

Emergency Council Meeting

Agenda

Date: Wednesday, 18 June, 2025

Time: 11:00 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.

1. Karakia/Prayer	
2. Declarations of Interest / Take Whaipānga	
3. Apologies / Kore Tae Mai	
4. Decision Reports / Whakatau Rīpoata	
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5. Public Excluded Business / Rāhui Tangata	
6. Closure of Meeting / Te katinga o te Hui	

4.1.1 2025-26 Annual Plan and Fees and Charges - Deliberations Part 2 – Supplementary Information

Meeting: Emergency Council Meeting
Date of meeting: 18 June 2025
Reporting officer: Aaron Taikato – General Manager, Strategy and Democracy
 Bronwyn Bayne – Manager, Corporate Planning

1 Purpose / Te Kaupapa

To provide Council with additional information for consideration alongside the agenda report for 2025-26 Annual Plan and Fees and Charges – Deliberations Part 2 and formalise positions for adoption.

2 Background / Horopaki

At the 10 June 2025 Council meeting, Council received the agenda report for 2025-26 *Annual Plan and Fees and Charges – Deliberations Part 2* to consider submissions received on the consultation documents for the 2025-26 Annual Plan and 2025-26 Fees and Charges consultations and to formalise positions for adoption later in June 2025.

After a motion to adjourn and leave the report on the table, staff were asked to provide additional information on the impacts to the Financial Strategy outlined in the 2024-34 Long Term Plan (LTP). This included the implications of lower general rate increases and alternative funding options for stormwater activities. This report provides that information.

3 Discussion / Whakawhiti kōrero

The rate increases included in the Draft Annual Plan were set to get Council back to an Everyday Balanced Budget position as per the LTP. Many of the operating costs these increases are funding flow from Central Government priority capital projects. While these capital projects receive part funding from Central Government and should generally be aligned with Council direction (that is, included in the LTP) they bring additional pressure on Council resources as Council needs to fund the consequential operational and depreciation costs in the Annual Plan of these investments (up to 10% of the capital costs). Examples of such projects include:

- Better Off Funding (Climate Change Adaption, Hikurangi Business Case, Oakura),
- Infrastructure Acceleration Fund – Morningside Flood Relief, Roding improvements
- Tourism Infrastructure Fund – Matapouri Toilet
- National Land Transport Fund - Various

Other cost increases come from: the reduced NZTA funding subsidy, while Council continues to fund the repairs to infrastructure from significant storm damage; higher than anticipated inflation; increased insurance costs, and increased depreciation expenses. We envisage

Council will continue to absorb any additional work required to meet new legislative requirements with existing resources.

3.1 General rates

The 2024-34 LTP provides the direction for the 2025-26 and 2026-27 Annual Plans. It sets out the Financial Strategy, the Infrastructure Strategy and the Levels of Service agreed to by Council for 2025-26, 2026-27 and seven years hence. The process to determine Council's LTP was thorough and adhered to legislative requirements.

There was community feedback during consultation that a 10.7% general rates increase is unaffordable for some ratepayers, and that adding a new stormwater targeted rate further worsens affordability concerns. There was strong feedback to leave the Uniform Annual General Charge (UAGC) in line with what was set in the LTP.

Elected Members sought advice on the impacts of a 1% reduction in the general rates increase from 10.7% to 9.7%. This will not trigger further public consultation on a revised Annual Plan for 2025-26 or an LTP amendment. But reductions beyond that level will likely require public consultation and delay the setting of rates.

Furthermore, any significant changes to general rates without a corresponding reduction in expenses would materially impact Council's ability to meet the benchmarks for a balanced budget, everyday funding and debt reduction across the LTP.

3.2 Stormwater targeted rate

As set out previously, through the LTP process over 2023 and 2024, Council agreed in July 2024 that year one of the LTP (2024-25) would fund stormwater activity by debt, and then in year two (2025-26) we would plan to restart funding this activity either through general rates or a new targeted rate.

In the lead up to finalising the LTP, the new government repealed the Three Waters Legislation in February 2024. In November 2024 it introduced its Local Waters Done Well Bill. During October and November 2024 Council considered various targeted rates options based on capital value, land value, per Separately Used or Inhabited Parts of a Rating Unit (SUIP) and differentiated between urban and non-urban properties.

As requested in the meeting on 10 June, staff have prepared three potential options for how the stormwater activity for 2025-26 could be funded:

Stormwater Option 1: 100% Rate Funded

Status Quo per Draft Annual Plan 2025-26 Consultation Document Option 2: Fund stormwater activity using a targeted rate. Rate set to achieve balanced budget and a small reserve balance by year 10 of the LTP.

Stormwater Option 2: Rates & Debt Funded

Set a targeted rate to fund operational expenses and renewals. Growth and Level of Service (LOS) capital expenditure funded by debt for the 2025-26 financial year.

