



**For now &
our future**

Long Term Plan 2024-2034

5th June 2024

Outline

Changing the budget -> impacts, P&L, BS, reserves

Changing the RFP -> options, impacts

Combined impacts -> reviewing rate impacts across the region

Budget changes – reduced rates required

Subsequent to the publication of the CD and Hearings, proposed budget changes could result in a reduction in total rates required.

The reduction in rates required has a significant impact on the largest group of ratepayers.

96% of ratepayers more impacted by budget changes than rate policy change

The proposed reduction in budget will reduce rates on average by;-

\$450k property	\$ 25 per annum
\$5m property	\$280 per annum
\$12m property	\$673 per annum

Financial resilience

Use of reserves

The Financial Strategy, Financial Principles

Everyday expenses paid by everyday income

Current General reserves balance available for distribution = \$0

Proposed budget assumed slow rebuild of reserves, Yr. 2 onwards

Change in circumstance of Marine Fee income

Income from cruise ships fluctuating significantly

2023.24 income higher than budget by \$500k

Forecast to be \$1m+ lower than budget in Yr. 1

Recommend the use of reserves in Year 1

Updated budget assumes no growth in Marine reserves

Financial resilience

Leasehold reserves

Submitters suggested council use reserves to fund maintenance

Use of Leasehold reserves within the catchment considered appropriate

Recommended change to budget to fund “priority flood bank maintenance”

Biosecurity and Land sustainability surpluses

Arisen over time

Recommend use of some surplus in Years 1- 2 to fund activities in these areas

Overall \$2.35m of reserves are proposed to be spent in Years 1-2 to support programmes of work.

Council to agree the amount of reserves and surpluses to be applied

Debt levels

Borrowing

Submitters expressed concern around the level of proposed borrowing.

Proposed expenditure within the CD is not committed expenditure.

Expenditure on capital projects is subject to review each year by the council and dependent on availability of external funds.

Reviewing capital expenditure and projected inflation sees the original total debt at year 10 reduce from \$72m to \$67m.

Opening balance debt

Forecast term debt at 30 June 2024 was \$15m with \$5m in the bank, net debt of \$10m.

The updated forecast debt at 30 June will be approx. \$8.5m.

The difference is timing of projects and transactions.

Revenue & Financing Policy

The RFP proposed;-

- Creating one Flood Infrastructure rate based on CV

- Land sus and Bio move to CV from LV

- New infrastructure be funded by debt and rated regionwide

The RFP Statement of Proposal noted ;-

- 49% ratepayers have rate reduction

- 70% ratepayers change in rates +/- \$40

- 2% increase overall increase for residential

- 8% decrease overall for rural ratepayers

- 30%+ for commercial

If a transition option is considered, undertaken in November can form the basis of such an option.

The table on page 41 of the agenda details how a transition could work and the flexibility and options that it allows in Year 2.

The rate impact benefit for most ratepayers is not as material as the change in budget.

However, for ratepayers outside a rating district or with larger capital values, there is a benefit in the transition option.

The transition option proposed;

- keeps the UAGC @ \$143 Year 1

- allows further reconsideration of catchment options

- rates all catchments on the same basis

- allows Catchment Operations (Catchment Planning) efficiencies

Combined changes – Impacts on ratepayers

The combined impact of policy change and budget is higher for those outside current rating districts or with higher capital vs land values, or both.

The following slides show the rating impacts from

- The proposal as per the CD

- The proposal updated with lower rates (excludes Waiiau)

- Status quo i.e. no change in policy

- A transition option

A potential “Transition option” will reduce policy change impact on properties impacted more by the proposed rate policy change.

Combined changes – Impacts on ratepayers

Options

The proposal with the adjusted budget and the transition option both show significant decreases in rates impact.

