                | 157                                     |
| 1150000-1250000 | 0%              | 128             | 621                   | 387                   | 377                | 164                                     |
| >1250000        | 1%              | 224             | 774                   | 509                   | 489                | 205                                     |
|                 | 100%            | 41,734          | 324                   | 84                    | 96                 | 84                                      |
| <350000         |                 |                 |                       | 13%                   | 19%                | 26%                                     |
| 350000-449999   |                 |                 |                       | 24%                   | 27%                | 26%                                     |
| 450000-549999   |                 |                 |                       | 28%                   | 31%                | 26%                                     |
| 550000-649999   |                 |                 |                       | 35%                   | 36%                | 26%                                     |
| 650000-749999   |                 |                 |                       | 41%                   | 42%                | 26%                                     |
| 750000-849999   |                 |                 |                       | 47%                   | 48%                | 26%                                     |
| 850000-949999   |                 |                 |                       | 51%                   | 50%                | 26%                                     |
| 950000-1049999  |                 |                 |                       | 54%                   | 53%                | 26%                                     |
| 1050000-1149999 |                 |                 |                       | 59%                   | 58%                | 27%                                     |
| 1150000-1250000 |                 |                 |                       | 62%                   | 61%                | 26%                                     |
| >1250000        |                 |                 |                       | 66%                   | 63%                | 26%                                     |

# Commercial ratepayers

With a \$95 UGAC, 81% of commercial ratepayers will pay less rates under the proposed rating policy. 79% will pay < \$2 per week.

Properties over \$1m will have higher rates with the proposed new rate policies, slightly less with the \$120 UAGC

| Capital value     | % of properties | # of properties | Average current rates | Average rate increase |                    |   |
|-------------------|-----------------|-----------------|-----------------------|-----------------------|--------------------|---|
|                   |                 |                 |                       | UAGC \$95, 100% cv    | UGC \$120, 100% cv | Current policy, UAGC @ \$180, and value rates |
| <350,000          | 51%             | 1,672           | 222                   | (17)                  | (3)                | 61  |
| 350,000-449,999   | 9%              | 296             | 393                   | 12                    | 24                 | 109   |
| 450,000-549,999   | 7%              | 234             | 446                   | 37                    | 46                 | 125   |
| 550,000-649,999   | 5%              | 163             | 478                   | 75                    | 82                 | 130   |
| 650,000-749,999   | 4%              | 135             | 547                   | 87                    | 90                 | 150   |
| 750,000-849,999   | 3%              | 98              | 612                   | 105                   | 105                | 176   |
| 850,000-949,999   | 2%              | 66              | 653                   | 152                   | 150                | 167   |
| 950,000-1,049,999 | 1%              | 42              | 669                   | 186                   | 181                | 183   |
| >1,050,000        | 18%             | 601             | 1,696                 | 1,231                 | 1,148              | 449   |
|                   | 100%            | 3,307           | 573                   | 234                   | 229                | 155   |
| <350,000          |                 |                 |                       | -8%                   | -1%                | 27%   |
| 350,000-449,999   |                 |                 |                       | 3%                    | 6%                 | 28%   |
| 450,000-549,999   |                 |                 |                       | 8%                    | 10%                | 28%   |
| 550,000-649,999   |                 |                 |                       | 16%                   | 17%                | 27%   |
| 650,000-749,999   |                 |                 |                       | 16%                   | 17%                | 27%   |
| 750,000-849,999   |                 |                 |                       | 17%                   | 17%                | 29%   |
| 850,000-949,999   |                 |                 |                       | 23%                   | 23%                | 26%   |
| 950,000-1,049,999 |                 |                 |                       | 28%                   | 27%                | 27%   |
| >1,050,000        |                 |                 |                       | 73%                   | 68%                | 26%   |
|                   |                 |                 |                       | 41%                   | 40%                | 27%   |



# Rural ratepayers

49% of rural ratepayers will pay on average < \$106 or \$2 per week

84% of ratepayers will pay on average < \$579 and and 99% < \$3,000 on average.