Stormwater Option 3: 100% Debt Funded

Fund entire stormwater activity with debt for the 2025-26 year.

The pros and cons of Stormwater Option 1 (100% Rate Funded) are set out below:

PROS	CONS
Achieves balanced budget benchmark	Highest increase for today's ratepayers (compared to other two options)
Deals with Stormwater funding shortfall and works towards achieving everyday funding	Challenging economic conditions to add additional rates increases
Reduced reliance on debt	Cumulative impact with general rates increase as well
Ability to adopt Annual Plan and set rates with minimal delay	
In alignment with LTP and CD and no need to reconsult or LTP amendment and associated costs from audit/consultation	

The pros and cons of Stormwater Option 2 (Rate and Debt Funded) are as follows:

PROS	CONS
Funding of Stormwater was specifically consulted on as part of the CD	Reduced revenue of \$3.757m
Financial strategy says we plan to restart funding the activity through rates in year 2	Unbalanced budget for Annual Plan
Revenue and Financing Policy allows us to use debt to fund capex	Adverse impact on balanced budget and everyday funding
Reduces impact on today's ratepayers with a reduced rates increase overall	Future funding implications
	Potential for credit rating downgrade
	Additional debt and borrowing costs

The pros and cons of Stormwater Option 3 (100% Debt Funded) include:

PROS	CONS
Revenue and Financing policy allows Council to use debt to fund stormwater	Reduced revenue of \$6.94m and Increased debt and additional borrowing costs of approx. \$480k in 2025-26
Reduces impact on today's ratepayers with a reduced rates increase overall	Significantly unbalanced budget for Annual Plan

	Impact on balanced budget and everyday funding benchmarks
	Future funding implications that will have to addressed by future ratepayers
	Doesn't align with LTP approach or Financial Strategy and Likely to trigger either an LTP amendment or AP consultation, extra audit and consultation costs
	High risk of credit rating downgrade
	Stormwater activity not financially sustainable – will compromise Water Services Delivery Plan

Below we show the rates increase for each stormwater option for a sample average residential property with a Land Value of \$370,000 (2025-26) and Land Value of \$360,000 (2024-25), alongside other rates increases to show an overall weighted average rates increase under each option.

Urban residential property land value \$370,000	2024-25	2025-26					
		Stormwater Option 1 100% Rates		Stormwater Option 2 Rates & Debt		Stormwater Option 3 100% Debt	
General rate - land value	\$984.17	\$1,079.39	9.7%	\$1,079.39	9.7%	\$1,079.39	9.7%
Uniform Annual General Charge	\$821.00	\$901.00	9.7%	\$901.00	9.7%	\$901.00	9.7%
Sewerage disposal rate	\$928.00	\$966.00	4.1%	\$966.00	4.1%	\$966.00	4.1%
Stormwater rate	\$-	\$172.00		\$79.00		\$-	
Total excluding water rates	\$2,733.17	\$3,118.39	14.1%	\$3,025.39	10.7%	\$2,946.39	7.8%
Water rates (168 m3)	\$607.84	\$656.76	8.0%	\$656.76	8.0%	\$656.76	8.0%
Total including water rates	\$3,341.01	\$3,775.15	13.0%	\$3,682.15	10.2%	\$3,603.15	7.8%

The table above shows total rates increases (including water rates) of 13.0% for Stormwater Option 1; 10.2% for Stormwater Option 2; and 7.8% for Stormwater Option 3.

4 Financial/budget considerations

Financial and budget considerations have been addressed in the original agenda report for 2025-26 Annual Plan and Fees and Charges – Deliberations Part 2. The financial parameters were set as part of the 2024-34 Long Term Plan. The 2025-26 Annual Plan Consultation Document adhered to these parameters. Financial implications of various options discussed as part of the Annual Plan process have been provided throughout.

5 Risks

A significant drop in the proposed general rates increase of 10.7% for 2025-26 could trigger an amendment to the 2024-34 LTP and/or a re-consultation of the 2025-26 Annual Plan as this may differ significantly from the parameters set within the Financial Strategy including impacts on balanced budget, everyday funding, debt levels and potential changes in service levels. Conducting an LTP Amendment during the pre-election period may also not be possible.

This would mean we would also not be able to set rates until an Annual Plan was adopted and would require us to invoice ratepayers in three instalments rather than four. This could present challenges to some, in paying those instalment payments. Furthermore, this would also similarly impact the Northland Regional Council (NRC) rates as we are their collection agency. There would also be flow on impacts to other Council processes such as property transfers, new properties and rates rebates.

Our ability to deliver our 2024-25 Annual Report and commence planning for the 2026-27 Annual Plan might also be compromised.

6 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.