



Long-Term Plan 2027-2037

Setting the Scene

21 May 2026



Te Kaunihera-ā-Rohe o Ngāmotu

**New Plymouth
District Council**

Welcome to the Financial Strategy – “What we can afford”

- Thank you for making the time to attend
- Today: *what we can afford* and the trade-offs that follow
- This is the “affordability envelope” for the Long-Term Plan





When you hear: “what we can afford?, “what does ‘afford’ mean to you — rates, debt, service levels, or risk?”

House rules (and yes... I'll be calling on you)

- Lots to take in — stay with me — refer to the handout
- I'll ask **random questions** (you've been warned)
- We have **people listening in** — so we'll keep it clear and structured
- No such thing as a dumb question — just expensive assumptions



Transfiguration: Welcome to the way accountants think

- This will be the most exciting workshop of the year
- Side effects may include:
 - Power tools seeming boring compared to Excel
 - A sudden appreciation for “good assumptions”
 - Finding numbers... oddly attractive
- Don't panic — you won't lose your personality



Foundational obligation: Financial prudence (LGA s101)

*Section reference - Local Government Act 2002, s101(1)–
(2)*

High-level requirement

- Councils must manage revenues, expenses, assets, liabilities, and investments prudently and in a way that promotes the current and future interests of the community



Foundational obligation: Financial prudence (LGA s101)

Key implications for councillors

- Applies to **all financial decisions** (not just the Financial Strategy)
- Requires balancing:
 - Current affordability vs future impacts
 - Levels of service vs cost
 - Debt, rates and intergenerational equity

LTP must make **adequate provision to meet expenditure needs**

This is the **overarching principle** that both the Financial Strategy and Infrastructure Strategy must give effect to.



Financial Strategy – translating prudence into limits and direction (LGA s101A)

Section reference - Local Government Act 2002, s101A

Purpose (Act)

- To facilitate prudent financial management
- To provide a transparent basis for consultation on funding and expenditure



Financial Strategy – translating prudence into limits and direction (LGA s101A)

Core statutory requirements

The Financial Strategy must:

- Set **context for financial decisions**
 - Identify key drivers (e.g., growth, land use, costs)
- Explicitly **link to infrastructure investment**
 - Include expected capital expenditure on network infrastructure
- Set **quantified financial limits**
 - Limits on rates increases and borrowing
- Demonstrate **sustainability**
 - Assess ability to:
 - Maintain current levels of service
 - Meet future demand within those limits
- Cover **balance sheet management**
 - Borrowing policies
 - Investment objectives and returns



Financial Strategy – translating prudence into limits and direction (LGA s101A)

Key insight for councillors

- The Financial Strategy is the “affordability envelope”
- It makes transparent the impacts of decisions on:
 - Rates
 - Debt
 - Levels of service
 - Investment returns

This operationalises prudence by setting financial boundaries and trade-offs.



Infrastructure Strategy – defining what must be delivered (LGA s101B)

Section reference - Local Government Act 2002, s101B

Purpose (Act)

- To identify significant infrastructure issues
- To identify options and implications for managing those issues



Infrastructure Strategy – defining what must be delivered (LGA s101B)

Core statutory requirements

The Infrastructure Strategy must:

1. Take a long-term view

- Minimum **30-year outlook**

2. Define **infrastructure needs and issues**

- Renewal, growth, service changes, resilience

3. **Identify options and decisions**

- Key capital decisions and **timing of those decisions**

4. **Link to expenditure**

- **Provide indicative capital and operating expenditure profiles**

5. **Address risk and resilience**

- Natural hazards and **financial provision for risk**



Infrastructure Strategy – defining what must be delivered (LGA s101B)

Key insight for councillors

The Infrastructure Strategy is the **“service and asset reality”**

It defines:

- What infrastructure is needed
- When investment is required
- What risks must be managed

This defines the **demand for funding and investment.**



The statutory linkage (how the Act expects them to work together)

While the Act sets them out separately, the linkage is explicit through content and purpose:

- A. **Financial Strategy must reflect infrastructure demand**
 - s101A requires inclusion of **expected capital expenditure on infrastructure**
👉 This directly ties financial limits to infrastructure requirements
- B. **Infrastructure Strategy must include financial implications**
 - s101B requires **projected capital and operating expenditure and financial provision for risks**
👉 This ensures infrastructure planning is grounded in affordability
- C. Both are required **parts of the LTP**
 - Both strategies are mandatory components of the Long-Term Plan
- D. External interpretation (OAG guidance)

Together they must **“tell a story” about levels of service, costs, risks, and trade-offs**, enabling assessment of financial prudence



Pulling it together - 4-step flow - Handout

1. Start with prudence (s101)

- Council must act in the **long-term interests of the community**



2. Infrastructure Strategy (s101B)

- Identifies:
 - What assets are needed
 - What investment is required
 - When decisions must be made



3. Financial Strategy (s101A)

Tests whether this is **affordable and sustainable**

- Sets limits on:
 - Rates
 - Debt
 - Investment



4. Integrated outcome (LTP)

- Councillors must make trade-offs between:
 - Levels of service
 - Timing of investment
 - Affordability and financial resilience





FINANCIAL STRATEGY

FINANCIAL STRATEGY

Long-Term Plan 2024–2034



What This Strategy Is Really About

01

Balancing investment,
affordability, and risk

02

Making decisions
under uncertainty



Decision Framework



WHAT WE NEED
TO DELIVER



WHAT WE CAN
AFFORD



WHAT RISKS WE
ACCEPT



Financial Principles



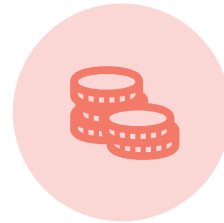
Stewardship



Affordability



Intergenerational equity



Value for money (OAG)



Sustainability & resilience



Current Financial Position



AA+ credit rating

Moderate debt

Strong investment fund - PIF

Significant asset base



Emerging Pressures



Cost escalation

Interest rates

Renewal backlog

Climate pressures

Growth demand



Assumptions Framework



Demand

Economy

Growth

Climate

Levels of service



Population & Demand

Population and demand



The environment we are planning in

The LTP 2027 is being developed in a more constrained and uncertain environment than recent plans with a need to recognise:

- Global geopolitical and financial instability.
- National economic headwinds and uncertainty around central government reforms, including rates cap.
- Increasing affordability pressure on households and businesses.
- The need to improve resilience to natural hazards.

Change and uncertainty

The pace of change is quickening

The only thing certain is change

The change is uncertain



Global geopolitical and economic uncertainty

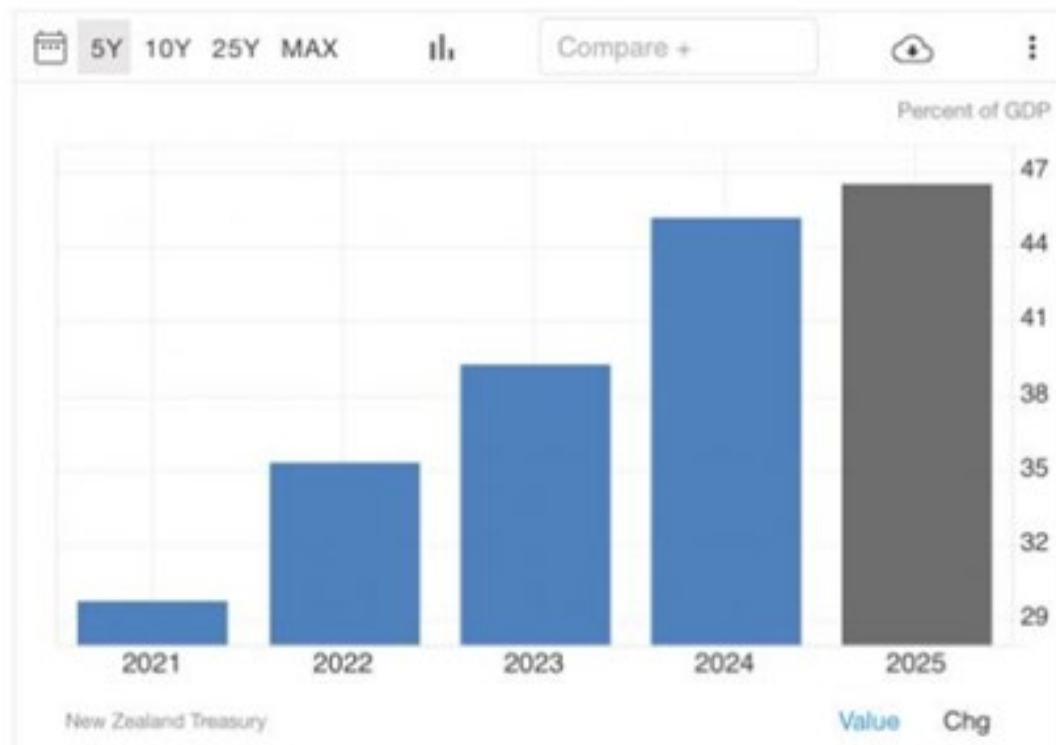
Strait of Hormuz



NZ Debt to GDP

From the NZ Treasury :

New Zealand recorded a Government Debt to GDP of 45.20 percent of the country's Gross Domestic Product in 2024. Government Debt to GDP in New Zealand averaged 24.68 percent of GDP from 1972 until 2024, reaching an all time high of 54.80 percent of GDP in 1992 and a record low of 4.40 percent of GDP in 1974.



