



PALMERSTON NORTH CITY COUNCIL

AGENDA

COUNCIL

9:00 AM, WEDNESDAY 14 FEBRUARY 2024

COUNCIL CHAMBER, FIRST FLOOR
CIVIC ADMINISTRATION BUILDING
32 THE SQUARE, PALMERSTON NORTH

MEMBERS

Grant Smith (Mayor)	
Debi Marshall-Lobb (Deputy Mayor)	
Mark Arnott	Leonie Hapeta
Brent Barrett	Lorna Johnson
Rachel Bowen	Billy Meehan
Vaughan Dennison	Orphée Mickalad
Lew Findlay (QSM)	Karen Naylor
Roly Fitzgerald	William Wood
Patrick Handcock (ONZM)	Kaydee Zabelin

AGENDA ITEMS, IF NOT ATTACHED, CAN BE VIEWED AT

pncc.govt.nz | Civic Administration Building, 32 The Square
City Library | Ashhurst Community Library | Linton Library

Waid Crockett

Chief Executive | PALMERSTON NORTH CITY COUNCIL

Te Marae o Hine | 32 The Square
Private Bag 11034 | Palmerston North 4442 | New Zealand
pncc.govt.nz

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PAPAIOEA
PALMERSTON
NORTH
CITY

COUNCIL MEETING

14 February 2024

ORDER OF BUSINESS

1. Karakia Timatanga

2. Apologies

3. 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.

4. 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.

5. Public Comment

To receive comments from members of the public on matters specified on this Agenda or, if time permits, on other matters.

(NOTE: If the Council wishes to consider or discuss any issue raised that is not specified on the Agenda, other than to receive the comment made or refer it to the Chief Executive, then a resolution will need to be made.)

6. **Presentation of the Part I Public Culture & Sport Committee Recommendations from its 7 February 2024 Meeting** Page 7
7. **Confirmation of Minutes** Page 9
 "That the minutes of the ordinary meeting of 7 February 2024 Part I Public be confirmed as a true and correct record."

REPORTS

8. **2024-34 Draft Long Term Plan Consultation Material Update** Page 19
 Memorandum, presented by David Murphy, Chief Planning Officer and Cameron Mckay, Chief Financial Officer.
9. **Long-Term Plan - Rating System** Page 25
 Memorandum, presented by Steve Paterson, Strategy Manager - Finance.
10. **Rates Remission and Postponement Policies** Page 61
 Memorandum, presented by Steve Paterson, Strategy Manager - Finance.
11. **Treasury Policy (Including Liability Management & Investment Policy)** Page 75
 Memorandum, presented by Steve Paterson, Strategy Manager - Finance.
12. **Summary of Waste Assessment 2023** Page 119
 Memorandum, presented by Peter Ridge - Senior Policy Analyst, and Natasha Hickmott - Activities Manager - Resource Recovery and Sustainability.

13. Approval for the Mayor to attend the 2024 Taipei Smart City Mayor's Summit

Page 129

Memorandum, presented by Gabrielle Loga, International Relations Manager.

14. 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
15.	Purchase of 117-121 College Street (St. Marks Presbyterian Church)	THIRD PARTY COMMERCIAL: Disclosing the information could harm a company's commercial position	s7(2)(b)(ii)
16.	Purchase of 80 Waldegrave Street	THIRD PARTY COMMERCIAL: Disclosing the information could harm a company's commercial position	s7(2)(b)(ii)

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.

Also that the persons listed below be permitted to remain after the public has been excluded for the reasons stated.

[Add Third Parties], because of their knowledge and ability to assist the meeting in speaking to their report/s [or other matters as specified] and answering questions, noting that such person/s will be present at the meeting only for the items that relate to their respective report/s [or matters as specified].

RECOMMENDATIONS FROM COMMITTEE

TO: Council

MEETING DATE: 14 February 2024

TITLE: Presentation of the Part I Public Culture & Sport Committee Recommendations from its 7 February 2024 Meeting

Set out below are the recommendations only from the Culture & Sport Committee meeting Part I Public held on 7 February 2024. The Council may resolve to adopt, amend, receive, note or not adopt any such recommendations. (SO 2.18.1)

4-24 Te Manawa Museums Trust: Draft Statement of Intent 2024-27

Memorandum, presented by Sarah Claridge, Democracy & Governance Advisor.

The COMMITTEE RECOMMENDS

1. That Council increase Te Manawa's operational grant funding in the draft Long-Term Plan 2024-34 to be:

2024/25	2025/26	2026/27
\$3,833,599	\$4,024,056	\$4,217,826

PALMERSTON NORTH CITY COUNCIL

Minutes of the Council Meeting Part I Public, held in the Council Chamber, First Floor, Civic Administration Building, 32 The Square, Palmerston North on 07 February 2024, commencing at 9.03am

Members Present: Grant Smith (The Mayor) (in the Chair) and Councillors Debi Marshall-Lobb, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Lew Findlay, Roly Fitzgerald, Patrick Handcock, , Billy Meehan, Karen Naylor, William Wood and Kaydee Zabelin.

Apologies: Vaughan Dennison (early departure), Leonie Hapeta, Lorna Johnson (late arrival)

Councillor Lorna Johnson entered the meeting at 9.17am before consideration of clause 4-24. She was not present for clauses 1-24 to 3-24 inclusive.

Councillor Orphee Mickalad entered the meeting at 9.31am during consideration of clause 4-24. He was not present for clauses 1-24 to 3-24 inclusive.

Councillor Vaughan Dennison left the meeting at 11:24am. He was not present for clauses 5.1-24 to 9-24 inclusive.

Councillor Kaydee Zabelin left the meeting at 2.55pm. She was not present for clauses 5.3-24 to 9-24 inclusive.

Karakia Timatanga

Deputy Mayor Debi Marshall-Lobb opened the meeting with karakia.

1-24 Apologies

Moved Grant Smith, seconded Debi Marshall-Lobb.

RESOLVED

1. That Council receive the apologies from Leonie Hapeta, Vaughan Dennison (early departure), Lorna Johnson (late arrival).

Clause 1-24 above was carried 13 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Billy Meehan, Karen Naylor, William Wood and Kaydee Zabelin.

2-24

Presentation - New Year's Honours 2024

Presentation, by Grant Smith, The Mayor.

The Mayor honoured Ms Huhana Manu, Dr Johanna Wood, Mrs Pearl Naulder and Mr Patrick Bronte for the work they have done to better the community.

Moved Grant Smith, seconded Debi Marshall-Lobb.

