

# Draft Annual Plan 2026-27

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**Council meeting**

16 December 2025

# High level approach proposed

- LTP 2024–2034 focus on significant investment, ageing infrastructure, growing population
- Annual Plan 2026–27 – year 3 of LTP, and based on delivery of LTP
- Next opportunity to review and reset strategic priorities in LTP 2027–2037

## **Some big changes**

Local Water Done Well  
– transfer to Tiaki Wai  
on 1 July 2026.

Requires an LTP  
amendment and  
shifting all water  
budgets, assets, debt.

Rates capping &  
operating model

## **Rates affordability**

Average residential  
rates have doubled in  
10 years.

Significant cost of  
living challenges for  
many in community.

Consider carefully  
what we ask  
community to pay for

## **Annual Plan 2026–27**

Reflects updated  
assumptions, cost  
pressures and existing  
savings, with further  
savings opportunities  
identified.

Council direction is  
needed on the path to  
reducing future rates  
increases.

# Proposed high level timeline

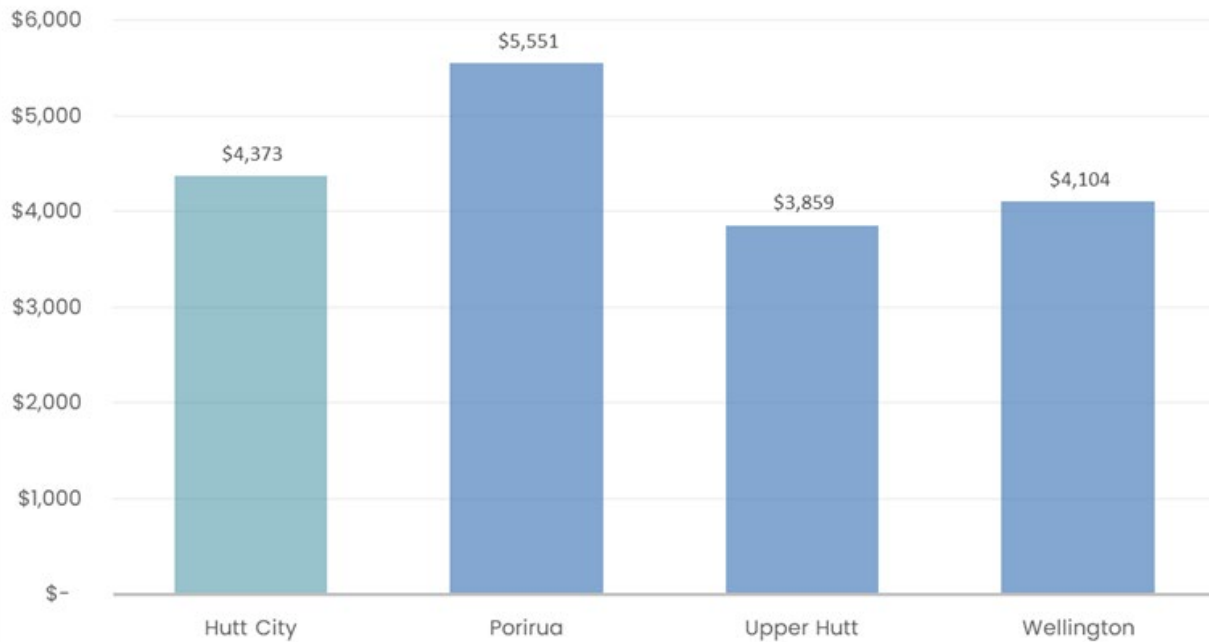
Activity	Dates	Status
Council Hui	10/ 11 Nov 2025	Complete
Council briefing - direction, challenges, priorities	4 Dec 2025	Complete
Council provide initial decisions and direction on the approach to draft plan (budgets, rates, water services transition, Revenue & Financing Policy etc)	16 Dec 2025	Today
Council agrees decisions for draft plan ahead of consultation, including proposed rates increase.	26 Feb 2026	Not Started
Council adopt draft plan, LTP amendment and consultation material	24-Mar-26	Not Started
<b>Community engagement</b>	<b>April 2026</b>	Not Started
Council receives feedback analysis from community engagement.	13-May-26	Not Started
Council provides initial direction off the back of feedback	13-May-26	Not Started
Council meets to make final decisions	3-Jun-26	Not Started
Council adopts Annual Plan 2026-27 & LTP amendment, sets rates	29-Jun-26	Not Started

Plus range of briefings throughout process

# Rates affordability

- Average residential rates have more than doubled in the last 10 years (from \$2,102 to \$4,373)
- Over the last five years unpaid rates have increased from 2% of rates revenue to 5%.

