

Final Annual Plan 2026–27

Council meeting

13 May 2026

High level timeline

Activity	Dates	Status
Council Hui	10/11 Nov 2025	Complete
Council briefing - direction, challenges, priorities	4 Dec 2025	Complete
Council provided initial decisions and direction on the approach to draft plan (budgets, rates, water services transition, Revenue & Financing Policy etc)	16 Dec 2025	Complete
Council briefing - direction on final decision items and TOM	4 Feb 2026	Complete
Council agrees final decisions for draft plan ahead of public engagement, including proposed rates increase.	27 Feb 2026	Complete
Council adopt draft plan, LTP amendment and consultation material	24 Mar 2026	Complete
Community engagement	April 2026	Complete
Council receives feedback analysis from community engagement.	13 May 2026	Today
Council provides initial direction off the back of feedback	13 May 2026	Today
Council meets to make final decisions	3 Jun 2026	Not Started
Council adopts Annual Plan 2026-27 & LTP amendment, sets rates	30 Jun 2026	Not Started

Plus a range of briefings throughout process

Draft Annual Plan feedback summary

- 672 visitors to the Have Your Say website
- 166 online surveys completed
- 6 emailed submissions
- 31 feedback entries reported by Elected Members
- Rates calculator accessed 3,403 times
- Water charges calculator accessed 2,804 times

Feedback largely focused on:

- Affordability and cost of living
- The need to provide value, not just explain cost
- Support for core infrastructure
- Scrutiny of non-essential services
- Desire for clear choices and prioritisation



High level approach

- LTP 2024-2034 – focus on significant investment, growing population, housing outcomes
- Annual Plan 2026-27 – year 3 delivery of current LTP
- LTP 2027-2037 – opportunity to review and reset strategic priorities

Some big changes

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

Reflected in LTP amendment though shift of all water budgets, assets, debt.

Rates capping & target operating model

Rates affordability

Rates increases in the future are unsustainable.

Significant cost of living challenges for many in community.

2015 Rates

2025 Rates

Annual Plan 2026-27

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

Council direction and decisions are needed to reduce future rates increases.

