10.1 Adoption of the Annual Plan 2025-26 and Setting of Rates Report

Report To:	Council
Meeting Date:	Wednesday, 25 June 2025
Author:	Stella Luoni-Morgan
Author Title:	Corporate Strategy and Planning Manager
Authorised by:	Planning and Performance Manager

Purpose

For the Council:

a. Receive and note the Adoption of the Annual Plan 2025-26 and Setting of Rates Report (Resolve# 2025-116).

b. To adopt the Annual Plan 2025-26; and

c. To set the rates for the Annual Plan 2025-26.

Recommendation

That the Council:

a. Receives the report titled Adoption of the Annual Plan 2025-26 and Setting of Rates Report (Resolve # 2025-116) and Attachment 1: Annual Plan 2025-26 (ECM#684223).

b. **ADOPTS** the Annual Plan 2025-26 attached as Attachment 1 (ECM#684223) in accordance with Section 95 and Schedule 10 of the Local Government Act 2002.

c. **DELEGATES** approval to the Chief Executive to make any minor editorial changes and the correction of minor errors as needed for publication of the Annual Plan 2025-26 document.

d. **SETS** the rates, payment dates and penalties on rating units within the district for the financial year commencing 1 July 2025 and ending 30 June 2026, pursuant to the provisions of the Local Government (Rating) Act 2002, and Local Government Act 2002 as follows:

1. General Rate

A general rate of $0.003427 per dollar of the rateable capital value of every separate rating unit in the District. The rate is expected to produce $27,084,878 (excluding GST).

(Pursuant to Section 13 of the Local Government (Rating Act) of 2002)

2. Uniform Annual Charge

A uniform annual general charge of $430.00 on each separately used or inhabited part of each rating unit in the District. The rate is expected to produce $4,288,556 (excluding GST).

(Pursuant to Section 15 of the Local Government (Rating) Act 2002.

3. Limitation on Uniform Rates

Section 21 of the Local Government (Rating) Act 2002 puts a legislative limit on the amount of rates that can be collected from certain uniformly charged rating mechanisms.

In relation to the requirements of that section, the forecast for the 2025-26 year is 12.266%. The maximum limit is 30%.

4. Water Supply Charge

Water supply metered

For Rating units that are solely and exclusively supplied via a metered water supply:

- A targeted rate on a uniform basis of $600.35 per metered supply.
- Plus, water used in excess of 320m^3 per annum on an individual metered supply shall be charged at $1.75 m^3.
- Contiguous rating units with a single SUIP and multiple meters and total consumption less than 320m^3 per annum will be charged one targeted rate of $600.35. If consumption exceeds 320m^3 in total, excess consumption shall be charged at $1.75 m^3.

Water supply - partly metered or sharing a metered supply

For Rating units that have a mixture of metered and non-metered water supply, or that share a metered water supply with another rating unit:

- A targeted rate on a uniform basis of $600.35 for each separately used or inhabited part of a rating unit connected to the Council water supply.
- Plus, for the metered supply, water used in excess of 320m3 per annum per separately used or inhabited part of a rating unit, per meter connected to the Council water supply shall be charged at $1.75 m^3.

Water Supply – Other

For Rating units located within any area shown on the rating maps 2592, 2595, 2589, 2591, 2587, or 2594 that have a non-metered water supply:

- A targeted rate on a uniform basis of $600.35 for each separately used or inhabited part of a rating unit connected to the Council water supply.
- A targeted rate on a uniform basis of $300.18 for each separately used or inhabited part of a rating unit that is not connected to the Council's water supply being 50% of the standard charge.

For Rating units located outside any area shown on the rating maps described above that are serviceable but not connected to a Council water supply:

- A targeted rate on a uniform basis of $300.18 for each rating unit being 50% of the standard charge.

For Rates expected to produce $4,616,174 (excluding GST) from uniform targeted rates, and $700,000 (excluding GST) from charges for water used in excess of allowances, for the provision of water supply services.

(Pursuant to Section 16 and Section 19 of the Local Government (Rating) Act 2002)

5. Wastewater Disposal Charge

For all rating units located within any area shown on the rating maps 2593, 2588, 2590 or 2586.

Residential use:

- A targeted rate on a uniform basis of $1,088.01 on each separately used or inhabited part of a rating unit with a residential use that has a water closet or urinal connected directly or through a private drain to a Council wastewater network.
- Not connected: A targeted rate on a uniform basis of $544.01 on each separately used or inhabited part of a rating unit with a residential use that is not connected to a Council wastewater network. This is 50% of the standard charge.

Schools:

- For land used as a school: A targeted rate on a uniform basis of $728.97 on each water closet or urinal connected either directly or through a private drain to a Council wastewater network. School has the same meaning as contained in Clause 6 of Schedule 1 of the Local Government (Rating) Act 2002 with the exception that residential accommodation used by a school employee is not included. This is 67% of the standard charge.

All other non-residential use:

A targeted rate on a uniform basis on each water closet or urinal connected either directly or through a private drain to a Council wastewater network, as shown below.

