

Council Workshop

LTP 2027-37

23 June 2026



Today's topics

- Significant Forecasting Assumptions
- Financial Strategy
- Infrastructure Strategy
- Engagement/ Consultation

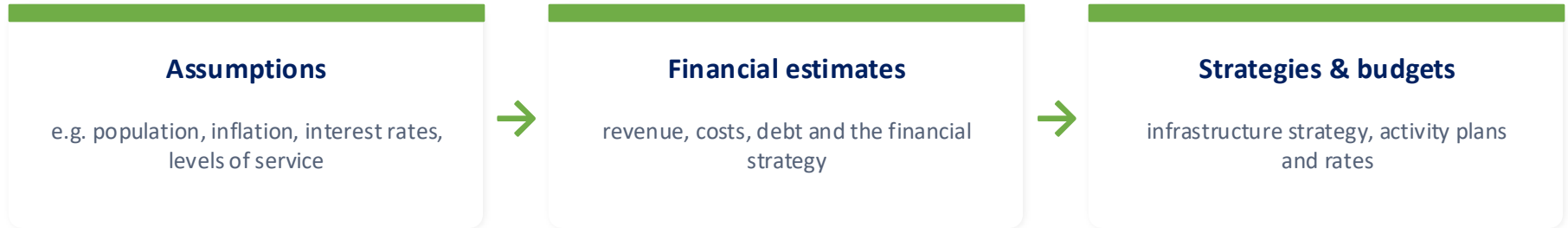
Significant Forecasting Assumptions

What They Are, and Why They Matter

Every number in the Long Term Plan rests on assumptions about an uncertain future — the SFAs make those assumptions explicit.

In plain terms: the Council cannot predict the next 10 years with certainty, so it states its best assumptions — about growth, costs, interest rates and more — and builds the plan on them. If an assumption is wrong, the plan is affected.

They flow through the whole plan



Because they underpin everything, getting the assumptions right — and being open about uncertainty — is fundamental to a sound, auditable plan.

What the Law Requires

Schedule 10, clause 17, Local Government Act 2002 — in plain terms

Be clear and be honest. The LTP must clearly identify the significant assumptions and risks behind the financial estimates.

Identify the significant assumptions

Clearly set out all the significant forecasting assumptions and the risks that sit behind the financial estimates.

Asset life cycles

Include the assumptions about the life cycle of significant assets.

Funding their replacement

Include the assumptions about where the money will come from to replace those assets in future.

Be honest about uncertainty

Where an assumption carries high uncertainty, say so — and give an estimate of the potential effect on the financial estimates.

The same logic appears in the infrastructure strategy (s101B), which carries its own asset, demand and level-of-service assumptions.

What We Make Assumptions About

The LTP 2024–34 grouped its assumptions under four headings — carried forward as the structure for 2027–37:

Population & Growth

Population growth, demographic and household change, economic and employment growth.

Council Operational

Political structure, shared services, levels of service, resource consents, staffing, strategic assets.

External Factors

Water services, legislation, climate change, pandemics, natural hazards, technology, resource availability.

Financial

Inflation, interest rates, investment returns, funding sources, NZTA assistance, rating base, revaluation.

Two tiers, one package — adopted by Council

Assumptions operate at two levels: **corporate** (organisation-wide, e.g. inflation, interest rates) and **activity-level** (specific to each group of activities). For every assumption the plan records its source, and a confidence, risk and uncertainty rating. The finalised package is adopted by Council before the LTP is consulted on.

How We Assess Significance

An assumption is significant if it has a material effect on any of the following:

Revenue

Material effect on the Council's revenue.

Operating expenditure

Material effect on operating costs.

Financing future capex and opex

Material effect on the Council's ability to fund future capital and operating expenditure.

Assets

Material effect on assets owned by the Council.

Overall service delivery — Material effect on the Council's overall ability to deliver intended levels of service to the community.

Where uncertainty is high, the plan must also quantify the potential financial impact — not just acknowledge it. Source: Taituara LTP Jigsaw Guidance 2026, p.42.

TDC's Existing Assumptions — Discussion

The 2024–34 assumptions have been carried forward as a first draft. The following pages walk through each group — what the assumption is, its current status, and what is likely to change for 2027–37.

What we're walking through today

- Population & Growth
- Council Operational
- External Factors
- Financial

Questions for discussion

Do the four groups still cover TDC's significant areas of uncertainty?

Are there assumptions that should be elevated, removed, or split?

Where do elected members see the highest uncertainty going into 2027–37?

Individual assumption slides follow.

A Note on These Assumptions

All assumptions in this section are drafted on the basis of TDC's current district boundaries, population, and service responsibilities.

They do not account for potential structural change arising from the Government's Simplifying Local Government reforms, including the Head Start pathway. If amalgamation or significant boundary change proceeds, the population base, rating base, infrastructure responsibilities, and financial projections underlying these assumptions would require material revision.

Council will update the assumptions as certainty around reform outcomes increases.

2024–34 Assumption

Timaru's population is projected to increase to 49,700 by 2033, reaching 51,600 in 2053 (0.2% average annual increase). Growth has been slow — an increase of 5,000 people over 27 years. After peaking at 1.6% in 2016, growth slowed significantly due to COVID-19 impacts, resulting in zero growth in 2022, before rising to 0.8% YoY to September 2023. As immigration picks up, growth is projected to resume but at a lower rate, declining further in the 2040s as employment growth wanes.

What is changing for 2027–37?

Source data is being updated — Rationale has been engaged to provide new district growth projections, replacing the previous Infometrics/Stats NZ base. Updated figures will be incorporated once Rationale's work is complete. It is important that a baseline for growth be selected that is achievable without being overly ambitious. The final output of this work will be discussed with Council to help inform this key assumption

2024–34 ratings: Confidence: High Risk: Low Uncertainty: Low Source: Stats NZ & Infometrics (2024–34) — updating to Rationale

2024–34 Assumption

The age structure, ethnicity mix, and household composition of the Timaru District will continue to shift gradually over the plan period. The district's population is ageing — the proportion of residents aged 65+ is projected to grow, increasing demand for health, aged care, and community services, and raising affordability concerns for residents on fixed incomes. Ethnic diversity is also increasing, particularly Māori and Pasifika populations. Based on Stats NZ medium population projections (2018 Census, updated December 2022).

What is changing for 2027–37?

