Te Kaunihera-ā-Rohe o Ngāmotu
New Plymouth
District Council

EXTRAORDINARY COUNCIL MEETING AGENDA

Tuesday 22 July 2025 at 1pm

Council Chamber
Liardet Street, New Plymouth

Chairperson:	Mayor	Neil	Holdom
Members:	Cr	Tony	Bedford
	Cr	Sam	Bennett
	Cr	Max	Brough
	Cr	Gordon	Brown
	Cr	David	Bublitz
	Cr	Murray	Chong
	Cr	Amanda	Clinton-Gohdes
	Cr	Harry	Duynhoven
	Cr	Bali	Haque
	Cr	Te Waka	McLeod
	Cr	Anneka Carlson	Matthews
	Cr	Dinnie	Moeahu
	Cr	Marie	Pearce
	Cr	Bryan	Vickery

Purpose of Local Government
The reports contained in this agenda address the requirements of the Local Government Act 2002 in relation to decision making. Unless otherwise stated, the recommended option outlined in each report meets the purpose of local government and:

- Promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of Council, or transfer the ownership or control of a strategic asset to or from Council.

OPENING KARAKIA

Tutawa Mai

Tūtawa mai i runga	I summon from above
Tūtawa mai i raro	I summon from below
Tūtawa mai i roto	I summon from within
Tūtawa mai i waho	I summon from the outside environment
Kia tau ai	to calm and settle
Te mauri tū	the vital inner essence
Te mauri ora	the wellbeing of everyone
Ki te katoa	Be joined,
Haumi e, hui e, tāiki e!	together united!

APOLOGIES / NGĀ MATANGARO

None noted

CONFLICTS OF INTEREST / NGĀ ARA KŌNATUNATU

1. People who fill positions of authority must undertake their duties free from real or perceived bias. Elected members must maintain a clear separation between their personal interests and their duties as an elected member. Failure to do so could invalidate a Council decision and leave the elected member open to prosecution and ouster from office.

2. An elected member is entitled to interact with the Council as a private citizen. However, they cannot use their position as an elected member to gain an advantage not available to the general public.

3. Elected and appointed members will:

    - Declare any interest whether pecuniary or non-pecuniary at a meeting where the interest is relevant to an item on that agenda.

    - Exclude themselves from any informal discussions with elected members relating to a matter they have an interest in.

    - Seek guidance from the Chief Executive if they are unclear of the extent of any interest.

    - Seek guidance or exemption from the Office of the Auditor General if necessary.

ADDRESSING THE MEETING

Requests for public forum and deputations need to be made at least one day prior to the meeting. The Chairperson has authority to approve or decline public comments and deputations in line with the standing order requirements.

PUBLIC FORUM / ĀTEA Ā-WĀNANGA

Public Forums enable members of the public to bring matters to the attention of the committee which are not contained on the meeting agenda. The matters must relate to the meeting's terms of reference. Speakers can speak for up to 5 minutes, with no more than two speakers on behalf of one organisation.

- None advised

DEPUTATIONS / MANUHIRI

Deputations enable a person, group or organisation to speak to the meeting on matters contained on the agenda. An individual speaker can speak for up to 10 minutes. Where there are multiple speakers for one organisation, a total time limit of 15 minutes, for the entire deputation, applies.

- None advised

REPORTS

ANNUAL PLAN 2025/26 REVIEW AND CORRECTIONS

MATTER / TE WHĀINGA

1. The matter for consideration by the Council is the outcomes of reviews into the Annual Plan 2025/26 following the previously addressed GST issue and to address further issues highlighted by those reviews.

OFFICERS RECOMMENDATION FOR CONSIDERATION / NGĀ WHAIKUPU
That having considered all matters raised in the report Council:

ISSUE 1 – RESTRICTED WATER SUPPLY RATES

a) Note the resolution (minute C/2025/83) of the 1 July 2025 Extraordinary Council Meeting, relating to clause 3.5 Water Supply Targeted Rate (Rating units connected to a Council supply that have a restricted flow a)) did not effectively set the rate for those on a restricted flow water supply.

b) Revoke the following words from the [abridged] minute C/2025/83 (1 July 2025):

3.5 Water Supply Targeted Rate

Pursuant to sections 16 and 19 of the Act, targeted rates for Water Supply as below

~~Rating units connected to a Council supply that have a restricted flow~~

~~a) A fixed amount of $418.00 per separately used or inhabited part of a rating unit applied to all properties that are within 100 metres of a serviceable pipeline and are not included in assessments above and are not connected to a water supply.~~

c) Adopt the following words in substitution of the revoked words:

Rating units connected to a Council water supply that have a restricted flow

a) A fixed amount of $418.00 including GST per cubic metre of water.