In respect of the first five pans and/or urinals within the rating unit, a targeted rate on a uniform basis of $1,088.01 per pan. In respect of each pan and/or urinal within the rating unit in excess of five – a targeted rate on a uniform basis of $870.41 per pan. This is 80% of the standard charge.

Not connected: A targeted rate on a uniform basis of $544.01 on each separately used or inhabited part of a rating unit that is not connected to a Council wastewater network. This is 50% of the standard charge.

The rate is expected to produce $9,648,008 GST exclusive.

(Pursuant to Section 16 of the Local Government (Rating) Act 2002)

6. <u>Stormwater Charge</u>

For all rating units located within any area shown on the rating maps 321, 319, 320 or 318:

A targeted rate for stormwater disposal of $0.0005150 per dollar of the Rateable Capital Value.

The rate is expected to produce $1,640,412 (excluding GST) for the provision of stormwater services.

(Pursuant to Section 16 of the Local Government (Rating) Act 2002)

7. <u>Waste Collection Charge</u>

A targeted rate for waste collection to be charged on a uniform basis at $191.53 per separately used or inhabited part of a rating unit for rating units provided with a waste collection service. The rate is expected to produce $1,401.781 (excluding GST).

(Pursuant to Section 16 of the Local Government (Rating) Act 2002)

8. <u>Clean Heat</u>

A targeted rate charged on a uniform basis as show in the table below, based on the extent of service provided. The rate is calculated as cents per dollar (a percentage) of the initial cost of providing the service to a property and is charged for nine years. Different rates apply to a property depending on the rating year in which the clean heat rate starts/started. The rate is expected to produce $220,000 (excluding GST) for the provision of clean heat services.

FIRST YEAR RATED	FINAL RATING YEAR	RATE: CENTS PER DOLLAR
2023-24	2031-32	12.44248
2022-23	2030-31	12.44248
2021-22	2029-30	12.44248
2020-21	2028-29	12.58110
2019-20	2027-28	12.72321
2018-19	2026-27	12.86891
2017-18	2025-26	13.01825

(Pursuant to Section 16 of the Local Government (Rating) Act 2002)

The Clean Heat targeted rate applies to services that have been provided under Council's 'Heat Swap', 'Buy Now Pay Later' and 'Split the Bill' schemes.

9. Due Dates for Payment of Rates

-

INSTALMENT NO.	PERIOD	INVOICE DATE	DATE FOR LAST DAY OF PAYMENT
1	Jul - Sept 2025	1 Aug 2025	8 Sept 2025
2	Oct - Dec 2025	1 Nov 2025	8 Dec 2025
3	Jan - Mar 2026	1 Feb 2026	9 Mar 2026
4	Apr - June 2026	1 May 2026	8 June 2026

-

10. Additional Charges (Penalties)

An additional charge of 10% is to be added to all rates levied in respect of the 2025-26 financial year and which, although due, remain unpaid on the following dates:

Instalment No 1 8 September 2025
Instalment No 2 8 December 2025
Instalment No 3 9 March 2026
Instalment No 4 8 June 2026

A further additional charge of 8% is to be added to all rates levied in any financial year prior to the 2025-2026 financial year and which remain unpaid on 8 December 2025.

A further additional charge of 8% is to be added to all rates levied in any financial year prior to the 2025-2026 financial year and which remain unpaid on 8 June 2026.

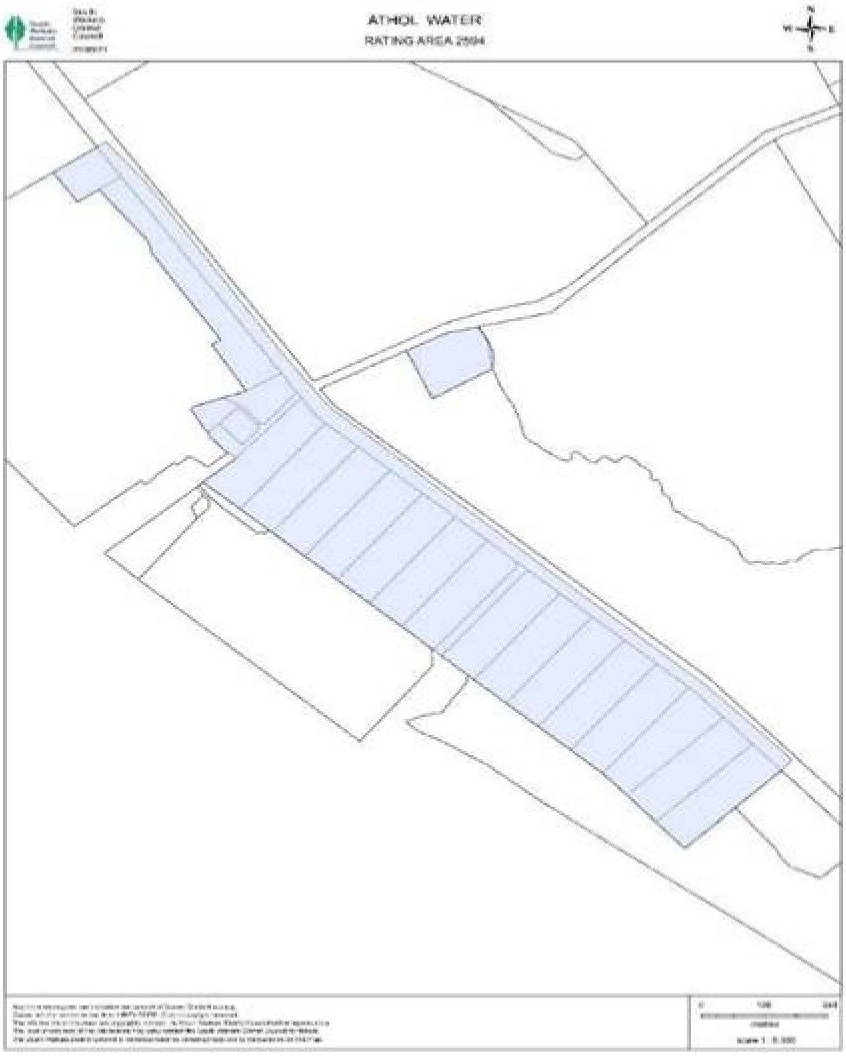
(Pursuant to Sections 57 and 58 of the Local Government (Rating) Act 2002)

