Emergency Council Meeting
Agenda

Date:	Tuesday, 10 June, 2025
Time:	8:30 am
Location:	Civic Centre, Te Iwitahi, 9 Rust Avenue
Elected Members:	His Worship the Mayor Vince Cocurullo
	Cr Gavin Benney
	Cr Nicholas Connop
	Cr Ken Couper
	Cr Jayne Golightly
	Cr Phil Halse
	Cr Deborah Harding
	Cr Patrick Holmes
	Cr Scott McKenzie
	Cr Marie Olsen
	Cr Carol Peters
	Cr Simon Reid
	Cr Phoenix Ruka
	Cr Paul Yovich

For any queries regarding this meeting please contact
the Whangarei District Council on (09) 430-4200.

4.1 2025-26 Annual Plan and Fees and Charges – Deliberations Part 2

Meeting:	Emergency Council Meeting
Date of meeting:	10 June 2025
Reporting officer:	Aaron Taikato, General Manager – Strategy and Democracy Bronwyn Bayne, Manager – Corporate Planning

1 Purpose / Te Kaupapa

For Council to formally consider submissions received on the consultation documents for the 2025-26 Annual Plan and 2025-26 Fees and Charges consultations and formalise positions for adoption on 26 June.

2 Recommendations / Whakataunga

That the Council:

1. Revokes the decisions made at the 5 June 2025 Deliberations Meeting on 2025-26 Annual Plan and Fees and Charges.

2. Notes and considers the 792 formal submissions received on the draft 2025-26 Annual Plan and the draft 2025-26 Fees and Charges consultations.

Rates changes

3. Notes that any delay in setting rates for 2025-26 would prevent Council from being able to issue rates notices by 20 July 2025, adversely impacting customers and thus limiting revenue and requiring drawing down debt.

4. Notes that a significant drop in the planned rates increases could cause a drop in the Council's credit rating and thus increase borrowing costs and trigger an amendment to the 2024-34 Long Term Plan (LTP).

5. Notes that the revenue from the proposed district-wide universal targeted stormwater rate is required to be ringfenced as per direction from Central Government as was signalled in the 2024-34 LTP. The revenue is to cover the stormwater maintenance and upgrade costs that were previously funded from general rates, and then from debt for the 2024-25 financial year.

6. Approves the introduction of a district-wide universal stormwater targeted rate of $172.00 including Goods and Services Tax (GST) per separately used or inhabited parts of a rating unit (SUIP) as per feedback from public consultation on question one of the Annual Plan Consultation Document.

7. Approves setting the Uniform Annual General Charge at $901.00 including GST per separately used or inhabited parts (SUIP) of a rating unit as per the Financial Strategy for the 2024-34 LTP and as per feedback from public consultation on question two of the Annual Plan Consultation Document.

8. Declines to proceed with the proposed temporary rates relief for farmed business-zoned land, consulted on in the draft 2025-26 Annual Plan, as per feedback from public consultation on question three of the Annual Plan Consultation Document.

9. Approves an increase in general rates of 9.7% for the 2025-26 Annual Plan in recognition of the tough economic environment and the consequential financial hardships being faced by many ratepayers, noting that the draft 2025-26 Annual Plan included increasing general rates by an average of 10.7% as per the Financial Strategy approved in the 2024-34 LTP.

10. Notes that a 1% reduction in the general rates increase for 2025-26 will require ongoing operational cost reductions of approximately $1 million so as not to deviate from the benchmarks set in the Financial Strategy for the 2024-34 LTP. Staff propose that these cost reductions can be met by reducing operating budgets funded by general rates on a pro-rata basis.

11. Approves the increase in targeted rates for 2025-26 as per the Financial Strategy for the 2024-34 LTP:
    a. Water rates of 5.7% (Local Government Cost Index (LGCI) plus 2.5%), which includes allowances for increased Central Government imposed levies, some of which will fund the regulatory functions of the Commerce Commission and the Water Services Authority, and higher than expected costs as set out in the 2025-26 Annual Plan Consultation Document:
        i. An additional $15.00 including GST, per SUIP, to the water supply charge, the availability water rate and the unmetered water rate to recover the Government imposed levy.
        ii. An additional $8.00 including GST, per SUIP residential wastewater connection and an additional $5.00 including GST, per pan for non-residential connections to recover the Government imposed levy.
        iii. Increased backflow preventer rates to recover higher than expected cost increases.
    b. Wastewater rates of 3.2% (LGCI).
    c. Flood protection rates for Hikurangi Flood Protection Scheme of 3.2% (LGCI).

12. Notes that growth will be allowed for in expected revenue from rates as per the Financial Strategy for the 2024-34 LTP. This budget assumption is to account for growth in new rateable properties and allows for an additional 1.3% for general rates and stormwater, and 1% for water and wastewater.

Requests for funding

13. Notes the submissions requesting $3.5 million in Council support in 2025-26 towards the build of an indoor sports facility as part of stage 2 of the Ruakākā Recreation Centre development and the request be considered as part of the 2027-37 LTP.

14. Notes the request from Glenbervie School for an unspecified amount of funding in 2025-26 for a road safety barrier next to the school.

a. Requests staff to continue to engage with the school and the Ministry of Education with a joint plan to be agreed and presented to the Whangarei District Council Infrastructure Committee at the August meeting (subject to Ministry of Education approvals).
b. Notes that implementation will be considered as part of the High Risk Rural Roads Safety Improvements Budget for this corridor.

