



PALMERSTON NORTH CITY COUNCIL

AGENDA COUNCIL

9AM, WEDNESDAY 24 JUNE 2020

**ELWOOD ROOM, CONFERENCE & FUNCTION CENTRE
354 MAIN STREET, PALMERSTON NORTH**



MEMBERSHIP

Grant Smith (Mayor)

Tangi Utikere (Deputy Mayor)

Brent Barrett

Susan Baty

Rachel Bowen

Zulfiqar Butt

Vaughan Dennison

Renee Dingwall

Lew Findlay QSM

Patrick Handcock ONZM

Leonie Hapeta

Lorna Johnson

Billy Meehan

Karen Naylor

Bruno Petrenas

Aleisha Rutherford

Agenda items, if not attached, can be viewed at:

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Heather Shotter

Chief Executive, Palmerston North City Council

Palmerston North City Council

W pncc.govt.nz | E info@pncc.govt.nz | P 356 8199

Private Bag 11034, 32 The Square, Palmerston North



COUNCIL MEETING

24 June 2020

ORDER OF BUSINESS

NOTE:

This meeting will also be held via audio visual links. A recording of the meeting will be made available on our website shortly after the meeting has finished.

If you wish to attend this meeting via audio visual link then please contact the Democracy & Governance Advisor, Sarah Claridge, on sarah.claridge@pncc.govt.nz to request a link.

1. Apologies

2. Notification of Additional Items

Pursuant to Sections 46A(7) and 46A(7A) of the Local Government Official Information and Meetings Act 1987, to receive the Chairperson's explanation that specified item(s), which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded, will be discussed.

Any additions in accordance with Section 46A(7) must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.

Any additions in accordance with Section 46A(7A) may be received or referred to a subsequent meeting for further discussion. No resolution, decision or recommendation can be made in respect of a minor item.

3. Declarations of Interest (if any)

Members are reminded of their duty to give a general notice of any interest of items to be considered on this agenda and the need to declare these interests.

- 4. Presentation - Queen's Birthday Honours** Page 7
Presentation, by The Mayor (Grant Smith).

- 5. Confirmation of Minutes** Page 11
“That the minutes of the ordinary meeting of 27 May 2020 Part I Public be confirmed as a true and correct record.”

- 6. Adopting the Annual Budget (Plan) 2020/21 - Presentation of the Part I Public Committee of Council Recommendations from its 10 June 2020 Meeting** Page 19
“That the Committees recommendations be adopted or otherwise dealt with.”

REPORTS

- 7. Revisions to Annual Plan document 2020/21** Page 21
Memorandum, presented by Steve Paterson, Strategy Manager - Finance.

- 8. Setting Rates for 2020/21** Page 43
Memorandum, presented by Steve Paterson, Strategy Manager - Finance.

- 9. Resolutions to Authorise Borrowing** Page 55
Memorandum, presented by Steve Paterson, Strategy Manager - Finance.

- 10. Proposed changes to foundation policies for Local Government Funding Agency (LGFA)** Page 59
Memorandum, presented by Steve Paterson, Strategy Manager - Finance.

- 11. Alteration to Standing Orders - remote participation** Page 71
Memorandum, presented by Hannah White, Democracy and Governance Manager.
- 12. Review of Standing Orders** Page 81
Report, presented by Hannah White, Democracy and Governance Manager.
- 13. Remits to Local Government New Zealand 2020 Annual General Meeting** Page 91
Memorandum, presented by Hannah White, Democracy and Governance Manager.
- 14. Council Work Schedule** Page 119

RECOMMENDATIONS FROM COMMITTEE MEETINGS

- 15. Presentation of the Part I Public Economic Development Committee Recommendations from its 3 June 2020 Meeting** Page 121
“That the Committees recommendations be adopted or otherwise dealt with.”
- 16. Presentation of the Part I Public Planning & Strategy Committee Recommendations from its 10 June 2020 Meeting** Page 123
“That the Committees recommendations be adopted or otherwise dealt with.”
- 17. Presentation of the Part I Public Arts, Culture & Heritage Committee Recommendations from its 10 June 2020 Meeting** Page 125
“That the Committees recommendations be adopted or otherwise dealt with.”

18. Presentation of the Part I Public Finance & Audit Committee Recommendations from its 17 June 2020 Meeting Page 127

“That the Committees recommendations be adopted or otherwise dealt with.”

19. Presentation of the Part I Public Play, Recreation & Sport Committee Recommendations from its 17 June 2020 Meeting Page 129

“That the Committees recommendations be adopted or otherwise dealt with.”

20. Exclusion of Public

To be moved:

“That the public be excluded from the following parts of the proceedings of this meeting listed in the table below.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered		Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution
21.	Minutes of the ordinary meeting - Part II Confidential - 27 May 2020	For the reasons setout in the ordinary minutes of 27 May 2020, held in public present.	
22.	Appeal to Plan Change C Kākātangiata Stage 1: Kikiwhenua Residential Area	Negotiations	s7(2)(i)
23.	Rotation of Trustees on Council Organisations	Privacy	s7(2)(a)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as stated in the above table.

PRESENTATION

TO: Council

MEETING DATE: 24 June 2020

TITLE: Presentation - Queen's Birthday Honours

FROM: The Mayor

ITEM 2


RECOMMENDATION TO COUNCIL

1. That Council note that congratulations have been conveyed on behalf of the Council to the local recipients of the Queen's Honours 2020.

SUMMARY

The Mayor will refer to the local recipients of the Queen's Birthday Honours.

ATTACHMENTS

1. Queen's Birthday Honours - Palmerston North [↓](#) 

QUEEN'S BIRTHDAY HONOURS LIST – 2020 - Palmerston North Recipients

Name	Type of Honour	Reason	Details
Dr Jeremy Paul Hill	Member of the New Zealand Order of Merit	For services to the dairy industry and scientific research	<p>Dr Jeremy Hill has been the only New Zealander to hold the position of President and Chairman of the International Dairy Federation (IDF) in its 117-year history.</p> <p>In this role, Dr Hill brokered the FAO/Global Dairy Industry Declaration of Rotterdam in 2016, a commitment and blueprint for sustainable environmentally aware future dairy production and nutrition. He was a founding governor for the Global Dairy Agenda for Action (GDAA) on sustainability from 2014 and chaired the GDAA Advisory Board from 2015 to 2017. He has been Fonterra Chief Science and Technology Officer since 2007 and throughout his career worked with New Zealand universities and the science and government sectors. He was a member of the Board responsible for overseeing the New Zealand Dairy Industry Postgraduate Training Programme and member of the advisory Boards for the University of Auckland Postgraduate Dairy School and Massey University School of Engineering and Advanced Technology. His studies into nutrition and the proteins in milk contributed to the formation of the currently successful A2 Milk Corporation. His research output includes more than 100 published works and he has made numerous presentations at international science conferences. Dr Hill was appointed Adjunct Professor, Sustainable Nutrition, Riddet Institute, Massey University in 2018.</p>
Dr Sarah Leberman	Member of the New Zealand Order of Merit	For services to women, sport and tertiary education	<p>Dr Sarah Leberman is a Professor of Leadership at Massey University, with a particular focus on women in sport and in academia.</p> <p>Dr Leberman started work at Massey University as a recreation officer in 1991 and helped establish the academic sport management programme in 1992. Since then she has had various roles including Head of School of Management, Deputy Pro Vice-Chancellor for the Massey Business School, and Dean Academic for Massey University. She co-developed the University sector-wide New Zealand Women in</p>

<p>Mrs Kayla Whitelock</p> <p>Marie</p>			<p>Leadership programme in 2006, was Chair of the Steering Group Chair, and is now an Advisor. She has designed and implemented leadership programmes for girls and women at national and university levels. She is the co-founder and co-chair of Women in Sport Aotearoa, an organisation that advocates for women and girls to gain equity of opportunity to participate, compete, and build careers in sport and active recreation. She was involved in developing the \$10 million government strategy to increase leadership, participation, value and visibility of women and girls in sport. She has managed the Junior Black Sticks Women and was the stand-in manager for the Black Sticks Women. She has also served on the boards of Volleyball New Zealand, Western Netball, and Hockey Manawatu. Dr Leberman coaches at her club, Taekwondo Manawatu.</p>
	<p>Member of the New Zealand Order of Merit</p>	<p>For services to hockey</p>	<p>Mrs Kayla Whitelock played for the Black Sticks women's hockey team from 2003 to 2016, amassing 255 caps for New Zealand, making her the second highest capped Black Stick at the time of her retirement from playing.</p> <p>Mrs Whitelock was named New Zealand women's hockey player of the year in 2011, 2012, 2014 and 2016. She represented New Zealand at four Olympic Games and three Commonwealth Games, winning two Commonwealth Games medals, one silver in 2010 and one bronze in 2014. She competed at the 2010 Women's Hockey World Cup and was captain for the 2014 Women's Hockey World Cup. She also captained the Black Sticks at the 2012 and 2016 Olympic Games. She won two Champions Challenge gold medals, at Virginia Beach in 2005 and Cape Town in 2009. She played for Central in the Ford National Hockey League. Since her retirement as a player, Mrs Whitelock has continued to dedicate significant voluntary time to serving the hockey community, especially young female hockey players.</p>

ITEM 2 - ATTACHMENT 1

To be moved:

“That Council note that congratulations will be conveyed on behalf of the Council to the local recipients of the Queen’s Birthday Honours 2020.

PALMERSTON NORTH CITY COUNCIL

Minutes of the Council Meeting Part I Public, held in the Elwood Room, Conference & Function Centre , 354 Main Street, Palmerston North, 32 The Square, Palmerston North on 27 May 2020, commencing at 9.00am.

Members Present: Grant Smith (The Mayor) (in the Chair) and Councillors Tangi Utikere, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

Apologies: Councillor Lorna Johnson – early leaving.

Councillor Johnson left the meeting at 12.06pm during consideration of clause 49.20.

43-20 Apologies

Moved Grant Smith, seconded Tangi Utikere.

RESOLVED

That apologies be received.

Clause 43-20 above was carried 16 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Tangi Utikere, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

44-20 Notification of Additional Item

Moved Grant Smith, seconded Tangi Utikere.

RESOLVED

To receive late Item 17: Amendment to the Council and Committee Meeting Schedule for 2020

Item 17 was late because the co-ordination of meetings was disrupted due to the Covid-19 lockdown. It needs to be considered at this meeting to ensure the public are notified of the meetings within the appropriate notice period.

Clause 44-20 above was carried 16 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Tangi Utikere, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

45-20 Confirmation of Minutes

Moved Grant Smith, seconded Tangi Utikere.

RESOLVED

1. That the minutes of the ordinary meeting of 29 April 2020 Part I Public be confirmed as a true and correct record.

Clause 45-20 above was carried 16 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Tangi Utikere, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

REPORTS

46-20 Standing Orders Update- Remote participation

Memorandum, presented by Hannah White, Democracy and Governance Manager.

Moved Grant Smith, seconded Tangi Utikere.

RESOLVED

1. To note the contents of the report entitled "Standing Orders Update- Remote participation", of Council meeting 27 May 2020.

Clause 46.1 above was carried 16 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Tangi Utikere, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

Moved Lorna Johnson, seconded Leonie Hapeta.

2. That a proposal to allow remote participation in council meetings to be made permanent is brought to the Council meeting in June.

Clause 46.2 above was carried 16 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Tangi Utikere, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

47-20

Covid-19 Palmerston North City Recovery Plan

Memorandum, presented by David Murphy, City Planning Manager and Julie Macdonald, Strategy and Policy Manager.

Moved Grant Smith, seconded Tangi Utikere.

RESOLVED

1. To receive the memorandum entitled "Covid-19 Palmerston North City Recovery Plan" dated 27 May 2020.
2. To endorse the Covid-19 Palmerston North City Recovery Plan to guide Council's recovery actions and inform future decision-making, particularly the 10 Year Plan 2021/31.

Clause 47-20 above was carried 16 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Tangi Utikere, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

48-20

Voucher - Process Options and Feasibility

Memorandum, presented by Sacha Haskell, General Manager - Marketing and Communications.

The report looked at possible options for a voucher to assist local retailers and businesses. It was requested at a Councillor workshop on City recovery.

The report proposed a voucher which gave a \$10 cash back on \$30 spend. Councillors raised concerns about possible costs, distribution of the voucher, fraud and legal issues. The voucher was to come from funds from this financial year and would need to be redeemed before 30 June 2020.

A motion to allow the voucher to be used to pay rates, was lost as it did not meet the objective of the proposal which was to encourage retail spending.

Councillors were supportive of a Manawatu resident card which would allow for discounts for Palmerston North residents. The card could be linked to Council facilities and non-profit organisations. Officers to explore the options and report back to Council in the future.

Meeting adjourned 10.43

Meeting resumed 11.09

Moved Grant Smith, seconded Tangi Utikere.

RESOLVED

1. To receive the report entitled "Voucher – Process Options and

Feasibility dated 27 May 2020.

2. That a future Choose Manawatu/PalmyProud residents' card is explored over time, within existing Council budgets and reported back in the near future.

Clause **48-20** above was carried 15 votes to 0, with 1 abstention, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Tangi Utikere, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

Abstained:

Councillor Leonie Hapeta.

Moved Grant Smith, seconded Rachel Bowen.

Note: Motion

That the Chief Executive be instructed to introduce a Voucher system as outlined in Option (2-B). To be distributed via PalmyProud magazine in early June, with the following conditions:

- \$10 including GST voucher for any \$30 or more purchase.
- Must be redeemed by June 30th 2020.
- For Citywide businesses, (excl Supermarkets, alcohol and tobacco).
- Business payment via invoice and voucher redemption to Council.
- Redeemed for face value against rates

This motion was amended.

Moved Aleisha Rutherford, seconded Vaughan Dennison.

Note: Amendment of Motion

RESOLVED

Remove "Redeemed for face value against rates" from the motion above

The amendment to remove "Redeemed for face value against rates" was carried 14 votes to 1, with 1 abstention, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Tangi Utikere, Brent Barrett, Susan Baty, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

Against:

Councillor Rachel Bowen.

Abstained:

Councillor Leonie Hapeta.

Note:

On the motion that: That the Chief Executive be instructed to introduce a Voucher system as outlined in Option (2-B). To be distributed via PalmyProud magazine in early June, with the following conditions:

- \$10 including GST voucher for any \$30 or more purchase.

- Must be redeemed by June 30th 2020.
- For Citywide businesses, (excl Supermarkets, alcohol and tobacco).
- Business payment via invoice and voucher redemption to Council.

Moved Grant Smith, seconded Rachel Bowen.

The motion was lost 5 votes to 10, with 1 abstention, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Tangi Utikere, Rachel Bowen, Vaughan Dennison and Aleisha Rutherford.

Against:

Councillors Brent Barrett, Susan Baty, Zulfiqar Butt, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Karen Naylor and Bruno Petrenas.

Abstained:

Councillor Leonie Hapeta.

49-20

Electoral System Review

Report, presented by Hannah White, Democracy and Governance Manager.

Councillors discussed whether the STV or FPP voting systems encouraged a higher turnout at local elections. It was acknowledged that STV encouraged greater diversity among councillors.

The public will be notified of their right to request a poll for a change to the electoral system in September 2020.

Moved Karen Naylor, seconded Brent Barrett.

RESOLVED

1. That the report entitled "Electoral System Review" of Council meeting 27 May 2020 be received.
2. That the electoral system for the 2022 elections be the Single Transferable Voting electoral system (Option 1).

Note:

On a motion that: That Council resolve that a community poll be undertaken to determine the electoral system by February 2021 (Option 3.). The motion was lost 3 votes to 12, the voting being as follows:

Moved Bruno Petrenas, seconded Billy Meehan.

For:

Councillors Lew Findlay QSM, Billy Meehan and Bruno Petrenas.

Against:

The Mayor (Grant Smith) and Councillors Tangi Utikere, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Patrick Handcock ONZM, Leonie Hapeta, Karen Naylor and Aleisha Rutherford.

The meeting adjourned at 12.35pm

The meeting resumed at 1.37pm

50-20

Councillor Appointments

Memorandum, presented by Hannah White, Democracy & Governance Manager.

Moved Grant Smith, seconded Leonie Hapeta.

RESOLVED

1. That the report entitled "Council Appointments" be received.
2. That Council appoint Councillor Findlay to represent Council on Age Friendly Palmerston North.
3. That Council appoint Councillor Rutherford as spokesperson for Digital Technology under the Science, Technology and Innovation Portfolio.

Clause 50-20 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Tangi Utikere, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

51-20

Extension of Term of Trustees on Palmerston North Performing Arts Trust Board

Memorandum, presented by Hannah White, Democracy & Governance Manager.

The Mayor abstained from voting because he is a member of the Arts Trust Board.

Moved Rachel Bowen, seconded Susan Baty.

RESOLVED

1. That the report entitled "Extension of Terms of Trustee on Palmerston North Performing Arts Trust Board" be received.
2. That the Council extend the terms of Ms Sheridan Hickey and Ms Margaret May, as Trustees of the Palmerston North Performing Arts Trust Board, to 30 September 2020, subject to their agreement.

Clause 51-20 above was carried 14 votes to 0, with 1 abstention, the voting being as follows:

For:

Councillors Tangi Utikere, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

Abstained:

The Mayor (Grant Smith).

- 52-20 Amendment to the Council and Committee Meeting Schedule for 2020**
Memorandum, presented by Hannah White, Democracy and Governance Manager.

Councillors asked officers to check availability of all Elected Members for the Rangitāne o Manawatū meeting as the suggested dates are unsuitable. Requested to have the meeting before August 2020.

Moved Aleisha Rutherford, seconded Karen Naylor.

RESOLVED

1. To amend the Council and Committee meeting schedule to include the following committee meetings:

9am 1 July 2020 - Community Development Committee

1pm 1 July 2020 – Environmental Sustainability Committee

9am 29 July 2020 – Council

Clause 52-20 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Tangi Utikere, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

- 53-20 Council Work Schedule**

Moved Grant Smith, seconded Tangi Utikere.

RESOLVED

1. That the Council receive its Work Schedule dated 27 May 2020.

Clause 53-20 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Tangi Utikere, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

EXCLUSION OF PUBLIC

- 54-20 Recommendation to Exclude Public**

Moved Grant Smith, seconded Tangi Utikere.

RESOLVED

That the public be excluded from the following parts of the proceedings of this meeting listed in the table below.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and

the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered		Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution
13.	Appointment to the Jaycee Trust Travelling Fellowship Selection Panel	Privacy	s7(2)(a)
14.	Appointment of External Member to the Finance and Audit Committee	Privacy	s7(2)(a)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as stated in the above table.

Clause 54-20 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Tangi Utikere, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

The public part of the meeting finished at 1.52pm

Confirmed 24 June 2020

Mayor

RECOMMENDATIONS FROM COMMITTEE

TO: Council

MEETING DATE: 24 June 2020

TITLE: Presentation of the Part I Public Committee of Council Recommendations from its 10 June 2020 Meeting

Set out below are the recommendations only from the Committee of Council meeting Part I Public held on 10 June 2020. The Council may resolve to adopt, amend, receive, note or not adopt any such recommendations. (SO 3.18.1)

14-20 Finalising the Annual Budget (Plan) for 2020/21

Memorandum, presented by Stuart McKinnon, Chief Financial Officer.

The COMMITTEE RECOMMENDS THAT COUNCIL

2. Adopt the Amended Annual Budget 2020/2, with the report titled "Finalising the Annual Budget (Plan) 2020/21"
3. Acknowledge that the Prospective Statement of Comprehensive Revenue and Expense for the Annual Budget shows a budgeted deficit of \$3.95m for the 2020/21 year, and that using the calculation required by the Local Government (Financial Reporting and Prudence) Regulations 2014, projects a deficit of \$6.84m. For the reasons outlined in the memorandum the Council resolves this outcome is financially prudent having regard for the matters contained in Section 100 of the Local Government Act 2002.
4. Delegate Authority to the Mayor and Chief Executive to approve the final Annual Budget (Plan) document for publication.
5. Acknowledge that the adoption of the Annual Budget (Plan) 2020/21 be confirmed as a significant decision within the parameters of the Local Government Act 2002 and that the Council is satisfied that all submissions have been considered and that there has been compliance with the decision-making and consultation requirements of the Act.
6. Delegate Authority to the Chief Executive to authorise payments to Council-controlled organisations and other external organisations in accordance with their respective service level agreements.

ATTACHMENTS

ITEM 6

PALMERSTON NORTH CITY COUNCIL

Nil

MEMORANDUM

TO: Council

MEETING DATE: 24 June 2020

TITLE: Revisions to Annual Plan document 2020/21

PRESENTED BY: Steve Paterson, Strategy Manager - Finance

APPROVED BY: Stuart McKinnon, Chief Financial Officer

RECOMMENDATION TO COUNCIL

1. That recommendation 3 from the Committee of Council meeting on 10 June 2020 be amended to update the figures shown as \$3.95m and \$6.84m to be \$3.6m and \$7.5m respectively.

1. ISSUE

- 1.1 At its meeting on 10 June the Committee of Council considered the Council's budget for 2020/21 and its recommendations are attached to the agenda.
- 1.2 This memo highlights changes made to the Annual Plan document as a consequence of the resolutions of the Committee and clarifies the figures to be included in the resolution regarding the balanced budget.

2. BACKGROUND

- 2.1 The report from the Chief Financial Officer to the Committee meeting discussed the need for the Council to consider the legislative requirements regarding a balanced budget and proposed a recommendation to accommodate this. The change made at the meeting to restore the minor roading works programme (No 279) to the level contained in the 10 Year Plan meant the figures in the resolution needed to be changed and this calculation was not available at the meeting.
- 2.2 Updated figures are shown in the resolution above.
- 2.3 The change made by the Committee meant there were changes required to several pages in the document. In addition, typographical errors have been corrected on pages 57, 83 and 122. The changes are summarised in the following table and copies of the updated and corrected pages are attached for information.

Page	What	Change from	Change to	Reason
12	Common issues in submissions – environmental submission figure	<i>A dozen or so submissions were received on the environment and climate change in general....</i>	<i>17 submissions were received on the environment and climate change in general...</i>	Clarity on exact number
15	Paragraph under heading Reductions and deferral of capital new programmes	\$8.6m	\$8m	Update following CoC budget changes
19	Financial overview and Statements – financial parameters table third line down, middle column	133.9%	134.1%	Update following CoC budget changes
19	Forecast financial statements, third column, middle paragraph	Reference to \$10.9m, \$3.9m and 94.7%	Reference to \$11.2m, \$3.6m and 94.9%	Update following CoC budget changes
20-21	Prospective statements...	Various figures	Various figures	Update following CoC budget changes
22	Annual Budget Disclosure Statement	Planned percentage figures 133.9%, 94.7%, 139.0%	Planned percentage figures 134.1%, 94.9%, 142.1%	Update following CoC budget changes
30, 33, 35, 36	Various figures within Activity Financial Statements for: Whole of Council, Strategic Transport (Roothing)	Various	Various	Update following CoC budget changes
57	Safe Communities Capital Renewal title duplication And Use of the word Husbandry in “reason for change”	Capital Renewal, Capital Renewal Husbandry	Capital Renewal, Capital New welfare	Correcting error

83	Rating System, Rates and Funding Impact Statements	Errors in general rates, fourth column	Various figures	Correcting errors
89, 90, 91, 93	Various figures within Funding Impact Statements for: Whole of Council, Creative and Exciting City, Connected and Safe Community, Transport, Driven and Enabling Council	Various	Various	Update following CoC budget changes
122	ELT chart and title	Exactutive Leadership Team 5 June 2020 Strategy and planning unit description	Executive Leadership Team 24 June 2020 Amended with correct information	Correcting errors

3. NEXT STEPS

- 3.1 Final copies of the budget document will be prepared for distribution in the usual manner.