RESOLVED

1. That Council note that congratulations have been conveyed on behalf of the Council to the local recipients of the New Year's Honours 2024.

Clause 2-24 above was carried 13 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Billy Meehan, Karen Naylor, William Wood and Kaydee Zabelin.

3-24

Confirmation of Minutes

The minutes of the 6 December were re-confirmed by Council as there was an error to the time the meeting went into confidential session.

Moved Grant Smith, seconded Debi Marshall-Lobb.

RESOLVED

1. That the minutes of the ordinary meeting of 6 December 2023 Part I Public and Part II Confidential be confirmed as a true and correct record.
2. That the minutes of the extraordinary meeting of 13 December 2023 Part I Public be confirmed as a true and correct record.
3. That the minutes of the ordinary meeting of 18 December 2023 Part I Public and Part II Confidential be confirmed as a true and correct record.

Clause 3-24 above was carried 13 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Billy Meehan, Karen Naylor, William Wood and Kaydee Zabelin.

Councillor Lorna Johnson arrived at the meeting at 9:17am

REPORTS

4-24 **Endorsement of the Oranga Papaioea City Strategy and plans as the foundation for the proposed Long Term Plan 2024-2034**

Memorandum, presented by Julie Macdonald, Strategy and Policy Manager, and Catheryn Anderson, Senior Tenancy Officer.

Councillor Orphée Mickalad arrived at the meeting at 9:31am

Councillor Johnson moved an additional clause to the Social Housing Guidelines to improve the clarity of the eligibility criteria for social housing.

Moved Grant Smith, seconded Debi Marshall-Lobb.

RESOLVED

1. That Council endorse the draft *Oranga Papaioea City Strategy* as a foundation document of the proposed Long Term Plan 2024-2034 (Attachment 1).
2. That Council endorse the draft:
 - i. Mahere whare Housing plan
 - ii. Mahere hoahoa tāone Urban design plan
 - iii. Mahere whakawhanake ohaoha Economic development plan
 - iv. Mahere tūnuku Transport plan
 - v. Mahere toi me ngā taonga tuku iho Arts and heritage plan
 - vi. Mahere rēhia Recreation and play plan
 - vii. Mahere tautāwhi hapori Community support plan
 - viii. Mahere Whare Puna Mātauranga City Library Plan
 - ix. Mahere haumarū hapori, hauora hapori Community safety and health plan
 - x. Mahere āhuarangi hurihuri, toitūtanga, Climate change and sustainability plan
 - xi. Mahere mō te kanorau koiora me Te Awa o Manawatū Biodiversity and the Manawatū River plan
 - xii. Mahere taumanu para Resource recovery plan
 - xiii. Mahere wai Water plan
 - xiv. Mahere mana urungi, kirirautanga hihiri Governance and active citizenship planas foundation documents of the proposed Long-Term Plan 2024-2034

(Attachment 2).

Clause 4-24 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

Moved Lorna Johnson, seconded William Wood.

RESOLVED

3. That Council endorse the draft Social Housing Guidelines as an adjunct to the draft Mahere whare Housing plan and as a foundation document of the proposed Long-Term Plan 2024-2034 (Attachment 3), including an additional clause as follows for eligibility

“or experiencing barriers to accessing housing in the private market and meeting income and asset thresholds”

Clause 4-24 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

Moved Grant Smith, seconded Debi Marshall-Lobb.

RESOLVED

4. That Council note the documents in Appendices 1, 2 and 3 of this memorandum will be shared with the community as part of the consultation materials for the proposed Long Term Plan 2024-2025.

Clause 4-24 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

5-24

2024 Long Term Plan Consultation Material

Memorandum, presented by David Murphy, Chief Planning Officer, Cameron McKay, Chief Financial Officer, Chris Dyhrberg, Chief Infrastructure Officer and Debbie Perera, Audit Director from Audit New Zealand.

The meeting adjourned at 11.02am
The meeting resumed at 11.24am

Councillor Vaughan Dennison was not present when the meeting resumed at 11:24am

Councillor Naylor moved two additional recommendations requesting more information on funding mechanisms for social housing and animal control services, before considering whether to adjust the policy ratios for these activities.

Moved Karen Naylor, seconded William Wood.

RESOLVED

5. That the Chief Executive provide options to deliver social housing within the current Policy limit, and until such time Council agrees to operate outside of the current policy limit.

Clause 5.1-24 above was carried 8 votes to 6, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Mark Arnott, Rachel Bowen, Roly Fitzgerald, Billy Meehan, Orphée Mickalad, Karen Naylor and William Wood.

Against:

Councillors Debi Marshall-Lobb, Brent Barrett, Lew Findlay, Patrick Handcock, Lorna Johnson and Kaydee Zabelin.

Moved Karen Naylor, seconded William Wood.

RESOLVED

6. That the Chief Executive provide options to provide Animal control services within the current Policy limit.

Clause 5.2-24 above was carried 8 votes to 6, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Mark Arnott, Rachel Bowen, Roly Fitzgerald, Billy Meehan, Orphée Mickalad, Karen Naylor and William Wood.

Against:

Councillors Debi Marshall-Lobb, Brent Barrett, Lew Findlay, Patrick Handcock, Lorna Johnson and Kaydee Zabelin.

The meeting adjourned at 12.18pm
The meeting resumed at 2.55pm

Councillor Kaydee Zabelin was not present when the meeting resumed at 2.55pm

Moved Grant Smith, seconded Debi Marshall-Lobb.

RESOLVED

1. That Council proceed with an audit by Audit New Zealand of the draft Long Term Plan (which would include the underlying information used by Council to prepare the consultation document and supporting material listed in section 5.4, based on pending changes to the Local Government Act allowing for unaudited consultation documents outlined in a letter from the Minister of Local Government (contained in Attachment 1).
2. That Council consider the attached draft Long Term Plan consultation document (Attachment 2) and supporting material (Attachments 3-8) and provide feedback so the Chief Executive can make any changes and bring the material back to Council on 14 February 2024 for adoption for review (as determined under Recommendation 1).
3. That Council note the updated planning assumption regarding total operational increases for the 2024-34 Draft Long-Term Plan (contained in Table 3).

Clause 5.3-24 above was carried 13 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Mark Arnott, Brent Barrett, Rachel Bowen, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor and William Wood.

Moved Grant Smith, seconded Karen Naylor.

RESOLVED

4. That Council approve the proposed Revenue and Financing Policy (Attachment 9), incorporating the changes subject to resolutions 5 and 6.