ISSUE 2 – AVERAGE RESIDENTIAL RATES INCREASE

d) **Note that the total rates revenue outlined in the Annual Plan 2025/26 and subsequently set are legally valid. The issue with setting the Restricted Water Supply Rate is resolved by the resolutions above.**

e) **Note that flaws in the model used to calculate "average residential rates increase" have been identified.**

f) **Note that the disclosed average residential rates 9.9% increase was incorrect and is 12.8% for 2025/26 and that the total rates from all ratepayers increased by 9.1%.**

g) **Express dismay at this situation and remains steadfast to its policy commitment on residential rates increases.**

h) **Determine to apply the Rates Remission and Postponement Policies: Rates Policy 5 clause 1(c) to the following effect:**

- **i)** **Determines that there are exceptional circumstances that mean it is in the public interest to remit a small proportion of each residential ratepayer's general rate and that this does not create or set a precedent for future years.**

- **ii)** **Provide an automatic rates remission for all residential ratepayers of 0.02620586 cents including GST per $1 of residential land value.**

- **iii)** **Note that this equates to an average of $102 including GST per residential property with half of properties receiving a remission higher than this and half of properties receiving a remission less than this, depending on their land value.**

- **iv)** **Note that this remission in effect results in an average residential rates increase of 9.9%, as previously anticipated.**

- **v)** **Note that the effect of this action is estimated to cost approximately $3.1 million GST exclusive.**

i) **Note that other Council Rates Remission and Postponement Policies continue to apply for all ratepayers, including the ability for rates postponements for those in extreme financial hardship, and for rates remissions (refunds) for financial hardship as a result of rating system changes.**

j) Note that the following disclosures and comments are incorrect in the Annual Plan 2025/26 and direct that an erratum be issued so that online versions of the plan include a note stating the correct disclosure is 12.8% and not 9.9%:

- **a) Introduction from the Mayor and Chief Executive (page 4)**
- **b) Key changes and influences (page 6)**
- **c) Financial summary (page 8)**
- **d) Disclosure Statement (page 29)**

k) Instruct the Chief Executive to make all efforts to reduce the $3.1 million deficit from operational savings before 30 June 2026 and provide quarterly reports to the Finance, Audit and Risk Committee (or equivalent) on progress.

l) Notes that any funds unable to be covered by operational savings will cause a 2025/26 deficit to be funded through staged deficit recovery or incorporated into the Annual Plan 2026/27 and/or Long-Term Plan 2027-37.

MAYORAL RECOMMENDATION FOR CONSIDERATION / NGĀ WHAIKUPU
That having considered all matters raised in the report:

a) Council notes:

- **i) Following the Annual Plan 2025/26 GST issue resolved on 1 July, I instigated an independent review of the Annual Plan alongside an internal review that was underway. The findings of these reviews have found two additional issues that should be addressed now.**
- **ii) Expert legal advice confirms that the rates set for this year are legally sound except for those properties on a restricted flow water supply. However, the disclosure relating to the 9.9% average residential rates is incorrect and we have inadvertently misled our community.**
- **iii) This is a significant failing of the organisation, which has been contributed to by a number of factors, including insufficient financial controls being in place to ensure elected members have correct and full information to support their decision making.**

iv) We need to do better and to remedy the two issues immediately, openly, with integrity and ensure this does not happen again.

b) On the basis of the above information, Council:

ISSUE 1 – RESTRICTED WATER SUPPLY RATES

i) Approve the officer's recommendation.

ISSUE 2 – AVERAGE RESIDENTIAL RATES INCREASE

ii) Approve the officer's recommendation

NEXT STEPS

c) Instruct that the Stage Two report of the independent review be presented to the Finance, Audit and Risk Committee for consideration for the Annual Plan 2026/27 and Long-Term Plan 2027-37; and

d) Instruct the Chief Executive to undertake the following actions to ensure this situation does not occur again:

i) Undertake an independent review of all future Annual and Long-Term Plans to ensure the process and financial information are robust;

ii) Instruct Officers to immediately prioritise the reclassification of those properties rated as Residential but used for commercial or industrial purposes (and therefore should be classified as Commercial/Industrial properties) for the Annual Plan 2026/27.

e) Note that the Chief Executive will be commencing immediate changes to the leadership and financial services teams of the New Plymouth District Council, in order to strengthen the financial capability of the organisation, and quality of financial advice that we receive.

EXECUTIVE SUMMARY / WHAKARĀPOPOTOTANGA MATUA

2. This report addresses two issues identified during a post-adoption review of the Annual Plan 2025/26 and recommends immediate corrective actions to maintain public trust and achieve compliance with Council's obligations and policy commitments.

Issue One – Restrict Flow Water Supply Rate

3. An administrative error in the resolution for the restricted flow water supply rate meaning that approximately 770 properties that have a restricted flow water connection are unable to be charged for their water connection which has a $1.4 million including GST impact on water rating revenue.

4. The report recommends revoking the incorrect resolution wording and adopting a corrected rate of $418 per cubic metre of water for affected properties.

Issue Two – Average Residential Rates Increase Disclosure

5. Aside from Issue One, the Annual Plan 2025/26 budgets and rates set are correct and the total rates revenue increase of 9.1% from all ratepayers remains valid. However, Council's disclosure of an average residential rates increase of 9.9% does not align with the Annual Plan 2025/26 budget and rates set and is therefore incorrect. The average residential rates increase for 2025/26 is in fact 12.8%.

6. This discrepancy arose from an unverified assumption regarding residential land value reclassification during the development of the Long-Term Plan 2024-34. This issue was identified by Officers shortly after the rates were set and was confirmed by the external independent review.