Average residential rates 2025/26



- Average household rates for property with value \$815,000
- HCC kerbside waste collection service included, but paid separately in other councils

## My current rates bill

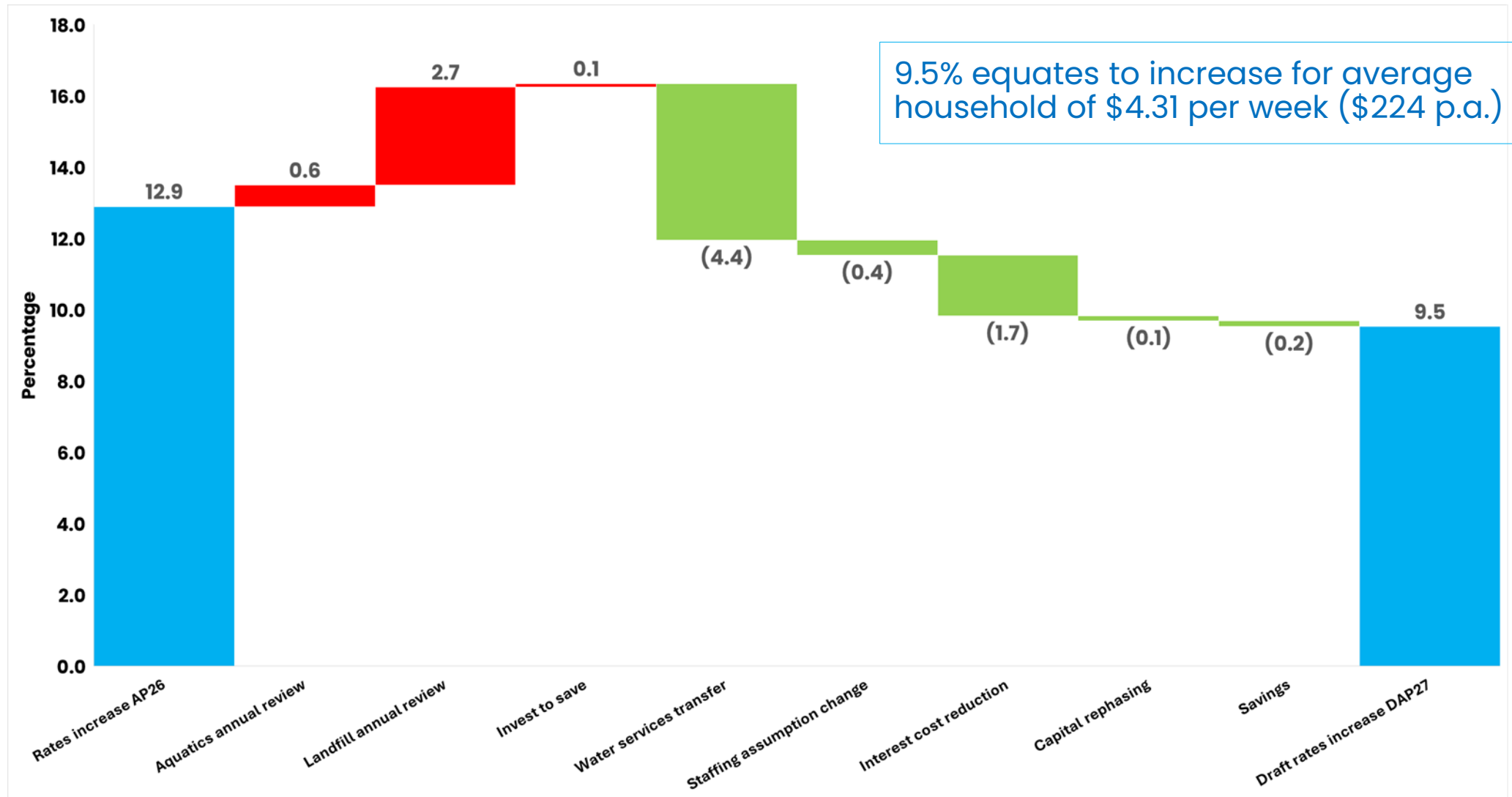


## My future bills from 1 July 2026



# Draft Annual Plan 2026-27 rates increase

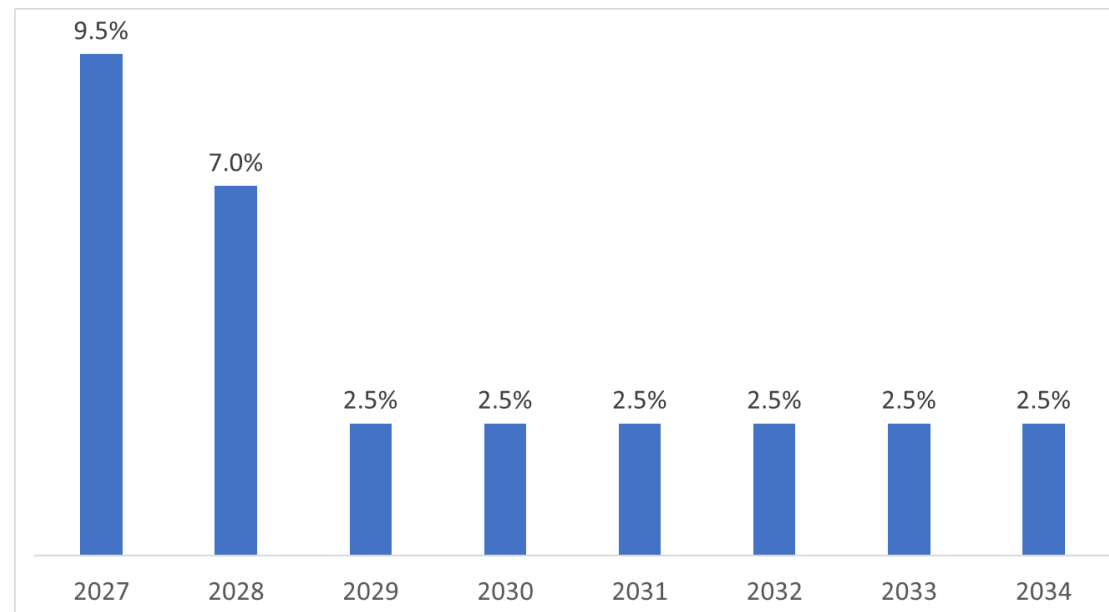
Unavoidable increases **up by 3.4% to 16.2%** before **offsets down to 9.5%**.



# Phased rates reduction scenario (including impacts of revaluation)

				FY27 average annual rates increase for residential property		
		Rates increases			Weekly	Annual
		FY27	FY28	FY29		
4	<b>PHASED RATES REDUCTION</b>	<b>9.5%</b>	<b>7%</b>	<b>2.5%</b>	<b>\$4.31</b>	<b>\$224.11</b>