Both options have 47% - 48% of ratepayers paying less than \$1 per week

Both options have 86% - 89% of ratepayers paying less than \$3 per week

All properties in Southland

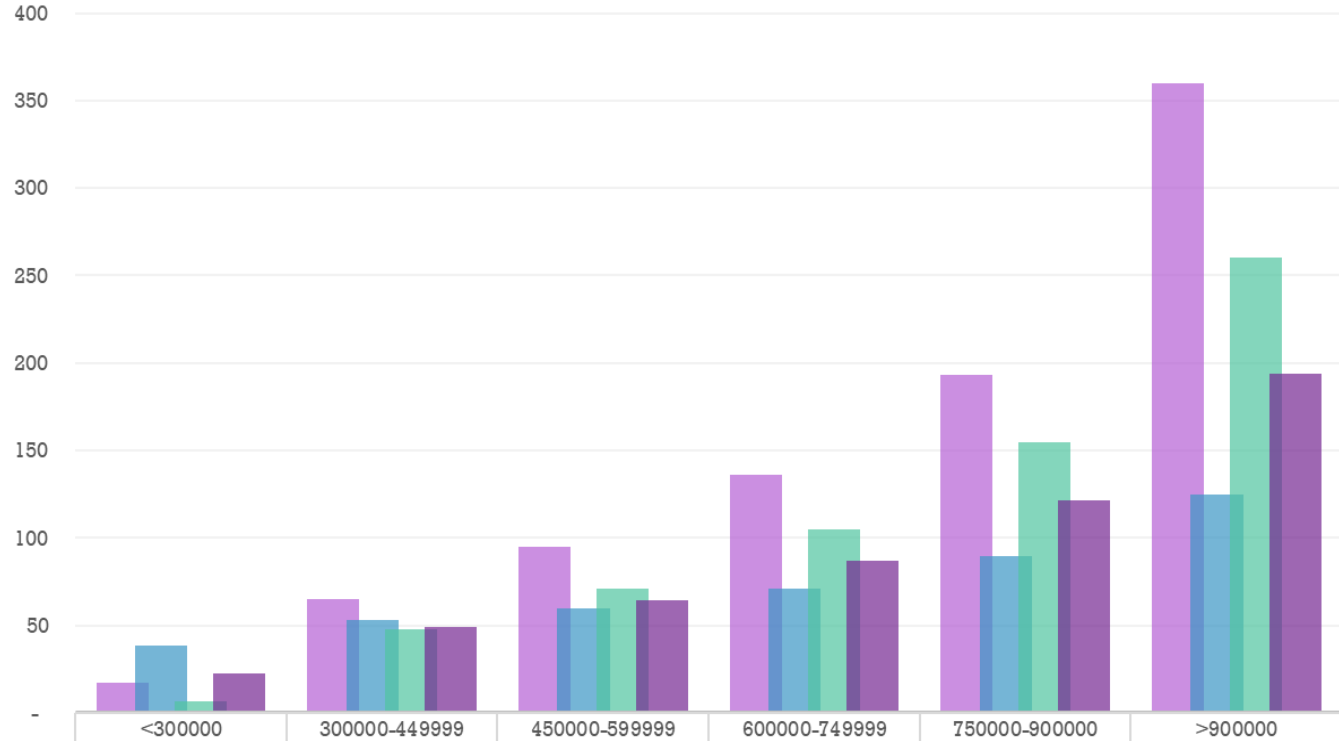
Average \$ increase in rates for 2024/25 year	\$ per week	Status Quo	CD proposal	Proposal with adjusted budget	Transition with adjusted budget
<52	< 1	21,757	17,445	24,508	24,280
52-152	1 - 3	25,390	23,386	19,459	21,622
152-252	3 - 5	1,691	5,309	4,066	2,844
252-352	5 - 7	867	2,102	1,457	1,023
352-452	7 - 9	544	860	590	508
452-552	9 - 10	334	522	343	314
>552	10+	803	1,762	963	795
Grand Total		51,386	51,386	51,386	51,386

Properties < = \$1 per week increase	42%	34%	48%	47%
Properties < = \$2 per week increase	87%	66%	76%	81%
Properties < = \$3 per week increase	92%	80%	86%	89%

Residential properties - Average \$ increase in rates for 2024/25 year

Capital \$ value of property	Properties in this category	Current rates	Proposed per CD	Status quo with adjusted budget	Proposal with adjusted budget	Transition with adjusted budget
<300000	9,123	211	17	38	7	22
300000-449999	16,177	294	65	53	48	49
450000-599999	8,007	356	95	60	71	64
600000-749999	4,241	417	136	71	105	87
750000-900000	2,323	470	193	90	155	122
>900000	2,180	548	360	125	260	194
Grand Total	42,051	324	88	59	66	62

