

# **2025/26 Annual Plan Council workshop**

6 May 2025

# Objective

To recap on the process for developing the 2025/26 Annual Plan prior to adoption on 29 May 2025

To confirm the rates increase from 2024/25 to 2025/26

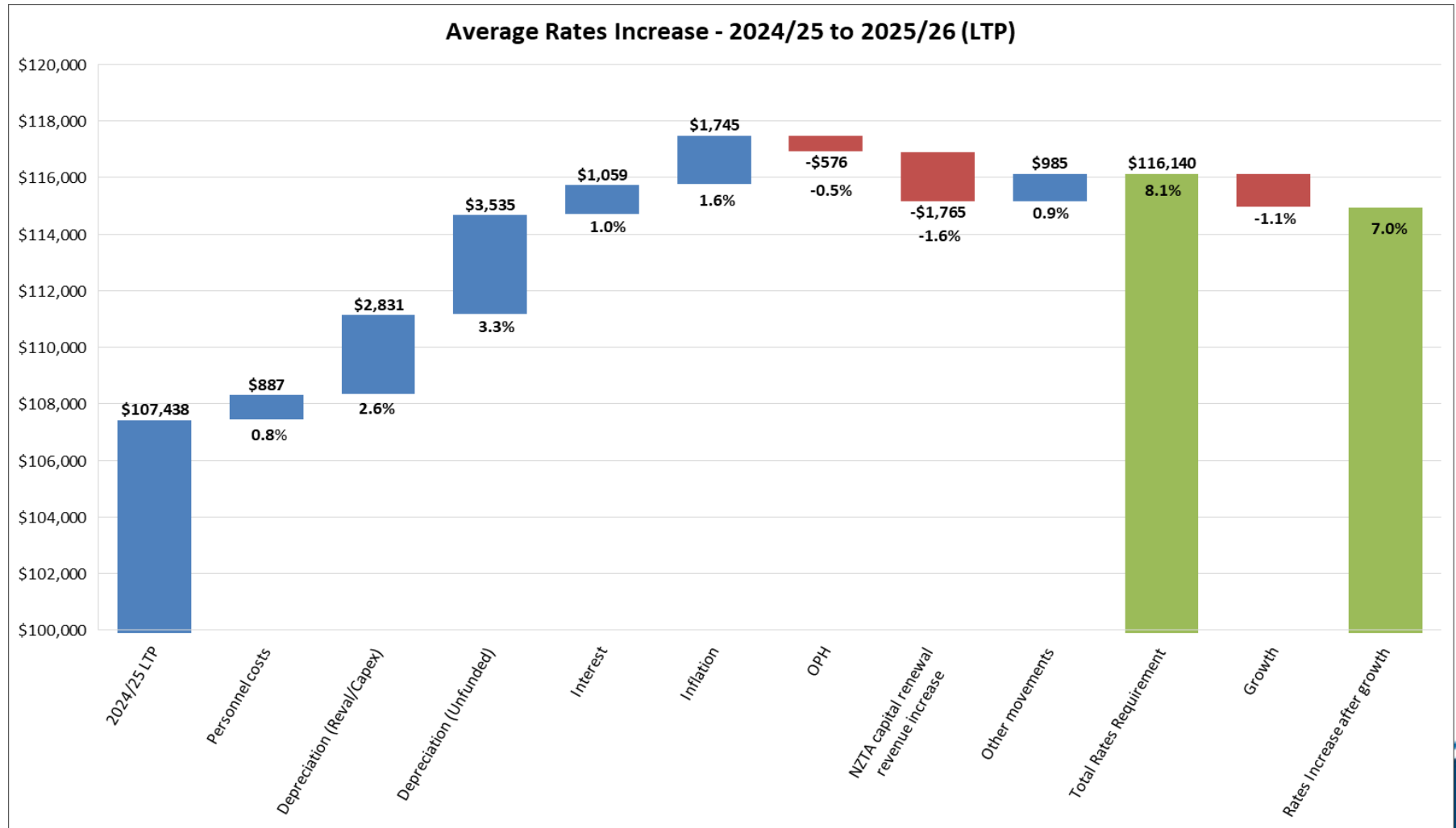
# Proposed rates increases across the region