NZ Central Government reforms

LOCAL GOVERNMENT

Carrot and stick: Govt backs some councils to merge, others in fight for life

Updated: Regional councillors expect a short stay of execution in this week's announcement, as Govt supports some keen regions to fast-track district and regional mergers



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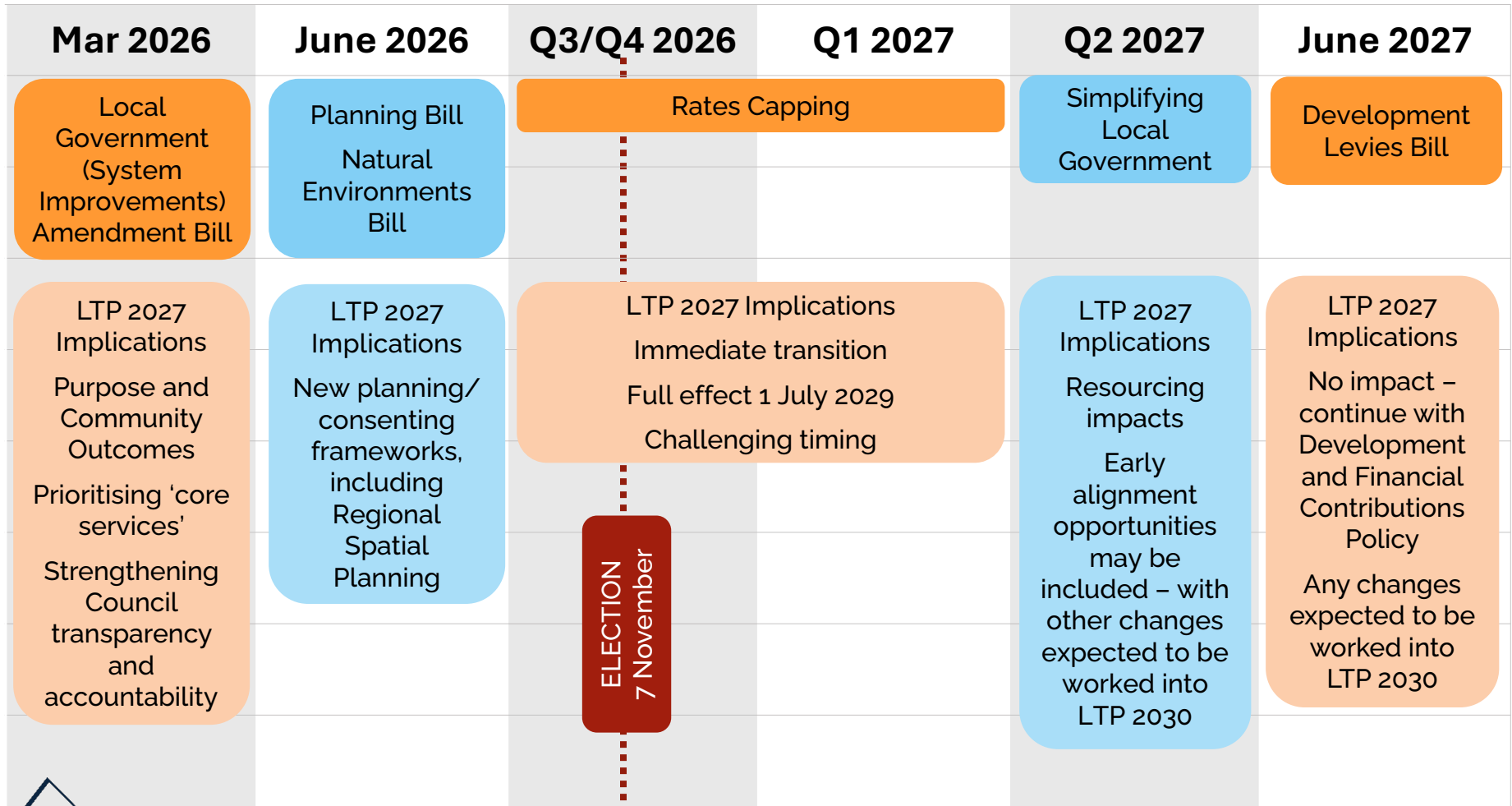
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POLITICS

Government gives councils amalgamation ultimatum



March 26 expected legislative timeline



Forecasting assumptions

Key information about the forecast
future of our community to
inform forward planning



Why forecasting assumptions matter

- Local government exists to promote the social, economic, environmental, and cultural well-being of communities, now and in the future.
- Forecasting assumptions describe the most likely long-term future for our community and guide decision-making.
- They are long-term projections and do not predict short-term or year-to-year changes.
- Assumptions are reviewed each Long-Term Plan to reflect new information and reduce gaps between forecasts and reality.
- Forecasts cover 10-year (LTP) and 30-year (Infrastructure Strategy) timeframes.



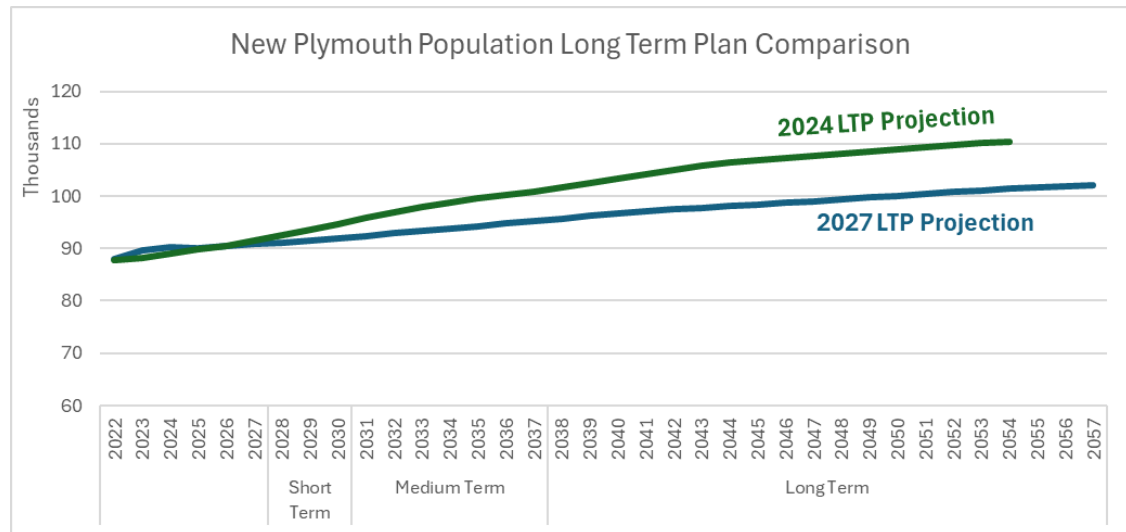
Draft non-financial forecasting assumptions Population and Dwellings



The Population Projection for 2027-2037 has dropped significantly since the last 2024 LTP.

	Population		Households		Households + Margin	
	10 Year Growth	30 Year Growth	10 Year Growth	30 Year Growth	10 Year Growth	30 Year Growth
2024 Long Term Plan	9,786	21,471	3,294	9,445	3,953	11,026
2027 Long Term Plan	4,480	11,223	2,812	6,469	3,374	7,580
Difference	-5,306	-10,248	-482	-2,976	-578	-3,447

NEXT 10 YEARS
5,306 LESS PEOPLE



Our Dwellings

MED

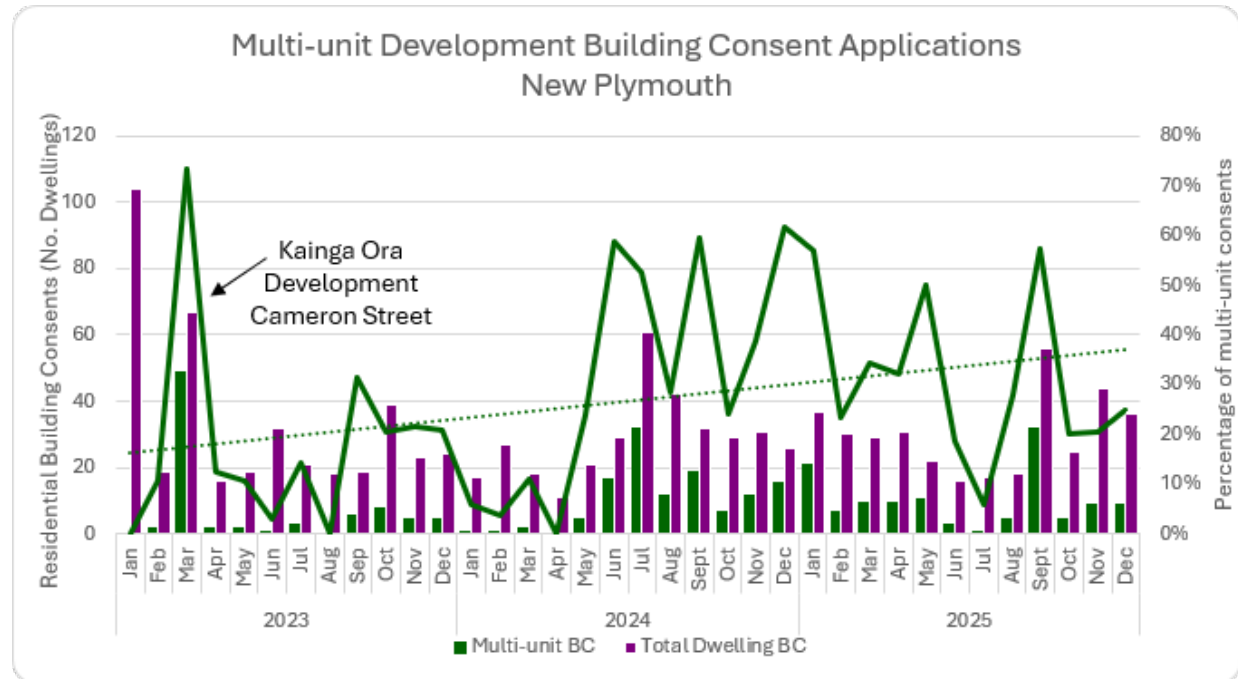
Dwelling numbers haven't fallen as much as the population because construction is still catching up with the strong growth of the past decade. Dwellings are still expected to increase over the next 10 years, with a shift toward more attached and townhouse-style homes—changing the overall mix of dwelling types.



