

Draft Long-Term Plan 2024-34

A guide for Hamiltonians



Key points

- Council has approved its **draft** budget for the 2024-34 Long-Term Plan, setting out its proposed plans for the next 10 years.
- Council's draft Long-Term Plan is focused on delivering core services, to existing levels of service. We have not created lots of new projects or spending proposals.
- However, because of inflation and interest costs being felt worldwide, **everything we do is costing more to deliver**. In addition, there is a growing cost of complying with government legislation. **Our rates rises in recent years have not kept pace with these increases**.
- Therefore, to 'balance our books' (meeting a government measure to ensure our everyday costs are paid for by everyday revenue), we require a rates increase of \$14 per week for the median residential ratepayer in 2024/25.
- **Council wants to hear what you think about these proposals.** There will be a full community consultation early next year in which you will be able to have your say.
- Homeowners on a low income can apply for a rates rebate from central government as well an additional rebate from Hamilton City Council. Find out about rates rebates for the current year (1 July 2023 to 30 June 2024) on our website: hamilton.govt.nz/do-it-online/apply-for-it/rebates.
- You can pay your rates by direct debit weekly, fortnightly, monthly, or quarterly at no extra cost. Complete our online direct debit form: hamilton.govt.nz/do-it-online/pay-it/pay-your-rates-via-direct-debit.



**Hamilton
City Council**
Te kaunihera o Kirikiriroa



What has been decided?

- Council has approved its **draft** budget for the 2024-34 Long-Term Plan, setting out its proposed plans for the next ten years.
- The draft budget will be the subject of a full community consultation early next year. **No final decisions have been made yet.**
- The draft budget is focused on **delivering existing services**, which are based on the five priorities Council developed in consultation with the community in 2020. View these at: hamilton.govt.nz/strategies-plans-and-projects/long-term-plan/.
- Because of the cost pressures we are facing, balancing our books (using a government measure to ensure that everyday costs meet everyday expenditure) will require a rates rise of **\$14 per week** for the median residential ratepayer in 2024/25.

Why are we in this situation?

- There are three key drivers of our increasing costs. Two are international factors: inflation and interest. The third is a national issue: compliance demands by central government.
- Next year alone, we're forecasting massive cost increases for depreciation (the cost of looking after our existing assets; \$19 million), interest (\$18 million) and inflation (\$17 million).
- Councils and organisations across the country are facing the same challenges. This is not unique to our Council or the way we operate.
- **Basically, everything we do is costing more to deliver, and there's more to deliver as a growing city.**
- The graph below demonstrates the deterioration in Council's financial position from the current year (2023-24) to next year (Year 1 of the 2024-34 Long-Term Plan) once one-off savings and funding are removed, and inflation, depreciation and interest costs are applied, based on the 4.9% annual rates rise that was planned in the last Long-Term Plan.

Key movements in operating revenues & expenses



How has Council reduced spending?

- All of the individual budgets included in the draft Long-Term Plan have been scrutinised and refined. This has been a rigorous process over the last year, including several interactive workshops with Elected Members over the last few months.
- **The focus has been on ensuring we're delivering core services.**
- Future Fit is the programme that will help drive the change Council needs to become the leading community-focused council. Future Fit will deliver \$7 million savings in personnel costs in 2024/25, with an additional \$1 million per annum ongoing in cost savings from 2025/26 assumed as a result of the programme.
- In addition, Council has made a number of reductions to the budget. For example, we have cut back spending on some transport projects and reduced the grants that we give to some community and business organisations.

What's new in the draft Long-Term Plan?

- The draft budget is focused on delivering existing services.
- Councillors also agreed to consult with the community on two additional targeted rates, for **community infrastructure** and **community resilience and extreme weather**. These would allow Council to provide additional services not currently in the

budget, but we'll only introduce these if there's support in the community for them.

What alternatives are there to the rates increase?

