## 5.2 Resolution to Set the Rates for the 2026-27 Rating Year

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**Attachments:** Nil

**PURPOSE**

To set the rates for the 2026-27 financial year in accordance with the Local Government Act 2002, the Local Government (Rating) Act 2002, and Council's 2026-27 Annual Plan.

**EXECUTIVE SUMMARY**

A specific and detailed resolution that meets the requirements of the Local Government (Rating) Act 2002 is required to legally set the rates for any financial year.

This report contains the necessary information for this to occur.

**RECOMMENDATION**

That Council:

1. Agrees to set the rates and due dates for payments, and to authorise the penalty regime for the 2026-27 year commencing 1 July 2026 and ending 30 June 2027, in accordance with the information contained in the 2026-27 Annual Plan as set out below.

All amounts are GST inclusive and the rates in the dollar are shown per $100 of value.

| Name of Rate | Summary Narrative | Local Government (Rating) Act Ref | Rate Set (GST inclusive) | Required Revenue (GST inclusive) |
|---|---|---|---|---|
| To be read in conjunction with the Funding Impact Statement | | | | |
| **General Rate** | A uniform rate in the dollar based on the land value of each rating unit in the district. | s13(2)(a) | $0.1010 | $6,319,258 |
| **Uniform Annual General Charge** | Charged on each Separately Used or Inhabited Part (SUIP) of a rating unit in the district. | s15(1)(b) | $643 | $9,240,554 |
| **District Services Rate** | A targeted rate be set at a uniform rate in the dollar, based on the capital value of each rating unit in the district. | s16(3)(a) | $0.0362 | $4,376,613 |

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| **Ward Services Charges** | Charged on each Separately Used or Inhabited Part (SUIP) of a rating unit in the district, differentiated by Ward. | s16(3)(b) | | |
| Ahuriri Ward Services Charge | | | $228 | $485,505 |
| Corriedale Ward Services Charge | | | $598 | $1,647,151 |
| Ōamaru Ward Services Charge | | | $998 | $7,457,939 |
| Waihemo Ward Services Charge | | | $220 | $451,846 |
| **Ward Services Rates** | A targeted rate set at a uniform rate in the dollar, based on the capital value of each rating unit in the district differentiated by Ward. | s16(3)(b) | | |
| Ahuriri Ward Services Rate | | | $0.0224 | $678,077 |
| Corriedale Ward Services Rate | | | $0.0104 | $356,579 |
| Ōamaru Ward Services Rate | | | $0.0599 | $2,420,501 |
| Waihemo Ward Services Rate | | | $0.0413 | $657,050 |
| **Community Board Rates** | A targeted rate set at a uniform rate in the dollar, based on the land value of each rating unit in each Ward. | s16(3)(b) | | |
| Ahuriri Community Board Rate | | | $0.0030 | $41,584 |
| Waihemo Community Board Rate | | | $0.0062 | $62,317 |
| **Ōamaru Business Area Rates** | A targeted rate set at a uniform rate in the dollar, differentiated by use and location, based on the capital value of each rating unit in the defined areas. | s16(3)(b) | | |
| Ōamaru Business Area A | | | $0.2668 | $568,272 |
| Ōamaru Business Area B | | | $0.1334 | $100,692 |
| **Roading Rate** | A targeted rate differentiated by land use based on the capital value of each rating unit in the district. | s16(3)(a) | | |
| Electrical Generation | | | $0.1016 | $847,414 |
| Mineral Extraction | | | $1.7833 | $529,634 |
| Forestry | | | $0.3193 | $326,025 |
| General | | | $0.0829 | $9,215,629 |
| **Local Amenity Rates** | A targeted rate set at a uniform rate in the dollar, based on the land value of each rating unit in each defined area. | s16(3)(b) | | |