Long-term rates projection

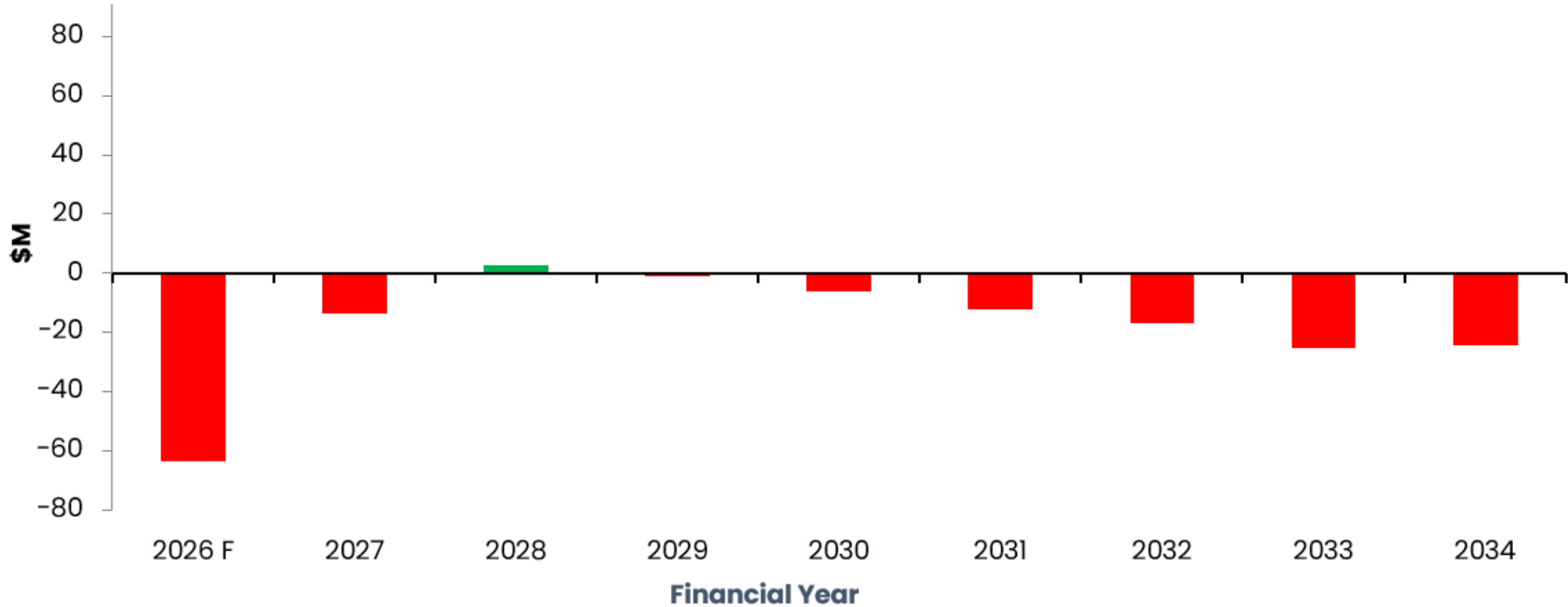


Excludes growth assumption of 0.9% p.a.

# Financial strategy considerations

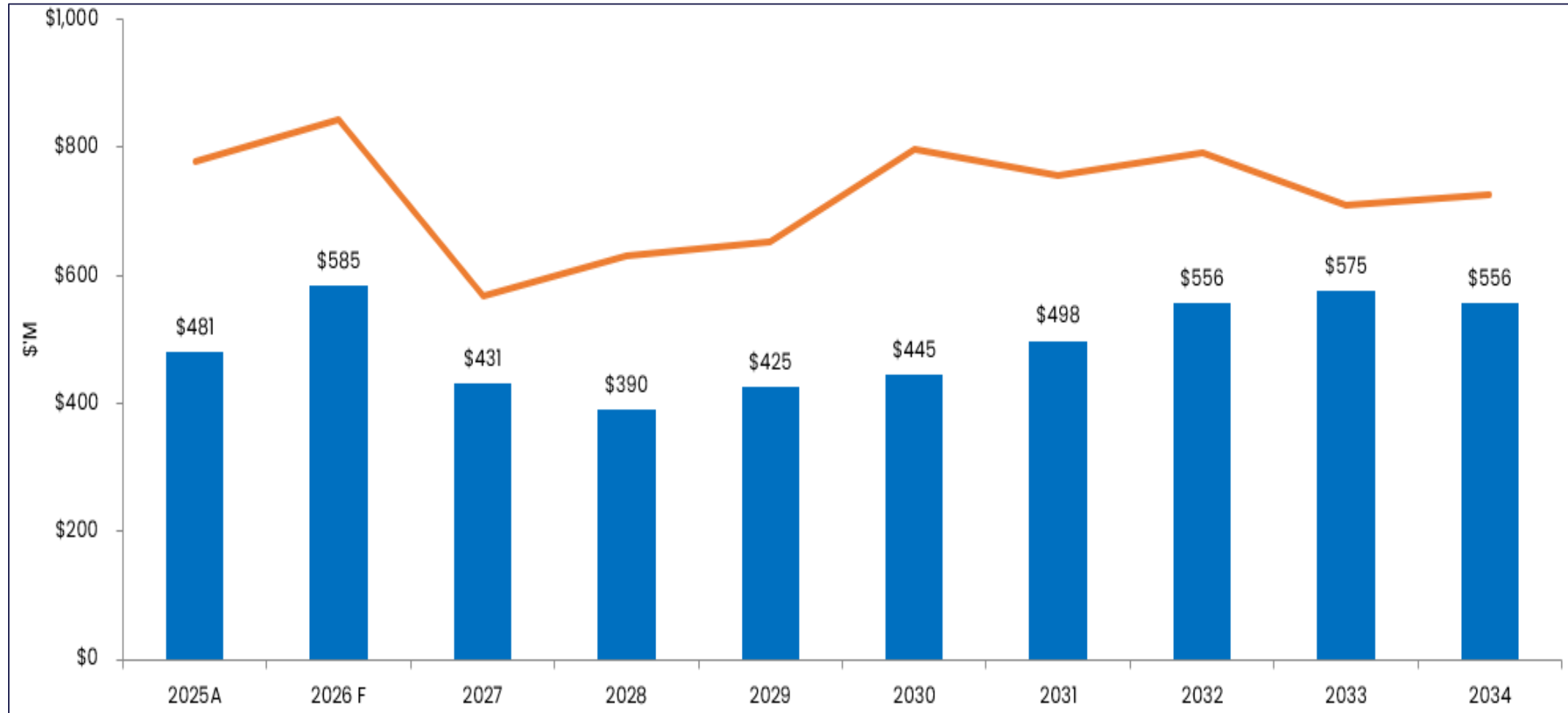
Detail	HCC Limit / target	DAP 2026-27
Net debt to revenue Headroom at peak	250%	202% Headroom \$135M, peak debt at \$575M
Net interest to rates revenue	25%	21.8%
Net interest to revenue	15%	13.7%
Balanced operating budget metric HCC	Met all years	Not met. Deficits increase to \$24M by 2033-34