Clause 5.4-24 above was carried 9 votes to 4, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Brent Barrett, Rachel Bowen, Roly Fitzgerald, Billy Meehan, Orphée Mickalad, Karen Naylor and William Wood.

Against:

Councillors Mark Arnott, Lew Findlay, Patrick Handcock and Lorna Johnson.

6-24

Notice of Motion: Stop Using Class 4 Gambling Proceeds

Officers' advice presented by Fiona Dredge, Commercial Advisory Manager and Julie McDonald, Strategy and Policy Manager.

Councillor Barrett spoke to his Notice of Motion on Council using Class 4 Gambling Proceeds.

Moved Grant Smith, seconded Debi Marshall-Lobb.

RESOLVED

1. That Council receive the memorandum titled "Officers' advice in response to Notice of Motion on Class 4 Gambling proceeds".

Clause 6-24 above was carried 13 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Mark Arnott, Brent Barrett, Rachel Bowen, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor and William Wood.

Moved Brent Barrett, seconded Roly Fitzgerald.

Note:

On the Notice of Motion: 'That Council adopt a policy to not apply for or use Class 4 Gambling proceeds', the motion was lost 4 votes to 9, the voting being as follows:

For:

Councillors Debi Marshall-Lobb, Brent Barrett, Roly Fitzgerald and Patrick Handcock.

Against:

The Mayor (Grant Smith) and Councillors Mark Arnott, Rachel Bowen, Lew Findlay, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor and William Wood.

7-24

Future Development Strategy Update and Next Steps

Memorandum, presented by Hannah White, Democracy and Governance Manager and Jonathan Ferguson-Pye, City Planning Manager.

Moved Grant Smith, seconded Debi Marshall-Lobb.

RESOLVED

1. That Council delegate authority to the Palmerston North Future Development Strategy Joint Steering Group to hear submissions on the draft Future Development Strategy, to deliberate and to recommend the final adoption of the Future Development Strategy to both Palmerston North City Council and Horizons Regional Council.
2. That the Joint Steering Group Terms of Reference Delegations be amended to include (1).
3. That Council note that both Palmerston North City Council and

Horizons Regional Council will need to adopt the Future Development Strategy prior to the adoption of their Long-Term Plans 2024/34.

4. That Council note that Palmerston North City Council will be the administering authority for the special consultative procedure.

Clause 7-24 above was carried 13 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Mark Arnott, Brent Barrett, Rachel Bowen, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor and William Wood.

Director Vacancy - Central Economic Development Agency

Report deferred until March 2024.

8-24

Trustee Vacancies - Te Manawa Museums Trust

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

Moved Grant Smith, seconded Debi Marshall-Lobb.

RESOLVED

1. That the Chief Executive advertise the vacant trustees' position on the Te Manawa Museums Trust in February 2024.

Clause 8-24 above was carried 13 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Mark Arnott, Brent Barrett, Rachel Bowen, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor and William Wood.

9-24

Council Work Schedule

Moved Grant Smith, seconded Debi Marshall-Lobb.

RESOLVED

1. That Council receive its Work Schedule dated 7 February 2024.

Clause 9-24 above was carried 13 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Mark Arnott, Brent Barrett, Rachel Bowen, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor and William Wood.

Karakia Whakamutunga

Deputy Mayor Debi Marshall-Lobb closed the meeting with karakia.

The meeting finished at 4.10pm

Confirmed 14 February 2024

Mayor

MEMORANDUM

TO: Council

MEETING DATE: 14 February 2024

TITLE: 2024-34 Draft Long Term Plan Consultation Material Update

PRESENTED BY: David Murphy, Chief Planning Officer and Cameron McKay, Chief Financial Officer

APPROVED BY: David Murphy, Chief Planning Officer
Cameron McKay, Chief Financial Officer

RECOMMENDATIONS TO COUNCIL

1. That Council agree the Consultation Document for the Draft 2024-34 Long Term Plan (Attachment 1) be provided to Audit New Zealand.
 2. That Council agree the Supporting Material for the Draft 2024-34 Long Term Plan (presented in [Attachments 3-10](#) to the Council meeting on 7 February 2024 with minor amendments as directed at that meeting) to be provided to Audit New Zealand.
-

1. ISSUE

- 1.1 On 7 February 2024 Council considered the draft Consultation Document (CD) and Supporting Material for the 2024 Long Term Plan (LTP). Council made some changes to the CD and other informal feedback from Elected members suggested other changes. These have been incorporated in the attached CD (Attachment 1).
- 1.2 Straightforward and minor changes (at the meeting and in informal feedback from Elected Members) were made to the Supporting Material. Because these changes are minor, the Supporting Material has not been recirculated.
- 1.3 A separate memorandum titled "Long-term Plan – Rating System" has been presented to this meeting. The material covered by that memorandum will be part of the Supporting Material.

2. BACKGROUND

- 2.1 Council has to adopt its next LTP by 30 June 2024.

- 2.2 Developing the LTP involves many steps. Previous steps were outlined in the Report to the 7 February 2024 Council meeting.

3. APPROVING THE CD AND SUPPORTING MATERIAL FOR AUDIT

- 3.1 At the meeting on 7 February, Council resolved to proceed with an audit of the LTP, including the underlying information used by Council to prepare the consultation document and supporting material. This is based on pending changes to the Local Government Act allowing for unaudited consultation documents.

- 3.2 The 7 February Council meeting also considered the draft CD and Supporting Material and made resolutions for changes to be made prior to the documents coming back to this meeting (14 February) for approval for audit. The documents have been updated accordingly.

- 3.3 Major changes to the CD include:

Page 10	Widen the list of Community Wins
Page 20	Clarify roading building costs
Page 23	Update to reflect Council decisions to investigate options for Social Housing and Animal Control (in light of Council's current Revenue and Financing Policy limits) Show that once Council has more clarity around the type of housing developments it will pursue, it will be able to develop better costs and revenue estimates
Page 27	Clarified rates as proportion of funds needed to run the City
Page 33 & 38	Show the costs for each community venues project
Pages 40-45	Show the costs for each seismic strengthening project. Clarified proportion of external funding for Library and Te Manawa
Page 50	Show impact of wastewater project levy alongside proposed rates increases
Pages 52 - 55	Include examples of proposed rates increases. Clarify that the costs shown are passed on Council's preferred hybrid rates model
Various pages	Update financial figures as appropriate, including year 1 proposed rates increase of 11.7%

- 3.4 The meeting also made the following resolutions regarding the Revenue and Financing Policy:

- That the Chief Executive provide options to deliver Social housing within the current Policy limit, and until such time Council agrees to operate outside of the current policy limit.
- That the Chief Executive provide options to provide Animal control services within the current Policy limit.

