

**8.1 Adoption of the 2025/26 Annual Plan**

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**Recommendation**

That Council:

1. Adopts the Timaru District Council Annual Plan 2025/26, in accordance with Section 95 of the Local Government Act 2002; and
2. Sets the Timaru District Council Fees and Charges 2025/26; and
3. Authorises the Chief Executive and Group Manager Corporate and Communications to make any non-material changes to the Annual Plan 2025/26 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 2025/26 Annual Plan and set the fees and charges for 2025/26. These documents are attached for reference.

**Assessment of Significance**

- 2 The Annual Plan is considered 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 LGA requires Council to prepare and adopt an Annual Plan each financial year, the purpose of which is to:
  - (a) Contain the proposed annual budget and funding impact statement for 2025/26
  - (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
  - (d) Contribute to the accountability of the local authority to the community.
- 4 Council considered the draft Annual Plan 2025/26 capital works programme, budget, fees and charges, policy changes and consultation document at its meeting on 15 April 2025.
- 5 It was determined that the proposed Annual Plan 2025/26 did not meet the legislative threshold of having significant or material differences from the content of the Long Term Plan 2024-2034 (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. The LGA requires Council to adopt its Annual Plan prior to the commencement of the year to which it relates. Accordingly, the Annual Plan 2025/26 and the Fees and Charges for 2025/26 are presented for adoption, as attached.

## Discussion

### Annual Plan

- 6 The Annual Plan 2025/26 consultation was carried out from 1 May to 23 May 2025. The Consultation Document and supporting information was available online from 1 May.
- 7 Council met on 27 May 2025 to hear submissions, deliberate and give direction to Officers regarding submissions and community feedback received on the Annual Plan.
- 8 Resolutions made at the meeting of 27 May 2025 have been incorporated in the full Annual Plan document (and are set out below).

### Capital delivery

- 9 The 2025/26 Annual Plan includes a total capital investment of \$80.4M. This will be delivered in accordance with the 100% delivery assumption adopted as part of the Long Term Plan 2024-34 and records Council's financial statements, and Downlands at 82% which is Council's share of the scheme.

### Revenue

- 10 Total operating revenue is \$145.3M. This is \$800k lower than that included in the Draft Annual Plan. The main revenue changes are:
  - (a) Reduction in rates of \$2M. This is due to the Council's decision to reduce the overall rates percentage increase to 9% compared with 12% as adopted in the LTP.
  - (b) Reduction in overall fees and charges of \$511k. This is due to a number of factors, summarised in the table below:

Wastewater	(930,445)	Loss of Smithfield
Airport	80,000	Increased fees
Swimming Pools/CBay	261,217	Increased fees/volumes
Social Housing	256,443	Increased leases
Planning	61,336	Increased fees
Building Control	(420,729)	Loss of volumes
Parking Enforcement	122,830	Increased fees
Parking Facilities	40,000	Increased fees
Animal Control	93,388	Increased fees
Theatre Royal	(122,656)	Not operational
Other minor categories	47,794	Increased fees

### Operating Expenditure

- 11 The total operating expenditure of \$146.5M is \$4.4M lower than that included in the Draft Annual Plan. Key variances are due to:
  - (a) Other expenses reducing by \$2M. This is due cost saving efficiencies implemented
  - (b) Finance costs are forecast to decrease by \$5M due to favourable interest rates on borrowings.

Rates

- 12 The Annual Plan includes a rates requirement (excl. GST) to be levied of \$91.94M (including metered water rates), as presented in the Statement of Comprehensive Revenue and Expenses section of the draft Annual Plan 2025/26.
- 13 The proposed increase in rates was forecast at 12% in Year 2 of the Long Term Plan 2024-34. It was resolved by Council that for the draft Annual Plan 2025/26 and community consultation (refer Council Meeting Minutes 15 April 2025, page 4, report 4.2) this would be reduced to 9%. Following deliberations on 27 May, Council decided to proceed with 9% overall rates increase which has unfavourably impacted the revenue collected.

Fees and Charges

- 14 The schedule of fees and charges for 2025/26 includes mostly increases for a number of activities to reflect the costs associated with providing these services and facilities and to reflect community feedback supporting an increase in the proportion of service costs borne by the users of those services. The revised schedule of fees and charges apply from 1 July 2025.
- 15 Three issues raised during submissions by a submitter (Rooney Group) are for completeness addressed below:

*Fees and charges*

- 16 As noted in the agenda for the 24 June 2025 Council meeting at paragraph 7 to 11, and discussed during that meeting, fees and charges were amended down to a 10% increase to ensure the decision to set these fees would be reasonable and defensible. Although there is general acceptance that this will still be short of the permitted cost recovery rate, it is necessary for the decision to be defensible.
- 17 A review of the Council's rates and revenue, anticipated prior to the next LTP, will enable cost structures to be established to enable more robust cost recovery settings to be established.

