

2026/27 Annual Plan Council briefing

18 December 2025

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Update on Systems Improvement Amendment Bill

Systems Improvement Amendment Bill Update

- The Select Committee report was released on 23 November
- Recommended that it be passed subject to several amendments:

Purpose of local government – definition of the term “cost-effective”

- (a) To enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) To meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is **cost-effective** for households and businesses; and
- (c) To support local economic growth and development by fulfilling the purpose set out in (b)

Systems Improvement Amendment Bill Update

Core services – amendments:

The following services are the core services of a local authority:

- (a) Network infrastructure
- (b) Public transport services
- (c) Waste management **and minimisation**
- (d) Civil defence emergency management
- (e) Libraries, museums, reserves, and other **community**/recreational facilities

Economic Development (\$ Reductions)

Economic Development (\$ Reductions?)

Change	\$
Stop sponsorship of Gold Awards, business events & activities	40,000
Reduce funding for local business support incl Work Ready Kapiti, internships, work experience opportunities, Chamber of Commerce, business sustainability initiatives	160,000
Do not fund the new economic development trust and its subsidiary (the new economic development LLC)	295,000
Do not progress alternative revenue stream identification	100,000
Recover cost of EDKB via pre-app and startup fees charge	100,000
Discontinue Tourism Advisory Board and visitor industry support	60,000
Reduce Major Events Fund to \$180k p.a.	45,000
Apply to become DTO and part-fund through other avenue – event marketing and other support, and separate Kapiti Destination Story activity	180,000
	980,000

Social Investment Fund (More Detail)

Social Investment Fund

- An outcome-focused, contestable grant fund designed to support projects delivered by community and voluntary organisations in Kāpiti
- Not for supporting organisations sustainability
- All social investment grants finished in Oct 2025

Previous Social Investment Grant Recipients

- He Tangata
 - Greater Wellington Neighbourhood Support
 - Energise Otaki
 - Paekakariki Pride
 - Birthright Levin (for Ōtaki)
 - Kapiti Impact Trust
 - Volunteer Kāpiti
 - Kapiti Youth Support
-
- Reporting back on success in 1st quarter 2026

Social Investment - now

- 2025/26 – Social Investment Funding reduced.
Undertook bridge funding:
 - KIT: (contract) - provides support for whole sector growth & resilience, building a capable sector
 - Volunteer Kapiti: (grant) - supporting the local community network
 - KYS: (grant) LGBTQIA+ youth mentoring extended
- 2026/27 – focus on implementing outcomes of grants review and targeted grants through:
 - identified & known community need
 - alignment to strategic outcomes & approaches

→ **Reduction ok for 2026/27**

Youth Development Fund (More Detail)

Youth Development

- Not a grant – is a purchase of services by Council to meet community needs.
 - Two organisations provide YD spaces / provision -Te Puna Oranga o Ōtaki & Zeal Youth Trust
 - 2026/27 \$150k reduction removes funding for YD from Jan 2027 onwards = no YD services Waikanae to Paekākāriki.
 - Consultation would be required.
- **Better as LTP consideration?**

