



Council Workshop Briefing Session

Notes of a workshop briefing session of the Tararua District Council held in the Council Chamber, 156 High Street, Dannevirke on Wednesday 17 December 2025 commencing at 1:00pm.

1. Present

Mayor – Mr S M Gilmore, Crs S M Wards (Deputy Mayor), A J Amboy, C L Corlett, P A Johns, E F Kennedy, P M Naylor, E L Peeti-Webber, K E R Te Waaka, and S A Wallace

In Attendance

Ms R Bell	- RFB Consulting
Mr M Alexander	- Chief Executive
Mrs K Tani	- Group Manager – Strategy and Information
Ms S Lowe	- Group Manager – People, Capability and Customer Engagement
Mr H Featonby	- Group Manager – Operations
Ms T McDonald	- Chief Financial Officer
Ms J Smith	- Legal Counsel and Procurement Manager
Mr P Wimsett	- Chief Advisor
Mr S Dunn	- Risk and Assurance Advisor
Mrs B Kawana	- Corporate Planning and Reporting Advisor
Mr K van der Oord	- Communications Team Manager
Mr M Dunn	- Manager – Programmes and Projects
Mrs S Walshe	- Finance Manager
Ms A Rule	- Policy and Planning Advisor
Mrs S Anthony	- Democracy Support Officer

2. Apologies

Nil

1. Annual Plan Budget

Tracey McDonald spoke to her presentation. An indicative timeline for the AP/Budget was shown, it was noted that the final headroom calculations and accumulated debt planning was yet to be completed. By June 2026 it is required to publish the 2027 AP. A lot of work has been undertaken so far with the proposed rate capping in mind and working towards an affordable rates plan for 2027. Five sets of accounts need to be created by formal publishing in June 2026 and 6-8 weeks is required to build financial models, once annual plan numbers are finalised - individual accounts are for each of the 3 Waters, an aggregation of the 3 Waters together and without the 3 Waters.

The last LTP Yr 3 (2027) published an 11.84% increase, factoring in same capital expenditure each year with inflation, rates smoothing, COVID-19, position in years leading in; once smoothed first three years it was indicative spend. 5.36% is proposed for the 2027 AP with savings derived from removal of depreciation renewal from 3 Waters. It was decided not to fund depreciation this year due to all capital planning up to close of 2026, this is in line with water supply planning and still being scoped by Peter Wimsett to ensure it meets requirements.

Tracey spoke of the reasons for decrease in rates calculation - level of depreciation renewal for capitalisation, levels of external borrowings, revisited capital expenditure and zero increase in operational overheads which indicated internally council took overheads and efficiency very seriously.

She noted that the change to 5.36% indicates a savings of 7.16%, to achieve this \$750,000 from reserved savings from a sale of council investment was brought back. This amount has been put in against Roading which has helped facilitate payment down of loan borrowings.

Headroom on final rates scenario is still to be finalised, we have good numbers, with these changes we are still within our headroom, so leveraging off depreciation and debt is not putting Council at risk of being over geared on our balance sheet. Taking view for 2027 plan more forcefully with capital renewal through depreciation and external borrowings, short term view for the 2027 plan set us in good stead towards the rates capping and lead us into the stringent LTP planning process where affordability will be the focus inside regulations, rates capping and System Improvements Bill as these come through.

A snapshot of the 2027 rates spend across activities was shown, illustrating what increase will be applied to, giving community reassurance that operational expenditure in Council to keep the entity running is sound and efficient and cost effective with a focus on funding infrastructure and its growth and renewal.

The roading subsidy received has contributed to the change in unfunded

accumulated depreciation.

Mayor – Affordability is a strong message from our community. We need to achieve affordability and meet rates capping, this requires big conversations in the development of the LTP, looking at every service we provide, how we provide or whether we provide it at all. Ratepayers are keen for this conversation and keen to see relief. We need to reassure community we are pulling every lever to achieve this. Need to look at how we engage and consult with community. Is there a way to provide further relief, even though 5.36% was very positive? Response from TM – there are 2 further scenarios, pulled lever in Finance who gave great financial advice, the next 2 levers is around governance and decisions around governance. Can drop 2% repayment only by .2% which will give extra money/benefit into the rates increase to bring down to just below 5%, also looking into waters (governance strategic decision) paying down debt as per what our payment plan had inferred (followed same pattern from last 2 years into this year believing this is what the water supply plan wanted us to do). Formal calculations going into Water Entity will give tick of approval at time of merging, taking into account debt, capital, renewal, reserves, and revenue. Either scenario will get us below 5%.