Source data updating to Rationale, replacing the Stats NZ/Infometrics base. Rationale's projections are expected to sharpen the picture on age structure and household composition specifically. The District's population is ageing, which sharpens rates affordability concerns and shifts demand for community and recreational facilities. Smaller (one and two-person) households will also change infrastructure demand. With deaths exceeding births and low internal migration, external migration is now the main driver of population growth.

2024–34 ratings: Confidence: High Risk: Low Uncertainty: Low Source: Stats NZ & Infometrics (2024–34) — updating to Rationale

2024–34 Assumption

The number of households in the district is projected to grow from approximately 21,000 in 2023 to 23,800 by 2043, driven mainly by an increase in smaller 1–2 person households. Average household size is expected to fall from 2.34 to 2.30 over the same period. Growth is modest and steady, reflecting the district’s slow overall population increase combined with the structural shift toward smaller household types as the population ages.

What is changing for 2027–37?

Source data updating to Rationale. More households, even with smaller average size, means more service connections and network touchpoints — this drives infrastructure demand upward even where per-household consumption stays flat or falls. The rating base growth assumption (see 4.7) is directly linked.

2024–34 ratings: Confidence: Moderate Risk: Low Uncertainty: Low Source: Stats NZ & Infometrics (2024–34) — updating to Rationale

1.4 Economic, Industry & Employment Growth

2024–34 Assumption

Economic growth will continue to stay strong in Timaru District, driven by local industry and contributing to low unemployment. The district's GDP grew 5.8% in 2022, above the national average, with unemployment at 3.4% in 2023. The economy is anchored by agriculture (especially dairy), manufacturing, processing, and port logistics. The primary sector's global exposure means growth is sensitive to export demand, commodity prices, and overseas migration for farm labour. Source: Infometrics, Venture Timaru, Dot Loves Data (2023).

What is changing for 2027–37?

The "strong growth" framing should be reconsidered. Timaru District's GDP shrank 1.0% in the year to March 2024, then recovered to modest 0.5% growth to March 2026 (NZ: 0.4%), with provisional GDP at \$4,197 million. Business unit numbers rose 2.2% (above the national rate), unemployment is low at 3.4%, and the 2025/26 dairy payout is about \$571 million, slightly down on the prior season.

Historically, growth is driven by expansion in key rural industries and contracts in poor times, producing some volatility but overall steady growth.

Source data is being updated to Rationale/Infometrics/VT. Low confidence/Moderate risk/High uncertainty ratings from 2024–34 remain appropriate given ongoing global exposure, immigration policy uncertainty, and the 2024 contraction. Ratings should be carried forward unchanged.

2024–34 ratings: Confidence: Low Risk: Moderate Uncertainty: High Source: Infometrics / Venture Timaru / Dot Loves Data (2024–34) — updating to include Rationale and remove Dot Loves Data

2024–34 Assumption

The 2024 Representation Review will result in no significant changes to Council’s political structure, and there will be no amalgamation with other councils within the ten years of this plan. Representation Reviews are required every six years. Given the district’s low population growth and small Māori population, no significant changes to ward or member numbers were anticipated. Source: Future for Local Government Review (2023).

What is changing for 2027–37?

This assumption is under active review. TDC is planning to submit to the Government’s Head Start pathway under the Simplifying Local Government reforms. The outcome — including whether amalgamation proceeds — remains uncertain. Refer to the disclaimer slide: all assumptions will be updated as reform certainty increases.

2024–34 ratings: Confidence: High Risk: Low Uncertainty: Low Source: Future for Local Government Review (2023) – updating to Simplifying Local Government/ Head Start

2024–34 Assumption

TDC's two CCOs — Timaru District Holdings Limited and Venture Timaru — will continue to operate within their existing structures and mandates. Their Statements of Intent will be consistent with the direction set in the LTP. Dividends and returns from TDHL inform the financial strategy. Source: Statement updated to reflect current status; Parliament.

What is changing for 2027–37?

A third CCO will be established under the Local Government (Water Services) Act 2025 to deliver water services (drinking water, wastewater, and potentially stormwater) for the district. This is a material change from the 2024–34 position. The water organisation's Statement of Intent, funding arrangements, and relationship with the LTP financial model (e.g. interim service level agreement for back-office functions in the short term) will need to be reflected in the 2027–37 assumptions once the entity is established and its structure is settled.

2024–34 ratings: Confidence: Moderate Risk: Moderate Uncertainty: Moderate Source: Statement updated to reflect current status

2024–34 Assumption

Existing joint and shared service arrangements will continue broadly unchanged over the period of the plan. Council will enter into new arrangements only where they deliver demonstrable benefit and value for money. Source: Statement updated to reflect current status; Parliament.

What is changing for 2027–37?

No material changes anticipated to existing shared service arrangements for 2027–37 other than a potential service level agreement in the short term for back-office functions for the Water Organisation.

2024–34 ratings: Confidence: Moderate Risk: Moderate Uncertainty: Moderate Source: Statement updated to reflect current status

2024–34 Assumption

Service levels will likely change for some activities to reflect value for money to ratepayers, with rating adjustments made accordingly. Service level increases may be initiated by increased community expectations or demand, or there may be a need to reduce levels of service due to affordability issues. Significant changes in service levels may also be required as a result of government legislation, regional or district policy. Based on Council discussions and community feedback.

What is changing for 2027–37?

The assumption could carry forward largely unchanged. However, the context has shifted materially. The 2024–34 assumption acknowledged both the possibility of service level increases and reductions — for 2027–37, the rates cap proposed by Central Government ($\leq 4\%$ per annum) creates a constrained financial environment where downward pressure on levels of service is a more likely outcome than increases. Any service level changes will need to be assessed against the financial limits Council adopts as part of the Financial Strategy.

2024–34 ratings: Confidence: High Risk: Moderate Uncertainty: Moderate Source: Council discussions and community feedback

2024–34 Assumption

Note: this assumption relates to resource consents held by Council that enable it to operate and deliver services (e.g. water takes, discharges, stormwater) — not consents issued through Council’s BCA or planning functions.

The conditions of new and renewed resource consents required by Council during the plan period will be more rigorous and will likely take longer to obtain. National Policy Statements and National Environmental Standards have increased the work required, and staff attraction and retention issues have compounded existing backlogs and processing delays.

What is changing for 2027–37?