Rate Reduction Options vs S&E

S&E Test

	(Rate reductions) \$	Strategic asset (disposal / transfer)	LTP unbudgeted opex => \$4m (5% of opex)	LTP unbudgeted capex => \$12.3m (10% of rates revenue)	Major/long-term LOS change	Legislative requirement	Major/long-term impact on iwi/hapu/whanau	Impact on Council-iwi partnership	High level community interest (or past interest)	Major/long-term impact on wellbeing (at large or part)	Irreversible decision/high risk/significance unknown	Comment
Additional costs												
LWDW IBU costs	400,000	x	x	x	x	LWSDP	LWSDP	LWSDP	LWSDP	LWSDP	x	-
Older Persons Housing	300,000	2024-34 LTP	x	x	LOS retained	x	2024-34 LTP	x	2024-34 LTP	x	2024-34 LTP	-
Te Ara Whetu additional opex to operate	200,000	x	x	x	2024-34 LTP	x	2024-34 LTP	x	2024-34 LTP	2024-34 LTP	x	-
LTP audit & prep	225,000	2024-34 LTP										-
Staff capitalisation	600,000	x	x	x	x	x	x	x	x	x	x	-
Vacancy adjustment	700,000	x	x	x	x	x	x	x	x	x	x	-
Rates reduction options												
Organisational changes	(260,000)	x	x	x	x	x	x	x	x	x	x	-
Datascape	(400,000)	x	x	x	x	x	x	x	x	x	x	-
Social Investment Fund	(150,000)	x	x	x	Reduced funding from \$350k to \$200k	x	2024-34 LTP	x	Maybe	Maybe	Low risk	Change not considered significant.
District Planning	(200,000)	x	x	x	x	2024-34 LTP	x	x	x	x	x	-
Civic Centre security	(100,000)	x	x	x	x	x	x	x	x	x	x	-

Refer to handout

S&E Test

	(Rate reductions) \$	Strategic asset (disposal / transfer)	LTP unbudgeted opex => \$4m (5% of opex)	LTP unbudgeted capex => \$12.3m (10% of rates revenue)	Major/long-term LOS change	Legislative requirement	Major/long-term impact on iwi/hapu/whanau	Impact on Council-iwi partnership	High level community interest (or past interest)	Major/long-term impact on wellbeing (at large or part)	Irreversible decision/high risk/significance unknown	Comment
<div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="width: 15%;"> <div style="width: 100%; height: 10px; background-color: #90EE90; margin-bottom: 2px;"></div> <div style="width: 100%; height: 10px; background-color: #FFD700; margin-bottom: 2px;"></div> <div style="width: 100%; height: 10px; background-color: #FF0000;"></div> </div> <div style="width: 85%;"> <p>No significance</p> <p>Low-medium level of significance</p> <p>High level of significance</p> </div> </div>												
Economic Development options												
Sponsorship Gold Awards etc	(40,000)	x	x	x	x	x	x	x	Targeted community likely	Unlikely	Medium risk	Business awards might not operate if they lose \$40K
Funding for local business support	(160,000)	x	x	x	x	x	x	x	Targeted community likely	Maybe	Low risk	No consultation, consider targeted communications
Don't fund ED trust and subsidiary	(295,000)	x	x	x	x	x	x	x	Unlikely	x	Low risk	Change not considered significant.
Don't progress alternative revenue	(100,000)	x	x	x	x	x	x	x	x	x	x	-
Recover EDKB cost via fees	(100,000)	x	x	x	x	x	x	x	2024-34 LTP	x	x	-
Don't fund Tourism Advisory Board	(60,000)	x	x	x	x	x	x	x	Targeted community likely	Unlikely	Unlikely	No consultation, consider targeted communications
Major events fund reduction	(45,000)	x	x	x	Reduced funding by \$45k	x	2024-34 LTP	x	Maybe	Unlikely	Low risk	Change not considered significant.
Become DTO	(180,000)	x	x	x	x	x	x	x	Unlikely	x	x	-
Further consideration												
Iwi capacity funding	(150,000)	x	x	x	No change to LOS	x	x	x	x	x	x	-
Youth development grants	(150,000)	x	x	x	Youth Development no longer provided in south of District	x	2024-34 LTP	x	Targeted community likely	Targeted community likely	Targeted community high risk	Consult
General grants reduction	(50,000)	x	x	x	x	x	x	x	Unlikely	Unlikely	x	Subject to further review
Debt reduction	(400,000)	x	x	x	2024-34 LTP	x	2024-34 LTP	2024-34 LTP	Maybe	x	x	-

Refer to handout

Information campaign

Suggested approach if we are not formally consulting:

- EDM to ratepayers and insert in rates notice
- Storytelling on our digital communication channels
- Webinar – informative session?
- Media advisory
- Targeted emails to stakeholder and community groups

Optional 'extras'

- Paid advertising – digital and/or print
- Radio interviews on Beach FM and Coast Access
- Public meetings – more structured with formal presentation

