Concerned Ratepayers Kapiti

Being proactive to create positive communities

ATTACHMENT ONE: SUMMARY OF OPTIONS FOR DELIVERING AN AVERAGE 3% RATES INCREASE IN 2026/27 AND BEYOND

In this briefing we outline nine options that KCDC could use, in any combination, to help deliver average rates increases of no more than 3% per annum. Our options focus around controlling KCDC's costs. Although a number of candidates in the recent election campaign were optimistic that extra central Government funding would be forthcoming to take the pressure off rates, we outline several reasons why we don't think this will occur in the next three years. We suggest a combination of one of more of the following options to deliver a lower rates path:

1. **Set a firm Budget "anchor" of rates no more than 5% of median income (page 5).** Cost control will be impossible to achieve unless a firm budget limit (or "anchor") is put in place.

2. **Plan for the Implications of the *Local Government (System Improvements) Amendment Bill* (page 6**). This Bill will set limits on the scope of local government and is likely to come into force in 2026. A plan should be developed to implement this Bill and included in the upcoming consultation on the 2026/27 Annual Plan.

3. **Put in place a "fixed nominal budget" for three years for core operating expenses (page 8).** Keep KCDC's operating costs fixed in nominal terms for three years, to help stop the current cost-plus pricing approach in KCDC. This approach has been used in central government to control input costs for many years.

4. **Review KCDC Insurance costings (page 10**). KCDC has budgeted for 20% increases in insurance costs for each successive year. While this assumption may have seemed prudent at the time, its appropriateness should be re-assessed, and other insurance pooling options considered.

5. **Reduce KCDC's contribution to "economic development" activities (page 11).** The LTP includes average spending of $3.1 million per annum on "economic development. We present several options for manging this cost back.

6. **Restore KCDC's grants spending closer to 2022 levels (page 13).** Figures from KCDC's Annual Reports show that grants spending increased by 275% in two years. We suggest options for reducing grant spending closer to where it used to be.

7. **Council fees and charges (page 15).** KCDC policy is to increase fees and charges to reflect cost increases, although it is unclear whether the impact of this policy is currently built into financial forecasts. We support this policy provided costs are well managed.

8. **Review the $785 million capital programme in the LTP, to address forecast increases in interest and depreciation costs (page 15).** Depreciation is one of the largest drivers in KCDC's costs. Any justifiable reduction in the size of the capex programme, or change in its timing, or savings through better procurement, could help bring costs down.

9. **Debt reduction programme (page 17).** We suggest that KCDC review the scale of the proposed debt reduction programme, and fund it using some of the cash from depreciation, rather than rates increases.