

OIR: 2526/65

26 August 2025

[REDACTED]
[REDACTED]

Tēnā koe [REDACTED]

Request for Information under the Local Government Official Information and Meetings Act 1987 (the Act) (the LGOIMA)

Thank you for your email of **15 August 2025** requesting the following information:

Can you please provide me with the estimated net cost to ratepayers of Council spending on Economic Development over the next 10 years

1. To clarify, to estimate *the net estimated cost to ratepayers of Council spending on economic development over the next 10 years* I have considered the impact of the following information and decisions:
 - 1.1. Original operating funding, and forecasts set in the Long-term Plan 2024/34 (refer to Appendix 1 for details).
 - 1.2. The [Revenue and Financial policy](#) which sets out apportionment to general and commercial rate payers.
 - 1.3. The financial impact of Council's decision to establish a new economic development operating model, in November 2024, which will bring a return to Council of around \$13 million to recover costs of service (refer to Appendix 2 for details).
2. I can confirm, on the basis of the points noted in Paragraph 1, that the *estimated net cost to ratepayers of Council spending on economic development*, through to 2034 is:

General rate	Business rate	Total operating funding
\$12 million	\$6.1 million	\$18.1 million

3. In relation to the **net** cost noted in Paragraph 2, I can confirm that:
 - 3.1. The total cost to **all** rate payers, as reported in the Long-term Plan 2024/34, reduces by \$13 million over the decade.

Please note that any information provided in response to your request may be published on the Council website, with your personal details removed.

3.2. If allocated costs to rate payers, previously reported in the Long-term Plan 2024/34, is adjusted to account for recovery of costs (as noted Paragraph 3.1) that the:

- General rate reduces by \$11.3 million (down from \$23.3 million to \$12 million).
- Commercial/business rate reduces by \$1.7 million (down from \$7.7 million to \$6 million).

4. In the Annual Plan 2025/26, the “on average cost” of economic development was reported as \$2 per week; or \$104 per annum based on allocation to 25,600 “rating units”. If this estimate was revised to adjust for the net costs noted in this Response, the “on average **net** cost” would reduce to around: \$1 per week, or \$52 annually over the course of the decade¹.

5. For completeness, I can confirm that:

5.1. The currently proposed reforms do not make any specific changes that suggest Council’s current support of economic growth and development should stop (refer to Appendix 3 for further information).

5.2. Information on the proposed value and benefits from economic development activity is set out in the refreshed [2025/28 Economic Development Strategy](#).

I hope this has answered your query. Please feel free to come back to me you require further information or clarification of any points.

Ngā mihi,



Kris Pervan

Group Manager Strategy and Growth
Te Kaihautū Rautaki me te Tupu

¹ Note the split between general and commercial rate would differ based on allocations set by the Revenue and Funding policy.

Appendix 1: Information reported in the Long-term Plan 2024/34

1. Please note that the following information does not include the impact of decisions made on the estimated cost of services after the Long-Term Plan 2024/34 was adopted by the Council on 27 June 2024. However, decisions which impact future year operating funding are included in Annual Plans, and the following Long-term Plan.
2. Key information related to the operating cost of economic development, as set out in the [Long-term Plan 2024/34](#) (LTP 2024/34) is as follows:
 - 2.1. In 2024/25, \$2.8 million operating funding related to 'economic development' was reported. This accounted for just over 2% of total annual operating funding of \$124 million (Long-term Plan: year 2024/25).
 - 2.2. Whilst the total expenditure for economic development is noted as \$31.1 million, the amount that respective rate payers fund over the decade differs by 'rating unit':
 - \$23.3 million (75%) funded from general rates.
 - \$7.7 million (25%) funded from commercial/business rate (for activity of benefit to business).
 - 2.3. The current revenue forecast in the LTP is not reported by this split; however, it is outlined in the [Revenue and Financial policy](#) by apportionment to general and commercial rate payers.
 - 2.4. Based on the current split (noted in Paragraph 2.2 above), the total cost to rate payers noted in the LTP 2024/34 is as follows:

Excerpt: Economic Development		Long-term Plan 2024/34 estimated operating funding (\$000)										
Year		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	Total
Revenue ²	General rate	2,102	2,142	2,201	2,252	2,308	2,355	2,402	2,455	2,513	2,570	23,300
	Commercial rate	701	714	734	751	769	785	801	818	838	857	7,767
	General rate, uniform annual general charge, rates penalties	2,803	2,856	2,935	3,002	3,077	3,140	3,203	3,273	3,351	3,426	31,066

² Note that the 2024/34 Long-term Plan does not split out the allocation of rates by general and commercial ratepayers for economic development. This separation was previously reported. Although revenue is noted, it is reflective of estimated cost for economic development over this period.

Appendix 2: November 2024 Council resolution to establish a new economic development operating model

1. The [resolution](#) for the Council's [November 2024 meeting](#) whereby Council operations were directed to establish the new operating model is as follows:

11.3 ECONOMIC DEVELOPMENT OPERATING MODEL

Ms Kris Pervan, Group Manager Strategy & Growth, introduced the report. Ms Pervan, Mr Neil Mackay, Chair of Economic Development Kotahitanga Board, and Mr Darryn Grant, Strategic Development Director, answered questions from elected members.

RESOLUTION CO2024/154

Moved: Cr Liz Koh

Seconder: Cr Martin Halliday

That Council:

- A. **Note** the proposed implementation approach and timeline for the new Operating Model for Economic Development including next steps set out in paragraph 17 of this paper.
- B. **Approve** in principle the Trust Deed (attached in Appendix 2).
- C. **Approve** in principle the Relationship Framework Agreement between the Trust and Council (attached in Appendix 3).
- D. **Approve** in principle the Constitution of the Limited Liability Company (LLC) between the Trust and LLC (attached in Appendix 4).
- E. **Approve** the Relationship Framework Agreement between the LLC and Council (attached in Appendix 5).
- F. **Approve** the process for appointing board members to the Trust and the composition of the Trust Board.
- G. **Approve** transitioning the Economic Development Kotahitanga Board to constitute interim Board of the LLC, as company directors for the purpose of continuity.
- H. **Delegate** authority for the Mayor and Chief Executive to make any legally non-significant amendments to the items approved in recommendations B-E of this paper, following feedback from the appointed Trustees.

For: Mayor Janet Holborow, Deputy Mayor Lawrence Kirby, Crs Martin Halliday, Sophie Handford, Liz Koh, Jocelyn Prvanov, Kathy Spiers and Shelly Warwick

Against: Crs Glen Cooper, Rob Kofoed and Nigel Wilson

CARRIED 8/3

2. In line with the Coalition Government's focus on supporting business to grow and to support local job creation, Councillors determined in August 2024 that a new economic development model was needed to support Kapiti business to pull through the recessionary period. In summary:
 - 2.1. Council's resolution to establish the new operating model was informed by a requirement that the new entity would return an annual dividend to Council, business, and community so that the benefits of economic growth and development continue to be optimised:
 - Kapiti is a good place to do business,
 - More local jobs,
 - Supported businesses = more productivity and profits, and
 - A \$ return to rate payers each year to help with the increased cost of living.

2.2. In practice, the Council's resolution will mean that economic development activity is subsidised by a dividend returned by the new entity, based off investment and returns. Council has set expectations that the 'net' budget for economic development will reduce as follows:

Annual share of budget costs	2025/26	2026/27	2027/28	2028/29	2029/30
Council	90%	75%	60%	45%	30%
External	10%	25%	40%	55%	70%

2.3. Although not outlined in the Report to Council, I can confirm that the estimated **net** cost to rate payers is as follows:

Area: Economic Development		Estimated net annual operating funding (\$000)										
Year		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	Total
Funding for estimated spend	General rate	2,102	2,142	1,883	1,361	1,126	869	603	619	636	648	11,988
	Commercial rate	701	714	766	907	750	579	402	412	424	432	6,088
	Total cost: rate payers	2,803	2,856	2,649	2,268	1,876	1,448	1,005	1,031	1,060	1,080	18,077
	Alternate (non-rates) funding	-	-	286	734	1,201	1,692	2,198	2,242	2,291	2,346	12,989

