

## Council

Meeting of 17 December 2025

Business Unit: People and Corporate

Date Created: 11 November 2025

## Consultation Decision for the 2026/27 Annual Plan

### Purpose Te Aronga o te Pūrongo

The purpose of this report is to seek a decision from Council on whether or not to undertake public consultation for the Annual Plan 2026/27.

### Recommendations Ngā Tūtohunga

1. That Council determines that the draft Annual Plan 2026/27 does not contain any significant or material difference from year 3 of the Long-term Plan 2024-34, and therefore, in accordance with section 95(2) and 95(2A), consultation is not required.

OR

That Council determines that the draft Annual Plan 2026/27 contains significant or material differences from year 3 of the Long-term Plan 2024-34, and therefore agrees to consult in a manner that gives effect to section 82 of the Local Government Act 2002.

2. That the Council notes that following the adoption of the Annual Plan 2026/27, information will be provided to the community regarding the content of the plan.

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Approved for submission by:

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## 1 Background Ngā Kōrero o Muri

- 1.1 According to section 95(5) of the Local Government Act 2002 (the Act), the purpose of the Annual Plan is to:
- (a) contain the proposed annual budget and funding impact statement for the year [of the long term plan] to which the annual plan relates; and
  - (b) identify any variation from the financial statements and funding impact statement included in the local authority's long-term plan in respect of the year; and
  - (c) provide integrated decision making and co-ordination of the resources of the local authority; and
  - (d) contribute to the accountability of the local authority to the community.
- 1.2 Section 95(2) states that any consultation undertaken prior to adoption of the Annual Plan must give effect to section 82 (the principles of consultation), however (2A) goes on to say that consultation is not required if *“the proposed annual plan does not include significant or material differences from the content of the long-term plan for the financial year to which the proposed annual plan relates.”*
- 1.3 Given that one of the main goals of the Annual Plan is to identify variations from the financial statements and funding impact statement included in the respective year of the long term plan, the broad project outline is:
- (a) Identify variations to year 3 of the LTP 2024-34;
  - (b) Determine whether the variations are significant or material;
  - (c) On the basis of (b) determine whether consultation is required;
- 1.4 If consultation is required, consultation must be planned in accordance with section 82<sup>1</sup>, a consultation document must be prepared in accordance with section 95A<sup>2</sup>, and the consultation must be undertaken before the Annual Plan can be adopted.<sup>3</sup>
- 1.5 If consultation is not required, the Annual Plan can be prepared and adopted in accordance with section 95.<sup>4</sup> The community would be informed of the adoption of the Annual Plan through the normal engagement channels with a focus on communicating what is planned for the year ahead (e.g. projects, programmes and rates).

### **Preparing the Base Budget**

- 1.6 The 2026/27 Annual Plan is year 3 of the 2024-34 Long-term Plan (LTP). The average rates increase forecast for year 3 of the LTP was 7.27%, excluding growth of 1.53%.

- 1.7 The base budget for the Annual Plan was presented at the 19 November 2025 Council workshop. The base budget has been prepared by taking year 3 of the LTP work programme/budget and then adjusting it for known changes including the following:
- Changes in the inflation rates (Local Government Cost Indices)
  - Change in the revaluation of assets
  - Impact of Council decision around new levels of service vs growth
  - Level of completion of the capital works programme to date
  - Increase in costs of electricity
- 1.8 When comparing year 3 against year 2 of the 2024-34 LTP, the main movements are as follows:
- Depreciation (increase by \$1.8M on year 2, but \$1.8M less than was forecast in the LTP)
  - Personnel (increase of \$740k but \$700k less than was forecast)
  - Other costs (overall increase of \$600k), including:
    - Electricity/gas (+\$700k)
    - Inflation (overall reduction on what was forecast)
    - Insurance (+\$300k)
    - Contractors (-\$400k)
  - Planned projects for year three including: LTP costs (anticipated in the LTP, includes Audit New Zealand costs)
  - Resilience reserve and self insurance reserve

### **Consideration of New Initiative Requests**

- 1.9 As with any Annual Plan, Council has considered whether there are additional unplanned projects or initiatives that elected members support for inclusion in the draft budget. These are new projects or initiatives that were not anticipated or required at the time decisions were made on the 2024-34 LTP.
- 1.10 A total of 18 internal and external initiative requests were introduced to elected members at the 19 November Council workshop. This workshop provided elected members with an opportunity to request additional information that would aid in their decision-making. The additional information sought was then incorporated into initiative templates that were included in the Agenda for the 3 December 2025 Council meeting. Councillors then used this information to inform discussion on which of the initiatives they supported for inclusion in the draft budget for the Annual Plan 2026/27. Of the 18 requests presented, 16 were supported. *Note – the Ranfurly Road Landfill Closure request includes both a Capex and an Opex component, so is listed in both paragraphs 1.11 and 1.12.*

