

Report No.	25-87
<b>Decision Required</b>	

## ADOPTION OF THE 2025-26 ANNUAL PLAN

### 1. PURPOSE

- 1.1. This report outlines the procedures for the approval and adoption of the 2025-26 Annual Plan.

### 2. EXECUTIVE SUMMARY

- 2.1. The annual plan process commenced in August 2024, with a number of workshops held for Council.
- 2.2. The 2025-26 Annual Plan, if adopted, will see a total rate increase across the region of 8.8% for the 2025-26 year (the 2024-34 Long-term Plan Year 2 proposed 12.0%).

### 3. RECOMMENDATION

It is recommended that Council:

- a. receives the information contained in Report No. 25-87;
- b. adopts the 2025-26 Annual Plan, subject to any feedback received;
- c. requests the Chief Executive to prepare the final 2025-26 Annual Plan for publication, including minor proofing changes.

### 4. FINANCIAL IMPACT

- 4.1. The financial impact of adopting this plan is significant as it determines the operational and capital expenditure for the 2025-26 year and how these are funded from rates, activity revenues and loans.
- 4.2. The 2025-26 Annual Plan budgets a total rate increase of 8.8% when compared to the rates set in the 2024-25 financial year. The proposed rate increase will not be uniform across all ratepayers, particularly in Palmerston North that have had a revaluation completed this year.

### 5. COMMUNITY ENGAGEMENT

- 5.1. Council consulted with the community regarding the proposed 2025-26 Annual Plan, at that point reflecting a total rate increase of 11.3%. The consultation period was from 31 March to 1 May 2025, with public hearings held in Whanganui on 20 May and Palmerston North on 22 May 2025.
- 5.2. A 2024-34 Long-term Plan amendment was also consulted on at the same time, regarding the future of the shareholding held in CentrePort Ltd.

### 6. BACKGROUND

- 6.1. The Annual Plan has been in development over the past eleven months. The focus was on following through with the commitments made in Year 2 of the 2024-34 Long-term Plan (LTP) and identifying changing priorities as a result of rising costs. Officers also reviewed the capital program that was set out in the LTP and reset this in conjunction with updated work

plans that have been approved with Central Government agencies. Councillors worked through a programme of workshops which have reviewed various aspects of the Plan with a view to keeping the rates increases to a minimum.

- 6.2. Council considered all the feedback received on the LTP amendment and draft 2025-26 Annual Plan. As a result of submissions, Council revised some aspects of the Annual Plan through decisions made at deliberations at Council's Strategy and Policy meeting on 10 June 2025.
- 6.3. In relation to the LTP amendment consultation issue (Question Two): CentrePort, Option 1: *If those investigations come back showing a sale would produce favourable outcomes for ratepayers, sell the CentrePort shareholding and invest the proceeds into a managed fund.* This resolution was lost at the Strategy and Policy deliberations meeting on 10 June. As a result of this lost resolution, an LTP amendment is now no longer required, as Council are no longer signalling a potential sale of a strategic asset. While the decision to continue further investigations into the sale of CentrePort shareholding was passed, Council will now need to consult again in the future should these investigations indicate it would be more beneficial for Council to sell this asset rather than retain it.
- 6.4. Further options of what a total rates increase could look like were presented to Council at the Strategy and Policy deliberations meeting, with Council resolving to adopt Option 3, being a 7.9% total rate increase. This proposed the removal of 7 roles across Policy, Science and Regulatory; the removal of additional external costs for Policy work around an Eplan, climate risk assessment, Farm Plans and NPS-IB engagement; the removal of additional external costs for Science work for NPS-FM lakes monitoring and land research and monitoring; a reduction in the planned increases in Biodiversity and Biosecurity work for priority habitats and pest plant management; the removal of additional Sustainable Land Use Initiative (SLUI) work; and a reduction in river management insurance increases, operational maintenance programme and operationalising river management staff from capital programmes.
- 6.5. Council resolved to make additional changes to Option 3 with the use of reserves to fund the climate risk assessment, SLUI work programme and Horowhenua wetland costs. Council also put back increases that reflected the original LTP Year 2 budget for priority habitats and pest plant management, river management operational maintenance programme, river management staff moving from capital programmes to operational programmes, the reinstatement of one Policy and one Regulatory role, and additional budget for possum control work.
- 6.6. This took the total proposed rate increase to 8.8%.

## **7. DISCUSSION**

- 7.1. Council now needs to adopt the Annual Plan for 2025-26 so that the rates and administrative charges can be set.

## **8. TIMELINE / NEXT STEPS**

- 8.1. Once this Annual Plan has been adopted it will be printed and made publically available within a month.
- 8.2. Rates will be struck in our rating system and invoices will start being issued to ratepayers from late August 2025.

## **9. SIGNIFICANCE**

- 9.1. The decision to adopt this report is significant as adoption will approve the 2025-26 Annual Plan and the consequential setting of the 2025-26 rates.

Adrian Smith  
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**GROUP MANAGER CORPORATE & GOVERNANCE**

**ANNEXES**

- A 2025-26 Annual Plan (Supplementary Item)