Consultation approach

Minimum standard involves:

- Consultation document available on Have Your Say Platform and copies available in libraries and service centres
- Email to HYS subscribers x 3,000
- EDM to ratepayers and insert in rates notice
- Storytelling with a call to action on our digital communication channels
- Webinar – informative session with interactive options
- Media advisory

Optional ‘extras’ depending on what we are consulting on and budget considerations:

- Paid advertising - digital, print, radio
- Drop-in sessions – could be ahead of community board hui, at markets or places where people go, e.g. Mitre 10, New World.
- Public meeting – more structured with formal presentation
- Targeted stakeholder/sector engagement

Financial Strategy - Whistlestop Overview

Financial Strategy - Goals

1. Everyday costs are met from everyday revenue

- Fully fund depreciation by 2025/26

2. Reduce Council debt

- @7% (after growth) reduce net debt by \$153m to \$262m at 30 June 2034
- Provide significant new debt capacity to respond to unplanned shock events
- Affordably respond to growth and/or enrichment opportunities across the district for our community

3. Strong asset management

- Ensure assets are fit for purpose, achieving their optimal performance service levels.

Financial Strategy – Affordability

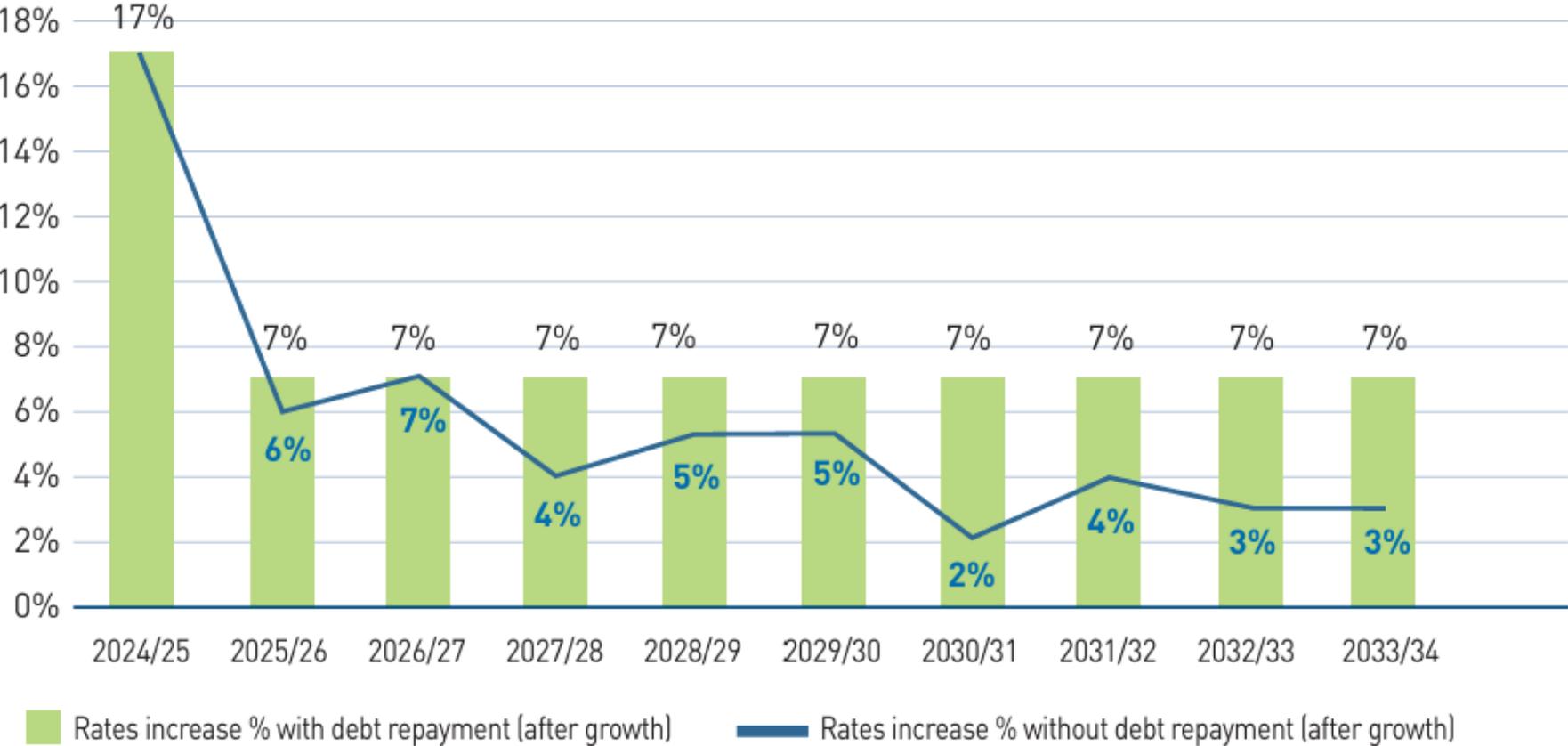
- Our independent affordability study determined that in 2024 the median household income in Kāpiti was \$101,362, our median rates were \$4,734, which represents 4.7% of household income.
- The Shand Report, published in 2007, established a rates affordability benchmark of no more than 5% of household income.
- We are always mindful of this benchmark, but given this is now 17 years old, we used approximately 7% as our rates affordability proxy.
- As at 2033/34 our affordability measure indicated 7.5%. We considered this to be within our proxy as this covers a period of 27 years (2007 to 2034).