New Plymouth

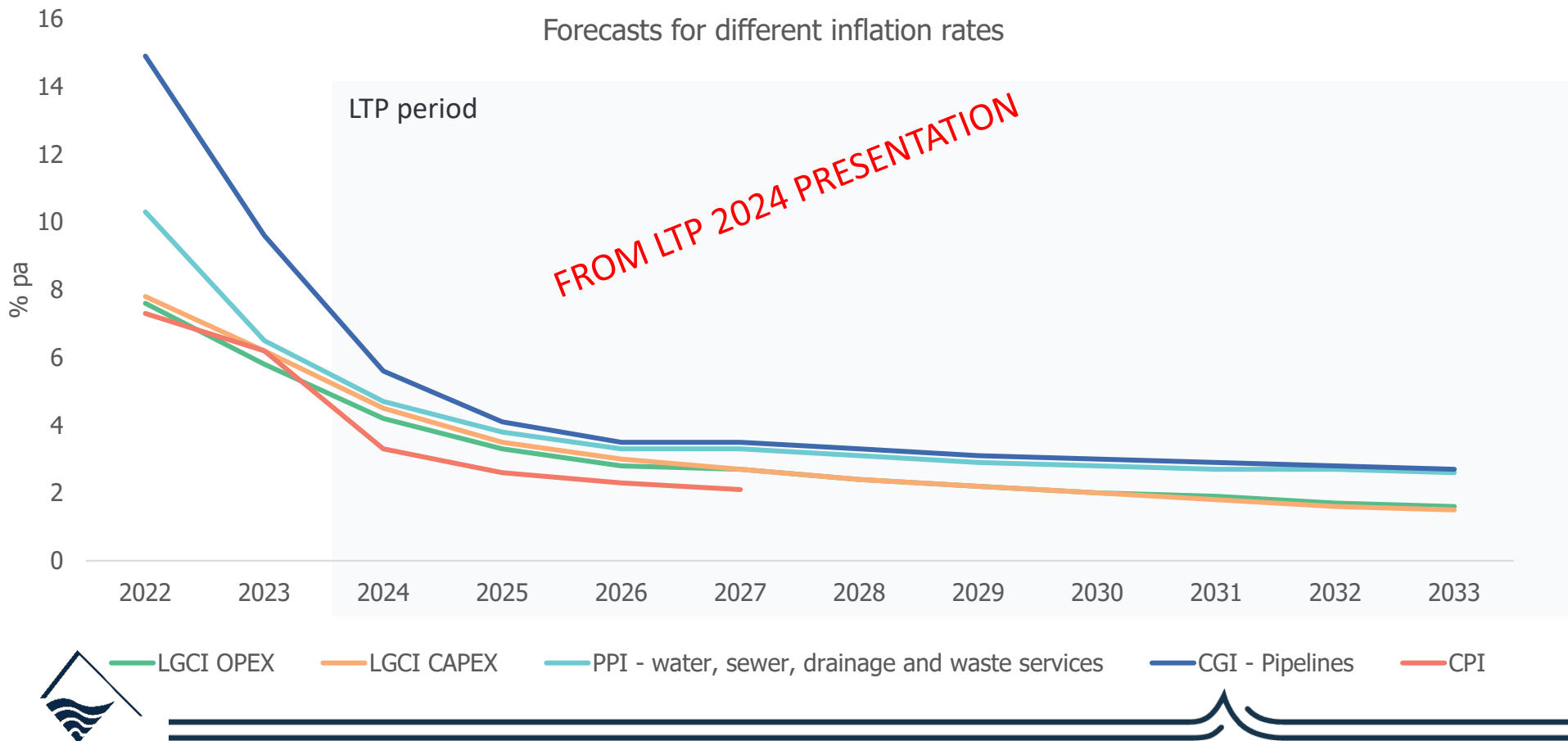
Percentage of multi-unit development increased from

15% in 2020
24% in 2025.



Inflation was expected to decline over time, but now forecast higher than CPI

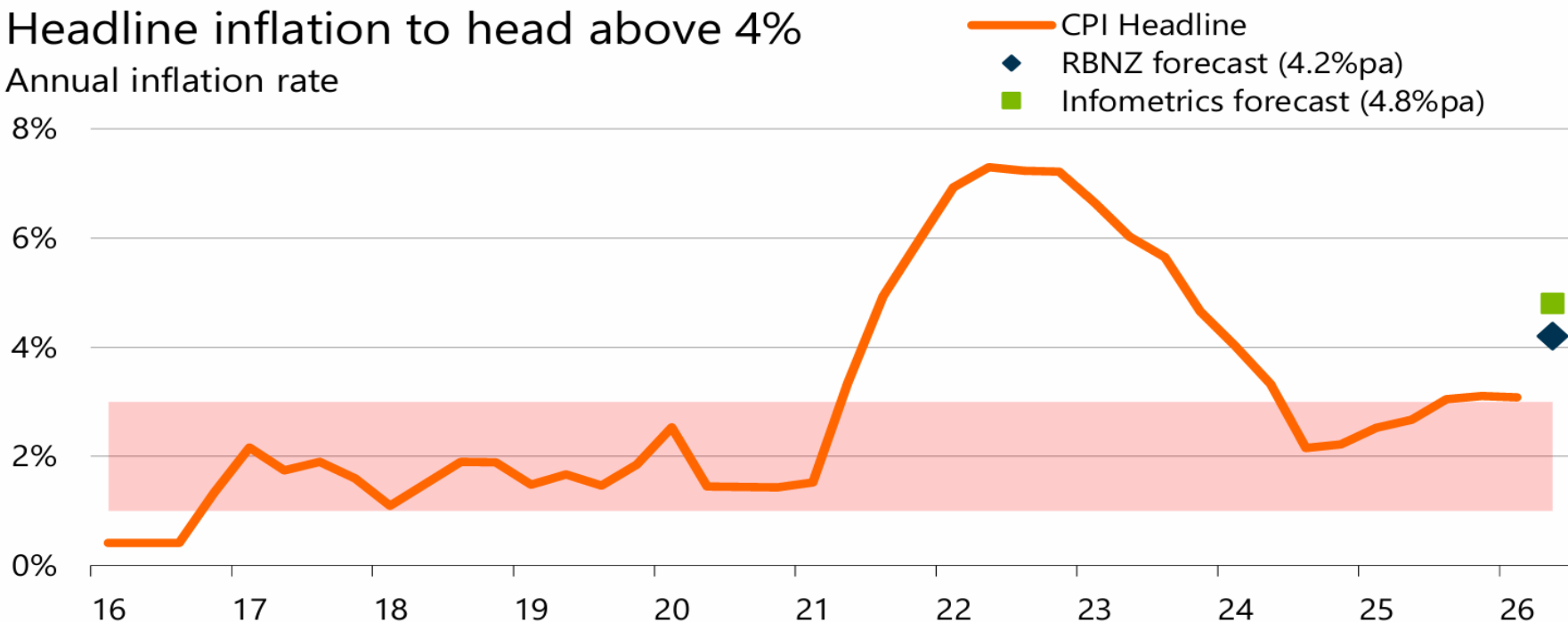
This is based on the 2022 release by BERL, the 2026 release is due mid-October
And Treasury CPI forecasts from the Budget to 2025