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|---|---|---|---|---|
| Duntroon | | | $0.0092 | $920 |
| Hampden | | | $0.0566 | $38,332 |
| Herbert | | | $0.0086 | $920 |
| Kakanui | | | $0.0168 | $21,739 |
| Kurow | | | $0.0164 | $8,114 |
| Lake Ōhau | | | $0.0054 | $2,918 |
| Maheno | | | $0.0075 | $920 |
| Moeraki | | | $0.0091 | $4,681 |
| Ōmārama | | | $0.0284 | $31,820 |
| Otematata | | | $0.0459 | $77,910 |
| Palmerston | | | $0.0689 | $59,764 |
| Shag Point | | | $0.0038 | $920 |
| **Local Amenity Rates** | A targeted rate differentiated by land value based on a uniform rate in the dollar or a fixed amount on each rating unit in each defined area. | s16(3)(b) | | |
| Ōamaru (land value less than $1,220,000) | | | $0.0365 | $512,703 |
| Ōamaru (land value exceeds $1,220,000) | | | $400 | $14,400 |
| Weston (land value less than $500,000) | | | $0.0689 | $79,647 |
| Weston (land value exceeds $500,000) | | | $400 | $6,800 |
| **Public Hall Rates** | Charged on each Separately Used or Inhabited Part (SUIP) of a rating unit in the defined areas. | s16(3)(b) | | |
| Airedale Public Hall Rate | | | $40 | $1,080 |
| Ardgowan Public Hall Rate | | | $30 | $4,980 |
| Awamoko Public Hall Rate | | | $40 | $3,400 |
| Dunback Public Hall Rate | | | $30 | $3,930 |
| Duntroon Public Hall Rate | | | $30 | $4,680 |
| Enfield Public Hall Rate | | | $20 | $2,780 |
| Five Forks Public Hall Rate | | | $30 | $2,340 |
| Hampden Public Hall Rate | | | $40 | $11,840 |
| Kakanui Public Hall Rate | | | $20 | $8,140 |
| Kauru Hill Public Hall Rate | | | $90 | $4,230 |
| Kurow Public Hall Rate | | | $110 | $36,190 |
| Lower Waitaki Public Hall Rate | | | $80 | $16,560 |
| Macraes Public Hall Rate | | | $60 | $3,060 |
| Maheno Public Hall Rate | | | $40 | $7,960 |
| Moeraki Public Hall Rate | | | $40 | $9,360 |
| Ngapara Public Hall Rate | | | $20 | $1,740 |
| Ōmārama Public Hall Rate | | | $50 | $20,700 |
| Otekaieke Public Hall Rate | | | $20 | $1,740 |
| Otematata Public Hall Rate | | | $60 | $33,600 |
| Otepopo Public Hall Rate | | | $50 | $9,150 |

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| Palmerston Public Hall Rate | | | $40 | $29,200 |
| Pukeuri Public Hall Rate | | | $20 | $2,160 |
| Tokarahi Public Hall Rate | | | $50 | $5,450 |
| Totara Public Hall Rate | | | $40 | $10,000 |
| Waianakarua Public Hall Rate | | | $30 | $1,890 |
| Waitaki Bridge Public Hall Rate | | | $20 | $3,200 |
| Weston Public Hall Rate | | | $40 | $26,520 |
| Windsor Public Hall Rate | | | $20 | $1,400 |
| **Sewerage Rates and Charges** | A targeted rate based on a fixed amount per water closet. Some targeted rates are differentiated. | s16(3)(b) | | |
| Ōamaru | | | $519 | $4,319,676 |
| Duntroon | | | $329 | $3,292 |
| Kakanui | | | $514 | $187,028 |
| Kurow | | | $533 | $163,108 |
| Lake Ōhau Village | | | $316 | $24,945 |
| Lake Ōhau Village – connection availability | | | $158 | $7,736 |
| Moeraki | | | $1,088 | $224,130 |
| Moeraki – connection availability | | | $544 | $19,040 |
| Ōmārama | | | $538 | $318,968 |
| Otematata | | | $411 | $240,132 |
| Palmerston | | | $872 | $563,590 |
| **Water Rates – Urban** | Targeted rates based on a fixed amount per rating unit or by the nature of connections. Some targeted rates are differentiated. | s16(3)(b) | | |
| Ōamaru Water – Supply | | | $507 | $3,491,081 |
| Ōamaru Water – Reticulation | | | $440 | $2,865,738 |
| Ōamaru Water – Weston Zone | | | $1,123 | $1,232,089 |
| Ōamaru Water – Kakanui Zone – ordinary supply | | | $1,123 | $532,812 |
| Ōamaru Water – Kakanui Zone – crib unit supply | | | $865 | $41,503 |
| Ōamaru Water – Hampden-Moeraki Zone – domestic supply | | | $865 | $447,457 |
| Ōamaru Water – Hampden-Moeraki Zone – water supply | | | $1,123 | $178,207 |
| Kurow | | | $1,128 | $351,486 |
| Ōmārama | | | $1,510 | $564,281 |
| Otematata | | | $946 | $506,127 |
| Waihemo Water – Palmerston Zone | | | $1,383 | $858,219 |
| **Rural Water** | Uniform targeted rates based on type of connection. | s16(3)(b) | | |
| Awamoko | | | $796 | $194,192 |
| Bushy Creek | | | $325 | $30,868 |
| Waihemo Water – Dunback Zone | | | $1,383 | $236,539 |