The assumption carries forward. The Coalition Government repealed the Natural and Built Environment Act and Spatial Planning Act in 2023, and is developing replacement legislation — the Planning Bill and the Natural Environment Bill. There is significant uncertainty and that constant changes in the legislative framework means that whilst consenting is intended to become less rigorous the time taken to adapt to a new system and the associated costs will result Council needing to undertake more rigorous planning process and wait through additional periods of uncertainty. The ability of the industry to adapt to changes will also result in staff attraction and retention issues compounding existing backlogs and processing days.

2024–34 ratings: Confidence: High Risk: High Uncertainty: Low (2024–34) — proposing Moderate for 2027–37 Source: Statement updated to reflect current status

2.5 Staffing Levels & Accommodation

2024–34 Assumption

Note: “accommodation” in this assumption refers to Council’s physical office sites and facilities — not housing availability for staff.

Staff numbers were assumed to increase to more FTEs by 2033/34, associated with changing responsibilities, economic growth, and increasing customer expectations. Council’s office buildings were identified as insufficient for existing and projected staff numbers, with earthquake strengthening required for the South Block at King George Place.

What is changing for 2027–37?

The staffing picture has changed materially. The 2027–37 LTP is being developed during a period of significant reform, and current resource capacity to manage concurrent workstreams is insufficient — this is a known risk to LTP delivery.

A proportion of water and drainage staff will transfer to the new water services CCO. Confidence in operator numbers is Moderate; confidence in back office and corporate function requirements is Low.

Changes in the services Council delivers will require adjustments to the number and type of roles. The physical accommodation question remains live given the uncertainty over overall staff numbers.

2024–34 ratings: Confidence: High (2024–34) — proposing Moderate Risk: High Uncertainty: Moderate (2024–34) — proposing High Source: New assumption

2024–34 Assumption

Council will retain its involvement in the management of strategic and significant assets (as listed in the Significance and Engagement Policy), including Three Waters assets post-July 2026. Council will maintain reserve funds for cash-funded depreciation, extreme weather event damage, and will borrow where required for renewals, upgrades, or replacements. Asset useful lives are detailed in Asset Management Plans (AMPs). No assets are assumed to fail; all will be renewed or upgraded before end of economic life, except where damaged by extreme weather events.

What is changing for 2027–37?

The 2024–34 assumption that Council would retain Three Waters assets has been superseded. Under the LGWSA 2025, water supply, wastewater, and stormwater assets will transfer to the new water services CCO. Council’s direct asset base reduces accordingly, and the AMPs and financial model will need to be updated to reflect the revised asset ownership boundary. The remaining assumption — that Council manages its strategic assets in line with AMPs, maintains reserve funds, and borrows for renewals where required — carries forward unchanged.

2024–34 ratings: Confidence: Moderate/High Risk: Low Uncertainty: Low Source: Asset Management Plans (AMPs)

2024–34 Assumption

The 2024–34 assumption covered the Three Waters service delivery model, reflecting the significant uncertainty at that time about how water services would be structured following central government reform. It assumed Council would retain involvement in Three Waters assets post-July 2026 under whatever model emerged.

What is changing for 2027–37?

Proposal: remove this assumption for 2027–37.

Rationale: the uncertainty that warranted a standalone assumption in 2024–34 has resolved. The LGWSA 2025 provides the legislative framework and TDC’s water services CCO is confirmed. The material content of this assumption — the establishment, structure, and implications of the water services CCO — is fully covered under assumption 2.2a CCOs. Retaining a separate External Factors assumption would create duplication without adding analytical value.

2024–34 ratings: Not separately rated for 2027–37 — covered within CCO assumption (2.2a) Source: Local Water Done Well Policy

2024–34 Assumption

Forecast costs for the capital programme will be close to those actually incurred. Significant variation was noted as a heightened risk given the size of the 2024–34 programme, several large projects with limited Council precedent, and a competitive contracting market. Council assumed it would adjust its capital programme to ensure no impact on rates and borrowings. Source: Statement updated to reflect current status; Asset Management Plans.

What is changing for 2027–37?

The character of the capital programme is expected to shift materially for 2027–37. The constrained financial environment created by the rates cap means the programme will be predominantly renewals-focused rather than enhancement driven. Large unfamiliar projects of the kind that elevated cost risk in 2024–34 are unlikely to feature significantly. Renewals programmes are generally better understood, better costed from experience, and carry lower forecast variance. Contracting market uncertainty remains but is less acute for renewals than for novel large builds. Overall cost forecast risk reduces compared to 2024–34.

2024–34 ratings: Confidence: Moderate Risk: Moderate/High (2024–34) — proposing Moderate Uncertainty: Moderate Source: AMPs

3.3a Simplifying Local Government

2024–34 Assumption

The 2024–34 plan assumed Council would need to respond to ongoing legislative change, with the general direction of reform creating uncertainty over Council's functions and structure. The Simplifying Local Government programme was in early development at the time of the 2024–34 LTP. Source: Parliament; Taituara guidance.

What is changing for 2027–37?

The Government's Simplifying Local Government programme is the most significant structural reform affecting TDC in this LTP cycle. The Head Start pathway is TDC's active participation vehicle. Potential outcomes range from minor boundary adjustments to full amalgamation. The programme's direction, timeline, and outcome remain uncertain. Council's 2027–37 LTP is being prepared on the basis of current boundaries and functions (refer disclaimer slide), with assumptions to be updated as certainty increases. Confidence in this assumption is low given the active reform environment.

2024–34 ratings: Confidence: Low Risk: High Uncertainty: High Source: Parliament; Taituara guidance

3.3b Local Government (Water Services) Act 2025

2024–34 Assumption

The 2024–34 plan assumed Council would need to respond to the Three Waters legislative environment, which at the time included significant uncertainty about the form and pace of water services reform. The legislative framework for water services delivery was expected to change materially over the plan period.

What is changing for 2027–37?

Proposal: remove this assumption for 2027–37.

Rationale: the LGWSA 2025 is enacted and TDC's water services CCO is confirmed. The legislative uncertainty that warranted a standalone assumption has resolved. The operational and financial implications are fully covered under assumption 2.2a CCOs. Retaining a separate legislative assumption would duplicate that coverage.

2024–34 ratings: Not separately rated for 2027–37 — covered within CCO assumption (2.2a) Source: Parliament

2024–34 Assumption

The 2024–34 plan assumed the resource management legislative environment would continue to evolve, with increasing regulatory complexity driving higher compliance costs and consent processing demands for Council. National Policy Statements and National Environmental Standards were expected to tighten over the plan period.

What is changing for 2027–37?