Inflation has kicked above 2%

Headline inflation to head above 4%

Annual inflation rate



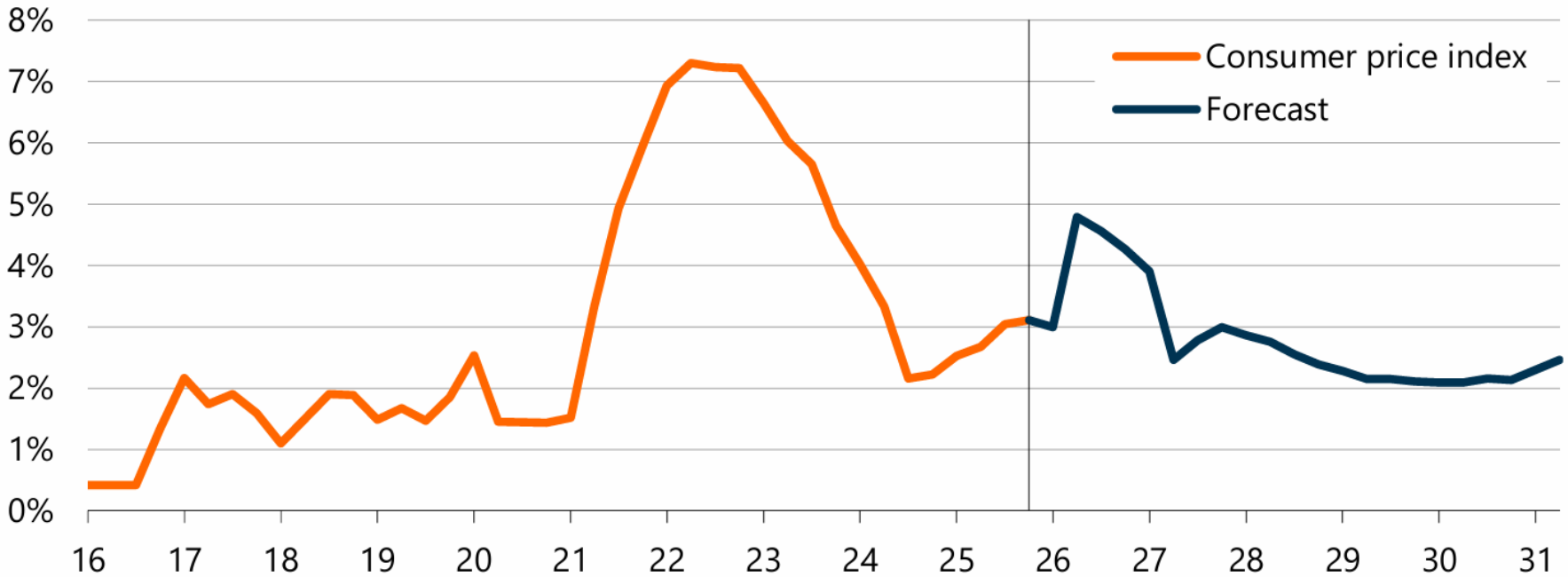
Infometrics



Inflation reflected in CPI

Weak demand conditions can't prevent higher inflation

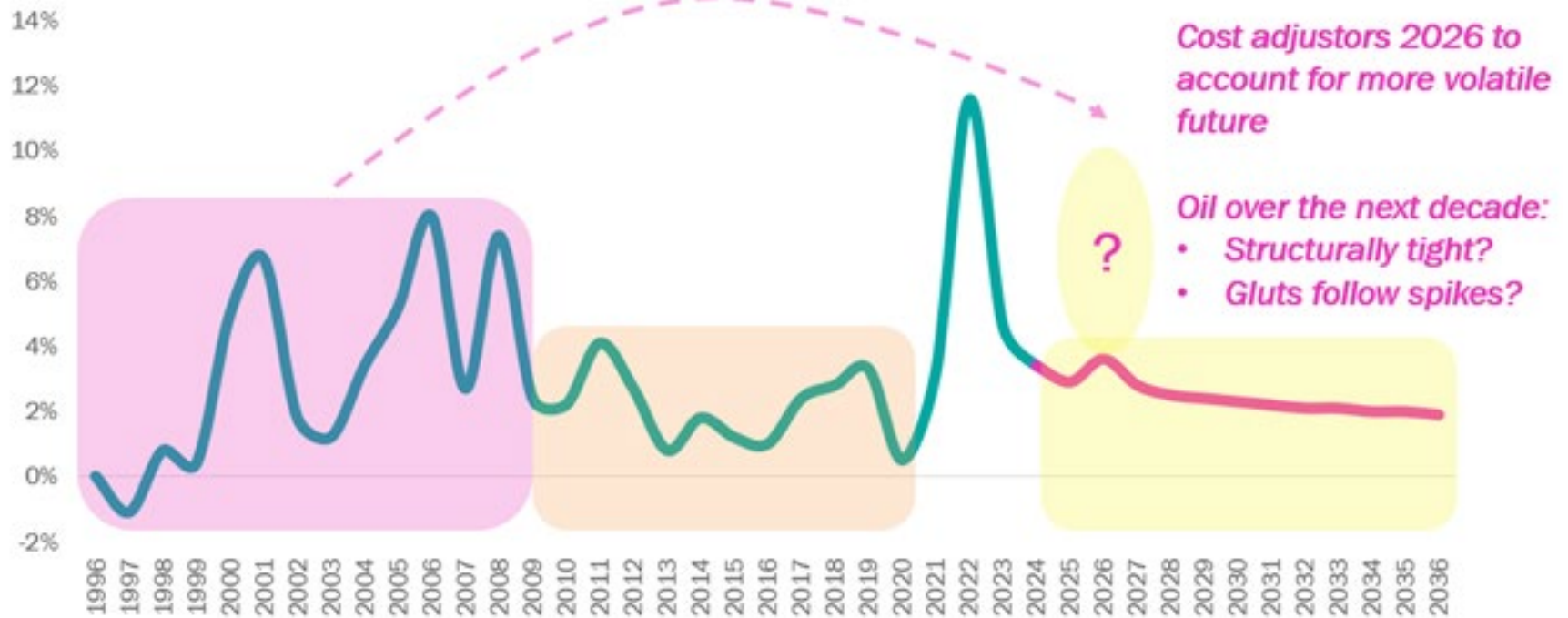
Annual % changes, Consumers Price Index



Risk for cost volatility

... noting the risk for cost volatility

BERL Local Government Cost Index (LGCI), Growth rate



Financial and technical assumptions are still being developed

- Inflation – update from BERL expected in mid-October
- Interest rates
- External funding – FAR rate from Waka Kotahi; assumptions about fundraising for any project requiring it
- PIF returns and release – NPG forecasts
- Waitara Lands Act – Property Team and NPG
- Capital works programme achievement and cost accuracy



Iterate iterate iterate



- Do our projects and budgets change our assumptions?
- Do we need new assumptions as a result of specific projects or budgets?
- Do our assumptions need to state any projects that react to an assumption or has a particularly high uncertainty?



Climate or hazard impact:

Climate is one of the biggest financial uncertainties we face:

- Storm damage → unplanned capex
- Higher rainfall → network upgrades required
- Insurance costs rising — or availability reducing



Infrastructure Drives the Strategy

Covered in detail later but in summary the Infrastructure Strategy must:

1. Take a long-term view

- Minimum 30-year outlook

2. Define infrastructure needs and issues

- Renewal, growth, service changes, resilience

3. Identify options and decisions

- Key capital decisions and timing of those decisions

4. Link to expenditure

- Provide indicative capital and operating expenditure profiles

5. Address risk and resilience

- Natural hazards and financial provision for risk



Infrastructure

Renewal backlog

- This is the single biggest driver of the strategy
- If we defer \$1 of renewals today:
 - we often spend more than \$1 later
 - and carry higher risk in the meantime





FUNDING

FUNDING



Rates Strategy – Key Principles

Rates are not just a funding tool — they reflect our choices about service, risk, and affordability.

Objective

Set a rates path that is affordable, sustainable, and transparent, while funding essential services and infrastructure.



Rates Strategy – Key Principles

Affordability First

- Rates must reflect **what the community can reasonably afford**
- Consider cumulative impact and cost-of-living pressures

Clear & Predictable Path

- Set **explicit limits on rates increases**
- Provide a **stable and predictable trajectory**
- Avoid sharp spikes unless justified

• Driven by Infrastructure Need

- Rates are the **output of infrastructure decisions**
- Renewals, growth, and resilience drive funding requirements

• Explicit Trade-offs

- Increasing rates → improves service / reduces risk
- Constraining rates → delays projects / reduces service / increases risk



Rates Strategy – Key Principles

Balance Rates and Debt

- Rates → current affordability
- Debt → intergenerational equity
- Strategy must balance both sustainably

Align with Funding Principles (s101(3))

- Community benefit → general rates
- Targeted benefit → targeted rates / fees
- Ensure fairness, transparency, and defensibility

Maintain Flexibility & Resilience

- Preserve headroom for shocks (inflation, reform, events)
- Avoid fully committing affordability capacity early

Be Transparent

- Clearly explain:
 - why rates are changing
 - what outcomes they fund
 - what alternatives were considered



Debt Strategy – Key Principles

Debt is a deliberate tool — used to enable investment, not to defer difficult decisions.

Objective

Use debt as a **deliberate tool to fund long-life assets**, while maintaining affordability, sustainability, and resilience.

Debt as a Strategic Tool

- Debt is used to fund infrastructure with long asset lives
- Supports intergenerational equity — future users contribute to cost
- Not a fallback — a planned and intentional funding mechanism



Debt Strategy – Key Principles

Defined Limits and Discipline

- Set clear borrowing limits and targets
- Debt levels must remain **within sustainable parameters**
- Limits form part of the **Financial Strategy “affordability envelope”**

Debt is constrained by:

- balance sheet strength
- revenue capacity
- servicing ability

Infrastructure demand creates the need — debt enables delivery.

Direct Link to Infrastructure Investment

Debt is primarily driven by:

- **capex programme scale and timing**
- renewals, growth, and resilience investment



Debt Strategy – Key Principles

Maintain headroom (critical)

Maintain **buffer capacity** for:

- Do not operate at or near limits
- shocks (interest rates, disasters)
- new priorities
- uncertainty

Manage Debt Servicing Affordability

Focus on:

- ability to maintain service levels
- **interest cost as % of revenue**

Recognise:

- interest volatility is a key risk
- rising interest costs **crowd out services**



Debt Strategy – Key Principles

Balance Debt and Rates

Debt reduces short-term rates pressure

But increases:

- future interest costs
- long-term affordability pressure

Strategy must balance:

- immediate affordability vs future sustainability

Active Risk Management

Manage risks explicitly:

- interest rate exposure
- refinancing risk
- liquidity

Supported through:

- Treasury Management / Liability Management policies



Debt Strategy – Key Principles

Maintain Strong Credit Profile

- Strong balance sheet supports:
- **favourable borrowing costs**
- access to capital

Credit rating reflects:

- discipline
- sustainability
- governance

Integration with Financial Health Framework

Debt strategy must support and be tested against:

- Debt to revenue
- Interest to revenue
- Liquidity
- Credit rating

*These are **early warning indicators of sustainability***





We start from strength – but what do you see as the single biggest vulnerability over the next 10 years?

Financial Health Benchmarks & Strategy Linkage Table

Benchmark	What it tests	Link to Infrastructure Strategy	Link to Financial Strategy
Balanced budget	Whether operating revenue covers operating costs	Reflects cost of maintaining assets	Tests sustainability of funding decisions
Debt affordability	Whether debt is manageable	Driven by capex programme and timing	Directly linked to borrowing limits
Debt to revenue	Overall sustainability / leverage	Driven by scale of long-term infrastructure investment	Indicates overall sustainability — how leveraged we are
Debt servicing	Ability to service debt (interest costs)	Influenced by infrastructure investment scale	Tests revenue sufficiency and financial flexibility
Interest to revenue	Affordability of debt servicing	Driven by borrowing required for infrastructure programme	Direct affordability indicator — interest crowds out services
Rates affordability	Impact on ratepayers	Driven by infrastructure funding needs	Core output of rates path / limits
Essential services	Whether core services are sustainably delivered	Direct link to maintaining infrastructure assets	Tests adequacy of funding prioritisation
Operations control	Whether operating expenditure is controlled	Reflects cost to operate infrastructure	Tests discipline in financial management
Debt control (AR)	Actual vs planned debt outcomes	Reflects delivery of capex programme	Tests adherence to Financial Strategy
Liquidity	Ability to respond to shocks	Reflects need to manage infrastructure risk and uncertainty	Supports financial resilience and flexibility
Credit rating	External financial strength and credibility	Influenced by long-term asset and investment management	External validation — impacts borrowing costs and confidence



POLICY SECTION

POLICY



Treasury Management Policy – Key Elements

The Treasury Policy doesn't set what we do — it ensures we can do it safely

Objective

Ensure financial stability, risk management, and liquidity, while supporting delivery of the Financial Strategy.



Treasury Management Policy – Key Elements

Borrowing Management (Liability Management)

Sets how Council:

- borrows
- structures debt (term, maturity profile)
- manages repayment

Aligns debt with approved limits and infrastructure programme

Interest Rate Risk Management

Manages exposure to:

- fixed vs floating interest rates
- interest rate volatility

Uses tools such as:

- interest rate fixing
- hedging (e.g. swaps)

Controls how exposed Council is to rising borrowing costs



Treasury Management Policy – Key Elements

Liquidity Management

Ensures sufficient:

- cash
- committed facilities
- short-term investments

Supports:

- day-to-day operations
- ability to respond to shocks

Core to resilience and business continuity

Investment Management

Defines:

- why Council holds investments
- expected returns
- acceptable risk levels

Covers:

- counterparty limits
- credit quality requirements

Balances return, risk, and strategic purpose



Treasury Management Policy – Key Elements

Credit Risk and Counterparty Limits

Restricts where Council can invest or borrow

Sets:

- minimum credit ratings
- exposure limits

Protects against:

- default risk
- concentration risk

Risk Management Framework

Manages key financial risks:

- Interest rate risk
- Liquidity risk
- Credit risk
- Refinancing risk

Ensures risks are:

- identified
- measured
- actively managed



Treasury Management Policy – Key Elements

Governance and Delegations

Defines:

- who can borrow/invest
- approval limits
- reporting requirements (to Council, Finance & Risk)

Provides control and accountability



Treasury Management Policy – Key Elements

Integration with Financial Strategy

Treasury policy

- implements the Financial Strategy
- manages how debt and investments are actually executed



Strategy sets the direction



Treasury policy manages the risk and delivery



Development Contributions Policy

Development contributions are more than a technical setting - they are a **policy choice about fairness between existing and future communities.**



Purpose

Fund the **growth share of infrastructure investment**, ensuring **growth pays for growth.**



What they fund

Growth-related infrastructure only

Capacity expansion (not renewals or existing deficits)



Development Contributions Policy



Key drivers

Population and development growth
Infrastructure strategy (growth capex programme)
Timing and location of development



Relationship to other levers

Reduces reliance on rates and debt
Complements Revenue & Financing Policy (s101(3))
Must align with infrastructure planning assumptions



Development Contributions Policy



Key trade-offs

Higher DCs → lower ratepayer burden,
but may slow development

Lower DCs → encourages development,
but shifts cost to existing community



Risks if mis-set

Under-recovery → ratepayer subsidises
growth

Over-recovery → development viability
risk

Poor alignment → funding gaps or timing
mismatches



Development and Financial Contributions Policy

- Development Contributions (DCs) and Financial Contributions (FCs) are a source of funding available to Council
- Policy required by LGA to provide predictability and certainty about sources and levels of funding
- Sets how growth-related capital costs are funded
- Explains - who, what, why, when and how much \$