7. To address this issue, the report recommends an automatic rates remission for all residential ratepayers under Rates Policy 5. This remission, calculated at 0.02620586 cents per dollar of residential land value, equates to an average refund of $102 per property and effectively realigns the average residential rates increase to the originally disclosed 9.9%. The estimated cost of this action is $3.1 million (GST exclusive), which will be managed through operational savings or future budget considerations.

8. These actions, and others recommended in this report, are supported by legal advice and internal reviews and are designed to uphold transparency, reinforce fiscal responsibility, restore public trust in Council, and ensure such errors are not repeated in future.

9. This report is based on a preliminary independent external review. A copy of the final external review will be circulated prior to the meeting (as Appendix two) and will be made available on the Council's website.

BACKGROUND / WHAKAPAPA

10. At the 1 July 2025 Extraordinary Council meeting, Council revoked its resolution of 13 May "Annual Plan 2025/26 Adoption and Setting of Rates" (ECM9487857 minutes C/2025/33) and reset the rates with the correct GST reference (minute C/2025/83).

11. It is worthy to restate that, despite some media comment and resultant misunderstanding, the previous error was simply to the rates resolution, and did not impact on the rates set in the Annual Plan 2025/26. As such, the GST issue categorically did not result in any financial impact to ratepayers or any change to rates or a fee.

12. Following the debate at the 1 July meeting, and in response to Councillors' comments, Officers' further internal reviews and an external review identified additional issues relating to the Annual Plan 2025/26. Two of these issues need to be addressed immediately to ensure compliance and uphold public confidence.

13. Issue one is the identification of an administrative error from the 1 July meeting relating to the restricted flow water supply rate. Council needs to correct the error by resolution or $1.4 million including GST of rates is unable to be collected.

14. Issue two is that the average residential rate increase for 2025/26 was incorrectly disclosed as 9.9% instead of the actual 12.8% figure due to an unverified assumption in February 2024 in the Long-Term Plan 2024-34 on what the average residential land value would be this year. The correct calculations (including actual rates for sample properties) were, however, included in the Annual Plan 2025/26.

15. The impact of this was exacerbated by Council's change of the commercial rating differential changing from 4 to 3 this year which significantly altered how the overall rates increase impacted on residential ratepayers. The total rates take of $164 million excluding GST is an increase of 9.1%, however, changing the commercial/industrial rating differential was a significant variable increasing the average residential rate to 12.8%.

ISSUE ONE: WATER SUPPLY TARGETED RATE

Background

16. The independent review of the Annual Plan 2025/26 found that "with the exception of one rate, the resolution of 1 July 2025 is fit for purpose". That rate is the Water Supply Targeted Rate, specifically, for rating units connected to a Council supply that have a restricted flow.

17. The Annual Plan has the correct wording, charge and revenue, however the recommendation and subsequent resolution incorrectly copied the wording for the next rate listed in the resolution (for properties within 100m of a serviceable pipeline and not connected to a water supply). The extract below shows how the wording of the clause mirrors that of the clause following it and is a clear administrative error:

Rating units connected to a Council supply that have a restricted flow

a) A fixed amount of $418.00 per separately used or inhabited part of a rating unit applied to all properties that are within 100 metres of a serviceable pipeline and are not included in assessments above and are not connected to a water supply.

Rating units not connected to a Council supply

a) A fixed amount of $338.00 per separately used or inhabited part of a rating unit applied to all properties that are within 100 metres of a serviceable pipeline and are not included in assessments above and are not connected to a water supply.

Fig 1 Council Meeting 1 July 2025 incorrect resolution (as highlighted)

18. The implication of this is that Council is unable to charge the approximately 770 properties (predominately rural properties but including commercial, residential, small holding and farmland rated properties) that have a restricted flow water connection for their water connection. This equates to $1.4m including GST in water rates not charged.

Options to address Issue One

19. Options to address this issue are as follows:

    a) Revoke the applicable part of the resolution and reset the Water Supply Targeted Rate for rating units with a restricted water flow connection

    b) Do not revoke the applicable part of the resolution and do not collect the associated $1.4 million in targeted water rates.

Recommendation

20. It is recommended that Council revoke part of the resolution of the 1 July 2025 extraordinary meeting and reset the Water Supply Targeted rate for rating units connected to a Council supply that have a restricted flow as follows. This ensures legal enforceability of the collection of $1.4 million including GST in water rates and alignment with the intent of the Annual Plan:

    3.5 Water Supply Targeted Rate

    …

    Rating units connected to a Council supply that have a restricted flow

    ~~a) A fixed amount of $418.00 per separately used or inhabited part of a rating unit applied to all properties that are within 100 metres of a serviceable pipeline and are not included in assessments above and are not connected to a water supply.~~

    a) A fixed amount of $418.00 including GST per cubic metre of water.

21. This change relies on the same powers under the Legislation Act 2019 as the correction of the GST error on 1 July 2025.

ISSUE TWO: AVERAGE RESIDENTIAL RATES INCREASE

Background

22. After the 2025/26 rates were formally adopted and subsequently processed, Officers noticed that the average residential rates increase appeared to be higher than the 9.9% that was previously presented to Council and decisions based on. Upon further analysis, it was confirmed that the actual average 2025/26 residential rates increase was 12.8%.

