

Understanding the Waikato District Council Annual Plan 2024/25

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1. What is a Long Term Plan/Annual Plan?

A Long Term Plan (sometimes called a 10-year plan) is completed every three years and outlines:

- what we intend to do over the next ten years
- what we need to build or maintain (infrastructure and community facilities)
- projects and activities (the things we do/deliver for our communities)
- how we intend to pay for it
- policies around funding and decision-making
- how we measure our performance.

Long Term Plans draw on detailed financial and infrastructure strategies - relying on clarity of data to inform good decision-making - are refreshed at the same time the Long Term Plan is prepared.

In short, it's a critical document that sets the direction of how we will make the district liveable, thriving and connected.

In between each Long Term Plan we have Annual Plans which focus on year to year projects and other things we know are coming up. An Annual Plan is the equivalent of one year of a Long Term (10-year) Plan.

To do a really useful Long Term (10-year) Plan, it is essential we have the most up to date information on Government proposals and financial projections.

This year we were due to complete a 2024-2034 Long Term Plan. However, we are now doing an interim Annual Plan (2024/25) and will complete our Long Term Plan next year (for 2025-2034).

2. Why an Annual Plan instead of a Long Term Plan?

The main reasons are the significant changes to waters and roading services/funding and the timing of our new district property valuations.

1. Changes to water services

The three waters (water supply, wastewater and stormwater take up **35%** of our overall budget.

Watercare have recently (February 2024) given notice they will cease their contract to manage our water supply from 2026.

In addition – the Government has proposed Local Water Done Well which will change the way all three waters are managed.

Both these things have created significant uncertainty and, at this time, we do not have an affordable 10 year proposition to put to you.

We will therefore be using the next 6-9 months to investigate what our options might be and then have conversations with all our communities to develop a viable plan for consultation.

Local Water Done Well

Drinking water, stormwater and wastewater will remain in local control

There will be stricter rules for water quality and investment in infrastructure (pipes, treatment plants etc)

Councils will need to ringfence money for looking after their own water infrastructure

2. Changes to roading

A quarter of our entire budget – **22%** - is spent on roading.

The Government is currently developing new and different priorities which will impact both what we do, and how we pay for it. Details on these changes will be coming in September this year (including whether we will continue to receive the 51% subsidy for roading maintenance costs).

As with the three waters, uncertainty about the impacts of these changes on our budgets, means that outlining a **viable funding plan for the next 10 years is not possible at this time.**

3. Property valuations

Property valuations are completed every three years and this decides what portion of the overall rates* will be paid by which property owners.

This year the valuations will not be completed until May which would be AFTER the deadline for consulting on our Long Term Plan. (Valuations are done by independent valuers and we have to wait until they have done their assessments.) This means we are currently **unable to provide you with personalised property information about the rating impacts over the next 10 years.**

**For more on valuations please go to page 8*

Understanding that many councils would be struggling to develop a sound Long Term Plan while coping with a range of uncertainties, the Government provided the opportunity to delay the 2024/25 Long Term Plan until next year, and instead replace it with an Annual Plan for 2024/25.

We have chosen to take this opportunity – largely because it enables us to develop some certainty around our planning and funding for the next 10 years – enabling us to consult with you using quality information.

3. Key challenges

AFFORDABILITY

As we all know, inflation has had a major impact on the pricing of goods and services.

For councils, the costs are magnified, because inflation impacts are much higher for many of the things we need to buy (such as building materials, roading, fuel, concrete....) compared to many household things like bread, butter, vegetables and cleaning products.

In other words, it costs more, to get less.

Bridges are 38% more expensive to build than three years ago
Roads and water supply systems are 27% more expensive to build than three years ago
Sewage systems are 30% more expensive to build than three years ago

Source: Local Government New Zealand

Any of the contractors who do construction, maintenance and road works have to pay more in material costs, fuel and wages which we then need to pay for also.

Other significantly increased costs are water treatment, electricity, insurance and obviously the cost of borrowing.

Over the last three years...
Inflation – has been 5.9% higher than expected

Interest rates – were 3% higher than expected

We do not have many choices about how much we can spend as we have major projects like roading, waters and community facilities that must be completed and which cannot be put off eg replacement of a culvert, buying gravel to upgrade a damaged road, or installing new water pipes.