Development and Financial Contributions

Development Contributions (DCs)



Enable territorial authorities to recover from those persons undertaking development a **fair, equitable, and proportionate** portion of the total cost of capital expenditure necessary to service growth over the long term

Financial Contributions (FCs) – phasing out



RMA and District Plan related

Address impacts of development on network infrastructure, areas of new open space

District Plan does not include provisions to require FCs as such Council does not currently use FCs as a funding source



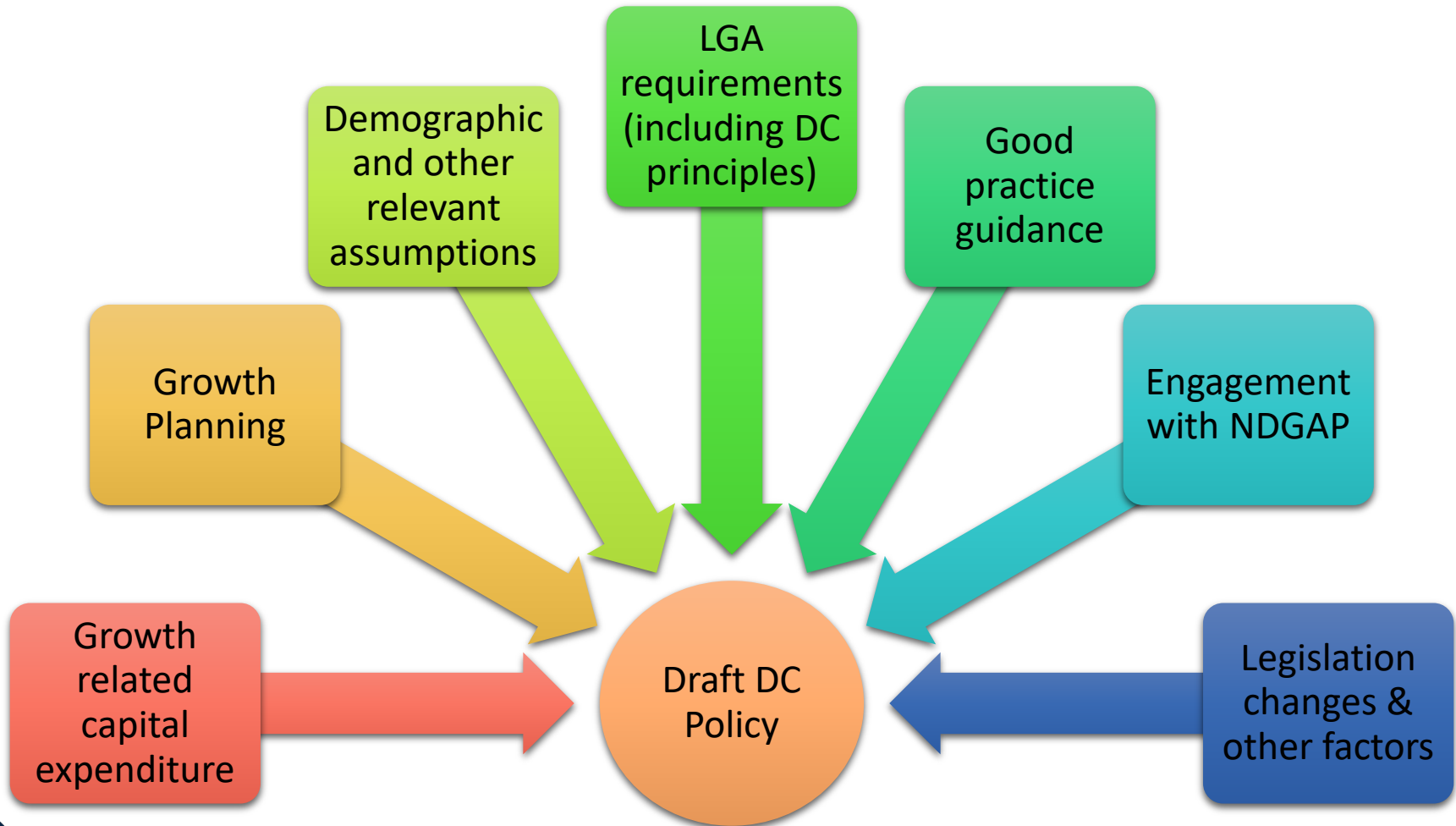
What can we take DCs for?

Community facilities

- Network infrastructure – provision of roads and other transport (shared pathways etc), water, wastewater, stormwater collection and management
- Community infrastructure – including land, or development assets on land, owned or controlled by the territorial authority for the purpose of providing public amenities (includes land that the Council will acquire for that purpose), e.g. Tūparikino Active Community Hub, Waitara and Bell Block libraries
- Reserves – which may include land acquisition and development



Key inputs into DC Policy review



Current DC Policy background

- Based on DIA guidance and using DIA template
- Elected member and management directive was that growth pays for growth and to maximise the collection of DCs and minimise the risk of under-collection
- Directive to limit impact on rates from provision of growth related capital expenditure
- External independent expert and legal peer reviews
- Key Policy change:
 - Used more realistic yield
 - Move the National Policy Statement Urban Development Capacity (NPSUDC) 20% oversupply from yield forecasts to “Reasonably expected to be realised yield to minimise potential under collection of DC



Current DC Policy background

- Submissions raised concerns of cost increases and rate of change of increase of DC charge during submissions:
 - Led to a rebalancing of various charges
 - Removal of DCs for additional bedrooms
- Officers prepared rate funding alternative options to offset the DC increases but they were never presented to EMs
- Significant surge in subdivision and consenting application to avoid new increased charges



Current Policy approach

Geographical catchment approach for requiring DCs based on who generates the need and who benefits from the community facilities provided for growth

Development Areas, Network Catchments, District Wide Catchments

	Parks & Open Spaces Catchment District wide	Community Infrastructure Catchment District wide	Transportation Network Catchment District wide	Wastewater Network Catchment	Water Supply Catchment All Networks	Water Catchment New Plymouth	Stormwater Catchment District wide	Stormwater Catchment Urban	Wastewater Catchment Waimea	Stormwater Catchment Waitara	Stormwater Catchment Inglewood	Development Areas	Total DC charge per HUE (excl GST)
District Infill Areas													
New Plymouth (excl Waimea sewer catchment)	257.10	1,173.53	1,761.66	8,896.77	3,325.76	3,408.73	1,378.46	1,621.92	-	-	-	-	21,823.93
New Plymouth (within Waimea sewer catchment)	257.10	1,173.53	1,761.66	8,896.77	3,325.76	3,408.73	1,378.46	1,621.92	15,317.46	-	-	-	37,141.39
Bell Block	257.10	1,173.53	1,761.66	8,896.77	3,325.76	3,408.73	1,378.46	1,621.92	-	-	-	-	21,823.93
Inglewood	257.10	1,173.53	1,761.66	8,896.77	3,325.76	-	1,378.46	1,621.92	-	-	25,500.16	-	43,915.36
Ōākura	257.10	1,173.53	1,761.66	8,896.77	3,325.76	-	1,378.46	1,621.92	-	-	-	-	18,415.20
Ōkato	257.10	1,173.53	1,761.66	-	3,325.76	-	1,378.46	1,621.92	-	-	-	-	9,518.43
Waitara	257.10	1,173.53	1,761.66	8,896.77	3,325.76	3,408.73	1,378.46	1,621.92	-	2,248.16	-	-	24,072.09
Rural*	257.10	1,173.53	1,761.66	-	-	-	1,378.46	-	-	-	-	-	4,570.75
Development Areas													
Puketapu	257.10	1,173.53	1,761.66	8,896.77	3,325.76	3,408.73	1,378.46	1,621.92	-	-	-	28,183.46	50,007.39
Carrington	257.10	1,173.53	1,761.66	8,896.77	3,325.76	3,408.73	1,378.46	1,621.92	-	-	-	36,974.30	58,798.23
Junction	257.10	1,173.53	1,761.66	8,896.77	3,325.76	3,408.73	1,378.46	1,621.92	-	-	-	36,319.63	58,143.56
Patterson Road	257.10	1,173.53	1,761.66	8,896.77	3,325.76	3,408.73	1,378.46	1,621.92	-	-	-	33,959.94	55,783.87
Sutherland / Patterson	257.10	1,173.53	1,761.66	8,896.77	3,325.76	3,408.73	1,378.46	1,621.92	-	-	-	23,919.90	45,743.83

* Additional charges will apply if connecting to a restricted flow water supply.



Current focus for policy review

- Update growth planning (location and type of future growth e.g. new development areas, changes to catchments etc)
- Update growth related capital expenditure (determination of growth projects)
- Consideration of legislative changes – LGWSA (CCO with respect to Water and Wastewater)
- Engagement with the Ngāmotu District Growth Advisory Panel (NDGAP)



Inflation pressure

- Recognising industry concerns at the levels of DCs along with spike in inflation is anticipated to result in increased costs for development
- Therefore intention is to align initial DC Policy decisions with December 2026 interim LTP 2027 decisions



Future influences/ considerations

Development Levies

- Would replace DCs
- Preliminary draft of legislation late 2025 = Council submission early 2026
- Lots of unknowns:
 - Timing of legislation – Bill was planned to be introduced to parliament in May 2026
 - Implementation – can potentially apply from July 2028
 - Specifics including detailed methodology for calculating DLs to be set out in legislation.
- A wait and see approach on the Bill and be sufficiently flexible to transition to DLs - continue to review DC Policy



Future influences/ considerations

Ratepayer Assistance Scheme (RAS)

- We are working with LGNZ and other councils to get the Government to agree to the RAS and we are expecting decisions shortly
- One of the three RAS products is a DC/DLs postponement scheme
- This would turn DCs/DLs into a targeted rate or levy over 30 years on properties *without* adding extra debt to councils (as a traditional targeted rate scheme would)
- This would reduce the upfront costs for developers
- This would be cheaper for households than adding those charges to a mortgage due to the lower interest rate (around 1-2% lower)



Development Contributions Policy



We'll come back to brief you later in the year once we have pulled the inputs together and have an understanding of the DCs



Revenue and Financing Policy

The Revenue & Financing Policy determines not how much we spend — but who pays for it, and why

Objective

Set clear, defensible rules for who pays, what for, and how, ensuring fairness, transparency, and affordability.