Residential Rate increase options Year 1 \$

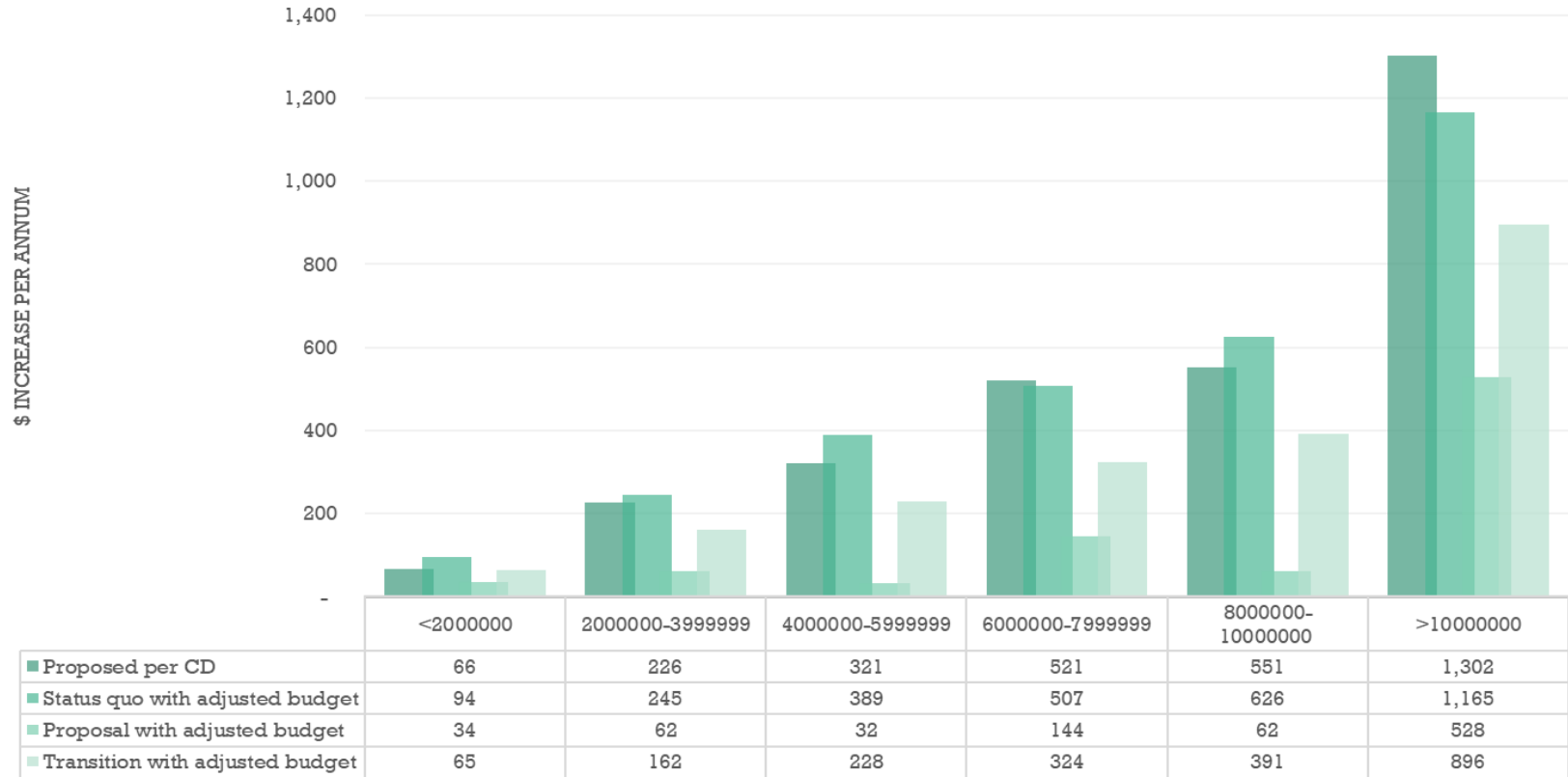


Proposed per CD	17	65	95	136	193	360
Status quo with adjusted budget	38	53	60	71	90	125
Proposal with adjusted budget	7	48	71	105	155	260
Transition with adjusted budget	22	49	64	87	122	194

