Ruapehu District Council
Te Kaunihera-ā-Rohe o Ruapehu

Rating newsletter 2026-2027

8.7% avg. rates increase as per LTP commitment

Council has adopted its 2026/27 Annual Plan with an average rates increase of 8.7%.

This delivers on our commitment to keep average rates increases to 9% for each of the first three years of our 2024–2034 Long-Term Plan.

This is also the final Annual Plan under the current Long-Term Plan before we prepare a new ten-year plan for 2027–2037 next year.

On-going cost challenges

Reaching an 8.7% increase was not easy. Council continues to face rising costs that are largely outside our control.

These include investment in new infrastructure, higher depreciation costs, increased KiwiSaver contributions, higher debt servicing costs, and increased electricity costs for our new water treatment plants. At the same time, Government funding has reduced.

Without action, these pressures would have required a rates increase of around 15%.

Targeted savings found

To avoid this, we carefully reviewed our spending and found savings wherever possible.

These included reducing legal costs, pausing some improvement projects and grant funding, and reducing spending on pest control and consultants.

We are confident these savings can be made without reducing current levels of service or creating unnecessary risks for our assets or communities.

Some improvement projects have been deferred but will still be completed in future years, while all planned maintenance will continue.

Major roading damage from weather events

Severe weather during 2025/26 also caused significant damage to local roads.

Fortunately, the financial impact was largely offset through a 95% Government emergency works subsidy.

Key points at a glance

- **Average rates increase 8.7% despite significant cost pressures**
- **No reduction in levels of service**
- **$13.8 million of capital investment planned**
- **Last year of Council-managed water services - investing $13.6m**
- **Land Transport spend $28.9m - 43% of expenditure**
- **Preparing for rates capping and the new 2027/37 Long-Term Plan with major review of all Council services**

Council funding 2026/27

Council expects to receive $63.5 million in revenue made up of:

- Targeted rates: $19.1 million (30%)
- General rates: $18.3 million (29%)
- Government subsidies and grants: $21.4 million (34%)
- Fees and charges: $4.0 million (6%)
- Other income: $0.7 million (1%)

Overall, rates will provide 59% ($37.3 million) of Council's income.

Government grants and subsidies will contribute 34% ($21.4 million), fees and charges 6% ($4.0 million), and other income 1% ($700,000).

Our work programme

The changes included in this year's Annual Plan remain within the overall direction set by the Long-Term Plan and are not considered significant.

Although formal consultation was not required, we still sought community feedback through public meetings held across the district.

Land transport remains Council's largest area of spending at $28.9 million (43% of operating expenditure), followed by our three waters services at $13.6 million (21%). We also plan to invest $13.8 million in capital projects during the year.

Water services leaving

This will be the last year Council directly provides and rates for water services.

From 1 July 2027, a new Water Services Council Controlled Organisation (WS-CCO), jointly owned with Whanganui District Council, will take over responsibility for delivering water services and setting water charges.

We know many residents are concerned about future water costs. Council is working to ensure affordability and fair pricing are built into the new organisation's founding documents.

The transition will also create financial challenges for Council, particularly around overhead costs that remain after water services transfer. We are working closely with Whanganui District Council to minimise these impacts.

Looking ahead

As we prepare our next Long-Term Plan for 2027–2037, Council faces some important decisions.

The Government is proposing to introduce rates capping and is also progressing its Simplifying Local Government reforms *(see the back page for more information).* Both have the potential to significantly change how councils operate.

Whatever form rates capping eventually takes, it is expected to allow much lower rates increases than councils have traditionally relied on to keep up with rising costs.

Review of service levels

To prepare, Council is carrying out a detailed review of every service we provide. We are looking at which services are required by law, which could be delivered in different ways, and whether some levels of service should be reviewed with the community.

The reality is that if future rates increases are limited, Council will not be able to continue providing every service at its current level.

That means we need to have some honest conversations about what matters most. We want to understand where our communities believe services should be maintained or improved, where savings could be made, and what level of rates people are willing to support.

Have your say

I encourage everyone to take part in the Level of Services review. This is not about making decisions behind closed doors.

It is about working together to decide what services our communities value most, where money can be saved, and how we can keep rates affordable into the future.

If we want to live within tighter financial limits while continuing to provide the services our communities need, we must make those decisions together.

Optimistic about Ruapehu

While there is uncertainty about the future shape of local government, Council remains focused on serving our communities, advocating for our district, and building a resilient and sustainable future.

I remain optimistic about Ruapehu's future and encourage all residents, ratepayers and stakeholders to stay informed, get involved, and help shape the decisions that will affect our district for years to come.