4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	Yes
The recommendations contribute to Goal 5: A Driven and Enabling Council	

PALMERSTON NORTH CITY COUNCIL

The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions in Not Applicable	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	This action is to facilitate the formal adoption of the Council's annual budget (plan)

ATTACHMENTS

1. Updated pages for 2020/21 Annual Budget Document [↓](#) 

THE FOLLOWING BRIEFLY OUTLINES SOME OF THE COMMON ISSUES RAISED IN SUBMISSIONS

<p>Rates Cut / Reduce Rates Increase / Zero Rates Increase</p> <p>27 submitters commented. Majority (24) support the idea of either a rates cut, zero rates increase or at the very least a reduction in the proposed 4.4%.</p> <p>3 submissions against the idea (would keep the proposed increase the same). The majority submitting that due to the pandemic this would be an unfair time to have an increase of any sort.</p> <p>Allocation of \$500,000 to repay debt</p> <p>16 submitters commented. Half (8) the submitters were in favour. A quarter (4) were against for various reasons, including the need to make savings elsewhere in our budget to accommodate debt repayment.</p> <p>The remaining quarter (4) were neither supportive or opposed to the suggestion.</p> <p>Other items for upcoming 10 Year Plan</p> <p>12 submitters commented. There were varied views but with a general consensus that the Council will need to have more focus on the environment, communities and cutting costs. This includes support for the work of community groups at a time when funding losses are apparent and discover learnings from covid-19 pandemic and aftermath. There was a view that our Small City Benefits Big City Ambition vision will need to be recalibrated post-Covid19, within local constraints and opportunities.</p>	<p>Nature Calls</p> <p>9 submitters commented. All submitting on what we should be taking into account with this project. Preferred option from within these submissions appears to be a discharge to land, with financial and environmental caveats around this.</p> <p>Increase funding to improve organisation capability and delivery of services and programmes</p> <p>7 submitters commented. Of those that submitted 2 are in support, 3 oppose and 2 are neutral. Of the submitters who oppose this programme there was a view that PNCC should achieve this within current budgets. A few questioned this and would require further information.</p>	<p>Social Housing</p> <p>6 submitters commented. All in support of social housing, with a request for more and two submitters who were disappointed that we are deferring the construction of additional social housing units until the Papaioea Place project is complete.</p> <p>Environmental sustainability and Climate change</p> <p>17 submissions were received on the environment and climate change in general. All are in support of an increase in Council's actions and involvement in this space, of the new committee set up to address these issues, as well as ideas to employ or co-opt a climate mitigation expert. General support for cycling was also expressed. It is clear that there will be a continued and increasing emphasis on what Council is doing in the environmental sustainability space as it was also largely canvassed in what we should be thinking about in the upcoming 10 Year Plan.</p>
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- Reducing renewal budgets for libraries (\$298k), information management (\$313k) and vehicle crossings (\$350k)
- Funding the cost of the new enterprise resource planning (ERP) systems from rates over seven years rather than five years
- Deleting the previously proposed additional debt repayment provision of \$500k
- Adjusting the provisions for interest and debt repayment to reflect a lower forecast opening debt balance

Provisions for carry forwards from 2019/20

Included in the 2020/21 budget is provision to carry forward the incomplete component of a number of capital programmes from 2019/20. These are shown in the individual activity section with “c/fwd” in the programme name. The sums involved have been forecast for the purposes of finalising the Annual Budget and will be revised for management and reporting purposes once the actual position at 30 June 2020 is known.

Carry forward provisions included amount to \$2.9m for capital renewal programmes and \$14.7m for capital new programmes.

Reductions and deferral of capital new programmes

Given the significant level of the forecast carry forwards from 2019/20 and that construction work is likely to take longer (complying with the various COVID-19 related health and safety rules) the proposed capital programme for 2020/21 has been further reviewed.

The review involved critically assessing whether budgets are realistic with particular focus on those programmes where there is a long lead time involving Council decisions yet to be made, resource consents, property negotiations or reaching external funding targets.

The programme of capital works for 2020/21 (including carry forward provisions) was reduced by \$8m as a result of the review and the revised budgets are shown in the programme schedules for each activity.

The table below shows the key financial parameters for the Annual Budget compared with those for 2020/21 in the 10 Year Plan.

PARAMETER	10 YEAR PLAN	ANNUAL BUDGET	LIMIT
Increase in total rates	5.2%	1.95%	4.5% ²
Net debt as a % of total assets	12.7%	10.0%	< 20%
Net debt as a % of total revenue	165%	134.1%	< 200%
Net interest as a % of total revenue	8.6%	4.2%	< 15%
Net interest as a % of annual rates income	11.1%	5.5%	< 20%

FORECAST FINANCIAL STATEMENTS

The financial information contained in the Annual Budget is a forecast for the purposes of Public Benefit Entity (PBE) Financial Reporting Standard (FRS) 42. This information may not be appropriate for purposes other than those described. It has been prepared on the basis of

² Based on September 2018 BEER local government cost indicator of 2.2% plus 2% and a rating base growth assumption of 0.3%. The 10YF assumed a limit of 4.5% based on a cost indicator of 2.2% plus 2% and a rating growth assumption of 0.3%.

assumptions (refer to Significant Forecasting Assumptions in section 2) as to future events that the Council reasonably expects to occur, associated with the actions it reasonably expects to take, as at the date the forecast was prepared. The actual results are likely to vary from the information presented and may vary materially depending upon the circumstances that arise during the period. The Annual Budget has been prepared in accordance with generally accepted accounting practice and the Council's accounting policies are outlined in section 3 of the 10 Year Plan. The policies incorporate the latest PBE accounting standards and the changes have had no material effect.

The Funding Impact Statements in section 2 have been prepared in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014. The regulations are not consistent with generally accepted accounting practice.

Rates revenue includes revenue from metered water and is included net of any remissions granted under the Council's Rates Remission Policy. Remissions of \$0.25 million pa have been assumed.

Legislation states that councils are required to operate a 'balanced budget' i.e. income must equal or exceed expenditure (and expenditure must include non-cash items such as depreciation). However, if a council determines that it is prudent not to have a 'balanced budget' (i.e. an operating surplus is not required), it must make a formal decision to that effect. The decision must be a prudent one and have included consideration of levels of service and useful lifespan of assets. There are grounds

for not having a surplus every year to avoid building up unnecessary cash reserves. Council's asset management plans ensure the Council is appropriately planning for renewals and its financial strategy is to make adequate financial provision to fund renewals from rates revenue. Council is making provision to fund from revenue \$20m for capital renewals during 2020/21.

The Council's prospective Statement of Comprehensive Revenue and Expense (next page) shows that after including capital revenue of \$11.2m there remains a deficit of \$3.6m. In addition the Disclosure Statement on page 22 shows the Council will not meet the balanced benchmark of 100% - with a projected outcome of 94.9%. Using both of these tests the Council would be deemed to not have a 'balanced budget' for the year. The main reason for this is the Council has decided the budgeted cost for the implementation of a new enterprise resource planning system will be funded from rates over a period of seven years rather than all in the 2020/21 year. The Council believes this is a prudent and reasonable approach.

These forecast financial statements were authorised for issue by Palmerston North City Council on 24 June 2020.

Palmerston North City Council is responsible for these forecast financial statements, including the appropriateness of the assumptions underlying the forecast financial statements and all other disclosures.

Because the figures are rounded to the nearest thousand dollars, it may appear that they do not add up, but the total represents the sum of the individual forecast amounts.

The following tables show the financial implications of providing all of the Council's services:

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

	Budget 2019/20 \$'000s	10YP 2020/21 \$'000s	AB 2020/21 \$'000s	Budget 2019/20 \$'000s	10YP 2020/21 \$'000s	AB 2020/21 \$'000s
REVENUE						
OPERATING REVENUE						
98,855 Rates		104,847	100,782			
567 Interest & Dividends		617	17			
3,322 Operating Subsidies & Grants		3,576	3,343			
29,101 Other Operating Revenue		25,822	28,782			
131,844		134,862	132,923			
CAPITAL REVENUE						
7,822 Capital Subsidies & Grants		8,407	7,321			
1,476 Development Contributions		1,891	1,891			
2,000 Vested Assets		2,000	2,000			
11,298		12,298	11,212			
143,142 TOTAL REVENUE		147,160	144,135			
EXPENSES						
98,471 Expenses		98,509	101,756			
7,616 Interest		11,637	5,557			
35,619 Depreciation		39,383	40,430			
141,706 TOTAL EXPENSES		149,529	147,742			
1,437 SURPLUS/(DEFICIT)		(2,369)	(3,607)			
OTHER COMPREHENSIVE REVENUE AND EXPENSE						
33,708 Gain on property revaluations		-	-			
35,145 TOTAL COMPREHENSIVE REVENUE AND EXPENSE		(2,369)	(3,607)			
4.6% RATES INCREASE		5.2%	1.9%			

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

Budget 2019/20 \$'000s	10YP 2020/21 \$'000s	AB 2020/21 \$'000s
10,005	8,608	14,569
NON-CURRENT ASSETS		
12,941	13,052	13,052
5,982	5,659	5,159
1,681,181	1,730,142	1,750,856
1,710,110	1,757,461	1,783,636
TOTAL ASSETS		
33,793	27,568	37,150
NON-CURRENT LIABILITIES		
1,368	1,369	1,131
166,833	222,628	178,240
2,156	2,244	1,923
EQUITY		
1,050,400	1,046,037	1,046,511
455,560	457,615	518,681
1,710,110	1,757,461	1,783,636
TOTAL LIABILITIES/EQUITY		

Because the figures on this page are rounded to the nearest thousand dollars, it sometimes appears that they do not add up, but the total represents the sum of the individual forecast amounts.

PROSPECTIVE STATEMENT OF CASH FLOWS

Budget 2019/20 \$'000s	10YP 2020/21 \$'000s	AB 2020/21 \$'000s
OPERATING ACTIVITIES		
Cash Provided		
98,855	104,847	100,782
Rates		
17	17	17
Interest		
550	600	-
Dividends		
3,322	3,576	3,343
Operating Subsidies & Grants		
29,101	25,822	28,782
Other Operating Revenue		
7,822	8,407	7,321
Capital Subsidies & Grants		
1,476	1,891	1,891
Development Contributions		
Cash Disbursed		
(7,616)	(11,637)	(5,557)
Interest		
(98,471)	(98,509)	(101,756)
Expenses		
35,056	35,014	34,822
INVESTING ACTIVITIES		
Cash Provided		
402	-	-
From Asset Sales		
Cash Disbursed		
(81,813)	(74,700)	(70,466)
Capital Expenditure		
(81,411)	(74,700)	(70,466)
FINANCING ACTIVITIES		
Cash Provided		
44,792	39,686	35,643
Borrowing		
Cash Disbursed		
-	-	-
Loan Repayment		
44,792	39,686	35,643
Net Increase / (Decrease)		
1,564	-	-
Cash at beginning		
679	1,279	500
2,243	1,279	500
CASH AT YEAR END		
Budget 2019/20 \$'000s	10YP 2020/21 \$'000s	AB 2020/21 \$'000s
2,500	2,150	2,500
RATES REVENUE SHOWN ABOVE INCLUDES THE FOLLOWING AMOUNTS FOR METERED WATER REVENUE		

Annual Budget (Plan) Disclosure Statement

For the year ending 30 June 2021

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

BENCHMARK		PLANNED	MET
Rates affordability benchmark - income	Total rates will be no more than 2% of the City's rateable land value	1.0%	Yes
Rates affordability benchmark - increases	Total rates will increase by no more than the Local Government Cost Index plus the growth in the rating base plus 2% plus an allowance for accelerated debt repayment	1.95%	Yes
Debt affordability benchmark	Net external debt as a percentage of total assets will not exceed 20%	10.0%	Yes
Debt affordability benchmark	Net external debt as a percentage of total revenue will not exceed 200%	134.1%	Yes
Debt affordability benchmark	Net interest as a percentage of total revenue will not exceed 15%	4.2%	Yes
Debt affordability benchmark	Net interest as a percentage of annual rates income will not exceed 20%	5.5%	Yes
Debt affordability benchmark	Liquidity available will exceed 110% of existing external debt	117.0%	Yes
Balanced budget benchmark	100%	94.9%	No
Essential services benchmark	100%	142.1%	Yes
Debt servicing benchmark	10%	4.0%	Yes

Budget 2019/20 \$'000s	10YP 2020/21 \$'000s	AB 2020/21 \$'000s
RATING REQUIREMENT		
(35,619) Less Depreciation	(39,383)	(40,430)
(2,607) Less Transfers To/(From) Reserves	(1,251)	(4,087)
19,889 Plus Net Capital Renewal (3 Year Average)	20,412	19,955
4,481 Plus Debt Repayment	5,555	5,748
98,855 RATES REQUIREMENT	104,847	100,782
4.5%	5.2%	1.9%
CAPITAL EXPENDITURE		
CAPITAL RENEWALS		
Innovative & Growing City		
- City Development	-	-
262 Economic Development	270	300
Creative & Exciting City		
7,119 Active Community	2,742	3,260
- Active Public Space	-	-
311 Arts, Culture & Heritage	595	555
Connected & Safe Community		
2,124 Connected Communities	1,916	2,239
81 Safe Communities	38	37
Eco-City		
Biodiversity & Sustainable Practices		
498 Rubbish and Recycling	395	176
Transport		
4,705 Roading	6,595	4,579
1,046 Active and Public Transport	799	1,034
4,406 Water	3,314	3,277
3,079 Wastewater	2,524	3,642
677 Stormwater	610	860
Driven & Enabling Council		
1,960 Commercial or Strategic Investments	1,364	1,743
2,030 Corporate Support	1,365	2,009
- Leadership	-	-
28,297 TOTAL CAPITAL RENEWALS	22,528	23,711
CAPITAL NEW		
Innovative & Growing City		
- City Development	-	-
54 Economic Development	-	-
Creative & Exciting City		
12,875 Active Community	10,307	17,925
403 Active Public Space	36	71
591 Arts, Culture & Heritage	1,847	2,078
Connected & Safe Community		
7,485 Connected Communities	4,410	6,151
843 Safe Communities	-	300
Eco-City		
Biodiversity & Sustainable Practices		
142 Rubbish and Recycling	84	82
457 Transport	417	246
12,769 Roading	18,366	5,870
4,394 Active and Public Transport	4,661	3,195
7,277 Water	9,644	5,906
4,159 Wastewater	1,033	2,813
1,371 Stormwater	955	1,761
Driven & Enabling Council		
309 Commercial or Strategic Investments	301	185
311 Corporate Support	109	16
75 Leadership	-	155
53,516 TOTAL CAPITAL NEW	52,172	46,754
81,813 TOTAL CAPITAL EXPENDITURE	74,700	70,466
FUNDED BY		
2,614 External Revenue Renewal	3,288	2,705
5,208 External Revenue New	5,119	4,616
1,476 Development Contributions	1,891	1,891
19,889 Rates	20,412	19,955
52,224 New Borrowing / (Repayment)	43,990	41,299
81,813 TOTAL	74,700	70,466

STRATEGIC TRANSPORT (ROADING) - ACTIVITY FINANCIAL STATEMENTS

Budget 2019/20 \$'000s	10YP 2020/21 \$'000s	AB 2020/21 \$'000s	INFORMATION / MAIN REASON FOR CHANGE
REVENUE			
3,896 Parking	3,982	3,295	An assumption that carparking usage may take a period of time into 2020/21 to recover to normal levels due to COVID-19 pandemic
2,272 Roads	2,576	2,317	
132 Street Facilities	135	135	
422 Street Lighting	437	421	
654 Traffic Services	668	671	
7,376 TOTAL REVENUE	7,798	6,840	
EXPENSES			
3,104 Parking	2,887	2,815	A delay in significant capital expenditure and a change in interest rates results in the difference to the 10YP.
14,338 Roads	17,437	14,907	
2,554 Street Facilities	2,759	2,513	
1,992 Street Lighting	2,309	2,021	
2,765 Traffic Services	2,741	2,721	
24,753 TOTAL EXPENSES	28,133	24,978	
17,377 NET OPERATING COST OF ACTIVITY	20,336	18,138	
RATING REQUIREMENT			
(8,717) Less Depreciation	(9,999)	(10,142)	
2,906 Plus Net Capital Renewal (3 Year Average)	3,999	3,630	
920 Plus Debt Repayment	1,463	1,398	
12,486 RATES REQUIREMENT	15,798	13,023	
CAPITAL EXPENDITURE			
4,705 Renewal	6,595	4,579	
12,769 New	18,366	5,870	
17,474 TOTAL CAPITAL EXPENDITURE	24,960	10,449	
FUNDED BY			
2,087 External Revenue Renewal	2,909	2,183	
2,288 External Revenue New	3,328	2,036	
513 Development Contributions	657	657	
2,906 Rates	3,999	3,630	
9,680 New Borrowing / (Repayment)	14,068	1,944	
17,474 TOTAL	24,960	10,449	

STRATEGIC TRANSPORT (ROADING) - CAPITAL NEW




STATUS	ID-NAME	10YP 2020/21 \$'000s	AB 2020/21 \$'000s	INFORMATION / MAIN REASON FOR CHANGE
✓	163-City-wide - New Street Tree Planting	92	90	
➤	167-Urban Growth - Whakarongo - James Line Upgrade - Stage 4	-	100	Deferred by one year to line up with actual growth and requirements in the area. 10YP assumed programme would be completed by now.
✓	201-City-wide - Roading Subdivision Contributions	173	170	
➤	228-Upgraded Strategic Routes to HPMV Standard	4,387	-	Deferred by one year whilst awaiting decisions from roading partner.
➤	243-City Centre Streetscape Plan - Main Street East (Bus Terminal & Canopies)	1,559	-	Deferred by one year whilst awaiting approval from roading partner.
➤	244-City Centre Streetscape Plan - Square East (Plaza to ANZ)	-	500	Delayed by two years from original plan from the 10YP.
✓	279-City-wide - Minor Road Projects	851	851	
✓	324-Park Road / Cook Street - Intersection Upgrade	643	630	
➤	829-City-wide - Undergrounding of Power and Telecom Cables	372	-	Deferred by one year as no further work planned with partners. This is in order to minimise disruption.
➤	910-Ferguson Street (Linton Street to Pitt Street) - Road Widening and Traffic Signal Installation	1,317	150	Needs to be completed as two pieces of work so some deferral.
➤	1003-Urban Growth - Whakarongo - Intersection Upgrades	1,297	100	Actual growth rate is different from 10YP assumptions. Partial deferral of one year.
➤	1007-Urban Growth - Whakarongo - Internal Roads	157	-	Actual growth rate is different from 10YP assumptions. Deferral of one year.
➤	1044-Urban Growth - City West - Internal Roads	468	-	Actual growth rate is different from 10YP assumptions. Deferral of one year.
➤	1072-Urban Growth - City West - Pioneer Highway/Te Wanaka Road Intersection - New Intersection	2,611	-	Deferred by one year to allow for better decision making on actual requirements.
➤	1121-Massey and Research Institutes Development (Food HQ) (subject to part external funding)	2,126	-	Deferred by one year whilst awaiting decisions from roading partner.
✗	1359-Hillary Crescent Ashurst Safety Improvements	313	-	Programme not required as NZTA is funding the works.
✓	1367-Street Light Infill Improvements	884	865	
➤	1400-City Centre Streetscape Plan - Broadway	593	-	Design for the Broadway Streetscape to be bundled up with the design package for all the Streets for People programme of works and this is to be funded from programme 244.

Small City Benefits. Big City Ambition


STRATEGIC TRANSPORT (ROADING) - CAPITAL NEW

STATUS	ID-NAME	10YP 2020/21 \$'000s	AB 2020/21 \$'000s	INFORMATION / MAIN REASON FOR CHANGE
✓	1488-Seal extension Rural Unsealed Road	522	511	
➤	1595-C/fwd - Roberts/Railway Road North Intersection Safety Realignment	-	300	Carry forward balance of programme 1362-Roberts/Railway Road North Intersection Safety Realignment from 2019/20
⚡	1615-City Wide - Parking and Traffic Signs and Marking	-	40	Ongoing changes to parking and traffic management requiring investment in new signs and marking.
➤	1643-C/fwd - Cuba Street urban streetscape improvements - Rangitikei to George Street	-	605	Carry forward balance of programme 1440-Cuba Street urban streetscape improvements - Rangitikei to George Street from 2019/20.
➤	1644-C/fwd - College Street Upgrade Parking Mitigation	-	180	Carry forward balance of programme 1623-College Street Upgrade Parking Mitigation from 2019/20.
➤	1651-C/fwd - Urban Growth - Whakarongo - James Line Upgrade - Stage 4	-	43	Carry forward balance of programme 167-Urban Growth - Whakarongo - James Line Upgrade - Stage 4 from 2019/20.
➤	1655-C/fwd - Monrad Pencarrow Roundabout Installation	-	600	Carry forward balance of programme 1578-Monrad Pencarrow Roundabout installation from 2019/20.
➤	1656-C/fwd - City-wide - Minor Road Projects	-	100	Carry forward balance of programme 279-City-wide - Minor Road Projects from 2019/20.
➤	1674-C/fwd - City Wide - Parking and Traffic Signs and Marking	-	35	Carry forward balance of programme 1615-City Wide - Parking and Traffic Signs and Marking from 2019/20.
TOTAL		18,366	5,870	-


SAFE COMMUNITIES - OPERATIONAL

STATUS	ID-NAME	10YP 2020/21 \$'000s	AB 2020/21 \$'000s	INFORMATION / MAIN REASON FOR CHANGE
	1458-New MPI Code of Welfare compliance	36	57	Additional animal welfare costs due to new Act
	1481-Relocate emergency operations centre (EOC) to a purpose built facility	194	190	
	1539-City Ambassadors	35	35	
TOTAL		266	282	-

SAFE COMMUNITIES - CAPITAL RENEWAL

STATUS	ID-NAME	10YP 2020/21 \$'000s	AB 2020/21 \$'000s	INFORMATION / MAIN REASON FOR CHANGE
	1269-Bylaw Signage - Replacement	6	6	
	1512-CCTV replacements	31	31	
TOTAL		38	37	-

SAFE COMMUNITIES - CAPITAL NEW

STATUS	ID-NAME	10YP 2020/21 \$'000s	AB 2020/21 \$'000s	INFORMATION / MAIN REASON FOR CHANGE
	1552-Council Pound Development	-	300	To meet new animal welfare requirements. Year 1 of 2.
TOTAL		-	300	-

Small City Benefits. Big City Ambition

5. Components of the rating system – more detail

5.1 General Rate

The Council proposes to set a general rate based on the land value of each rating unit in the city.

The general rate will be set on a differential basis based on land use (see description below), with the differential factors as shown in the following table:

DIFFERENTIAL GROUP	BRIEF DESCRIPTION	DIFFERENTIAL FACTOR (EXPRESSED AS % OF GROUP CODE MS)	RATE (CENTS IN \$ OF LV)
R1	Single-unit residential	Balance (approx. 78)	0.5978
R2	Two unit residential	115	0.8766
R3	Three unit residential	125	0.9529
R4	Four unit residential	135	1.0291
R5	Five unit residential	145	1.1053
R6	Six unit residential	155	1.1816
R7	Seven unit residential	165	1.2578
R8	Eight or more unit residential	175	1.3340

DIFFERENTIAL GROUP	BRIEF DESCRIPTION	DIFFERENTIAL FACTOR (EXPRESSED AS % OF GROUP CODE MS)	RATE (CENTS IN \$ OF LV)
MS	Miscellaneous	100	0.7623
CI	Non-residential (Commercial/Industrial)	265	2.0201
FL	Rural/Semi-serviced (5 hectares or more)	20	0.1525
FS	Rural/Semi-serviced (0.2 hectares or less)	60	0.4574
FM	Rural/Semi-serviced (between 0.2 & 5 hectares)	45	0.3430

5.2 Uniform Annual General Charge

The Council proposes to set a uniform annual general charge of \$500 (\$500 for 2019/20) on each rating unit.

5.3 Targeted Rates

For the purposes of the targeted rates proposed below the term 'residential' is defined as "having a predominant or exclusive residential use and on which one or more residential units is erected."