Water Services Transition

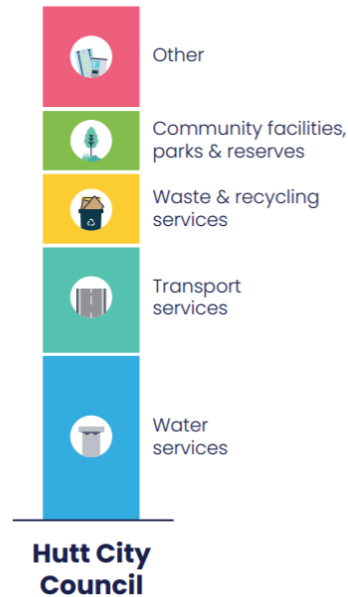
**2025-26 HCC Rates
incl. water**

Av. residential - **\$4,373**

Av. Commercial
Central - **\$25,648**

Av. Commercial
Suburban - **\$21,394**

**My current
rates bill**



**My future bills
from 1 July 2026**



**2026-27 total rates
& water charges**

Av. residential - **\$4,822 (10.3%)**
\$2,469 HCC + \$2,353 Tiaki Wai

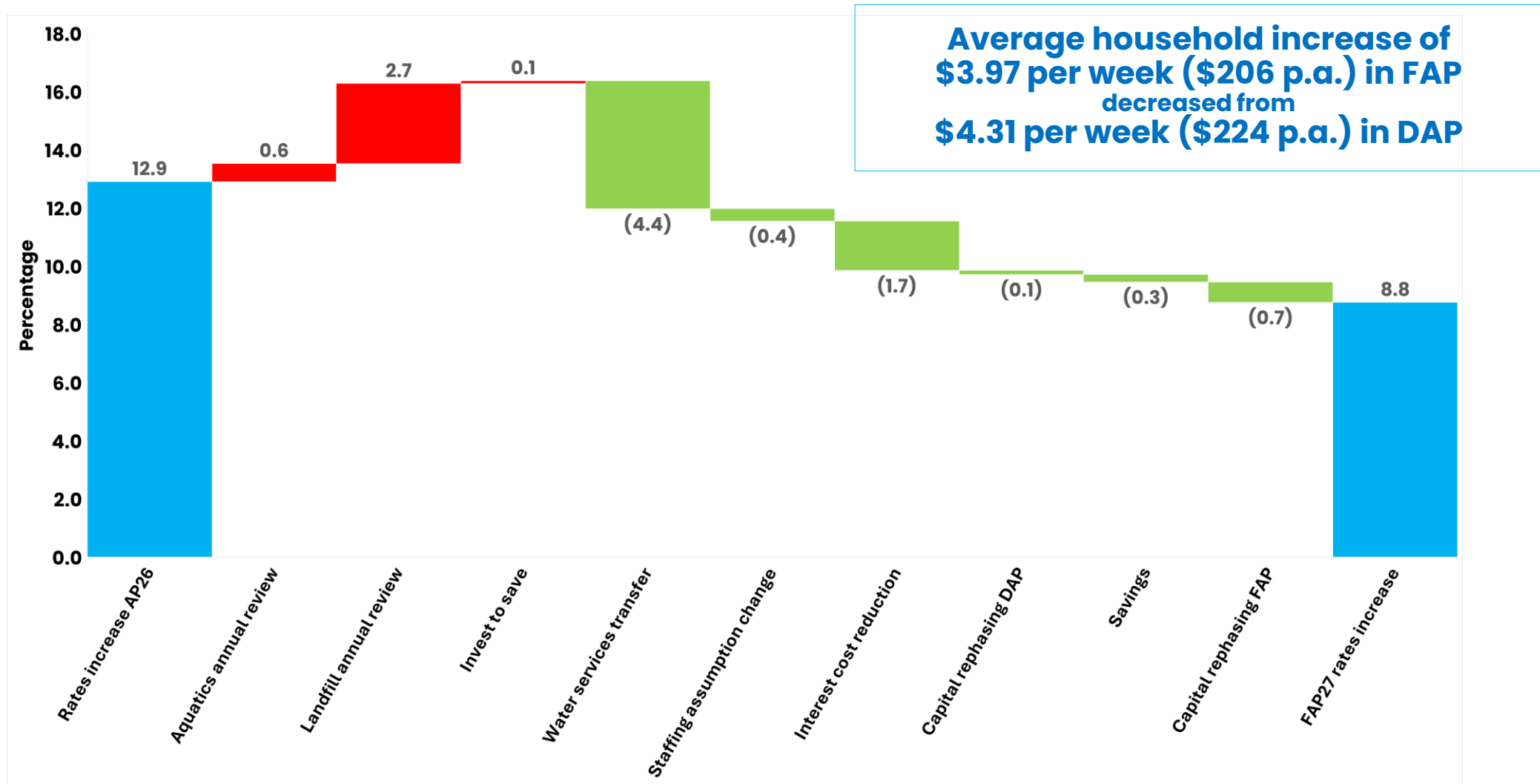
Av. Commercial Central -
\$27,681 (7.9%)
\$22,284 HCC + \$5,397 Tiaki Wai

Av. Commercial Suburban -
\$21,614 (1.0%)
\$16,807 HCC + \$4,807 Tiaki Wai

From 1 July 2026 Lower Hutt Households will be paying for rates and water charges.

Final Annual Plan 2026-27 rates increase

Based on all the decisions to date and those in the report today, the rates increase for 2026-27 has **reduced from 16.2% to 8.8%**