# Balanced operating budget projection



Projected deficits 2025-26 \$64M , \$24M in 2033-34

# Projected net debt



■ Net debt Draft Annual Plan 2026-27

— Limit: Draft Annual Plan 2026-27

Limited debt headroom at \$135M at peak

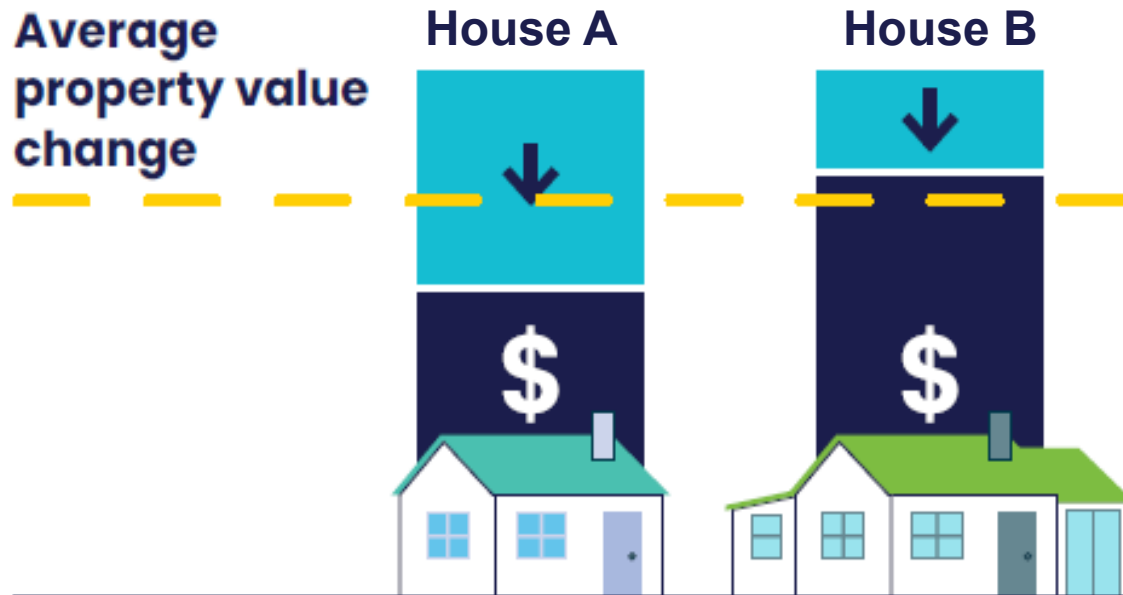
# Revenue & Financing Policy Review

- The policy sets the rules for how we share the costs of running the city fairly across different properties and services. Water services changes mean we need to reconsider our approach in the RFP.
- Legislative compliance requires two step process – Step 1: detailed funding needs analysis Step 2: Council using judgement to consider how costs should be shared.
- Initial direction sought today, with detail report in February:
  - **Rating property categories** – advice is to keep current categories (residential, commercial, rural, utility), changes could have significant impacts.
  - **Rating valuation basis** – advice is to continue to set rates based on Capital Value as it reflects the ability to pay better than other alternatives.
  - **Uniform Annual General Charges** – Council does not have a UAGC as it would have bigger unfavourable impact on low-income households.