For the purposes of the targeted rates proposed below, a 'separately used or inhabited part (SUIP) of a rating unit' is defined as:

"Any part of the rating unit that is, or is able to be, separately used or inhabited by the ratepayer, or any other person who has the right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement.

This definition includes separately used parts, whether or not actually occupied at any particular time, which are provided by the owner for rental (or other form of occupation) on an occasional or long-term basis by someone other than the owner.

For the purposes of the definition, vacant land and vacant premises offered or intended for use or habitation by a person other than the owner and usually used as such are defined as 'used'.

For the avoidance of doubt, a rating unit that has a single use or occupation is treated as having one SUIP.

For a residential property a SUIP will have a separate entrance, kitchen facilities (including sink or cooking facilities), living facilities and toilet/bathroom facilities.

By way of example the following would be considered to have separately used or inhabited parts of a rating unit:

- A single dwelling with flat attached
- Two or more houses, flats or apartments on one certificate of title."

The Council does not have a lump sum contribution policy and lump sum contributions will not be invited for any targeted rate.

WHOLE OF COUNCIL				INNOVATIVE & GROWING CITY - GROUP OF ACTIVITIES			
Budget 2019/20 \$'000s	10YP 2020/21 \$'000s	AB 2020/21 \$'000s		Budget 2019/20 \$'000s	10YP 2020/21 \$'000s	AB 2020/21 \$'000s	
SOURCES OF OPERATING FUNDING				SOURCES OF OPERATING FUNDING			
75,203	80,093	77,735	General Rates, UAGC & Rates Penalties	6,401	6,122	6,614	
23,652	24,755	23,047	Targeted Rates	-	-	-	
3,322	3,576	3,343	Subsidies & Grants for Operating Purposes	4,001	4,131	4,051	
5,353	5,525	6,479	Fees and Charges	949	1,010	883	
567	617	17	Interest and Dividends from investments	1,236	1,262	763	
23,748	20,296	22,303	Other Operating Funding *	12,587	12,524	12,312	
131,844	134,862	132,923	TOTAL OPERATING FUNDING				
APPLICATIONS OF OPERATING FUNDING				APPLICATIONS OF OPERATING FUNDING			
96,907	98,509	101,756	Payments to Staff and Suppliers	8,790	8,648	9,002	
7,616	11,637	5,557	Finance Costs	14	4	2	
-	-	-	Other operating funding applications	3,482	3,563	2,969	
104,523	110,146	107,313	TOTAL APPLICATIONS OF OPERATING FUNDING	12,287	12,215	11,973	
27,322	24,716	25,611	SURPLUS/(DEFICIT) OF OPERATING FUNDING	300	309	339	
SOURCES OF CAPITAL FUNDING				SOURCES OF CAPITAL FUNDING			
7,822	8,407	6,989	Subsidies and Grants for Capital Expenditure	-	-	-	
1,476	1,891	1,891	Development & Financial Contributions	-	-	-	
44,792	39,686	35,643	Increase/(Decrease) in Debt	15	(39)	(39)	
402	-	-	Gross proceeds from sale of assets	-	-	-	
-	-	-	Lump sum contributions	-	-	-	
-	-	-	Other dedicated capital funding	-	-	-	
54,492	49,984	44,855	TOTAL SOURCES OF CAPITAL FUNDING	15	(39)	(39)	
APPLICATIONS OF CAPITAL FUNDING				APPLICATIONS OF CAPITAL FUNDING			
Capital Expenditure:-				Capital Expenditure:-			
5,369	9,935	2,241	- to meet additional demand	-	-	-	
46,565	40,310	41,470	- to improve the level of service	54	-	-	
29,880	24,456	26,754	- to replace existing assets	262	270	300	
-	-	-	Increase/(Decrease) in Reserves	-	-	-	
-	-	-	Increase/(Decrease) of Investments	-	-	-	
81,813	74,700	70,466	Total Applications of Capital Funding	316	270	300	
(27,322)	(24,716)	(25,611)	Surplus/(Deficit) of Capital Funding	(300)	(309)	(339)	
-	-	-	Total Funding Surplus/(Deficit)	-	-	-	

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89

CREATIVE & EXCITING CITY - GROUP OF ACTIVITIES				CONNECTED & SAFE COMMUNITY - GROUP OF ACTIVITIES			
Budget 2019/20 \$'000s		10YP 2020/21 \$'000s	AB 2020/21 \$'000s	Budget 2019/20 \$'000s		10YP 2020/21 \$'000s	AB 2020/21 \$'000s
SOURCES OF OPERATING FUNDING				SOURCES OF OPERATING FUNDING			
25,452	General Rates, UAGC & Rates Penalties	27,031	25,834	15,325	General Rates, UAGC & Rates Penalties	16,093	15,450
-	- Targeted Rates	-	-	-	- Targeted Rates	-	-
112	Subsidies & Grants for Operating Purposes	65	64	6	Subsidies & Grants for Operating Purposes	6	6
-	- Fees and Charges	-	-	1,193	Fees and Charges	1,238	1,262
173	Internal Charges & Overheads Recovered	-	974	516	Internal Charges & Overheads Recovered	537	478
2,090	Other Operating Funding *	2,119	1,465	3,970	Other Operating Funding *	4,053	3,907
27,826	TOTAL OPERATING FUNDING	29,715	28,287	21,010	TOTAL OPERATING FUNDING	21,929	21,104
APPLICATIONS OF OPERATING FUNDING				APPLICATIONS OF OPERATING FUNDING			
17,113	Payments to Staff and Suppliers	14,328	18,144	13,500	Payments to Staff and Suppliers	12,193	12,816
1,619	Finance Costs	2,529	1,398	908	Finance Costs	1,386	594
4,998	Internal Charges & Overheads Applied	8,584	5,013	4,488	Internal Charges & Overheads Applied	5,894	5,403
-	- Other operating funding applications	-	-	-	- Other operating funding applications	-	-
23,731	TOTAL APPLICATIONS OF OPERATING FUNDING	25,440	24,556	18,896	TOTAL APPLICATIONS OF OPERATING FUNDING	19,474	18,813
4,095	SURPLUS/(DEFICIT) OF OPERATING FUNDING	3,774	3,732	2,114	SURPLUS/(DEFICIT) OF OPERATING FUNDING	2,455	2,291
SOURCES OF CAPITAL FUNDING				SOURCES OF CAPITAL FUNDING			
913	Subsidies and Grants for Capital Expenditure	630	529	651	Subsidies and Grants for Capital Expenditure	-	582
230	Development & Financial Contributions	294	294	-	Development & Financial Contributions	-	-
16,061	Increase/(Decrease) in Debt	10,831	19,336	7,770	Increase/(Decrease) in Debt	3,909	5,854
-	- Gross proceeds from sale of assets	-	-	-	- Gross proceeds from sale of assets	-	-
-	- Lump sum contributions	-	-	-	- Lump sum contributions	-	-
-	- Other dedicated capital funding	-	-	-	- Other dedicated capital funding	-	-
17,204	TOTAL SOURCES OF CAPITAL FUNDING	11,755	20,159	8,421	TOTAL SOURCES OF CAPITAL FUNDING	3,909	6,436
APPLICATIONS OF CAPITAL FUNDING				APPLICATIONS OF CAPITAL FUNDING			
Capital Expenditure:-				Capital Expenditure:-			
1,065	- to meet additional demand	1,431	1,119	-	- to meet additional demand	-	-
12,172	- to improve the level of service	8,903	16,877	7,485	- to improve the level of service	4,358	6,451
8,061	- to replace existing assets	5,196	5,894	3,049	- to replace existing assets	2,006	2,276
-	- Increase/(Decrease) in Reserves	-	-	-	- Increase/(Decrease) in Reserves	-	-
-	- Increase/(Decrease) of Investments	-	-	-	- Increase/(Decrease) of Investments	-	-
21,299	Total Applications of Capital Funding	15,529	23,890	10,534	Total Applications of Capital Funding	6,364	8,727
(4,095)	Surplus/(Deficit) of Capital Funding	(3,774)	(3,732)	(2,114)	Surplus/(Deficit) of Capital Funding	(2,455)	(2,291)
-	Total Funding Surplus/(Deficit)	-	-	-	Total Funding Surplus/(Deficit)	-	-

ECO-CITY - GROUP OF ACTIVITIES				TRANSPORT - GROUP OF ACTIVITIES			
Budget 2019/20 \$'000s	10YP 2020/21 \$'000s	AB 2020/21 \$'000s		Budget 2019/20 \$'000s	10YP 2020/21 \$'000s	AB 2020/21 \$'000s	
SOURCES OF OPERATING FUNDING				SOURCES OF OPERATING FUNDING			
774 General Rates, UAGC & Rates Penalties	748	714		14,740 General Rates, UAGC & Rates Penalties	18,275	15,639	
5,515 Targeted Rates	5,405	5,297		- Targeted Rates	-	-	
338 Subsidies & Grants for Operating Purposes	346	350		2,861 Subsidies & Grants for Operating Purposes	3,159	2,918	
- Fees and Charges	-	-		- Fees and Charges	-	-	
16 Internal Charges & Overheads Recovered	16	42		- Internal Charges & Overheads Recovered	-	-	
2,410 Other Operating Funding *	2,698	2,347		4,722 Other Operating Funding *	4,813	4,127	
9,053 TOTAL OPERATING FUNDING	9,212	8,749		22,323 TOTAL OPERATING FUNDING	26,247	22,683	
APPLICATIONS OF OPERATING FUNDING				APPLICATIONS OF OPERATING FUNDING			
5,914 Payments to Staff and Suppliers	403	5,628		12,015 Payments to Staff and Suppliers	11,640	10,615	
330 Finance Costs	489	207		2,345 Finance Costs	3,867	1,566	
1,669 Internal Charges & Overheads Applied	7,114	1,786		3,197 Internal Charges & Overheads Applied	4,414	4,501	
- Other operating funding applications	-	-		- Other operating funding applications	-	-	
7,913 TOTAL APPLICATIONS OF OPERATING FUNDING	8,006	7,621		17,557 TOTAL APPLICATIONS OF OPERATING FUNDING	19,920	16,681	
1,139 SURPLUS/(DEFICIT) OF OPERATING FUNDING	1,206	1,128		4,766 SURPLUS/(DEFICIT) OF OPERATING FUNDING	6,327	6,002	
SOURCES OF CAPITAL FUNDING				SOURCES OF CAPITAL FUNDING			
- Subsidies and Grants for Capital Expenditure	-	-		6,259 Subsidies and Grants for Capital Expenditure	7,777	6,210	
- Development & Financial Contributions	-	-		513 Development & Financial Contributions	657	657	
(42) Increase/(Decrease) in Debt	(310)	(624)		11,376 Increase/(Decrease) in Debt	15,660	1,809	
- Gross proceeds from sale of assets	-	-		- Gross proceeds from sale of assets	-	-	
- Lump sum contributions	-	-		- Lump sum contributions	-	-	
- Other dedicated capital funding	-	-		- Other dedicated capital funding	-	-	
(42) TOTAL SOURCES OF CAPITAL FUNDING	(310)	(624)		18,148 TOTAL SOURCES OF CAPITAL FUNDING	24,094	8,676	
APPLICATIONS OF CAPITAL FUNDING				APPLICATIONS OF CAPITAL FUNDING			
Capital Expenditure:-				Capital Expenditure:-			
- to meet additional demand	-	-		2,017 - to meet additional demand	5,867	563	
582 - to improve the level of service	483	311		15,146 - to improve the level of service	17,160	8,501	
516 - to replace existing assets	413	193		5,751 - to replace existing assets	7,394	5,613	
- Increase/(Decrease) in Reserves	-	-		- Increase/(Decrease) in Reserves	-	-	
- Increase/(Decrease) of Investments	-	-		- Increase/(Decrease) of Investments	-	-	
1,098 Total Applications of Capital Funding	896	504		22,913 Total Applications of Capital Funding	30,421	14,678	
(1,139) Surplus/(Deficit) of Capital Funding	(1,206)	(1,128)		(4,766) Surplus/(Deficit) of Capital Funding	(6,327)	(6,002)	
- Total Funding Surplus/(Deficit)	-	-		- Total Funding Surplus/(Deficit)	-	-	

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91

Section Two THE RATING SYSTEM, RATES...STATEMENT

STORMWATER - GROUP OF ACTIVITIES				DRIVEN & ENABLING COUNCIL - GROUP OF ACTIVITIES			
Budget 2019/20 \$'000s	10YP 2020/21 \$'000s	AB 2020/21 \$'000s		Budget 2019/20 \$'000s	10YP 2020/21 \$'000s	AB 2020/21 \$'000s	
SOURCES OF OPERATING FUNDING				SOURCES OF OPERATING FUNDING			
3,178 General Rates, UAGC & Rates Penalties	2,900	3,179		9,332 General Rates, UAGC & Rates Penalties	8,924	10,305	
- Targeted Rates	-	-		- Targeted Rates	-	-	
- Subsidies & Grants for Operating Purposes	-	-		4 Subsidies & Grants for Operating Purposes	-	4	
- Fees and Charges	-	-		153 Fees and Charges	156	1,160	
18 Internal Charges & Overheads Recovered	19	19		26,911 Internal Charges & Overheads Recovered	37,424	28,428	
2 Other Operating Funding *	2	2		8,557 Other Operating Funding *	4,480	8,340	
3,199 TOTAL OPERATING FUNDING	2,921	3,200		44,958 TOTAL OPERATING FUNDING	50,984	48,238	
APPLICATIONS OF OPERATING FUNDING				APPLICATIONS OF OPERATING FUNDING			
2,039 Payments to Staff and Suppliers	1,259	1,901		28,058 Payments to Staff and Suppliers	34,362	34,748	
276 Finance Costs	341	174		517 Finance Costs	762	445	
100 Internal Charges & Overheads Applied	553	57		9,386 Internal Charges & Overheads Applied	13,822	9,897	
- Other operating funding applications	-	-		- Other operating funding applications	-	-	
2,415 TOTAL APPLICATIONS OF OPERATING FUNDING	2,153	2,132		37,961 TOTAL APPLICATIONS OF OPERATING FUNDING	48,945	45,090	
784 SURPLUS/(DEFICIT) OF OPERATING FUNDING	768	1,067		6,996 SURPLUS/(DEFICIT) OF OPERATING FUNDING	2,039	3,148	
SOURCES OF CAPITAL FUNDING				SOURCES OF CAPITAL FUNDING			
- Subsidies and Grants for Capital Expenditure	-	-		- Subsidies and Grants for Capital Expenditure	-	-	
98 Development & Financial Contributions	126	126		- Development & Financial Contributions	-	-	
1,165 Increase/(Decrease) in Debt	671	1,428		(2,311) Increase/(Decrease) in Debt	1,100	960	
- Gross proceeds from sale of assets	-	-		- Gross proceeds from sale of assets	-	-	
- Lump sum contributions	-	-		- Lump sum contributions	-	-	
- Other dedicated capital funding	-	-		- Other dedicated capital funding	-	-	
1,263 TOTAL SOURCES OF CAPITAL FUNDING	797	1,554		(2,311) TOTAL SOURCES OF CAPITAL FUNDING	1,100	(2,693)	
APPLICATIONS OF CAPITAL FUNDING				APPLICATIONS OF CAPITAL FUNDING			
Capital Expenditure:-				Capital Expenditure:-			
666 - to meet additional demand	367	151		- - to meet additional demand	-	-	
705 - to improve the level of service	588	1,610		696 - to improve the level of service	410	356	
677 - to replace existing assets	610	860		3,990 - to replace existing assets	2,730	3,752	
- Increase/(Decrease) in Reserves	-	-		- Increase/(Decrease) in Reserves	-	-	
- Increase/(Decrease) of Investments	-	-		- Increase/(Decrease) of Investments	-	-	
2,048 Total Applications of Capital Funding	1,566	2,621		4,685 Total Applications of Capital Funding	3,139	4,108	
(784) Surplus/(Deficit) of Capital Funding	(768)	(1,067)		(6,996) Surplus/(Deficit) of Capital Funding	(2,039)	(3,148)	
- Total Funding Surplus/(Deficit)	-	-		- Total Funding Surplus/(Deficit)	0	0	

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93

Palmerston North City Council Executive Leadership Team (as at 24 June 2020)

CHIEF EXECUTIVE Heather Shotter					
			PERSONAL ASSISTANT Dominica Pikimaui		
CHIEF FINANCIAL OFFICER Stuart McKinnon	CHIEF INFRASTRUCTURE OFFICER Tom Williams	CHIEF CUSTOMER OFFICER Chris Dyhrberg	CHIEF PEOPLE OFFICER Patrick Watson	GENERAL MANAGER STRATEGY AND PLANNING Sheryl Bryant	GENERAL MANAGER MARKETING AND COMMUNICATIONS Sacha Haskell
Finance Commercial Advisory Procurement Financial Strategy Treasury	Property Parks and Reserves Transport and Infrastructure Waste Management Water Operations Logistics and Support Asset Planning Project Management Office	Business Support Building Services Planning Services Environmental Protection Services Contact Centre Services Library Services Community Development Housing Tenancy Wildbase Recovery Centre Risk & Resilience	Organisational Development Strategic HR Health, Safety & Wellbeing Business Partners HR Services Transformation Information Management	Legal and Governance Strategy and Policy Community Planning City Planning International Relations Advocacy Business Assurance Maori Advisory	Venues Communications and Content Brand and Marketing Events and Partnership
			EXECUTIVE OFFICER Sandra King		
			Co-ordinating cross organisation initiatives Managing special projects Policy advice to Chief Executive in respect of cross organisation matters Research/briefing notes for Chief Executive Expert advice to Chief Executive and Executive Leadership Team		

MEMORANDUM

TO: Council

MEETING DATE: 24 June 2020

TITLE: Setting Rates for 2020/21

PRESENTED BY: Steve Paterson, Strategy Manager - Finance

APPROVED BY: Stuart McKinnon, Chief Financial Officer

RECOMMENDATIONS TO COUNCIL

1. That the resolution to set the rates for the 2020/21 year (attached as Appendix One) be adopted.
2. That it be noted that the setting of rates is a significant decision within the parameters of the Local Government Act 2002 and that it is satisfied there has been compliance with the decision-making and consultation requirements of the Act.

1. ISSUE

- 1.1 Section 23 of the Local Government (Rating) Act 2002 prescribes that the rates must be set by resolution of the Council and be in accordance with the relevant provisions of the Funding Impact Statement (contained within the 10 Year Plan or Annual Plan) for the year.
- 1.2 Rates are the Council's principal source of revenue. It is important that rates be set in the timeframes outlined so that Council will have the ability to fund its approved budget. The rates outlined in the attached resolution are calculated to generate the rates revenue for 2020/21 as outlined in the Council's Annual Budget/Plan to be formally adopted on 24 June 2020.
- 1.3 The recommendations assume the Council will have adopted the 2020/21 Annual Budget/ Plan earlier in the meeting.

2. BACKGROUND

- 2.1 On 10 June the Committee of Council recommended the adoption of the 2020/21 Annual Budget. The Budget determines the net revenue to be sought from ratepayers to fund operations and new programmes for the 2020/21 year.
- 2.2 The rates to be set are designed to cover a net sum of external income for the City Council of \$100.78 million (plus GST) plus a sum to cover rates for Council owned properties as approved by the adoption of the Budget.
- 2.3 The resolution *attached (appendix one)* outlines the details of the rates to be set. Rates throughout the report and the resolution are GST inclusive unless stated otherwise.
- 2.4 The following table demonstrates the changes for the Uniform Annual General Charge (UAGC) and the fixed amounts for services:

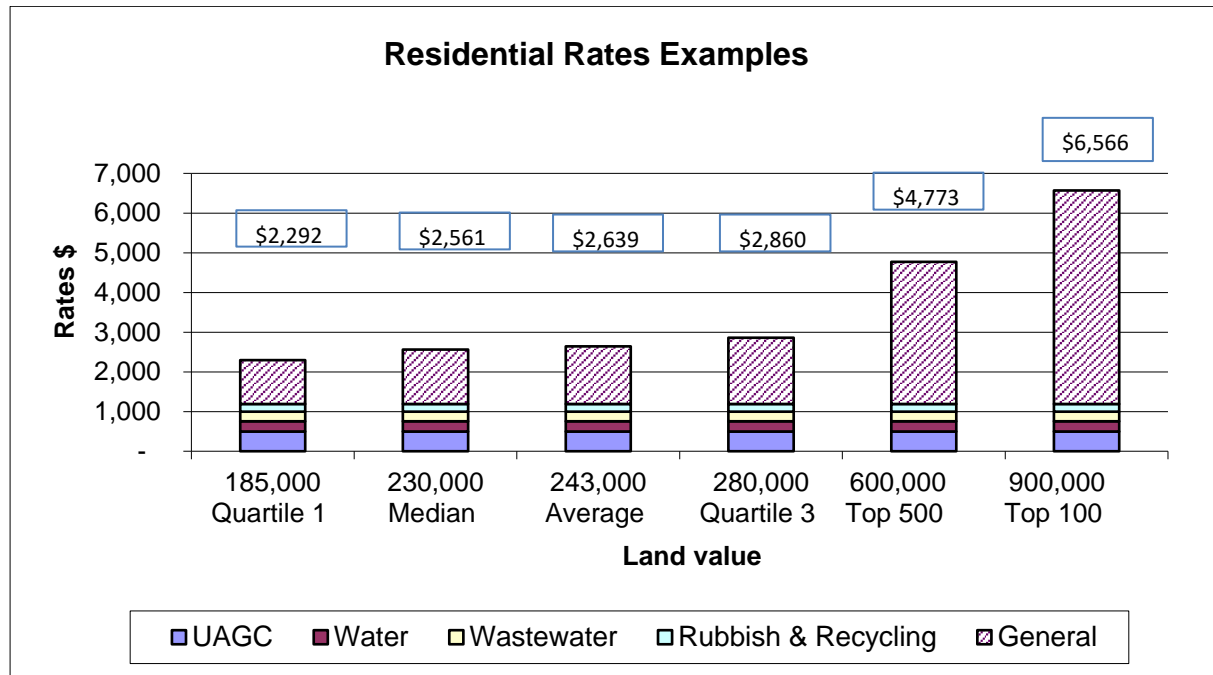
	2019/20 GST incl.	2020/21 GST incl.
Uniform Annual General Charge	\$500	\$500
Water Supply	\$257	\$255
Kerbside Recycling	\$127	\$126
Rubbish & Public Recycling	\$72	\$64
Wastewater disposal	\$252	\$241
Wastewater pan charge	\$252	\$241
Metered water charge (p cu metre)	\$1.2075	\$1.265

- 2.5 The budgeted revenue from the UAGC plus the Rubbish & Recycling fixed charges represents 19.3% of total rates revenue (including metered water charges) compared with a 19.8% in 2019/20 and a band of 25 to 26% over the previous five years and the legislative maxima of 30%. The significant percentage change in 2019/20 is due to the reduction in the UAGC.
- 2.6 Information about the structure of the rates assessed by broad differential grouping is attached as **appendix two**.
- 2.7 **Appendix three** shows graphically by broad differential grouping the land values and the impact on the distribution of the general rate and total rate for 2020/21 compared with 2019/20.

2.8 Examples of the rates which will be assessed are shown below:

	Land Value	Actual Rates 2019/20	Proposed Rates 2020/21
Single unit residential			
Average	243,000	2,609	2,639
Median	230,000	2,534	2,561
Quartile 1	185,000	2,275	2,292
Quartile 3	280,000	2,822	2,860
Two unit residential			
Average	273,000	4,230	4,265
Median	255,000	4,077	4,107
Quartile 1	220,000	3,781	3,801
Quartile 3	300,000	4,459	4,502
Non-residential			
Average	708,000	14,652	15,107
Median	400,000	8,636	8,885
Quartile 1	230,000	5,316	5,451
Quartile 3	790,000	16,253	16,764
Rural & semi-serviced (5ha or more)			
Average	829,000	1,794	1,828
Median	475,000	1,272	1,288
Quartile 1	320,000	1,044	1,052
Quartile 3	840,000	1,810	1,845
Rural & semi-serviced (between 0.2 & 5ha)			
Average	316,000	1,620	1,648
Median	315,000	1,617	1,644
Quartile 1	250,000	1,401	1,422
Quartile 3	365,000	1,783	1,816
Miscellaneous			
Average	594,000	4,950	5,092
Median	315,000	2,894	2,965
Quartile 1	145,000	1,641	1,669
Quartile 3	630,000	5,215	5,366

- 2.9 The following graph shows a further breakdown of the makeup of single unit residential rates for the various land value levels. At the head of each column it shows the total rates for each land value level.