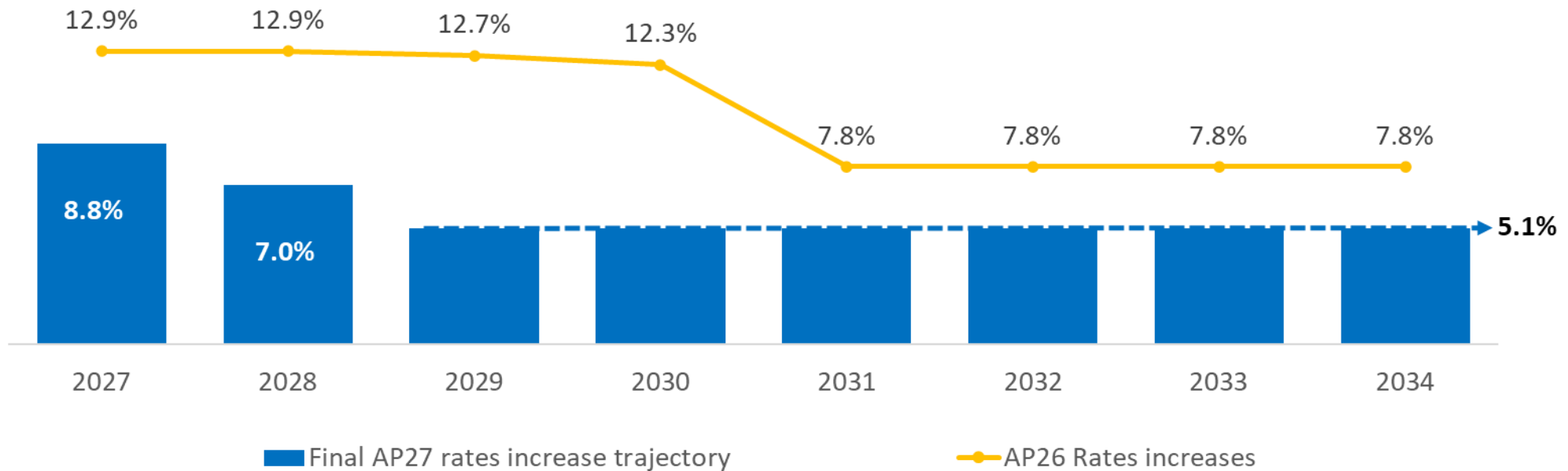


Rates revenue increase by year

Slight decrease proposed for the 2026–27 rates increase.

AP26 12.9%; DAP 9.5%; FAP now at 8.8% (no changes to out years proposed against DAP)

Long term rates increase projections (after growth)



Excludes growth assumption of 0.9% p.a.

Rates increases final Annual Plan 2026–27

- Rates impact for AP27 includes impact of **transition of Water services** to Tiaki Wai as well as the **revaluation of properties**.
- Low capital spend in 2025–26 and capex carryovers creates short term interest cost savings (\$0.9M). This can accommodate a rates reduction in 2026–27.
- The indicative rates revenue increase for the final Annual Plan is modelled at 8.8% (after growth) in 2026–27.
- However, there are a **range of risks** to consider, such as weather events, fuel impacts, and broader inflationary impacts (including interest costs).

Rates increases future years

- AP27 process included savings decisions to land at the projected rates increases in future years.
- More substantial reduction in rates increases require a reset of the strategic priorities.
- The change programme to achieve this is the Target Operating Model work, scheduled to start in the next few months.
- This will allow for a robust engagement and consultation process with the public on the new landscape for Council.
- Tough decisions around savings and associated service reductions are expected to be progressed through LTP2027-2037.



Key decisions/direction sought today

Detail	Financial impact
<p>Revenue and Financing policy Revenue and Financing policy was updated, triggered by Water Services transition. A key proposal was the creation of a new Water Services Utility rating category. No specific feedback has been received on this proposal with overall 5 responses.</p>	None.
<p>Operating project deferrals Delays to the Boulcott Memorial and Go Digital operating projects in 2025-26 requiring budgets to be rephased to 2026-27. Details are included in report for Council decision.</p>	\$0.73M opex rephasing from 2025-26 to 2026-27.
<p>Urban Growth Strategy Improvements – Capex budget increase Stage 3 – Wise Street extension requires a budget increase following the progression of the detailed design and value engineering. Budget increase is proposed to be offset by budget transfer from two other Transport projects – Traffic safety and Road network improvements</p>	\$1.3M total capex budget increase proposed to be offset by budget transfer from other projects.
<p>Capex project deferrals Delays across a range of projects in 2025-26 with budgets rephased to 2026-27 and later years – e.g. Petone Library, Petone Wharf, Petone Grandstand, Playgrounds, Reserve Developments etc. Detailed project lists included in report for Council decision. Also includes some revenue rephasing as a result of capex changes.</p>	<p>\$25.2M capex rephasing from 2025-26 to 2026-27 and later years \$0.36M revenue rephased from 2025-26 to 2026-27 ~0.7% rates decrease impact for 2026-27 based on reduced borrowings and associated interest costs.</p>