15. Approves in principle, funding the footpath in King Street Hikurangi, on the western side of the main road from the Four Square to Union Street, through the Elected Member Community Projects budget.
    a. Notes an engineer's estimate of $750,000 – $950,000 has been provided by staff and that this expenditure will be capital expenditure.
    b. Requests staff to develop a Procurement Plan to be approved at the July 2025 Infrastructure Committee. The Procurement Plan should encourage local contractors and drive cost effective methods for managing the known risks.
    c. Requests staff to bring the Recommendation for Contract Award to the Infrastructure Committee for endorsement.
    d. Requests staff to bring the formal allocation of budget to the following full Council meeting for approval.

Fees and Charges

16. Approves the increase the 2025-26 Fees and Charges as detailed within the Statement of Proposal.

Annual Plan preparation

17. Approves the preparation of the final 2025-26 Annual Plan and the 2025-26 Fees and Charges scheduled for presentation for adoption to the 26 June 2025 meeting of Council.

18. Notes that staff will engage with the incoming Council and will recommend a Rates Review as part of the preliminary developments for the 2027-37 Long Term Plan.

3 Background / Horopaki

Council has held numerous briefings and meetings to set the draft direction of the 2025-26 Annual Plan (AP26). Council agreed to adhere as closely as possible to the established baseline and benchmarks in the first three years of the 2024-34 Long Term Plan (LTP) to continue to achieve the outcomes already committed to.

The draft AP26 represents Year 2 of the LTP with three consultation questions relating to:

- (Question 1) Introducing a district-wide universal stormwater targeted rate to fund the stormwater activity. This was sign-posted in the LTP.
- (Question 2) Reducing the Uniform Annual General Charge (UAGC) to $500.
- (Question 3) Introducing a contestable grant to provide relief to farmed, business-zoned properties being held for future development.

On 27 March 2025 the Consultation Document for the 2025-26 Draft Annual Plan and the Statement of Proposal for 2025-26 Fees and Charges were adopted for consultation, subject to the Special Consultative Procedure process under the Local Government Act 2002 (LGA). Council also consulted on the Water Services Delivery Plan (WSDP) as part of Local Waters Done Well (LWDW).

These documents were available to the public for consultation between 2 April and 2 May 2025 in accordance with the requirements of the LGA. There were 650 submissions received for the 2025-26 Annual Plan (including 9 late submissions). Also included in this total were 303 signatories to a bulk submission on the proposed stage two of the Ruakaka Recreation Centre, a multi-user indoor facility for Bream Bay. This was backed by a more in-depth submission from the Ruakaka Recreation Centre Committee, meaning a total of 304 submissions were received on this topic.

There were 142 submissions received for the 2025-26 Fees and Charges, however the majority of these related to Rates. 91 submitters indicated that they would like to be approached to be heard, with 33 of these confirming a hearing time slot. Submissions hearings were held on 12 May 2025 and there were three cancellations on the day meaning that 30 submitters were heard. Twelve volumes of submissions were created including one for Fees and Charges (Volume 11) and one for late submissions (Volume 12).

Staff reviewed and analysed the submissions, presenting their summary for consideration by Council at a briefing held on 27 May 2025. Elected Members discussed the various issues and options raised and provided direction back to staff for the preparation of Deliberations.

A Deliberations meeting was held on 5 June 2025. The substantive motion for recommendations 1 to 14 (excluding recommendations 10 and 13) was lost. Elected Members requested a second meeting to continue Deliberations on the Annual Plan and Fees and Charges consultations.

4 Discussion / Whakawhiti kōrero

Council must now formally consider the submissions received on the consultation documents for the 2025-26 Annual Plan and the 2025-26 Fees and Charges consultations, determining changes, if any, to be made as a result of consultation. This is a critical step in preparing the final 2025-26 Annual Plan and the 2025-26 Fees and Charges in order to reach formal adoption on 26 June 2025.

Any delay in setting rates for 2025-26 would prevent Council from being able to issue rates notices by 20 July 2025, adversely impacting customers and staff workload. This would also limit revenue and require a drawdown of debt. Additionally, a significant drop in the planned rates increase could cause a drop in the Council's credit rating thus increasing borrowing costs and trigger an amendment to the Long Term Plan.

Recommendations:

Council notes that any delay in setting rates for 2025-26 would prevent Council from being able to issue rates notices by 20 July 2025, adversely impacting customers and thus limiting revenue and requiring drawing down debt.

Council notes that a significant drop in the planned rates increases could cause a drop in the Council's credit rating and thus increase borrowing costs and trigger an amendment to the 2024-34 Long Term Plan.

Comparisons to other Large Metro Councils

At various stages during the Annual Plan process comments and/or questions have been raised about how Whangarei District Council compares to other comparable councils in terms of its financial position and resourcing. While the Department of Internal Affairs has announced it will be releasing benchmark data in the near future, staff have prepared the analysis shown below from 2023-24 Annual Reports of the other councils in the 'Large Metro' group. Whangarei District Council has been added to this group recently due to recent growth.

The data has been analysed and presented in three ways:

- A ranking between the seven councils.
- Numeric data extracted from each council's Annual Report.
- Each data field shown as a percentage of the WDC figure.