Core Purpose (LGA s101 & s101(3))


- Determines how Council funds each activity
- Applies a structured, principles-based decision framework
- Must be transparent and defensible for consultation and audit





Revenue and Financing Policy

The Two-Step Funding Test

Step 1 – Activity-level assessment

 Who benefits? (community vs individuals)

 When benefits occur (intergenerational equity)

 Who causes the need (exacerbator pays)

 Costs and benefits of separate funding

Step 2 – Overall impact:

 What is the fair and reasonable outcome for the community

This framework is *critical*- it is the legal and logical basis for all rates decisions



Revenue and Financing Policy

Funding Tools (the levers)

General rates	→	broad community benefit
Targets rates	→	specific groups / services
Fees and charges	→	user pays
Debt	→	spread cost over time
Subsidies / grants / DCs	→	external contributions

Principles of Fairness and Equity

Align funding with

- benefits received
- ability to pay (implicitly through rates design)

Balance

- community-wide vs targeted funding
- current vs future generations





Direct Link to Rates Setting

The policy is the **starting point for setting rates**

It drives:

- distribution of rates
- structure of rating system
- mix of funding sources

👉 All rates outcomes flow from this policy



Revenue and Financing Policy

Interaction with Financial Strategy

Financial Strategy sets:

- total funding envelope / affordability limits

Revenue & Financing Policy determines:

- how that funding is allocated across the community

Legal and Audit Importance

Must be:

- logically reasoned
- clearly documented
- consistently applied

Weak policy creates:

- legal challenge risk
- audit findings

Strategy =
how much we
raise

Policy = who
pays



Revenue and Financing Policy

Governance Role

Councillors decide:

- fairness vs affordability trade-offs
- extent of user pays vs general rates
- funding distribution across community



These are **core governance decisions — not technical settings**



Risk and Trade-Offs

The LTP is ultimately a set of trade-offs — between service, affordability, and risk — not a list of everything we would like to do

Objective

Make informed, transparent choices by balancing investment needs, affordability, and risk.



Risk and Trade-Offs



Risk is inherent in every decision



All LTP decisions involve risk:

- cost escalation
- delivery risk
- asset failure
- economic and policy uncertainty



There is no “risk-free” option — only risk choices

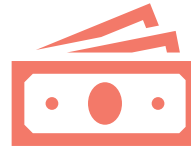


The Core Trade-off Framework

Every decision sits across three competing pressures



Infrastructure Need (what we should do)



Affordability (what we can fund)



Risks (what happens if we don't)

Where these don't align, councillors must make deliberate trade-offs



Trade-offs

Investment vs affordability trade-off

Higher investment:

- ↑ service levels
- ↓ risk
- ↑ rates and/or debt

Lower investment:

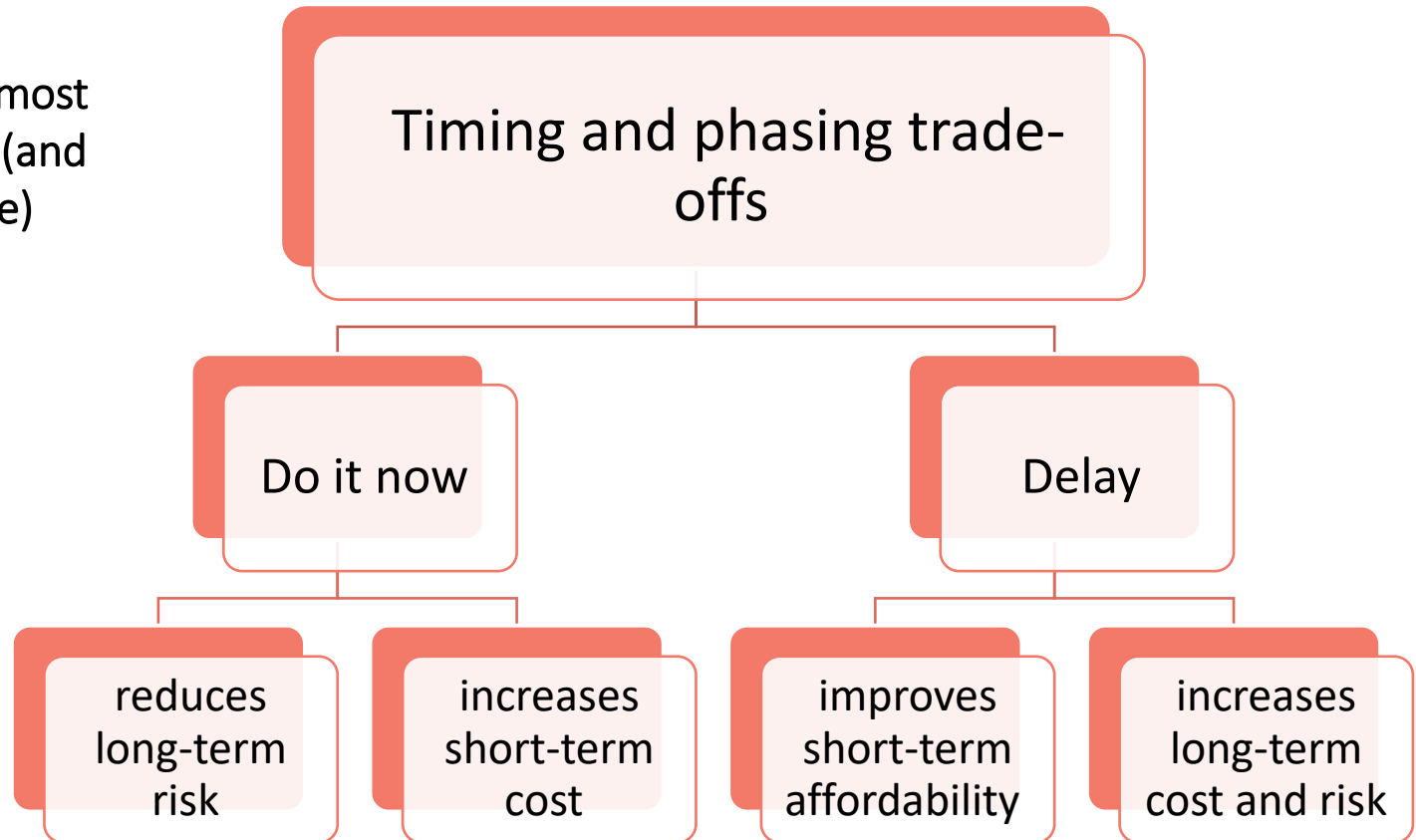
- ↓ affordability pressure
- ↑ risk (asset failure, backlog, resilience)



Trade-offs



Often the most important (and least visible) decision



Trade-offs

Risk tolerance is a governance choice

Council must decide acceptable level of:

- asset failure
- service reduction
- financial risk

Links directly to:

- infrastructure strategy (risk of deferral)
- financial strategy (affordability limits)



Key risks to manage

- Cost escalation (inflation, construction)
- Interest rate volatility
- Growth uncertainty
- Policy / regulatory change
- Delivery capability (can we execute the programme?)



Trade-offs

Role of headroom and resilience

Maintain:

- **financial headroom** (debt, rates capacity)
- **operational flexibility**

Enables response to:

- shocks
- emerging priorities
- uncertainty

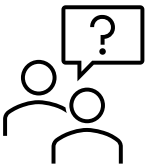
Transparency and defensibility

Trade-offs must be:

- clearly explained
- linked to consequences
- understood by councillors and the community

Because it's critical for:

- consultation
- audit
- public trust



Long-Term Sustainability – Key Principles



Long-term sustainability is about ensuring today's decisions do not compromise tomorrow's services, affordability, or resilience



Ensure Council can deliver services and maintain assets over time while remaining affordable, resilient, and financially prudent.





Of these possible financial principles:

- Essentials first
- Affordability
- Intergenerational fairness
- Resilience

Would these be the sorts or principles you might want to consider?

Long-Term Sustainability – Key Principles

Deliver Services Over Time

Maintain **core levels of service now and into the future**

Ensure infrastructure is:

- renewed
- fit for purpose
- not allowed to degrade

Live Within Our Means

- Operating revenue must **cover operating expenditure**
- Avoid **structural deficits** over the long term

Sustainability is about **continuity, not just current performance**

We **cannot** sustainably **spend more** than we earn



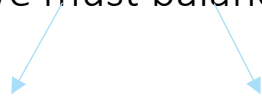
Long-Term Sustainability – Key Principles

Balance Investment and Affordability

Infrastructure needs will continue to grow:

- renewals
- resilience
- growth

We must balance



WHAT WE **NEED** and WHAT WE **CAN AFFORD**
This is the core Financial Strategy tension

Manage Debt Sustainably

Use debt to:

- fund long-life assets
- support intergenerational equity

Ensure:

- debt remains within limits
- servicing costs are affordable

Sustainability requires



CAPACITY and **DISCIPLINE**



Long-Term Sustainability – Key Principles

Maintain Financial Resilience

Preserve:

- liquidity
- reserves
- borrowing headroom

Enables response to:

- shocks (economic, natural hazards)
- uncertainty
- emerging priorities

Headroom = resilience

Respond to Long-Term Pressures

Key sustainability risks include:

- Cost escalation (inflation, construction)
- Ageing infrastructure / renewal backlog
- Climate and resilience demands
- Growth uncertainty

Sustainability requires **active management** — not **passive planning**



Long-Term Sustainability – Key Principles

Make Trade-Offs Explicit

Sustainability requires

- prioritisation
- sequencing
- trade-offs

Councillors must decide:

- what to fund
- what to defer
- what risk to accept

Monitor Financial Health

Use key indicators to test sustainability:

- Balanced budget
- Debt and interest levels
- Liquidity
- Credit rating

These are more than compliance measures
– they are **early warning signals**.



Long-Term Sustainability – Key Principles

Maintain Transparency and Trust

Clearly communicate

- Funding decisions
- Trade-offs
- Long-term impacts

To achieve

- Meaningful consultation and engagement
- Confidence in governance and audit processes
- Building and maintaining public trust over time



Key Messages



We are starting from a **strong position**



But **pressures** are increasing



Infrastructure — particularly **renewals** — is the key driver



Affordability must be managed



We are taking a **prudent, flexible** approach



This strategy positions us to manage uncertainty — while continuing to deliver for the community over the long term



Infrastructure Strategy

What infrastructure will we need,
when, and why?



What is an Infrastructure Strategy?

Section 101B of the LGA 2002 requires councils to prepare and adopt an Infrastructure Strategy as part of its Long-Term Plan.

The Infrastructure Strategy :

- Provides a 30- year forward view of the Council's most significant infrastructure assets and challenges.
- It focusses on long-term resilience and service delivery rather than short-term budgets.