The Coalition Government repealed the Natural and Built Environment Act and Spatial Planning Act in 2023 and is developing replacement legislation — the Planning Bill and the Natural Environment Bill. Until enacted, the existing RMA framework applies. The direction of reform signals some simplification, but the practical effect on Council’s planning functions and compliance costs is uncertain until the bills pass. The assumption that the RM environment will require ongoing Council response remains valid; the nature of that response may shift depending on final bill content.

2024–34 ratings: Confidence: Moderate Risk: Moderate Uncertainty: High Source: Parliament; Taituara guidance

3.3d Local Government (System Improvements) Amendment Bill

2024–34 Assumption

The 2024–34 plan assumed Council would face ongoing legislative requirements affecting planning and reporting obligations. The LGSi Amendment Bill was not yet in development at the time of the 2024–34 LTP. Source: Parliament; Taituara guidance.

What is changing for 2027–37?

The LGSi Amendment Bill proposes mandatory groups of activities for council planning and reporting, with the Minister's May 2026 Cabinet proactive release confirming eight proposed groups. TDC's Infrastructure Strategy scope was expanded from two to four groups at the 9 June 2026 Development & Growth Committee meeting in response. The bill's final form, groupings, and implementation timeline will directly shape how TDC structures its LTP activity statements and performance framework for 2027–37. This is a live workstream within the current LTP development programme.

2024–34 ratings: Confidence: Moderate Risk: Moderate Uncertainty: Moderate Source: Parliament; Taituara guidance

2024–34 Assumption

Rates capping was not a feature of the legislative environment at the time of the 2024–34 LTP. The Central Government announced a proposed rates cap of no more than 4% per annum in December 2025. TDC's Financial Strategy has been updated to adopt this as a financial limit ($\leq 4\%$ per annum), replacing the previous 10-year average limit of $\leq 7\%$.

What is changing for 2027–37?

The rates cap is the single most consequential financial constraint for the 2027–37 LTP. A $\leq 4\%$ per annum limit creates a materially tighter financial environment than the previous plan, directly affecting the affordability of the capital programme, levels of service, and debt management. All financial assumptions and the Financial Strategy have been framed within this limit. The enabling legislation has not yet been passed — the cap is currently a government policy direction. If the legislation does not proceed or the cap changes, the Financial Strategy would require revisiting.

2024–34 ratings: Confidence: Moderate (legislation not yet enacted) Risk: High Uncertainty: Moderate Source: Central Government announcement December 2025

2024–34 Assumption

There will be an increase in extreme weather events that will challenge traditional expectations and responses. Council is integrating climate change risks and mitigating actions across all relevant activities and infrastructure management. Key impacts identified: increased extreme weather events (floods, fires, droughts); sea level rise threatening coastal infrastructure and the port; increased heavy rainfall; water shortages; heightened fire risk; and biosecurity pressures. Source: NIWA Climate Change Projections; IPCC Assessment; MfE.

What is changing for 2027–37?

The assumption carries forward. Taituara’s Jigsaw Guidance explicitly identifies climate change as one of three critical LTP assumptions, requiring sea-level rise scenarios, adverse weather event frequency and severity, and community impacts to be woven consistently through the plan. For 2027–37 this means applying the assumption across a broader set of infrastructure strategy groups than 2024–34 (consistent with the expanded LGS1 mandatory groups). Source data should be updated to the latest NIWA projections and MfE guidance available at the time of drafting.

2024–34 ratings: Confidence: Moderate Risk: Moderate Uncertainty: Moderate Source: NIWA; IPCC; MfE — update to latest projections

2024–34 Assumption

The 2024–34 plan assumed pandemic events could disrupt Council operations, service delivery, staffing, and the capital programme. The COVID-19 pandemic was the primary reference point, demonstrating the financial, operational, and community wellbeing impacts of a major disruptive event on local government. Source: WHO R&D Blueprint for Epidemics.

What is changing for 2027–37?

Proposal: broaden and rename this assumption to “Major Disruptive Events” for 2027–37.

The COVID-19 experience demonstrated that the risk is not pandemic-specific — any large-scale disruptive event can materially affect Council’s ability to operate. The broadened assumption covers: pandemic or significant public health emergency; major cyber incident affecting Council systems or critical infrastructure; significant civil emergency or national security event; and major economic or supply chain shock affecting Council’s operational or capital delivery capacity.

2024–34 ratings: Confidence: Moderate Risk: Moderate Uncertainty: Moderate Source: WHO; National Cyber Security Centre; updated to reflect broadened scope

3.6 Natural Hazards & Emergency Events

2024–34 Assumption

Natural hazards such as flooding, erosion, drought and extreme weather events will be regular occurrences and make up a large part of civil defence emergencies, particularly for Timaru’s braided rivers and river mouth communities. The district faces proximity risk from the Alpine Fault (75% probability of major rupture in next 50 years) and is susceptible to Canterbury Plains flooding and erosion. Emergency Management’s role is increasing as coordination demands during complex events grow. Source: Ministry of Civil Defence & Emergency Management; CDEM Canterbury.

What is changing for 2027–37?

The assumption carries forward with increased relevance. Recent flooding events have already impacted the district’s infrastructure programme, requiring emergency repairs and displacing residents. The climate change assumption (3.4) reinforces that the frequency and severity of natural hazard events is expected to increase over the plan period. The Alpine Fault probability figure has not changed but the planning horizon of this LTP (to 2037) sits within the window of elevated risk. Emergency response costs and capital programme disruption from hazard events should be explicitly provided for in the financial model.

2024–34 ratings: Confidence: Moderate Risk: High Uncertainty: Moderate Source: Ministry of Civil Defence & Emergency Management; CDEM Canterbury

2024–34 Assumption

Technology will continue to improve and develop at a pace faster than the public sector can keep up with, presenting challenges for cybersecurity and data integrity. Technological advances — including AI, automation, and digital tools — are changing how Council operates, communicates, and delivers services. Cyber security attacks are becoming more sophisticated, with significant financial and operational risk if systems are compromised. Source: National Cyber Security Centre (Te Tira Tiaki).

What is changing for 2027–37?

The assumption carries forward with updated framing. The “Fourth Industrial Revolution” language is retired — the pace of technology change is now simply the operating environment. AI tools are increasingly embedded in council workflows, offering genuine efficiency gains but also requiring governance frameworks, data protocols, and staff capability investment. Cyber risk has grown in sophistication and frequency; the cost and disruption of a serious incident has increased. For 2027–37, the assumption should cover both the opportunity dimension (technology enabling better service delivery and efficiency) and the risk dimension (cyber security, data integrity, and system resilience).

