

# Water Funding Workshop

1 December 2020



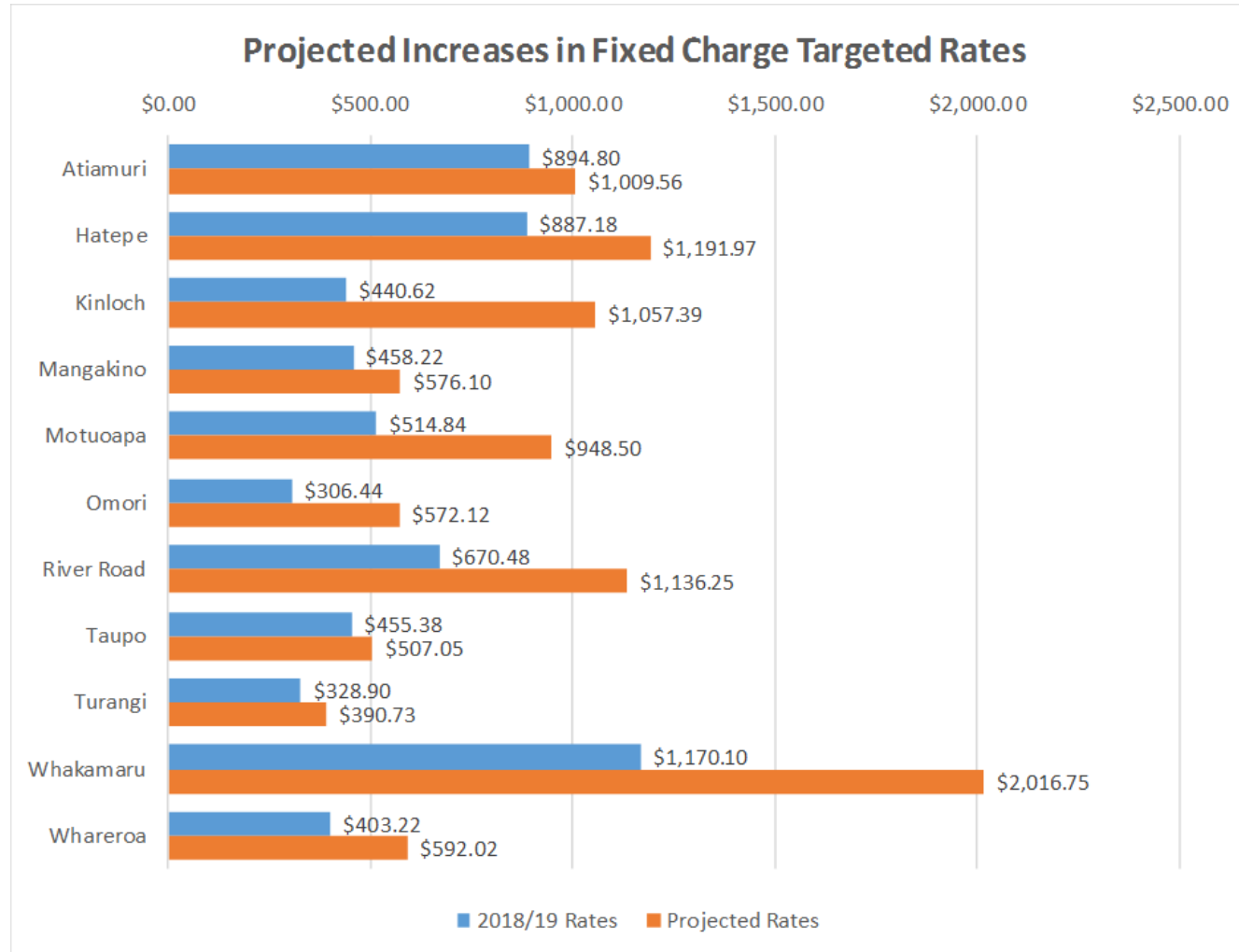
# Today's outcomes

1. Confirmation that this is a topic to be included in the LTP Consultation Document.
2. Identification of Council's preferred option relating to the future funding of rates.