There is a wide range within the aggregate averages. Rural increase maximum is \$14k, with a (\$11k) minimum.

Overall, rural properties rates will be less under the proposed rating policy than the current policy.

| Capital value         | % of properties | # of properties | Average current rates | Average rate increase |                    |   |
|-----------------------|-----------------|-----------------|-----------------------|-----------------------|--------------------|---|
|                       |                 |                 |                       | UAGC \$95, 100% cv    | UGC \$120, 100% cv | Current policy, UAGC @ \$180, and value rates |
| <2,000,000            | 49%             | 2,849           | 698                   | 106                   | 100                | 177   |
| 2,000,000-3,999,999   | 22%             | 1,277           | 2,121                 | 369                   | 309                | 538   |
| 4,000,000-5,999,999   | 13%             | 759             | 3,488                 | 579                   | 464                | 913   |
| 6,000,000-7999,999    | 7%              | 415             | 4,729                 | 915                   | 744                | 1,209   |
| 8,000,000-9,999,999   | 4%              | 261             | 6,002                 | 1,107                 | 877                | 1,676   |
| 10,000,000-11,999,999 | 2%              | 130             | 7,654                 | 1,288                 | 1,000              | 2,035   |
| 12,000,000-13,999,999 | 1%              | 71              | 8,744                 | 1,815                 | 1,472              | 2,238   |
| 14,000,000-15,999,999 | 0%              | 16              | 8,592                 | 2,798                 | 2,406              | 1,985   |
| >16,000,000           | 1%              | 66              | 12,668                | 3,092                 | 2,551              | 3,290   |
|                       | 100%            | 5,844           | 2,304                 | 415                   | 344                | 598   |
| <2,000,000            |                 |                 |                       | 15%                   | 14%                | 25%   |
| 2,000,000-3,999,999   |                 |                 |                       | 17%                   | 15%                | 25%   |
| 4,000,000-5,999,999   |                 |                 |                       | 17%                   | 13%                | 26%   |
| 6,000,000-7999,999    |                 |                 |                       | 19%                   | 16%                | 26%   |
| 8,000,000-9,999,999   |                 |                 |                       | 18%                   | 15%                | 28%   |
| 10,000,000-11,999,999 |                 |                 |                       | 17%                   | 13%                | 27%   |
| 12,000,000-13,999,999 |                 |                 |                       | 21%                   | 17%                | 26%   |
| 14,000,000-15,999,999 |                 |                 |                       | 33%                   | 28%                | 23%   |
| >16,000,000           |                 |                 |                       | 24%                   | 20%                | 26%   |
|                       |                 |                 |                       | 18%                   | 15%                | 26%   |

# 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

Changes to capital value rating with a UAGC of \$95 sees an overall increase of 160% for Large industry and Utilities and vs 155% for a \$125 UAGC.