COMPLIANCE COSTS

There have been a lot of new costs that local government has had to take on due to changes in Government policies. These are mainly around new regulations (such as water quality and wastewater standards) and planning requirements (such as for housing).

In addition to the new costs to deliver these changes and improvements, some of them mean we also need to do more investigations, reports and processes. All of these take more time and resources – which also end up costing more money.

GROWTH

The Waikato District is growing faster than anyone anticipated even just four years ago.

Growth means there is increasing pressure on our existing infrastructure – roading, water supplies, parks, libraries etc – as well as the need to build new infrastructure.

Even though developers pay a contribution to some of these costs (see Development Contributions section), the planning and investment required ahead of time to support community change and contribute to both new and older infrastructure, is time-consuming, resource hungry and costly.

Growth also means there is increasing costs for our existing services and costs eg rubbish and waste collection/disposal, water and wastewater treatment, consent processing, libraries, sportsfields, recreational facilities.

What are we doing to deal with our challenges?

- Listening to you and responding by being as **cost-conscious** as we can be
- Doing an Annual Plan instead of a Long Term (10-year) Plan which will buy us some time to get much greater clarity about what we can and cannot afford over the next 10 years
- Having 'levels of service' conversations with you over the next 12 months (levels of service include things like: how often we mow playgrounds, opening hours of libraries, types of roading materials used etc)
- Working with our neighbouring councils to address cross-boundary issues and to collaborate where we can to share costs
- Speaking to Government about upcoming changes and seeking clarity
- Contributing to nation-wide conversations to ensure our District's voices are heard

4. Interesting things about Waikato District...

We cover a large geographic area (almost same size as Auckland) but we only have a population of around 90,000 spread across multiple towns and villages

We have **nine** water treatment plants and **seven** wastewater treatment plants to maintain – most districts or cities only have one or two

We have over **1100kms** of pipes

We have **42** community centres and town halls and **6** libraries – most districts have far fewer than this

We have **1300ha** of natural reserves

We have over **2,500kms** of roads (one and half times longer than the length of New Zealand)

We have over **33,000** properties

5. Funding and spending

Rates are 62% of our income

Next year our total rates income will be \$144m

In the Waikato District we have two types of rates:

- **general rate** which is paid by all ratepayers (68% of our rates income)
- **targeted rate** which are paid for a specific service in a local area (32% of our rates income)

A 1% general rate increase = \$866,000

The proposed rates increase of 13.75% = \$12m

Fees and charges are 9% of our income = \$20m

Development contributions are 5% of our income = \$12m

Subsidies and grants are 18% of our income = \$42m (mainly from Waka Kotahi for roading)

All our income = \$200m

We have \$2.3 billion in assets

We are proposing an overall rates increase for next year of 13.75%.

Cf: Hamilton = 19.9%, Waipa 14.8%, Hauraki 17.4%, TCDC 12.9%, MPDC 14.4%

DEBT

When we invest in building new things for our district like new roads, pipes or the land for a new sports park - these things are paid for by borrowing - AKA 'debt'.

Using debt to pay for assets that are going to be around for a very long time is fair because it enables repayments to be shared by generations of ratepayers, who will use and benefit from them over many, many years.

Currently Waikato District Council has \$175 million in borrowings balanced by \$2.3 billion in assets. (This of this like the amount you owe on your mortgage balanced against the value of your home.)

A portion of your rates are spent on paying back debt for assets we've already built that you get the benefit of eg bridges, treatment plants, wharves, libraries, playgrounds and event venues.

CAPITAL COSTS

These are things we buy that you can touch – AKA “assets”.

The Waikato District Council owns about \$2.3 billion in assets – that's roads, pipes, wharves, streetlights, buildings, playgrounds....

Even though you can touch them, they differ from personal assets like a car because:

- (a) they're not really something the Council can sell
- (b) we don't have a choice about whether to have them or not
- (c) we have to ensure they are kept in good shape for the future – not for just the people who live here today.

Generally we borrow to buy assets and then spread the costs of repayment (via rates) over a long time. Sometimes however there is Government, developer or other forms of income that contribute to them.