The report illustrates that Whangarei District Council operates with a considerably lower level of financial and human resources than its peer councils. If the assumption is made that levels of service and performance are broadly similar (noting this is a subjective assessment), it follows that Whangarei District Council is already operating on an efficient basis, making it difficult to make further savings without compromising service performance.

		Christ-church	Dunedin	Hamilton	Hutt City	Tauranga	Wellington	Whangarei
RANKING		**AA-**	**AA-**	**A**	**A+**	**A+**	**AA**	**AA**
Rates / Capita	Low = 1	5	4	2	3	6	7	1
Rates / Rating Unit	Low = 1	4	2	5	3	5	7	1
Revenue / Capita	Low = 1	6	4	5	3	2	7	1
Expenses / Capita	Low = 1	4	5	3	2	6	7	1
Surplus (Deficit) /Capita	Low = 1	3	6	1	4	7	5	2
Debt / Capita	Low = 1	5	3	4	2	6	7	1
Personnel Costs / Capita	Low = 1	3	4	5	2	6	7	1
Population / FTE	High = 1	3	4	5	2	7	6	1
NUMERIC								
Rates / Capita	$	1,668	1,500	1,332	1,355	1,812	2,245	1,247
Rates / Rating Unit	$	3,794	3,565	4,070	3,646	4,792	5,918	2,700
Revenue / Capita	$	2,852	2,614	2,780	2,498	2,497	4,114	2,274
Expenses / Capita	$	2,735	2,877	2,502	2,384	3,020	4,074	2,097
Surplus (Deficit) /Capita	$	118	(263)	278	115	(523)	40	178
Debt / Capita	$	5,886	4,282	5,271	4,158	6,670	7,429	2,297
Personnel Costs / Capita	$	508	611	639	429	657	718	350
Population / FTE	#	179	158	151	215	142	143	251
PERCENTAGE COMPARED TO WHANGAREI								
Rates / Capita		134%	120%	107%	109%	145%	180%	100%
Rates / Rating Unit		140%	132%	151%	135%	177%	219%	100%
Revenue / Capita		125%	115%	122%	110%	110%	181%	100%
Expenses / Capita		130%	137%	119%	114%	144%	194%	100%
Surplus (Deficit) /Capita		66%	-148%	157%	64%	-294%	23%	100%
Debt / Capita		256%	186%	229%	181%	290%	323%	100%
Personnel Costs / Capita		145%	175%	183%	122%	188%	205%	100%
Population / FTE		71%	63%	60%	85%	57%	57%	100%

4.1 Rates Changes and Requests for Funding

Following the Council meeting on 5 June additional information was requested on the impacts of the proposed rating policy changes. Below is a table showing the sample properties. The rates for 2024-25 are compared with 2025-26 rates calculated based on a general rates increase of 9.7%. Two options for the stormwater targeted rate are presented:

- Option 1 – Assessed at $172.00 including Goods and Services Tax (GST) per separately used or inhabited parts of a rating unit (SUIP).

- Option 2 - Assessed on the land value of each property at $0.0003696 including Goods and Services Tax (GST).

Analysing the two options, Option 1 has a smaller spread of rates increases, ranging from 8.3% to 16.9%. While Option 2 has increases ranging from 9.6% to 29.8%.

Option 1 sees lower value properties with single use (e.g. one household) paying more than under Option 2. Option 2 sees higher value properties paying more.

However, the impact is complicated by the general revaluation movements and the general rates property categories. The value-based general rates are differentiated for each sector. The Commercial & Industrial sector has a significantly higher differential, so the undifferentiated (universal) stormwater rate sees lower rates increases for that sector. The Rural sector is also rated at a higher general rate differential than the Residential so a universal district-wide rate assessed on land sees value a lower share of stormwater costs for rural properties than previous years. In addition, the higher-value residential properties that benefit from a general rates remission sees a higher rates increase for stormwater.

						Option1		Option 2	
	2024/25	2025/25 as per Consultation Document				Revised (Estimate*)		Revised (Estimate*)	
		Gen +10.7% UAGC $500 Storm LV	Increase	Gen +10.7% UAGC $909 Storm LV	Increase	Gen +9.7% UAGC $901 Storm $172	Increase	Gen +9.7% UAGC $901 Storm LV	Increase
Res - Urban LV $200,000 (2021 $200,000)	2,296	2,327	1.4%	2,538	10.5%	2,622	14.2%	2,524	10.0%
Res - Urban LV $380,000 (2021 $400,000)	2,843	3,101	9.1%	3,134	10.3%	3,148	10.7%	3,116	9.6%
Res - Lstyle LV $640,000 (2021 $620,000)	2,516	3,254	29.3%	3,030	20.4%	2,940	16.9%	3,005	19.4%
Res - Lstyle LV $3,400,000 (2021 $3,100,000)	6,972	11,053	58.5%	9,122	30.8%	7,967	14.3%	9,051	29.8%
Rural LV $970,000 (2021 $950,000)	4,549	5,337	17.3%	5,396	18.6%	5,109	12.3%	5,295	16.4%
Rural LV $3,450,000 (2021 $3,250,000)	13,575	17,704	30.4%	16,869	24.3%	15,428	13.6%	16,530	21.8%
Comm LV $820,000 (2021 $780,000)	12,954	14,643	13.0%	14,558	12.4%	14,148	9.2%	14,279	10.2%
Ind LV $3,950,000 (2021 $3,750,000)	59,266	68,743	16.0%	66,771	12.7%	64,168	8.3%	65,456	10.4%

* The revised rates are an estimate only. The rates set will be based on information in the Rating Information Database as at 1 July 2(

4.1.1 Introduction of a District-wide universal stormwater targeted rate

The stormwater activity was previously general rate funded. Under the Affordable Waters Reforms the stormwater activity was to be moved to the new entity. With the new government, the Three Waters activities were returned to Council and Council decided to delay funding the stormwater activity until 2025-26 as ratepayers were already facing a 17% general rate increase.