The options in these resolutions will require some time to develop, especially for Social Housing. Staff will provide an update on Animal Control Services in a Fees and Charges report to Council in early March.

3.5 On the 7 February 2024 the Culture and Sport Committee considered a report on the *Te Manawa Museums Trust: Draft Statement of Intent 2024-27*. As part of this Council resolved:

- That Council increase Te Manawa's operational grant funding in the draft Long-Term Plan 2024-34 to be:

2024/25	2025/26	2026/27
\$3,833,599	\$4,024,056	\$4,217,826

Adding this into the proposed 2024-34 LTP means that rates increases are now:

Draft LTP Annual Rate Increases									
Year 1 24/25	Year 2 25/26	Year 3 26/27	Year 4 27/28	Year 5 28/29	Year 6 29/30	Year 7 30/31	Year 8 31/32	Year 9 32/33	Year 10 33/34
11.7%	9.9%	9.8%	9.0%	7.8%	6.6%	5.9%	6.1%	4.2%	4.2%

- 3.6 Officers also received feedback from Elected Members on documents within the Supporting Material. These changes have been made.
- 3.7 The recommendations of this report will give Council's approval for officers to forward the updated CD and Supporting Material to Audit New Zealand. Audit NZ can then review the underlying information used by Council to prepare the CD and Supporting Material, as part of its audit of the final LTP.
- 3.8 Officers will make any necessary changes to the CD and Supporting Material as a result of the Audit NZ feedback and then present the CD and Supporting Material back to Council for approval for consultation in March / April.
- 3.9 Feedback was also received on the Strategy, plans and Asset Management Plan summaries. These changes will be made prior to commencing consultation on the draft LTP.

4. NEXT STEPS

- 4.1 Council will consult on the CD and Supporting Material from late March to late April.
- 4.2 Council will consider all submissions and adopt the final LTP by 30 June.
- 4.3 Officers will prepare the draft Development Contributions Policy, Future Development Strategy and Waste Management and Minimisation Plan for consultation alongside the CD and Supporting Material. Each of these will be brought to Council before adoption for consultation.

5. 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
<p>Contribution to Council's strategic direction and to social, economic, environmental and cultural well-being:</p> <p>The recommendations contribute to the development of the Council's 2024-34 Long-Term Plan. Hence, they are about how Council could deliver its 2024 strategic direction and how it could contribute to social, economic, environmental and cultural wellbeing.</p>	

ATTACHMENTS

1. Draft Consultation Document (separately enclosed) [↓](#)

Placeholder for Attachment 1

ITEM 8/24 2024-34 Draft Long Term Plan
Consultation Material Update

Draft Consultation Document (separately
enclosed)

MEMORANDUM

TO: Council

MEETING DATE: 14 February 2024

TITLE: Long-Term Plan - Rating System

PRESENTED BY: Steve Paterson, Strategy Manager - Finance

APPROVED BY: Cameron McKay, Chief Financial Officer

RECOMMENDATION TO COUNCIL

1. That Council agree the rating information contained in the memorandum for inclusion in the supporting material for the Draft Long-Term Plan 2024-34; and that this be provided to Audit NZ.

1. ISSUE

An integral component of the Long-Term Plan (LTP) is the details of the proposed rating system and particularly rates incidence for 2024/25. The modelling for this was not complete in time for consideration at the Council meeting on 7 February 2024 and this report provides the information required. It will form part of the supporting information that is the subject of audit review prior to adoption for public consultation in March.

2. BACKGROUND

At its meeting on 18 December 2023 Council resolved as follows:

- "1. That, in the drafting of the Long-Term Plan 2024-34, Council agree:
 - (c) To propose for public consultation through the 2024-34 Long-term Plan process a change to the rating system that involves the use of a hybrid system whereby part of the rates is set using the land value as the base and the remainder the capital value as the base.
2. That, in the drafting of the Long-Term Plan 2023/24, Council agree: that the split of the general rate requirements between land and capital value base be (e) 70% land / 30% capital.
3. The Council agree that the rating system change will occur from 1 July 2024 in one step.
6. That Council note that as the legislation requires there can be only one basis for setting the general rate, then it will be necessary to introduce a targeted

rate to facilitate the change and Officers will prepare a proposal of which activities the targeted rate would be proposed to fund and will present this to Council on 7 February 2024.

7. That the Chief Executive assume for the preparation of the draft supporting material for the 2024-34 Long-term Plan:

7.1 The Uniform Annual General Charge for 2024/25 will be \$200;

7.2 There will be changes to the way some properties are categorised for differential rating purposes and in particular those rural and semi-serviced properties (between 0.2 and 5ha) on the fringe of the urban area of the City so they pay general rates at levels more like those in the urban serviced area;

7.3 That Council agree:

- utilities in the street will be categorised in the commercial/ industrial differential category, and
- vacant non-residentially zoned land will be categorised in the commercial/industrial category (just for the purposes of the assessing of the capital value based rate), and
- revised differential surcharges will be used

8. That Council agree that the community engagement material highlight the proposed rates using the status quo, a full capital value based system and a hybrid system.

9. That the Chief Executive provide further advice about the desirability and practicability of the adoption of a rates system transition remission policy.

10. That Council note officers will recommend the adoption of an updated set of rates remission and postponement policies with only minor amendments to recognise any legislative changes at the Council meeting on 14 February 2024.

That moving to full capital value rates system is also consulted on as Option B, alongside Council's preferred option."

3. MODELLING OUTCOMES

The material considered by Council in December was based on the rates set for 2023/24. Modelling has now been undertaken using the draft budget figures for 2024/25 – assuming an increase in the total rates requirement of 11.5%.

As part of the modelling exercise it has been necessary to firm up the broad planning assumptions endorsed in December and to make a number of additional assumptions.

This report contains the following three options:

- **Option 1 (Land Value)** – assumes a land value based general rate with a change to the differentials applied to rural/semi-serviced land (0.2 to 5ha) so these mostly lifestyle type properties pay a general rate that is more like that payable by urban residential properties (in the particular scenario used the rate is 83% of the urban general rate).
- **Option 2 (Hybrid) – Council's preferred option** – continues to use a land value based general rate (with the same increase in the rates payable by lifestyle properties as for option 1) but with the introduction of a capital value based targeted rate (for all properties). The targeted rate would be used to fund the majority of the costs of delivering the activities associated with achieving Goal 1 (i.e. transport, economic development, urban design and housing).
- **Option 3 (Capital Value)** – in this option all of the general rate would be based on the capital value with revised differential surcharges. The surcharges assumed are the same as those for the capital value component in Option 2 except for the commercial/industrial category which has been reduced from 220% to 210%. Without this change the share paid by the commercial/industrial category would have been too high. These surcharges are an important component of the system as they drive the share of the total general rates borne by each differential category.