*Revenue and Financing Policy*

- 18 As noted in the agenda for the 24 June 2025 Council meeting at paragraph 15 to 18, and discussed during that meeting, amendments to the Revenue and Financing Policy have been made to reflect a full reading of that policy, and the LTP as a whole.

*Infrastructure and Land Transport consent fees*

- 19 The third issue raised by the submitter was in respect of five Land Transport fees, that these are charges for working without an approved CAR or Traffic Management Plan (TMP) and are "pseudo infringement fees that do not relate to a service activity". The fees are:

Description	2024/25	2025/26
<b>All Infrastructure Consents / CARs</b>		
Working in Road Reserve without an approved Corridor Access Request	\$1000	\$1500
Working in Road Reserve without an approved Temporary Traffic Management Plan	\$1000	\$1500
CAR and/or Temporary Traffic Management time extension or TMP amendment fee	\$250	\$300
Reinspection Fees for non-compliant works or missing information (defects outstanding)	\$350	\$400
Charge for works that are not remedied after non-compliant inspection – monthly fee per site (CAR)	\$250	\$300

- 20 The same legal principle referred to above at paragraph 16 applies here. A fee cannot recover more than the cost of doing the activity. It is inappropriate to have a higher fee simply because work has been undertaken without the required consents. If there is a breach of a rule, and a fine or other penalty applicable for such an activity then the lawful process for implementing that needs to be followed.
- 21 Of the five fees the submitter has challenged, only the first two appear to require amendment to comply with the legal principle. The remaining three are for work, that is a reasonable and practical approximation of cost recovery. The first two however should be amended to identify the work and ensure only actual costs are recovered. The following amendment to the fees and charges schedule has been undertaken to address this issue, in respect of page 30 of that schedule:

Description	2025/26 (GST incl.)	2024/25 (GST incl.)
<del>Regularising Ww</del> orking in the Road Reserve without an approved Corridor Access Request ( <del>obtaining retrospective consent</del> )	<del>At cost \$1,500</del>	\$1,000.00
<del>Regularising Ww</del> orking in the Road Reserve without an approved Temporary Traffic Management Plan ( <del>obtaining retrospective consent</del> )	<del>At cost \$1,500</del>	\$1,000.00

This principle should also be applied to the fees listed below from pages 48, 52 and 57 of the Fees and Charges schedule for consistency:

Description	2025/26 (GST incl.)	2024/25 (GST incl.)
<del>Regularising an u</del> Unauthorised connection to sewer ( <del>obtaining retrospective consent</del> ) (p48)	<del>At cost \$2,500.00 + actual cost</del>	-
<del>Regularising an u</del> Unauthorised connection to stormwater ( <del>obtaining retrospective consent</del> ) (p52)	<del>At cost \$2,500.00 + actual cost</del>	-
<del>Regularising an unauthorised take of water (obtaining retrospective consent) Unauthorised water tampering or take from all water supplies (including illegal use of standpipes)</del> (p57)	<del>At cost \$2,500.00 + actual cost</del>	\$2,500.00 + actual cost

### Operating Deficit

- 22 The Annual Plan for 2025/26 shows an accounting deficit of \$1.2M before revaluations. This is an unfavourable variance of \$1.3M from the draft financial statements that supported community consultation, however it remains a favourable variance from the \$4.8M accounting deficit forecast in Year 2 of the LTP.

### **Options and Preferred Option**

- 23 The following options are available to Council:
- 24 **Option One: Adopt the Annual Plan 2025/26 as presented and set the Fees and Charges as attached (*preferred option*).**

- 25 **Option Two: Do not adopt the Annual Plan 2025/26 as presented and do not set the Fees and Charges as included due to requiring changes to levels of service, uncertainty on the financial statements and/or the fees and charges.**
- 26 The advantages of adopting the Annual Plan by 30 June 2025 avoids further complications that may arise due to setting the rates at a later date and delays in confirmation of the 2025/26 work programme.
- 27 Should the Annual Plan not be adopted at this point, there will be delays in setting the rates, application of fees and charges and implementation of the 2025/26 work programme.

### **Consultation**

- 28 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 Annual Plan. This requirement has been satisfied.

### **Relevant Legislation, Council Policy and Plans**

- 29 Local Government Act 2002.
- 30 Timaru District Council Long Term Plan 2024-34.

### **Financial and Funding Implications**

- 31 The cost of preparing the 2025/26 Annual Plan and the associated community engagement has met from existing budgets.

### **Other Considerations**

- 32 There are no other matters that require consideration.

### **Attachments**

- 1. **Annual Plan 2025/26**
- 2. **Fees and Charges Schedule 2025/26**