As set out in the consultation document, the proposed stormwater targeted rate will help ensure that we have a dedicated and sustainable funding source to cover the costs of maintaining and upgrading our stormwater infrastructure. This change was signalled in the LTP, with the year one activity funded through debt. This new revenue will fund the maintenance and improvement of stormwater systems, including important work like clearing drains and renewing and maintaining stormwater pipes and retention basins. It will also support work aimed at reducing flood risks and improving water quality in our rivers and streams. This vital system benefits everyone in the District, not only those homeowners or businesses directly connected to the system – but extends to protecting roading, community assets, and businesses everyone relies on across the District.

There was no overwhelming support for either of the two options consulted on: a rate calculated using the land value of a rating unit or a universal rate per separately used or inhabited part of a rating unit (SUIP). However, there was a slight preference for rating based on the number of SUIP’s for a rating unit. The general themes of fairness, affordability and equity were raised. A number of rural property owners submitted that they received less direct benefit from stormwater operations so should pay a lower share of rates.

Submissions and staff analysis were reviewed and discussed at the Issues and Options Briefing on 27 May 2025 and Council feedback and direction from this briefing generally support introducing a District-wide universal rate assessed on the number of SUIPs for each rating unit. However, during the development of the 2027-37 LTP, other options for assessing this rate could be considered.

Recommendation:

Council notes that the revenue from the proposed district-wide universal targeted stormwater rate is required to be ringfenced as per direction from Central Government and was signalled in the 2024-34 LTP. The revenue is to cover the stormwater maintenance and upgrade costs that were previously funded from general rates, and then from debt for the 2024-25 financial year.

Council approves the introduction of a district-wide universal stormwater targeted rate of $172.00 including Goods and Services Tax (GST) per separately used or inhabited parts of a rating unit (SUIP) as per direction on question one of the Annual Plan Consultation Document.

4.1.2 Reducing the Uniform Annual General Charge (UAGC) to $500

The intention in reducing the UAGC was to provide rates relief for owners of lower land value properties, addressing affordability of rates for our community. However, the change also significantly increased rates for properties with higher land values.

A large majority of submitters preferred to leave the UAGC at status quo $909 rather than lowering it to $500. Responses referenced fairness, value for money and affordability.

Submissions and staff analysis were reviewed and discussed at the Issues and Options Briefing on 27 May 2025 and Council feedback and direction from this briefing supported the UAGC remaining at status quo. Note that reducing the general rates increase to 9.7% sees the UAGC at $901.

Recommendation:

Council approves setting the Uniform Annual General Charge at $901.00 including GST per separately used or inhabited parts (SUIP) of a rating unit as per the Financial Strategy for the 2024-34 Long Term Plan (LTP) and as per feedback from public consultation on question two of the Annual Plan Consultation Document.

4.1.3 Temporary rates relief for farmed, business-zoned land

The intent of the proposal was to provide temporary relief to landowners that were impacted by a 2021 change in rating policy, which saw the commercial and industrial differential applied to all business-zoned properties, including those used for farming. Most significantly affected by this change were some in the Marsden Point area who previously saw an increase in their land rates of up to 563% following a large lift in their land value after the 2021 general revaluation. The grant (up to $500,000 in 2025-26; up to $350,000 in 2026-27; up to $250,000 in 2027-28) was to be funded by ratepayers in the Commercial & Industrial and Rural sectors, coming to an additional 1.2% general rates increase for these sectors.

There was a clear majority of submitters that did not support the provision of a grant to support business-zoned landowners who currently farm their properties. While many respondents expressed sympathy for the affected landowners, most felt that the financial burden should not be shifted to others, particularly given rising costs for all ratepayers. Several noted that business-zoned landowners benefit from higher-than-average capital gains and therefore questioned the need for relief. This view was echoed by two key organisations representing the farming and business sectors, Federated Farmers Northland and the Northland Chamber of Commerce, both of whom did not support providing targeted financial relief. Issues included fairness, precedent and alignment with Council's strategic objectives.

Submissions and staff analysis were reviewed and discussed at the Issues and Options Briefing on 27 May 2025 and Council feedback and direction from this briefing was to not proceed with the proposed temporary relief for farmed, business-zoned land. However, this was not unanimous, with some voicing support for proceeding with the grant.

At the Deliberations meeting on 5 June 2025 an amendment was moved by Cr. Halse and seconded by Cr. Golightly that Whangarei District Council grants rates postponement of $300,000 for a period of two years to the property owners of HKRS holdings. While the amendment was supported, when it became part of the substantive motion it was subsequently lost.

Recommendation:

Council declines to proceed with the proposed temporary rates relief for farmed business-zoned land, consulted on in the draft 2025-26 Annual Plan, as per direction on question three from public consultation on the Annual Plan Consultation Document.