Mayor – interested in exploring opportunities for accelerated debt repayment, while ensuring sufficient financial headroom and assessing the potential 0.2% impact.

Sarah W provided an explanation as to the increases and decreases in the AP outline (2026-2027) – it was queried why core services showed increases in rates. Sarah advised all increases are coming from treasury and support activity. Operational costs have decreased by \$170K (personnel, power, maintenance across whole organisation). She acknowledged and thanked the team for this achievement. What has increased in this plan is interest costs because our debt has increased. Increase in depreciation costs are also included, 2025 Annual Report – we did a significant capitalisation in roading, seen cost of depreciation increase, although we only rate for our portion but has an impact, the other main driver which stands out in the community buildings is due to year 3 of the LTP we had rates smoothing in the 2023 AP, in 2024-34 LTP we unfunded a significant amount in year 1, we were repaying it in year 2 and all year 3, to keep under 12%, now everything has come home in year 3.

Sarah advised there were 3 different scenarios for headroom calculation:

1. 5.36% - Council will meet all of its benchmarks and will be well under its financial headroom.
2. There are 4 measures for financial headroom, the first is debt is less than 175% of total operating revenue, we will come in at 139% and if there is an unfunding of debt, accelerated debt repayment or an increase in the 3 waters debt space, the rates impact would be roughly around \$200,000 and bring rates down to roughly 4.8% and the headroom will have minimal change at 140%.

3. With debt repaid at 30 June 2027 for 3 waters, that brings our headroom right down to 34%, which may be subject to other mitigating factors

Mayor warned there will be more headroom but we do need to caution against spend.

TM – noted direction from here is to run 2 scenarios previously mentioned, bring results and governance will make decision as to whether it wants to pull those levers as well.

2. Long Term Plan:

Mayor – advised that he takes the legal responsibility seriously leading from governance level, ensuring governance lens is over process and development. Kawtar will be taking ownership of project, Rebecca Bell is in to assist to ensure we get this right to meet expectations of the community and Govt.

2.1

Part 1: Long Term Plan Induction

Rebecca Bell spoke to her presentation with Part 1 being an introduction to the LTP definition and process as part of induction process. It was noted that we are currently implementing year 2 of the LTP, planning for LTP Year 3 for coming year, and about to kick off planning for LTP Year 4 which is Year 1 of the new LTP.

Discussion was had regarding LTP amendments and the affect of LWDW on the LTP. It was noted that the timing of LWDW is factored in with the development of the LTP and will not likely generate an amendment.

Elected members will be involved in the design process for community engagement as well as engaging with the community, staff will action the design. Implementation is critical.

Affordability and transparency were noted as key considerations during development. The unexpected legislative changes present difficulty. Presents opportunity to think creatively, have a total rethink, explore how to be smarter and set new goals. Maintain optimism to reduce costs and deliver services.

Forecasting assumptions - A early set of assumptions every year will be provided, need to stay agile through the process with legislative changes. Some reworking will be beyond our control.

Members were encouraged to make themselves familiar with ss76-82 LGA regarding core decision making. The Significance and Engagement Policy is currently under review and will be brought back to Council early in the year, decisions will be made in relation to the most recent policy.

The process with consultation is very prescribed with the LTP. Thorough, robust process and documentation is required for audit. It is a complex project and we will have iterative catch ups along the way.

2.2

Part 2: LTP 2027-37 Kick-off

Rebecca spoke to part 2 of her presentation. The purpose of part 2 is to lay the groundwork for a successful LTP 2027-37. The LTP development process includes adoption required 30 June 2027 (18 months' time), we are currently in preparation phase, next year will be planning and review phase. Consultation early 2027 starting prep late 2026.

End of January 2026 will be a strategic hui including scene setting and strategic direct, prep will happen over the next few weeks including environmental scan, financial health check, strategic stocktake. Trends, what to expect in the district, big picture considerations.