WDC ASSETS		
Roading	\$1.3b	55%
Wastewater	\$257m	11%
Water	\$236m	10%
Fixed assets - Land	\$225m	10%
Parks and Reserves	\$196m	8%
Stormwater	\$128m	6%
Solid Waste	\$7m	0%

OPERATING COSTS

Overall, it costs in excess of \$100m per year to look after our assets (maintenance) and to keep them working well (operating costs).

This means things like rubbish collection, fixing storm damage to buildings and roads, looking after our trees and parks, pool maintenance, additives for sewage treatment, repairing potholes and mowing sports fields etc.

We generally use income from **rates** for maintenance and operating costs.

FEES AND CHARGES

Fees and charges are used to recover some of the costs of providing a service to specific users.

Those services which cannot be identified as providing individual benefits, or are considered to have community-wide benefits, are covered by rates.

There is a complete list of changes to fees and charges provided on the Council website and we are consulting on these.

DEVELOPMENT CONTRIBUTIONS

Development contributions is a term used to describe money that developers or landowners provide to the Council when they build/add new places for people to live or work. Every new place has an impact on existing infrastructure such as roads, water, stormwater, recreation needs etc.

The Council has drafted an updated Development Contributions Policy and this is being consulted on as well. A copy of this is on the Council website.

6. Valuations

Valuations are a way of distributing rates within a **rating envelope**. The rating envelope is the total amount of rates that the Council needs to collect to do its job.

Valuations are done every three years independently of Council to provide information that the Council then uses to determine each property's share of general rates.

Waikato District – 33,000 properties

Rating envelope - \$144m

Average valuation – 20% increase

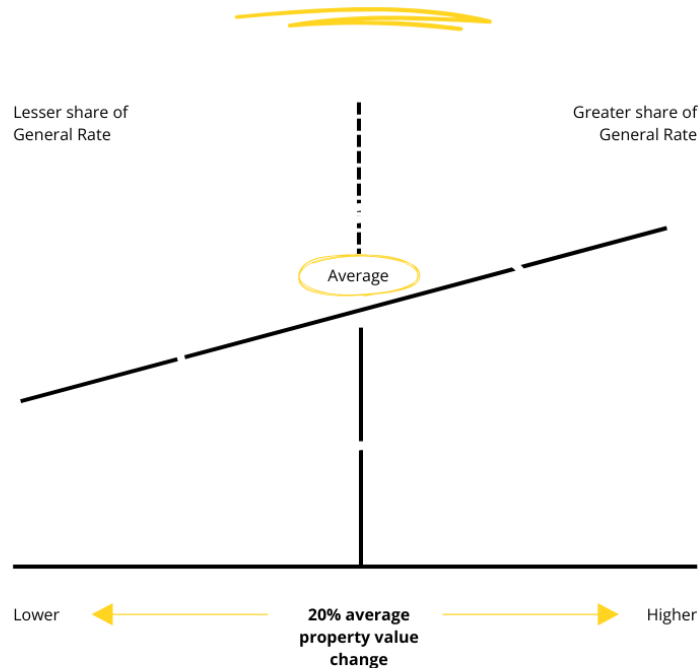
The average valuation increase tells Council what each of its 33,000 properties should pay as a portion of the \$144m – NOT the average they will pay in a rates increase.

For some, if their property values are higher than the 20% average, their portion of the \$144m will be more than the average rates increase across the district.

For some, if their property values are lower than the 20% average, their portion of the \$144m will be less than the average rates increase across the district.

Valuations are NOT how the Council decides the size of its rates envelope. In other words, just because valuations have gone up or down, is no indication about how much rates the Council needs to collect.

Property Revaluation Impact On Your General Rate



7. In 2024/25 we are investing...

\$77m on roads– *last year it was \$54.4m* (includes a 51% subsidy from New Zealand Transport Agency)

\$65.5m on wastewater – *last year it was \$57.8m*

\$32.8m on water – *last year it was \$23.6m*

\$17.2m on stormwater – *last year it was \$4.9m*

\$15.7m on parks and reserves – *last year it was \$11.6m*

\$9.3m on upgrading community facilities – *last year it was \$2.5m*

\$6.1m on maintenance of buildings – *last year it was \$4.8m*

\$1.9m on footpaths and cycleways – *last year it was \$400,000*

Doing in 2024/25 (not a full list)