2024–34 ratings: Confidence: Moderate/High Risk: High Uncertainty: Moderate Source: National Cyber Security Centre (Te Tira Tiaki) – update to TBC

2024–34 Assumption

Resources will be under pressure due to supply chain logistics, contractor availability, and materials availability. The 2024–34 assumption was heavily influenced by COVID-19 and the Ukraine conflict disrupting shipping routes and creating sustained shortages of overseas materials, combined with low unemployment creating contractor staff shortages. Project management was required to allow for delays and increased costs. Source: IMF; NZTE.

What is changing for 2027–37?

Supply chains have largely normalised since 2024, and the acute COVID/Ukraine pressures have eased. The renewals-focused capital programme draws on a deeper local contractor pool than large one-off projects, reducing some contractor availability risk. However, the assumption broadens for 2027–37 to include: fuel availability and cost, where geopolitical conditions create ongoing price and supply uncertainty affecting Council's operational and capital costs; and core roading materials, particularly bitumen, which has known supply chain vulnerabilities. Sector guidance on fuel-specific assumptions is expected and will be incorporated when available. Source: IMF; NZTE; sector guidance (pending).

2024–34 ratings: Confidence: Moderate Risk: Moderate Uncertainty: Moderate Source: IMF; NZTE; sector guidance pending

2024–34 Assumption

The LTP is prepared using inflation rates based on the Local Government Cost Index (LGCI) prepared by BERL, quoted at 30 June for each year. The 2024–34 plan used the LGCI “legacy scenario” which assumed councils would retain Three Waters functions (status quo basket of goods). Beyond year 10, long-run rates of 2.4% (opex) and 2.1% (capex) were applied. Source: BERL Economics via Taituara.

What is changing for 2027–37?

BERL remains the source for 2027–37. It is preferred by the sector and Audit NZ, and is available to Council at no additional cost. Updated BERL indices are a pending input to the financial model. The basket of goods will need to reflect the post-LGWSA 2025 position — with water services transferring to the CCO, the LGCI methodology will change from the legacy scenario used in 2024–34. The actual year-by-year rates will be inserted once BERL’s updated indices are received. High uncertainty remains appropriate given the long forecast horizon and the sensitivity of all financial estimates to inflation movements.

2024–34 ratings: Confidence: Moderate Risk: Moderate/High Uncertainty: High Source: BERL Economics via Taituara — updated indices pending

4.2 Interest Rates on Borrowing

2024–34 Assumption

Interest on borrowing was assumed to be between 4.8% and 6.2%. Each \$10 million of borrowing at a 1% interest rate increase costs Council \$100,000 per year. Based on projected debt levels at the time, a 1% movement in effective interest rate would increase or decrease annual interest costs by approximately \$3.5 million. Council hedges interest rate exposures per its Treasury Management Policy. Source: Bank forward rate advice and Bancorp Treasury projections.

What is changing for 2027–37?

Both sources carry forward for 2027–37 — bank forward rate advice and Bancorp Treasury projections. The assumed rate range used in 2024–34 will be updated with advice from Bancorp once their projections are received. The interest rate environment has shifted materially since 2024 — rates peaked through the cycle and have been easing through 2025. The actual range for 2027–37 will be lower than the 4.8%–6.2% used in 2024–34, though the forward trajectory remains uncertain. The \$3.5M per 1% sensitivity figure will update once Bancorp's projections and the revised debt profile are confirmed.

2024–34 ratings: Confidence: Low Risk: Moderate Uncertainty: Moderate Source: Bank forward rate advice; Bancorp Treasury — updated projections pending

2024–34 Assumption

Bank deposits and bond portfolio assumed return is between 5.4% and 5.7%. TDHL assumed dividend is \$1M per annum. Forestry assumed return is \$0 over the 10 years due to the growth cycle of current forest plots. Source: Portfolio advisors and Timaru District Holdings.

What is changing for 2027–37?

Bancorp Treasury are Council's investment advisors and will remain the source. The assumed return range used in 2024–34 will be updated with advice from Bancorp once their projections are received. The interest rate easing cycle through 2025 means bank deposit and bond returns will likely be lower than the 5.4%–5.7% range used in 2024–34. The TDHL dividend assumption will be revisited once TDHL's Statement of Intent is updated for 2027–37. Forestry return assumptions will depend on harvest timing and market conditions.

2024–34 ratings: Confidence: Low Risk: Moderate Uncertainty: Low Source: Portfolio advisors; TDHL — updated projections pending

2024–34 Assumption

Current funding sources (including NZTA as the external funding source for Land Transport) do not change over the first three years of the plan. Funding sources are specified in the Revenue and Financing Policy and Financial Strategy. This applies to user fees, charges, and external funding. Council does not collect Development Contributions. Source: Statement updated to reflect current status.

What is changing for 2027–37?

The assumption requires updating in two respects. First, RM reform proposes moving from Financial Contributions (RMA) to Development Levies — the Revenue and Financing Policy will need to give effect to this once the Planning Bill is enacted; financial implications are not yet fully certain. Second, the Rates and Revenue Review is examining a potential shift from land value to capital value as the rating basis — if adopted, this materially alters how the rate is struck and how the burden is distributed. Both changes require the Revenue and Financing Policy to be reviewed before adoption. Water-related funding streams will also transfer to the CCO.

2024–34 ratings: Confidence: Low Risk: Moderate Uncertainty: High Source: Statement updated to reflect current status; Planning Bill; Rates and Revenue Review

4.5 NZTA Waka Kotahi Funding Assistance

2024–34 Assumption

The Funding Assistance Rate (FAR) received from NZTA Waka Kotahi for qualifying road works remains at 51% for the plan period, but Council budgets conservatively at 30–40% of the roading programme based on historical approval trends. Future reviews will occur within the LTP cycle. Source: NZTA Waka Kotahi.

What is changing for 2027–37?

The assumption carries forward with the conservative 30–40% budgeting approach retained based on experience. The GPS on Land Transport and future GPS cycles will influence eligible and approved works. The renewals-focused capital programme may alter the qualifying works mix. For 2027–37, NZTA Waka Kotahi will be providing direct advisory input to inform this assumption — this gives greater confidence in the projected FAR and eligible works than was available for the 2024–34 LTP.