# Rating revaluation

**Even though property values have fallen, most people will still see rates go up**

Where a property's value has dropped more than the average, the share of general rates may be smaller. If it has not dropped as much as the average, the share may be larger.



On average, residential property values dropped by about 11%, but rates are increasing by around 2-16% across the city

2022 CV	\$815k	\$815k
2025 CV	\$700k	\$735k
Rates impact	Rates go up by 5.4%	Rates go up by 9.9%

# Indicative impacts on rates

assumed 9.5% rates revenue increase

Property Category	1 July 2025 Capital Value	2025-26 New Base	1 July 2026 Capital Value	2026-27 Indicative Rates	\$ Change Amount annual	\$ Change Amount weekly	Change Amount %
Average Residential	\$815,000	\$2,263	\$735,000	\$2,487	\$224.11	\$4.31	9.9%
Average Commercial Central	\$2,350,000	\$20,546	\$2,192,000	\$22,549	\$2,003.14	\$38.52	9.7%
Average Commercial Suburban	\$2,418,000	\$16,425	\$2,043,000	\$16,630	\$204.74	\$3.94	1.2%
Average Rural	\$1,247,000	\$2,536	\$1,116,500	\$2,774	\$237.37	\$4.56	9.4%
Utilities	\$3,262,068	\$26,728	\$8,110,000	\$27,306	\$577.43	\$11.10	2.2%

# Impacts on rates by suburb with 9.5%

<b>Residential Suburbs Average CV</b>	<b>1 July 2025 Capital Value</b>	<b>2025-26 Rates (waters removed)</b>	<b>1 July 2026 Capital Value</b>	<b>2026-27 Indicative Rates</b>	<b>% Change in Capital Value</b>	<b>\$ Change Rates</b>	<b>% Change Rates</b>
<b>ALICETOWN</b>	\$899,500	\$2,461	\$751,000	\$2,534	-17%	\$72	3%
<b>AVALON</b>	\$760,000	\$2,134	\$684,000	\$2,340	-10%	\$206	10%
<b>BELMONT</b>	\$972,500	\$2,633	\$862,000	\$2,855	-11%	\$222	8%
<b>BOULCOTT</b>	\$922,500	\$2,515	\$873,000	\$2,887	-5%	\$371	15%
<b>DAYS BAY</b>	\$1,294,500	\$3,388	\$1,091,500	\$3,519	-16%	\$131	4%
<b>EASTBOURNE</b>	\$1,217,800	\$3,208	\$1,042,500	\$3,377	-14%	\$169	5%
<b>EPUNI</b>	\$834,900	\$2,310	\$749,800	\$2,530	-10%	\$220	10%
<b>FAIRFIELD</b>	\$818,300	\$2,271	\$752,900	\$2,539	-8%	\$268	12%
<b>HARBOUR VIEW</b>	\$912,100	\$2,491	\$844,000	\$2,803	-7%	\$312	13%
<b>HAYWARDS</b>	\$632,500	\$1,835	\$608,400	\$2,121	-4%	\$286	16%
<b>HUTT CENTRAL</b>	\$1,080,800	\$2,887	\$939,700	\$3,080	-13%	\$193	7%
<b>KELSON</b>	\$879,600	\$2,415	\$778,700	\$2,614	-11%	\$199	8%
<b>KOROKORO</b>	\$1,023,900	\$2,753	\$935,150	\$3,066	-9%	\$313	11%
<b>LOWRY BAY</b>	\$1,661,600	\$4,249	\$1,418,950	\$4,466	-15%	\$217	5%