Rate increases under the current policy would average 28%

| Land use                                | Capital value \$ | Current rates \$ | Rate increase \$   |                    |  |
|---|------------------|------------------|--------------------|--------------------|--|
|   |                  |                  | UAGC \$95, 100% cv | UGC \$120, 100% cv | Current policy, UAGC @ \$180, and land value |
| Meridian Energy Ltd                     | 872,620,000      | 252,276          | 414,846            | 389,875            | 70,321                                       |
| Invercargill City Council               | 394,030,000      | 121,939          | 205,183            | 192,977            | 34,296                                       |
| The Power Company Ltd                   | 208,300,000      | 58,783           | 98,598             | 92,758             | 16,528                                       |
| NZ Aluminium Smelters Ltd               | 195,935,000      | 62,472           | 100,193            | 94,124             | 17,174                                       |
| Southland District Council              | 137,130,000      | 39,344           | 33,097             | 61,834             | 11,059                                       |
| Chorus NZ Ltd                           | 81,920,000       | 24,137           | 39,971             | 37,643             | 6,782  |
| Transpower NZ Ltd                       | 59,380,000       | 17,031           | 27,946             | 26,339             | 4,782  |
| Electricity Invercargill Ltd            | 48,580,000       | 15,107           | 25,272             | 23,780             | 4,247  |
| Gore District Council                   | 37,800,000       | 9,594            | 15,652             | 14,759             | 2,693  |
| One New Zealand Group Ltd               | 2,300,000        | 939              | 1,007              | 991                | 258  |
| Vodafone New Zealand Limited            | 1,320,000        | 518              | 585                | 572                | 143  |
| Pacific Aluminium (New Zealand) Limited | 1,150,000        | 708              | 340                | 329                | 151  |
| Aurora Energy Ltd                       | 380,000          | 251              | 134                | 148                | 68   |
| <b>Increase %</b>                       |                  |                  |                    |                    |  |
| Meridian Energy Ltd                     |                  |                  | 164%               | 155%               | 28%  |
| Invercargill City Council               |                  |                  | 168%               | 158%               | 28%  |
| The Power Company Ltd                   |                  |                  | 168%               | 158%               | 28%  |
| NZ Aluminium Smelters Ltd               |                  |                  | 160%               | 151%               | 27%  |
| Southland District Council              |                  |                  | 84%                | 157%               | 28%  |
| Chorus NZ Ltd                           |                  |                  | 166%               | 156%               | 28%  |
| Transpower NZ Ltd                       |                  |                  | 164%               | 155%               | 28%  |
| Electricity Invercargill Ltd            |                  |                  | 167%               | 157%               | 28%  |
| Gore District Council                   |                  |                  | 163%               | 154%               | 28%  |
| One New Zealand Group Ltd               |                  |                  | 107%               | 105%               | 27%  |
| Vodafone New Zealand Limited            |                  |                  | 113%               | 111%               | 28%  |
| Pacific Aluminium (New Zealand) Limited |                  |                  | 48%                | 47%                | 21%  |
| Aurora Energy Ltd                       |                  |                  | 53%                | 59%                | 27%  |

# Rates increase – high value Commercial

While 80% of commercial will pay < \$2 per week, those with higher values are affected by a change to capital value.

The top 250 commercial ratepayers will experience an average 64% increase in rates with a UAGC of \$95 vs 60% with a UAGC of \$120.

The average increase under the current policy would be 27%.

| Capital value \$ | Current rates \$ | Rate increase \$   |                    |  |
|------------------|------------------|--------------------|--------------------|--|
|                  |                  | UAGC \$95, 100% cv | UGC \$120, 100% cv | Current policy, UAGC @ \$180, and land value rates |
|                  |                  | 671,959            | 631,975            | 280,876  |
|                  |                  | 64%                | 60%                | 27%  |
| 191,716,500      | 61,198           | 85,692             | 80,334             | 17,118   |
| 86,834,700       | 46,758           | 30,794             | 29,316             | 11,304   |
| 85,846,100       | 35,364           | 30,459             | 28,353             | 11,410   |
| 65,960,000       | 33,452           | 23,524             | 22,064             | 8,263  |
| 54,224,000       | 37,953           | 10,325             | 9,761              | 9,558  |
| 52,065,000       | 26,894           | 17,827             | 16,602             | 6,515  |
| 51,000,000       | 16,185           | 26,201             | 24,633             | 4,479  |
| 46,251,000       | 12,651           | 18,196             | 17,092             | 3,514  |
| 42,813,000       | 28,780           | 7,196              | 5,984              | 6,309  |
| 37,300,000       | 11,052           | 15,992             | 15,031             | 3,021  |
| 35,400,000       | 11,873           | 11,687             | 10,829             | 4,194  |
| 26,463,000       | 13,735           | 10,014             | 9,663              | 3,188  |
| 24,900,000       | 8,696            | 11,410             | 10,710             | 2,303  |
| 23,617,000       | 10,519           | 8,760              | 8,406              | 2,637  |
| 21,012,000       | 9,236            | 8,217              | 7,874              | 2,527  |
| 20,250,000       | 10,841           | 7,513              | 7,053              | 2,428  |
| 19,650,000       | 6,604            | 9,786              | 9,197              | 1,767  |
| 18,305,000       | 7,974            | 8,111              | 7,589              | 1,792  |
| 17,400,000       | 7,339            | 7,185              | 6,667              | 1,843  |
| 17,307,000       | 8,004            | 5,310              | 4,980              | 2,611  |
| 17,061,200       | 9,855            | 2,273              | 2,022              | 3,724  |
| 17,009,500       | 6,494            | 7,755              | 7,276              | 1,735  |
| 15,960,000       | 5,057            | 7,326              | 6,917              | 1,364  |