2024–34 ratings: Confidence: High (NZTA providing direct advisory input for this cycle) Risk: Moderate Uncertainty: Moderate Source: NZTA Waka Kotahi

2024–34 Assumption

Credit can be obtained from financial markets on competitive terms and conditions. Council borrows primarily through the Local Government Funding Agency (LGFA). Council's AA- credit rating is maintained and prudent debt levels are maintained to mitigate risk. Source: Statement updated to reflect current status.

What is changing for 2027–37?

The assumption carries forward. Council's LGFA membership and AA- credit rating remain the basis for accessing competitive borrowing. The constrained financial environment created by the rates cap means debt management discipline is more important than in 2024–34 — headroom within the debt-to-revenue limit is a live consideration. No material change to the credit availability assumption is anticipated, but the sensitivity of this assumption to any ratings movement increases as the financial environment tightens.

2024–34 ratings: Confidence: Moderate Risk: Low Uncertainty: Low Source: Statement updated to reflect current status

2024–34 Assumption

There will be a modest increase in the rating base (number of rateable properties) over the 10 years, consistent with predicted household growth — specifically more smaller housing units from growth in 1–2 person households. Council’s Financial Strategy is based on a 0.5% annual growth in the rating base for smaller housing units and industrial/commercial properties. Source: Rating Database; Stats NZ medium population projections (2018 Census, updated December 2022).

What is changing for 2027–37?

The assumption carries forward largely unchanged. The number of rateable properties will be consistent with the growth projections once Rationale’s district projections are received. Note: any potential shift from capital value to land value rating arising from the Rates and Revenue Review does not change the number of rateable properties or total rates revenue required — it affects how the burden is distributed across property types. That matter is addressed in assumption 4.4.

2024–34 ratings: Confidence: Moderate Risk: Moderate Uncertainty: Moderate Source: Rating Database — updated Rationale projections pending

4.8 Landfill Aftercare (Closed Landfills)

2024–34 Assumption

Council assumed significant restoration work would be required on the most vulnerable closed landfills in the district. Peel Forest Closed Landfill was specifically identified as potentially vulnerable to extreme weather events (floods, erosion) due to its proximity to waterways. \$100k was budgeted for Years 1–2 to develop a closed landfill management plan, with further funding potentially required through Annual Plan variations. Redruth Landfill (operational, ~25 years life remaining) had no material change to post-closure costs assumed. Source: Statement updated to reflect current status.

What is changing for 2027–37?

The assumption carries forward with one material update: Peel Forest Closed Landfill remediation is now complete, removing the primary vulnerability risk identified in 2024–34. The remaining closed landfill portfolio continues to be monitored. The management plan developed in Years 1–2 of the 2024–34 plan informs the ongoing monitoring and priority framework. Climate change risk to landfills near waterways remains relevant (see 3.4) and should continue to be assessed periodically.

2024–34 ratings: Confidence: High Risk: Low Uncertainty: Low Source: Statement updated to reflect current status

2024–34 Assumption

Council assumes a consistent value of carbon credits. Council has an annual ETS liability (requirement to surrender NZUs) for its landfill operations, surrendering approximately 45,000 NZUs per year. Council purchases units at ETS auctions where possible to reduce cost versus the secondary market. The landfill gas capture system at Redruth enables Council to apply for a Unique Emissions Factor (UEF) to further reduce carbon credit costs. Source: Statement updated to reflect current status.

What is changing for 2027–37?

The assumption carries forward. NZU prices have been volatile since 2024 and the government has made adjustments to ETS settings. The actual price assumption will be informed by three sources, each serving a distinct purpose: Ministry for the Environment (scheme administrator — rules, obligations, and price settings); NZX carbon market data (current NZU spot price and forward curve for the price assumption); and Redruth Landfill operational data (actual annual NZU surrender obligation and UEF entitlement). The UEF offset from the landfill gas capture system remains a material cost reduction and should be confirmed as still operative.

2024–34 ratings: Confidence: Low Risk: Moderate Uncertainty: High Source: MfE (scheme rules); NZX (carbon price); Redruth Landfill operational data

2024–34 Assumption

The LTP financial forecasts assumed costs would increase broadly in line with the BERL LGCI indices. Certain cost categories — particularly insurance, utility costs, and professional services — were acknowledged as subject to pressures beyond what general inflation indices capture. Source: Statement updated to reflect current status; BERL.

What is changing for 2027–37?

Three cost categories warrant specific attention for 2027–37. Insurance: costs have risen sharply across local government post-Cyclone Gabrielle, with reinsurer withdrawal tightening the market — TDC's coastal and natural hazard exposure makes this High risk/High uncertainty. Professional services: the concurrent reform environment is driving elevated demand for specialist advice across all councils simultaneously; water services CCO transition costs will be material in early plan years. Utility costs: electricity and fuel remain volatile — fuel links to 3.8 Resource Availability.

2024–34 ratings: Confidence: Moderate Risk: High (insurance in particular) Uncertainty: High Source: Statement updated; BERL; insurance market

2024–34 Assumption

The 2024–34 LTP assumed 100% delivery of the capital work programme in each year. The programme grew significantly — from approximately \$30M per annum to over \$50M in 2022/23, with Year 1 further elevated by two major community projects (Theatre and Museum, Aorangi Stadium) alongside core infrastructure. Delivery was assumed to be achievable using external Canterbury or national contractors to supplement local capacity. Source: Statement updated to reflect current status; Asset Management Plans.

What is changing for 2027–37?

The 100% delivery assumption was not achieved. However the headline delivery shortfall is materially skewed by three large complex projects (Theatre and Museum, Aorangi Stadium, Claremont Water Treatment Plant) which individually represent a significant proportion of each year's forecast total. All three are now progressing well. The underlying renewals programme has been delivered more consistently.

For 2027–37 the programme is likely to be predominantly renewals-focused, carrying lower delivery risk. The key determinants will be: AMP evidence base quality; completion of business cases, design, and procurement before budgets are phased; and realistic budget staging. A delivery rate below 100% should be considered for the financial model.

2024–34 ratings: Confidence: Moderate Risk: Moderate Uncertainty: Moderate Source: Statement updated to reflect current status; Asset Management Plans

2024–34 Assumption

The final contract price and commencement decision for the Theatre Royal and Heritage Centre would be made in the month following adoption of the plan. The plan assumed the project would be within the \$57 million overall budget, commence building in Year 1, and remain eligible for the remaining \$6.5M of \$11M MBIE funding. Confidence: High | Risk: Low | Uncertainty: Low.