4. DIFFERENTIALS (FOR PREFERRED OPTION)

Attachment 1 contains a description of the Council's rating system including the definitions planned to be used to describe the various differential rating categories for both the general and proposed new capital valued based targeted rate.

Section 5 of the attachment includes the proposed differential factors to be used for each category. As endorsed by the Council in December the differential for the rural/semi-serviced category (0.2 to 5 ha) is increased from 50% to 65% of the miscellaneous rate.

The proposed differentials for the capital value based portion of the rates in Council's preferred option have been set at levels that will generate total rates from each category that are similar to the current share of the total. The exceptions are for the rural/semi-serviced (mostly lifestyle) properties where it is intended they pay an increased share with rates more like those paid in the serviced urban area. Also as endorsed by the Council in December vacant non-residentially zoned land will be categorised in the commercial/industrial category (just for the purposes of the assessing of the capital value based rate).

The report to the Council in December signalled further testing was required on the level of differential surcharge to be applied for rural/semi-serviced properties (> 5ha) as it was likely that with the introduction of a portion based on capital value rates for many in this category would be inadvertently

reduced. As a result of the further modelling this material assumes the differential for this category (for the portion of the rates based on the capital value) will be increased from 25% to 35% of the miscellaneous rate.

5. UAGC & TARGETED RATES

All options assume a Uniform Annual General Charge (UAGC) of \$200 per rating unit as endorsed by the Council in December.

To fund the draft budgets for each activity fixed targeted rates for services have been assumed as follows:

Charge type	Charge 2023/24	Option 1 LV 2024/25	Option 2 Hybrid 2024/25	Option 3 CV 2024/25
Water	\$407	\$419	\$430	\$452
Wastewater	\$306	\$373	\$386	\$409
Kerbside recycling	\$148	\$144	\$144	\$144
Rubbish & public recycling	\$103	\$64	\$64	\$64

The proposed fixed charges for water and wastewater vary between the options as the costs of the water and wastewater will rise if a portion of the rates is based on the capital value – the water and wastewater networks in the streets become rateable and the water and wastewater plant properties are capital intensive. To reflect the true cost of operating the Council has a policy of charging itself rates on its own properties.

The table above does show a reduction in the targeted rate for rubbish and public recycling. This is due to the revenue assumptions being made in the draft LTP budgets. They assume there will be increases to the charges for bulk acceptance of green waste (from commercial operators). In addition, they assume the costs of rubbish disposal will be covered from the sale of rubbish bags (in accordance with the Revenue & Financing Policy). The preliminary assumption is that the maximum retail price of rubbish bags may need to increase from \$2.90 to \$3.80 to achieve this. This will be addressed in the fees and charges report planned for early March.

As in the past three years a Palmy BID targeted rate will be assessed on properties within a defined area of the central city to fund the Palmy BID programme of \$250k plus GST.

6. METERED WATER CHARGES

Metered water charges are legislatively deemed to be rates and details of these are included in the rating system section of attachment 1. The metered water tariff comprises a fixed and a variable component.

The budget for 2023/24 assumes total revenue of \$3.1m plus GST will be obtained from metered water users.

The overall budgeted cost of water to be funded from rates for 2024/25 has increased by approximately 5% over 2023/24. To reflect this and maintain a fair comparison with the targeted rate for residential consumers it is necessary to increase metered water charges by a comparable amount, hence increasing the revenue assumption to \$3.25m plus GST.

	Annual charge 2023/24	Annual charge 2024/25
Up to 25mm connection	\$220.00	\$230.00
>25mm connection	\$470.00	\$490.00
	Charge 2023/24	Charge 2024/25
Rate per cubic metre	1.65313	1.78538

7. ATTACHMENTS

Attachments to this report include:

Attachment	What are they
1	A draft of the Rating System, Rates and Funding Impact Statements section of the supporting information for the LTP consultation document
2	Graph 1 showing proposed rates levels for single unit residential properties for 2024/25 (for the three scenarios) Graphs 2-13 showing the rates increases and decreases (compared with the actual for 2023/24) for each scenario and by differential category
3	Tables 1-6 showing the properties within each differential category that will receive the largest \$ rates increase for 2024/25 if rates are assessed as proposed using the hybrid

	scenario
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8. INTERPRETING THE POSITION

Although the proposed increase in the overall rates requirement is 11.5% it is important to note rates changes for individual ratepayers will vary significantly and be dependent on the following:

- The extent of exposure to changes in the level of fixed charges for services e.g. charges for wastewater will increase significantly so ratepayers with multiple pans or charges based on the number of separately used or inhabited portions will experience larger percentage increases.
- The ratio of the capital to land value of the property. If the ratio is higher than the average for that category of property then the rates will increase more than average and, if the ratio is less, the increase in rates will be less than average.
- Whether the property is categorised as rural/semi-serviced (0.2 – 5ha) in which case the differential has been changed so the sum of the general rate, UAGC and targeted rate based on the capital value that they pay is more like the rate payable by urban serviced property of the same value.
- Whether the property is non-residentially zoned vacant land in which case the differential for the capital value based portion of the rates has been increased.

As required by the Local Government (Rating) Act rates will actually be assessed based on the nature and use of the property as at 30 June 2024. The capital value of properties is reviewed whenever there is significant update or addition to it. It will be more important than in the past that we keep these changes to the valuation roll up to date especially as at 30 June.




9. NEXT STEPS

Once approved by the Council the rates material will be inserted in the relevant documents such as the Financial Strategy, Consultation Document and supporting information. Following the review by Audit NZ any corrections or updates required will be incorporated in material to be adopted by the Council for consultation in March.

10. 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?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
Contribution to strategic direction and to social, economic, environmental and cultural well-being	The framework for the rating system and the distribution of the rates requirement amongst ratepayers is a key component of the supporting material for the development of the Long-term Plan and is one of the key matters that residents and ratepayers will take interest in during the public engagement process.