23. This discrepancy does not change the total rates to be collected from all ratepayers under the Annual Plan 2025/26 (a 9.1% increase on 2024/25) or make the current rates strike invalid. The only exception remains the administrative error outlined as Issue One.

24. Subsequent detailed review has identified an assumption made in the financial modelling during the preparation of the Long-Term Plan 2024-34, as the cause of the discrepancy.

25. This assumption appears to have been made without consultation with management, elected members or our community, and went without the knowledge of Audit New Zealand in the setting of the Long-Term Plan 2024-34.

26. The assumption made was believed to expect the reclassification of a number of high value residential properties near the central city from residential to commercial rates (due to their use having changed) resulting in the reduction of average residential land value from $390,000 to $370,000. This did not suggest that land values would be revalued and decrease, rather the average would move because of the reclassifications.

27. In reality, the average residential land value has remained at $390,000. This means that when the average residential rates increase was calculated, it should have been based on a property with a $390,000 land value rather than a property with a $370,000 land value.

Reporting on average residential rates is unusual in New Zealand

28. Reporting on average residential rates changes fails to recognise the complex rating system, the various property types and the risk of assumptions (such as the current example or property growth rates) being incorrect in the future.

29. A brief review has not found any other Council that reports only the average residential rates change although four were found to report on overall rates increases as well as average residential (and other rating categories).

30. The decision to report on average residential rates resulted in the need to create and manage several bespoke models, which created complexity and opportunity for error. One model included the assumption on the land value change. That the work to support this assumption did not occur was not picked up in the modelling undertaken in the Annual Plan development process.

31. The overall rates increase for all ratepayers in 2025/26 is 9.1%. It is recommended that the overall rates increase of 9.1% is used moving forward and that overall rates increases are communicated in the future.

Recent changes to the rating of residential ratepayers

32. Between 2022/23 and 2025/26 the amount of revenue attributable to the uniform annual general charge (UAGC) assessed on residential properties significantly changed. The total UAGC collected and attributed to residential rates in 2022/23 was $12.4 million and in 2025/26 this is $2.8 million.

33. From 2024/25 to 2025/26, the rating differential applied to commercial/industrial properties in the district was changed from four to three. Rating differentials are where different rates are applied to properties based on their use.

34. The change to the commercial/industrial differential significantly altered how the overall rates increase impacted on each rating group. Differentials and the impact of the change is further explained later in the report.

Options To Address Issue Two

35. If Council decides to address this issue by amending the Annual Plan budgets, the residential rates revenue decrease required to change the average residential rates increase from 12.8% to 9.9% is $3.1 million (GST exclusive).

There are three reasonably practicable options to address the issue

36. Options to address this issue are as follows:

    a) Retain the Annual Plan 2025/26 budgets and rates as previously approved – 'do nothing'.

    b) Provide an automatic or 'by application' rates remission (refund) for all residential ratepayers. Council Officers recommended option with an automatic remission.

    c) Initiate a Rates Replacement Proposal under the Local Government (Rating) Act 2002, including community consultation using the special consultative procedure, to increase the commercial/industrial differential rate for 2025/26.

Amending the Annual Plan is not a reasonably practicable option

37. An option to amend the Annual Plan 2025/26 to remove the $3.1 million required to provide rates reductions to residential properties from operational expenditure and find savings, or have a deficit at the end of the financial year, has been considered and determined to not be practicable.

38. There is no statutory authority for amending an annual plan. To revoke it and adopt again would constitute a statutory breach, as well as being impracticable and substantially upsetting the rates process. The scheme of the legislation is that the Council's performance against the annual plan as adopted is reported in the annual report.

Issue Two - Further Options Discussion

<u>Option One</u>
<u>Retain the Annual Plan 2025/26 budgets and rates as previously approved</u>

39. The current Annual Plan 2025/26 budgets and rates, as already set, are legally sound, with the exception of the restricted flow water supply targeted rate (Issue One). Issue Two relates exclusively to the average residential rates increase communicated to the public.

40. The example properties, showing rates based on land value, outlined in the Annual Plan (page 21) are correct. The impact of the incorrect assumption is shown in the following table:

Average land value	2024/25 rates	Change	2025/26 rates
$370,000 Used in 2025/26	$3,433.65	+12.7%	**$3,870.90**
		+9.9%	
$390,000 Used in 2024/25	**$3,516.12**	+12.8%	$3,966.25

Fig 2 Impact of the incorrect assumption on average residential rates

41. It is important for both this and Option Two to acknowledge in any resolution that any statements in the Annual Plan 2025/26 referencing a 9.9% average residential rates increase are incorrect.

42. If Option One is approved, Council may choose to clarify that Rates Remission Policy 9 (as per paragraphs 45 and 46) applies in 2025/26 due to the administrative error incorrectly stating the average residential rates increase is 9.9%. This will remove any doubt that those experiencing financial hardship due to the error can apply for support.