What is changing for 2027–37?

Proposal: remove this assumption for 2027–37.

Rationale: the assumption existed to flag material uncertainty about whether the project would proceed and within what budget. That uncertainty has resolved — the Theatre and Museum project is now progressing well. The project no longer warrants a standalone significant forecasting assumption. Any residual financial implications are captured within 4.11 Capital Delivery and the financial model.

2024–34 ratings: Not rated for 2027–37 — proposed for removal Source: Council project records

4.13 Non-Current Asset Revaluation

2024–34 Assumption

For asset classes where revaluations are performed regularly, assets are revalued to ensure carrying value does not differ materially from fair value, defined as no greater than 10% cumulatively based on an annual assessment; and at least every three years, with movements accounted for on a class-by-class basis. Roading and Three Waters assets were programmed for revaluation in Year 2 (FY25/26) and every three years after, unless indexing showed a 10%+ change in intervening years. Revaluations conducted by an independent valuer at least triennially. Source: Accounting policies; independent valuers.

What is changing for 2027–37?

The key change for 2027–37 is that Three Waters assets will transfer to the water services CCO — removing those asset classes from Council’s revaluation programme. The revaluation schedule will need resetting from the 2027–37 base year for the remaining asset classes (roading, community facilities, property). The 10% annual fair value threshold is more likely to be triggered in the early years of this LTP given recent construction cost escalation, which could result in more frequent revaluations than the standard triennial cycle. This has depreciation and financial statement implications that should be modelled.

2024–34 ratings: Confidence: High Risk: Moderate Uncertainty: Moderate Source: Accounting policies; independent valuers

Financial Strategy

Council Workshop | 23 June 2026

What the Financial Strategy Must Do

Section 101A, Local Government Act 2002 — in plain terms

Covers all 10 years of the LTP. Its purpose is to support prudent financial management and give the community a transparent basis for consultation.

Set out the big-picture factors

Identify what will significantly affect the Council — population and land-use change, the cost of providing for it, and capital needed to maintain levels of service.

State quantified limits

Set quantified limits on rates increases and borrowing, and assess our ability to maintain services and meet new demand within those limits.

Securities policy

Specify the Council's policy on the security it gives for its borrowing.

Investment objectives

Set objectives for holding and managing financial investments and equity, with quantified targets for returns.

Why it matters: *ageing infrastructure, underfunded renewals and deferred maintenance, inflation, insurance and climate costs — against a low rates base.*

Financial Strategy — What's Changing

Costs, rates and debt are interconnected — change one and at least one of the others must move.

Two significant changes reset that balance for 2027–37:

Water services excluded

Water, wastewater and stormwater are now governed by the Local Government (Water Services) Act 2025 and reported separately. Their capital, operating, revenue and borrowing leave the LTP financial model — materially reducing its scale and changing the limit metrics.

Rates capped at 4%

The Government's rates capping policy (announced 1 December 2025) sets a maximum annual rates increase of 4% (target range 2–4% per capita). This replaces the previous 7% 10-year average limit and is a binding constraint.

Also shaping the strategy

System Improvements Bill: once enacted, will amend s101 so the Council must have particular regard to the purpose of local government (s10) and core services (s11A) when setting its financial management approach.

Groups of activities: shifting from primary to secondary legislation; an exposure draft of eight new mandatory groups is out for sector consultation (June 2026).

Proposed Financial Limits

For endorsement in principle — LTP 2024–34 limits carried forward, with the rates limit replaced by the 4% cap

Rates increase

≤4% p.a.

New cap (replaces 7% avg)

Debt servicing

≤10% of revenue

Regs threshold; 2024/25 actual 7.53%

Net debt / total revenue

≤250%

Up from 210% (21-31); under 280% cap

Essential services capex

≥ depreciation

Roading & flood protection only

Interest / rates revenue

≤30%

Treasury Management Policy

Balanced budget

Revenue ≥ opex

From Year 1 (2027/28)

Interest / total revenue

≤20%

Treasury Management Policy

Depreciation funding

100%

Fully funded from Year 1

Liquidity

≥110%

Cover for debt due within 12 months

The 250% debt limit aligns with LGFA thresholds and protects the AA- rating. Depreciation was phased to 100% by 2029 last plan; now proposed from Year 1.

Limits and the Prudence Benchmarks

How the financial limits relate to the benchmarks disclosed under the Local Government (Financial Reporting and Prudence) Regulations 2014

The limits are the benchmark

The **rates affordability** and **debt affordability** benchmarks are not fixed numbers. They are met when the Council's planned rates and borrowing comply with the quantified limits set in the financial strategy.

Three fixed-threshold benchmarks

Balanced budget, essential services, and debt servicing have thresholds set in the Regulations and are disclosed separately in the LTP.

Read together, the financial limits and the benchmark disclosures give Council and the community a complete picture of the Council's financial position.

Both the financial limits and the benchmark disclosures appear in every LTP, annual plan, and annual report.

How We're Tracking

Debt and finance costs are tracking below LTP 2024–34 budget — a favourable starting position for 2027–37

\$298.6m

Forecast Net debt at 30 June 2027

vs \$364.4m LTP Yr3 projection

\$11.9m

Forecast finance costs 2026/27

~\$8.5m below LTP Yr3 budget

\$118.6m

Forecast capital spend 2026/27

vs \$75.1m LTP Yr3 budget

What this means

Lower debt and finance costs reflect delayed capital delivery and lower-than-forecast interest rates. Finance costs sit well within the limits (12.0% of rates revenue against a 30% limit; 7.4% of total revenue against 20%).

The LTP 2027–37 financial model is not yet built. Forward projections (from 2027/28, with water excluded) will come to the Strategic Planning Committee once modelling is underway.

Infrastructure Strategy

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Overview

This section covers three areas:

01

Scope Decision

What the Development and Growth Committee endorsed, and why the scope has changed.

02

Legislative Context

The Cabinet proactive release of 13 May 2026 and what the proposed activity groups mean for TDC.

03

Asset Management Plans

Status of AMP development across all asset-owning activities and the key dependency on Parks and Property.

What the Infrastructure Strategy Must Do

Section 101B, Local Government Act 2002 — in plain terms

Minimum 30-year horizon. The strategy must cover at least 30 consecutive financial years as part of the LTP.

Identify the big issues

Set out the significant infrastructure issues we face over the period, and the principal options for managing them.