ATTACHMENTS

1. Rating System, Rates & Funding Impact Statements [↓](#) 
2. Graphs 1-13 [↓](#) 
3. Tables 1-6 [↓](#) 

Rating System, Rates and Funding Impact Statements

1. Introduction

Rating incidence is governed by the Council's Revenue and Financing Policy and its Rating Policies. This section outlines details of the present rating system used by the Council. It also incorporates the Funding Impact Statements in the form prescribed by the Local Government (Financial Reporting and Prudence) Regulations 2014.

At various points within this section a level of rate or charge is outlined. These are indicative figures provided to give ratepayers an estimate of what their level of rates is likely to be in the forthcoming year. They are not necessarily the actual figures as these will not be known until the Council's rating information database is finalised. Rates figures in this section are GST-inclusive unless otherwise specified.

2. Rating Objectives

These are the Council's rating objectives:

- to encourage growth and confidence in the city by operating a stable, easily understood method of setting rates
- to set rates in a manner that is fair and equitable as between various ratepayers and classes of ratepayer, and consistent with Council's planning objectives
- to ensure that all citizens contribute to the cost of providing city services by charging on a user-pays basis where practicable
- to foster the sense of a single community by operating a common system throughout the city.

3. Components of the rating system - a summary

The Council's rating system, designed to meet these objectives, is utilised to fund the net cost of operations and programmes outlined in the Long-term Plan and Annual Budget (Plan). It comprises the following components:

- A common system applies throughout the city.
- Targeted rates, in the form of fixed amounts (as proxy user charges) are made to cover the costs of services that are identifiable by property (water supply, wastewater disposal, and rubbish and recycling). In addition, significant non-residential and some rural users of water are metered and some non-residential wastewater users are charged on the basis of the number of pans. A targeted rate (comprising a fixed amount and a variable amount based on capital value) is made on non-residential properties within the central city Palmy BID area.
- A Uniform Annual General Charge (UAGC) is applied as a fixed amount to every rating unit within the city. It is used as a mechanism to ensure each rating unit contributes a minimum amount of the general rate and also to moderate rates on high land-value properties.
- A targeted rate, based on the capital value, is planned to be applied to each rating unit, with different rates (differentials) applying to each differential category. It is intended this rate will cover the costs of the delivering goal one (an innovative and growing city) and in particular transport, economic development, housing and urban design activities.
- A General Rate, based on the land value, is applied to each rating unit, with different rates (differentials) applying to each property category.

RATING SYSTEM, RATES AND FUNDING IMPACT STATEMENTS

The categories in the Council’s differential rating scheme reflect differing property use and can be broadly grouped as follows:

- Single-unit residential
- Multi-unit residential
- Non-residential
- Rural and semi-serviced
- Miscellaneous.

Differential surcharges (that is, a higher rate in the dollar) are applied to multi-unit residential and non-residential properties, while lower rates are applied to single unit residential and rural/semi-serviced properties. No surcharge is applied to miscellaneous properties.

4. Examples of proposed rates for 2024/25

Examples of proposed rates for 2024/25 are shown in the following table:

	Land Value	Capital Value	Rates 2023/24	Rates 2024/25
Single unit residential				
Average	468,000	739,000	3,206	3,464
Median	455,000	690,000	3,149	3,378
Quartile 1	360,000	590,000	2,735	2,965
Quartile 3	540,000	840,000	3,520	3,798
Two unit residential				
Average	561,000	829,000	5,532	6,069
Median	525,000	770,000	5,313	5,816
Quartile 1	450,000	675,000	4,858	5,326
Quartile 3	625,000	920,000	5,920	6,500

Attachment 1

	Land Value	Capital Value	Rates 2023/24	Rates 2024/25
Non-residential				
Average	1,022,000	2,402,000	17,518	20,008
Median	620,000	1,030,000	10,867	11,363
Quartile 1	385,000	610,000	6,979	7,231
Quartile 3	1,110,000	2,295,000	18,794	20,918
Rural & semi-serviced (5ha or more)				
Average	1,373,000	1,585,000	2,196	2,391
Median	730,000	1,102,000	1,310	1,494
Quartile 1	520,000	551,000	1,020	1,051
Quartile 3	1,218,000	1,670,000	1,983	2,252
Rural & semi-serviced (between 0.2 and 5ha)				
Average	549,000	1,202,000	1,817	2,700
Median	520,000	1,180,000	1,737	2,601
Quartile 1	435,000	950,000	1,503	2,192
Quartile 3	590,000	1,390,000	1,630	2,951
Miscellaneous				
Average	916,000	1,746,000	5,355	6,231
Median	550,000	720,000	3,336	3,487
Quartile 1	295,000	400,000	1,930	2,008
Quartile 3	965,000	1,445,000	5,625	6,117

If all of the properties in the category of property were listed from lowest to highest land value, then the ‘median’ is the value at the half way point in the list, quartile

RATING SYSTEM, RATES AND FUNDING IMPACT STATEMENTS

1 is the value at the first quarter point in the list, and quartile 3 is the value at the three-quarter point in the list.

For example, if there are 1,000 properties and they are sorted from the lowest to the highest land value then quartile 1 in the 250th property from the lowest.

The three-yearly revaluation of the city for rating purposes was undertaken in 2021 and those valuations are the base for general rates set in 2024/25.

The examples should be read with regard for the following assumptions:

- the Council's total rates revenue will increase by 11.5%
- the Uniform Annual General Charge will be \$200 per rating unit (\$200 in 2023/24)
- targeted rates in the form of fixed amounts will be applied for water supply (\$430); wastewater disposal (\$386); kerbside recycling (\$144); rubbish and public recycling (\$64) (\$407, \$306, \$148 and \$103 respectively in 2023/24)
- a targeted rate for wastewater disposal will be set on non-residential properties on the basis of the number of pans, in excess of three, on the rating unit. The charge per pan will be \$xxx compared with \$306 per pan in 2023/24.
- a new targeted rate is planned to be implemented to cover the costs of the goal one activities and this is to be based on the capital value. As a consequence, the general rate will be lower than in 2023/24.

The examples shown for non-residential, miscellaneous and rural/semi-serviced properties do not include the charges (either fixed or metered) for water, wastewater or kerbside recycling because these vary from property to property but they do include the rubbish and public recycling rate. They do not include the proposed targeted rates to fund the Palmy BID as these will be applied to selected properties in the defined central city Palmy BID area.