<u>Option Two</u>
<u>Provide an automatic or 'by application' rates remission for all residential ratepayers (recommended option with an automatic remission)</u>

NPDC currently has rate remission policies that could be used to remit residential rate increases averaging above 9.9%

43. Council has adopted Rates Remission and Postponement Policies as provided for in section 102 (3) (a) of the Local Government Act 2002 (LGA). This includes two Rates Policies that could be applicable in this case. These are attached as Appendix One and summarised here:

a) *Rates Policy 5: Rates remission in miscellaneous circumstances*

This policy allows the Council to remit part or all rates on a rating unit where the Council considers it just and equitable to do so. One reason this can occur is where "there are exceptional circumstances that mean the Council believes that it is in the public interest to remit the rates".

b) *Rates Policy 9: Rates remission for financial hardship as a result of changes to the rating system*

This policy recognises that when the Council alters parts of the rating system, doing so may cause financial hardship for some ratepayers. These changes include those to the uniform annual general charge, differentials or the number or application of targeted rates. This Policy applies in this year due to the changes made and, regardless of decision made on this report, ratepayers can utilise this Policy.

Rates Policy 5

44. Rates Policy 5 would allow residential ratepayers to request or automatically receive a rates credit for the difference in their rates increase at the amount as if the average residential rates increase was 9.9% rather than 12.8%.

45. This would be based on each individual property's land value and equates to a median of $102 including GST per residential property where half of properties would receive a remission higher than this and half of properties would receive a remission less than this.

46. The remission would be 0.02620586 cents including GST per $1 of residential land value.

47. This option would result in a $3.1 million deficit at the end of 2025/26 if no other corresponding operational savings were found to help offset the cost. Options on how to manage this deficit would then be considered as part of the Annual Plan 2026/27 such as to fund it over multiple years of debt funding or make levels of service cuts.

48. It is recommended that the option under Rates Policy 5 is automatically applied to all residential properties rather than on request. This option greatly reduces the associated administration costs, the burden on ratepayers to apply, and provides certainty of the impact on budgets.

Rates Policy 9

49. Rates Policy 9 is in place for all ratepayers no matter what Council decides but is most important if Option One is approved. This is following the reduced UAGC and the change to the commercial rating differential (as outlined in paragraphs 28-30). These changes will have resulted in additional financial hardship to some ratepayers. Under this Rates Policy, evidence of financial hardship must be provided and the remission (refund) will be set as half of the difference between the property's rates for 2024/25 and the property's rates for 2025/26 if the change to the rating system had not been applied.

50. This Rates Policy is not directly linked to the incorrectly disclosed average residential rates increase but best recognises that not all households face the same challenges or are impacted the same.

<u>Option Three</u>
<u>Initiate a Rates Replacement Proposal under the Local Government (Rating) Act 2002, including community consultation using the special consultative procedure, to increase the commercial/industrial differential rate for 2025/26.</u>

51. A rating differential is where different rates are applied to different categories of properties based on their use. In the New Plymouth District this means that commercial/industrial, residential, small holdings and farmland are charged different rates to reflect their varying impacts on local services and infrastructure.

52. The table below from the Long-Term Plan 2024-34 shows the various differentials for the first three years of the plan:

The differentials per dollar value are set in the table below.

	Differential category	Differential factor		
	Rate cents/$ 2024/25	2024/25	2025/26	2026/27
Commercial/Industrial	1.4100	4.00	3.00	3.00
Residential	0.3525	1.00	1.00	1.00
Small Holdings	0.2820	0.80	0.80	0.80
Farmland	0.2644	0.75	0.75	0.75

Fig 3 Long-Term Plan 2024-34 application of differentials (page 189)

53. A rating differential of 4 for commercial properties means they were charged four times the general rate applied to residential properties (which have a differential of 1).

54. In 2025/26, Council changed the commercial differential from 4 to 3 meaning that the impact of the 9.1% overall rates increase was much higher for residential, small holdings and farmland.

55. Council could re-adjust the commercial differential to 3.75 (subject to final verification) for 2025/26 to fully address the issue and make the average residential rates increase 9.9%. No work has been undertaken to test if commercial ratepayers were expecting a rates decrease this year. If they were expecting a decrease, this change would not have been budgeted for. If they were, this change is likely to have a larger impact.

56. The differential change would still impact on residential, small holding and farmland ratepayers in 2026/27 as the drop to 3 still remains.

57. The current rating differentials are set out in the Rating Funding Impact Statement which provides the following:

1. General rates

NPDC will set a general rate based on the land value of rateable land in the district together with a uniform annual general charge (UAGC) applied to all SUIPs of a rating unit.

Differential land value categories

NPDC differentiates the general rate based on land use (Schedule 2, Clause 1, Local Government (Rating) Act 2002). The differential categories and percentages of total general rate requirement that apply to each group are:

	Differential factor	Revenue sought 2025/26 ($)
Group 1: Commercial/Industrial All rating units that are used primarily for any commercial or industrial purpose	3.00	23,028,257
Group 2: Residential All rating units with a land area of one hectare or less, not being rating units in Group 1, used for residential and related purposes.	1.00	57,307,216
Group 3: Small Holdings All rating units, not being rating units included in Groups 1 or 2, having a land area of more than one hectare but no greater than four hectares.	0.80	4,079,404
Group 4: Farmland All rating units, not being rating units included in Groups 1, 2 or 3, having a land area in excess of four hectares.	0.75	14,039,102
Total		**98,453,979**

Fig 4 Annual Plan 2025/26 differential applications (page 14)

58. Rates must be set in accordance with the Rating Funding Impact Statement. An exception to this is provided by the rates replacement mechanism in sections 120 to 130 of the Local Government (Rating) Act 2002. This process requires a significant and complicated consultation process. Council needs to make a detailed and highly specific formal proposal.