Renewals & replacement

Show how we will renew or replace existing assets as they age.

Growth & demand

Respond to growth or decline in demand, and planned changes to levels of service.

Health, environment & resilience

Protect public health and the environment, and manage natural-hazard risks with appropriate financial provision.

Costs & key decisions

Give indicative capital and operating costs (years 1–10, then 5-yearly) and flag the significant capital decisions and their timing.

State the assumptions

Set out assumptions on asset life cycles, demand, and levels of service — and where uncertainty is high, explain it.

Water services infrastructure is now dealt with separately under the Local Government (Water Services) Act 2025.

The May 2026 Decision

What was endorsed

At its 12 May 2026 meeting, the Development and Growth Committee endorsed the scope of the Infrastructure Strategy as:

- **Roading and Footpaths**
- **Waste Management**

This aligned with the minimum s101B requirements under the Local Government Act 2002 as understood at that time.

Why it needs to change

The day after that decision — 13 May 2026 — the Minister of Local Government proactively released Cabinet material confirming eight proposed new groups of activities for councils' planning and reporting.

Four of these groups are relevant to the Infrastructure Strategy. The endorsed scope only covers two of the four.

Revised Scope and Why It Matters Now

Recommended scope

- **Roading and Transport**
- **Waste Management and Minimisation**
- **Parks and Reserves**
- **Community and Recreational Facilities**

Items in green are newly added. The Development and Growth Committee endorsed this extended scope on 9 June 2026.

Timing risk

The exposure draft regulations were scheduled for release in early June 2026. Formal regulations depend on the Bill passing.

Audit final draft deadline: 16 November 2026.

Waiting for regulations to be formally passed before acting would leave insufficient time to complete the additional Infrastructure Strategy work. Officers recommend proceeding now given the clear Cabinet commitment.

Legislative Context

Local Government (System Improvements) Amendment Bill — eight proposed activity groups

Roading and Transport

✓ Infrastructure Strategy

Waste Management and Minimisation

✓ Infrastructure Strategy

Parks and Reserves

✓ Infrastructure Strategy

Community and Recreational Facilities

✓ Infrastructure Strategy

Adaptation and Emergency Management

Other reporting

Public Regulatory Services

Other reporting

Governance, Planning and Reporting

Other reporting

Other

Other reporting

Green = relevant to Infrastructure Strategy | The Bill is at second reading; regulations will follow.

Asset Management Plans – Status Update

In progress

Water Supply / Wastewater / Stormwater

External review feedback addressed. Awaiting updated growth projections from Rationale to incorporate growth components. Will then be updated jointly with Mackenzie DC.

In progress

Roading and Footpaths

Mature framework; update focused on refreshing condition data, performance data and lifecycle forecasts. Awaiting growth projections.

In progress

Waste Management

AMP reviewed March 2026. Asset investigations underway (independent assessment completed for Geraldine Transfer Station; others being assessed in-house due to budget constraints).

First edition

Parks

Being developed to IIMM structure. Asset data being collated and verified.

First edition

Property (Recreation / Community & Corporate)

Being developed to IIMM structure. Subcategories defined across Recreation and Leisure Facilities, and Community and Corporate Facilities.

Green = first-edition AMPs (Parks and Property) — directly linked to new Infrastructure Strategy scope

Key Dependency

Parks and Property — covering Parks and Reserves and Community and Recreational Facilities — are currently developing their first-edition AMPs. These AMPs must be completed as a priority workstream. Without them, the Infrastructure Strategy cannot be completed to the required standard within the available timeframe.

Infrastructure Strategy

The Infrastructure Strategy must address all four relevant activity groups by the 16 November 2026 audit deadline.

The Parks and Property AMPs are the primary evidence base for two of those four groups.

Growth Projections

Growth projections work being undertaken by Rationale is a dependency across all AMPs and work is progressing well.

Engagement/ Consultation

Council Workshop | 23 June 2026

Engagement completed or underway

Intelligence already being generated that can feed the LTP rather than re-asking the community.

COMPLETE

Resident survey results

Satisfaction, priorities and willingness to pay. Results are planned to be presented to Council late July 2026.

UNDERWAY

Head Start pathway engagement / decision

Community appetite for structural change. While not immediately relevant to TDC, will give a clear future view.

UNDERWAY

Rates and Revenue Review

Feedback on rating basis and affordability. [Add status / relevant findings.]

Consultation planned for the rest of 2026

Touchpoints before formal LTP consultation begins (April 2027)

PLANNED

Gambling Policy Special Consultative Procedure

25 June > 31 July – Hearing: 25 August Council Meeting – Decision: 29 September Council Meeting

PLANNED

Head Start Consultation

6 July > 24 July – Hearing and Decision: 31 July (Extraordinary Meeting)

PLANNED

Rates and Revenue Review Consultation

Dates TBC

OPTION

Long Term Plan Pre-Consultation

Mid-November > Mid-December

Timing of reform decisions

Live reforms that could change the structure, scope or financial settings underpinning the LTP — and when more detail is expected.

EXPECTED

Simplifying Local Government / Head Start

Decision on structural change / amalgamation. Initial 'in principle approval' from Cabinet on proposal September 2026, final proposal confirmed by Cabinet May 2027.

EXPECTED

LGSI Amendment Bill and regulations for mandatory groups of activities

Bill at second reading; regulations to follow. Expected to progress through second reading late June/ early July 2026.

EXPECTED

RM reform — Planning Bill & Natural Environment Bill

Replacement legislation in development. The new legislation is expected to pass its final reading late July or early August 2026.

Information Councillors want, and the likely gaps

The evidence base so far is largely officer- and data-driven. Where do members want a stronger read before the approach is locked in?

1

Where do you lack a clear read on community views?

Which issues feel under-informed going into key decisions.

2

Which groups or areas feel under-represented?

Voices we may not have heard enough from so far.

3

What should be tested with the community first?

The questions members most want answered before deciding.

Engagement approaches

Channels available: web / online, social media, in-person (drop-ins, roadshows, Community Board hui), and print. This shapes the Engagement Strategy due to Council in September.

1

Which channels best reach who we need to hear from?

Matching channel to audience across the district.

2

What is the right balance of digital and in-person?

Given our district demographic population profile.

3

How do we make taking part easy and affordable?

Maximising participation within cost and staff capacity.

Wrap-up

- Any questions?
- Next workshop: 28 July - Strategic Direction