# Impacts on rates by suburb with 9.5%

Residential Suburbs Average CV	1 July 2025 Capital Value	2025-26 Rates (waters removed)	1 July 2026 Capital Value	2026-27 Indicative Rates	% Change in Capital Value	\$ Change Rates	% Change Rates
<b>MANOR PARK</b>	\$896,400	\$2,454	\$827,750	\$2,756	-8%	\$302	12%
<b>MAUNGARAKI</b>	\$932,800	\$2,539	\$801,200	\$2,679	-14%	\$139	5%
<b>MELLING</b>	\$491,300	\$1,504	\$406,500	\$1,537	-17%	\$33	2%
<b>MOERĀ</b>	\$648,200	\$1,872	\$577,230	\$2,031	-11%	\$159	8%
<b>NAENAE</b>	\$659,200	\$1,898	\$565,600	\$1,997	-14%	\$99	5%
<b>NORMANDALE</b>	\$896,200	\$2,454	\$827,700	\$2,756	-8%	\$302	12%
<b>PETONE</b>	\$950,800	\$2,582	\$791,500	\$2,651	-17%	\$69	3%
<b>POINT HOWARD</b>	\$1,185,100	\$3,131	\$978,350	\$3,191	-17%	\$60	2%
<b>STOKES VALLEY</b>	\$648,800	\$1,873	\$615,750	\$2,142	-5%	\$269	14%
<b>TAITĀ</b>	\$661,400	\$1,903	\$587,450	\$2,060	-11%	\$157	8%
<b>WAINUIOMATA</b>	\$630,100	\$1,830	\$603,055	\$2,106	-4%	\$276	15%
<b>WAIWHETŪ</b>	\$802,800	\$2,235	\$714,300	\$2,427	-11%	\$193	9%
<b>WATERLOO</b>	\$887,700	\$2,434	\$794,000	\$2,658	-11%	\$224	9%
<b>WOBURN</b>	\$1,283,900	\$3,363	\$1,109,580	\$3,571	-14%	\$208	6%
<b>YORK BAY</b>	\$1,128,100	\$2,997	\$913,000	\$3,002	-19%	\$5	0%

# Appendices



# Key Council decisions

Each proposed budget change has been assessed in terms of impact on rates revenue increase requirements. Each initiative has been colour coded as below to indicate the impact.

Rates impact
0.1% or less
>0.1% to 0.3%
>0.3%

# Key decisions/direction sought today

Detail	Indicative rates impact 2027	Total financial impact 2026-2034	Detail
Water services transition	-4.4%	\$1.8B revenue reduction \$1.9B opex reduction \$1.5B capex reduction	Significant budget changes to account for transition of water services to Tiaki Wai. Balance sheet changes will be finalised on transfer date.
Aquatics annual review	0.6%	2027 revenue reduction \$0.55M (total \$5.66M) 2027 opex increase \$0.29M (total \$1.68M)	Request for additional budget due to increase in cost to service and reduction in revenue.
Kerbside rubbish and recycling service annual review	-	\$1.7M revenue decrease \$2.57M opex decrease FOGO capex rephasing	Annual review of kerbside collection service funded by targeted rates. Capex relates to provisional budgets to explore a Food and Green organics collection service.
Silverstream landfill annual review	2.7%	Decreases in: 2027 Revenue \$5.63M (total \$58.99M). 2027 Opex \$1.65M (total \$16M)	Annual review of landfill revenue and gate fees have resulted in a revenue decrease associated with lower volume assumptions partially offset by decreased costs.
Petone paid parking options	0% - 0.43%	\$0-\$4.6M revenue reduction	Option 1: No change – currently in budgets Option 2: 30 min free – 0.28% rates increase Option 3 60 min free – 0.43% rates increase

# Key decisions/direction sought today

Detail	Indicative rates impact 2027	Total financial impact 2026-2034	Detail
Community facilities and parks capex to opex budget transfers	-	\$1.46M transfer from capex to opex.	Budget transfer for components of project costs that don't meet accounting standards definition. Proposed to be debt funded with no rates impact.
Bay Street Toilets	-	Net nil	\$0.35M budget transfer proposed from parks buildings renewals project to fund this project.
District Plan budget rephasing	-	Net nil	Rephasing linked to delays largely due to legislative changes. Some savings expected in 2025-26.
Cross Valley Connections rephasing and budget transfer	-	\$0.4M budget transfer from capex to opex	Budget re-phasing is required due to pending funding decisions. Budget transfer for components of project costs that don't meet accounting standards definition. Proposed to be debt funded with no rates impact.
Te Wai Takamori o Te Awa Kairangi (formerly RiverLink)	-	\$26.90M revenue increase \$9.00M capex increase	Re-phasing is required due to delays. Additional \$27M grant funding transfer from IAF is included in budget. Also includes higher capex cost estimate.
Community Facilities and Parks capital budget rephasing	-0.1%	\$8.1M capex rephasing from 2026 to later years.	Rephasing of a range of capex to later years to allow time to consider projects for efficiencies, fit for purpose, wider opportunities etc.
Water services	-	\$0.23M capex reduction and \$2.36M subsidy increase in 2026	Rephasing and budget changes across a range of projects with impacts on associated JV subsidy revenue.