11. Due Dates for Payment of Invoices for Metered Water Rates

Invoices for rates relating to water consumed in excess of allowances will be issued separately on 29 August 2025, 28 November 2025, 27 February 2026 and 29 May 2026, with due dates for payment of 22 September 2025, 19 December 2025, 20 March 2026 and 22 June 2026 respectively.

12. Rating Maps

ATHOL

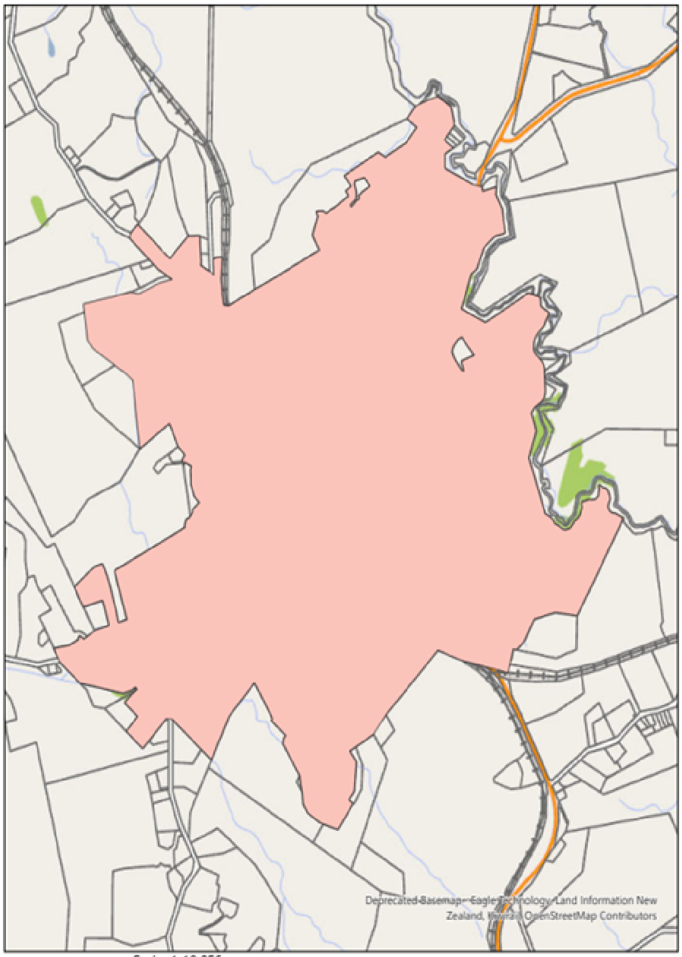


LICHFIELD

PUTĀRURU

PUTARURU WASTEWATER RATING AREA 2588