- 1.11 At the 3 December 2025 Council meeting, Council passed a resolution in support of the following Capital initiatives being included in the draft budget for the 2026/27 Annual Plan:
- (a) Mt Stewart Development – Stage 2 (\$20k capex)
  - (b) Sandon (Sanson) Cemetery Fencing and Planting (\$27k capex)
  - (c) Ōroua River Walkway – Land Acquisition (\$335k capex)
  - (d) Community Libraries Open Plus Access (\$40k capex)
  - (e) Installation of Footpaths and Drainage in Urban Areas (\$10k capex)
  - (f) New Footpath and Safe Crossing Installations (\$50k capex)
  - (g) Feilding Water Resilience (bring forward budget) (\$500k capex)
  - (h) Wastewater Centralisation – Halcombe to Mt Stewart (bring forward budget) (\$2.6M capex)
  - (i) Replace Himatangi Beach Reservoir Roof (\$100k capex)
  - (j) Ranfurly Road Landfill Closure: Earthworks and boundary fencing (\$115k capex)
- 1.12 At the 3 December 2025 Council meeting, Council also passed a resolution in support of including the following operational initiatives in the draft Budget for the 2026/27 Annual Plan.
- (a) Community Libraries Free WiFi (\$12k opex)
  - (b) Legal Budget for Local Water Done Well Bylaw Reviews (\$30k opex)
  - (c) Feilding Freight Movement and Intersection Demand Business Case (\$250k opex, \$122.5k rates impact)
  - (d) Dangerous Tree Removal (\$50k opex)
  - (e) Rural community limestone footpath maintenance (\$10k opex)
  - (f) Ranfurly Road Landfill earthworks, topsoiling and removal of buffer areas (\$85k opex)
  - (g) Grant for resurfacing around the Sanson Domain toilet and carpark (\$17k opex)
- 1.13 Also presented for consideration at the 3 December 2025 Council meeting was a request from Feilding Aerodrome Incorporated for an Opex grant of up to \$185k to contribute towards the resurfacing of the Feilding Aerodrome runway. Council did not support the request for a grant but instead approved offering Feilding Aerodrome Incorporated a low interest loan of up to \$185k for up to five years through Council. The Feilding Aerodrome would pay the interest and the principal, at no cost to ratepayers.
- 1.14 Also agreed at the 3 December Council meeting was that Council would not rate for the resilience reserve or the self-insurance reserve through this Annual Plan 2026/27. The base budget included a \$744k for these reserves.

1.15 The main reasons for Council's decision at the 3 December 2025 Council meeting not to rate for the resilience and self-insurance reserves through the 2026/27 Annual Plan are as follows:

- (1) Council has been credit rated, enabling us to utilise a higher borrowing cap (280% of revenue instead of 175% of revenue). This ability to borrow more reduces the risk that Council will not be able to borrow sufficient funds to respond to unanticipated community requests and emergency events.
- (2) Council still intends to maintain a self-insurance reserve as this is considered prudent given our high deductibles. The self-insurance reserve has sufficient funds (approximately \$1M) and the resilience reserve has approximately \$800k available for Council to use in the short to medium-term where this is appropriate.
- (3) The decision not to rate for the resilience and self-insurance reserve benefits ratepayers by reducing the rates increase.

1.16 The total rates for year 3 of the LTP was 8.80%. When growth of 1.53% is removed, the total rates impact is 7.27%. The decisions around the initiatives supported and not rating for the resilience and self insurance reserves brings the rates increase down from the 7.27% that was forecast for year 3 of the 2024-34 LTP to 6.52%.

1.17 The total rates increase of 8.05% is made up of 3.37% in three waters targeted and general rates, and 4.68% is non three waters rates. When the growth of the District is taken into account (of 1.53%), the total rates impact is 6.52%.

### **Consultation**

1.18 The purpose of the meeting today is to use Council's Significance and Engagement Policy to determine the proposed 2026/27 Annual Plan includes any "significant or material differences" from the content of year 3 of the LTP 2024-34. This is done by evaluating each of the new initiatives approved by Council against those factors in the policy that are used to determine significance. If Council deems any changes to be "significant" in light of the policy, section 95(2A) of the Local Government Act 2002 requires Council to consult. If differences are not significant or material, Council is not required to consult, but will still inform the community about key changes, planned work, and financial impacts.

1.19 An initial assessment of each initiative against Council's Significance and Engagement Policy was carried out during the 3 December 2025 Council workshop. While this evaluation suggested that none of the new initiatives would be considered "significant" changes in light of the policy, this report seeks a council decision on this matter.