4.1.4 General rates increase

Financial Strategy set in LTP

The *2025-26 Annual Plan introduction Briefing* followed the Local Government New Zealand (LGNZ) conference where the Prime Minister and Government Ministers were consistent in their message that Local Government must cut out the nice- to- haves and get back to basics. Council agreed that the 2025-26 Annual Plan should adhere as closely as possible to the first three years of the LTP, staying the course to achieve the outcomes already committed to.

The following limits and parameters were set for the LTP:

- **Balanced budget**: Council will set a balanced budget every year.
- **Everyday funding**: Everyday operational expenses should be covered by everyday funding from year four.
- **Debt limit**: The net debt to revenue ratio will remain below 175%.
- **Credit rating**: Council's credit rating should be actively managed with no further drops during the LTP term.

While rate increases were applied to the Annual Plan, the additional revenue is largely used to fund Council's increased depreciation expense and to reduce reliance on capital funding and targeted rates. This allows Council to work towards achieving the Everyday Funding position by year four.

Implications of not following Financial Strategy

Any reduction to rates increases without a corresponding cost reduction will deviate from the Financial Strategy and create challenges for future years when higher rates increases would be required to make up for any lost revenue. Similarly, a deviation from the net revenue position indicated in the LTP and not achieving other goals in the Financial Strategy may trigger a credit rating downgrade or change to a negative outlook, thereby negatively impacting our future borrowing costs. Furthermore, due to the cumulative effect of rates, reducing any proposed increase can have a significant impact across the later years of the LTP.

Operational budget pressures

In the lead up to the Annual Plan consultation, Budget managers were not given the opportunity to add further operational costs into the LTP year two budget start point. On top of this, operating budgets were not increased for the movement in LGCI between the LTP year one (2.2%) and the revised LGCI (3.2%). This 'forced savings' equivalent to 1% of general rates revenue to allow for additional funding to cover higher depreciation as a result of the June 2024 property revaluation. While this approach allowed Management to restrict budget increases beyond the funding available, it creates challenges as to how legislatively driven or already committed costs not included within the budget will be funded next financial year.

Senior Management have made concerted efforts since December last year to reduce the list of unbudgeted items by funding within existing departmental and group budgets. Staff calculate the remaining total to be approximately $5.1 million, equivalent to 5% of general rates revenue. Examples of where existing budgets are insufficient include:

- Emergency road repairs $2,600,000
- Water testing and maintenance costs $500,000.
- Security guard costs $500,000.
- Wastewater capacity assessments $450,000.
- Software costs $359,000.
- Vandalism repairs $160,000.
- Fringe benefit tax liability $150,000.
- External events $144,000.
- Cleaning costs $100,000.

Submissions and staff analysis were reviewed and discussed at the Issues and Options briefing on 27 May 2025 and Council feedback and direction from this briefing included the desire to reduce the proposed general rates increase by 1%, to 9.7% in recognition of the tough economic environment and the consequential financial hardships being faced by many ratepayers. This will result in an approximate $1 million reduction in general rates revenue for 2025-26 and outyears. Staff propose that this reduction can be met by reducing operating budgets financed by general rates on a pro-rata basis. Staff were also asked to bring back to Elected Members options of where further operating cost savings to address the additional $5.1 million operating unbudgeted high priority activities could be achieved. This briefing will take place in July/August.

Recommendation:

Council approves an increase in general rates of 9.7% for the 2025-26 Annual Plan in recognition of the tough economic environment and the consequential financial hardships being faced by many ratepayers, noting that the draft 2025-26 Annual Plan included increasing general rates by an average of 10.7% as per the Financial Strategy approved in the 2024-34 LTP.

Council notes that a 1% reduction in the general rates increase for 2025-26 will require ongoing operational cost reductions of approximately $1 million so as not to deviate from the benchmarks set in the Financial Strategy for the 2024-34 LTP. Staff propose that these cost reductions can be met by reducing operating budgets funded by general rates on a pro-rata basis.

4.1.5 Targeted rates increases

The following targeted rates increases were set for the LTP year two (2025-26):

- Water Rates: 5.7% (2.5% plus LGCI of 3.2%)
- Wastewater Rates: 3.2% (LGCI only)
- Hikurangi Flood Protection Rates: 3.2% (LGCI only)

The 2.5% increase for Water Rates includes passing on costs that are driven by Central Government. As set out in the 2025-26 Annual Plan Consultation Document, Central Government is proposing to impose levies on councils to fund New Zealand’s Water Services Authority and the Commerce Commission. The cost to Council could be $526,000 for 2025-26. The water activity share would be $363,000. It is proposed to fund this via the water supply rate. The water supply rate is $40 per connection in 2024-25, the current year.

Including the additional levy funding, it is proposed to increase the supply charge to $57 per connection, rather than $42 as per the 2024-34 LTP. The availability water rate and the unmetered water rate are also proposed to be increased by an additional $15 to the planned rates: $42 and $587 respectively. The amounts are GST inclusive, and the rates are assessed per SUIP.

The wastewater activity share would be $147,000. It is proposed to fund this by increasing the sewerage disposal rates. The residential rate is proposed to be increased by an additional $8 to $966 per SUIP, and the non-residential rate by an additional $5 to $625 per pan.

