Rates capping timing Part 1

2027-2037 LTP and rates decisions

Note: This document sets out the proposed timing for implementation of the Local Government (Rates Capping) Amendment Bill.
The Bill is currently before Parliament and there may be changes before it is enacted.

Key dates for 2027 long-term plans

- Early 2027: Legislation enacted and comes into effect
- After the legislation is enacted:
  - Regulator may invite particular councils to apply for "capital works" exemptions, and invited councils lodge their applications.
  - Councils can apply for a Type-1 exemption.
- 30 June 2027 – Deadline for councils to adopt 2027-2037 long-term plan, and to make 2027/28 rates resolutions which incorporate the rates capping target range.

The first target range will be 2-4%

The target range is the minimum and maximum percentage that (non-water related) rates can increase annually.

The Bill proposes that the target range for 2027 long-term plans will be between 2-4%. This rate will be reviewed before the 2030 long-term plans.

What types of exemptions are available for 2027 long-term plans?

Description	Timing	Duration
Type 1 – Exceptional circumstances *(e.g. large scale natural disaster)*	As required	As approved
Large capital works projects for 2029/30[#]	Approved by June 2027	2029/30 only

[#]These exemptions are by invitation from the Regulator only

Also, some councils may be invited to apply for a separate financial difficulty exemption prior to 1 July 2029 if they meet specific criteria.
(More information on the exemption types is included in the Technical Questions and Answers document)

How will the 2027 long-term plans be affected by rates capping?

Long-term plans set out local authority activities and budgets over a ten-year period and are created every three years.

2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37
Forecasts for rates increases must **have regard to** the 2-4% target range		Forecasts for each annual rates increase must **comply with** the 2-4% target range*							

* Unless the Council has an exemption

How will rates decisions be affected by rates capping?

2027/28	2028/29	2029/30
Annual rates setting decisions must **have regard to** the 2-4% target range		Rates-setting decision must **comply with** the 2-4% target range*

Ministry for Cities, Environment, Regions & Transport

Rates capping timing Part 2

LTP and rates decisions from 2030 onwards

Note: This document sets out the proposed timing for implementation of the Local Government (Rates Capping) Amendment Bill.
The Bill is currently before Parliament and there may be changes before it is enacted.

The target range will be reset for 2030, and then every 6 years

The target range is the minimum and maximum percentage that (non-water related) rates can increase annually.

Updated target ranges will be set by an Order in Council, on the recommendation of the Minister of Local Government, at these times:

- By 30 June 2029 for the 2030 and 2033 long-term plan cycles
- By 30 June 2035 for the 2036 and 2039 long-term plan cycles
- By 30 June 2041 for the 2042 and 2045 long-term plan cycles
- And so on....

What exemption types are available from 2030 onwards?

Description	Timing	Duration
Type 1 – Exceptional circumstances *(e.g. large scale natural disaster)*	As required	As approved
Type 2 – Future financial planning	Approved by September, in the year before the long-term plan is adopted	As approved (maximum of 10 years)

(More information on the exemption types is included in the Technical Questions and Answers document)

How will LTPs, from 2030 onwards, be affected by rates capping?

Long-term plans set out local authority activities and budgets over a ten-year period and are created every three years.

Year 1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Forecasts for annual rates increases must **comply with** the target range as an average over these 3 years*			Forecasts for each annual rates increase must **comply with** the target range*						

How will rates decisions, for 2030/31 onwards, be affected by rates capping?

Year 1	Y2	Y3
Councils have the flexibility to go beyond the range in a single year*		Average of rates increases over Years 1-3 must **comply with** the target range*

* Unless the Council has an exemption

Ministry for Cities, Environment, Regions & Transport