Rural properties - Average \$ increase in rates for 2024/25 year

Capital \$ value of property	Properties in this category	Current rates	Proposed per CD	Status quo with adjusted budget	Proposal with adjusted budget	Transition with adjusted budget
<2000000	2,714	690	66	94	34	65
2000000-3999999	1,230	2,110	226	245	62	162
4000000-5999999	729	3,496	321	389	32	228
6000000-7999999	403	4,701	521	507	144	324
8000000-10000000	250	6,007	551	626	62	391
>10000000	281	9,140	1,302	1,165	528	896
Grand Total	5,607	2,286	260	267	72	179

Rural rate increase options 2024/25

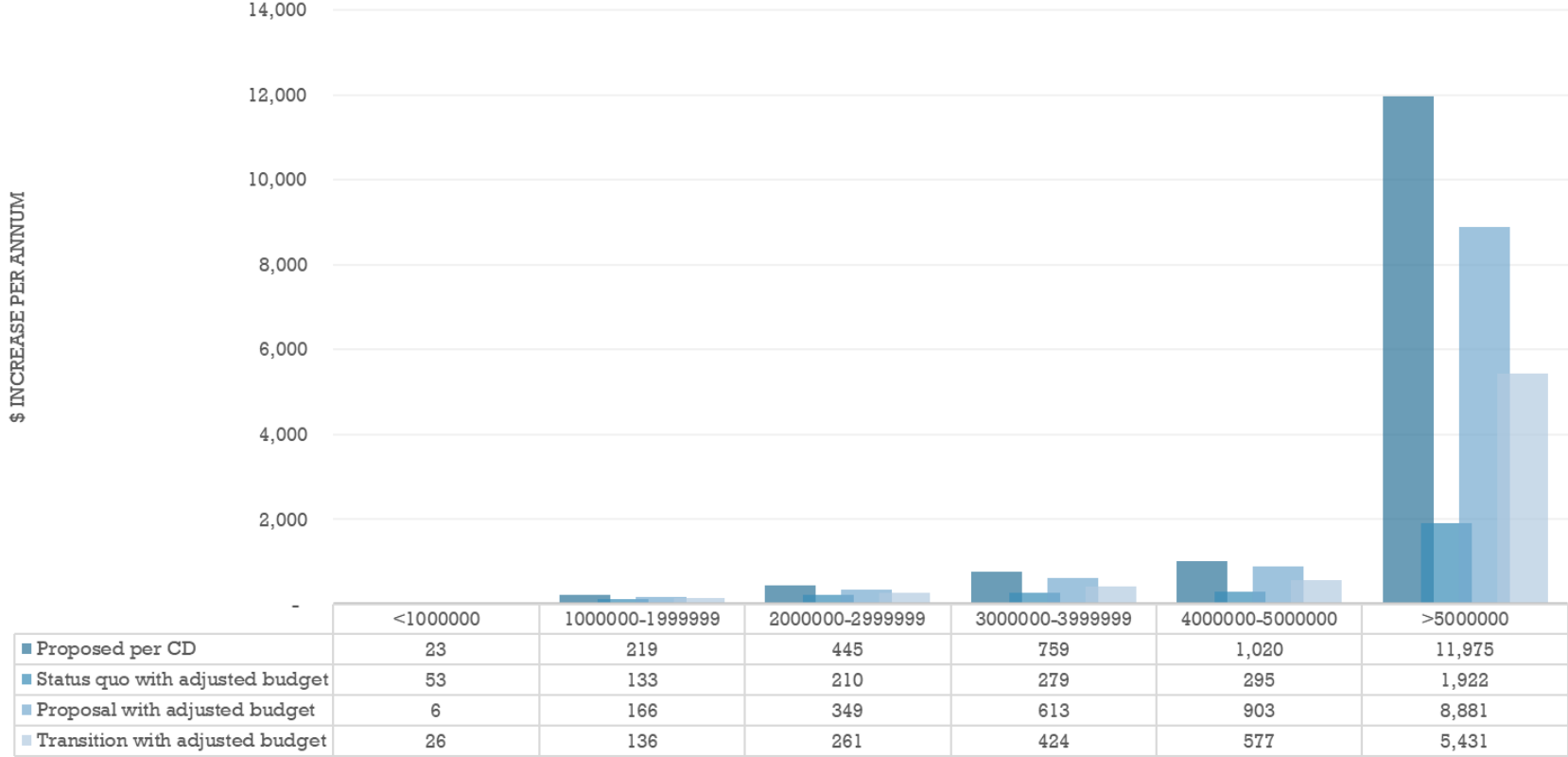


CV OF PROPERTIES

Commercial properties - Average \$ increase in rates for 2024/25 year

Capital \$ value of property	Properties in this category	Current rates	Proposed per CD	Status quo with adjusted budget	Proposal with adjusted budget	Transition with adjusted budget
<1000000	2,612	309	23	53	6	26
1000000-1999999	337	783	219	133	166	136
2000000-2999999	114	1,152	445	210	349	261
3000000-3999999	51	1,558	759	279	613	424
4000000-5000000	26	1,819	1,020	295	903	577
>5000000	103	7,961	11,975	1,922	8,881	5,431
Grand Total	3,243	730	487	148	402	270

Commercial Rate increase options 2024/25



CV OF PROPERTIES

Higher capital value properties benefit from a potential transition option

Capital value	Current rates 2023.24	Proposed rate increase Year 1			
		Proposed per CD	Status quo with adjusted budget	Proposal with adjusted budget	Transition with adjusted budget
877,750,000	255,405	351,594	56,750	306,188	184,338
620,648,850	184,290	219,780	47,552	190,681	119,436