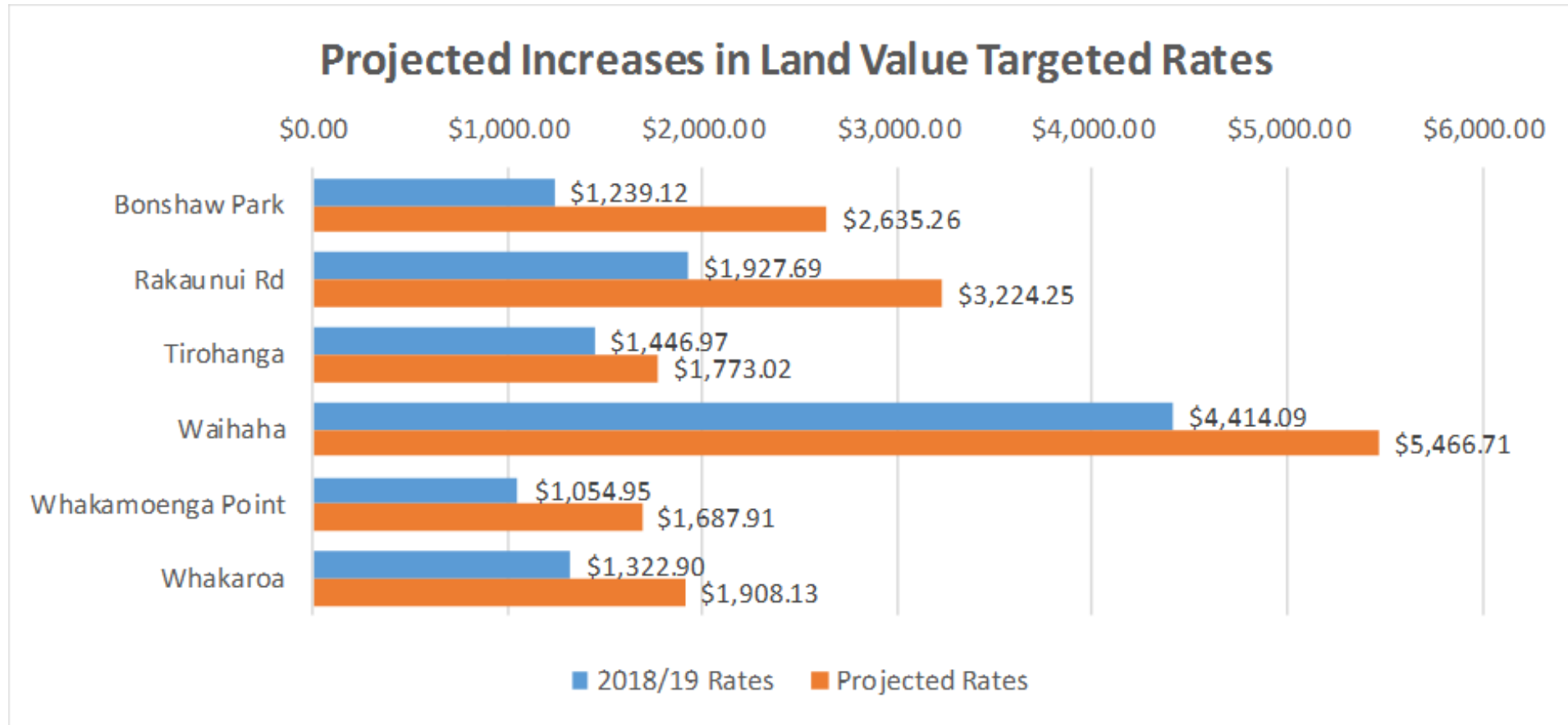
# The focus of the project

- To improve affordability of water rates for residential customers.
- We currently have a highly variable and complicated rating system for water supply
  - Turangi residential customers pay \$328.90/annum
  - Whakamru residential customers pay \$1,170.10/annum
- DWSNZ upgrades will have an further impact on smaller schemes.
- Universal water metering is not within the scope of this project.

# Projected increase in fixed charge targeted rates by 2028



# Projected increases in land value targeted rates between 2018 and 2028



# How does this align with the 3 Waters Reform?

- When the new regional entities are established, it is likely that there will be a move towards regional-wide water rates.
- Some communities in the Taupo District will experience significant water rates increases in the first years of the LTP.

# Option 1 (the status quo)

- Each scheme separately funded. 11 schemes on fixed targeted rate. 7 schemes on land value.
- Fixed targeted rates vary from Omori (\$238) to Whakamaru (\$1,170).
- Average rates for urban schemes \$440.
- The most expensive schemes are ones with fewer ratepayers eg Atiamuri (73 ratepayers), Hatepe (107 ratepayers) and Whakamaru (75 ratepayers).