Financial Strategy – Affordability

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Estimated increase to median household income		3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Median household income	101,362	104,403	107,535	110,761	114,084	117,506	121,032	124,662	128,402	132,254	136,222
Rates increase @8%	17%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Rates increase @7%	17%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
Rates increase @6%	17%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Median rates in Kāpiti (8% increase)	4,734	5,539	5,982	6,460	6,977	7,535	8,138	8,789	9,492	10,252	11,072
Median rates in Kāpiti (7% increase)	4,734	5,539	5,926	6,341	6,785	7,260	7,768	8,312	8,894	9,517	10,183
Median rates in Kāpiti (6% increase)	4,734	5,539	5,871	6,223	6,597	6,993	7,412	7,857	8,328	8,828	9,358
Rates/household income ratio @8%	4.7%	5.3%	5.6%	5.8%	6.1%	6.4%	6.7%	7.1%	7.4%	7.8%	8.1%
Rates/household income ratio @7%	4.7%	5.3%	5.5%	5.7%	5.9%	6.2%	6.4%	6.7%	6.9%	7.2%	7.5%

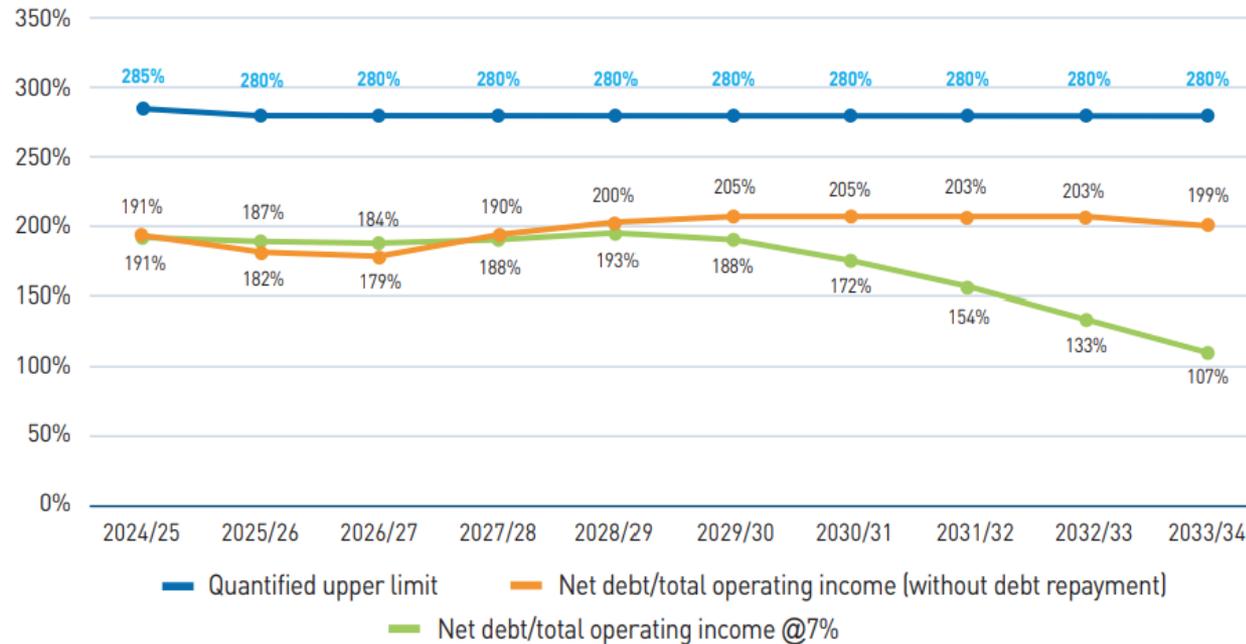
Financial Strategy – Preferred Rates Increase