Print Date: 6/4/2025 2:04 PM



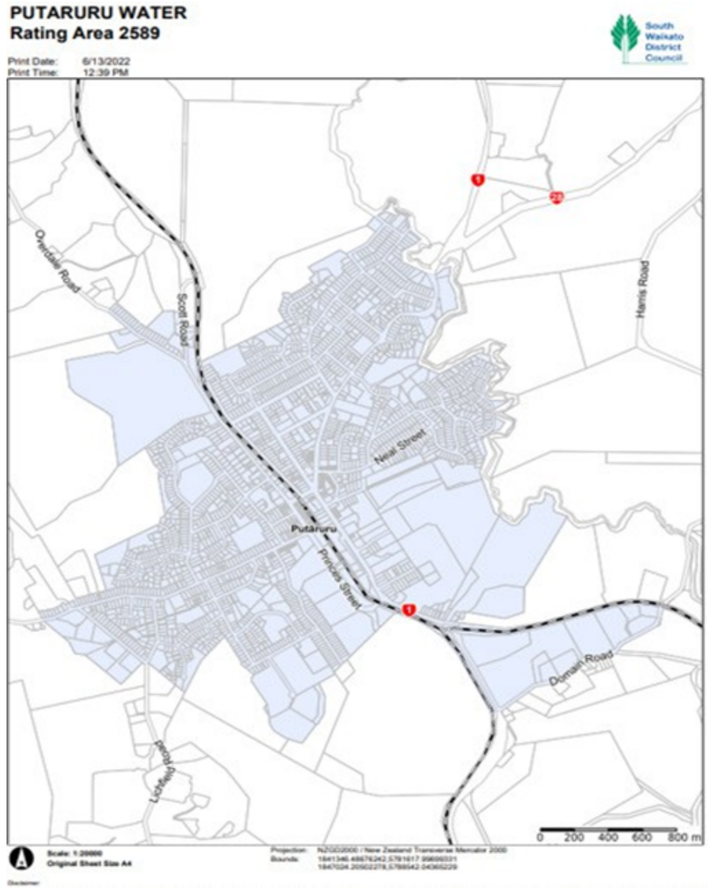
Scale: 1:18,056

0 300 600 900
Meters

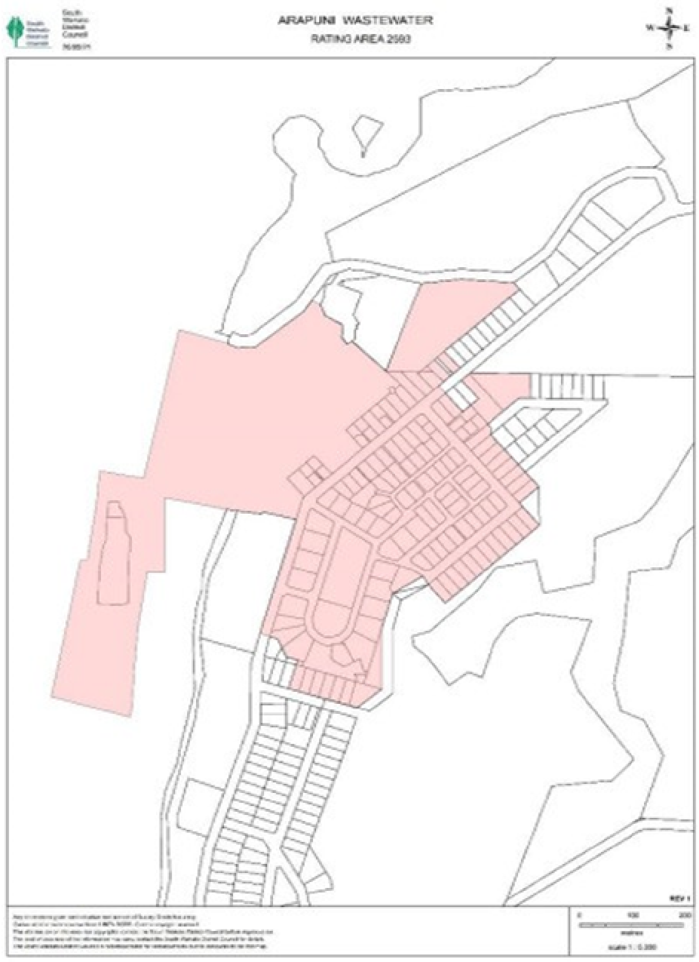
Spatial Reference
Name: NZGD 2000 New Zealand
Transverse Mercator

Map Centre:
X: 175.7798276°E
Y: 38.0505346°S

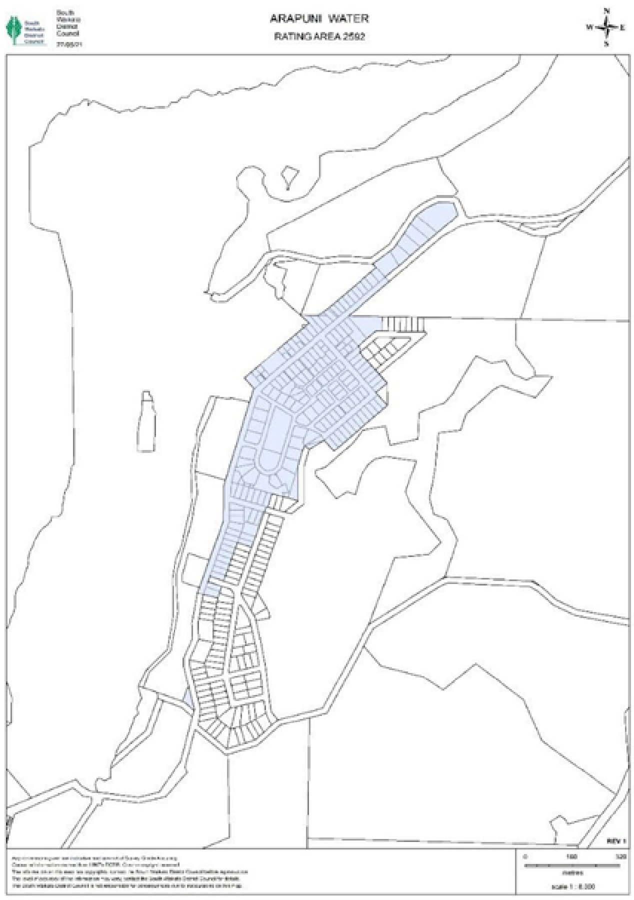

PUTARURU STORMWATER
RATING AREA 319
South Waikato District Council
0 100 200 300 400 m
Original Sheet Size A4
New Zealand Transverse Mercator 2000