Why a 30-year view is required



The Infrastructure Strategy:

- Highlights significant infrastructure challenges
- Encourages earlier, more informed decision-making
- Supports planned renewal rather than reactive responses
- Focuses on system health, not just annual costs



Core content requirements



Section 101B requires councils to:

- Identify significant infrastructure-related issues over the strategy period
- Describe principal options for managing those issues
- Clearly outline trade-offs and implications
- Be explicit about long-term consequences



Core infrastructure assets covered

The Infrastructure Strategy must cover the Council's major infrastructure assets, including:

- Flood protection
- Transportation

NPDC also currently includes other strategically significant assets, such as:

- Waste Management and Minimisation
- Parks and Open Spaces
- Venues and Events
- Puke Ariki and Community Libraries



What information is presented



The Infrastructure Strategy typically presents:

- Asset condition and performance
- Demand pressures and growth assumptions
- Planned renewal and replacement
- Improving resilience to natural hazards



Why it matters



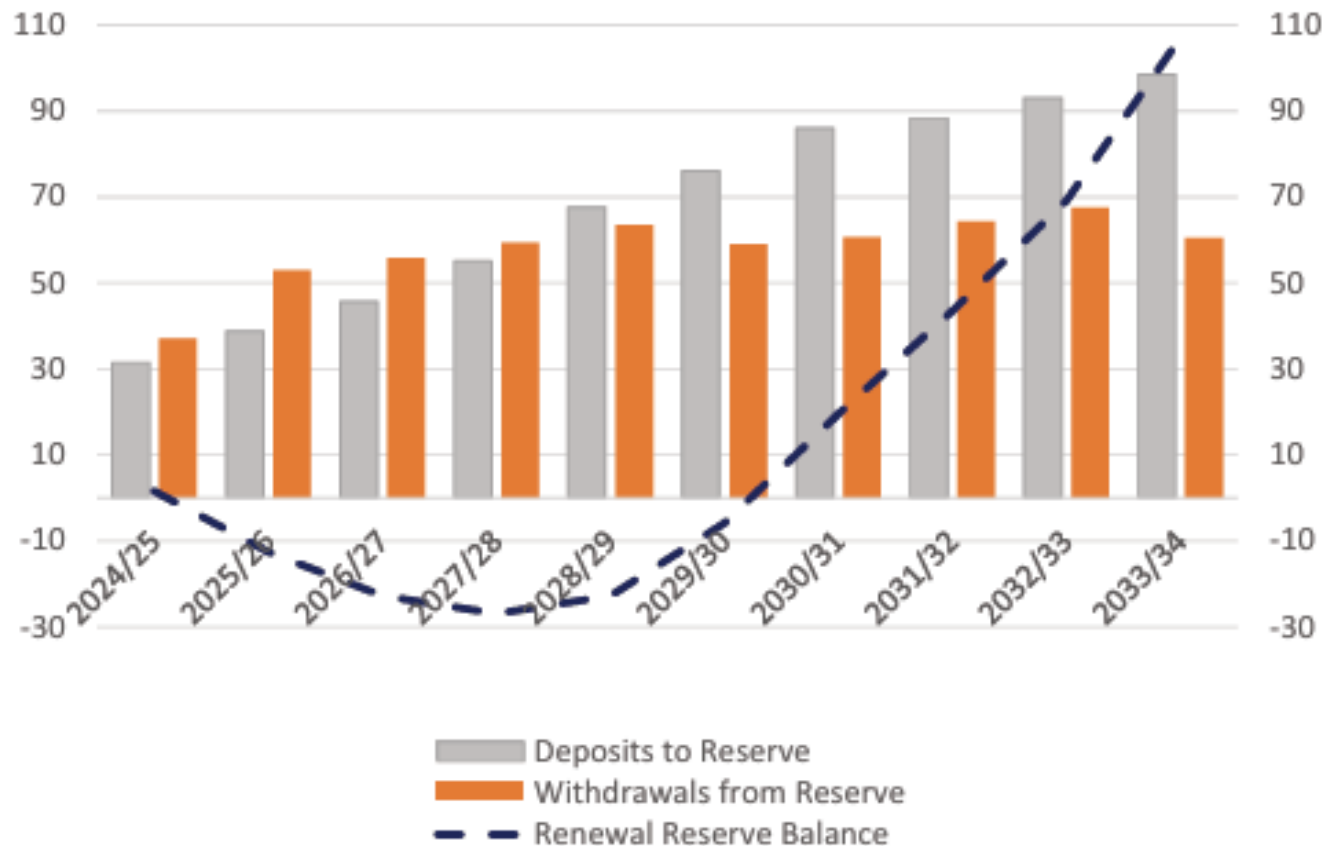
Section 101B is about long-term system health. It forces councils to lift their eyes beyond the 10-year LTP horizon and be explicit about:

- Infrastructure investment backlogs
- Risks of deferring renewal
- Resilience to natural hazards and demographic change
- The long-term affordability implications of asset decisions

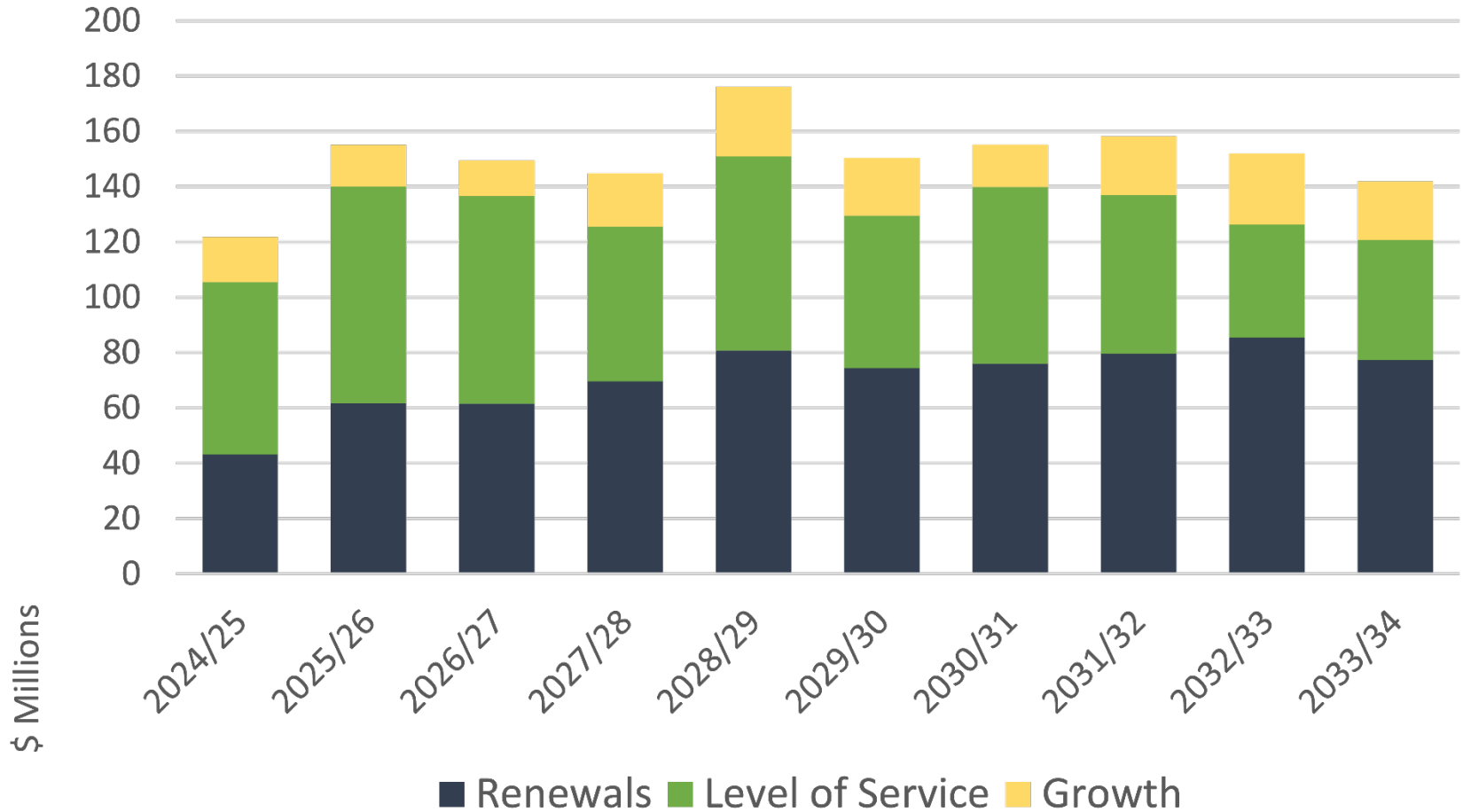


Rates cap pressure from LTP 2024

Renewal Funding and Expenditure



Capital Expenditure from LTP 2024



Drivers Over Time

2018

2021

2024

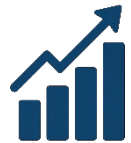


Renewals

Taking care of what we have



Ensuring existing assets remain fit for purpose



Growth

Planning for growth



Providing for growth and the changing needs of the community



Community expectation

Meeting the needs of our community and reducing the impact on environment



Meeting the needs of the community



Resilience and responding to climate change



Resilience and adapting to climate change



What's changed

- Forecast population growth eased
- Forecast dwelling requirement similar with catch-up required from historic strong growth
- Transition from RMA to Spatial Planning Act
- Growth still guided by updated Future Development Strategy



Rates cap and risk tolerance

- Rates cap may require renewal risk profile adjustment
- Certain assets are seen as critical with preventative maintenance and renewals
- Other less critical assets are likely to suffer asset failure



Key considerations – continued focus

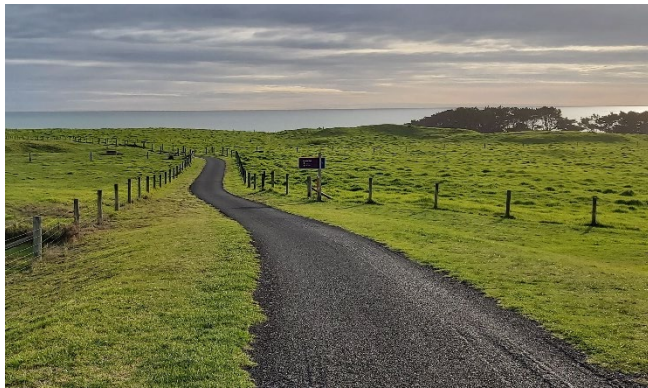
- Improving our knowledge of the condition of our assets through inspection and data collection especially in relation to critical assets
- Spatial Planning and Integration of growth area and infrastructure related planning
- Responding to changing community needs
- Improving our resilience to natural hazards and improving environmental outcomes



Potential upcoming key decisions

Transportation

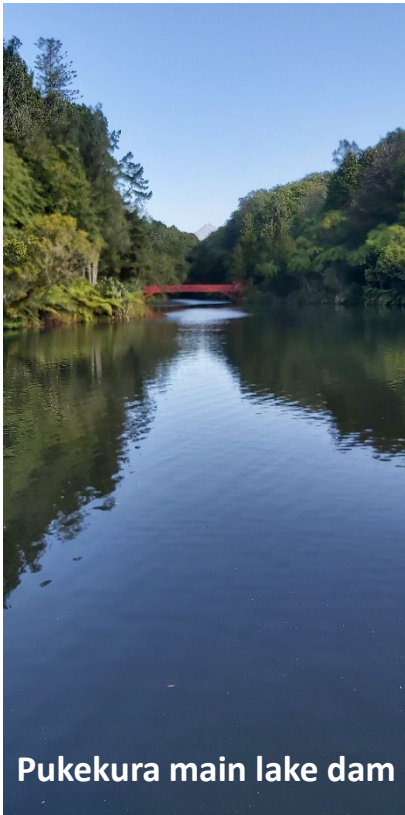
- Ongoing inflation related budget pressures
- Tracks and trails
- Long-term future planning; e.g. Ring Road, Waiwhakaiho crossing, Parklands Avenue extension, inter- regional state highway resilience planning with respect to spatial planning
- Year 11-30 bridge renewal strategy planning?