- 2.10 The City was revalued for rating purposes in September 2018 and these values will be the base for setting and assessing general rates for 2020/21 ie no change from 2019/20.
- 2.11 The Government's rates rebates scheme for residential home owners on lower incomes has provided much needed assistance. 1,990 city ratepayers have received a total of \$1.2 million from the scheme during 2019/20 to date. Each year the Government updates the qualifying criteria for the scheme by a CPI adjustment.


3. NEXT STEPS

- 3.1 The recommended actions in this report are of a machinery nature to implement the decisions incorporated in the Annual Budget. Although machinery, they are significant and must be passed in the form outlined.
- 3.2 Once adopted Council staff will complete the administrative actions necessary to assess rates on individual properties then deliver rates assessments and invoices for the first instalment on 1 August 2020. As usual a ratepayer newsletter will be produced and distributed as part of the rates package. Publicity will be given to the availability of the rates rebate scheme.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	Yes
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A Driven and Enabling Council	
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions in The action is: Setting the rates for the year is an administrative pre-requisite to being able to fund the delivery of all of the actions in Council plans.	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Setting the rates for the year is an administrative pre-requisite to being able to fund the delivery of all of the actions in Council plans that contribute to the strategic direction.

ATTACHMENTS

- Appendix 1 - Resolution to set rates for the 2020/21 year
Appendix 2 - Analysis of structure of rates revenue - 2020/21 budget
Appendix 3 - Comparisons by differential category [↓](#) 

Palmerston North City Council

Resolution to Set Rates for the 2020/2021 year

The Palmerston North City Council resolves to set rates for the financial year commencing on 1 July 2020 and ending on 30 June 2021 in accordance with the Rating Policies and Funding Impact Statement contained in its Annual Budget (Plan) 2020/21 as follows:

1 Details of rates to be set**Notes**

- All rates and charges shown are inclusive of Goods and Services Tax.
- References to the 'Act' relate to the Local Government (Rating) Act 2002.

1.1 Uniform Annual General Charge

A Uniform Annual General Charge of \$500 on each rating unit pursuant to section 15 of the Act.

1.2 Water Supply Rates

A targeted rate for water supply, set under section 16 of the Act, of:

- \$255 per separately used or inhabited part of a residential rating unit which is connected to a Council operated waterworks system. This charge is not made where water supply is invoiced on the basis of water consumed.
- \$255 per rating unit for all other rating units which are connected to a Council operated waterworks system. This charge is not made where water supply is invoiced on the basis of water consumed.
- \$127.50 per rating unit which is not connected to a Council operated waterworks system but which is serviceable (i.e. within 100 metres of such waterworks system) and the Council would allow a connection.

Instead of the above targeted rates for metered water supply, targeted rates set under sections 16 and 19 of the Act, of \$1.265 per cubic metre of water supplied to any rating unit that is invoiced on the basis of water supplied plus a fixed amount of \$172.50 per metered connection for connections of 25mm or less and \$375 for connections greater than 25mm.

1.3 Wastewater Disposal Rates

A targeted rate for wastewater disposal, set under section 16 of the Act, of:

- \$241 per separately used or inhabited part of a residential rating unit which is connected to a public wastewater drain.
- \$241 per rating unit for all other rating units which are connected to a public wastewater drain.
- \$241 per pan (i.e. water closet or urinal) for all pans in excess of three for non-residential rating units connected to a public wastewater drain.
- \$120.50 per separately used or inhabited part of a residential rating unit which is not connected to a public wastewater drain but which is serviceable (i.e. within 30 metres of such a drain) and the Council would allow the connection.
- \$120.50 per rating unit for all other rating units which are not connected to a public wastewater drain but which is serviceable (i.e. within 30 metres of such a drain) and the Council would allow the connection.

1.4 Rubbish and Recycling Rates

1.4.1 Kerbside Recycling

A targeted rate for kerbside recycling set under section 16 of the Act of:

- \$126 per separately used or inhabited part of a rating unit for residential properties receiving the Council's kerbside collection service.
- \$126 per rating unit for non-residential and rural/semi-serviced properties receiving the Council's kerbside collection service.

Where ratepayers elect, and the Council agrees, additional levels of service may be provided. These additional services could be by way of provision of more recycling bins or more frequent service. Each additional level of service will be charged a rate of \$126. This may include charges to non-rateable rating units where the service is provided.

1.4.2 Rubbish and Public Recycling

A targeted rate for rubbish and public recycling set under section 16 of the Act of \$64 per separately used or inhabited part of each residential rating unit and \$64 per rating unit for all other rating units. Rating units which are vacant land will not be liable for these rates.

1.5 Warm Palmerston North

A targeted rate set on all properties that have benefited from the installation of insulation through the Warm Up Palmy Home Insulation Scheme. The rate is calculated as a percentage of the service amount (the cost of the installation) until the service amount and the costs of servicing the serviced amount are recovered. For 2020/21 the rate will be 16%.

1.6 General Rate

A general rate pursuant to section 13 of the Act set on all rateable land on the basis of land value and assessed differentially (based on land use) against each property group code at the rate of cents in the dollar set down in the following schedule:

Differential Group		Differential Factor (expressed as % of Group Code MS)	Rate (cents in \$ of LV)
Code	Brief Description		
R1	Single unit residential	Balance (approx. 78)	0.5978
R2	Two unit residential	115	0.8766
R3	Three unit residential	125	0.9529
R4	Four unit residential	135	1.0291
R5	Five unit residential	145	1.1053
R6	Six unit residential	155	1.1816
R7	Seven unit residential	165	1.2578
R8	Eight or more unit residential	175	1.3340
MS	Miscellaneous	100	0.7623
CI	Non-residential (Commercial/Industrial)	265	2.0201
FL	Rural & Semi-serviced (5 hectares or more)	20	0.1525
FS	Rural & Semi-serviced (0.2 hectares or less)	60	0.4574
FM	Rural & Semi-serviced (between 0.2 & 5 hectares)	45	0.3430

2. Due Dates for Payment of Rates

Rates (other than metered water targeted rates) will be payable at the offices or agencies of the Council in four quarterly instalments on 1 August 2020, 1 November 2020, 1 February 2021 and 1 May 2021.

The due dates (i.e. final day for payment without incurring penalty) shall be:

Instalment One	28 August 2020
Instalment Two	27 November 2020
Instalment Three	26 February 2021
Instalment Four	28 May 2021

3. Due Dates for Payment of Metered Water Targeted Rates

Properties which have water provided through a metered supply will be invoiced either monthly or two monthly at the discretion of the Council.

The due date for metered water targeted rates shall be the 20th of the month following invoice date as follows:

Monthly invoicing					
Instalment	Date meter read & invoice issued	Due date	Instalment	Date meter read & invoice issued	Due date
1	June 2020	20 July 2020	7	December 2020	20 January 2021
2	July 2020	20 August 2020	8	January 2021	20 February 2021
3	August 2020	20 September 2020	9	February 2021	20 March 2021
4	September 2020	20 October 2020	10	March 2021	20 April 2021
5	October 2020	20 November 2020	11	April 2021	20 May 2021
6	November 2020	20 December 2020	12	May 2021	20 June 2021

Two monthly invoicing					
Linton, East & North Rounds			Ashhurst, South West, PNCC & Central Rounds		
Instalment	Date meter read & invoice issued	Due date	Instalment	Date meter read & invoice issued	Due date
1	June 2020	20 July 2020	1	July 2020	20 August 2020
2	August 2020	20 September 2020	2	September 2020	20 October 2020
3	October 2020	20 November 2020	3	November 2020	20 December 2020
4	December 2020	20 January 2021	4	January 2021	20 February 2021
5	February 2021	20 March 2021	5	March 2021	20 April 2021
6	April 2021	20 May 2021	6	May 2021	20 June 2021

4. Penalties on Unpaid Rates (excluding metered water)

A penalty charge of 10% will be added on the following dates to any portion of an instalment remaining unpaid after the due dates:

Instalment One	1 September 2020
Instalment Two	1 December 2020
Instalment Three	1 March 2021
Instalment Four	1 June 2021

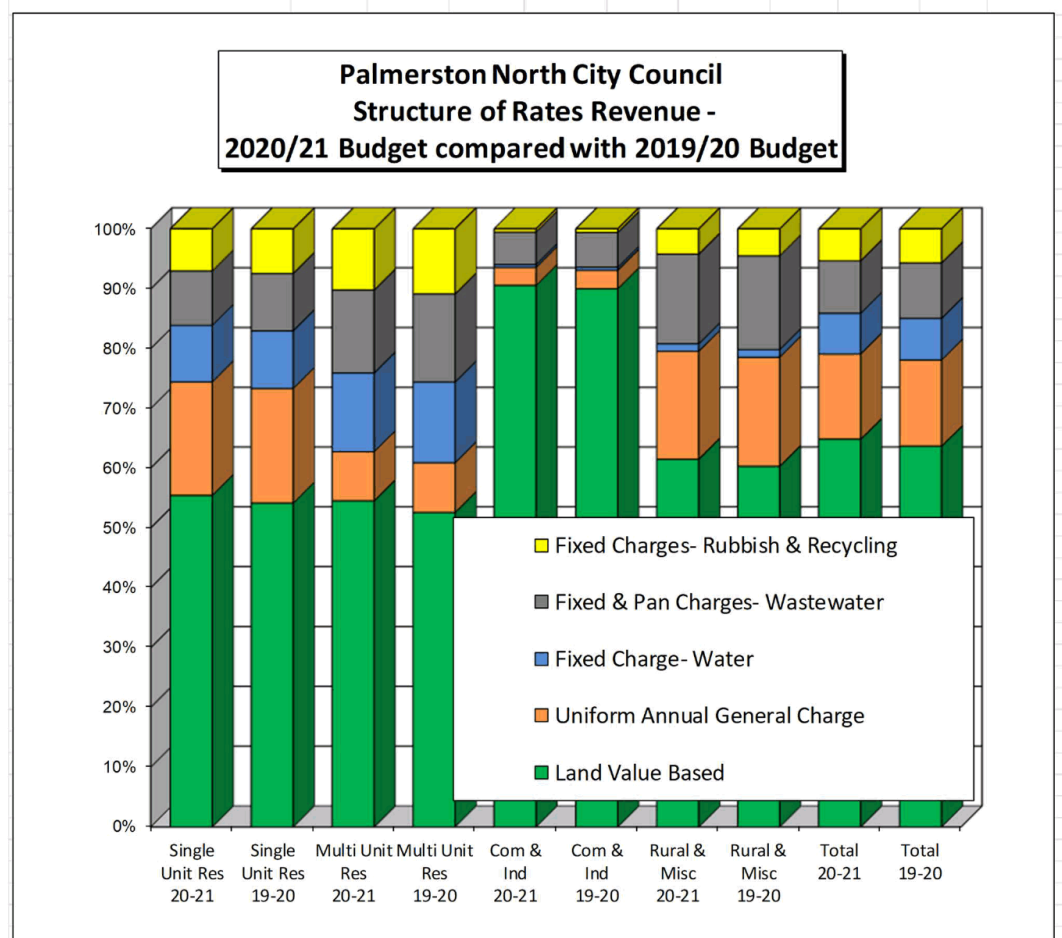
Any penalty charge imposed on the outstanding first instalment will be automatically remitted provided payment of the full year's rates is made by 27 November 2020.

A penalty charge of 10% will be added to any outstanding rates (including penalties) assessed in previous years and remaining outstanding at 2 July 2020 (penalty applied on 3 July 2020) and again on 4 January 2021 (penalty applied on 5 January 2021).

Penalties will not be applied to the metered water targeted rate.

24 June 2020

Palmerston North City Council										
Analysis of Structure of Rates Revenue - 2020/21 Budget										
	Single Unit		Multi Unit		Non Residential		Rural & Misc.		Total	
	\$ooo	% of Total	\$ooo	% of Total	\$ooo	% of Total	\$ooo	% of Total	\$ooo	% of Total
Land Value Based	39,479	55.4	3,215	54.5	26,621	90.5	4,613	61.5	73,928	64.8
Uniform Annual General Charge	13,540	19.0	485	8.2	889	3.0	1,357	18.1	16,271	14.3
Fixed Charge- Water	6,750	9.5	779	13.2	141	0.5	95	1.3	7,765	6.8
Fixed & Pan Charges- Wastewater	6,457	9.1	817	13.8	1,589	5.4	1,124	15.0	9,987	8.8
Fixed Charges- Rubbish & Recycling	5,030	7.1	603	10.2	161	0.5	317	4.2	6,111	5.4
	71,256	100.0	5,899	100.0	29,401	100.0	7,506	100.0	114,062	100.0

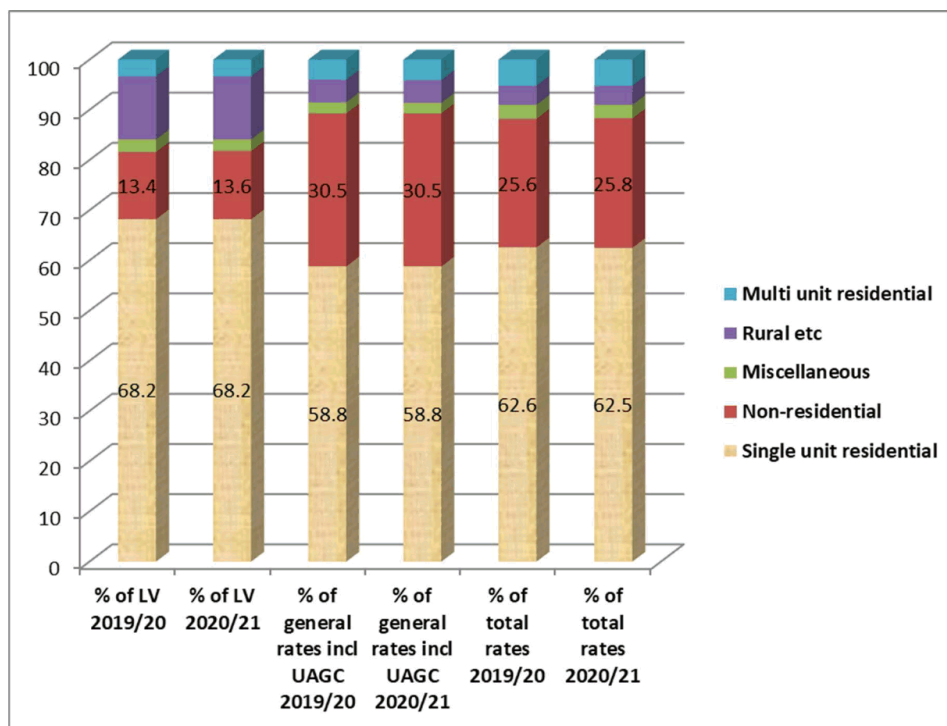


Note – this analysis of the rates revenue structure excludes budgeted revenue from metered water (\$2.5m plus GST for both years)

Appendix Three

Palmerston North City Council

Comparison by Differential Category of Land Values, General Rates (incl. UAGC) & Total Rates for 2020/21 with 2019/20



MEMORANDUM

TO: Council

MEETING DATE: 24 June 2020

TITLE: Resolutions to Authorise Borrowing

PRESENTED BY: Steve Paterson, Strategy Manager - Finance

APPROVED BY: Stuart McKinnon, Chief Financial Officer

RECOMMENDATIONS TO COUNCIL

1. That Council authorise the Chief Executive to borrow, in accordance with delegated authority, up to \$36 million ("the Borrowing") of additional term debt by way of bank loan or loans or credit facilities or other facilities or the issue of stock for the Borrowing secured by the Debenture Trust Deed.
 2. That Council note that the purpose of the Borrowing is the carrying out or continuing of programmes identified in the Annual Budget for the 2020/21 year.
 3. That Council note that the security for the Borrowing may be the charge over rates under the Debenture Trust Deed if the Chief Executive considers appropriate.
 4. That Council note that the benefits of the Borrowing are that it will enable the Council to carry out the programmes identified in the Annual Budget while spreading the costs for those programmes over time to recognise future benefits. The risk is that interest rates may vary in the future resulting in higher debt servicing costs to the Council.
 5. That Council approve that having regard to the Council's financial strategy, it is prudent and reasonable to enter into the proposed borrowing for the reasons set out in this report.
 6. That Council note that the raising of the Borrowing will comply with the Council's Liability Management Policy.
 7. That Council note that the decision to borrow up to \$36 million is a significant decision within the parameters of the Local Government Act 2002 and is satisfied that there has been compliance with the decision-making and consultation requirements of the Act.
-

1. ISSUE

- 1.1 The Council's Annual budget for 2020/21 incorporates provision for raising \$35.64m of additional debt during the 2020/21 year based on an assumption that the total debt outstanding as at 1 July 2020 will be \$142.6m, that there will be capital expenditure (new) of \$46.8m undertaken during 2020/21 and that the cost of the new ERP system will be funded from rates over seven years. It assumes existing and new debt will be serviced at an average of 3.4% per annum and that new borrowings will be raised progressively during the year.
- 1.2 The Council's borrowing is governed by the Local Government Act 2002 (the "Act") and the Liability Management Policy the Council has adopted. Previous legislation required the Council to specifically resolve if it wished to borrow. The Act is silent on these matters except that clause 32 of schedule 7 provides that the Council may not delegate the power to borrow money other than in accordance with the 10 Year Plan. It is considered prudent to have the Council specifically authorise the proposed borrowings each year by way of resolution and the Council's Liability Management Policy provides that such a resolution is required. From time to time during the year it will also be necessary to re-finance present borrowings.

2. BACKGROUND

- 2.1 In preparing the Council's 10 Year Plan, the Council's long and short term expenditure and funding requirements have been considered and the Council has adopted a Financial Strategy and a Liability Management Policy with regard to borrowing to meet its funding requirements. These considerations are retained in the 2018-28 10 Year Plan.
- 2.2 The Council has entered into a Debenture Trust Deed which provides a charge on Council's rates and rates revenue in favour of Covenant Trustee Services Ltd as trustee for the various lenders who may be granted security under it by the Council.
- 2.3 The Council's Annual Budget 2020/21 provides for the following:
 - Forecast term liabilities of \$142.6m as at 1 July 2020
 - Additional debt of \$35.6m being raised during 2020/21
 - Forecast total term liabilities of \$178.2m as at 30 June 2021
 - Total capital expenditure of \$70.5m during 2020/21 (\$46.8m of which is new capital work) & \$2.9m spent during the year on the new ERP system.
- 2.4 Additional debt is raised only as required and will be dependent on a number of key factors such as progress with the capital expenditure programme and the timing of the receipt of subsidies, grants and development contributions.

- 2.5 To enable the approved capital programme to be funded it is important that officers have clear delegated authority to raise the approved sums when appropriate.
- 2.6 The Council's Liability Management Policy prescribes that the Council considers the following to be prudent borrowing limits:
- Net debt as a percentage of total assets not exceeding 20%.
 - Net debt as a percentage of total revenue not exceeding 200%
 - Net interest as a percentage of total revenue not exceeding 15%
 - Net interest as a percentage of annual rates income not exceeding 20%.
- 2.7 As part of the process of deciding whether to approve borrowings which would result in the ratios being exceeded the Council will have particular regard for the principles of financial management contained in the Act.
- 2.8 The proposed borrowing, if obtained within the range of rates currently available to the Council, will be within the target limits contained within the Financial Strategy. After raising the Borrowing, and assuming an average interest rate of 3.4% for additional borrowing is achieved, the following estimates of borrowing ratios will apply for the 2020/21 year:

	Limits	Projection for 2020/21
Net Debt: Total Assets	< 20%	10.0%
Net Debt: Total Revenue	< 200%	134.1%
Net Interest: Total Revenue	< 15%	4.2%
Net Interest: Annual Rates Income	< 20%	5.5%

The ratios are within the limits provided for in the policy.

- 2.9 Provision is made for a total interest expense of \$5.56m during 2020/21 approximately \$0.6m of which relates to the additional debt. The full year servicing cost of the additional debt (at 3.4% pa) would be \$1.2m.

3. NEXT STEPS

- 3.1 After considering the issue it is recommended the Council formally approve the borrowings to enable the capital expenditure plans approved for 2020/21 in the Annual Budget to be funded. The recommendation is to approve additional borrowings of up to \$36m (i.e. \$35.64m rounded upward) to accommodate any possible variations in the expenditure for the 2019/20 year and therefore the levels of capital expenditure carry forward.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A Driven and Enabling Council	
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions in The action is: The recommendations are a procedural pre-requisite to enable all capital development plans to be undertaken.	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	The recommendations are a procedural pre-requisite to enable all capital development plans to be undertaken

ATTACHMENTS

Nil

MEMORANDUM

TO: Council

MEETING DATE: 24 June 2020

TITLE: Proposed changes to foundation policies for Local Government Funding Agency (LGFA)

PRESENTED BY: Steve Paterson, Strategy Manager - Finance

APPROVED BY: Stuart McKinnon, Chief Financial Officer

RECOMMENDATION TO COUNCIL

1. That Council support the Local Government Funding Agency (LGFA) proposal as follows:

- To increase the foundation policy financial covenant net debt/total revenue from the current 250% to 280% for local authorities with a long-term credit rating of 'A' equivalent or higher;
- That until 2025/26, local authorities with a long-term credit rating of 'A' equivalent or higher must comply with the "Alternate Net Debt/Total Revenue covenant" as below:

Alternative Net Debt / Total Revenue Covenant	
Financial Year (Test Date)	Net Debt / Total Revenue
30 June 2020	<250%
30 June 2021	<300%
30 June 2022	<300%
30 June 2023	<295%
30 June 2024	<290%
30 June 2025	<285%

- That the amended foundation policy covenant of 280% will apply in the 2025/26 financial year and annually thereafter.

1. ISSUE

- 1.1 The Local Government Funding Agency (LGFA) is seeking shareholder approval to proposed changes to its foundation policies to increase the net debt/total revenue foundation policy covenant that applies to local authorities with a long-term credit rating of 'A' equivalent or higher. This approval is being sought at a Special General Meeting on 30 June 2020.
- 1.2 This memo seeks approval for the Council to support the changes.

2. BACKGROUND

Past decisions

- 2.1 In June 2012 the Council passed a number of resolutions relating to the LGFA and in particular to authorise the Council becoming a shareholder and guarantor. The Chief Executive was delegated authority to execute any documents associated with the Council's participation in LGFA.
- 2.2 A number of complex documents were executed as part of the process and the Council has subsequently been a shareholder (0.4% of total shareholding), guarantor (1.7% share of guarantee) and borrower (1.3% of total borrowings as at 1 May 2020) from what has become a very successful entity that now provides over 90% of New Zealand local governments funding needs and a shareholder equity of approximately \$74 million at 30 June 2019.
- 2.3 In 2015 the Chief Executive's delegation was relied upon to authorise the execution a number of documents that made changes to some of the foundation documents of LGFA so they were compliant with requirements of the then new Financial Markets Conduct Act. The changes at the time made no substantive change to the nature of the Council's investment in LGFA or its borrowing practices.
- 2.4 LGFA needs to continuously evolve to meet changes in the operating environment and stakeholder demands.
- 2.5 In 2018 shareholders authorised LGFA to proceed to investigate a framework that would enable LGFA to lend directly to CCOs as at the present time it can lend only to Councils. In November 2019 the Council resolved to support the changes that had been developed to make this effective. The documentation relating to this has recently been signed and will soon become operative.
- 2.6 A Shareholders' Agreement establishes a Shareholders' Council (SC) to advise shareholders on relevant matters that require shareholder resolutions. The Shareholders' Agreement also contains foundation policies for LGFA lending.