One of Council’s barriers to water contamination is backflow preventors. Generally domestic/ordinary use connections will have a non-testable dual check device and commercial/extraordinary use customers will require a testable backflow prevention device at the point of supply. The testable back flow preventor costs have increased more than the rates increases. There are some 1,370 properties with testable back flow preventors. The revenue sought in 2024-25 was $129,000. The proposed rates for 2025-26 and what the rates including GST would be if increased as per the 2024-34 LTP are:

Backflow preventer charge	2024-25 rates	2025-26 rates	
		@ 5.7%	Proposed
15/20mm connection	94.22	99.59	137.00
25mm connection	95.5	100.94	139.00
32mm connection	112.98	119.42	151.00
40mm connection	115.63	122.22	154.00
50/60mm connection	119.96	126.8	170.00
80/100mm connection	302.13	319.35	370.00
150mm connection	353.69	373.85	430.00
200/250mm connection	585.79	619.18	857.00

The other increase to the targeted rates comes from inflation indexation. Council’s LTP, Annual Plan and Fees and Charges are modelled using the Local Government Cost Index (LGCI) as the appropriate inflation rate. The LGCI is a price index developed by Business and Economic Research Limited (BERL). The LGCI is seen as the more accurate reflection of cost increases borne by local authorities. LGCI has generally grown faster than CPI. This is because LGCI measures the price for a basket of goods and services more relevant to local authorities’ expenditure, rather than expenditure patterns of households.

The LGCI forecast is updated periodically. The LTP is prepared based on the ten year LGCI forecast rates at the time of preparing the LTP budget. The LGCI rate used for each Annual Plan is adjusted based on the revised LGCI rates for the applicable year. These can differ to the rates used in the LTP.

To enable our budgets to reflect the most accurate inflation rate, our LTP Financial Strategy uses LGCI as the inflationary factor rather than a set percentage. The actual rate used is adjusted annually as new inflation data emerges. For 2025-26 the rate is 3.2%.

Recommendation:

Council approves increases in the following targeted rates for 2025-26 as per the Financial Strategy for the 2024-34 LTP:

a. Water rates by 5.7% (Local Government Cost Index (LGCI) plus 2.5%), which includes allowances for increased Central Government imposed levies, some of which will fund the regulatory functions of the Commerce Commission and the Water Services Authority, and higher than expected costs:
   i. An additional $15.00 including GST, per SUIP, to the water supply charge, the availability water rate and the unmetered water rate to recover the Government imposed levy.
   ii. An additional $8.00 including GST, per SUIP for residential wastewater connection and an additional $5.00 including GST, per pan for non-residential connections to recover the Government imposed levy.
   iii. Increased backflow preventer rates to recover higher than expected cost increases.
b. Wastewater rates by 3.2% (LGCI).
c. Flood protection rates for Hikurangi Flood Protection Scheme by 3.2% (LGCI).

4.1.6 Ruakākā Indoor Sports Facility Funding Request

The Annual Plan consultation elicited a large number of submissions requesting Council support the construction of an indoor sports facility as stage 2 of the Ruakākā Recreation Centre development. The project is costed at $9 million and the proprietors are seeking a $3.5 million capital grant (35%) contribution from the Council in 2025-26. This would be funded out of operating expenditure as we would not own the asset. The Ruakākā Recreation Centre has suggested that Council purchase the old recreation centre with the proceeds to fund the new development.

Whangarei District is currently short of 10 indoor sports courts as determined in the Indoor and Outdoor Courts Strategy. The shortage of courts is causing significant issues for indoor sports with demand far exceeding supply and impacting current users as well as preventing sports growth.

Included in the LTP are plans for a six-court indoor facility in a central hub ($5.5 million in capital funding has been set aside in the LTP for land purchases for this with costs for the facility unfunded). However, it could be up to 10 years before these courts are available to the community.

The Bream Bay area is identified as a growth area in the Future Development Strategy and Parks and Recreation agree this is a desirable project of the correct scale and in the right location to achieve the aims of Council's Indoor and Outdoor Courts Strategy. The Ruakaka Stage 2 has been signalled by Northland Regional Council as a Regional Hub for indoor sports and is likely to obtain funding through their Regional Facilities budget.

While the two Ruakākā indoor sports courts are shovel ready, they are dependent on receiving funding. At this time, it is not clear when the draw down on funding from Whangarei District Council would be required.

There is no provision for funding them in the Annual Plan or the LTP. Thus far Council has committed $2,755,000 into the Recreation Centre Development:

- $1.17 million spent last year for a new carpark as part of Stage 1.
- $633,000 spent across the last two years for a new sports field.
- $952,000 is set aside in year four of LTP for further sports field and lighting investment.

If Council were to include funding for this in the 2025-26 Annual Plan this would result in:

- Additional debt of $3.5m over and above debt levels budgeted. (The Revenue and Financing Policy provides for capital grants paid to be funded via debt rather than general rates).
- Additional borrowing costs putting further pressure on the balanced budget benchmark and everyday funding benchmark.
- Additional $3.5m operating expense. In accordance with legislation this will be included within the balanced budget benchmark. Due to the timing of other similar grants, the cumulative effect of these will result in Council failing to achieve a balanced budget for the 2025-26 Annual Plan. This would not adhere to Council's Council Financial Strategy to set a balanced budget.

With regards to selling the old recreation centre to Council, Officers disagree with this approach. Council preference is to not own community facilities but to provide a lease to the community for which their buildings sit on Council land. Buying this facility increases Council's liabilities and costs and sets a precedence. The old recreation centre is a community asset funded by local community and should remain a local community facility owned and operated by the local community. If the old recreation centre is surplus to the organisation's needs, then it should be passed on to other community organisations which can best utilise the building for community purposes.