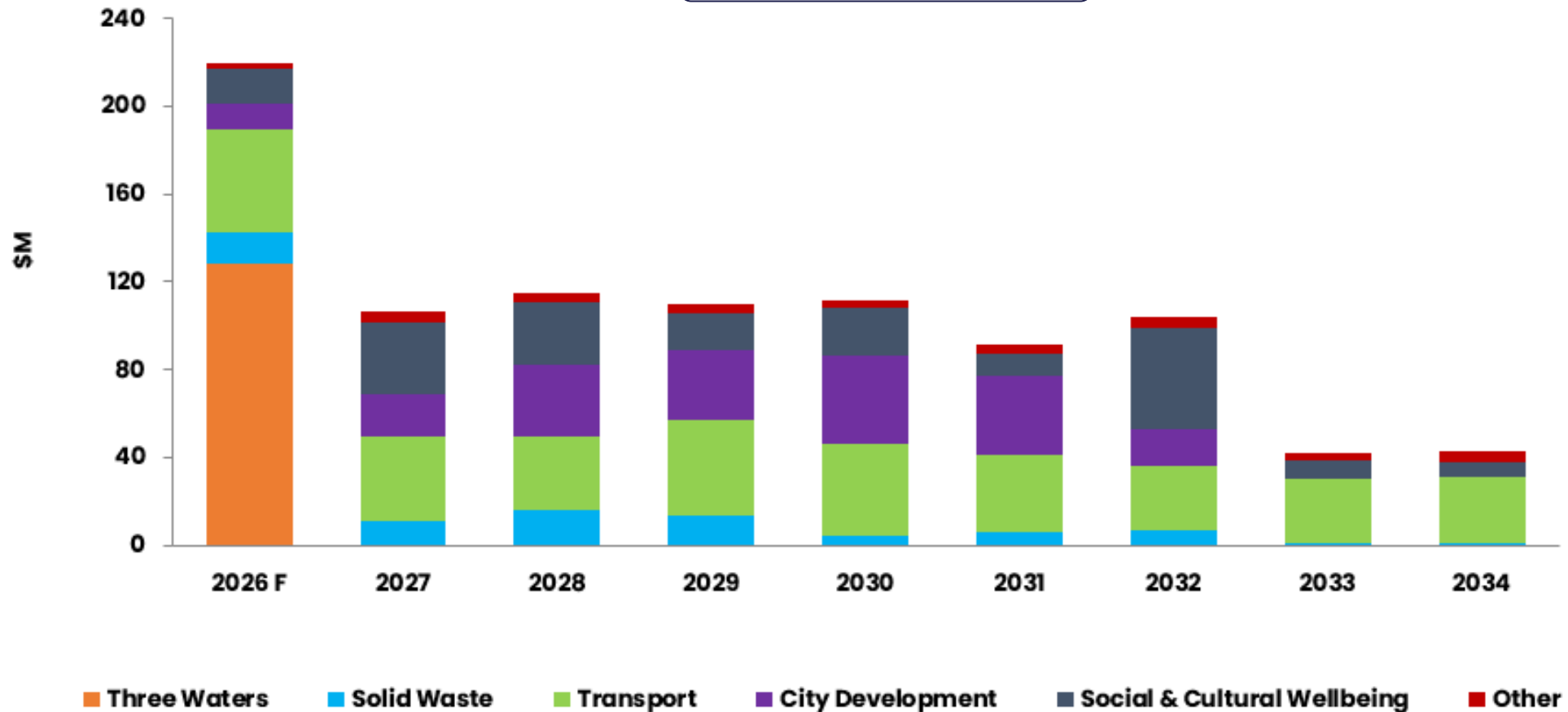
Seeking direction from Council on any other actions?