- 2.7 When lending to local authorities, the LGFA sets covenants in place in order to minimise risk of default on repayment of debt which local authority borrowers must meet to avoid recovery action being taken. The covenants are shown in the table below:

Covenant	Ratio - Current	Ratio - Proposed
Net Debt / Total Revenue	<250%	<280%
Net Interest / Total Revenue	<20%	<20%
Net Interest / Annual Rates Income	<30%	<30%
Liquidity	>110%	>110%

- 2.8 Borrowers are able to apply for bespoke financial covenants that exceed the above targets. Loan agreements reached on bespoke terms require the approval of the LGFA board only.
- 2.9 The LGFA has two classes of local authority borrowers – those with long-term credit ratings of ‘A’ equivalent or higher of which there are 30 borrowing councils; and those without. Of total loans on issue, 90.1% are to councils with credit ratings.

Latest proposal

- 2.10 LGFA is proposing a change to one of the key policy covenants for those wishing to borrow through the LGFA. The change is designed to provide greater flexibility and borrowing capacity to Council’s with a long-term credit rating of ‘A’ equivalent or higher. Local authorities are facing short-term revenue uncertainties as a result of COVID-19’s impact on the New Zealand economy. They are also facing increased borrowing requirements to finance additional infrastructure to meet population growth, climate change, water quality and more recently central government’s call for local authorities to assist with additional infrastructure investment in the near term as part of the economic relief package post COVID-19.
- 2.11 At the present time all local authorities (with a long-term credit rating of ‘A’ or better) borrowing through the LGFA must maintain a ratio of net debt/total revenue below 250%. It is proposed this limit be raised to 280% effective from the 2025/26 year but in the intervening years 2021-2025 that there be temporary covenants of between 250% and 300% as shown in the following table:

Year ending:	Net Debt/Total Revenue
30 June 2020	<250%
30 June 2021	<300%
30 June 2022	<300%
30 June 2023	<295%
30 June 2024	<290%
30 June 2025	<285%
30 June 2026	<280%

- 2.12 Financial covenants for the council borrowers that do not have long-term credit ratings of 'A' equivalent or higher are to remain unchanged at 175%.
- 2.13 The following table notes the **benefits and risks** that the proposed change to the covenant will make to various parties:

Party	Impact of increase in borrowing capacity
LGFA	Will be able to lend an additional \$2.6 billion to the 30 councils with long-term credit rating of 'A' equivalent or higher.
Palmerston North City Council	<p>The Council's Net Debt / Total Revenue at 30 June 2019 was 84%, which means headroom remaining to reach the 250% covenant was \$230 million.</p> <p>Lifting the covenant to 280% would enable additional borrowings of circa. \$42 million.</p>
Other councils with long-term credit ratings of 'A' equivalent or higher	<p>Of the 30 relevant local authority borrowers, the highest ratio at 30 June 2019 was 180%. Therefore, most have significant headroom to manage the potential financial pressures over the next few years.</p> <p>Auckland Council is the largest borrower with a ratio of 173%, and for which the increase in the covenant will create the ability for it to borrow an additional \$1.1 billion.</p>
Guarantors of local authority borrowings and LGFA shareholders	<p>The LGFA expects a maximum of five councils are likely to exceed the 250% covenant, based on LTP expectations. These include growth councils – Auckland, Tauranga and Hamilton which together could borrow up to an additional \$1.27 billion to reach the 280% ceiling by 2026. With a guarantee of 1.7%, the Council would be exposed to additional risk of \$21.6 million. However, the LGFA has liquidity of \$1.56 billion that it would access prior to reverting to guarantors.</p> <p>The LGFA has discussed the proposal with credit rating agencies who have advised that it will not change the LGFA's overall rating of AA+ (and therefore its price of borrowing for on-lending to local</p>

	<p>authorities will not increase as a result of the increased financial covenant).</p> <p>Overall, the risk of a call to guarantee a council default remains negligible.</p>
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2.14 Attached are the following:

- an EXPLANATORY NOTE from the LGFA that provides more detail
- an Analysis of additional risk to guarantors from proposed change to Foundation Policy limits.

Shareholders' Council recommendation

2.15 The LGFA's Shareholders' Council has provided its recommendation, which is to support the LGFA's proposed shareholder resolutions. An excerpt from that letter follows:

"Before the Shareholders' Council (SC) position was finalised, LGFA sought feedback from the main credit rating agencies to establish the level of support for the proposal. A report subsequently published by S&P Global Ratings is attached.

At that time, the SC agreed that while it broadly supported the proposed changes, more information was required about any incremental risks arising. However, given the positive response from the rating agencies we gave our qualified support at that time, and agreed that preparations for the proposal to be put to shareholders at a Special General Meeting should be progressed by LGFA.

LGFA has responded to our request for further information (also attached). While this is not an independent assessment, the majority of SC members agree that this addresses our concerns and that the benefits of the proposal outweigh any associated risks.

Eight of the nine council members of the SC have voted to recommend that the proposal is supported, with one abstaining. The Government representative has also supported the SC recommendation, although it is noted that the Government is not a guarantor of LGFA.

We therefore support the proposed changes and recommend that all shareholders do the same."

Conclusion

2.16 Although this Council's current ratio is well below these limits in a number of years this higher level covenant may be of benefit. In the short to medium term the

PALMERSTON NORTH CITY COUNCIL

Council's key concern is to ensure there is not significantly greater risk to it as a guarantor of LGFA. LGFA has stress tested this and discussed the proposal with the various credit rating agencies LGFA rely on to be able to attract funding at such attractive levels.

- 2.17 The Shareholders' Council recommends supporting the change.
- 2.18 The conclusion is that the proposal is a sensible one in these extraordinary circumstances and should be supported.



3. NEXT STEPS

- 3.1 Assuming the necessary proportion of shareholders support the proposed changes by resolution at the SGM then the various documents will be signed by all parties.

4. COMPLIANCE AND ADMINISTRATION

Does the Council have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions in Not Applicable	
Contribution to strategic direction	Not applicable

ATTACHMENTS

1. EXPLANATORY NOTE from LGFA [!\[\]\(8a1f0539f82b3c8560fac009ed702536_img.jpg\)](#) 
2. Analysis of additional risk to guarantors from proposed changes to Foundation Policy limits [!\[\]\(e7b76e0318d7fbfec2ba077fddd86b0f_img.jpg\)](#) 

EXPLANATORY NOTE

CHANGES TO FOUNDATION POLICIES

This resolution seeks shareholders' approval for amendments to the Foundation Policies of the Company.

The Foundation Policies of the Company are set out in schedule 1 to the SHA. In summary, as relevant for the proposed resolution, clause 5.1(c) of the SHA provides that neither the Board nor any shareholder shall take or permit any action to cause any alteration to any of the Foundation Policies unless it is approved by Ordinary Resolution of the Company's shareholders.

The proposed changes to the Foundation Policies requiring shareholder approval by Ordinary Resolution relate to a change to the Net Debt / Total Revenue foundation policy financial covenant.

Proposed Change

The proposed change is to increase the Net Debt / Total Revenue foundation policy financial covenant from the current 250% to 280%, which applies to Local Authorities with a long-term credit rating of 'A' equivalent or higher.

However, such Local Authorities will not be required to comply with the revised Net Debt / Total Revenue foundation policy financial covenant until the financial year ending 30 June 2026. Until that date, such Local Authorities must comply with the Net Debt / Total Revenue foundation policy financial covenants set out in the table below:

Alternative Net Debt / Total Revenue Covenant	
Financial Year ending	Net Debt / Total Revenue
30 June 2020	<250%
30 June 2021	<300%
30 June 2022	<300%
30 June 2023	<295%
30 June 2024	<290%
30 June 2025	<285%

Then from the Financial Year ending 30 June 2026 the Net Debt/Total Revenue foundation policy financial covenant will be 280% for such Local Authorities with a long-term credit rating of 'A' equivalent or higher.

The proposed change is to provide greater financial flexibility and borrowing capacity for such Local Authorities as a result of the short-term impacts of COVID-19 and the medium-term structural changes to the local government sector to meet additional demand for infrastructure investment.

Local Authorities are faced with short-term revenue uncertainties as a result of the impact of COVID-19 on the New Zealand economy. This will impact both rates revenue and non-rates revenue for many Local Authorities and a recent Department of Internal Affairs Report projects revenue shortfalls of between 2.3% and 11% in the 2020-21 financial year.¹

The foundation policy and lending policy financial covenants were incorporated into the Foundation Policies in 2011 and have not subsequently been amended. Since 2011, Local Authorities have faced increased borrowing requirements to finance additional infrastructure to meet population growth, climate change and water quality issues. Central Government has also called upon Local Authorities to assist with additional infrastructure investment in the near term as part of the economic relief package post COVID-19.

The proposed changes only apply to Local Authorities with a long-term credit rating of 'A' equivalent or higher. As at 12 May 2020 thirty Local Authorities were required to meet the foundation policy financial

¹ DIA Local Government Sector COVID-19 Financial Implications Report 2 –4 May 2020

covenants. The other thirty-seven Local Authorities are required to meet the more restrictive lending policy financial covenants.

LGFA has undertaken scenario testing to determine the potential additional borrowing as a result of the proposed change to the foundation policy financial covenants and has concluded that the proposed changes do not incur significant additional risk for shareholders or guarantors of LGFA. This is because the probability of a default by a Local Authority remains low and if a default did occur then the probability of recovery of loans owing to LGFA remains high.

LGFA has discussed the proposed changes with both S&P Global Ratings Australia Pty Limited and Fitch Australia Pty Limited who provide a credit rating on LGFA. Both agencies were supportive verbally of the proposed change and S&P Global Ratings Australia Pty Limited provided their support in writing.²

² S&P Global Ratings Bulletin "New Zealand Local Government Funding Agency Ltd Ratings Can Tolerate Higher Council Leverage Limits. 5 May 2020



Analysis of additional risk to guarantors from proposed change to Foundation Policy limits

Background:

The LGFA Board has proposed to shareholders to change a Foundation Policy covenant at a Special General Meeting of shareholders on 30 June 2020. Please refer to the Notice of Meeting for the rationale to increase the Net Debt/Total Revenue covenant within the Foundation Policies.

The proposal is to increase the limit to 300% for the 2020/21 and 2021/22 years and then a tapering back to 280% over a five-year period (to June 2026) through a 5% reduction each year from June 2022.

There are no proposed changes to any of the Lending Policy covenants (for unrated councils or those with a credit rating less than "A") and no proposed changes to any of the other Foundation Policy covenants.

The proposed covenant change applies to those councils with a credit rating of "A" or better and there are currently 31 councils with borrowings from LGFA of \$9.63 billion as at 26 May 2020.

The Shareholder Council is in favour of the proposal but has asked

"the LGFA Board to determine (preferably through appropriate independent advice) how much (if any) additional risk could arise as a consequence of lifting the debt covenants to the proposed level and, if there is any additional risk to shareholders and guarantors, advice on what the appropriate response could be to mitigate it."

LGFA management have estimated the additional risk through assessing the probability of default from a change to the covenant by using the S&P rating methodology. They have outlined the rationale for why there is a low likelihood of loss on a council loan if a default occurred. They have also highlighted the mitigants to a call on the guarantee in the unlikely event that a council did default, and a loss did occur.

The LGFA board believes it is not cost effective to undertake an independent review of this analysis as the quantitative analysis is drawn from S&P Global Ratings independent methodology and the qualitative assessment regarding mitigants has been well publicised by LGFA over the past five years. S&P Global Ratings also noted on an investor conference call on 26 May 2020 that the additional risk from the proposed changes to guarantors is very low.

Additional risk from proposed change:

The Net Debt/Total Revenue covenant was set in conjunction with the credit rating agencies in 2011 and is viewed as a crude proxy for the Debt/GDP ratios used to assess Sovereign credit ratings. It is a measure of debt affordability for borrowers. It is however an imperfect assessment for councils with constrained revenue sources (that are largely uncorrelated to economic growth) and the ratio is misleading given it is a comparison of a stock of debt to a flow of income. However, there is no better proxy available for an assessment of debt affordability.

The other covenant ratios are measures of debt serviceability and liquidity. The low level of interest rates means that there are no issues for councils when meeting debt serviceability covenants. Councils have high levels of access to liquidity.

The additional risk for LGFA (and its council guarantors) from relaxing the Net Debt/Total Revenue covenant for those councils with an external credit rating stems from those council borrowers either taking on additional debt or a reduced level of revenue than previously forecast. The risk will depend upon whether there is an increase in

1. Probability of default and/or
2. Likelihood of loss if a default occurs

Probability of default

We use S&P data to assess the probability of a borrower defaulting for a given credit rating. The S&P data shows:

- The probability of a “AA” issuer defaulting over the next 5-year period is 0.32%
- The probability of a “A” issuer defaulting over the next 5-year period is 0.50%
- S&P do not break the analysis down into individual ratings bands between “AA” and “A”. It would be reasonable however to assume the outcomes for “AA-” and “A+” would be somewhere in between so we have used 0.38% and 0.44% respectively.
- We have used 5 years for the time period as it is a reasonable proxy for an average council loan (more accurate than using the 1-year data)

The question then becomes how much the risk of a council default increases by lifting the net debt to revenue covenant from 250% to 280%.

- The debt level of a council is only one part of what makes up the credit profile (or riskiness) of a council (the S&P weighting is 20%)
- For a council credit rating outcome, it is entirely possible that an increase in debt will be offset by an improved score for economic strength or liquidity. Therefore, the whole picture needs to be considered.
- LGFA’s view is that only Auckland, Hamilton City and Tauranga City Councils are likely to see their net debt to revenue ratio increase to over 250% in the medium term.
- All other councils have enough headroom that makes it unlikely that forecast or actual net debt to total revenue will increase above 250% although it is possible that this could change when the 2021-2031 LTP’s are completed.

Expected loss as a result of a default

The following analysis considers the potential loss from the proposed change to the Foundation Policy covenant¹

- Auckland, Hamilton City and Tauranga City Councils currently makeup 34.3% of LGFA’s council lending.
- If it is assumed that these three councils are downgraded by 1 rating notch if their Net Debt / Total Revenue outcome increases from 250% to 280% then the probability of default increases by 0.06% (0.5%-0.32% divided by 3). The underlying assumption is that if a “AA” council is downgraded to “AA-” then the default probability would increase from 0.32% to 0.38%.
- 34.3% of the portfolio multiplied by 0.06% is 0.02%.
- A 0.02% expected loss on a \$10.8 billion loan book translates to a loss of \$2.2 million over 5 years.

LGFA would expect to recoup some (if not all) of any losses as we only lend to councils secured against rates. If we adjust the \$2.2 million expected loss for an 80% recovery rate, then this would be an expected loss of \$440,000.

On this basis the change in the predicted loss is negligible.

¹ Note this is an estimate of the additional potential loss and not the overall estimated loss on the loan book.

Likelihood of a call on guarantors – a qualitative assessment

If a council borrower defaults and there is a loss on the loans, then what are the implications for call upon the guarantee?

It must be noted that the guarantor councils guarantee the obligations of LGFA and not individual council loans. Any call under the guarantee would be made by the LGFA board in order to maintain solvency or meet repayment of LGFA obligation to investors.

The mitigants to a call upon the guarantee are

Reduce probability of council default	Reduce likelihood of loss if a council defaulted	Reduce risk of call on guarantee if a council defaulted and a loss incurred.
<p>Performance of Council Sector</p> <p>There has never been a default by a New Zealand Council. In addition, there is strong oversight of the sector by the Office of the Auditor General (OAG) and the Department of Internal Affairs (DIA). If the Government has concerns over the performance of a council, there are several intervention steps that can be taken including the appointment of a Crown Observer through to the appointment of Commissioners.</p>	<p>Security Over Rates</p> <p>All lending undertaken by LGFA to councils is done with a security charge over the council's rates. This means that in the event of a default by a council, LGFA can appoint a statutory manager who can impose a special rate that would be able to recover the amount owed to LGFA. This ensures all lending to councils is first ranking.</p>	<p>LGFA Capital</p> <p>As at March 2020, LGFA had capital of \$244.6 million. This was made up of \$81.5 million of equity and \$163.1 million of borrower notes which could be converted into equity. In addition, there is a further \$20 million of uncalled capital. This provides over \$250 million of equity that could be used before a call was made under the guarantee.</p> <p>LGFA is proposing to increase the Borrower Notes (BNs) percentage to 2.5% and the recently increased lending margins will increase capital. Increasing the BNs alone will increase capital by almost \$100 million in the next six years.</p>
<p>LGFA Financial Covenants</p> <p>LGFA covenants are set at a level that is roughly consistent with a "A+" credit rating from S&P global ratings. A borrower with a credit rating of "A+" remains of investment grade quality and is not expected to default on its obligations.</p>		<p>LGFA Relationship with Government</p> <p>The New Zealand Government does not guarantee LGFA. However, the Government is a 20% shareholder in LGFA. In addition, the Government provides a \$1 billion committed credit facility to LGFA. This would provide LGFA access to funding in the event of a severe market disruption in capital markets which in turn would provide continuity of funding to the New Zealand local authority sector. The Government is also a member of the LGFA Shareholder Council.</p>

<p>Current Headroom under Financial Covenants</p> <p>As at June 2019 no council had a net debt to revenue ratio above 200%. This means that there was enough headroom as a starting point. As a result, we do not think any council will breach the LGFA financial covenants as at June 2020.</p>		<p>LGFA Relationship with Reserve Bank of New Zealand (RBNZ)</p> <p>The RBNZ added LGFA bonds to its Large-Scale Asset Purchase (LSAP) programme in early April and can buy up to 30% of LGFA bonds on issue. The Minister of Finance has agreed to indemnify the RBNZ from any losses incurred through operating the LSAP. This provides a source of liquidity for LGFA and ensures we can borrow at cost effective yields.</p>
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Conclusion

LGFA assesses there to be a low probability of a council defaulting, a high expected recovery rate if a council did default and several mitigants to reduce the likelihood of a call upon the guarantee.

A statistical model-based outcome suggests an additional \$2.2 million expected loss to be considered should the Foundation Policy limit be increased and assuming that three councils move above the existing limit to the new higher limit of 280%. Assuming an 80% recovery rate, then this would be an expected loss of \$440,000.

Given the capital position and ongoing profitability of LGFA, we assess the additional risk to be minor and is outweighed by the benefits to the councils of additional headroom and borrowing capability. This will enable our council borrowers to facilitate infrastructure led growth in the post-COVID environment and meet their responsibilities under the Four Well beings of the Local Government Act.

MEMORANDUM

TO: Council

MEETING DATE: 24 June 2020

TITLE: Alteration to Standing Orders - remote participation

PRESENTED BY: Hannah White, Democracy and Governance Manager

APPROVED BY: Sheryl Bryant, General Manager - Strategy & Planning

RECOMMENDATIONS THAT COUNCIL:

1. Receive the report titled "Alteration to Standing Orders – remote participation" dated 24 June 2020.
2. Amend the Standing Orders to include Part 4 Remote Participation (Appendix 1 of the "Alteration to Standing Orders – remote participation" report dated 24 June 2020).
3. Determine that Council and committee meetings in the 2019-2022 triennium be webcast and recorded
OR
Determine that only Council meetings be webcast and recorded
OR
Allow each committee to decide if its meetings are webcast and recorded
4. Note that the Council Chamber will need the appropriate technology to be in place to allow remote participation.

1. ISSUE

- 1.1 In May 2020, Council resolved "That a proposal to allow remote participation in council meetings to be made permanent is brought to the Council meeting in June". This report addresses that request.
- 1.2 There are two parts to this request:
 - (1) Agree to additional Standing Orders that allow for remote participation
 - (2) Determine the expectations of the Council as to whether remote participation will occur for all committees or only Council.

- 1.3 Any Standing Orders alteration (as outlined in Appendix 1) is subject to availability of technology. Elected Members have set aside \$80,000 for enhancing participation in the Chamber. After a digital technology assessment, we will know the cost of options available and report back to Elected Members. Should further funding be required this would be subject to the Long-Term Plan process.

2. BACKGROUND

- 2.1 During the Epidemic Notice issued as a part of the Covid-19 lockdown procedures, central government amended the Local Government Act 2002. The amendment gives local authority members the right to attend meetings remotely and to allow remote attendance to count towards quorum of local authority meetings (25B(6)).

- (1) 25B states that:

“A member of a local authority, or of a committee of a local authority, has, unless lawfully excluded, the right to attend any meeting of the local authority or committee by means of audio link or audio-visual link.

And

To that end, a member may attend a meeting by means of audio link or audio-visual link despite any limitation or condition on the use of an audio link or audio-visual link that is contained in the local authority’s standing orders; and anything else to the contrary in the local authority’s standing orders.”

- (2) Further 25B(6) explicitly notes that:

“A member of the local authority or committee who attends a meeting by means of audio link or audio-visual link, in accordance with this clause, is to be counted as present for the purposes of [clause 23](#).”

- 2.2 Furthermore, the Local Government Official Information and Meetings Act 1987 (LGOIMA) was also amended under the same Epidemic Notice to enable members of the public to observe meetings remotely. Section 47A states

- (1) For the purposes of [section 47](#), **open to the public** means that the local authority,—
- (a) if it is reasonably practicable, enables access to the meeting by broadcasting live the audio or video of the meeting (for example, by broadcasting it on an Internet site); and
- (b) does 1 or both of the following as soon as practicable after the meeting ends:

- (i) makes an audio or a video recording of the meeting available on its Internet site:
 - (ii) makes a written summary of the business of the meeting available on its Internet site.
- (2) The local authority must provide the live broadcast, and make the recording or summary available, free of charge.
- 2.3 The temporary amendments noted above will be revoked on 25 June 2020 when the Epidemic Preparedness (COVID-19) Notice 2020 expires. If the Council wishes to continue to use remote participation for committee members, officers and public then an alteration to the Standing Orders is required.
- 2.4 Section 25A of the Local Government Act 2002 already allows for local authorities to permit remote participation. The Act sets out the following requirements for doing so in Section 27:

“Where a local authority wishes to permit the use of audio link or audio-visual link for the purposes of clause 25A(1)(a), the local authority—

 - (a) must first provide for this matter in its standing orders; and
 - (b) may include in its standing orders matters concerning the use of audio links or audio-visual links at meetings, including, without limitation, —
 - (i) specifying the type or types of meeting at which members may participate by way of audio link or audio-visual link; and
 - (ii) attendance requirements; and
 - (iii) prescribing any method or technology of audio links and audio-visual links; and
 - (iv) any other requirements that the local authority considers are appropriate to maintain public confidence in the transparency and integrity of decision-making processes and the conduct of members during these processes; and
 - (v) specifying that any person wishing to participate in this manner must make prior arrangement with the local authority.

3. PROPOSED ALTERATION TO STANDING ORDERS

- 3.1 It should be noted that Council would need to alter its standing orders to enable remote participation to take place. This requires the support of 75% of elected members present.

- 3.2 Appendix 1 sets out proposed additional clauses to the Palmerston North City Council Standing Orders. The Appendix sets out a framework for the remote participation of committee members, officers and members of the public who wish to speak to a council or committee meeting.
- 3.3 Appendix 1 has been developed from Local Government New Zealand's Model Standing Orders 2019, which reflect the legislative guidance.

4. RECORDING OF MEETINGS

- 4.1 The additional proposed clauses 4.1 and 4.7 allow for recording and webcasting of meetings, however, do not require it. A decision to undertake recording of the committee would need to be agreed by the Council at the beginning of the triennium.
- 4.2 Remote participation at each meeting would remain at the Chair's discretion.
- 4.3 Remote participation may be limited to those actively participating in the meeting (eg. through online meeting software) or extended to those who wish only to observe (eg. through webcast or recording).
- 4.4 Webcasting may be made available live or recorded for viewing later. Offering both heightens opportunities for wider community engagement in committee processes.
- 4.5 Recordings would be subject to the Public Records Act 2005, which would require archiving for at least ten years, and subsequently subject to official information requests under LGOIMA.
- 4.6 It should be noted that webcasting and recording will take additional (or redirected) staff resource.
- 4.7 Appropriate technology would need to be installed in the Council Chamber to guarantee the quality of remote participation.
- 4.8 A protocol for recording meetings is attached as Appendix 2.