## 2 Strategic Fit Te Tautika ki te Rautaki

- 2.1 The Annual Plan addresses variations to year 3 of the LTP 2024-34 and as such, the plan aligns with all of Council's strategic priorities (community outcomes) as set out in that Plan.
- 2.2 Overall, the initiatives that Council has supported for inclusion in the 2026/27 Annual Plan most closely align with the community outcomes of *Infrastructure fit for future* and *Value for money and excellence in local government* (including roading safety/business case work, water resilience and wastewater investments, legal support for bylaw reviews, and meeting contractual/closure obligations). Several initiatives also align with *A place to belong and grow* through improved access to walkways, libraries, cemeteries and community facilities. Those initiatives that include planting and/or fencing align with *An environment to be proud of*. Initiatives such as Mt Stewart (including potential tourism promotion) and the proposed reseal of the Feilding Aerodrome runway and resurfacing of the Sanson Domain are aligned with *Infrastructure fit for future*, *A prosperous, resilient economy*, and *A place to belong and grow*, recognising the role these sites and services play in supporting community use and local economic activity.

## 3 Discussion and Options Considered Ngā Matapakinga me ngā Kōwhiringa i Wānangahia

- 3.1 The key decision that Council is being asked to make today is whether the draft Annual Plan 2026/27 contains any significant or material differences to year 3 of the 2024-34 LTP. Such an evaluation is necessary to determine whether Council consult with the community prior to making final decisions.
- 3.2 The significance of any differences is determined by assessing each against the criteria contained in Council's Significance and Engagement Policy, which are as follows:
- Importance to the District
  - Disproportionate impacts on select parts of the community
  - The amount of money involved
  - The types of assets involved
  - Effects on levels of service
  - Permanence of the decision
  - Effects on relationships
  - Inconsistencies with existing strategies, plans and policies.
- 3.3 These factors sit on a continuum of low to high significance. A decision that involves two or more of these factors with greater significance is likely to be more important and require some level of engagement with the community.

- 3.4 Table 1 in Annex A to this report includes an evaluation of each of the new initiatives approved by Council against the factors used for determining significance (Schedule 1 of Council's Significance and Engagement Policy - [Link](#)). Based on this assessment, no new initiatives trigger the Significance and Engagement Policy, and therefore, public consultation is not required.
- 3.5 Paragraph 1.7 of this report lists the adjustments that have been done to year 3 of the LTP 2024-34. Paragraph 1.8 of this report describes the main movements in the budget as a result of these adjustments. As these changes are largely outside of Council's control and are necessary to ensure the budget accurately reflects the true cost to Council for delivering year 3 of the LTP, they are not considered "significant" in terms of Council's Significance and Engagement Policy.
- 3.6 The decision not to rate for the resilience and self-insurance reserves in the draft 2026/27 Annual Plan is not considered "significant" in accordance with Council's Significance and Engagement Policy as there will be no impact on levels of service and a positive financial impact on all ratepayers.

## 4 Risk Assessment Te Arotake Tūraru

- 4.1 The key risk for this report is that Council misapplies its Significance and Engagement Policy and concludes that public consultation is not required on the draft Annual Plan when, in fact, the Annual Plan contains significant or material differences from year 3 of the 2024-34 Long-term Plan. If this occurs, Council may be seen as failing to give effect to the consultation principles and not meeting the Annual Plan consultation requirements.
- 4.2 Potential impacts relating to this risk include:
- **Legal and process risk:** increased likelihood of challenge (e.g., judicial review) and/or adverse findings about process and compliance.
  - **Governance risk:** reduced confidence of elected members and the community in the robustness of advice and decision-making.
  - **Reputational risk:** perception that Council has not provided an appropriate opportunity for public input on significant changes.
  - **Delivery risk:** delays and additional cost if Council needs to "re-run" decision steps, amend documents, or undertake unplanned engagement late in the process.
- 4.3 These risks have been mitigated through careful evaluation of each decision against the criteria contained in Council's Significance and Engagement Policy. The reasons for each decision have been carefully and transparently documented, so if any decision is challenged in the future, there is clear rationale, linked to the Significance and Engagement Policy.

## 5 Engagement Te Whakapānga

### Significance of Decision

- 5.1 The purpose of today is to determine whether any of the proposed Annual Plan contains any “significant or material differences” from the content of year 3 of the LTP 2024-34. Council does this by evaluating each difference in accordance with Council’s Significance and Engagement Policy.
- 5.2 If Council decides to consult on the Annual Plan 2026/27, section 82(A)(3) requires that Council prepare and adopt a consultation document that complies with section 95A. This consultation document would identify any significant or material differences between the proposed annual plan and the content of the long-term plan in a way that enables these matters to be readily understood by interested or affected people. The community would be invited to present their views to the council. Council would consider those views presented when making its final decisions on the Annual Plan 2026/27.
- 5.3 If Council decides not to consult, Council will still engage with the community by providing information on the Annual Plan 2026/27. This information will include an explanation of the rates rise and the reasons for it, the community requests that have been granted, and what is planned for the coming year.