| | | |
|---|---|---|
| Duntroon | $1,337 | $106,960 |
| Ōamaru Water – Enfield Zone | $1,123 | $286,832 |
| Waihemo Water – Goodwood Zone | $1,383 | $361,019 |
| Ōamaru Water – Herbert-Waianakarua Zone | $1,123 | $687,141 |
| Kauru Hill | $709 | $142,874 |
| Lake Ōhau Village | $872 | $74,977 |
| Lake Ōhau Village – connection availability | $436 | $19,180 |
| Lower Waitaki | $937 | $386,931 |
| Ōamaru Water – Maheno Zone | $1,123 | $78,023 |
| Ōamaru Water – Maheno Zone – half charge | $561 | $12,910 |
| Stoneburn | $613 | $201,662 |
| Tokarahi | $655 | $459,346 |
| Windsor | $525 | $103,078 |

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|---|---|---|---|
| **Metered Water Rates** | Targeted rates per cubic metre, based on volume of water supplied. | s19(2)(a) | |
| Ōamaru Water – All zones | | | $1.80 |
| Waihemo Water – All zones | | | $1.80 |
| Kurow | | | $0.80 |
| Lake Ōhau village | | | $0.80 |
| Ōmārama | | | $1.45 |
| Otematata | | | $0.80 |

**Instalments**

Rates, except metered water rates, will be collected by four equal quarterly instalments due on the following dates, or the first working day after this date.

Payments will be applied to the oldest debt first.

| Instalment Number | Due Date |
|---|---|
| One | 25 August 2026 |
| Two | 25 November 2026 |
| Three | 25 February 2027 |
| Four | 25 May 2027 |

**Metered Water Rates**

Actual consumption of water by meter will be billed based on meter readings undertaken quarterly and will be due for payment on the following dates, or the first working day after this date.

Payments will be applied to the oldest debt first.

| Water usage invoiced for | Due Date |
|---|---|
| Period ended 30 June 2026 | 25 August 2026 (billed at the 2025-26 rate) |
| Period ended 30 September 2026 | 25 November 2026 |
| Period ended 31 December 2026 | 25 February 2027 |
| Period ended 31 March 2027 | 25 May 2027 |
| Period ended 30 June 2027 | 25 August 2027 |

**Penalty Regime**

As authorised under section 58(1)(a) of the Local Government (Rating) Act 2002, an additional charge of 10% of any amount of an instalment or metered water charge that remains unpaid after the due date for that instalment or metered water charge will be added on or after the 25 August 2026, 25 November 2026, 25 February 2027, 25 May 2027 and 25 August 2027 respectively for each instalment of rates or metered water charge.

As authorised under section 58(1)(b) of the Local Government (Rating) Act 2002, a further charge of 10% of any amount of rates or metered water charges that remain unpaid from previous financial years will be added on 17 July 2026, being five working days after this resolution.

In addition, as authorised under section 58(1)(c) of the Local Government (Rating) Act 2002, a further charge of 10% on any amount of rates or metered water charges that remain unpaid from previous financial years will be added on 17 January 2027, being six months after application of the previous penalty.