5. NEXT STEPS

- 5.1 The Council Chamber refit will be the basis of a future report as new budget has been allocated to enable participation in the Council Chamber. Only once this work is completed, will the Council be able to use remote participation in the Chamber.
- 5.2 Alterations to the Standing Orders will be published and distributed appropriately.

6. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual s166	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A Driven and Enabling Council	
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions is Not Applicable The action is:	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Altering the Standing Orders (by addition of new clauses) to allow for remote participation opens wider opportunities for participation in Council's decision-making processes.

ATTACHMENTS

1. Appendix 1 - Part 4 Remote Participation [↓](#) 
2. Appendix 2 - Recording Protocols [↓](#) 

Appendix 1: Part 4 – Remote Participation

Proposed Clause	Relevant current Standing Order
<p>4.1 Local authority may record meetings</p> <p>Meeting venues should contain clear signage indicating and informing members, officers and the public that proceedings may be recorded by the Palmerston North City Council and may be subject to direction by the Chairperson.</p>	
<p>4.2 Right to attend by audio or audio visual link</p> <p>Provided the conditions in standing orders 4.6 and 4.7 are met members of the local authority and its committees (and members of the public wishing to speak if approved by the Chairperson), have the right to attend meetings by means of an electronic link, unless they have been lawfully excluded.</p>	2.12.2
<p>4.3 Member's status: quorum</p> <p>Members who attend meetings by electronic link will not be counted as present for the purposes of a quorum.</p> <p><i>cl. 25A (4), Schedule 7, LGA 2002.</i></p>	2.4.1 and 3.4.1
<p>4.4 Member's status: voting</p> <p>Where a meeting has a quorum, determined by the number physically present, the members attending by electronic link can vote on any matters raised at the meeting.</p>	2.14.1 and 3.4.1
<p>4.5 Chairperson's duties</p> <p>Where the technology is available and a member is attending a meeting by audio or audio visual link, the Chairperson must ensure that:</p> <ul style="list-style-type: none"> (a) The technology for the link is available and of suitable quality; and (b) Procedures for using the technology in the meeting will ensure that: <ul style="list-style-type: none"> i. Everyone participating in the meeting can hear each other; ii. The member's attendance by audio or audio visual link does not reduce their accountability or accessibility of that person in relation to the meeting; 	2.12.2

<p>iii. The requirements of Part 7 of LGOIMA are met; and</p> <p>iv. The requirements in these standing orders are met.</p> <p>If the Chairperson is attending by audio or audio visual link then chairing duties will be undertaken by the deputy chair or a member who is physically present.</p> <p><i>cl. 25A (3) schedule 7, LGA 2002.</i></p>	
<p>4.6 Conditions for attending by audio or audio visual link</p> <p>Noting standing order 4.7, the Chairperson may give approval for a member to attend meetings by electronic link, either generally or for a specific meeting. Examples of situations where approval can be given include:</p> <ul style="list-style-type: none"> (a) Where the member is at a place that makes their physical presence at the meeting impracticable or impossible; (b) Where a member is unwell; and (c) Where a member is unable to attend due to an emergency. 	
<p>4.7 Request to attend by audio or audio-visual link</p> <p>Where possible, a member will give the Chairperson and the chief executive at least 2 working days' notice when they want to attend a meeting by audio or audio-visual link. Should, due to illness or emergency, this is not possible the member may give less notice.</p> <p>Where such a request is made and the technology is available, the chief executive must take reasonable steps to enable the member to attend by audio or audio-visual link. However, the council has no obligation to make the technology for an audio or audio-visual link available.</p> <p>If the member's request cannot be accommodated, or there is a technological issue with the link, this will not invalidate any acts or proceedings of the local authority or its committees.</p>	2.12.2
<p>4.8 Chairperson may terminate link</p> <p>The Chairperson may direct that an electronic link should be terminated where:</p>	SO 2.12.2

<p>(a) Use of the link is increasing, or may unreasonably increase, the length of the meeting;</p> <p>(b) The behaviour of the members using the link warrants termination, including the style, degree and extent of interaction between members;</p> <p>(c) It is distracting to the members who are physically present at the meeting; and</p> <p>(d) The quality of the link is no longer suitable.</p>	
<p>4.9 Giving or showing a document</p> <p>A person attending a meeting by audio or audio visual link may give or show a document by:</p> <ul style="list-style-type: none"> (a) Transmitting it electronically; (b) Using the audio visual link; or (c) Any other manner that the Chairperson thinks fit. <p><i>cl. 25(A) (6) schedule 7, LGA 2002.</i></p>	
<p>4.10 Link failure</p> <p>Where an audio or audio visual link fails, or there are other technological issues that prevent a member who is attending by link from participating in a meeting, that member must be deemed to be no longer attending the meeting.</p>	SO2.12.2
<p>4.11 Confidentiality</p> <p>A member who is attending a meeting by audio or audio visual link must ensure that the meeting's proceedings remain confidential during any times that the public are excluded. At such times, the Chairperson may require the member to confirm that no unauthorised people are able to view or hear the proceedings.</p>	SO 2.16.4

Appendix 2: Recording Protocols

Recording protocols

Protocols to follow when recording Council and Committee meetings.

1. Cameras will cover a member who is addressing the meeting. Cameras will also cover other key participants in a meeting, including staff when giving advice and members of the public when addressing the meeting during the public input time.
2. Presentation slides, recording of votes by division and other matters displayed on a screen in the room may be shared with remote-access members.
3. Appropriate signage will be displayed both in and outside the meeting room alerting people that the proceedings are being recorded.
4. The Chairperson will verbally announce that the recording is taking place at the beginning of the meeting and as required.

REPORT

TO: Council

MEETING DATE: 24 June 2020

TITLE: Review of Standing Orders

PRESENTED BY: Hannah White, Democracy and Governance Manager

APPROVED BY: Sheryl Bryant, General Manager - Strategy & Planning

RECOMMENDATIONS TO COUNCIL

1. That the report "Review of Standing Orders", presented to Council 24 June 2020 be received.
2. That Council appoint a Standing Orders Working Group (Option 2) consisting of the Deputy Mayor (lead), Councillor X, Councillor Y and Councillor Z to conduct a comprehensive review of the Council's Standing Orders.
3. That Council approve the Terms of Reference of the Standing Orders Working Group (as attached in Appendix 1).
4. That Council notes the Standing Orders Working Group will report their recommendations back to Council in October 2020.

SUMMARY OF OPTIONS ANALYSIS FOR

Problem or Opportunity	Council has not completed a comprehensive review of its standing orders since 2005. Standing Orders should be reviewed regularly to ensure they meet the needs of Councillors.
OPTION 1:	Adopt the current Standing Orders unchanged
Community Views	No opportunity to reflect upon the ways in which Standing Orders may or may not affect public engagement with Council meetings.
Benefits	Councillors are already familiar with the Standing Orders. No officer time is needed for further review.
Risks	Changes to the Local Government Act 2002 to allow for electronic participation at meetings or webcasting are not incorporated into the standing orders. The wording and format of the document may not reflect current language usage, resulting in misunderstanding. New councillors do not get an opportunity to review the current standing orders.
Financial	None
OPTION 2:	Establish a councillor-led working group to review the Standing Orders and to report back to Council.
Benefits	Councillors lead the development of the Standing Orders and consider how standing orders are used by Palmerston North City Council (within the parameters of the law). Opportunity to reflect on the way Councillors wish to operate meetings.
Risks	The review may take longer to complete.
Financial	Officer time to assist with the review.
OPTION 3:	Instruct officers in the Democracy and Governance Team to review the Standing Orders and to report back to Council.
Benefits	Review will be completed within a shorter timeframe. Councillors time is spared.
Risks	Initial Standing Orders report may be less likely to reflect the individual nature of Palmerston North City Council.
Financial	Officer time

RATIONALE FOR THE RECOMMENDATIONS

1. OVERVIEW OF THE PROBLEM OR OPPORTUNITY

- 1.1 The Council's Standing Orders (SO) were adopted in 2005, amended in 2008 and 2015 and re-adopted in 2017 unchanged. They have not been comprehensively reviewed for 15 years.
- 1.2 It is good practice for each new Council to adopt its own standing orders, to allow elected members the opportunity to adjust to fit their needs. In the current Council, there are members who are quite familiar with using the current Standing Orders, and also newly elected and appointed members who are not.
- 1.3 The Covid-19 lockdown has required Council to conduct its business via audio-visual meetings. This has required temporary changes to provisions in the Standing Orders. Given the need to make these temporary changes, it seems appropriate to review the Standing Orders now to take into account the impact of these changes on the document as a whole.

2. BACKGROUND AND PREVIOUS COUNCIL DECISIONS

- 2.1 Standing Orders are a set of procedures that outline how a local authority's meetings are managed. The Local Government Act 2002 requires all local authorities to adopt a set of standing orders and once adopted, they can only be amended, or a new set adopted with the support of 75% of elected members present. Councils are free to decide what their standing orders contain as long as they comply with, and do not contradict legislation.
- 2.2 Every triennium, Local Government New Zealand (LGNZ) revises their model Standing Orders for local authorities to adopt if they wish. The model incorporates any legal changes to practices for meeting procedures and simplifies the language used to improve readability and comprehension. Governance managers and representatives from Local Government New Zealand are involved in the re-drafting of the model Standing Orders.
- 2.3 The most recent model Standing Orders were published by LGNZ in 2019. The model Standing Orders is a guidance document. Councils can choose to adopt it fully, amend it to suit their own needs or develop their own standing orders completely.
- 2.4 LGNZ's Model Standing Orders 2019 contain additional ways to participate at meetings. These include:
 - Webcasting – streaming Council meetings live so that people can view them
 - Audio-visual participation – both for members and for the public
 - Options to speak and move motions and amendments
 - Whether the Chair has a casting vote

- 2.5 Palmerston North City Council's Standing Orders are based on Model Standing Orders 2003. They were adopted in 2005 after a comprehensive review done by officers which included councillor feedback. Several amendments followed in 2008 and 2015.
- 2.6 In 2017 an officer's report asked Council whether it wished to adopt in full or part of the new Model Standing Orders 2017. Council decided to re-adopt its current standing orders unchanged.
- 2.7 Given that a new council was elected in 2019, it is good practice that the opportunity to review the Standing Orders is offered to Council. To allow councillors to change the standing orders to reflect how they wish to operate their meetings.

3. DESCRIPTION OF OPTIONS

OPTION ONE: Adopt the current Standing Orders unchanged

- 3.1 This is the simplest option available to Councillors and would require no further work.
- 3.2 The existing Standing Orders are familiar to most members, and they have been amended when needed to meet the requirements of Council.
- 3.3 As Table 1 shows, of the 78 local authorities in New Zealand, 45 have adopted new Standing Orders following the most recent election in 2019.

Table 1: Number of Councils that adopted their Standing Orders by Year

Year	Before 2016	2016	2017	2018	2019	2020	Don't Know
Number	5	13	11	1	36	9	1

OPTION TWO: Establish a councillor-led working group to review Council's standing orders and to report back to Council.

- 3.4 Standing orders exist to assist members and officers of the local authority. Rather than simply adopting the model standing orders, Council could establish a councillor working group to review the Standing Orders with the potential to personalise the model standing orders to reflect the specific needs of Palmerston North City Council.
- 3.5 The Working Group could consist of the Deputy Mayor (lead) and three councillors. It would be supported by officers of the Governance Team.
- 3.6 The review will involve comparison of the Council's Standing Orders with LGNZ's Model Standing Orders 2019, by:

1. Undertaking a clause by clause analysis to determine whether to amend, delete, or leave each clause of the Council's Standing Orders.
 2. Reviewing the sections of the Model Standing Orders 2019 which are not currently in Council's Standing Orders, to determine whether to add them or not.
 3. Considering ways in which the Standing Orders might be written to improve its overall readability and comprehension; to remove any repetition or contradiction, ambiguity of terminology; and to re-format the document so that it more user-friendly.
- 3.7 It is envisaged that the working group will complete this work in three months and will be able to report its recommendations to Council in October 2020.
- 3.8 A draft Terms of Reference for the Working Group and proposed work schedule to complete the work are attached as Appendix 1.

OPTION THREE: Instruct Governance officers to review Council's Standing Orders and to report back to Council.

- 3.9 Council could instruct Governance officers to review the Council's standing orders against the model and present a draft version for their consideration.
- 3.10 An officers' review would be a desktop analysis of the elements listed in 3.6 above. Officers would then present a draft of the standing orders to Councillors for review and feedback. Councillors views could then be discussed and incorporated into the draft document through a workshop.
- 3.11 An officer-led review could be completed in July with Councillors able to offer feedback in August/September. Council could then formally adopt new Standing Orders at its Council meeting in October 2020.

4. ANALYSIS OF OPTIONS

Adopt the current Standing Orders unchanged (Option 1)

- 4.1 The benefit of this option is that many councillors are familiar with the current standing orders.
- 4.2 If the purpose of standing orders is to assist councillors and officers to run effective meetings, then the current standing orders fall short. The current standing orders contain discrepancies and repetition which can make it difficult for officers to provide ready advice when problems arise. The structure of the document is not easy to follow and can cause confusion for members during meetings.

- 4.3 Council's goal to be a driven and enabling council implies that Council has effective decision-making structures and is agile and transparent in its approach to community participation. The existing standing orders restrict Council's ability to meet this goal, as
- the current format is difficult to understand for the layperson who may wish to participate in a meeting.
 - there is no clause enabling electronic participation or for meetings to be webcast. Rather participants must be in the meeting room, which is not always convenient for members of the public who are working, since the council meets during the day. It also prevents councillors participating in meetings when they are unable to attend the council office due to other commitments.
- 4.4 There is no additional financial implication for this option.
- Establish a councillor-led working group to review Council's standing orders and to report back to Council (Option 2 - recommended)**
- 4.5 This is the recommended option. It allows for a full review of the Council's Standing orders against the model Standing Orders, and encourages Councillors to be involved in the Standing Orders review.
- 4.6 Using the Model Standing Orders as the comparator means
- Discussions are guided within a recognised framework.
 - The Model incorporates the current legislation and has been reviewed for readability, thus providing a tested standard against which to compare.
 - Council can incorporate the wording and structure of the model when it suits.
- 4.7 By being involved in the drafting of the document, councillors will be able to design a set of standing orders that work for them. Councillors will be able to tailor the model to meet the needs of Palmerston North City Council.
- 4.8 This process will take more Councillor time for those who become members of the working group.
- 4.9 The option supports Council's goal of being a driven and enabling Council, as it encourages Councillors to change the Standing Orders to reflect their needs. Councillors could alter the standing orders so that decision making is more efficient, and the meeting procedures are more flexible and transparent.

OPTION THREE: Instruct officers in the Democracy and Governance Team to review the Standing Orders and to report back to Council.

- 4.10 This option has similar benefits to Option 2. Standing Orders will be reviewed and updated against the LGNZ Model Standing Orders with the aim of being a more Driven and Enabling Council. However, most of the work will be the responsibility of Governance Officers and councillors will only be consulted once a working draft has been created.
- 4.11 This option saves councillor time as officers would produce a working draft for councillors to comment and amend. However, there is the risk that without councillor input at an early stage, officers might develop a working draft that does not reflect councillors needs and which will need to be changed.

5. CONCLUSION

- 5.1 It has been three years since Council's Standing Orders were last adopted and 15 years since they were fully reviewed.
- 5.2 Over this time, there have been several legal changes to how councils can manage their meetings which are not included in the Palmerston North City Council's existing Standing Orders. With the recent Covid-19 lockdown requiring Council to meet electronically, and enabling Councillors the opportunity to experience electronic participation in meetings, it seems an opportune time for Council to review its Standing Orders.
- 5.3 Even if Councillors are opposed to changing the Standing Orders, a review is still advisable to improve the formatting and ease of use of the existing Standing Orders.

6. NEXT ACTIONS

- 6.1 If Council decides to appoint a Working Group (Option 2) and its Terms of Reference, officers will arrange meetings of the Working Group over the next few months to review the Standing Orders.
- 6.2 The Working group will report their recommendations back to Council in October 2020.
- 6.3 If Council decides on Option 3, Officers will complete a desktop review and bring to Council by October 2020.

COMPLIANCE AND ADMINISTRATION

Does the Council have delegated authority to decide?	Yes
If Yes quote relevant clause(s) from Delegations Manual 166.8	

Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A Driven and Enabling Council	
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions in a plan under the Driven and Enabling Council Strategy	
The action is: N/A	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Reviewing the standing orders contributes to the effective running of Council, supporting Council's goal of being a driven and enabling Council. Councillors could alter the standing orders so that decision making is more efficient, and the meeting procedures are more flexible and transparent.

ATTACHMENTS

1. Appendix 1: Working Group - Terms of Reference [↓](#) 

Appendix 1

Standing Orders Working Group

Scope: to review the Standing Orders and consider how standing orders are used by Palmerston North City Council (within the parameters of the law).

Length of Review: July – September 2020, Working Group disbanded once report is submitted to Council.

Report to Council – October 2020

Membership

The Deputy Mayor (chair) and 3 other Councillors.

Councillors are encouraged to submit an expression of interest indicating availability during the period to the Mayor before 9am 24 June.

Supported and advised by the Democracy and Governance Advisor and Democracy and Governance Administrator.

Terms of Reference:

The Standing Orders Working Group will:

1. Conduct a comprehensive review of the Council's current Standing Orders using LGNZ's Model Standing Orders 2019 as a comparison.
2. Undertake a clause by clause analysis of the Council's Standing Orders against the LGNZ Model Standing Orders 2019 and determine whether to amend, delete or leave each clause.
3. Review the sections of the Model Standing Orders 2019 which are not currently in Council's Standing Orders, to determine whether to add or otherwise.
4. Review the Standing Orders as a whole to:
 - Make them clear and easy to understand.
 - Remove ambiguity or contradictions between clauses.
 - Remove unnecessary repetition of legislation.
 - Allow for easy-to follow formatting.
5. Seek legal advice on the document before presenting it to Council.
6. Upon completion of the review, present a report to Council on its findings and make recommendations to either:
 - Retain the current Council's SO
 - Make amendments to the Current Council Standing Orders OR
 - Adopt a new set of Standing Orders

Appendix 1

7. The Working Group will reach recommendations by consensus.

NOTE: Any amendments to, or adoption of a new set of Standing Orders requires the approval of 75% of Councillors present.

Proposed timeline to complete the work

24 June 2020	Council agrees to set up Standing Orders WG and its terms of reference
First meeting	Comparison with Model Standing Orders Review of Part 1 General and Part 2 Constitution and Legislative Matters
Second meeting	Comparison with Model Standing Orders Review of Part 3 (1) Meeting Procedures
Third meeting	Comparison with Model Standing Orders Review of Part 3 (2) Meeting Procedures
Fourth meeting	Comparison with Model Standing Orders Review of Appendices
Fifth meeting	Conclusions – review of layout of Standing Orders Drafting of amended Standing Orders.
September 2020	Deadline: Report to Council for October meeting needs to be drafted by late September

Note: This timetable is only a proposal – it could take fewer meetings than outlined and will depend on the working group.

MEMORANDUM

TO: Council

MEETING DATE: 24 June 2020

TITLE: Remits to Local Government New Zealand 2020 Annual General Meeting

PRESENTED BY: Hannah White, Democracy and Governance Manager

APPROVED BY: Sheryl Bryant, General Manager - Strategy & Planning

RECOMMENDATIONS TO COUNCIL

1. That the Council endorses the following remits to be submitted by Whanganui District Council to the Local Government New Zealand Annual General Meeting on 21 August 2020
 - 1) Four- year election cycle
 - 2) Loans for low-cost housing
 - 3) Measuring and reporting on Local Government's CO2 emissions
 - 4) Rates rebates for low income property owners

1. ISSUE

- 1.1 Whanganui District Council and New Plymouth District Council have requested the support of Palmerston North City Council in the submission of remits (attached) to the Local Government New Zealand Annual General Meeting.
- 1.2 The remits from both Councils were received with a limited turnaround time. Remits were due to Local Government New Zealand by 5pm 16 June 2020.
- 1.3 The Mayor has advised Whanganui that Palmerston North City is prepared to support the remits, upon the advice of officers. This report seeks retrospective endorsement from the Council.
- 1.3 The Mayor has advised New Plymouth that Palmerston North City is not prepared to support its remits, upon the advice of officers. The remits are included for information only.







2. NEXT STEPS

- 2.1 Should the Council decide not to endorse any one of the remits, Whanganui District Council will be informed.

3. COMPLIANCE AND ADMINISTRATION

Does the Council have delegated authority to decide?		Yes
If Yes quote relevant clause(s) from Delegations Manual <Enter text>		
Are the decisions significant?		No
If they are significant do they affect land or a body of water?		No
Can this decision only be made through a 10 Year Plan?		No
Does this decision require consultation through the Special Consultative procedure?		No
Is there funding in the current Annual Plan for these actions?		No
Are the recommendations inconsistent with any of Council's policies or plans?		No
The recommendations contribute to Goal 5: A Driven and Enabling Council		
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy		
The recommendations contribute to the achievement of action/actions in Not Applicable		
The action is:		
Contribution to strategic direction and to social, economic, environmental and cultural well-being	The remits address each of the four wellbeings at a national level.	

ATTACHMENTS

1. Remit 1: Four Year Election Cycle [↓](#) 
2. Remit 2: Loans for Low Cost Housing [↓](#) 
3. Remit 3: Measuring and Reporting on Local Government's CO2 Emissions [↓](#) 
4. Remit 4: Rates Rebates for Low Income Property Owners [↓](#) 
5. Remit 5: Balance of Transfers [↓](#) 
6. Remit 6: GST [↓](#) 

Annual General Meeting 2020

Remit application

Council Proposing Remit:	Whanganui District Council
Contact Name:	Stephanie Macdonald-Rose
Phone:	06 349 3215
Email:	stephanie.macdonald-rose@whanganui.govt.nz
Fax:	
Remit passed by: (Zone/Sector meeting and/or list five councils as per policy)	Five councils – TBC
Remit: FOUR-YEAR ELECTION CYCLE	
<p><i>"That the government pursue the introduction of a four-year election cycle for both local and central government elections"</i></p> <p>Please see the supporting information attached.</p>	

Background information and research:

The following detail is attached:

- nature of the issue;
- background to its being raised;
- new or confirming existing policy;
- how the issue relates to objectives in the current Work Programme;
- what work or action on the issue has been done on it, and the outcome;
- any existing relevant legislation, policy or practice;
- outcome of any prior discussion at a Zone or Sector meeting;
- evidence of support from Zone/Sector meeting or five councils;
- suggested course of action envisaged; and
- discussion and conclusion.