- The challenge Council is facing is primarily a revenue issue. Rates rises in recent years have not kept pace with the increasing costs we face. Therefore, only a large rates rise will get our finances back on track.
- **The main choice Council has is how quickly to balance the books.** Council will be asking for the community's views on this during the consultation.
- The draft budget balances the books under a government measure in Year 1, and under Council's own stricter measure from Year 2.
- We could balance the books under Council's measure faster or slower than this. The faster we balance the books, the bigger the rates rise that's required. The slower we balance the books, the longer the period of higher rates rises, and the more we have to pay in interest payments.
- The tables on the next page set out some options:

Draft Long-Term Plan proposal: Balance the books in Year 1

(under the central government measure)

	Y1	Y2	Y3 ◊	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Weekly \$ Increase*	\$14	\$7	\$5	\$4	\$4	\$3	\$3	\$3	\$3	\$3
% Increase	25.5%	12.9%	8.7%	6.3%	6.3%	5.0%	5.0%	5.0%	5.0%	5.0%
Council measure	–\$25m	\$2m	\$2m	\$4m	\$2m	\$10m	\$7m	\$12m	\$25m	\$38m
Government measure	\$2m	\$38m	–\$1,642m	\$25m	\$20m	\$17m	\$27m	\$32m	\$30m	\$44m
Debt to Revenue	265%	254%	185%	192%	202%	203%	197%	199%	205%	200%

Alternative 1: Balance the books in Year 1

(under Council's own stricter measure)

	Y1	Y2	Y3 ◊	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Weekly \$ Increase*	\$20	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3
% Increase	35.8%	5.9%	5.9%	5.9%	5.9%	5.0%	5.0%	5.0%	5.0%	5.0%
Council measure	\$2m	\$18m	\$5m	\$5m	\$2m	\$10m	\$6m	\$10m	\$23m	\$35m
Government measure	\$29m	\$54m	–\$1,639m	\$26m	\$20m	\$16m	\$26m	\$31m	\$28m	\$42m
Debt to Revenue	245%	239%	173%	181%	192%	194%	189%	192%	199%	194%

Alternative 2: Balance the books in Year 3

(under Council's own stricter measure)

	Y1	Y2	Y3 ◊	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Weekly \$ Increase*	\$10	\$8	\$8	\$3	\$3	\$3	\$3	\$3	\$3	\$3
% Increase	18.6%	15.2%	15.2%	5.7%	5.7%	5.0%	5.0%	5.0%	5.0%	5.0%
Council measure	–\$42m	–\$16m	\$2m	\$6m	\$2m	\$10m	\$6m	\$11m	\$24m	\$37m
Government measure	–\$16m	\$20m	–\$1,642m	\$27m	\$20m	\$16m	\$27m	\$32m	\$29m	\$44m
Debt to Revenue	280%	270%	193%	199%	209%	210%	203%	205%	212%	206%

* Based on median residential property rates for FY23-24

◊ Under current legislation, from Year 3, Council is due to stop delivering three waters services. This results in a 30% decrease to the rates base prior to the application of the rates increase to the remaining base. The Government balance the books measure includes the loss on disposal of three waters assets.



What happens next?

- We want to hear what the community think. Council will consult with the community on the draft Long-Term Plan in March and April 2024.
- Council will make final decisions and adopt its 2024-34 Long-Term Plan in June 2024.
- Alongside this, the Mayor and senior Councillors will be engaging with the new government to explain the situation we are in and how the government can help with the unsustainable cost pressures that high growth metros like Hamilton face.

How can you have your say?

To make sure you're first to know when you can share your voice on the draft Long-Term Plan budget, sign up to receive notifications: hamilton.govt.nz/your-city/share-your-voice/current-consultations/.

For now, if you have any questions on the Long-Term Plan process, please email the team on ltip@hcc.govt.nz and we will be happy to give you more information.

We warmly encourage you to have your say next year. Councillors will be keen to know what matters to you most and why.

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