5. Components of the Rating System – more detail

Attachment 1

5.1 General Rate (based on land value)

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 in 5.5), with the differential factors as shown in the following table:

Differential Group		Differential Factor (expressed as % of Group Code MS)	Rate (cents in \$ of LV)
Code	Brief Description	Proposed 2024/25	Proposed 2024/25
R1	Single unit residential	Balance (approx. 78)	0.3461
R2	Two unit residential	110	0.4866
R3	Three unit residential	120	0.5309
R4	Four unit residential	130	0.5751
R5	Five unit residential	140	0.6194
R6	Six unit residential	150	0.6636
R7	Seven unit residential	160	0.7078
R8	Eight or more unit residential	170	0.7521
MS	Miscellaneous	100	0.4424
CI	Non-residential (Commercial/Industrial)	300	1.3272
FL	Rural/Semi-serviced (5 hectares or more)	25	0.1106
FS	Rural/Semi-serviced (0.2 hectares or less)	75	0.3318
FM	Rural/Semi-serviced (between 0.2 & 5 hectares)	65	0.2876

5.2 Uniform annual general charge

The Council proposes to set a uniform annual general charge of \$200 (\$200 for 2023/24) on each rating unit.

5.3 Targeted rate (based on capital value)

The Council proposes to set a targeted rate based on the capital value of each rating unit in the city. This rate will be used to fund the costs of the goal one (innovative and growing city) activities including transport, economic development, housing and urban design.

The rate will be set on a differential basis based on land use (see description in 5.5¹), with the differential factors as shown in the following table:

Differential Group		Differential Factor (expressed as % of Group Code MS)	Rate (cents in \$ of CV)
Code	Brief Description	Proposed 2024/25	Proposed 2024/25
R1	Single unit residential	Balance (approx. 77)	0.08389
R2	Two unit residential	120	0.13157
R3	Three unit residential	120	0.13157
R4	Four unit residential	120	0.13157
R5	Five unit residential	120	0.13157
R6	Six unit residential	120	0.13157
R7	Seven unit residential	120	0.13157

Differential Group		Differential Factor (expressed as % of Group Code MS)	Rate (cents in \$ of CV)
R8	Eight or more unit residential	120	0.13157
MS	Miscellaneous	100	0.10964
CI	Non-residential (Commercial/Industrial)	220	0.24121
FL	Rural/Semi-serviced (5 hectares or more)	35	0.03837
FS	Rural/Semi-serviced (0.2 hectares or less)	75	0.08223
FM	Rural/Semi-serviced (between 0.2 & 5 hectares)	65	0.07127

¹ Note – for the purposes of this targeted rate vacant serviced property where non-residential use is a permitted activity under the city's District Plan will be categorised as

non-residential, whereas it is categorised as miscellaneous for the purposes of the general rate.

5.4 Targeted rates (other)

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.

5.4.1 Water supply

The Council proposes to set targeted rates for water supply. For residential rating units it shall be on the basis of a fixed amount per separately used or inhabited part, and for all other properties a fixed amount per rating unit. The charge will be set on a differential basis based on the availability of the service (either ‘connected’ or ‘serviceable’). Connected means the rating unit is connected to a Council-operated waterworks while serviceable means the rating unit is not connected to a Council-operated waterworks but is within 100m of such waterworks and Council would allow a connection. The serviceable rate will be 50% of the connected rate.

Rating units that are not connected to the scheme and are not serviceable will not be liable for this rate. The estimated rates for the 2024/25 year are:

Connected:	\$430
Serviceable:	\$215

There are situations where the Council will require water to be supplied on a metered basis. Where this occurs, the Council proposes instead of the above to set metered water targeted rates that comprise a fixed amount (estimated at \$230 per metered connection for connections of 25mm or less and \$490 for connections greater than 25mm) and a variable amount (estimated at \$1.78538 per cubic metre) based on the volume of water supplied.

5.4.2 Wastewater disposal

The Council proposes to set a targeted rate for wastewater disposal. For residential rating units, it shall be set on the basis of a fixed charge per separately used or inhabited part, and for all other properties a fixed charge per rating unit. The charge will be set on a differential basis based on the availability of the service (either 'connected' or 'serviceable'). Connected means the rating unit is connected to a public wastewater drain, while serviceable means the rating unit is not connected to a public wastewater drain but is within 30m of such a drain, and Council would allow a connection. The serviceable rate will be 50% of the connected rate.

Rating units that are not connected to the scheme, and which are not serviceable will not be liable for this rate.

The estimated rates for the 2024/25 year are:

Connected:	\$386
Serviceable:	\$193

In addition, for the 2024/25 year the Council proposes to set a targeted rate for connected non-residential rating units of \$386 per pan (water closet or urinal) for each pan in excess of three.

5.4.3 Resource Recovery

5.4.3.1 Kerbside recycling

The Council proposes to set a targeted rate for kerbside recycling on the basis of:

- a fixed amount per separately used or inhabited part of a rating unit for residential properties receiving the Council's kerbside collection service

- a fixed amount 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 providing more recycling bins or more frequent service. Each additional level of service will be charged at a rate of \$144. This may include charges to non-rateable rating units where the service is provided. Rating units for which the Council is not prepared to provide the service will not be liable for these rates.

The estimated rates for the 2024/25 year are:

Kerbside recycling	\$144
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5.4.3.2 Rubbish and public recycling

The Council proposes to set a targeted rate for rubbish and public recycling on the basis of a fixed amount per separately used or inhabited part of each residential rating unit and a fixed amount per rating unit for all other rating units. Rating units that are vacant land will not be liable for these rates.

The estimated rates for the 2024/25 year are:

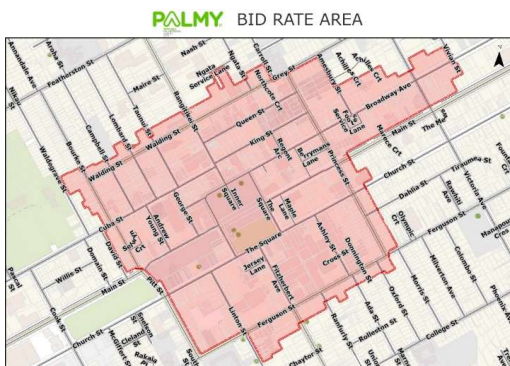
Rubbish and public recycling	\$64
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5.4.4 Palmy BID

The Council proposes to set targeted rates on those properties within the central city Palmy BID area as shown on the following map that are categorised as non-residential for the Council's general rate. The rate will fund a grant to the Palmy BID group.

The targeted rates will comprise:

- A fixed amount of \$345 per rating unit; and
- A variable amount of 0.0137 cents in the \$ of the capital value of the rating unit.