- feasibility study for Ngaaruawaahia community hub to replace the library
- Greenslade Road playground renewal
- Buckland Road sports field and playground upgrade
- Raglan wastewater treatment (has additional costs)
- Huntly wastewater treatment plant upgrade
- new water supply reservoir at Te Kauwhata
- Buckland /George Road intersection, Washer Road, Tauwhare/Woodcock road intersection, Saulbrey Road roundabout, Wainui Bridge traffic lights, Harrisville Road/George Street and Dominion Road intersection
- Tuakau Resource Recovery Centre
- upgrades to Te Kauwhata, McVie Rd and Raglan transfer stations

- renovating dog pound in Ngaaruawaahia and building a small 'satellite' pound in Tuakau
- future-proofing sports fields with better drainage and lighting
- walkways renewals (increased contractor costs)
- streetlight improvements across the district
- CCTV installation across the district
- culvert improvements across the district
- road safety improvements across the district (increased costs)
- waste minimisation activities (increased costs)
- strategic and district planning (increased costs)
- building consents (increased demand)
- earthquake strengthening, asbestos removal and roof replacements (increased costs)
- upgrading and extending our stormwater infrastructure to respond to climate change and future weather events

Delayed beyond 2024/25 (but still needed within next 10 years)

- Pokeno wastewater pump station
- Te Kauwhata wastewater treatment plant upgrade
- Buckland, Masters, Onewhero-Tuakau and Whangarata roading projects

Cost savings 2024/25

\$1.5 million for efficiencies from internal projects

\$1 million in savings due to vacancies (time lag between employees leaving and being replaced)

Cut funding to Te Waka (Waikato's regional economic development agency)

Halved the funding to Hamilton Waikato Tourism

8. Rating impacts on different types of properties

Residential												
	Tuakau		Huntly		Ngaaruawaahia		Raglan		Maatangi		Pookeno	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
Average Capital Value	610,000	610,000	415,000	415,000	485,000	485,000	850,000	850,000	650,000	650,000	770,000	770,000
General Rates	1,398.00	1,591.87	951.10	1,083.00	1,111.52	1,265.67	1,948.03	2,218.19	1,489.67	1,696.26	1,764.69	2,009.42
UAGC	462.55	526.71	462.55	526.71	462.55	526.71	462.55	526.71	462.55	526.71	462.55	526.71
Fixed Targeted Rates	2,782.10	3,125.25	2,777.97	3,121.12	2,760.97	3,104.12	2,775.13	3,127.63	2,742.85	3,086.00	2,712.85	3,056.00
Total Rates	4,642.65	5,243.83	4,191.62	4,730.82	4,335.04	4,896.50	5,185.71	5,872.52	4,695.07	5,308.97	4,940.09	5,592.12
Total % increase (over 2023/24)	12.95%		12.86%		12.95%		13.24%		13.08%		13.20%	
Total \$ increase (over 2023/24)	601.18		539.21		561.46		686.81		613.90		652.04	
Weekly \$ increase (over 2023/24)	11.56		10.37		10.80		13.21		11.81		12.54	

Rural						
	Low range		Mid-range		High range	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
Average Capital Value	2,000,000	2,000,000	3,500,000	3,500,000	5,000,000	5,000,000
General Rates	4,583.60	5,219.26	8,021.30	9,133.71	11,459.00	13,048.15
UAGC	462.55	526.71	462.55	526.71	462.55	526.71
Fixed Targeted Rates	274.73	308.68	274.73	308.68	274.73	308.68
Total Rates	5,320.88	6,054.65	8,758.58	9,969.09	12,196.28	13,883.54
Total % increase (over 2023/24)		13.37%		13.39%		13.40%
Total \$ increase (over 2023/24)		733.77		1,210.51		1,687.26
Weekly \$ increase (over 2023/24)		14.11		23.28		32.45