Chart 2 – Annual rates increases with and without debt reduction



Debt Reduction

Chart 8 – Net debt vs quantified limits in dollars with and without debt repayment

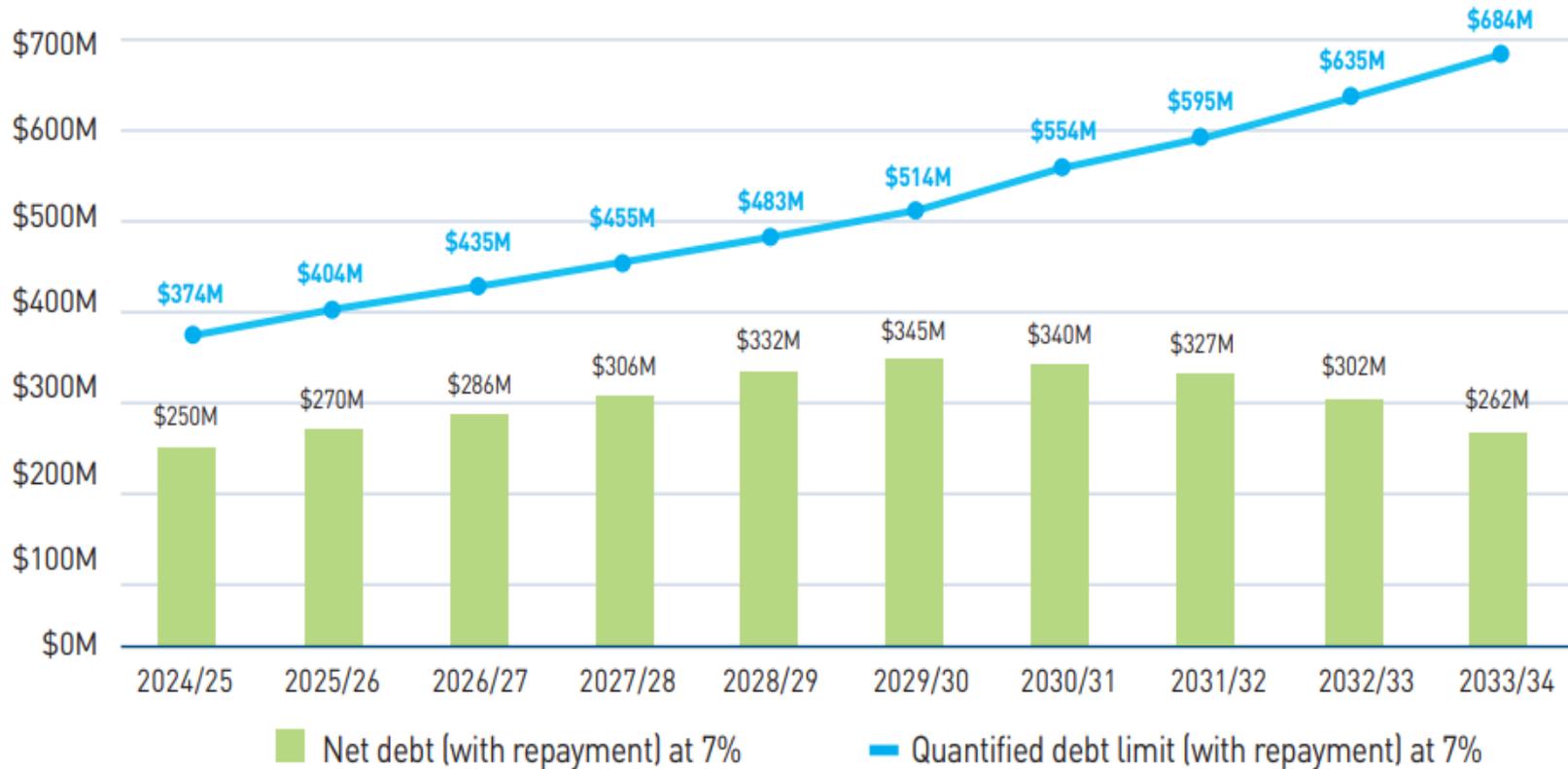


- Upper limit: Year 1 285% of operating revenue, Years 2-10 280%
- Reduce net debt by \$153m to \$262m by 2034
- Creates \$422m borrowing headroom

Scenario	Proposed net debt in 2033/34	Quantified upper limit in 2033/24	Borrowing capacity in 2033/34
7% rates funded debt reduction	\$262 million	\$684 million	\$422 million
No rates funded debt reduction	\$415 million	\$584 million	\$170 million
Difference	(\$153 million)	\$100 million	\$252 million

Debt Reduction

Chart 7 – Council's net debt profile and quantified upper limit in dollars



Straw Poll / Guidance

Rates Reduction Options

Initiative	\$	Rates Impact	Agree/Disagree
Stop sponsorship of Gold Awards, business events & activities	40,000	0.03%	
Reduce funding for local business support incl Work Ready Kapiti, internships, work experience opportunities, Chamber of Commerce, business sustainability initiatives	160,000	0.14%	
Do not fund the new economic development trust and its subsidiary (the new economic development LLC)	295,000	0.25%	
Do not progress alternative revenue stream identification	100,000	0.09%	