Officers will continue to work with the clubs to establish an appropriate lease arrangement and support the transition.

Submissions and staff analysis were presented at the Issues and Options briefing on 27 May 2025. No substantive discussion or direction was provided.

Recommendation:
Council notes the submissions requesting $3.5 million in Council support in 2025-26 towards the build of an indoor sports facility as part of stage 2 of the Ruakākā Recreation Centre development and the request be considered as part of the 2027-37 LTP.

4.1.7 Glenbervie School Road Safety Barrier Funding Request

A request was received from Glenbervie School on 15 May after they had met with Ministry of Education, Councillors and Council staff to consider how safety at the school can be improved. The school had commissioned a report to consider the traffic safety of drop-off and pick-up of students and the safety of the road network in the vicinity of the school. Currently there are risks associated with a lack of footpath along the school front, cars queueing back onto the main road and two incidents where cars come through the fence at night.

An unspecified amount of funding for a road safety barrier for a curved section of road adjacent to the school was requested. This would remove the existing pole fence (which is the most significant risk to drivers) and protect against impact from vehicles in the event of them losing control on the curve and ending up on school property.

The road safety budget has been reduced by NZTA and Council but work is underway as part of the current Long Term Plan which will confirm Council priorities for this funding. This includes a District-wide Crash Reduction Study, High Risk Rural Road Treatment, and School Speed Limits. In parallel to this, Council staff are working with the Ministry of Education and the School to address the primary safety issues: which are insufficient parking and space for parents to pick up/drop off without queueing back onto the main road and the lack of a contiguous footpath.

Submissions and staff analysis were presented at the Issues and Options briefing on 27 May 2025. No substantive discussion or direction was provided.

At the Deliberations meeting on 5 June, an amendment was moved by Cr Gavin Benney and seconded by Cr Scott McKenzie to commit $30,000 for a road safety barrier alongside the Glenbervie School. The amendment was carried eight for and three against. Following further engagement with staff after the meeting, Cr Gavin Benney, Cr Scott McKenzie and Cr Simon Reid agreed to revoke the resolution and put forward a new recommendation.

Recommendation:

Council notes the request from Glenbervie School for an unspecified amount of funding in 2025-26 for a road safety barrier next to the school.

a. Requests staff to continue to engage with the school and the Ministry of Education with a joint plan to be agreed and presented to the Whangarei District Council Infrastructure Committee at the August meeting (subject to Ministry of Education approvals).
b. Notes that implementation will be considered as part of the High Risk Rural Roads Safety Improvements Budget for this corridor.

4.1.8 Hikurangi Footpath Replacement

At the Deliberations meeting on 5 June 2025 an amendment was moved by Cr Gavin Benney and seconded by Cr Scott McKenzie that:

‘Council commit $400,000 plus GST as a community grant to the Hikurangi Business Association for the replacement of the footpath in King Street Hikurangi, on the western side of the main road from the Four Square to Union Street, subject to conditions that will be worked through with staff alongside Cr Simon Reid, Cr Scott McKenzie and Cr Gavin Benney by 26 June 2025’.

The amendment was carried eight for and three against. Following further engagement with staff after the meeting, Cr Gavin Benney, Cr Scott McKenzie and Cr Simon Reid agreed to revoke the resolution and put forward a new recommendation.

Recommendation:

Council approves in principle, funding the footpath in King Street Hikurangi, on the western side of the main road from the Four Square to Union Street, through the Elected Member Community Projects budget.

a. Notes an engineer's estimate of $750,000 – $950,000 has been provided by staff and that this expenditure will be capital expenditure.

b. Requests staff to develop a Procurement Plan to be approved at the July Infrastructure Committee. The Procurement Plan should encourage local contractors and drive cost effective methods for managing the known risks.

c. Requests staff to bring the Recommendation for Contract Award to the Infrastructure Committee for endorsement.

d. Requests staff to bring the formal allocation of budget to the following full Council meeting for approval.

4.1.9 Fees and charges

Council's Revenue and Financing Policy determines how a service should be funded, and it may include a mix of user pays (fees and charges) and public good (general rates). If fees and charges are not increased in line with increased costs, a higher portion of general rates will be required to fund the service.

A Local Government Cost Index (LGCI) increase was generally proposed for the fees and charges subject to consultation. This was to ensure Council's fees and charges are kept in line with the increased costs of providing services.

Submissions were received on specific fees along with more general feedback such as general support of, or general opposition to the increases. Submissions and staff analysis were reviewed and discussed at the Issues and Options briefing on 27 May 2025 and Council feedback and direction from this briefing was to make no changes to the proposed 2025-26 Fees and Charges.

Recommendation:

Council approves the proposed 2025-26 Fees and Charges with increases as detailed within the Statement of Proposal.

4.2 Financial/budget considerations

If approved, the recommendations in this paper will require Council to find operational cost savings of approximately $6.1 million for 2025-26 as well as the remaining years of the LTP so as not to deviate from the benchmarks set in the LTP Financial Strategy and avoid the need to reconsult on the LTP:

- $1 million to accommodate a 1% reduction in the planned average general rates increase from 10.7% to 9.7%
- $5.1 million to cover existing unbudgeted high priority operational spending.