PUTARURU WATER
Rating Area 2589
Print Date: 6/13/2022
Print Time: 12:39 PM
South Waikato District Council
Oraeroa Road
Scott Road
Harris Road
Neal Street
Putaruru
Princes Street
Domain Road
Lichfield Road
0 200 400 600 800 m
Scale: 1:20000
Original Sheet Size A4
Projection: NZGD2000 / New Zealand Transverse Mercator 2000

ARAPUNI

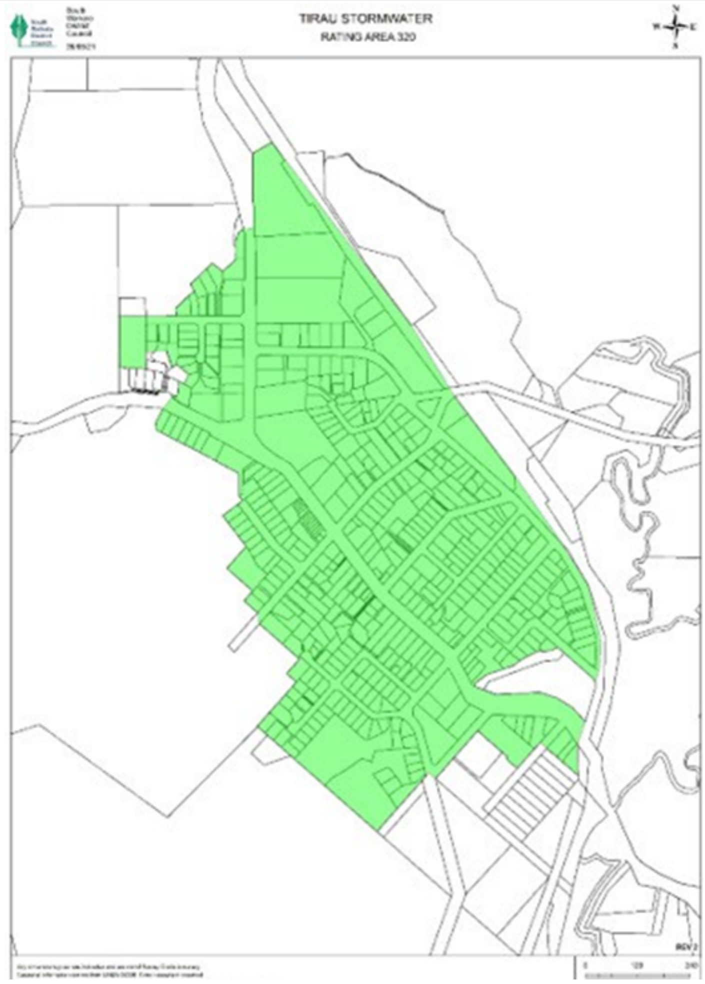

South Waikato District Council
ARAPUNI WASTEWATER
RATING AREA 2593
N
W
E
S
REV 1
0
100
200
metres