248,042,000	163,544	21,579	21,994	7,062	16,742
218,754,000	63,099	86,159	14,482	75,148	45,455
211,220,000	62,472	70,463	6,654	60,577	34,204
203,459,000	10,988	134,040	73,464	123,488	97,917
177,297,400	86,206	55,283	17,377	46,141	32,909
137,900,000	102,991	29,362	21,983	22,893	21,688
108,308,200	74,191	7,592	7,167	526	5,200
104,014,000	48,856	25,040	15,186	20,087	16,450
93,710,000	79,700	7,030	10,482	1,851	4,160
91,776,000	35,359	25,777	8,166	21,482	14,305
90,471,000	33,537	31,291	5,552	26,850	16,438
87,283,000	28,780	26,653	8,760	22,568	15,275
79,232,100	42,014	15,480	510	11,429	5,685
76,400,000	16,185	31,932	8,547	28,356	18,664
69,670,000	42,270	11,943	4,266	2,134	6,178
67,896,000	56,955	1,112	6,917	-2,596	1,210
67,040,000	63,160	7,895	3,822	2,033	4,235
66,335,000	42,788	14,365	6,614	11,261	8,434
66,700,000	26,894	17,130	6,504	14,005	9,755
68,230,000	34,839	18,074	14,916	14,435	15,554
64,701,000	20,268	24,514	4,230	21,252	12,827
61,073,500	72,296	-5,758	4,556	-9,404	-2,580
60,624,800	22,416	21,106	11,011	18,190	14,609
57,616,250	16,837	19,839	2,481	17,143	9,945
57,505,000	40,300	5,241	3,842	2,209	2,766
50,692,000	26,546	9,862	5,419	6,482	6,646
48,820,000	34,633	6,104	3,374	3,450	2,730
48,612,000	39,705	7,136	3,429	1,611	3,504
47,802,000	13,984	17,201	4,003	14,906	9,575
47,144,100	28,012	10,078	4,238	7,598	6,310
46,530,000	28,846	5,475	2,875	3,388	3,297
45,891,000	13,979	17,131	7,359	14,984	11,299
45,150,000	27,757	3,903	2,476	1,580	2,856
42,914,000	24,667	10,824	4,618	8,799	6,578
5,078,686,200	2,273,940	1,431,884	473,602	1,159,898	828,431