	Lifestyle		Commercial		Industrial	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
Average Capital Value	1,500,000	1,500,000	2,750,000	2,750,000	2,400,000	2,400,000
General Rates	3,437.70	3,914.45	6,302.45	7,176.48	5,500.32	6,263.11
UAGC	462.55	526.71	462.55	526.71	462.55	526.71
Fixed Targeted Rates	1,131.89	1,243.84	2,539.36	2,855.00	3,225.48	3,638.62
Total Rates	5,032.14	5,684.99	9,304.36	10,558.19	9,188.35	10,428.44
Total % increase (over 2023/24)		12.97%		13.48%		13.50%
Total \$ increase (over 2023/24)		652.85		1,253.83		1,240.09
Weekly \$ increase (over 2023/24)		12.55		24.11		23.85

9. Additional information

1. Consultation questions

Generally speaking we want to know whether or not what we are proposing to do, is the right balance to keep us on track towards achieving our community outcomes. There are lists of capital projects and details about operational budgets on the Council's website.

We are also keen to know whether there are areas where our current service levels could be reduced (or enhanced)?

Specific questions in the Consultation Document are on:

- draft development contributions charges for 2024/25
- draft fees and charges for 2024/25

2. How can people provide feedback?

Between Easter and Friday 26 April 2024 people will get the opportunity to attend face to face meetings and submit formal feedback.

People can also go online or go the libraries/service centres and make submissions.

They can email directly: info@waidc.govt.nz

Over the next year we will also be listening to views about the level of service we provide ie which areas we can cut back on or do more for.

Formal timelines

- **Public feedback** on the draft Annual Plan 25 March 2024 - 26 April 2024
- **Council listens** to in-person feedback (hearings) May 2024
- **Council makes decisions** based on your feedback May-June 2024
- The final 2024/25 **Annual Plan is signed off** and is operational from 1 July 2024

Drop in sessions

Ngaaruawaahia

Tuesday 2 April - 6:30pm to 8:00pm
Ngaaruawaahia Hall - 5 Galileo Street,
Ngaaruawaahia

Tamahere

Tuesday 2 April - 6:30pm to 7:30pm
Tamahere Community Centre - 17 Devine
Road, Tamahere

Otaua

Otaua Hall - 34 Maioro Road, Otaua
Wednesday 3 April - 6:30pm to 8:00pm

Whatawhata

Thursday 4 April - 6:30pm to 8:00pm
Whatawhata Hall - Rothwell Lane,
Whatawhata

Te Kowhai

Friday 5 April - 6:30pm to 8:00pm
Te Kowhai Hall - 612 Horotiu Road, Te Kowhai

Matangi

Friday 5 April - 6:30pm to 8:00pm
Matangi Hall - 478 Tauwhare Road, Matangi

Pookeno

Monday 8 April - 4:30pm to 07:00pm
Pookeno Hall - 19 Market Street, Pookeno

Taupiri

Monday 8 April - 6:30pm to 8:00pm
Taupiri - War Memorial Hall 16 Greenlane Rd,
Taupiri

Onewhero

Tuesday 9 April - 6:30pm to 8:00pm
Onewhero School - 29 Hall Road, RD2,
Tuakau 2697

Te Kauwhata

Tuesday 9 April - 6:30pm to 8:00pm
Te Kauwhata Rugby Club - Te Kauwhata, 3710

Mangatangi

Wednesday 10 April - 6:30pm to 8:00pm
Mangatangi Hall - 1517 Kaiaua Road,
Mangatangi

Huntly

Thursday 11 April - 6:30pm to 8:00pm
Huntly Civic Centre Riverside Rooms - 148
Main Street, Huntly

Raglan

Friday 12 April - 6:30pm to 8:00pm
Raglan Hall Supper Room - 41 Bow Street,
Raglan

Tuakau

Monday 15 April - 6:30pm to 8:00pm
Tuakau War Memorial Hall - 70 George
Street, Tuakau

Te Aakau

Wednesday 17 April - 6:30pm to 8:00pm
Te Aakau Complex - 616 Te Aakau Road, Te
Aakau

Gordonton

Thursday 18 April - 6:30pm to 8:00pm
Gordonton Hall - 1024 State Highway 1B,
Gordonton

Pukekawa

Friday 19 April - 6:30pm to 8:00pm
Pukekawa Hall – 38 Clark & Denize Road,
Pukekawa

Port Waikato

Monday 22 April - 6:30pm to 8:00pm
Port Waikato Community Hub – 1 Ocean
View Road, Port Waikato