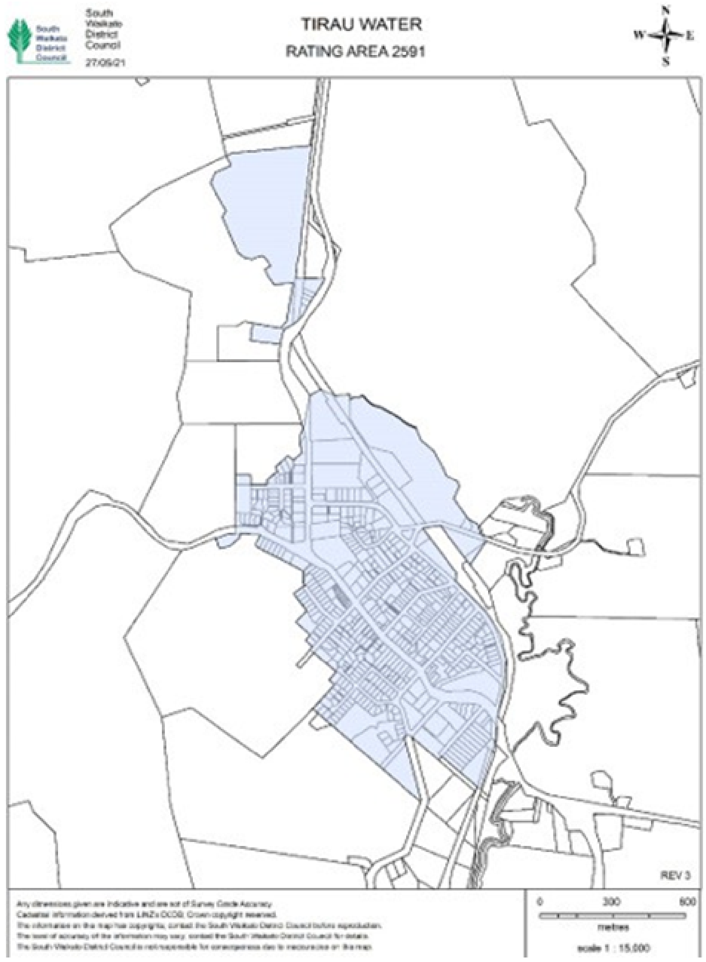

ARAPUNI STORMWATER
RATING AREA 321
N
W
E
S



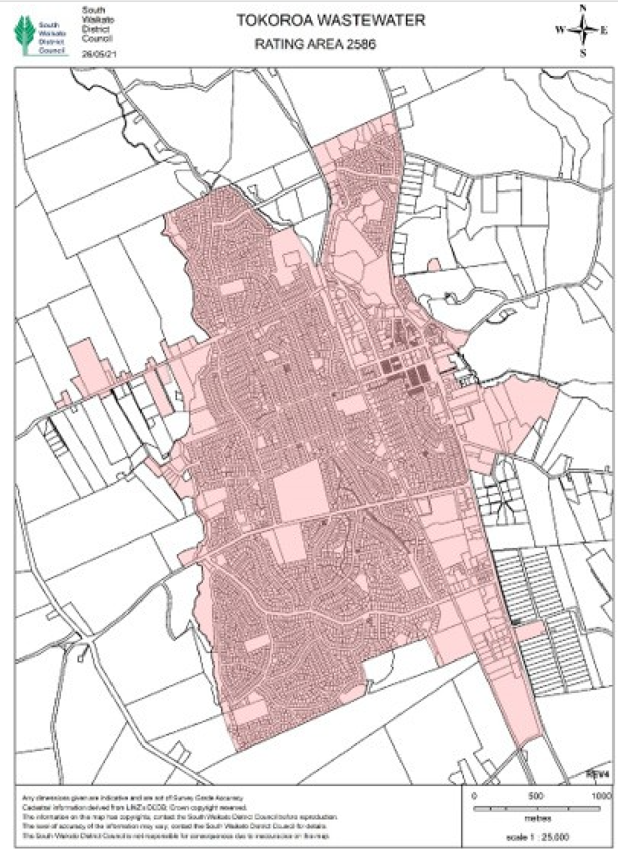
TĪRAU

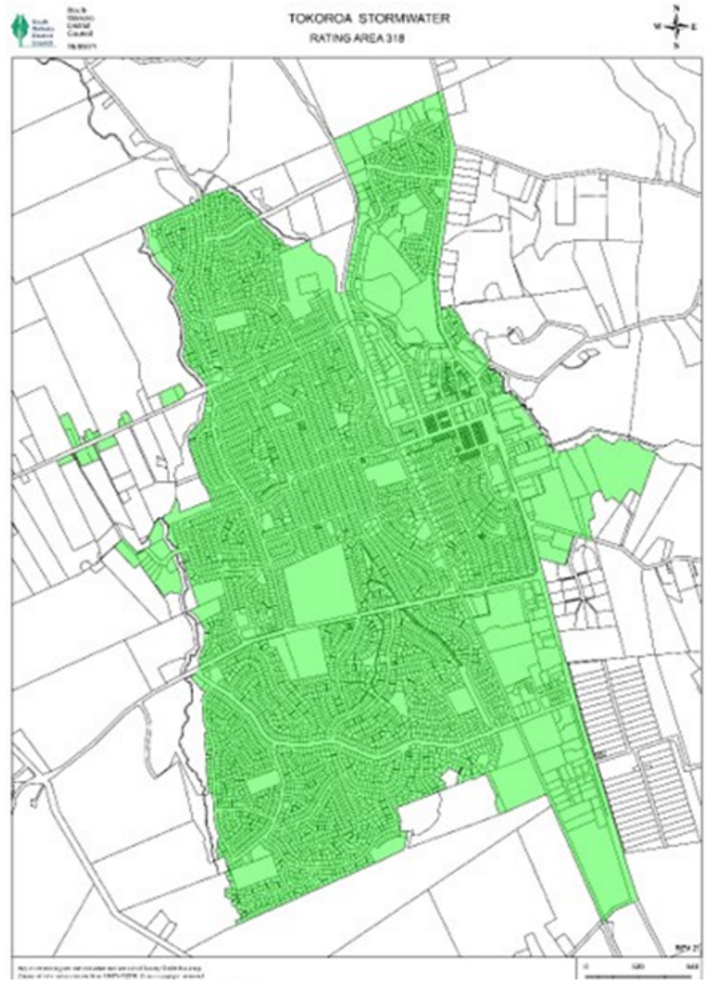

TIRAU WASTEWATER
RATING AREA 2590

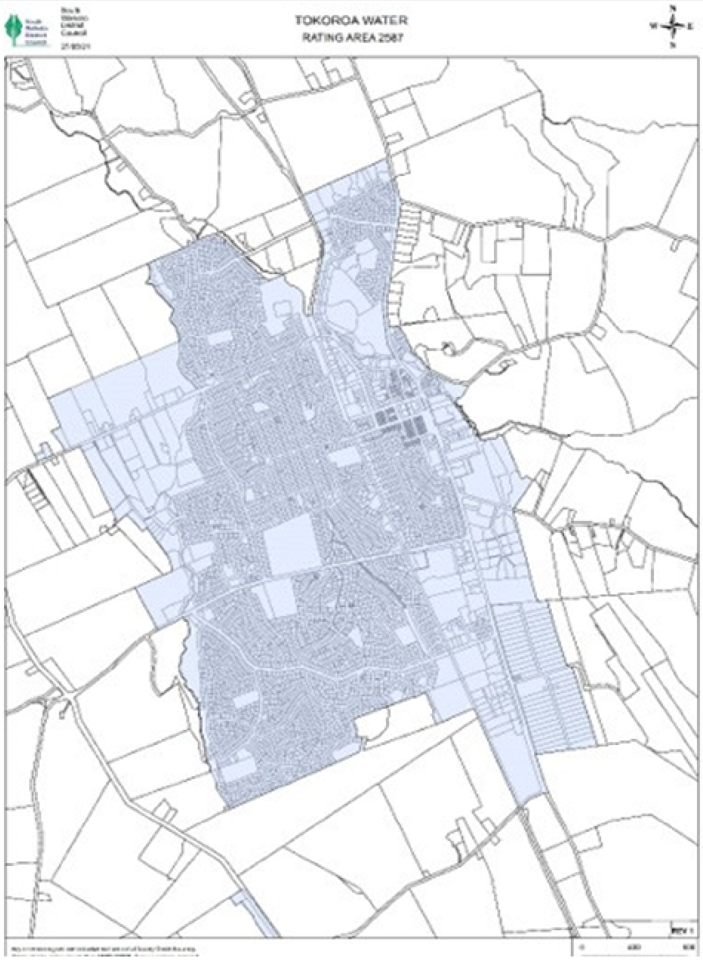

TIRAU STORMWATER
RATING AREA 320


South Waikato District Council
27/09/21
TIRAU WATER
RATING AREA 2591
N
W
E
S
REV 3
0
300
600
metres
scale 1 : 15,000

TOKOROA


South Waikato District Council
South Waikato District Council
26/05/21
TOKOROA WASTEWATER
RATING AREA 2586
N
W
E
S
Any dimensions given are indicative and are not of Survey Grade Accuracy.
Cadastral information derived from LINZ's DCDB. Crown copyright reserved.
The information on this map has copyrights, contact the South Waikato District Council before reproduction.
The level of accuracy of the information may vary, contact the South Waikato District Council for details.
The South Waikato District Council is not responsible for consequences due to inaccuracies on this map.
0
500
1000
metres
scale 1 : 25,000


TOKOROA STORMWATER
RATING AREA 318



Executive Summary

Section 95(3) of the Local Government Act 2002 (LGA) requires Council to adopt an annual plan '*before the commencement year to which it relates'.*

The Local Government (Rating) Act 2002 requires Council resolutions to set rates in accordance with its Long Term Plan and Funding Impact Statement (Section 23) for each financial year, and in doing so state the financial year to which the rate applies (Section 24), and to authorise the charging of penalties (Section 57).

At its meeting on the 30 April 2025 Council directed staff to prepare an annual plan for the 2025-26 financial year, consistent with Year 2 of the Long Term Plan 2024-34 (LTP) and on that basis also confirmed that no formal consultation on the annual plan would be required (Resolve 2025-26). That direction also included maintaining the average rates increase at 8.9% as set by the LTP.

Council workshops were held on the content of the Annual Plan 2025-26 on 2 April and 28 May.