Recover cost of EDKB via pre-app and startup fees charge	100,000	0.09%	
Discontinue Tourism Advisory Board and visitor industry support	60,000	0.05%	
Reduce Major Events Fund to \$180k p.a.	45,000	0.04%	
Apply to become DTO and part-fund through other avenue – event marketing and other support, and separate Kapiti Destination Story activity	180,000	0.16%	

Rates Reduction Options

Initiative	\$	Rates Impact	Agree/Disagree
Organisational changes	\$260,000	0.22%	
Datascape	\$400,000	0.33%	
Social Investment Fund	\$150,000	0.13%	
District Planning	\$200,000	0.17%	
Civic Centre Security	\$100,000	0.09%	
Iwi capacity funding – reduce from \$200k to \$150k x 3	\$150,000	0.13%	
Reduce youth development grants from \$300k to \$150k (committed to Dec '26)	\$150,000	0.13%	
Reduction across other grants budgets (review planned)	\$50,000	0.04%	
No debt reduction in 2026/27	\$400,000	0.34%	
Subtotal	\$2,840,000	2.44%	
Add fees and charges increase	\$300,000	0.30%	Included
Total	\$3,140,000	2.74%	

Next Steps

- Confirm parking lot items from briefing #2
- Confirm members of the Annual Plan Oversight Panel – Mayor, Deputy Mayor plus two others and independent members of RAC?
- Schedule Annual Plan Oversight Panel meetings (February, March 2026)
- Briefing #3: 27 January 2026
- Briefing #4: 3 February 2026 (public)