2.4. Aside from rates reduction benefits, I can confirm that the purpose of the new operating model and independent entity is three-fold:

- Access alternate funding for business, due to restrictions on Council to secure some funding.
- Deliver on what business wants, as Council heard through engagement on the Economic Development Strategy refresh: an independent entity, more strongly focused on 'by business, for businesses will work more effectively given Kapiti's complex economic settings.
- Deliver on our communities' aspirations, as shared though *Vision Kāpiti*: a place we can live, work and play – and with a future for our children, parents, and families to prosper.

Appendix 3: Impact of reforms on Economic Development activity

1. Supporting economic development has been a feature of local government's work for some time; and it will remain so going forward. Currently, in line with:

Legislation	Summary of service, action, or function
Section 3 of the Local Government Act 2002: <i>purpose of local government</i>	Local authorities have an obligation to 'play a broad role in promoting economic (as one of four) well-being of their communities, and to take a sustainable development approach'
Section 12(3) of the Local Government Act (LGA) 2002: <i>status and powers of local government</i> (Note: <i>more than 40+ laws passed by Parliament task local government with a service, function, or action</i>).	Via the New Zealand Trade and Enterprise Act 2003, local government works with central government, and other key parties, to 'inform and shape the <i>implementation</i> of the Government's policies for economic and industry development' at local level. This Act provides for local government and other key stakeholders to support local economic growth and development, as directed by the Government of the day

2. I understand that, in reference to the table in Question 1, common things local councils do to support economic growth and development include activity related to:
- 2.1. Infrastructure investment;
 - 2.2. Strategic place-based development;
 - 2.3. Supporting local economies and industries;
 - 2.4. Regulatory environment;
 - 2.5. Partnership and coordination; and
 - 2.6. Job creation and workforce development.
3. I can clarify regarding the Coalition Government's reforms currently underway that local government is featured as playing a significant and multifaceted role in supporting economic growth and development under the "Going for Growth" national policy direction.
- 3.1. Although not yet in law, there are signals for stronger focus on supporting economic growth, as follows:

Pending changes the Resource Management Act 1991, under Section 45 of this Act, the new *National Policy Statement³ for Infrastructure and Development* broadens the requirement to plan for physical **and social** infrastructure⁴ for communities. This will increase focus on economic development activities.

Pending changes to the Local Government Act (LGA) 2002 via the Local Government (System Amendment) Bill, local government is:

³ Proposal for the new national policy statement for infrastructure and development can be [sourced here](#).

⁴ This includes: a) a relevant school or institution as defined in the Education and Training Act 2020; b) a hospital care institution within the meaning of section 58(4) of the Health and Disability Services (Safety) Act 2001; c) fire and emergency services facilities; d) defence facilities operated by the New Zealand Defence Force to meet its obligations under the Defence Act 1990; e) correction facilities operated by the Department of Corrections to meet its obligations under the Corrections Act 2004; f) a stormwater network; and g) district or regional resource recovery or waste disposal facilities.

- Explicitly required to 'support local economic growth and development'⁵ as will be noted in its role and purpose.
- Asked to emphasis efficient⁶ delivery of core services essential for economic growth⁷. This aligns local government functions more closely with the national policy direction of "Going for Growth." Some economic growth activity will likely fall under 'local public services'.

3.2. I can confirm that at this stage no changes are made to the New Zealand Trade and Enterprise Act 2003, or role of local government in working with central government, and others, to 'inform and shape the *implementation* of the Government's policies for economic and industry development' at local level.

⁵ The amendments state: purpose of local government is (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 most cost-effective for households and businesses; and

(c) to support local economic growth and development by fulfilling the purpose set out in paragraph (b).

⁶ The preamble for this change focused on inefficient delivery of such services inhibiting economic growth and development.

⁷ These services are the provision of roads and other transport, water, wastewater, and stormwater collection and management