A copy of the Annual Plan 2025-26, prepared in accordance with these requirements is provided as Attachment 1 to this report.

Context

Councils are required by the LGA to update their Long Term Plans every three years and to produce an Annual Plan in the in between years. This is Year 2 of the Long Term Plan 2024-34 (LTP).

Section 95(5)(a)-(d) of the LGA states the purpose of an annual plan is to–:

a. *contain the proposed annual budget and funding impact statement for the year to which the annual plan relates; and*

b. *identify any variation from the financial statements and funding impact statement included in the local authority's long-term plan in respect of the year; and*

c. *provide integrated decision making and co-ordination of the resources of the local authority; and*

d. *contribute to the accountability of the local authority to the community.*

Section 95 (6) also states that each annual plan adopted under this section must—

a. *be prepared in accordance with the principles and procedures that apply to the preparation of the financial statements and funding impact statement included in the long-term plan; and*

b. *contain appropriate references to the long-term plan in which the local authority's activities for the financial year covered by the annual plan are set out; and*

c. *include the information required by Part 2 of Schedule 10.*

Section 95(2A) states that consultation is not required '*if the proposed annual plan does not include significant or material differences from the content of the long-term plan for the financial year to which the proposed annual plan relates.*

The power to set rates is set out in the Local Government (Rating) Act 2002 (LGRA) and Sections 23 and 24 set out the procedures for doing this. Section 23 provides that:

(1) Rates must be set by a resolution of the local authority.

(2) Rates set by a local authority must—

(a) *relate to a financial year or part of a financial year; and*

(b) be set in accordance with the relevant provisions of the local authority's long-term plan and funding impact statement for that financial year.