# Option 2 - Full District Wide Funding

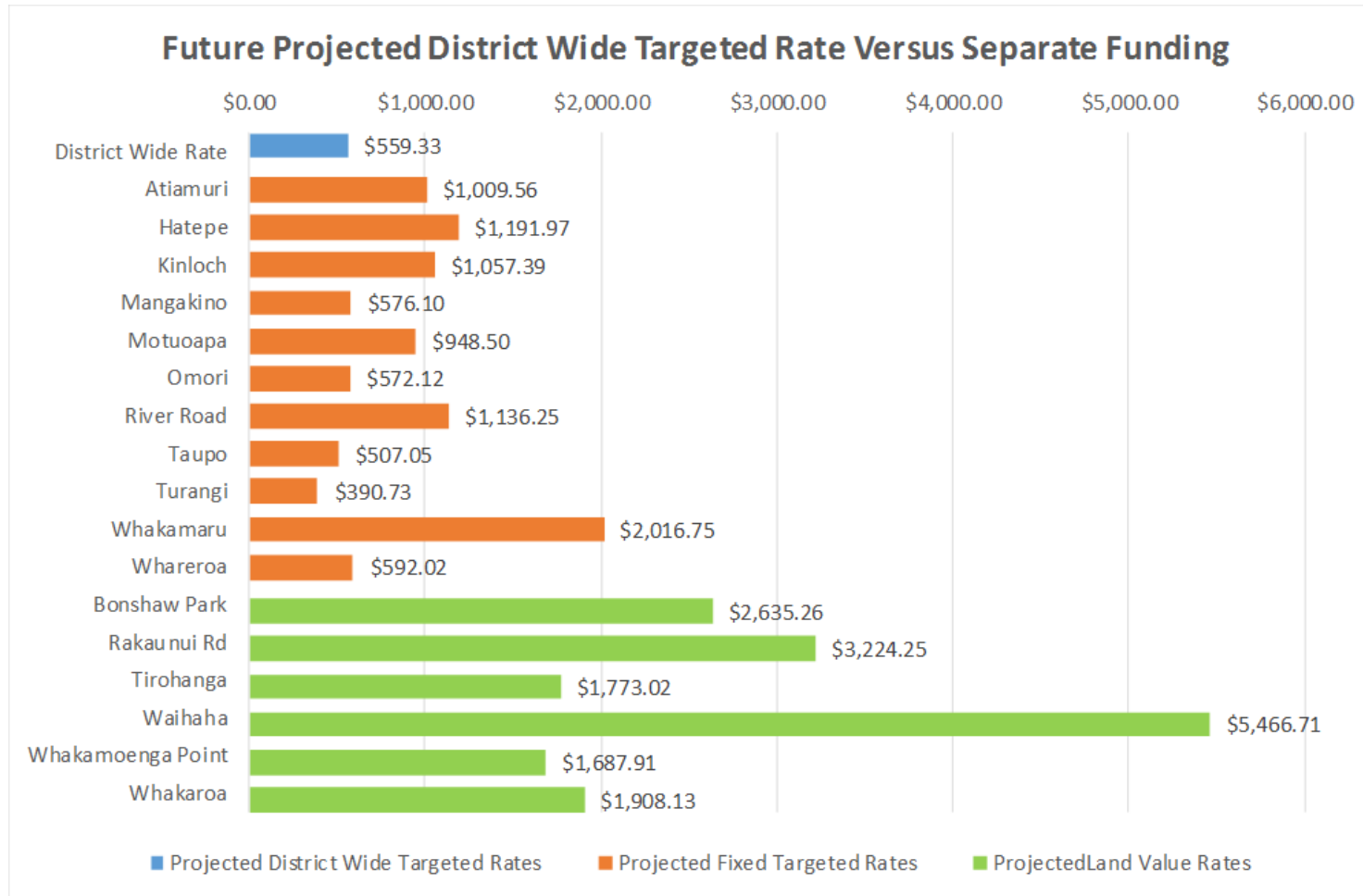
- Under this model all ratepayers in the District that are connected to our water supplies will pay the same Fixed Charge Targeted Rate.
- Modelling indicates the District Wide rate would be approximately \$455.00.
- There were advantages to this option as it treats all ratepayers equitably, no matter what scheme they were connected to.



## Option 3 – District Wide Fixed Targeted Rate for all Schemes except Tirohanga and Waihaha

- All schemes except for Waihaha and Tirohanga move to a district wide fixed charge targeted rate.
- Tirohanga and Waihaha would continue to be on a land based value rate, as per the status quo.
- Tirohanga and Waihaha meet the criteria of ‘rural schemes’
- The District wide rate for the 16 schemes included would be approximately \$450.00.

# Projected rates for 2028: comparing full district wide with the status quo



# Impact on urban schemes

- Schemes who will have a decrease: **Atiamuri, Hatepe, Motuapa, River Road and Whakaroa.**
- Schemes who will have a minor increase (1-2%): **Kinloch, Mangakino and Taupo.**
- Schemes who will have an increase: **Omori, Turangi & Whareroa**
- **Kinloch, Omori and Whareroa will all benefit in the long-term from a move to district wide funding.**

# Impact on Commercial Schemes

- High volume water users will pay the same amount. However they will pay for more water through the water meter than up front through their Targeted Rate.
- Most medium and low volume water users will pay less. The District Wide Fixed Rate + water meter tariff will be lower than their current Land Value rate.

# The schemes who would have a rates increase

- **Turangi** benefitted when Council transitioned to a district wide rate for wastewater. The change would harmonise rates throughout the district ie a property valued \$185,000 would pay the same rates throughout the district.
- The lifestyle blocks at Serenity Cove (near Lake Whakamaru) are currently paying **\$167 – heavily subsidised by farmers on the Tirohanga scheme**
- **Omori, Whareroa and Kinloch** - will all benefit in the long term after DWSNZ have occurred.

# Direction

1. Confirmation that this is a topic to be included in the LTP Consultation Document.
2. Identification of Council's preferred option relating to the future funding of rates.