Council	Proposed	LTP Year 2
Upper Hutt	15.78%	19.94%
Carterton	13.00%	13.00%
Hutt City	12.80%	16.90%
Wellington City	12.20%	10.80%
Horowhenua	9.30%	9.90%
Masterton	7.80%	7.00%
Kāpiti	6.90%	7.00%
Porirua	6.75%	17.50%
South Wairarapa	4.30%	4.99%
Greater Wellington	9.70%	8.50%

# Annual Plan – process to date

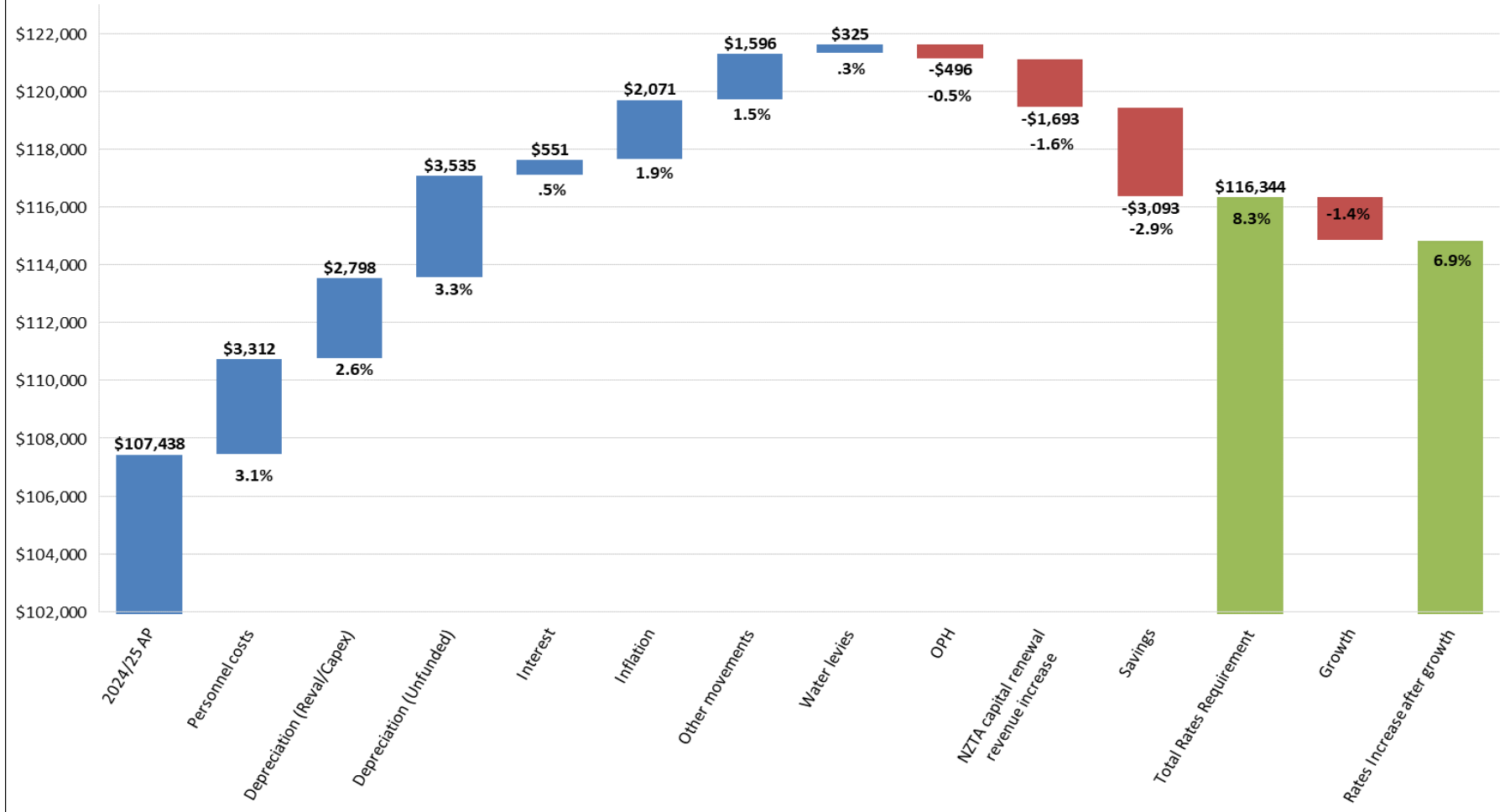
- 2025/26 starting budget reviewed to ensure today's operations are adequately funded:
  - 2024/25 identified cost pressures factored in
  - Debt and interest cost projections reviewed and adjusted
  - Inflation factors updated to October 2024 BERL factors
- SLT review by Activity
  - Detailed review of each activity undertaken
  - Rates reduction opportunities identified (low, medium, high risk)
- Assessment of cost reduction significance (Significance & Engagement Policy)
- Development of proposed fees and charges for 2025/26 for Council discussion
- Information campaign to communicate – low cost, digital-first