59. Council could consult the community on a Rates Replacement Proposal using the special consultative procedure, including notifying all ratepayers. This would enable Council to change how rates are distributed, but not the overall amount of rates sought. The proposal process would take at least three months, and, during that time, existing rates would still need to be collected. If approved, ratepayers would then be re-issued new rates invoices, and those with a deficit (i.e. those reassessed as needing to pay more) would have to comply as Council's normal penalties and statutory enforcement powers would still apply. Council would then still need to undertake a Long-Term Plan amendment for the 2026/27 financial year as, otherwise, Council would need to implement the Revenue and Financing Policy and Rating Funding Impact Statement in the 2026/27 financial year.

60. This process can only reset the rates. It cannot alter the overall income sought from rates in the Annual Plan.

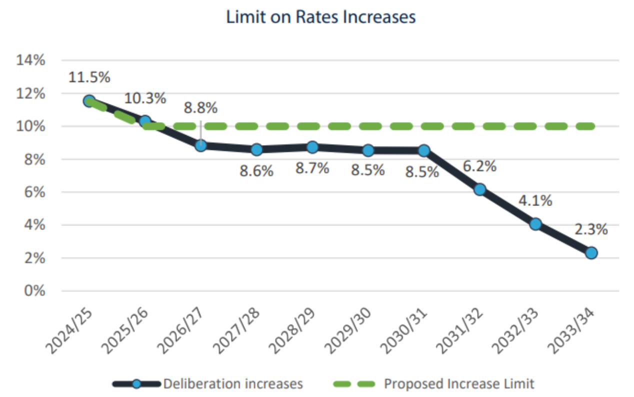
Long-Term Plan disclosures

61. Section 101A(3) of the LGA requires the financial strategy, as part of the Long-Term Plan to include a statement of the Councils quantified limits on rate increases and borrowing. This disclosure is on page 35 of the Long-Term Plan 2024-34:

Rate Increase Limit: The average residential rate increase will not exceed 11.5 per cent in 2025 and 10 per cent in the following years

Our residential ratepayers account for over 80 per cent of our total ratepayers and approximately 60 per cent of the land value of our district. The average rate limit includes all rates except for the Voluntary Targeted Rate (VTR).

This limit does not give an indication of the rates increase on different groups of ratepayers as this will vary according to rating structure, targeted rates, growth in rateable properties, land value changes as well as changes in our expenditure and revenue. Because of the proposed changes to our rating system there are also variations in rates increases amongst each sector of ratepayers in the first two years of the LTP.



62. The independent review has confirmed that exceeding quantified limits in the Financial Strategy and Disclosure Statement does not affect the validity of the rates. The primary effect of exceeding a quantified limit is a requirement to report on it in the Annual Report.

63. An assessment of the options against the disclosed rate increase limit of 10% is as follows:

Option	Comparison to 10% limit
1. Retain Annual Plan 25/26 budgets as approved	This is above the 10% rate increase limit.
2. Use the Rates Remission and Postponement Policies to enable refunds/automatically of the difference	A decision to automatically credit the difference would meet the average 10% rate increase limit in practicable terms for our residential ratepayers but does not adjust the actual rates. A decision to credit on request may not meet it depending on the take-up.
3. Amend (increase) the commercial/industrial differential through the rates replacement procedure	This would be under the 10% average rate increase limit.

Consultation requirements

64. The table below provides a summary of the options and consultation implications:

Option selected for Issue Two	Amendments to AP 25/26 or other documents	Consultation requirements
Retain Annual Plan 25/26 budgets as approved	Append note to the AP to note that references to a 9.9% average residential rates increase to either 12.8% or replace with the total rates increase of 9.1%.	None, the current rates and Annual Plan budgets are correct as approved and struck.
Use the Rates Remission and Postponement Policies to enable refunds/automatically of the difference	Append note to the AP to note that references to a 9.9% average residential rates increase to either 12.8% or replace with the total rates increase of 9.1%.	None, the deficit would be managed as much as possible.

Option selected for Issue Two	Amendments to AP 25/26 or other documents	Consultation requirements
Amend (increase) the commercial/industrial differential through the rates replacement procedure.	A rates replacement procedure would effectively override the Funding Impact Strategy and Revenue and Financing Policy.	Special consultative procedure following the rates replacement procedure

LOCAL GOVERNMENT ACT DECISION-MAKING REQUIREMENTS

The Local Government Act Decision-Making requirements for the options are canvassed throughout this report. The additional matters are noted.

OTHER ISSUES IDENTIFIED

65. The review that has been conducted to date is considered to be Stage One of the independent review, as it has necessarily been undertaken under time constraints. While it has identified issues which are being immediately addressed, it is considered necessary to undertake a Stage Two, more in-depth independent review of processes and functions, so that additional assurance can be sought, alongside any further recommendations for improvement.