# Rates increase – Catchments

As noted previously, the catchments with the largest current catchment budgets, experience the least increases as cost moves mostly to those in the No River rated areas.

The rates decrease for some offsets the rates increase from the budget increase, thus reducing the impact for some areas.

| Land use                            | Capital value \$      | Current rates \$  | Rate increase \$   |                    |  |
|-------------------------------------|-----------------------|-------------------|--------------------|--------------------|--|
|                                     |                       |                   | UAGC \$95, 100% cv | UGC \$120, 100% cv | Current policy, UAGC @ \$180, land value rates |
| 1745 - Aparima Rating District      | 3,345,113,500         | 2,399,987         | 469,304            | 439,974            | 636,844  |
| 1750 - Invercargill Rating District | 8,552,168,400         | 7,165,767         | 1,927,249          | 2,160,896          | 1,749,614                                      |
| 1755 - Makarewa Rating District     | 2,282,515,900         | 1,518,311         | 359,856            | 319,173            | 394,740  |
| 1765 - Mataura Rating District      | 9,805,756,500         | 7,130,736         | 1,147,132          | 1,098,956          | 2,110,659                                      |
| 1770 - Oreti Rating District        | 5,700,242,200         | 4,443,946         | 677,737            | 642,110            | 1,283,074                                      |
| 1775 - Te Anau Rating District      | 2,590,001,600         | 1,783,493         | 492,991            | 492,870            | 503,174  |
| 1800 - Waiau Rating District        | 1,428,157,950         | 906,470           | 325,363            | 309,565            | 169,616  |
| No River Rate                       | 7,111,331,800         | 4,119,664         | 2,282,860          | 2,246,260          | 849,324  |
| <b>Grand Total</b>                  | <b>40,815,287,850</b> | <b>29,468,374</b> | <b>7,682,492</b>   | <b>7,709,805</b>   | <b>7,697,045</b>                               |
| Increase %                          |                       |                   |                    |                    |  |
| 1745 - Aparima Rating District      |                       |                   | 20%                | 18%                | 27%  |
| 1750 - Invercargill Rating District |                       |                   | 27%                | 30%                | 24%  |
| 1755 - Makarewa Rating District     |                       |                   | 24%                | 21%                | 26%  |
| 1765 - Mataura Rating District      |                       |                   | 16%                | 15%                | 30%  |
| 1770 - Oreti Rating District        |                       |                   | 15%                | 14%                | 29%  |
| 1775 - Te Anau Rating District      |                       |                   | 28%                | 28%                | 28%  |
| 1800 - Waiau Rating District        |                       |                   | 36%                | 34%                | 19%  |
| No River Rate                       |                       |                   | 55%                | 55%                | 21%  |
| Grand Total                         |                       |                   | 26%                | 26%                | 26%  |

# Summary

Agreement on rates model to include for consultation

Update on communications and planning for stakeholder engagement