# LTP 2025/26 rates increase: 7% after growth



# Annual Plan 2025/26 rates increase: 6.9% after growth

Average Rates Increase - 2024/25 to 2025/26 (AP)



# Analysis of changes: LTP vs Annual Plan

	LTP	AP	Change	Comments
	\$000's	\$000's	Inc / (dec)	
2024/25 rates income	\$107,438	\$107,438		
Personnel costs	\$887	\$3,312	\$2,425	Current personnel projected forward, allowing 3% remuneration increase in 2025/26
Depreciation (Reval/Capex)	\$2,831	\$2,798	-\$33	Funds the impact of 2024/25 capex and revaluations
Depreciation (Unfunded)	\$3,535	\$3,535	\$0	To fully fund depreciation in 2025/26
Interest	\$1,059	\$551	-\$508	LTP assumed 4.09%, projecting approximately 3.8%
Inflation	\$1,745	\$2,071	\$325	Projected inflation for 2025/26, BERL indices updated October 2024
Other movements	\$985	\$1,596	\$611	Changes include software licensing, power, and security
OPH	-\$576	-\$496	\$79	LTP assumes OPH transferred 1 January 2026, net costs avoided for 6 months
NZTA capital renewal revenue increase	-\$1,765	-\$1,693	\$72	Increased subsidy relates mainly to Kapiti culvert (\$4.2m capex)
Activity reductions (low risk)	0	-\$3,093	-\$3,093	Savings identified through activity review
<b>Water levies</b>	<b>\$0</b>	<b>\$325</b>	<b>\$325</b>	Taumata Arowai, Commerce Commission levies commence 2025/26
Total Rates Requirement 2025/26	\$116,140	\$116,344	\$204	
Rates Increase before growth	8.1%	8.3%	0.2%	
<b>Growth</b>	<b>-1.1%</b>	<b>-1.4%</b>	<b>-0.3%</b>	Growth includes 2 Waimarie (78 additional lots), 10 Utauta (48), 62 Te Roto (22)
Rates Increase after growth	7.0%	6.9%	-0.1%	

# Activity review - prioritisation

SLT agreed a set of principles to help guide the identification of rates reduction opportunities:

- **Prioritisation framework:**  
Mandatory v non-mandatory > 4 wellbeings > top 10 priorities > nice to haves
- **High level principles:** Equity > Affordability > Financial Prudence
- **Guiding Principles around the way we work**
  - Work smarter not harder – efficiency lens/innovation
  - Execute top priorities before adding new work
  - Simplification
  - Make do with what we've got
  - Ask: is this something Council should pay for?
  - The people who benefit should pay (i.e. fees and charges)
  - Retain a minimum viable product (meeting primary needs)
  - Savings can be realised – removal from budgets



# Long list assessment

The following criteria were applied to determine the level of risk attached, the impact on service levels, and delivery/implementation complexity for each opportunity on the long list:

- **Low:** The change is relatively straightforward to implement for the 2025/26 financial year, and budget can be permanently removed with little to no impact on service delivery
- **Medium:** The change is more complex to implement (e.g. may require contract negotiation with third parties, or HR processes), will affect service levels and may attract adverse community feedback
- **High:** There is a significant risk that the opportunity will not be realised or is not sustainable, is high effort to implement, and/or has a clear impact on service levels and high likelihood of adverse community feedback.

