

FAQs ENHANCED ANNUAL PLAN 2024-25

What is an Annual Plan?

Annual plans are how we deliver our Long-Term Plans (LTPs) year on year. They identify our budget and activities, the resources to deliver them and where the resources will come from, for example rates or user charges.

What's the difference between an Annual Plan and an Enhanced Annual Plan (Enhanced AP) and why is Council doing an Enhanced AP?

Annual Plans cover a 12-month period based on the current LTP. Council was due to produce an LTP for the 2024-34 period that would forecast our budgets and activities over the next ten years. Noting the significant changes ahead for local government, legislation was passed on 13 February 2024 that enabled councils to opt to complete an Enhanced AP instead of an LTP (Sections 48-53 of the Water Services Acts Repeal Bill). This Enhanced AP is based on year four of the current LTP and must include some additional information as set out in the Water Services Acts Repeal Bill.

The media release for this decision is on our website here: <https://swdc.govt.nz/media-releases/south-wairarapa-district-council-opts-for-enhanced-annual-plan-for-2024-25/>

What are rates?

In the same way, our national taxes contribute to the running of the country, Council rates are important to ensure our district continues to function. Rates are a tax based on the value of your land (land value) or land and improvements (capital value). Rates pay for the services required for the district and represent each ratepayer's contribution towards those services. Some rates are targeted for specific services, such as water, and have to be used to fund that specific activity.

How much are rates going up this year?

This year's budget includes a proposed total rates revenue increase of 15.3%.

What is the proposed increase in dollar terms?

The proposed total rates revenue increase compared to the 2023-24 year is \$3.89m (excluding GST), making the total rates required for 2024/25, \$29.34m (excluding GST). Page 28 of the Consultation Document gives examples of rates for different types of properties but for residential properties of average values, the proposed rates increase will be around an extra \$5 to \$15 per week.

What support is available to those struggling to pay their rates?

Council is very conscious of the tough economic times our communities are facing. For those who are having difficulty paying their rates, we encourage you to talk to our Rates Team. They have several options, some of which may be right for you. You can find more information at www.swdc.govt.nz/services/rates

What do you mean by “total rates”?

When we calculate a proposed rates increase, we do so based on the total rates required for the whole of the district. Therefore, if the total rates required to deliver all services across the district needs to increase from \$30m to \$33m, this would be a total rates increase of \$3m or 10%. This does not mean that individual rates will increase by 10% across all types of properties. Your individual rates will depend on other factors, like the type of property you own, whether you can be connected to water services, or have your rubbish collected by council. It gives one generic measure of rates increases.

What’s a targeted rate?

Targeted rates are paid by a specific group of ratepayers who have access to a specific service, for example water rates for properties that can be connected to water supply.

Who pays for water services?

Only properties that are connected or can be connected to water services, pay for those services. At the time of putting together the Enhanced AP, there were about 4800 properties that are (or can be) connected to the water supply, and about 4900 properties that are (or can be) connected to wastewater.

How much extra will I have to pay in water if I choose option 2 in the second decision?

If you are an average household who uses about 150m³ (or less than the allocation of 250m³) of water, you will save about \$50/year.

If you use water higher than average amount of water, say for commercial purposes, although you will share the same initial \$50 savings on the rate, you will see an increase to your water charges. If you use 500m³ a year, currently this costs \$276 of additional water charges. With the proposed change to charges, it would cost \$625 of additional water charges.

How much is a 1% increase in rates?

Currently 1% of rates for SWDC is around \$250,000. When we describe rates increases, we often do that in terms of a percentage. Councils across the motu are compared on what percentage their rates increase, but the actual amount in dollar terms can be vastly different for the same percent. Unfortunately, a road costs around the same amount no matter which district you live in. So, to raise enough money to deliver road services, you might be looking at similar dollar amounts, but the percentage of your total rates depends on the total value

of rates collected. Theoretically, if Council A collects \$32m in rates, a 1% increase is \$320,000 compared to Council B who collects \$165m in rates, a 1% increase is \$1,650,000.

Has Council made savings to try to keep rates rises as low as possible?

Absolutely. There are two ways to save money (just like a household budget); increase income or reduce costs, and Council has looked at both options.

Two examples of reducing costs are the trial of the reduction in animal control hours and the proposed change in how we fund our assets (third decision on page 22 of the Consultation Document).

Council's fees and charges are one way of increasing income through user pays. How we manage excess water use is another proposed change that will ensure that ratepayers pay for the resources they use (second decision on page 18 of the Consultation Document).

Across the board, every activity is examined for potential savings and efficiencies. All councils are struggling with the same issues; increased compliance (like the costs to improve the safety of drinking water), dramatic rises in insurance costs, and the impact of inflation. This is on top of severely impacted infrastructure due to last year's storms.

If we cancel major capital projects, will rates go down?

