

RATES SMOOTHING

These are the 3 rates smoothing options

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
1	16.29%	6.52%	10.99%	6.47%	7.20%	6.56%	7.39%	6.44%	6.66%	6.13%
2	12.09%	12.11%	11.31%	4.65%	7.20%	6.56%	7.39%	6.44%	6.66%	6.13%
3	10.30%	10.13%	10.71%	9.95%	9.45%	6.36%	4.41%	6.44%	6.66%	6.13%

OPTION 1 - No smoothing

<p>The required increase is all absorbed in Year 1 of the LTP</p> <p>Not delaying depreciation funding is more prudent due to uncertainties in the environment we operate</p> <p>Council will be balancing its budgets by funding the right amount of depreciation</p> <p>Future rates increases are less lumpy</p> <p>Rates increase in Year 1 is not affordable</p> <p>Due to uncertainties, there is the risk that the rates could be higher in Years 2 & 3</p>	<p>What is the cost?</p> <p>NIL</p>
	<p>How does that impact rates?</p> <p>Rates are not smoothed. In this option the rates increase is highest in the first year (see Table above)</p>
	<p>What is the impact on debt?</p> <p>NIL</p>
	<p>Impact on level of service?</p> <p>NIL</p>

OPTION 2 - Rates smoothing over 3 yrs

<p>Less financial impact for ratepayers in Year 1 of the LTP</p> <p>Rates for Year 1 are affordable</p> <p>Rates smoothing can provide ratepayers with more predictable and stable rate increases over a longer period</p> <p>For Council and ratepayers it is a consistent revenue and cost stream</p> <p>Due to uncertainties, rates increases could be higher in later years</p> <p>Commits Council to a multi-year plan</p>	<p>What is the cost?</p> <p>\$99,000</p>
	<p>How does that impact rates?</p> <p>Rates are smoothed so that the highest increases are in years 2-3 (see Table above)</p>
	<p>What is the impact on debt?</p> <p>\$1.4million (reduced over 2-3 years)</p>
	<p>Impact on the level of service?</p> <p>NIL</p>

OPTION 3 - Rates smoothing over 6 years

<p>Even less financial impact in Year 1 of the LTP</p> <p>Due to uncertainties, rates increase could be higher in later years</p> <p>Rate smoothing can provide ratepayers with more predictable and stable rate increases over a longer period</p> <p>For Council and ratepayer it is a consistent revenue and cost stream</p> <p>Due to uncertainties, rates increase could be higher in later years</p> <p>Commits Council to a longer term plan</p>	<p>What is the cost?</p> <p>\$645,000 (additional interest cost)</p>
	<p>How does that impact rates?</p> <p>Rates are smoothed so that the highest increases are in years 4-5 (see Table above)</p>
	<p>What is the impact on debt?</p> <p>\$2million (reduced over 2-6 years)</p>
	<p>Impact on the level of service?</p> <p>NIL</p>

We prefer this option

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OUR PREFERRED OPTION.

We prefer option 3.

We think that it is better that instead of one big jump in 2025, ratepayers would see incremental rises over time.

Closing date for submissions is 30 May 2024 at 5pm

What do you think?

We want to hear your thoughts on the proposed options:

1. No smoothing
2. Rates smoothing over 3 years
3. Rates smoothing over 6 years

I choose Option 1 Option 2 or Option 3

Name:

Phone:

Email:

Comment:

Please tick if would you like to make your submission in person at a council hearing.

Fill out this form, and sent it to us at: FREEPOST 69367 PO Box 115, Dannevirke 4942. Or, you can scan and email this form to: submissions@tararua.govt.nz

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