Financial strategy considerations

Detail	LTP Limit	DAP 2026-27	FAP 2026-27
Net debt to revenue Headroom at peak	250%	158% (Headroom \$244M)	160% (Headroom \$237M)
Net interest to rates revenue	25%	14.8%	15.9%
Net interest to revenue	15%	9.3%	9.7%
Balanced operating budget metric HCC	2028-29	2027-28	2027-28

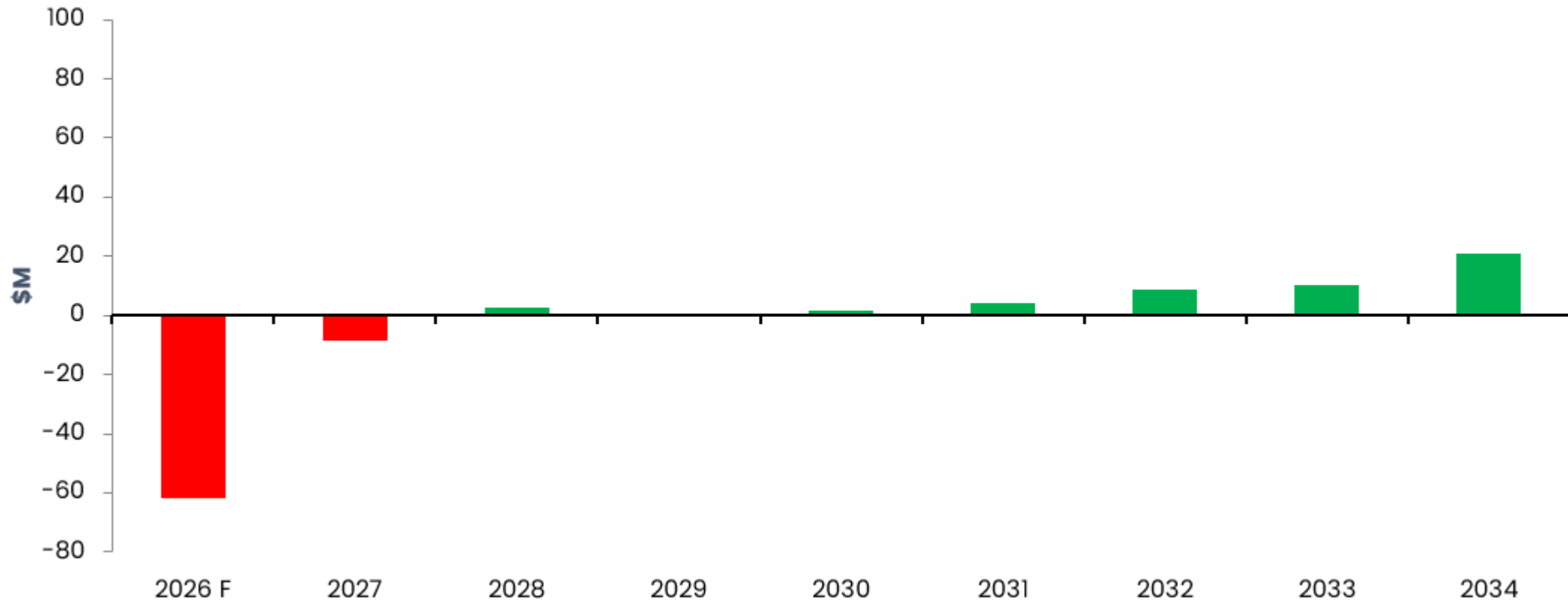
Capital spend projections

\$106M capex in 2027



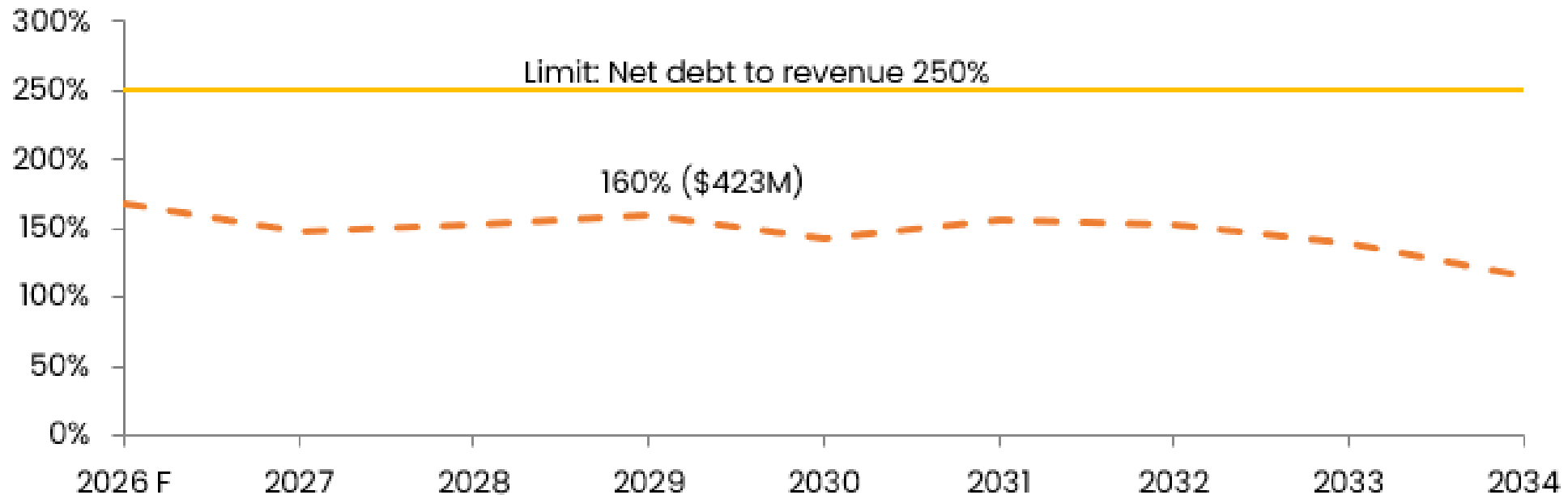
Balanced operating budget projection

Projected deficit 2025-26 \$62M , then ~\$8M then balanced for the remaining period



Projected net debt

\$423M estimated net debt in 2029



— Final Annual Plan 2026-27 (excluding water services) — Limit: Net Debt to revenue 250%

Indicative impacts on rates 2026–27

Assumes **8.8% overall rates revenue increase**. Includes impact of the property revaluation changes.

Property Category	1 July 2025 Capital Value \$	2025–26 rates excl water \$	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	2,469	206	3.97	9.1%
Average Commercial Central	2,350,000	20,546	2,149,000	22,284	1,738	33.42	8.5%
Average Commercial Suburban	2,418,000	16,425	2,062,000	16,807	382	7.35	2.3%
Average Rural	1,247,000	2,536	1,107,000	2,733	197	3.79	7.8%
Average Non-Water Utilities	21,266,500	174,250	22,463,450	192,550	18,300	352.00	10.5%
Average Water Utilities	124,240,000	1,017,975	414,380,000	1,111,893	93,918	1,806.00	9.2%

Risks around inflationary cost pressures

Recent fuel shortage and fuel price escalation signals could have a range of impacts on Council budgets either in the form of reduced revenue due to economic conditions or higher costs for contracts or services linked to fuel prices.

The key financial principle to manage cost escalations will be:

Manage within existing budgets

- Officers will make efforts to offset cost escalations through reducing, deferring, or slowing other expenditure.
- Service level changes may need to be considered for some activities.
- No additional baseline funding will be assumed.
- Any changes to service levels and activities will be reported to Council.

There are significant risks across this proposed approach.