### Māori and Cultural Engagement

- 5.4 No specific engagement with Māori or other ethnicity groups has been carried out to date. If Council deems that consultation on the draft Annual Plan 2026/27 is required, then engagement with Māori and other ethnicity groups would form part of that engagement.

### Community Engagement

- 5.5 No community engagement has been carried out on the draft Annual Plan 2026/27 to date. There is no legislative requirement to consult with the community unless the plan contains significant or material differences to year 3 of the LTP.
- 5.6 A number of initiatives, including the Mt Stewart Development (Stage 2), the Ōroua River Walkway – Land Acquisition, Feilding Water Resilience and Wastewater Centralisation – Halcombe to Mt Stewart, were consulted on previously as part of the 2024-34 Long-term Plan. Bringing forward budget will mean that these projects can be completed sooner, with potential cost savings, improved levels of service and compliance with standards achieved earlier than planned. Further consultation is not considered necessary. None of the new initiatives supported by Council have been evaluated as being ‘significant.’
- 5.7 If Council decides not to publicly consult on the draft Annual Plan 2026/27, Council will still inform the community about key changes, planned work, and financial impacts.

## 6 Operational Implications Ngā Pānga Whakahaere

- 6.1 The operational implications arising from Council’s decision on whether or not to consult on the Annual Plan 2026/27 are the resourcing requirements involved with the consultation process. These requirements are summarised as follows:



Decision to consult	Decision to inform
<ul style="list-style-type: none"> <li>• Staff time to prepare and design the consultation document, and supporting documentation including the submission form, Make your Mark on Manawātū engagement platform and financial information.</li> <li>• Preparation of the communication plan.</li> <li>• Governance and staff time to consider feedback, including the hearing of submissions and deliberations.</li> <li>• Given limited resourcing, it is possible that the staff time invested in this project would cause delays in other projects, including the draft Long-term Plan 2027-37.</li> </ul>	<ul style="list-style-type: none"> <li>• Staff time to prepare and design the information document</li> <li>• Preparation of the communication plan</li> <li>• Information published through Council's usual channels (e.g., the website, public news, Facebook, LinkedIn etc).</li> </ul>

## 7 Financial Implications Ngā Pānga Ahumoni

7.1 If Council determines that public consultation on the draft Annual Plan 2026/27 was required, the financial implications will be as follows:

- Printing and proof-reading costs for the consultation document and supporting documentation.
- Advertising costs for the public notice.
- Possible transport, venue and incidental costs if governance and staff members are required to attend public engagement meetings or events.

7.2 If Council determines that public consultation on the draft Annual Plan 2026/27 is not required, the costs would be limited to printing and proof-reading costs for the final Annual Plan document and any supporting information.

## 8 Statutory Requirements Ngā Here ā-Ture

8.1 The sections of the Local Government Act 2002 related to the Annual Plan are:

- Section 76 - Decision-making

- Section 77 - Requirements in relation to decisions
- Section 78 - Community views in relation to decisions
- Section 79 - Compliance with procedures in relation to decisions
- Section 82 - Principles of consultation
- Section 82A - Information requirements for consultation required under this Act
- Section 95 - Annual Plan
- Section 95A - The purpose and content of consultation document for the Annual Plan
- Section 96 - Effect of resolution adopting long-term plan or Annual Plan

## 9 Next Steps Te Kokenga

- 9.1 The following tables sets out the key milestone dates for the remaining stages of the Annual Plan 2026/27, depending on whether Council determines that consultation is, or is not, required:

2026 Key Milestone Dates			
Consultation NOT Required		Consultation IS Required	
Feb – Early March	Drafting Annual Plan Document	Jan	Prepare consultation material
Late March	Design of the Annual Plan Document	Feb-March	Consultation
April	Adoption of the Annual Plan	Late March	Hearings
		Feb-April	Drafting Annual Plan Document
		April	Deliberations on the draft Annual Plan
		May	Design of the Annual Plan document
		June	Adoption of the Annual Plan

- 9.2 The review of Council's fees and charges will be run concurrently. Those fees and charges that Council is required to public consult on will be consulted on at the same time as the draft Annual Plan (if Council determines that consultation is required). If consultation on the draft Annual Plan is not required, Council would consult on fees and charges early in the new year. A timeline for this consultation will be presented to Council at a future meeting.

## 10 Attachments Ngā Āpitihanga

- Annex A – Evaluation of initiatives and changes against Council's Significance and Engagement Policy