Engagement with Partners and Community

66. Due to time constraints there has been no participation by Māori in the preparation of this report.

67. A briefing will be undertaken with a range of key partners including Iwi representatives, CCOs, Chamber of Commerce and other Taranaki Councils.

68. While no formal or informal community engagement has occurred Council is aware that the community will be disappointed that these issues have arisen and were able to occur.

Community Outcomes

69. Addressing these issues in a timely, credible and open manner, particularly Issue Two, is critical for the Trusted community outcome.

CLIMATE CHANGE IMPACT AND CONSIDERATIONS / HURINGA ĀHUARANGI

70. There are no climate change impacts and considerations in relation to this matter.

NEXT STEPS / HĪKOI I MURI MAI

71. The next steps are:

    a) The Chief Executive will implement the decision of Council.

    b) The Stage Two report of the independent review will be presented to the Finance, Audit and Risk Committee for consideration for the Annual Plan 2026/27 and Long-Term Plan 2027-37.

SIGNIFICANCE AND ENGAGEMENT / KAUPAPA WHAKAHIRAHIRA

72. In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as being significant. The table below provides advice on how the issue impacts the considerations in the Significance and Engagement Policy.

Policy consideration	Impact
Community outcomes	While there are substantial negative implications on Council's community outcomes from the issues at hand – notably *Trusted E Whakaponotia Ana* – this report seeks to limit the negative impacts of the errors on those outcomes.
Levels of service	There is no immediate implication on the levels of service from Council, although some of the potential cost savings to minimise the financial impact could have implications on levels of service that are unknown at this stage
Alignment	The matter does not align to the Long-Term Plan and the Financial Strategy
Community impact	While there are substantial negative implications on residential ratepayers, again, this report seeks to limit the negative impacts of the errors on those residential ratepayers
Financial implications	The financial costs of the recommended approach have not been budgeted for and will likely need to be debt funded at least in part. Savings will be sought to offset this.
Mana whenua and climate change	There has been no mana whenua involvement in the decision-making process, and there are no direct climate change implications. There may, however, be unknown downstream implications.

73. No community engagement is proposed. This is due to the urgency required to address the matter before rates invoices are issued to ratepayers, and that the existing Rates Remission and Postponement Policies, that have been subject to community consultation alongside the Long-Term Plan, are recommended to be used to address the issue.

74. The limited tools available at this point, such as being unable to replace the Annual Plan 2025/26, also limit the effectiveness of community engagement in making a decision.

75. Officers note that Issue 2 Option Three would involve significant community engagement through a special consultative procedure to undertake a Rates Replacement process under the Local Government (Rating) Act 2002.

OPTIONS / KŌWHIRINGA

Issue 1	**Option One**	**Revoke the applicable part of the resolution and reset the Water Supply Targeted Rate for rating units with a restricted flow water connection**
	Option Two	**Do not revoke the resolution and do not collect the associated $1.4 million in targeted water rates**
Issue 2	**Option One**	**Retain the Annual Plan 2025/26 budgets and rates as previously approved – 'do nothing'**
	Option Two	**Provide an automatic or 'by application' rates remission (refund) for all residential ratepayers. Council Officers' recommended option with an automatic remission**
	Option Three	**Initiate a Rates Replacement Proposal under the Local Government (Rating) Act 2002, including community consultation using the special consultative procedure, to increase the commercial/industrial differential rate for 2025/26.**

Financial and Resourcing Implications / Ngā Hīraunga ā-pūtea, ā-rauemi

76. The financial implications of each of the options have been outlined in the body of the report.

77. Resourcing implications have not been quantified however Issue 2 Option Two (recommended option) has significantly less resourcing requirements if a remission is automatically applied rather than by application.

78. Issue 2 Option Three – undertake a Rates Replacement process – has extremely high resourcing requirements.

Statutory Responsibilities / Ngā Haepapa ā-ture

79. Statutory Responsibilities have been outlined in the body of the report and external legal counsel is expected to be at the meeting to answer questions of clarification. Any options not covered here would need legal scrutiny before taking forward.

APPENDICES / NGĀ ĀPITIHANGA

Appendix 1	Rates Remission and Postponement Policies 5 and 9 (ECM9538691)
Appendix 2	External review findings (to be provided prior to the meeting) (ECM9540326)

Report Details

Prepared By:	Gareth Green (Chief Executive)
Ward/Community:	District Wide
Date:	17 July 2025
File Reference:	ECM9539873

---*End of Report* ---

RATES REMISSION AND POSTPONEMENT POLICIES

NPDC Rates Remission and Postponement Policies

Decision-making, general conditions, definitions and administrative matters related to these policies

1. All decisions on applications for the remission or postponement of rates shall be determined by the staff provided with the delegated authority by the Council (as recorded in the Delegations Register) for section 85, 87, 114 and 115 (as relevant) of the Local Government (Rating) Act 2002.

2. The decisions of officers are final and the Council will not accept appeals against those decisions.

3. Except as described in this paragraph, all applications must be received in writing on an approved application form. However, staff may accept verbal applications or applications not on an approved application form if the circumstances warrant it. No application form is required for automatic remissions provided under Rates Policies 2 or 5.

