

2025-26
We started here
18.3%

What's pushing rates up for 2025-26?

\$8.7m Cost increases we had budgeted for

Our Three-Year Plan 2024-2027 forecast an 18.3% average rates increase for 2025-26 (Year 2 of the plan). This was an increase of \$8.7m, made up of:

\$3.6m - deferred rates increase from when Regional Council resolved to have a covid-related, zero-rate increase in 2020-21 and a step-change in activity.

\$2.1m - the net impact of all other forecast changes made as part of the Three-Year Plan, including improved public transport and civil defence, partially offset by the decision not to fund Hawke's Bay Tourism from 1 July 2025.

\$1.8m - interest costs for the NIWE flood resilience schemes being built after Cyclone Gabrielle and other cyclone-related recovery costs.

\$1.2m - forecast increases in insurance premiums and depreciation of our flood scheme assets, and inflation.

\$2.5m Additional and increased costs

Since we adopted our Three-Year Plan last year, we now have better information on costs and new work that needs doing, made up of:

\$1.7m - new flood resilience work including implementation of recommendations from independent reviews and engagement on reimagining flood resilience in our two major flood resilience schemes, Heretaunga Plains and Upper Tukituki.

\$300,000 - for additional insurance and depreciation costs following the revaluation of our infrastructure assets.

\$270,000 - all other changes including increased costs for elections (and a one-off binding poll on Māori constituencies).

\$230,000 - increased interest costs on NIWE projects due to timing of spend.

What have we done to bring rates down?

\$4.0m Operational cost reductions

We are proposing \$4.0 million of rate savings from what was forecast for 2025-26.

This has been achieved through cutting operational costs and staff numbers.

This will mean changes to some service levels we provide, such as environmental monitoring and research, and the funding we make available to the community.

You might experience this through a slower response time and less support for managing pests on your land, or less funding for fencing and planting on farms and on threatened biodiversity sites. See over the page for more detail. The impact on total expenditure is more, as some of these activities attract government funding or are partially funded from fees and charges.

\$2.5m Funding things differently

We are proposing \$2.5 million of rate savings by using non-rate sources of funding.

\$1.8m - we plan to sell some low-risk carbon credits. We believe it makes sense in the short term to use carbon credits gained through our forestry plantings to help mitigate the impact of climate change. This includes critical one-off work such as implementing the recommendations from the independent reviews on Cyclone Gabrielle and on general rate activities such as biodiversity. The aim is to phase out the use of carbon credits to get back to full rate funding within two years.

\$700,000 - we plan to use the remainder of the special dividend (from our investment company - HBRIC) unspent this year to fund one-off additional costs such as community engagement on reimagining our two major flood resilience schemes - Heretaunga Plains and Upper Tukituki.

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\$4.7m Proposed net increase compared to 2024-25

Our proposed average rates increase is 9.9% excluding Mangarau Stream.

The total rates increase is \$5.6m when the targeted rate for some ratepayers for flood resilience work to Mangarau Stream is added.

\$0.9m

*This excludes the new targeted rate for the Mangarau Stream impacting Hastings District ratepayers only.