Section 24 requires that Council must state in the resolution setting the rate –

a. *the financial year to which the rate applies; and*

b. *the date on which the rate must be paid or, if the rate is payable by instalments, the dates by which the specified amounts must be paid.*

Section 57 also provides that –

1. *A local authority may, by resolution, authorise penalties to be added to rates that are not paid by the due date.*

At the meeting of Council in April 2025 Council directed staff to:

a. *approve that staff prepare the 2025-26 Annual Plan on the basis set out in Year 2 of the adopted 2024-34 LTP, with an 8.9% average rate increase, for adoption by Council on or before 30 June 2025.*

b. *confirm that no formal consultation on the 2025-26 Annual Plan is required*

(Resolution CNCL2025-26)

Discussion

A copy of the Annual Plan 2025-26 is included with this report as Attachment 1.

It has been prepared in accordance with Council's Financial Strategy as set out in the LTP that proposed average rate increases for the first three years of the LTP of 8.9% followed by lesser rate increases in the later years. The Annual Plan 2025-26 provides for an average rate increase of 8.9% and is consistent with Year 2 of the LTP.

In preparing the Annual Plan council managers and their teams reviewed budgets with a focus on maintaining the Financial Strategy set out in the LTP. This included achieving 1% operating efficiencies as set by the LTP, a reviewed capital programme using data gathered in 2024-25, and a reviewed salary and wage budget based on current staff information.

These changes have not altered Councils Financial Strategy or impacted levels of service. Overall, any changes are not considered to be significant or materially different from what was envisaged for Year 2 of the LTP.

Council is required to pass a resolution to set rates and to impose penalties for late payment (Sections 23,24 and 57 LGRA). This resolution is set out above.

Options

Linkage to Strategic Plan Priorities

- Aligns with the 2024-34 Long Term Plan vision, outcomes and goals
- Aligns with the Financial Strategy, Revenue and Funding Policy and Significance and Engagement Policy.

Consultation (Internal and External)

As set out above, Council is not required to consult on its Annual Plan if there are no 'significant' or 'material' differences to what was set out in the LTP for that year (LGA S95(2A)).

At its meeting on the 30 April 2025, confirmed that no formal consultation on the Annual Plan was required (Resolve#2025-100). This was on the basis that no significant or material changes from the content Year 2 of the LTP (2025-26) were proposed and noting that a full consultative procedure was undertaken for the Long Term Plan 2024-34 adopted by Council in September last year.

The Annual Plan 2025-26 attached to this report remains consistent with the LTP Financial Strategy and Funding Impact Statement, and there are no new capital projects, or changes to levels of service. Council's Significance and Engagement Policy has also been considered and the Annual Plan does not trigger the requirement for formal consultation (refer below for more detail).

The tests of Section 95(2A) of the LGA to ***not*** apply the requirements for consultation are therefore satisfied and consultation has not been undertaken.

Financial Considerations

Remaining consistent with Year 2 of the LTP will enable Council to continue towards financial sustainability as outlined in the Financial Strategy accompanying the LTP.

Risks

An Annual Plan must be adopted before the commencement of the year to which to relates (LGA Section 95(3)). If the attached Annual Plan is not adopted, the Council will not meet its legislative compliance deadline.

Significance & Engagement Policy

Council's Significance and Engagement Policy (ECM 542501) provides a guide for Council decision making on consultation and engagement. It includes two steps:

Step 1 – Determining the significance of the proposal/decision.

Step 2 – Determining the requirement to engage or not (guided by the level of significance). If there is a requirement to engage the level of engagement is set out.

Step 1 involves applying a level of significance of 'low', 'medium' or 'high' to a range of key considerations and based on the overall score recommends an appropriate engagement approach (Step 2).

Table 1 assesses the Annual Plan as attached, against these key considerations:

Table 1: Determining Significance

Key Consideration	Level of Significance	Comment
Service provided by Council	Low	Services remain substantially unchanged from what was planned in year 2 of the LTP
Transfer of ownership or control of strategic assets.	Low	No ownership or control of strategic assess will be transferred in 2025-26
Level(s) of financial consequence.	Low	There are no significant financial changes in the 2025-26 budget
Ability to reverse a decision.	Low	No new decisions are being made in the 2025-26 Annual Plan that have not previously been consulted on.
Consistency with a prior decision.	Low	The Annual Plan 2025-26 is consistent with year 2 of the LTP
Levels of public interest known.	Low	Whilst there is public interest in the Annual Plan no new decisions have been made and no significant changes have been included.
Impact on proportion of the community (as a whole or part).	Low	Council has kept its rate increase in line with what was envisaged by the LTP.

Since all key considerations have minimal significance for the Annual Plan, formal consultation under the Council's Significance and Engagement Policy was not required. In these situations the policy directs that the community be kept informed of projects. If Council adopts the attached Annual Plan for 2025-26, it will notify the community and outline expected developments for the year ahead.

This assessment is consistent with the conclusion above that the Annual Plan is not significantly or materially different to what was proposed for Year 2 of the LTP and supports the decision *not* to consult and the requirements of LGA S95((2A) have been met.

Reference

Long Term Plan 2024-34

Attachments

1. Annual Plan 2025-26 (Unapproved) 25 Jun 25