Potential upcoming key decisions

Parks and Open Spaces

Ongoing inflation related budget pressures



Pukekura main lake dam



Puketapu growth area



Waiwhakaiho River link



Brooklands Zoo



Bellringer Pavilion 2030-2032



Planting Our Place

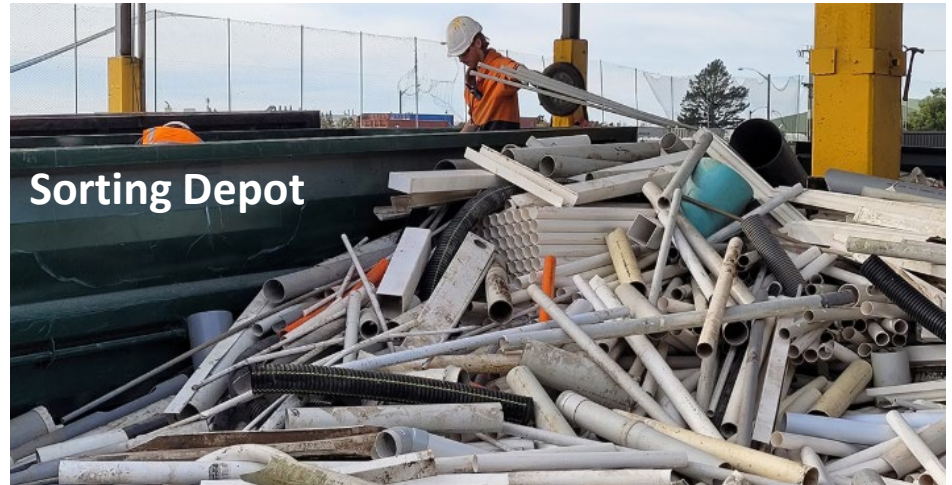


Potential upcoming key decisions

Waste Management and Minimisation



**Battiscombe Terrace
historic landfill**



Sorting Depot



Organic Processing Facility



Potential upcoming key decisions

Puke Ariki and Community Libraries

Bell Block, Waitara, Oakura and
Inglewood library redevelopment



Puke Ariki library redevelopment



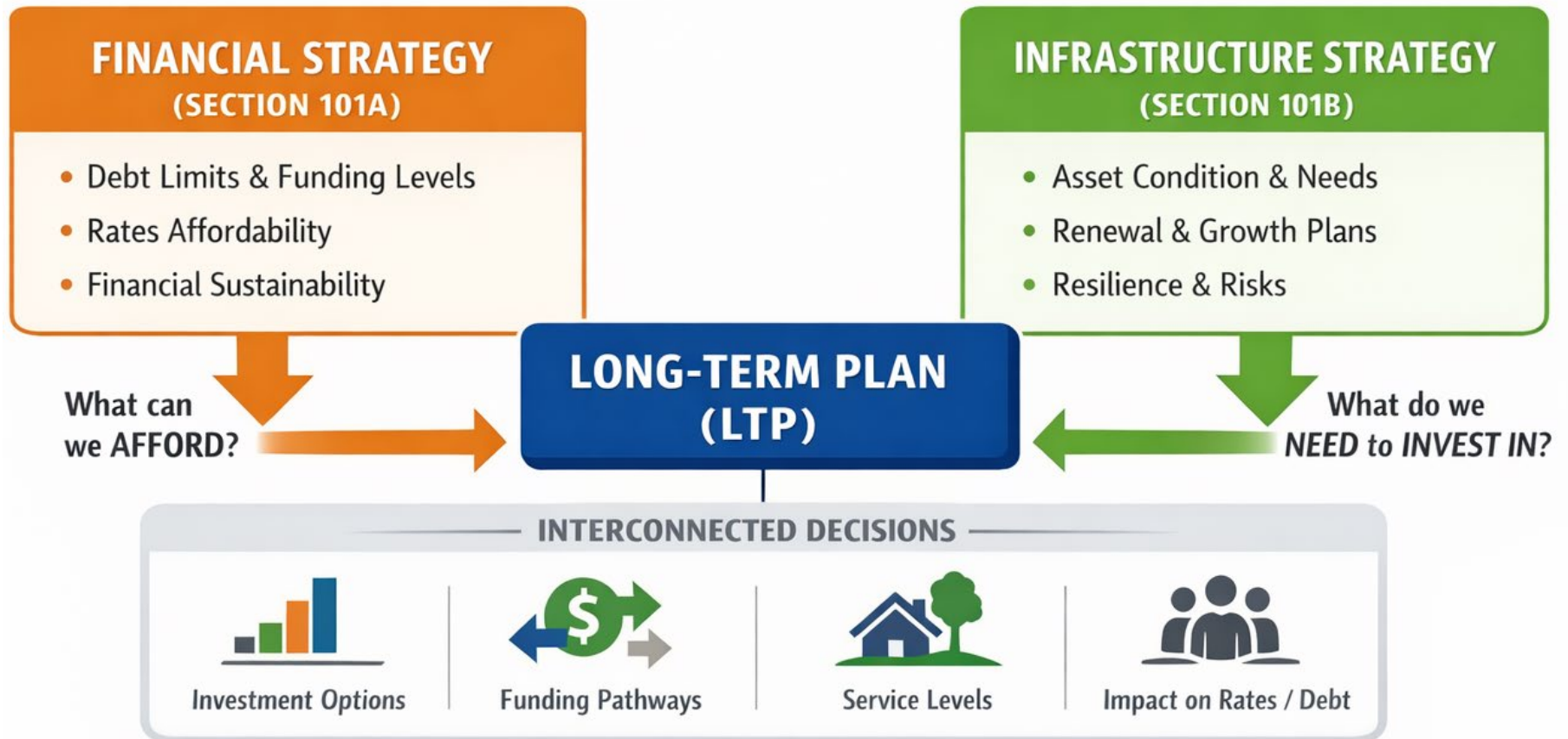
Potential upcoming key decisions

Venues and Events



Integrated Planning

Sections 101A & 101B of the Local Government Act 2002



Aligning **AFFORDABILITY & INFRASTRUCTURE NEEDS**

Indicative LTP Briefings & Topics

Additional Briefings will be added as needed

January to December 2026

LTP 101

Introduction and Overview

19 Mar ✓

23 Apr ✓

Review of Significance & Engagement Policy
Overview of Council Services

Setting the Scene

Forecasting assumptions, Financial & Infrastructure
Strategies, Revenue and Financing Policy

21 May ✓

29 Apr ✓

Strategic Framework
Community Outcomes

Levels of Service

Council Services, key strategies/projects and/or work
programmes, opex and capex budgets, potential or
possible LOS reduction considerations

17 Jun

Project Prioritisation & Ranking Matrix

23 Jul



20 Aug

Financial Strategy

Project/Programme Prioritisation

Overview of key projects/programmes to be assessed

Budget Building Updates

Early Engagement Feedback

Includes CD issues/options

17 Sept

22 Oct

Financial & Infrastructure Strategies

Draft Budgets, Project Prioritisation

Preparation for key decisions, establish key issues for
CD

19 Nov

9 Dec

9 Dec – Mthly Council Briefing

Overview of Council Meeting 16 Dec

18 Dec

18 Dec – Extra Council Briefing

Overview of Draft CD (pre Audit)



13 Jul to 12 Aug – LTP EARLY ENGAGEMENT (tbc)



16 Dec - Council Meeting

Initial decisions re LTP 2027 (for review by Audit)



LTP Financial Strategy Mini Quiz (10 Questions)

1. What is the core question the Financial Strategy is trying to answer?

- A. What projects should we deliver first
- B. What can we afford
- C. How do we reduce debt
- D. How do we grow the district





2. What does “affordability” actually relate to?

- A. Rates only
- B. Debt only
- C. Rates, debt, service levels, and risk
- D. Operating expenditure only





3. What is the foundational obligation under LGA s101?

- A. Maximise growth
- B. Minimise rates
- C. Manage finances prudently for long-term community interests
- D. Balance the annual budget only





4. What is the Financial Strategy often described as?

- A. Investment plan
- B. Funding policy
- C. Affordability envelope
- D. Capital programme





5. What is the key role of the Infrastructure Strategy?

- A. Set rates levels
- B. Define what infrastructure is needed and when
- C. Approve borrowing limits
- D. Allocate funding across communities





6. How long is the minimum outlook for the Infrastructure Strategy?

- A. 10 years
- B. 20 years
- C. 30 years
- D. 50 years





7. Which of the following BEST describes the relationship between the two strategies?

- A. They are unrelated
- B. Financial Strategy drives Infrastructure only
- C. Infrastructure defines demand, Financial Strategy tests affordability
- D. Infrastructure Strategy sets rates





8. What are the three key elements in the core trade-off framework?

- A. Rates, debt, growth
- B. Infrastructure need, affordability, risk
- C. Capex, opex, revenue
- D. Assets, liabilities, equity





9. Why do we use debt?

- A. To avoid raising rates
- B. To fund short-term costs
- C. To support intergenerational equity for long-life assets
- D. To improve liquidity





10. Which statement is TRUE about financial health benchmarks?

- A. They are compliance-only measures
- B. They are used only for audit
- C. They act as early warning signals of sustainability
- D. They only measure debt



STOP HERE

- Thank you for your attendance, concentration and participation !!