Weston Kirton
MAYOR - RUAPEHU DISTRICT COUNCIL

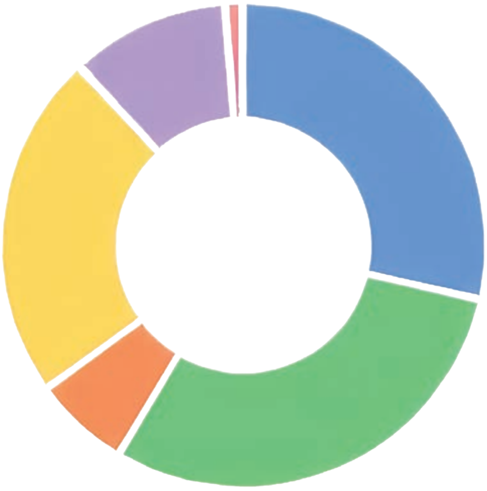
Funding Council

Unlike some councils, Ruapehu does not own major income-generating assets. This means we rely heavily on rates and government funding to pay for local services and infrastructure.

In the coming financial year, rates will provide around 59% of Council's income, while government grants and subsidies will contribute 34%. Together, these make up 93% of our total revenue.

This funding model is becoming more challenging. The Government is proposing to limit how much councils can increase rates while also reducing grant funding for major infrastructure projects.

At the same time, councils are being encouraged to recover more of their costs through user-pays charges, which is likely to result in higher fees for some services.



General Rates & Annual Uniform Charge (UAGC)	$18.3m	29%
Targeted Rates	$19.1m	30%
Fees and Charges	$4.0m	6%
Operational Subsidies & Grants	$14.7m	23%
Capital Subsidies & Grants	$6.7m	11%
Other	$668k	1%
Total:	**$63.5m**	

Spending by activity

Operational expenditure by activity

Water	$7.8m	12%
Solid Waste	$4.0m	6%
Wastewater	$4.5m	7%
Regulation	$5.8m	9%
Storm Water	$1.3m	2%
Community Support	$5.6m	8%
Community Facilities	$6.1m	9%
Leadership	$2.6m	4%
Land Transport	$28.9m	43%
Total:	**$66.7m**	

Capital expenditure by activity

Water	$1.8m	13%
Solid Waste	$994k	7.2%
Wastewater	$608k	4.4%
Storm Water	$55k	0.4%
Community Support	$953k	6.9%
Community Facilities	$251k	1.8%
Land Transport	$8.8m	63%
Support/Overhead	$451k	3.3%
Total:	**$13.8m**	

Local Government reform

Under the Government's Head Start pathway councils are being asked to propose new unitary authorities that combine district council functions (such as roads, water, rubbish and parks) and regional council responsibilities (such as environmental management and public transport) into one organisation.

The aim is to reduce the number of councils, improve financial resilience, achieve economies of scale, simplify governance, and deliver services more efficiently.

How will proposals be assessed?

Proposals will be assessed against five criteria: deliverability, support for the new planning system, simplified governance, economies of scale, and maintaining a strong local voice.

Do we need to submit a proposal?

The Government has said councils that do not take part in Head Start will move into a later "backstop" process. While the details of that process are still being developed, Ministers have indicated they intend to work with affected councils to develop arrangements that work for each region while still meeting the Government's objectives.

A Head Start proposal for a new unitary authority requires the support of at least two councils, or councils representing a majority of the affected population. At the time this Rating Newsletter was prepared, it was not clear whether Council would have the necessary support to take part in a Head Start proposal.

What if the Government changes?

There is broad agreement that the current system needs to change. With growing infrastructure costs and increasing pressure on ratepayers, some form of local government reform is widely expected regardless of the outcome of this year's national elections.

What do people want?

Engagement so far with our community, neighbouring councils and iwi has identified several possible options. These include Ruapehu joining Taupo and other King Country councils; Ruapehu, Whanganui and Rangitīkei combining; or joining with other rural councils such as Rangitīkei, Manawatū and Tararua. However, no single option meets all the Government's criteria.

Every option involves trade-offs. Our community survey found that the two factors people value most are affordability and retaining our local voice and identity. As a rural district, representation based mainly on population could limit Ruapehu's voice and influence in a unitary authority dominated by a large urban centre.

Ultimately, however, the final decision rests with the Government, which has the power to determine the future structure of local government.

Lower Rates. Sustainable Services.

Rates are too high for many people in our district.

As we prepare the 2027–2037 Long-Term Plan we need to understand where money can be saved as we face higher costs, funding limits, and changes to the way services are delivered.

Please take some time to tell us what services matter most to you, and where we might change, or even stop services, to help keep rates down and aligned with local government reform.