# Savings options: the long list

Risk Category	Number of FTC/FTE	25/26 (Min)	25/26 (Max)
High	-	795,000	2,285,000
Med	3	718,500	1,167,000
Low	15	3,092,948	3,817,468
Total	18	4,606,448	7,269,468

- Low risk options are put forward for consideration, at their estimated minimum value for 2025/26
- This equates to \$3.092 million (2.9% of rates)

# Agreed savings initiatives: key items

Savings initiatives	Description	FTE/FTC	Savings
<b>Personnel Savings</b>		14	1,459
<b>Revenue/Funding increase</b>	We are improving cost recovery by charging appropriately for development-related services and internal work. Additionally, we are pursuing external funding opportunities to support community and recreation programmes.		470
<b>Access and Transport Expense Reduction</b>	Adjustments are being made to reduce the council's share of emergency works funding, along with scaling back non-essential services such as berm mowing.		259
<b>Community Facilities Expense Reduction</b>	Savings will be achieved by reducing cleaning frequencies at council offices and libraries, and removing lower-priority amenities such as hired plants and water coolers.		65
<b>Community Support Expense Reduction</b>	We are winding down legacy funding arrangements and reallocating unused community support budgets to better reflect current priorities and demand.		207
<b>Districtwide Planning Expense Reduction</b>	Some planning initiatives, such as inclusionary zoning and district plan reviews, will be deferred or reprioritised to spread consultant costs over a longer period.		150
<b>Economic Development Expense Reduction</b>	We are reducing the major events fund to focus on fewer, higher-impact initiatives aligned with strategic goals.		100
<b>Parks and Reserves Expense Reduction</b>	Operational efficiencies are being introduced at council depots, including more in-house work and reduced reliance on external contractors.		100
<b>Recreation and Leisure Expense Reduction</b>	Discretionary and medium-sized grants are being paused, and funding for Toi Mahara will now align with the terms of its partnership agreement.		210
<b>Other Expense Reduction</b>	We are modernising service delivery by implementing smarter digital tools and systems, while cancelling or outsourcing functions where appropriate.		74
<b>Grand Total</b>		<b>14</b>	<b>3,093</b>

# Capex Spend

	LTP Budget 2024/25 (Yr 1)	Total Forecast 2024/25 (Yr 1)	Variance to LTP (Yr 1)	LTP Budget 2025/26 (Yr 2)	Annual Plan 25/26 (Yr 2)	Variance to LTP (Yr 2)	LTP Budget (Yr 1 & 2)	Annual Plan (Yr 1 & 2)	Variance to LTP (Yr 1 & 2)
Council Wide Capex	75,440	71,940	(3,500)	75,666	83,921	8,255	151,106	155,862	4,756

- Capex forecasts are reviewed continuously
- Current position (above) indicates \$4.7m over LTP across two years
- Forecasts will be further refined and a detailed capex plan included with the Annual Plan for adoption at the end of May
- Management will ensure the two year programme is managed within the LTP total

# Fees and Charges

Majority increased by 3.2% (LGCI inflation as at October 2024).

## Exceptions

- **Cemeteries:** 15% discount for funeral directors removed.
- **Building Consents:** CCC fee increased from \$91 to \$185; new hourly charge for additional officer time.
- **LIM Reports:** Fee raised from \$387 to \$460 (19% increase).
- **Resource Management:** Free initial pre-application meeting hours removed.
- **Environmental:** Introduction of Domestic Food Business Levy (collected for MPI).
- **Libraries:** New Makerspace material fees based on usage.

# Key adjustments

- **Community Facilities:** Hall hire fees up 10%; new fees for Waikanae Pop-up site use.
- **Access & Transport:** Corridor access fee increased from \$324 to \$400 (23%).
- **Wastewater:** Septage disposal fee up 33% (from \$30 to \$40/m<sup>3</sup>); trade waste fees adjusted to cover rising costs.
- **Water:** Special water meter reading fee up 19% (from \$42 to \$50); filling point card fee up 30% (from \$77 to \$100); volume charge for filling points increased to 1.5× water rate.
- **Wastewater & Water:** New \$60 residential connection/disconnection fee and \$185 hourly inspection fee (for both wastewater and water)