Council confirms that all matters that can be delegated under section 132 of the Local Government (Rating) Act 2002 are delegated to the Chief Executive, Director Support Services, and Rates Supervisor.

## CONTEXT, ANALYSIS AND ADVICE

### Background and Current Situation

Council has developed and engaged with the community and adopted the 2026-27 Annual Plan. The next stage of the process is to set the rates for the 2026-27 rating year by resolution. Council is also required to set instalment dates and the penalty regime that will apply for the year. In addition, it is prudent to confirm the delegation to specific officers in relation to rating matters.

## PRIORITY AND STRATEGIC CONTEXT

The resolution must be adopted at this meeting to enable officers to commence the processes involved in striking the rates for the 2026-27 financial year so that invoices for the first instalment can be delivered to ratepayers during July.

**Consultation and Option Development**

A proposed average rates increase of at least 19% was consulted on with the community from 29 April to 13 May 2026. Council is expected to set an average rates increase of 16.9% in the final Annual Plan; prior to setting the rates. This paper is consistent with the figures included in the final Annual Plan.

There are only two options presented to Council in this report – to agree to set rates or not to agree to set rates. If Council decides not to set rates, Council would be in breach of legislation and would be unable to invoice and collect rates income for the 2026-27 financial year.

**Financial Considerations**

Rates are the most significant income stream for Council. It is critical to their transparency and collectability that they are set correctly in accordance with the applicable legislation.

A key consequence of missing this critical deadline relates directly to council's inability to legally collect revenue -

- No New Rates Invoices: The council cannot legally issue rates assessments or invoices for the new 2026/27 financial year until the plan is adopted and rates are formally set.
- Cash Flow Halts: Because local government operational spending relies heavily on property rates, a delay immediately threatens the council's day-to-day cash flow and its ability to pay for regular district services.
- Temporary Borrowing: To stay afloat while the dispute is ironed out, the council would be forced to rely on existing cash reserves or short-term bank borrowing, increasing overall debt costs.

**Legal Considerations**

To meet good practice, rates must be set by 30 June of each year to meet the requirements of the Local Government Act 2002, and the Local Government (Rating) Act 2002.

A further key consequence of missing this critical deadline relates to legal and audit vulnerability -

- Breach of Contract: The council's ongoing daily operations, asset management, and vendor payments operate on the legal authority of an active annual budget. If unable to pay staff and suppliers for contracted work, Council will be in breach of contracts.
- Auditor-General Flagging: The Office of the Auditor-General would formally flag the council for statutory non-compliance. This damaging audit note risks lowering the council's credit rating, making future borrowing for essential infrastructure projects much more challenging and/or expensive.

**Risks**

There is a risk that a small portion of the community will not be able to afford the rates. There is also a risk that some members of the community may choose not to pay their rates in opposition to the rate increase. There are processes in place to respond to these risks.

The key risk to Council is that there is still a high probability that the increase is not high enough and Council will continue to be loss making. While the 17% appears significant, this rates rise does not provide the extra buffer required for the fuel cost crisis or other unforeseen cost increases (as proposed in the 27% option), nor does it enable Council to fund its three waters depreciation (as proposed in the 45% option). There is now sufficient headroom in the debt threshold for unforeseen events or cost increases; however, it is not good practice to borrow to pay for operating costs.

**Significance and Engagement**

Rates are the most significant income stream for Council. It is critical to their transparency and collectability that they are set correctly in accordance with the applicable legislation.

**Summary of Options Considered**

**Option 1** – Council must agree and set the 2026-27 rates in accordance with the Local Government Act 2002 and the Local Government (Rating) Act 2002.

**Option 2** - Council does not agree to set the 2026-27 rates. This option is not recommended as Council would then be in breach of legislation and would be unable to invoice and collect rates income for the 2026-27 financial year.

**Assessment of Preferred Option**

Option 1 is, in the opinion of officers, the only option practically and legally available to Council.

If Council decides not to set rates, Council would be in breach of legislation and would be unable to invoice and collect rates income for the 2026-27 financial year.