Appendices



Impacts on rates by suburb with 8.8%

Residential Suburbs	1 July 2025 Average CV	2025-26 rates excl water	1 July 2026 Average CV	2026-27 Rates Estimate	\$ Change Rates annual	\$ Change Rates weekly	% Change Rates
ALICETOWN	\$899,500	\$2,461	\$751,000	\$2,515	\$54	\$1.04	2.2%
AVALON	\$760,000	\$2,134	\$684,000	\$2,323	\$189	\$3.63	8.9%
BELMONT	\$972,500	\$2,633	\$862,000	\$2,834	\$201	\$3.87	7.6%
BOULCOTT	\$922,500	\$2,515	\$873,000	\$2,865	\$350	\$6.73	13.9%
DAYS BAY	\$1,294,500	\$3,388	\$1,091,500	\$3,492	\$104	\$2.00	3.1%
EASTBOURNE	\$1,217,800	\$3,208	\$1,042,500	\$3,352	\$144	\$2.77	4.5%
EPUNI	\$834,900	\$2,310	\$749,800	\$2,512	\$202	\$3.88	8.7%
FAIRFIELD	\$818,300	\$2,271	\$752,900	\$2,521	\$250	\$4.81	11.0%
HARBOUR VIEW	\$912,100	\$2,491	\$844,000	\$2,782	\$291	\$5.60	11.7%
HAYWARDS	\$632,500	\$1,835	\$608,400	\$2,106	\$271	\$5.21	14.8%
HUTT CENTRAL	\$1,080,800	\$2,887	\$939,700	\$3,057	\$170	\$3.27	5.9%
KELSON	\$879,600	\$2,415	\$778,700	\$2,595	\$180	\$3.46	7.5%
KOROKORO	\$1,023,900	\$2,753	\$935,150	\$3,044	\$290	\$5.58	10.5%
LOWRY BAY	\$1,661,600	\$4,249	\$1,418,950	\$4,431	\$183	\$3.52	4.3%
ALICETOWN	\$899,500	\$2,461	\$751,000	\$2,515	\$54	\$1.04	2.2%

Impacts on rates by suburb with 8.8%

Residential Suburbs	1 July 2025 Average CV	2025-26 rates excl water	1 July 2026 Average CV	2026-27 Rates Estimate	\$ Change Rates annual	\$ Change Rates weekly	% Change Rates
MANOR PARK	\$896,400	\$2,454	\$827,750	\$2,735	\$281	\$5.40	11.5%
MAUNGARAKI	\$932,800	\$2,539	\$801,200	\$2,659	\$120	\$2.31	4.7%
MELLING	\$491,300	\$1,504	\$406,500	\$1,527	\$23	\$0.44	1.5%
MOERĀ	\$648,200	\$1,872	\$577,230	\$2,017	\$145	\$2.79	7.7%
NAENAE	\$659,200	\$1,898	\$565,600	\$1,983	\$86	\$1.65	4.5%
NORMANDALE	\$896,200	\$2,454	\$827,700	\$2,735	\$282	\$5.42	11.5%
PETONE	\$950,800	\$2,582	\$791,500	\$2,631	\$50	\$0.96	1.9%
POINT HOWARD	\$1,185,100	\$3,131	\$978,350	\$3,167	\$36	\$0.69	1.1%
STOKES VALLEY	\$648,800	\$1,873	\$615,750	\$2,127	\$254	\$4.88	13.6%
TAITĀ	\$661,400	\$1,903	\$587,450	\$2,046	\$143	\$2.75	7.5%
WAINUIOMATA	\$630,100	\$1,830	\$603,055	\$2,091	\$261	\$5.02	14.3%
WAIWHETŪ	\$802,800	\$2,235	\$714,300	\$2,410	\$175	\$3.37	7.8%
WATERLOO	\$887,700	\$2,434	\$794,000	\$2,639	\$205	\$3.94	8.4%
WOBurn	\$1,283,900	\$3,363	\$1,109,580	\$3,544	\$181	\$3.48	5.4%
YORK BAY	\$1,128,100	\$2,997	\$913,000	\$2,980	(\$17)	(\$0.33)	(0.6%)