Consultation – early engagement in the planning phase, Elected Members design methods of engagement and topics of conversation. Opportunity to ask Community to 'what do you want us to be talking about'. Focus on effective pre engagement before finalising for consultation, the community should see their discussions reflected in the consultation document. Community Boards, Community Committees and Iwi should be included and encouraged to engage with the community and share information with Council. The importance of building confidence with our community a key focus.

Rebecca provided an overview of the 'Bird's Eye View' draft, this is a way of keeping track of the process, the red dotted line indicates where we are in the process. Highlighted yellow items indicate high level of uncertainty with further information required. This draft will continue to be updated and presented to members. Meetings will be scheduled shortly and meeting invites sent out to members with workshop schedules posted on the Hub/Big Tin Can.

Risks? Damaging reputation; Water CCO development will cause Council to lose control of direction and growth plans; Limits of Systems Improvement Bill; rates capping constraints

Success factors? Communication with Community, with decisions made alongside Council; at end of process we can say we did best for community with what we had, they understand our decision and reasoning, reflects will of community and provides best outcomes possible and communicated well, community to feel like they are part of process, think about how we can measure that. Provide a document that provides and is seen by community as providing confidence, then we will have succeeded; excellent audit management report of final LTP.

2.3

Presentation: Tieing it Together

Interim Chief Executive Malcolm Alexander spoke to his presentation and provided an update on reforms, the various proposals floating around and context. TDC is completely covered by rate capping proposal (shown in red), targeted consultation is underway ending 4 Feb 2026 with legislation in place mid-year 2026 prior to election. Not a hard cap but a band to work within. there are formulas applied to calculate level of rate capping including GDP & CPI, a different formula for Opex and a different formula for Capex. Exemptions may be available via a regulator once established, providing transparency and a plan to get within band. The cap will move to accommodate growth. Waters not subject

to rates capping. Systems Improvement Bill, now out of select committee and awaiting second reading, expect to be in place approx. start of second quarter. LTP scope of activity will be constrained and limited to infrastructure, public services and regulatory functions. Public services not yet defined. Will be a matter of law and impact LTP.

Simplify LG is a set of proposals open to consultation until 20 February 2026, recommend Council to make submission. Expect legislation around mid-year to be in effect. This will lead to created territorial boards populated by mayors of Territorial Authorities, meaning elimination of regional councillors but not 'regionality'. There may be crown representation, and there are issues around voting to be worked through. Simplify LG is all about creating an efficiency plan. There is an obligation on Combined Territories Board (CTB) is to prepare a regional reorganisation (efficiency) plan to find efficiency and lead to better governance of the region. Of note for TDC - our Waters sit with Wairarapa not with Manawatū-Whanganui region, Wairarapa sit with Wellington and TDC also sit close to Lower Hawkes Bay region. We are named as one of the councils with overlapping regions and this offers choices. This plan then goes to Minister of LG for approval, not referendum. Then the plan (subject to approval) is expected to be implemented, this plan is subject to rates capping. This could lead to amalgamation of councils, shared services, new CCOs (e.g. roading which is co-funded so has crown has ownership stake and can exercise leverage). A review of FAR is about to take place (every 3 years links to LTP) keep an eye on it, uncertainty in terms of outcome over period as work through LTP and what LTP looks like at end.

RMA reform is final aspect – much in those bills, natural environment bill and planning bill are now before environment select committee, introduced on the 9th December 2025 and select committee is required to report back on 26 June 2026. 2 key activities to take note of the CTB has to complete efficiency plan as well as make and maintain a Regional Combined Plan including Regional Spatial Chapter, Environmental Chapter and Land Use Chapter – TDC will have a chapter in the overall regional plan which will be up to the Council to make and it gets incorporated into the regional plan – consider during LTP development.

The environment for the LTP development is fundamentally different this time and uncertain. There is a lot of aspects that are affected by rates capping, when working within a band this will drive choices and levels of service debate with the community as you may not be able to afford, within rates cap, what you want to do; alternatively it will be to drive a move from rates to fees and charges which are not rate capped (e.g. user pays).

Cr Te Waaka closed the workshop with a karakia.

The workshop briefing session closed at 3:36pm.