# Activity cost per week per rating unit

COUNCIL SERVICES PROVIDED	TOTAL OPERATING COSTS*	INCOME TO OFFSET OPERATING COSTS**	NET OPERATING COST	AVERAGE COST PER RATING UNIT PER WEEK***
 Water Management	\$13.9m	\$0.3m	\$13.6m	\$10.22
 Wastewater Management	\$12.9m	\$0.2m	\$12.7m	\$9.55
 Stormwater Management	\$8.5m	\$0.0m	\$8.5m	\$6.37
<b>Three Waters Total</b>	<b>\$35.3m</b>	<b>\$0.5m</b>	<b>\$34.8m</b>	<b>\$26.14</b>
 Access and Transport	\$25.7m	\$9.4m	\$16.3m	\$12.24
 Recreation and Leisure	\$18.2m	\$2.1m	\$16.1m	\$12.10
 Parks and Open Spaces	\$10.8m	\$0.7m	\$10.1m	\$7.62
 Districtwide Planning	\$7.6m	\$0.1m	\$7.5m	\$5.66
 Community Facilities	\$8.7m	\$1.5m	\$7.2m	\$5.44
 Regulatory Services	\$13.8m	\$6.9m	\$6.9m	\$5.15
 Governance	\$3.2m	\$0.0m	\$3.2m	\$2.39
 Tangata Whenua	\$3.1m	\$0.1m	\$3.0m	\$2.29
 Sustainability and Resilience	\$3.5m	\$0.6m	\$2.9m	\$2.21
 Economic Development	\$2.8m	\$0.1m	\$2.7m	\$2.02
 Community Support	\$2.0m	\$0.0m	\$2.0m	\$1.48
 Coastal Management	\$1.2m	\$0.0m	\$1.2m	\$0.91
<b>Total rest of Council</b>	<b>\$100.4m</b>	<b>\$21.2m</b>	<b>\$79.2m</b>	<b>\$59.51</b>
<b>TOTAL</b>	<b>\$135.8m</b>	<b>\$21.8m</b>	<b>\$114.0m</b>	<b>\$85.65</b>

\* Costs include day-to-day expenses including staff costs, overheads, utilities, maintenance, supplies, interest on debt, and asset depreciation

\*\* Ratepayer funded operating costs are those funded by rates. Costs covered by government subsidies and user fees and charges are excluded.

\*\*\* Number of rating units 25,600.



# Median\* rates increase examples

Includes GST and water rates (255 cubic metres/year for residential and a fixed rate for commercial properties). Greater Wellington Regional Council rates are still being determined and are not included.

MEDIAN PROPERTY VALUES*	PAEKĀKĀRIKI	PARAPARAUMU	RAUMATI	WAIKANAE	ŌTAKI	RURAL	COMMERCIAL
Capital value	\$860,000	\$720,000	\$760,000	\$780,000	\$560,000	1,200,000	\$770,000
Land value	\$540,000	\$410,000	\$450,000	\$425,000	\$300,000	\$660,000	\$485,000
Current rates	\$4,565	\$4,475	\$4,656	\$4,597	\$3,921	\$3,110	\$6,054
Proposed rates	\$4,908	\$4,850	\$5,044	\$4,971	\$4,264	\$3,098	\$6,502
Increase/(decrease)	\$343.36	\$374.67	\$387.88	\$374.37	\$342.94	-\$11.54	\$448.75
Increase/(decrease) per week	\$6.60	\$7.21	\$7.46	\$7.20	\$6.59	-\$0.22	\$8.63

**Council has changed how it distributes interest costs to activities for 2025/26, to better align with where debt is incurred. The share of interest assigned to roading is lower, while other areas attract more. As a result, rural properties which pay for roading but not all other services receive a lower rates increase for 2025/26 compared to other properties.**

\* Median property refers to the middle value when all properties in an area are ranked by their value.

**Rates calculator - [www.kapiticoast.govt.nz/rates](http://www.kapiticoast.govt.nz/rates)**



# Next steps

- Communications campaign – 1 May onwards (brochure in May rates reminder, social media, Everything Kapiti)
- Adoption of the 2025/26 Annual Plan – 29 May 2025
- Adoption of Fees and Charges for 2025/26 – 29 May 2025
- Setting the rates for 2025/26 – 29 May 2025