Note that there are unquantified financial risks with the proposal to fund the footpath replacement for King Street Hikurangi. These will be set out more fully in the Briefing to Council to come following development of the Procurement Plan.

Note that growth will be allowed for in expected revenue from rates as per the Financial Strategy for the 2024-34 Long Term Plan. This budget assumption is to account for growth in new rateable properties (rather than population) and allows for an additional 1.3% for general rates and stormwater, and 1% for water and wastewater. Note that staff will engage with the incoming Council and recommend a Rates Review as part of the preliminary developments for the 2027-37 Long Term Plan.

Recommendation:

Council notes that growth will be allowed for in expected revenue from rates as per the Financial Strategy for the 2024-34 LTP. This budget assumption is to account for growth in new rateable properties and allows for an additional 1.3% for general rates and stormwater, and 1% for water and wastewater.

Council notes that staff will engage with the incoming Council and recommend a Rates Review as part of the preliminary developments for the 2027-37 Long Term Plan.

4.2.1 Capital programme, carry forwards and debt

Efforts are ongoing to deliver the capital programme and spend is up on prior years. The accuracy of forecasting and resulting carry forwards continues to be a challenge and changes continue to be made to improve accuracy of budgeting and forecasting. There have been delays to projects in the capital programme set as part of the LTP through a combination of Council decision making (e.g. Springs Flat), delays in completing business cases, consent delays and procurement timeframes.

As Council progresses through the first few years of the Plan, unspent capital budgets are carried forward for completion in the following financial year. This can create a ‘snowball’ effect by year three if not addressed. While it may seem practical to simply reduce the capital programme to avoid carry forwards, staff do not recommend this.

The capital programme set as part of the LTP has been consulted on with ratepayers and staff do not recommend removing projects from the Plan during an Annual Plan cycle as it is not transparent and will not necessarily impact the financial statements.

During the financial modelling process, debt forecasts are based on a historical trend analysis including capital programme delivery. This provides a mechanism to adjust the budgeted debt by reducing the ‘funded’ capital programme to a level that is expected to be delivered. This means Council does not borrow funds unless they are needed, avoiding unnecessary debt, over-hedging, and keeping interest charges (that are funded by rates) to a minimum.

Project budgets are established and phased based on the best knowledge at the start of the year. Over the course of the year, a proportion of projects will experience issues including consent approvals, weather events, procurement delays and construction issues.

Carry forwards are necessary to the extent they provide for flexibility and planning, allowing management to take a fluid approach to capital delivery when unforeseen delays are experienced. This has been further supported through the introduction of multi-year forecasting and additional delegations providing for more flexibility to manage the capital programme. However, this must be managed against the negative aspects of carry forwards including:

- Setting false expectations with ratepayers.
- Council not doing what it says it will.
- Difficulty in forecasting debt, cashflow and treasury functions.
- Impacts on depreciation calculations for budget preparation.

The 2027-37 LTP will need to ensure that the capital programme achieves a balance that allows for flexibility, supports growth in our District, supports our asset management plans adequately, without being too aspirational and unachievable. This is a difficult balance to achieve with aspirational projects opportunities to make our District even better.

For 2025/26 the capital programme will encompass Year Two of the 2024/34 LTP, plus any projects carried forward from 2024/25 and any additional projects approved by Elected Members during the year.

4.2.2 Roading Programme

Confirmation of NZTA funding continues to impact our planning and budgeting process due to the current disconnect in the timeline with Council processes. As Council have experienced this year, the roading programme for years one to three required extensive revision after confirmation that the subsidy income available was reduced compared to what had been included within Council's LTP. The National Land Transport Plan was only confirmed in October 2024 whereas the LTP budgets were established in November 2023.

This creates significant challenges when setting a budget to achieve agreed upon financial parameters and service delivery. While capital spend can be reduced to offset the reduced income, the balanced budget result is still heavily impacted. The introduction of Council's Everyday Funding benchmark helps to manage this by excluding capital revenue, however the variances reported to budget continue to be significant. Additional funding available through contestable processes and the desire to maximise subsidies available, further impedes Council's ability to operate strictly within LTP budgets. A level of flexibility and fluidity is required, creating a challenging environment for reporting and financial discipline. Work will continue to in this space to align the needs of the roading and finance departments, as well as NZTA and other external processes and requirements.

4.2.3 Capital revenue

The uncertainty of other external funding for capital projects can have a significant impact on Council's surplus for the year. The receipt of this income is influenced by funding criteria, milestone completion, and external factors. Best estimates of revenue and associated timings have been made within the Annual Plan budget, however these will be continuously revisited during the forecasting process throughout the year. This uncertainty makes it difficult to accurately budget capital revenue.

5 Significance and engagement / Te Hira me te Arawhiti

The decisions outlined in this Agenda have been subject to public consultation between 2 April 2025 and 2 May 2025.

Consultation on the 2025-26 Fees and Charges has been undertaken as required by the Local Government Act 2002 (the Act) in accordance with the special consultative procedure (SCP). Concurrently with this SCP, Council has consulted on those aspects of the proposed 2025-26 Annual Plan that vary significantly from what was provided for in the corresponding year of the 2024-34 LTP. In that respect consultation requirements under the Act have been met. Council is now in a position to deliberate on submissions received and heard.

The decisions or matters following this Agenda could trigger the significance criteria outlined in Council’s Significance and Engagement Policy.