8.12 Adoption of the 2026/27 Annual Plan

Author: **Steph Forde, Corporate and Strategic Planner**
Stephen Doran, General Manager Corporate
Andrea Rankin, Chief Financial Officer

Authoriser: **Nigel Trainor, Chief Executive**

Recommendation

That Council:

1. Adopts the Timaru District Council Annual Plan 2026/27, in accordance with Section 95 of the Local Government Act 2002; and
2. Sets the Timaru District Council Fees and Charges 2026/27 as detailed in attachment 2; and
3. Authorises the Chief Executive and General Manager Corporate to make any non-material changes to the Annual Plan 2026/27 prior to publication, for example to improve readability or correct minor errors.

Purpose of Report

1 The purpose of this report is to adopt the Timaru District Council Annual Plan 2026/27 and set the fees and charges for 2026/27. These documents are attached for reference.

Assessment of Significance

2 The Annual Plan is considered to be of high significance when assessed against Council's Significance and Engagement Policy, and accordingly there has been community consultation on the proposed plan.

Background

3 The Local Government Act 2002 (LGA) requires Council to prepare and adopt an Annual Plan (AP) each financial year, the purpose of which is to:

(a) Contain the proposed annual budget and funding impact statement for 2026/27;

(b) Identify any variations from the financial statements and funding impact statement contained in the Long Term Plan (LTP) 2024-34;

(c) Provide integrated decision-making and coordination of the resources of the local authority; and

(d) Contribute to the accountability of the local authority to the community.

4 Council considered the draft AP, capital works programme, budget, fees and charges, policy changes and consultation document at its meeting on 31 March 2026.

5 It was determined that the proposed AP did not meet the legislative threshold of having significant or material differences from the content of the LTP, and specifically with regards to the proposed rates increase. In these circumstances and in reference to the Council's

Significance and Engagement Policy the level consultation undertaken was appropriate. In respect of the fees and charges being amended under s 150(3) of the LGA, the consultation is considered appropriate in the circumstances to have given effect to the s 82 LGA requirements. The LGA requires Council to adopt its AP prior to the commencement of the year to which it relates. Accordingly, the AP and the Fees and Charges for 2026/27 are presented for adoption, as attached.

Discussion

Consultation

6 As the contents of the Annual Plan were not significantly different to year three of the Long Term Plan, it was agreed by council to undertake some form of consultation with the community on specific issues rather than the formal special consultative procedure.

7 Informal community consultation on the draft AP was carried out from 14 April to 10 May 2026. The Information Publication and supporting material was available online from 14 April, distributed in print via The Courier on 16, 23 and 30 April, and promoted on Council's Facebook page and the Stafford Street screen. The annual plan Facebook post had approximately 12,300 views over 6,100 viewers.

Capital delivery

8 The AP includes a total capital investment of $118M. This is planned to be delivered in accordance with the 100% delivery assumption adopted as part of the LTP records Council's financial statements, and Downlands at 82% which is Council's share of the scheme.

Revenue

9 Total operating revenue is $149.7M. This is $381k higher than that included in the Draft AP. The revenue changes between the AP presented with this report and the Draft AP are tabled below.

Activity	$ Change	Reason for variance
Wastewater / Stormwater rates	$376K	Additional cost escalations resulting in higher revenue required
CBay fees	$137K	Increase in fees and charges
Parking Enforcement	$(150)K	Decrease as a result of infringement review

Operating Expenditure

10 The total operating expenditure is $143M. This is $946K higher than that included in the Draft AP. The expenditure changes between the AP presented with this report and the Draft AP are tabled below.

Activity	$ Change	Reason for variance
Vehicles	$235K	Fuel costs increase
Water – Reticulation cost	$376K	Contractor & material costs escalations, Commerce Commission Levy
All activities	$400K	Internally charged rates
Corporate Planning	$100K	Professional Services – LTP and reform
Corporate / Water /Planning Personnel	$(239)K	Recruitment delays and decrease in vacant positions
Chief Executive/ People & Capability	$80K	Professional Services – Reform

Rates

11 The AP includes a rates requirement (excl. GST) to be levied of $99.82M (excluding metered water rates and Downlands Water Supply revenue), as presented in the Statement of Comprehensive Revenue and Expenses section of the AP.

12 The proposed increase in rates was forecast at an average of 12% in Year 3 of the LTP. It was resolved by Council that for the draft AP and community consultation this would be reduced to 9% (refer Council Meeting Minutes 31 March 2026[1], report 9.18, page 18).

13 Following community consultation, Council reaffirmed the preferred average rates increase of 9% at the 26 May 2026 meeting and directed officers to prepare the final AP for the 2026/27 year.

Operating Surplus

14 The AP for 2026/27 is expected to result in an operating surplus of $6.7M at year end. This is an unfavourable variance of $566K from the draft financial statements which supported community consultation, however this still remains a favourable variance from the $97K operating deficit forecast in Year 3 of the LTP.

Fees and Charges

15 A drafting change that officers have made this year, is the inclusion of the statutory basis for the charges. Often charging schemes are an amalgam of a regulatory function, and the general power of competence (s 12 LGA) enabling reasonable cost recovery for ancillary services. This is despite s 12 enabling the Council to typically undertake commercial activities. Additionally, in light of the Commerce Commissions' Information Disclosure standards for water charges, some effort has been made to enhance the descriptions and layout of the charges to increase their legibility. This is a work in progress and not all statutory basis are spelt out for every fee or charge given the different way these charging schemes have been created.

16 A further improvement to the schedule was aligning staff charge rates across the organisation into 5 general tiers and centralising a section of the schedule that other sections refer to. This enables more transparency of staff charges at different levels across the organisation.

Options and Preferred Option

Option One (preferred)

That Council:

1. Adopts the Timaru District Council Annual Plan 2026/27, in accordance with Section 95 of the Local Government Act 2002; and
2. Sets the Timaru District Council Fees and Charges 2026/27 as detailed in attachment 2; and
3. Authorises the Chief Executive and General Manager Corporate to make any non-material changes to the Annual Plan 2026/27 or fees and charges schedule prior to publication, for example to improve readability or correct minor errors.

[1] https://www.timaru.govt.nz/__data/assets/pdf_file/0004/1125346/Council-MINUTES-31.03.2026.pdf

Option Two

That Council:

1. Does not adopt the Timaru District Council Annual Plan 2026/27, in accordance with Section 95 of the Local Government Act 2002; and
2. Does not set the Timaru District Council Fees and Charges 2026/27 as detailed in attachment 2;
3. Notes the Statutory deadline of 30 June 2026 will not be met; and
4. Notes that this resolution will result in the inability to set rates for the 2026/27 financial year at this time and directs officers on next steps.

Consultation

17 Section 95 of the LGA requires a local authority to consult in a manner that gives effect to the requirements of Section 82 of the LGA before adopting an AP. This requirement has been satisfied.

Relevant Legislation, Council Policy and Plans

18 Local Government Act 2002.

19 Timaru District Council Long Term Plan 2024-34.

Financial and Funding Implications

20 The cost of preparing the AP and Fees and Charges has been met using existing budgets.

21 The financial and funding implications of adopting the AP and Fees and Charges are detailed in the Activity Funding Impact Statements, and Council Financial Statements contained within the AP document.

22 The adoption of the AP is required by legislation prior to setting the rates for the 2026/27 financial year.

Other Considerations

23 There are no other matters that require consideration.

Attachments

1. Annual Plan 2026-27 Working Doc Final
2. Fees and Charges 2026-27