SPEAKING NOTES TO COUNCIL ON THE ADOPTION OF THE ANNUAL PLAN – 29 MAY 2025

Thank you for the opportunity to speak today on the adoption of the Annual Plan and the 6.9% rates increase. I am speaking to you today on behalf of Concerned Ratepayers Kapiti.

Normally Concerned Ratepayers would highlight to you that the planned 6.9% rates increase means that average rates will be 25% higher than they were two years ago. Normally we would highlight that this is massively more than CPI inflation and the movement in the Local Government Cost Index. We could speak about the burden these increases are imposing on ratepayers, especially those on low incomes. We could highlight that Council rates is the second biggest contributor to New Zealand's inflation rate and this Council is perpetuating a cost-plus pricing model. But there is no point talking to you about these things – because Concerned Ratepayers has concluded that you simply don't care. You're going to stick with these increases no matter the impacts.

So instead, we are going to talk about three other aspects of the Annual Plan.

The first is the most notable feature of this Annual Plan is that you had initially lost control of costs so much that rates would have gone up by even more than you could bear. So, you found savings. In doing so, you have blown your cover.

A large part of your narrative of why rates must go up by so much is that it's forced upon you, by forces out of your control. You talk about "cost pressures," that local government costs increase faster than CPI, new regulatory burdens and activities forced upon you by central government, of new charges forced on you. You then like to discuss about how good you are, to keep rates increases at 25%, and how good you are because other Councils have even less control of costs than you do.

Except.

Except that when rates would have increased by even more than you could stomach, you found savings. You chose to cut costs. You chose to cut staff. You chose to reduce some grant spending.

But you could have chosen to reduce some of those costs by even more – there are plenty of opportunities to do so. So, what you have done is confirm that the level of rates increases are not the result of KCDC being buffeted by forces outside of your control – the level of rates increases is in fact a choice. You could have made extra decisions that would have reduced this year's rates rise - but you chose not to. 25% rates rise over two years is not an inevitability forced upon you; it's a choice that you have made.

Second, a few weeks ago many residents received a letter in the mail about flood mapping. These letters arrived unannounced, with no background and no context, and include the immortal words: "the final [flood] maps will help you …. Understand the implications for your insurance cover." The final product will inevitably end up on LIMs. As a group, we have spoken to you before about how you engage with your community. But even for this Council, this approach to engaging with your residents, on something so fundamental to them as their insurability, it's a shocker.

There may be perfectly good reasons for you to do this work – but what you seem to be seen as a technical exercise could have profound effects for some residents. You need to work out an engagement approach that works with residents, rather than seemingly working against them. This coming financial year, we suggest that you spend less of your comms budget on your glossy and over-produced four monthly progress reports. Instead, we implore you to use the comms budget on learning how to engage successfully with your community on sensitive topics.

Third, we all received this pamphlet with our rates bill outlining the rates decision. One of our Committee members noticed that the table at the back of it doesn't add correctly. We could think of this a metaphor for this Annual Plan – that it doesn't add up – but this is actually a systemic issue for the Council. We have seen OIR responses where the rows and columns of figures in tables don't add up either. And to make it worse, another one of our committee members noticed that the capex numbers for the "Access and Transport" activity on page 57 of the Annual Plan – page 60 of your appendices document -well, they don't add up as well. The column for the AP2025/26 is out by over $9 million.

Because this is a table itemising capex projects, an error in this table would have flow on effects for the forecast cashflow statement, balance sheet, debt calculations, debt headroom, interest and depreciation calculations in the Plan.

In my first draft of this talk, I was going to have some fun and cheekily suggest that the Council invest in Microsoft Excel – as this would solve your troubles. But it seems we have a more serious issue at hand, and the Annual Plan should not simply be voted through on the nod. There may be a reason why a table of individual expenditure items shouldn't add up. You may also want to seek assurances that all the other tables in the Plan add up too.

Thank you again for your time today.

Note on tables on page 57:

- *Total asset renewals are said to be $8.534 but it's actually $14.716m – a difference of $6.182 million. The difference could be the Waka Kotahi funding lines immediately above.*

- *Total new assets and upgrades is said to be $8.824m but it's actually $12.480m – a difference of $3.656m. Even taking out the Waka Kotahi funding lines ($3.572m) it doesn't add up.*

Note this is a table of capex expenditure, it's not a table of funding sources. If it's intended to be a table of <u>KCDC funded</u> capex, be clearer in the table.