The Council makes decisions on what projects and programmes are in and out of the budget every three years as part of the LTP process. The Enhanced AP is year 4 of the 2021-31 LTP. Many of the projects in the plan are already well established, were decided and consulted on separately by the Council, or are part of a wider multi-year programme. They are funded through our capital expenditure budget, not the current year's rates. Rates "pay" for interest and depreciation from the year after the expenditure takes place. This means that delaying or removing projects from the 2024-25 Enhanced Annual Plan would not affect the rates for that year but would potentially impact the rates for 2025-26.

Where are the biggest costs and how can they be reduced?

Our biggest costs are always in the water, roading, and community facilities space. Reductions to reduce rates would require stopping doing some of the things we do and increase risks that our communities have already told us are not acceptable. An example of this is the reinstatement of potholes in the road corridor. This is a maintenance activity and funded from rates and NZTA Waka Kotahi Subsidy. If we reduce the amount we commit to this activity to reduce rates, this would also reduce the subsidy received, and reduce the level of service to the community.

We are consulting on keeping our investment in water to the lowest we can manage, but higher than what we envisaged four years ago. The level of investment we have budgeted for in 2024-25 builds on the significant investment made in the 2023-24 Annual Plan. It's not ideal and Councillors are keen to hear from you about the option to increase our investment in water (first decision on page 8 of the Consultation Document). Offsetting the increase in

water services budgets, the proposed change in how we charge for water could lower the base water rates for those who can be connected to water services. Water rates will be shifted towards a user pays model, the more water you use, the more you will need to pay (second decision on page 18 of the Consultation Document). We are also proposing a new way of paying for our assets that has kept the proposed increase down (third decision on page 22 of the Consultation Document).

Council works hard to ensure that public spending is treated with the utmost care trying to balance the needs and wants of a diverse community across the district. Reducing rates requires reducing services.

What will the total rates increase be, if I want all the additional things to be delivered?

If you want Council to invest the highest level of water, this will result in a total rates increase of 22.6%. The increase would be shared across those ratepayers who can be connected to water services, so not all ratepayers would be impacted. If the the current dual funding of debt repayment and depreciation remains, this would add an additional 10% to the total rates, making 32.6% if you can be connected to water services and 25.3% if you are not able to connect to water services.

When will the final rates be set?

We will be consulting on the proposals in the Enhanced AP between the 5 April and the 5 May. Hearings are scheduled for the 15 & 16 May followed by deliberations on 22 May. This process lets councillors hear from the community and give staff direction on what to include in the final budget. This would be the point at which the proposed rates increase is closer to being decided. The final Plan is due for adoption on 26 June.

What will the proposed change from land value to capital value mean for me?

There is a rates example table on page 28 of the Consultation Document. This will give you an estimate of the impact of the change.

The proposed change will have a bigger impact on properties that have a greater proportion of the value of their property in “improvements” (a larger home, commercial buildings, farm buildings, and some horticultural properties).

How is the value of my property decided?

SWDC uses Quotable Value New Zealand (QV) to independently determine the value of all properties. They have a short video on their website that explains what they do here:

<https://www.qv.co.nz/about/about-rating-valuations/>

QV is currently assessing the property valuations for SWDC as is required every three years. The QV website also explains this process and the timeframes here:

<https://www.qv.co.nz/services/rating-valuations/rating-revaluation-schedule/>

If you want to contest the value of your property, QV explain how to do that here:

<https://www.qv.co.nz/services/rating-valuations/object-rating/>

How do property values impact rates?

The Council uses property values to allocate the total rates revenue we need to collect across all ratepayers, we don't collect more rates just because values have increased, and we don't collect less rates if values have decreased.

Property revaluation doesn't affect the amount of money we collect from rates it helps us work out everyone's share of rates.

In 2023 Council consulted the community on its proposed new policies on how its activities are funded, and how the rates required are allocated to each property. You can read more about this [consultation here](#), and we welcome feedback on the proposed changes as part of this consultation.

I have a great idea for our district – can we put new projects into the plan?

You can give your feedback and have your say on the Enhanced AP by making a submission, coming along to one of the community hui or make a request to have us come to you. Bigger projects or major changes to the plan will need to be done through the Long-Term Plan, and outcomes will depend whether they are capital investments or operational projects (which are funded by rates). We will begin to seek ideas from the communities for the LTP towards the end of 2024.

What's the difference between formal consultation and engagement?

Engagement is a broader and ongoing process of sharing information with the community and seeking its feedback, with the purpose of involving the community in the process of decision making. This may or may not include a more formal consultation process.

Consultation is a more formal process that involves receiving public feedback on proposals and is one form of engagement. The Council regularly consults communities through process such as the LTP, which determine Council's strategic direction, as well as how it sets budgets and prioritises projects.

The Council will consult with the community about significant decisions following the principles set out in Section 82 of the Local Government Act. The Council can also decide to consult at any time on a decision, where it considers that appropriate. For most Council decisions, there is no express requirement to consult the public, but we will consider people's views and preferences.