Remit proposal: FOUR-YEAR ELECTION CYCLE

Council proposing remit:	Whanganui District Council
Remit proposal:	<p>The proposal put forward is:</p> <p><i>“That the government pursue the introduction of a four-year election cycle for both local and central government elections”</i></p>
<p>Nature of the issue:</p> <p>The following issues have been identified – the current three-year election cycle:</p> <ul style="list-style-type: none"> (a) Does not enable elected members to generate and sustain momentum – providing less time to focus on legislation and governance and minimising the benefit that can be delivered for the community. (b) Causes disruption (a stop-start approach), with work programmes and strategies halted as different policy priorities are introduced.¹ (c) Limits the amount of ‘active’ working time available to enact policy – the first year often being dedicated to ‘finding your feet’ and / or getting going again after a protracted break, the second to implementing policy and the third to gearing up for the next election. (d) Does not support long-term strategic decision-making – with more substantive reform parked in favour of quick-fix solutions. (e) Does not align with the political terms of many other countries, where four or five years is more common. (f) Is more costly – fewer elections would reduce the financial outlay required. This is the case for both rate / tax payers as well as the candidates themselves. (g) May lessen the level of community interest in democratic participation – with elections appearing to roll around too quickly. 	
<p>Background:</p> <p>New Zealand currently has a three-year election cycle for both central and local government elections. New Zealand is one of only a handful of countries to adopt such a short election turn-around period, with most opting for either four or five year terms. This means that New Zealand has one of the shortest parliamentary terms in the world: <i>“Of 190 countries with parliaments, 103 have five-year terms, 74 have four-year terms, and just nine governments are in power for three years before an election is held.”</i>²</p> <p>The issues itemised above have led Whanganui District Council to propose that a four-year cycle be introduced to ensure that governance is more effective, continuous and future-focused.</p> <p>Although the New Zealand parliamentary system initially began with a five-year term, by the 1870s it had been reduced to three years: <i>“largely on the grounds that the public needed a more effective curb on the</i></p>	

¹ For example, it can sometimes take two or three years to develop an effective strategy or fundraise for a larger project. A three-year election cycle disrupts this progress and generates additional work and costs.

² <https://www.rnz.co.nz/news/political/392952/new-report-calls-for-four-year-term-more-mps-in-parliament> Retrieved 10 March 2020.

*powers of government.*³ Two government-initiated referenda have pursued the issue of a four-year term (one in 1967 and one in 1990). While both of these were easily defeated, they were conducted some time ago and the topic has retained support from the major political parties as well as other lobbyists (e.g. members of the business community).⁴

It also became an area of focus for the Constitutional Advisory Panel⁵ with findings indicating: “a reasonable proportion of the people who commented on this topic supported a longer term.”⁶

Those advocating for a longer term often cited arguments in relation to:

- **Planning and implementing policy** - providing more time for the government to plan and implement policy; improving the quality of policy by making sure that it is fit for purpose; and allowing the public to see the results of policy decisions in action before being required to vote.
- **Certainty and stability** – reducing the frequency of changes to policy and legislation as well as associated compliance costs.

People who opposed a longer term were concerned about its ability to keep politicians accountable. However, it was noted that there may have been some flexibility in this position if this change could be: “preceded by consideration of additional checks and balances to compensate for the reduction in voters’ power.”⁷

The following benefits are highlighted for consideration:

- A longer-term legislative and policy agenda.
- Better strategic planning and management.
- More time to enact policy and see the results of this – providing greater opportunity for voters to be informed about, and judge the effectiveness of, the incumbent government.
- A reduction in election costs.
- Less disruption for voters and communities – including businesses.
- Potential for an increase in voter participation.

New or confirming existing policy:

The Local Electoral Act and Constitution Act set the three year cycles. The Constitution Act requires a 75% majority in Parliament to amend the cycle, or a 50% majority electoral vote. The Local Electoral Act can be amended by a simple majority in Parliament.

³ Democracy in New Zealand – Raymond Miller
https://books.google.co.nz/books?id=1T93CQAAQBAJ&pg=PT69&lpg=PT69&dq=countries+with+four+year+election+terms&source=bl&ots=85wBzYqXDQ&sig=ACfU3U2KUI12M8rExgsGi9UI3d2CSh_-kQ&hl=en&sa=X&ved=2ahUKFwiBp5XerozoAhXmyzgGHwAJAT0Q6AEwDHoECAwQAQ#v=onepage&q=countries%20with%20four%20year%20election%20terms&f=false Retrieved 9 March 2020.

⁴ Ibid.

⁵ This was formed in 2011 to support the consideration of New Zealand constitutional issues

⁶ Constitutional Advisory Panel full report <https://www.justice.govt.nz/assets/Documents/Publications/Constitutional-Advisory-Panel-Full-Report-2013.pdf> Retrieved 9 March 2020.

⁷ Ibid.

<p>Relationship to LGNZ work programme:</p> <p>The LGNZ vision is: “local democracy powering community and national success”. Although there are no specific work programme actions to tag this remit to, it is considered that any enhancement to the effectiveness of governance is critical to the achievement of this vision.</p>
<p>Work or action undertaken on the issue:</p> <p>Two previous referenda have been held on this issue and a four-year term was considered by the Constitutional Advisory Panel. These findings are contained in: <i>A Report on a Conversation / He Kotuinga Korero mo Te Kaupapa Ture o Aotearoa</i>⁸.</p> <p>A 2019 report by Victoria University’s Institute for Governance and Policy Studies supported a four-year parliamentary term (<i>Foresight, insight and oversight: Enhancing long-term governance through better parliamentary scrutiny</i>).</p> <p><i>“As part of its work, the report’s authors interviewed 60 current and former politicians and high-ranking civil servants - including Sir Michael Cullen - many of who described the current system of scrutiny as “broken, poor”, weak, inadequate, cursory and patchy. Overall, parliamentary scrutiny was regarded as ad hoc, reactive and backward-looking. Ideally, it should be more systematic, proactive and forward-looking.”</i>⁹</p> <p>Parliamentary scrutiny was considered to be limited by “presentist bias in policy-making” – with long-term leadership providing more scope for good governance.</p>
<p>Relevant legislation, policy or practice:</p> <p>The primary pieces of legislation are the Local Electoral Act 2001 and Constitution Act 1986.</p>
<p>Outcome of any prior discussion / support at a Zone or Sector meeting:</p> <p>TBC</p>
<p>Suggested course of action:</p> <p>That the government be encouraged to pursue the introduction of a four-year election cycle for both central and local government elections. This opportunity has already been identified by governance specialists, politicians and civil servants as being a more effective means of achieving connected and strategic leadership.</p> <p>It is acknowledged by many authors on this subject that it is unlikely that MPs will pursue this without guidance and direction through a referendum on the subject. As a result, it is suggested that this would be the most appropriate course of action.</p>

⁸ Ibid.

⁹ https://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=12244133 Retrieved 10 March 2020.

Alternatively, and given the comparative ease of amending the Local Electoral Act, testing the concept at the local government level before applying it to the general election is another option.

Discussion and conclusion:

A three-year election cycle is too short, too disruptive and does not support effective governance. This is the case at both the national and local level.

Regardless of whether the turnover of a Council through an election period is large and marked by churn or negligible and seamless, the speed with which work can resume is undoubtedly impacted by the frequency of elections. This contracts the active working time that a Council can dedicate to its community into the smallest of timeframes¹⁰, while also encouraging thinking that aligns with this horizon. This is not the optimal environment for transformative, long-term and considered strategic thinking. As a result, it can mean more cautious 'avoidance' decision-making, seeing contentious issues held at bay during election years.

This is also the case within central government and the majority of calls for change have originated within this space.

New Zealand is an outlier with its three-year cycle and there is extensive evidence to support the increased effectiveness of a four-year approach. However, while it is acknowledged that there are arguments on both sides of this debate, and that this remit is limited in its ability to provide adequate coverage to all of these, it is clear that the impetus and need for review exists.

¹⁰ For example, councils can essentially break for around six months to work through the election process, leaving only two and a half years out of three available.

Annual General Meeting 2020

Remit application

Council Proposing Remit:	Whanganui District Council
Contact Name:	Stephanie Macdonald-Rose
Phone:	06 349 3215
Email:	stephanie.macdonald-rose@whanganui.govt.nz
Fax:	
Remit passed by: (Zone/Sector meeting and/or list five councils as per policy)	Five councils – TBC
Remit: LOANS FOR LOW COST HOUSING	
<p><i>“That the government provide interest-free loans to support the delivery of new low cost housing by relevant agencies – including councils”</i></p> <p>Please see the supporting information attached.</p>	

Background information and research:

The following detail is attached:

- nature of the issue;
- background to its being raised;
- new or confirming existing policy;
- how the issue relates to objectives in the current Work Programme;
- what work or action on the issue has been done on it, and the outcome;
- any existing relevant legislation, policy or practice;
- outcome of any prior discussion at a Zone or Sector meeting;
- evidence of support from Zone/Sector meeting or five councils;
- suggested course of action envisaged; and
- discussion and conclusion.

Remit proposal: LOANS FOR LOW COST HOUSING

Council proposing remit:	Whanganui District Council
Remit proposal:	<p>The proposal put forward is:</p> <p><i>“That the government provide interest-free loans to support the delivery of new low cost housing by relevant agencies – including councils”</i></p>
<p>Nature of the issue:</p> <p>The following issues have been identified:</p> <ul style="list-style-type: none"> (a) New Zealand’s housing shortage is impacting communities nationwide, with rates of homelessness increasing and areas that were previously well provided for struggling to respond. (b) The provision of safe, warm, dry and affordable housing is critical to community wellbeing – with appropriate housing acting as an important foundation for people to live well and contribute positively, both within their families and wider social networks. (c) Councils are at the frontline and see the sobering effects of this problem – as well as its resultant issues. However, they are not financially equipped to respond, or to support the work of other community agencies in this space. (d) Existing government policy actively discriminates against councils meeting local housing needs – this has resulted in a gradual reduction in local government owned social housing stock. (e) Meeting housing demand in provincial communities is complicated by deprivation issues, fewer opportunities, small funding pools and a limited focus by government housing providers in these areas. 	
<p>Background:</p> <p>New Zealand is the midst of a housing shortage, with population growth increasingly outstripping supply. Although most of this impact is felt in Auckland and other main centres, provincial areas are also wrestling with this problem, often with even more constrained resources.</p> <p>Many councils have prepared housing strategies to respond to this gap in conjunction with community stakeholders and relevant housing agencies. With councils hamstrung by financial constraints and uncertainty about their role in this space (how much involvement should councils have? Is this a central government responsibility?) many of these actions are focused on advocacy rather than direct leadership and bricks and mortar commitments. In this vein, one of the most important advocacy positions that a council can take is requesting that central government provide additional financial levers to address this shortfall. Although there are efforts underway here (for example, KiwiBuild and an increase in Housing New Zealand homes) this is not enough.</p> <p>There are agencies, councils and other stakeholders with the right skills, know-how and community connections ready to tackle this problem in a grassroots way within our own cities and towns. The provision of free (or low interest) loans to support the delivery of new low cost housing options by these groups is an essential component to this. Other suitable funding avenues simply do not exist.</p>	

This takes its lead from previous policy approaches – ones that have resulted in local government being New Zealand’s second largest provider of social housing. LGNZ notes that approximately 11,500 social housing units are offered by councils: *“most of which are the results of investments made during the period when the government provided low cost loans to enable councils to provide pensioner housing in order to free up the Housing Corporation to focus on families and people with special needs.”*¹ However, this climate has significantly shifted and now:

*“Despite this significant contribution, current policies, namely the inability for councils to be community housing providers, prevent local government from playing an ongoing role. Councils wishing to continue as social housing providers and address housing need in their communities are faced with the need to find a sustainable financial model. Councils can also play other roles, from advocate to broker, using their popular mandate to bring agencies together to create a more integrated approach to social housing provision and address gaps.”*²

The poor performance of New Zealand’s housing market compounds this issue. In Auckland, and other high growth centres, not enough houses are being built to meet the demand from strong population growth, investment preferences and other factors.

The houses that are built have steadily increased in size, despite decreasing household sizes, and are often not close to well-functioning public transport and amenities. The mismatch between supply and demand has been a long-running trend over recent decades, leading to the urban development failure New Zealand faces today.

In addition, much of New Zealand’s existing housing stock is old, cold and damp, particularly in the private rental market. This is important because poor quality housing has ongoing impacts on physical and mental health and wellbeing.

The under-supply of housing, driven by uncompetitive land markets, and high infrastructure, development and building costs, is contributing to high house prices relative to income. This has led to:

- Increasing rates of homelessness.
- Declining home ownership (particularly for Māori and Pasifika).
- Increasing rents and a shortage of rental properties.
- An increasing need for government housing assistance.

New or confirming existing policy:

The remit would require a policy shift by central government to provide funding for other agencies (including councils) to develop low cost housing.

Relationship to LGNZ work programme:

‘Social’ is one of LGNZ’s five policy priorities and this includes a focus on housing:

¹ <https://www.lgnz.co.nz/assets/Uploads/07f13ec8f7/44316-LGNZ-Policy-Statement-2017-New.pdf> Retrieved 11 March 2020.

² Ibid.

“Social: Working alongside central government and iwi to address social issues and needs in our communities, including an aging population, disparity between social groups, housing (including social housing) supply and quality, and community safety.”³

The ‘Infrastructure’ priority also relates to housing provision – particularly in light of growth demands. The work programme acknowledges that: *“addressing housing supply and affordability requires a joined-up response involving both spheres of government.”⁴*

In addition, the remit support’s LGNZ’s Housing 2030 policy and programme.

Work or action undertaken on the issue:

LGNZ includes housing responses as action points within its work programme, indicating that it wants a policy framework that recognises the role councils play in social housing – treating councils the same as community housing providers. Opportunities to work in partnership with central government to develop innovative and place-based approaches for dealing with social issues are also identified.

Other financial schemes have been developed to combat housing difficulties. Recently this has included Christchurch City Council implementing a subsidised equity scheme to offer interest-free mortgages in conjunction with the government.

Low interest loans for social housing have previously been provided by central government during the 1960s and 1980s.

A successful remit was put forward last year by Tauranga City Council, Napier City Council and Wellington City Council to address social housing provision. This remit supports that one’s focus on a broader range of funding and financing tools, however, it moves beyond its request for assistance for the operation, upgrade and growth of council housing portfolios – as well as access to Income Related Rents.

Whanganui District Council adopted its Housing Strategy in 2019 following an extensive conversation with a broad array of housing stakeholders, as well as the general public. Opportunities to develop low cost housing within our community exist but they are currently stymied by a lack of flexible funding mechanisms.

Relevant legislation, policy or practice:

The work of Kāinga Ora is relevant here. The Kāinga Ora – Homes and Communities Act 2019 focuses on the role of Kāinga Ora as a public housing landlord as well as a partner with, Māori, the development community, local and central government and others on urban development projects – both large and small.⁵

Outcome of any prior discussion / support at a Zone or Sector meeting:

TBC

³ Ibid.

⁴ Ibid.

⁵ <https://www.hud.govt.nz/urban-development/kainga-ora-homes-and-communities/> Retrieved 16 March 2020.

Suggested course of action:

This remit requests that central government provide interest-free loans to support the delivery of new low cost housing by relevant agencies – including councils. This would see a return to previous policy positions. It is also recommended that central government consider any additional mechanisms that would support councils and other relevant community agencies to respond to the housing crisis.

Discussion and conclusion:

Local authorities are a critical frontline post for channelling, addressing and triaging social issues – being in the best position to know their communities and the needs they possess. As a result, local residents expect their councils to be aware of and concerned about local matters – and they expect that their council will take action, whether this is by themselves, with central government, other social agencies or iwi. LGNZ acknowledges this and states in its Social priority section: *“addressing what are, in many areas, intractable issues will need innovative approaches and LGNZ will support councils that wish to promote more innovative ways of providing social services.”*⁶

A new approach for getting low cost housing initiatives up and running is one such innovative solution.

⁶ Ibid.

Annual General Meeting 2020

Remit application

Council Proposing Remit:	Whanganui District Council
Contact Name:	Stephanie Macdonald-Rose
Phone:	06 349 3215
Email:	stephanie.macdonald-rose@whanganui.govt.nz
Fax:	
Remit passed by: (Zone/Sector meeting and/or list five councils as per policy)	Five councils – TBC
Remit: MEASURING AND REPORTING ON LOCAL GOVERNMENT'S CO2 EMISSIONS	
<p><i>"That government implement an independent scheme, based on the UK model operated by the Department of Business, Energy and Industrial Strategy, to measure and report on carbon emissions at a district level."</i></p> <p>Please see the supporting information attached.</p>	

Background information and research:

The following detail is attached:

- nature of the issue;
- background to its being raised;
- new or confirming existing policy;
- how the issue relates to objectives in the current Work Programme;
- what work or action on the issue has been done on it, and the outcome;
- any existing relevant legislation, policy or practice;
- outcome of any prior discussion at a Zone or Sector meeting;
- evidence of support from Zone/Sector meeting or five councils;
- suggested course of action envisaged; and
- discussion and conclusion.

Remit proposal: MEASURING AND REPORTING ON LOCAL GOVERNMENT'S CO2 EMISSIONS

Council proposing remit:	Whanganui District Council
Remit proposal:	<p>The proposal put forward is:</p> <p><i>"That government implement an independent scheme, based on the UK model operated by the Department of Business, Energy and Industrial Strategy, to measure and report on carbon emissions at a district level."</i></p>
<p>Nature of the issue:</p> <p>The following issues with the current system have been identified:</p> <ul style="list-style-type: none"> • There is no national standard for reporting on carbon emissions at a district or regional level. • The system lacks incentives, structures and information sharing mechanisms that would enable and encourage local government authorities, regional economic development agencies and individual businesses to: <ul style="list-style-type: none"> ○ identify best practice in similar regions; and ○ undertake targeted work that prioritises the reduction of their CO2 emissions. • The proposal that large energy users publish Corporate Energy Transition plans as outlined in MBIE's Discussion Document: <i>Accelerating Renewable Energy and Energy Efficiency</i>, will only address these concerns to a limited degree. 	
<p>Background:</p> <p>New Zealand is committed to both domestic and international climate change progress. As a party to the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol, progress towards meeting our commitments is documented in New Zealand's National Communication and Biennial Reports. These summarise New Zealand's domestic greenhouse gas emissions profile, climate change policies and measures, our support for developing countries, and progress on implementing our obligations under the UNFCCC. At present, New Zealand is not meeting its international targets and further actions need to be taken.</p> <p>A feature of our national psyche is the pride New Zealanders place on performing above our weight in the sporting arena. There is significant, untapped potential for the nation's competitive streak to be harnessed in pursuit of fulfilling our climate change mitigation ambitions. Developing and reporting on an externally administered measure of each district's progress in reducing its climate impact in terms of CO2 outputs is one such way of doing this.</p>	
<p>New or confirming existing policy:</p> <p>The remit may require minor amendment to the Local Government Act to ensure that information that is needed for calculations to be made is required to be produced at specified intervals.</p>	
<p>Relationship to LGNZ work programme:</p>	

This remit directly aligns with LGNZ's 'Environment' policy priority. In particular, it supports the Climate Change Project and is related to Outcome 3: *"A local government view on emission reduction targets for New Zealand, and how to achieve these."*¹

It assists with the following project deliverable: *"Support councils to take action to mitigate the impacts of climate change, and encourage greater action by their communities on contributing to the reduction of greenhouse gas emissions."*²

Work or action undertaken on the issue:

No work has been undertaken specifically on this. However, the proposed model recommends use of the UK's approach, which is administered by the Department of Business, Energy and Industrial Strategy: <https://www.gov.uk/government/statistics/uk-local-authority-and-regional-carbon-dioxide-emissions-national-statistics-2005-to-2017>

The UK Greenhouse Gas inventory (GHGI) is compiled annually and reported on an end-user basis using international best practice guidance, drawing on a variety of National Statistics and sector specific data sources.

This is a technically complex statistical analysis which individual local authorities would be unable to replicate, but provides consistent inventories and emissions projections of greenhouse gases and air quality pollutants. The credibility of the report allows the results to be reported each year to the UNFCCC and the European Monitoring Mechanism Regulation (MMR). It is also used to assess compliance with the UK's domestic and international emissions.

The model has been used since 2005 and provides: *"an important body of information [for] local authorities (LAs) and other relevant organisations to help identify high emitting sources of CO2 and energy intensive sectors, monitor changes in CO2 emissions over time and to help design carbon reduction strategies."* (Local and Regional Carbon Dioxide Emissions Estimates for 2005–2017 for the UK Technical Report:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/812146/Local_authority_CO2_technical_report_2017.pdf)

Over the period for which this model has been used, and where figures are currently available (2005-17), emissions have decreased in all regions of, and for all 391 local authorities, in the UK. A scan of local authorities suggests that performing well on these measures is a key ambition that drives decision-making for many of these bodies.

Relevant legislation, policy or practice:

- Local Government Act 2002
- Climate Change Response Act 2002
- Climate Change Response (Zero Carbon) Amendment Act 2019

¹ <https://www.lgnz.co.nz/climate-change-project/about-the-project/> Retrieved 16 March 2020.

² Ibid.

Outcome of any prior discussion / support at a Zone or Sector meeting:

TBC

Suggested course of action:

That a suitable government department be tasked with:

- (a) analysing and publishing each district's carbon emissions, in order to provide the most reliable and consistent possible breakdown of CO2 emissions across the country; and
- (b) publishing interactive local authority level emissions maps that allow users to zoom in to any district and see the emissions for the area, as well as identify the significant point sources. Such maps should be possible to filter by different sectors, to view how emissions have changed across the time series so that areas of best practice can be identified.

This system would provide incentives, structures and low cost information sharing mechanisms that would enable and encourage local government authorities, regional economic development agencies and individual businesses to identify best practice in similar regions or businesses. It would also encourage them to undertake targeted work to reduce their CO2 emissions.

Discussion and conclusion:

This proposal aligns with New Zealand's international commitments, our national direction and LGNZ's work programme in terms of the mitigation of climate change. It is a system that has been shown to have positive benefits in the UK and leverages existing characteristics of New Zealanders to achieve these collective goals.

Annual General Meeting 2020

Remit application

Council Proposing Remit:	Whanganui District Council
Contact Name:	Stephanie Macdonald-Rose
Phone:	06 349 3215
Email:	stephanie.macdonald-rose@whanganui.govt.nz
Fax:	
Remit passed by: (Zone/Sector meeting and/or list five councils as per policy)	Five councils – TBC
Remit: RATES REBATES FOR LOW INCOME PROPERTY OWNERS	
<p><i>“That the government lift the level of rates rebates available for low and fixed income property owners – with yearly increases taking into account the cost for inputs into local government services”</i></p> <p>Please see the supporting information attached.</p>	

Background information and research:

The following detail is attached:

- nature of the issue;
- background to its being raised;
- new or confirming existing policy;
- how the issue relates to objectives in the current Work Programme;
- what work or action on the issue has been done on it, and the outcome;
- any existing relevant legislation, policy or practice;
- outcome of any prior discussion at a Zone or Sector meeting;
- evidence of support from Zone/Sector meeting or five councils;
- suggested course of action envisaged; and
- discussion and conclusion.

Remit proposal: RATES REBATES FOR LOW INCOME PROPERTY OWNERS

Council proposing remit:	Whanganui District Council
Remit proposal:	<p>The proposal put forward is:</p> <p><i>“That the government lift the level of rates rebates available for low and fixed income property owners – with yearly increases taking into account the cost for inputs into local government services”</i></p>
<p>Nature of the issue:</p> <p>The following issues have been identified:</p> <ul style="list-style-type: none"> (a) The level of rates rebates for low and fixed income property owners as a proportion of rates has gradually reduced for those on low and fixed incomes. (b) This level of support has not kept pace with the cost of living and provides significant financial hardship for some members of the community. (c) This level of support has not kept pace with the benchmark for council costs and provides significant financial hardship for some members of the community. 	
<p>Background:</p> <p>The rates rebate scheme is a partial refund for people who pay rates to their council, providing financial relief for low income residents who own their own home. This is funded by central government through the Department of Internal Affairs. A person who directly pays local authority rates, and meets the household income criteria, is currently eligible for a rates rebate of up to \$640.</p> <p>In 2006 the rates rebate was significantly increased and over the last decade there have been incremental yearly adjustments, however, these have lagged behind CPI increases. A further small boost to the scheme was introduced in 2019 – lifting the rate from \$630 to \$640 and the income abatement threshold from \$25,180 to \$25,660.</p> <p>As local authority costs have increased above that of inflation, this has resulted in local authorities either needing to increase rates or reduce existing levels of service. The effect of this is that, over time, the level of rates rebates as a proportion of the total local authority rates has significantly decreased.</p> <p>This issue is of particular concern for low and fixed income property owners who may be experiencing housing stress, notwithstanding the fact that they may own their own family home mortgage-free (e.g. superannuitants).</p>	

As at 2 March 2020 the Department of Internal Affairs had approved payments for 103,367 applications – a total of \$60,201,285 (GST inclusive).¹

Table 1: Increase in rates rebate, CPI and local authority costs from 2010 to 2020

Year	Max Rebate	% Change	CPI (Stats NZ)	Difference between CPI and Max Rebate increases	Benchmark for local authority costs (Berl)	Difference between local authority costs and Max Rebate increases
2010/11	\$ 570	3.64%	5.35%	-1.72%	2.28%	1.36%
2011/12	\$ 580	1.75%	9.51%	-7.76%	3.05%	-1.30%
2012/13	\$ 590	1.72%	7.23%	-5.51%	1.94%	-0.21%
2013/14	\$ 595	0.85%	1.64%	-0.79%	1.68%	-0.83%
2014/15	\$ 605	1.68%	3.80%	-2.12%	2.09%	-0.41%
2015/16	\$ 610	0.83%	4.28%	-3.45%	1.29%	-0.47%
2016/17	\$ 610	0.00%	1.74%	-1.74%	1.49%	-1.49%
2017/18	\$ 620	1.64%	1.48%	0.16%	1.88%	-0.25%
2018/19	\$ 630	1.61%	1.67%	-0.05%	2.77%	-1.16%
2019/20	\$ 640	1.58%				

New or confirming existing policy:

This remit would build on existing policy and would require the level of rates rebate to increase, with yearly adjustments taking into account the cost increases for inputs into local government services.