4. Timing of remissions will be assessed on the following:

    a) All applications for remissions received and granted under Rates Policies 1, 4, 6 and 7 during a rating year will receive remission from the commencement of the following rating year and no remissions will be backdated except where stated in Policy 4.

    b) All applications for remissions received and granted under Rates Policies 3, 5 and 9 will receive remission from the date of application. An application may be backdated to cover any outstanding balance from the current rating year, but will not be backdated to cover previous rating years.

    c) Applications for remissions received and granted under Rates Policy 2 will receive remission in relation to the penalties outstanding, including any penalties for the current rating year and any outstanding from previous rating years.

    d) Applications for postponement received and granted under Rates Policy 3 will receive postponement from the beginning of the rating year in which the application is received. An application may be backdated to previous rating years to cover any outstanding rates if the circumstances warrant it (however, for the avoidance of doubt, no refund for paid rates will be given).

e) All applications for remissions received and granted under Rates Policy 8 will receive remission from the issue of the next rates instalment notice.

f) Applications under Rates Policy 10 may be received at any time and remission may be applied at any time during the rating year.

g) Applications under Rates Policies 11 and 12 may be received at any time within 12 months following an event (as defined in those policies).

5. No rates will be remitted or postponed for government owned properties (including the Crown, central government agencies or local authorities) other than under Rates Policy 8 (Rates remission of fixed targeted rate for refuse collection and disposal) and Rates Policy 10 (Rates remission for significant water leaks).

6. In these policies, "service charge rates" mean targeted rates that are charged to rating units that receive the relevant service. At the time of adoption, this includes the Water, Wastewater, Refuse Collection and Swimming Pool Compliance targeted rates. "Service charge rates" do not include the Fixed Targeted Roading rate or any other targeted rate levied across all properties in the district regardless of service provision

Rates Policy 5: Rates remission in miscellaneous circumstances

Section 85 of the Local Government (Rating) Act 2002.

Objectives of the policy

It is recognised that not all situations in which the Council may wish to remit rates will necessarily be known about in advance and provided for in the Council's specific policies.

Conditions and criteria

1. The Council may remit part or all rates on a rating unit where the Council considers it just and equitable to do so because:

   a) There are special circumstances in relation to the rating unit, or the incidence of the rates (or a particular rate) assessed for the rating unit, which mean that the unit's rates are disproportionate to those assessed for comparable rating units, or

   b) The circumstances of the rating unit or the ratepayer are comparable to those where a remission may be granted under the Council's other rates remission policies, but are not actually covered by any of those policies, or

c) There are exceptional circumstances that mean the Council believes that it is in the public interest to remit the rates and where granting a remission would not create or set a precedent for other ratepayers to receive similar remissions

Rates Policy 9: Rates remission for financial hardship as a result of changes to the rating system

Section 85 of the Local Government (Rating) Act 2002.

Objectives of the policy

This policy recognises that when the Council alters parts of the rating system to achieve a more equitable distribution of rates, doing so may cause financial hardship for some ratepayers, and thereby provides a remission for affected ratepayers.

Conditions and criteria

1. This policy only applies where the Council determines to make significant changes to the rating system, including changes to the uniform annual general charge, differentials or the number or application of targeted rates.

2. This policy does not apply to annual changes in rates requirements, including changes to targeted rates as a result of changes to service levels (including the imposition of a targeted rate on a property as a result of receiving a service that was not previously provided or charged to a property) and adjustment of the uniform annual general charge or fixed targeted rates in line with budgetary or inflationary charges.

3. The applicant must provide evidence of financial hardship as a result of the change. The following grounds can be taken into account:

    a) the ratepayer’s personal circumstances including, but not limited to, age, physical or mental disability, injury, illness and family circumstances;

    b) whether the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal health care, proper provision for maintenance of his or her home and chattels at an adequate standard as well as making provision for normal day to day living expenses;

    c) the ratepayer’s sole income is from a Central Government benefit (including New Zealand superannuation).

4. The amount of remission will be set as half of the difference between the property’s rates for that year and the property’s rate for that year if the change to the rating system for that year had not been applied:

a) In determining the property's rate for that year if the changes to the rating system had not been applied, the Council will use the relevant parts of the previous year's rating system (e.g. differentials, uniform charges) but will use the current financial year's rates requirement.

5. This policy does not apply if Council resolves, at the time of adoption of any significant changes to the rating system, that this policy does not apply. This may be because Council has otherwise implemented specific transitional arrangements for that significant change meaning this policy is not required to address any particular hardship that will arise.

(ECM9538691)

CLOSING KARAKIA

TE WHAKAEATANGA

Te whakaeatanga e,	It is completed, it is done,
Tēnei te kaupapa ka ea,	We have achieved our purpose,
Tēnei te wānanga ka ea,	Completed our forum,
Te mauri o te kaupapa ka whakamoea,	Let the purpose of our gathering rest for now,
Te mauri o te wānanga ka whakamoea,	Let the vitality of our discussions replenish,
Koa ki runga,	We depart with fulfilled hearts and minds,
Koa ki raro,	Bonded in our common goal and unity.
Haumi e, hui e, tāiki e.	

This karakia is recited to close a hui or event. It takes us from a place of focus and releases us to be clear of all the issues or tensions that may have arisen during the hui. We are now free to get on with other things.