The Productivity Commission suggests that: *“the rates rebate scheme is poorly targeted and unfair”*.² It recommends that it be replaced with a national rates postponement programme, or that the scheme at least shift to being online. Local Government Minister Nanaia Mahuta has indicated that the government is carefully considering the recommendations.³

Relationship to LGNZ work programme:

‘Social’ is one of LGNZ’s five policy priorities. This focuses on disparity, housing issues and ageing communities:

“Social: Working alongside central government and iwi to address social issues and needs in our communities, including an aging population, disparity between social groups, housing (including social housing) supply and quality, and community safety.”⁴

Work or action undertaken on the issue:

This remit was originally prepared in 2018 and submitted for consideration. The LGNZ Remits Committee reviewed this and referred it instead to officials to raise with the Productivity Commission as part of the review of local government funding.

¹ <https://www.stuff.co.nz/national/119883361/productivity-commission-recommends-scrapping-rates-rebate-scheme> Retrieved 12 March 2020.

² https://www.productivity.govt.nz/assets/Documents/0a989fef9b/One-page-summary_Local-government-funding-and-financing_final-report-v2.pdf Retrieved 12 March 2020.

³ <https://www.stuff.co.nz/national/119883361/productivity-commission-recommends-scrapping-rates-rebate-scheme> Retrieved 12 March 2020.

⁴ <https://www.lgnz.co.nz/assets/Uploads/07f13ec8f7/44316-LGNZ-Policy-Statement-2017-New.pdf> Retrieved 11 March 2020.

The Productivity Commission has since recommended that the government remove the rates rebate system and replace it with a national scheme for postponing rates. The Commission considered that central government is in the best position to tackle pressures on low-income households facing high housing pressures and the current scheme is inequitable, as well as administratively 'cumbersome' and modest in its approach (amounting to little over \$12 a week).⁵

This has not found favour with many groups – particularly those who advocate for older New Zealanders. For example, the national president of Grey Power has stated that the organisation “*absolutely disagreed*”⁶ with abolishing the scheme. In addition, a local association (Tauranga and Western Bay of Plenty) submission to the Commission recommended a resetting of the maximum rebate to restore it to previous levels and to align this with cost of living increases. This suggested a maximum rebate of \$1,000 – indexed each year by the average rate increase across the country.⁷

Relevant legislation, policy or practice:

Rates Rebate Act 1973

- Provides for a rates rebate on local council rates by a specified amount each year, dependant on income.
- Since 2008 the specified amount has been adjusted each year through Orders in Council.
- 2019/20 – Maximum rebate - \$640

Accommodation Supplement

- Available for very low incomes

Outcome of any prior discussion / support at a Zone or Sector meeting:

TBC

Suggested course of action:

That LGNZ pursue an increase in the rates rebate for low income property owners and that this should match ongoing cost increases for local government.

Discussion and conclusion:

The affordability of rates is not just a question of the quantum of rates and charges but also the ratio of rates and charges relative to income. The rates rebate scheme was introduced in 1974 and was designed to provide assistance to low income residential ratepayers. Over the longer term the quantum of the rates rebate has generally matched CPI, however, this ignores the fact that local authority core inputs are rising well above those of core inflation. Furthermore, over time the Act has not kept pace with the changing

⁵ <https://www.stuff.co.nz/national/119883361/productivity-commission-recommends-scrapping-rates-rebate-scheme> Retrieved 12 March 2020.

⁶ <https://www.stuff.co.nz/national/119883361/productivity-commission-recommends-scrapping-rates-rebate-scheme> Retrieved 12 March 2020.

⁷ <https://www.productivity.govt.nz/assets/Submission-Documents/local-government-funding-and-financing/e596ca967a/DR-206-Tauranga-and-WBOP-Grey-Power-Association.pdf> Retrieved 12 March 2020.

nature of tenure or technology. It is requested that the government lift the level of rates rebates available for low and fixed income property owners.

Annual General Meeting 2020

Remit application

Council Proposing Remit:	New Plymouth District Council
Contact Name:	Mayor Neil Holdom
Phone:	027 284 5875
Email:	neil.holdom@npdc.govt.nz
Fax:	
Remit passed by: (Zone/Sector meeting and/or list five councils as per policy)	
Remit: That LGNZ work with Treasury, Statistics New Zealand and other government agencies to develop an annual regional balance of transfers to show how much each region contributes in taxes and how much each region receives in government funding	

Background information and research:

Nature of the issue

Regional New Zealand often questions whether the government returns more or less to the region than it receives in tax and other revenue sources. This remit proposes that LGNZ work with relevant government agencies – particularly Treasury and Statistics New Zealand – to develop an annual publication of a regional balance of transfers outlining the inwards and outwards flow of money between the region and the government.

As with many regions, Taranaki has perceived that it has received low investment from government compared to the amount of tax paid by the region. Various attempts have been made to provide an estimate of the gap, however obtaining regional financial information from government agencies has proved difficult. Many agencies cannot provide breakdowns of expenditure and collection of revenue is difficult to obtain at a regional level.

A regional balance of transfers would provide transparency for all of New Zealand and promote more open democracy where inclusiveness and accountability is strengthened. It would enable better performance measurement and the assessment of outputs in a community against that of other regions and New Zealand.

Background

Attempts to get a clear picture of a regional balance of transfers – identifying what is paid to and received from central government – have been unsuccessful. There is great inconsistency in reporting and data collection between government agencies and a general unwillingness to be open and transparent in what is spent in regions. Official Information Act requests often generate responses such as “our information is not structured in such a way that would enable the questions to be answered”.

It is recognised that a full set of actual data may not be able to be provided and assumptions will need to be made in some situations, such as when making “overhead allocations” to the regions for national costs of government.

In recent years there has been a greater focus on measuring the performance of local authorities but not of the performance of central government. A regional balance of transfers would be one factor to help measure equity and the performance of government.

A balance of transfers would also go a long way to build trust in government through transparency and accountability of where public money is spent and where it has come from and in decision-making. This data would also be able to be used by government ministers to help monitor the performance and of their portfolios in an open and consistent manner.

According to Treasury, an objective of the government “is to continually improve public confidence in the tax system and Inland Revenue. The system should help people meet their obligations, be fair, and inspire confidence. The Government is committed to raising revenue in ways that meet these objectives”. It is believed that the gathering and reporting of a regional balance of transfers would greatly assist government in this aim.

Relationship to LGNZ work programme

This remit is related to the LGNZ and New Zealand Initiative work on localism whereby this data would help ensure that power and authority flows up from citizens and communities, not down from the government.

LGNZ has led the way in the assessment of Council performance through the successful CouncilMark programme that provides qualitative assessment of Council performance across a wide range of facets. This remit would help LGNZ to do the same for our communities when considering central government performance and equity.

This remit would also contribute to LGNZs six big issues for New Zealand councils – particularly infrastructure and funding, social and economic.

What work or action on the issue has been done, and the outcome

Attempts have been made to gather the required information from government agencies to create a regional balance of transfers. This has been unsuccessful as the data is apparently not gathered.

Relevant legislation, policy or practice

The remit seeks LGNZ to work with Treasury, Statistics New Zealand and other government agencies to develop a regional balance of transfers to show how much each region contributes in taxes and how much each region receives in government funding. To be successful, this would require directives to all government agencies to gather data and give it to either Treasury or Statistics New Zealand to compile and report on.

Outcome of any prior discussion at a Zone or Sector meeting

Evidence of support from a Zone/sector meeting or five councils

Suggested course of action envisaged

This remit suggests that LGNZ work with Treasury, Statistics New Zealand and other government agencies to develop an annual regional balance of transfers that show how much each region contributes in taxes and how much each region receives in government funding. This is likely to require government Ministers to give such a directive.

Annual General Meeting 2020

Remit application

Council Proposing Remit:	New Plymouth District Council
Contact Name:	Mayor Neil Holdom
Phone:	027 284 5875
Email:	neil.holdom@npdc.govt.nz
Fax:	
Remit passed by: (Zone/Sector meeting and/or list five councils as per policy)	
Remit: That LGNZ lobby Central Government to allow Councils to retain, or have returned to them, the GST charged on rates in order to progress much needed three waters capital infrastructure investment.	

Background information and research:

Nature of the issue

This remit suggests that LGNZ lobby Central Government to either return GST charged on rates to the applicable local authority or allow them to retain the GST charged in order to help fund three waters capital infrastructure. There are two main factors in this remit - the significant need for three waters infrastructure investment and the affordability for communities; and the fairness of the current system of taxing a tax and imposing costs on local authorities.

Background

Infrastructure needs and affordability

Councils throughout New Zealand are facing an uncertain and extremely challenging time as they head into their next Long-Term Plan development and aim to create a secure future for their communities. Three waters (drinking, storm and waste) infrastructure is in need of very high levels of investment in order to provide this.

This is due to many factors such as historic underinvestment (due to the need to keep rate levels low and other competing needs), impacts of climate change, population growth demands or alternatively a reduced ratepayer base, tourism pressures, a changing regulatory regime and ageing infrastructure. No Council in New Zealand has the ability to fully fund what is required – the need is simply too high and the ability of our local communities to pay is limited.

The Covid-19 pandemic has worsened this issue with a greatly damaged economy and the uncertainty of the future. The ability to increase rate levels is now reduced further, but the demand for local public infrastructure is not. The ability to fund three waters infrastructure also presents an opportunity for

Government to support the New Zealand economy to recover from the effects of Covid-19 through the shovel-readiness of many of these projects.

Fairness

Central Government retaining the GST on rates is a tax on a tax. The Goods and Services Tax Act 1985 enabled 15% GST to be charged on *“the supply (but not including an exempt supply) in New Zealand of goods and services”*. The Local Government (Rating) Act 2002 provided local authorities with the *“powers to set, assess and collect rates to fund local government activities”*.

The 15% taken from the local community is kept by the Government and put into the overall pool of taxes rather than being retained or returned to the community from which it came.

The Governments imposed purpose of Local Government is *“to promote the social, economic, environmental and cultural well-being of communities in the present and for the future”*. That is a huge role and done well it is Central Government that benefits financially such as from a greater tax take from an improved economy and investment from overseas or lower costs from having healthier people, an improved environment and less negative social issues.

Investment in three waters infrastructure contributes to all four aspects of well-being in many ways, for example it promotes safe and healthy homes, enables businesses to operate and entices them to New Zealand, protects the environment, and water and the treatment of it is very significant to Māori.

It seems that Central Government recognises, in part, the important role that Local Government has in benefiting the entire country – but rather than through financial support, it recognises it by imposing more regulations and requirements of Local Government.

This needs to change and one simple way that is fair and won't have large administrative costs is for all or a share of the GST gathered from local government rates in our districts or cities to be retained or returned to councils.

New or confirming existing policy

This would be a new policy.

Relationship to LGNZ work programme

This remit supports the LGNZ and the New Zealand Initiative work on Localism. Enabling more of the local taxes to stay local helps ensure that communities have a greater say in what affects their lives and helps recognise their diversity.

It also has implications for the “LGNZ six big issues for New Zealand councils” as additional funding is critical for these and high-quality and resilient infrastructure underpins all of them:

1. Infrastructure and Funding
2. Risk and Resilience
3. Environmental
4. Social
5. Economic
6. Cultural

What work or action on the issue has been done, and the outcome

This issue (or similar) has been publicly raised in the past such as by LGNZ in their Local Government Funding Review paper in 2015, as part of the Localism Project, and by Phil Goff, Auckland Mayor.

Relevant legislation, policy or practice

The remit seeks LGNZ to lobby Central Government to change legislation to allow for the GST on rates to remain or return to the communities from which they came.

The Goods and Services Tax Act 1985 enables GST to be charged at a uniform rate of 15%.

Outcome of any prior discussion at a Zone or Sector meeting

Evidence of support from a Zone/sector meeting or five councils

Suggested course of action envisaged

That LGNZ lobby central government to agree to return all or part of the GST taken on rates to the applicable council, or allow councils to retain it, for investment into three waters capital infrastructure.

COMMITTEE WORK SCHEDULE

TO: Council

MEETING DATE: 24 June 2020

TITLE: Council Work Schedule

RECOMMENDATION TO COUNCIL

1. That the Council receive its Work Schedule dated 24 June 2020.

ATTACHMENTS

1. Council Work Schedule - June 2020 [↓](#) 

COUNCIL

WORK SCHEDULE – June 2020

Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
1.	June 2020	Standing Orders – remote participation	General Manager – Strategy and Planning		Council 25 May 2020 Clause 46-20
2.	TBC 2020	Manawatu Residents' card	General Manager – Marketing and Communications		Council 25 May 2020 Clause 48-20

RECOMMENDATIONS FROM COMMITTEE

TO: Council

MEETING DATE: 24 June 2020

TITLE: Presentation of the Part I Public Economic Development Committee Recommendations from its 3 June 2020 Meeting

Set out below are the recommendations only from the Economic Development Committee meeting Part I Public held on 3 June 2020. The Council may resolve to adopt, amend, receive, note or not adopt any such recommendations. (SO 3.18.1)

17-20 Business Improvement District Policy

Memorandum, presented by David Murphy, City Planning Manager.

The COMMITTEE RECOMMENDS

1. That the Business Improvement District Policy (2020), as attached to the memorandum reported to the 3 June 2020 Economic Development Committee titled "Business Improvement District Policy", be received.
2. That the last paragraph of Section 9 of the BID policy be revised to state "The Council will prepare and require the BID Association to complete an annual accountability agreement on terms satisfactory to the Council."
3. That Council not be included on the voting register, but will be liable for the targeted rate.
4. That the Business Improvement District Policy (2020) as attached to the memorandum reported to the 3 June 2020 Economic Development Committee be adopted as amended.
5. That the Mayor and Chairperson of the Economic Development Committee be authorised to make minor amendments to the Business Improvement District Policy (2020), as attached to the memorandum reported to the 3 June 2020 Economic Development Committee titled "Business Improvement District Policy", prior to a Business Improvement District proponent putting forward a proposal to Council under the Business Improvement District Policy (2020).

ATTACHMENTS

Nil

RECOMMENDATIONS FROM COMMITTEE

TO: Council

MEETING DATE: 24 June 2020

TITLE: Presentation of the Part I Public Planning & Strategy Committee Recommendations from its 10 June 2020 Meeting

Set out below are the recommendations only from the Planning & Strategy Committee meeting Part I Public held on 10 June 2020. The Council may resolve to adopt, amend, receive, note or not adopt any such recommendations. (SO 3.18.1)

17-20 Consultation on Draft Auahi Kore Smokefree and Vapefree Policy 2020

Report, presented by Lili Kato, Policy Analyst, Julie Macdonald Strategy and Policy Manager.

The COMMITTEE RECOMMENDS

1. That the proposed Auahi Kore Smokefree and Vapefree Policy 2020 be approved for consultation (included in attachment 1 of the report titled 'Consultation on Draft Auahi Kore Smokefree and Vapefree Policy 2020' reported to the Planning & Strategy Committee on 10 June 2020).
2. That the Chairperson and Deputy Chairperson of the Planning & Strategy Committee be authorised to approve any minor amendments to the Consultation Document of the draft Auahi Kore Smokefree and Vapefree Policy 2020.

19-20 Council Commitment to Deliver Safe Drinking Water

Memorandum, presented by Robert van Bentum, Manager - Transport and Infrastructure.

The COMMITTEE RECOMMENDS

1. That the report titled "Council Commitment to Deliver Safe Drinking Water", reported to the Planning & Strategy Committee on 10 June 2020, be received.
2. That the Commitment Statement included as an attachment to the report titled "Council Commitment to Deliver Safe Drinking Water", reported to the Planning & Strategy Committee on 10 June 2020, be formally adopted.
3. That Council delegate the Chief Executive to sign the Commitment Statement to be included in all Water Safety Plans to be submitted to the

Drinking Water Assessor.

ATTACHMENTS

Nil

RECOMMENDATIONS FROM COMMITTEE

TO: Council

MEETING DATE: 24 June 2020

TITLE: Presentation of the Part I Public Arts, Culture & Heritage Committee Recommendations from its 10 June 2020 Meeting

Set out below are the recommendations only from the Arts, Culture & Heritage Committee meeting Part I Public held on 10 June 2020. The Council may resolve to adopt, amend, receive, note or not adopt any such recommendations. (SO 3.18.1)

10-20 Cultural CCOs Draft Statements of Intent 2020-23

Memorandum, presented by Julie Macdonald, Strategy & Policy Manager.

The COMMITTEE RECOMMENDS

2. That the Globe Theatre Trust is advised of the recommended changes to the final Statement of Intent 2020–23 outlined in Table 1 of this memorandum entitled ‘Cultural CCOs Draft Statements of Intent 2020-23’.
3. That Caccia Birch Trust Board is advised of the recommended changes to the final Statement of Intent 2020–23 outlined in Table 3 of this memorandum entitled ‘Cultural CCOs Draft Statements of Intent 2020-23’.
4. That the Regent Theatre Trust is advised of the recommended changes to the final Statement of Intent 2020–23 outlined in Table 5 of this memorandum entitled ‘Cultural CCOs Draft Statements of Intent 2020-23’.
5. That Te Manawa Museums Trust is advised of the recommended changes to the final Statement of Intent 2020–23 outlined in Table 7 of this memorandum entitled ‘Cultural CCOs Draft Statements of Intent 2020-23’.
6. That the proposal in the Globe Theatre Trust draft Statement of Intent for an increase of \$50,000 per year to the Globe Theatre Trust operating grant be referred to the 10 Year Plan 2021–31 process.
7. That the proposal in the Caccia Birch Trust Board draft Statement of Intent for an increase of \$40,000 per year to the Caccia Birch Trust Board operating grant be referred to the 10 Year Plan 2021–31 process.

11-20 Maintenance and Renewal Plans and Budgets for Cultural Facilities

Memorandum, presented by Bryce Hosking, Manager - Property.

The COMMITTEE RECOMMENDS

2. That Council approve the consistent capital renewal and maintenance approach in the cultural facilities portfolio (excluding the library) whereby Council only maintains the fixed assets and those that are part of the building fabric, and the balance of works would be the tenant's responsibility and at their cost.

12-20 Options for formalising the relationship between Palmerston North City Council and the NZ Rugby Museum

Report, presented by Joann Ransom, Community Development Manager.

The COMMITTEE RECOMMENDS

2. That the Chief Executive be instructed to develop a proposal for an annual grant to the NZ Rugby Museum for Councillors to consider in the Long Term Plan process, as per Option 1 in the report titled 'Options for formalising the relationship between Palmerston North City Council and the NZ Rugby Museum' presented to the Arts, Culture and Heritage Committee on 10 June 2020.
3. That the Chief Executive provide assistance to NZ Rugby Museum if it chooses to seek funding through the central government Museum Hardship Fund.

ATTACHMENTS

Nil

RECOMMENDATIONS FROM COMMITTEE

TO: Council

MEETING DATE: 24 June 2020

TITLE: Presentation of the Part I Public Finance & Audit Committee Recommendations from its 17 June 2020 Meeting

Set out below are the recommendations only from the Finance & Audit Committee meeting Part I Public held on 17 June 2020. The Council may resolve to adopt, amend, receive, note or not adopt any such recommendations. (SO 3.18.1)

21-20 Palmerston North Airport Limited - Updated draft Statement of Intent for 2020/21

Memorandum, presented by Steve Paterson, Strategy Manager - Finance.

The COMMITTEE RECOMMENDS

1. That the Palmerston North Airport Ltd updated draft Statement of Intent for 2020/21, presented to the Finance & Audit Committee on 17 June 2020, be received and the Company be advised that:
 - Council supports the draft SOI recognising the uncertainty of significant assumptions that have had to be made in its preparation
 - Council requests an updated company position be provided (in October) and if changes have been significant that an amended SOI (including projections for 2021/22 and 2022/23) be provided to the Council for consideration
 - Council encourages the Board to progress its capital development programme when financially prudent.

22-20 Fees and Charges - Confirmation Following Public Consultation

Memorandum, presented by Steve Paterson, Strategy Manager - Finance.

The COMMITTEE RECOMMENDS

1. That the submission relating to planning fees, as attached in Appendix A of the memorandum titled 'Fees and Charges – Confirmation Following Public Consultation' presented to the Finance & Audit Committee on 17

June 2020, be received.

2. That the fees and charges for Trade Waste Services, as scheduled in Appendix C of the memorandum titled 'Fees and Charges – Confirmation Following Public Consultation', presented to the Finance & Audit Committee on 17 June 2020, be approved, effective from 1 July 2020.
3. That the fees and charges for Planning & Miscellaneous Services, as scheduled in Appendix B of the memorandum titled 'Fees and Charges – Confirmation Following Public Consultation' presented to the Finance & Audit Committee on 17 June 2020, be approved, effective from 1 July 2020.

24-20**CET Arena - Commercial Building Opportunity**

Report, presented by Bryce Hosking, Manager - Property.

The COMMITTEE RECOMMENDS

1. That Council does not proceed with the balance of programme #1514 – Central Energy Trust Arena Manawatu – Commercial Building in the current financial year.

ATTACHMENTS

Nil

RECOMMENDATIONS FROM COMMITTEE

TO: Council

MEETING DATE: 24 June 2020

TITLE: Presentation of the Part I Public Play, Recreation & Sport Committee Recommendations from its 17 June 2020 Meeting

Set out below are the recommendations only from the Play, Recreation & Sport Committee meeting Part I Public held on 17 June 2020. The Council may resolve to adopt, amend, receive, note or not adopt any such recommendations. (SO 3.18.1)

16-20 Victoria Esplanade Park Road entrance and Cook Street/Park Road Intersection options

Report, presented by Kathy Dever-Tod - Manager Parks and Reserves.

The **COMMITTEE RECOMMENDS**

1. Receive the report entitled "Victoria Esplanade Park Road entrance and Cook Street/Park Road intersection options, dated 17 June 2020".
2. Recommend that Council approve Scenario A for the controlled intersection upgrade of Cook Street and Park Road, which includes a traffic signal upgrade and closing the access from Nathan Place to Park Road on a temporary basis to assess the impacts, before a decision is made to proceed with the permanent closure.
3. That Council approve Option One for the Park Road entrance reconfiguration to the Victoria Esplanade, which includes a replacement car park, as detailed in this report.
4. That Council note that Victoria Esplanade Park Road entrance and Cook Street/Park Road intersection projects will be tendered together to try and obtain cost savings for both projects, to remain with the current budget provision.
5. That Council note that the results of the tender will be reported to the Finance and Audit Committee.

ATTACHMENTS

Nil