5.5 Differential Matters and Categories

5.5.1 Objectives of Differentials for General Rate

The Council believes that a uniform general rate based on land value would not produce a fair and equitable allocation of rates. For this reason, it operates a system of differentials based on land use. Descriptions of the land use categories are shown in 5.5.2.

The Council describes the relationship between the rates charged to each group in terms of a factor expressed as a percentage of the rate that would apply if there were no differential rating in place – that is, the group described as Miscellaneous (MS). Each year, the Council reviews the differential factors applied to each land use category. The factors proposed for 2024/25 are outlined in 5.1 and are unchanged from 2023/24 except for code FM which has changed from 50% to 65% and for code FL from 25% to 35%.

The factors have been developed to address the following matters:

- rating units containing more than one residential unit will place an increasing demand on Council services as the number of units increase
- the land value for non-residential property is often driven by different influences from the land value for residential or rural land and therefore is not directly comparable as a rating base
- the Council's Revenue and Financing Policy identifies a number of activities where it believes non-residential users gain a greater benefit than other users and should bear a greater share of the cost
- for large rural rating units a pure land value system would produce rates charges that would be unsustainable
- rural and semi-serviced rating units generally have limited or, in some cases, no access to some Council activities funded through the general rate

5.5.2 Differentials based on land use

The Council proposes to differentiate the general rate primarily on the basis of land use. Properties with more than one use will be placed in a category that the Council considers reflects the primary use.

The Council will consider partitioning the property into parts and allocate each part to the most appropriate category in situations such as the following:

- where there are discreet parts of the property used for different purposes such as a retail shop and a residence
- for manager's residences associated with motel complexes
- where part of the property is used for not-for-profit or other community purposes and the remainder is used for other purposes
- where the property is not serviced and is used for commercial, industrial or business purposes but a significant part is used for farming or horticultural purposes
- where a property has a rural zoning but is serviced and has one or more residential units then the first 2ha will be classified as group code R1 and the balance as FM or FL depending on its size
- where a property that is greater than 5ha (and residential use is a permitted activity under the city's District Plan) becomes serviced the first 5ha (or the area of the actual sub-divisional development if larger than this) will be categorised in group code R1 and the remainder will continue to be treated as not serviced for rating purposes
- where a property that is less than 5ha becomes serviced and features of the land or District Plan requirements impede subdivision the part that reflects the extent of the impediment will continue to be treated as not serviced for rating purposes

Note that, subject to the rights of objection to the rating information database set out in sections 29 and 39 of the Local Government (Rating) Act 2002, the Council is the sole determiner of the categories.

In the context of the general rate, 'serviced' means the property is either connected or serviceable for wastewater disposal. Connected means the rating unit is connected to a public wastewater drain, while serviceable means the rating unit is not connected to a public wastewater drain but is within 30m of such a drain, and Council would allow a connection.

The following differential categories will be used:

Single-unit residential (R1)

Every serviced rating unit not otherwise classified:

- having a predominant or exclusive residential use (excluding home occupations) and on which is erected one residential unit; or
- being vacant property where residential use is a permitted activity under the city's District Plan.

Multi-unit residential (R2 - R8)

Every serviced rating unit not otherwise classified on which is erected:

- two residential units (R2); or
- three residential units (R3); or
- four residential units (R4); or
- five residential units (R5); or
- six residential units (R6); or
- seven residential units (R7); or
- eight or more residential units (R8).

In determining what is a residential unit, the Council will apply the same criteria as defined for a SUIP, as shown in 5.3.

Miscellaneous (MS)

Every rating unit not otherwise classified of the following types:

- property used primarily for not-for-profit or other community purposes, excluding retail shops
- property owned by the Council that is used by it for parking that is available for public use
- property where the ratepayer conducts or permits to be conducted a business (a Home Occupation, as defined in the city's District Plan), which would otherwise qualify for inclusion in group code R1
- vacant serviced property where non-residential use is a permitted activity under the city's District Plan (note such property is categorised as non-residential for the purposes of any capital value based rate)
- property that is not serviced and would otherwise qualify for inclusion in group code FL, FS or FM but is used for predominantly commercial, industrial or business purposes (excluding farming and horticulture).
- property not specifically categorised in any of the other group codes.

Non-residential (CI)

Every serviced rating unit, not otherwise classified, used for commercial, industrial or business purposes including licensed hotel, serviced apartments or residential institution including a guesthouse, rooming house, boarding house, private hotel, motel, residential club or hostel. Network utilities in the street are categorised as non-residential.

Rural and semi-serviced (FL, FS and FM)

FL – Every rating unit not otherwise classified that is not serviced and has either

- an area of 5ha or more; or
- an area less than 5ha but on which there is no residential dwelling or non-residential improvements.

When the rating unit becomes serviced, as defined above (and provided it is zoned to permit subdivision), the property will be reclassified to the higher rated differential category in the immediately following year.

FS – Every rating unit not otherwise classified that is not serviced and has an area of 0.2ha or less and on which there is a residential dwelling.

FM – Every rating unit not otherwise classified that is not serviced and has an area greater than 0.2ha and less than 5ha and on which there is either residential dwellings or non-residential improvements.

6. Early payment of rates

Sections 55 and 56 of the Local Government (Rating) Act 2002 empowers councils to accept early payment of rates.

The Council will accept any payment of rates for either the current or future years in advance of the due date.

7. Rates payable by instalment and due dates

The Council provides for rates to be paid in four equal instalments. For the 2024/25 year the due dates (that is, final dates for payment without incurring penalty charges) will be:

Instalment 1:	30 August 2024
Instalment 2:	29 November 2024
Instalment 3:	28 February 2025
Instalment 4:	30 May 2025

Ratepayers may elect to pay on a more regular basis if they choose. They may also elect to pay the full year's rates in one lump sum prior to the due date for instalment 2 without incurring penalty charges on instalment 1.

Rates may be paid using any one of a number of payment methods acceptable to the Council, including direct debit, cash or Eftpos at Council's office, direct credit and other bank transfer methods. Payment by credit card can be made using the Internet or at Council's office, subject to the payment of a fee to cover costs.

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

Monthly Invoicing	
Instalment	Due date
1	20 July 2024
2	20 August 2024
3	20 September 2024
4	20 October 2024
5	20 November 2024
6	20 December 2024
7	20 January 2025
8	20 February 2025
9	20 March 2025
10	20 April 2025
11	20 May 2025
12	20 June 2025

Two-monthly invoicing			
Linton, East & North Rounds		Ashhurst, South West, PNCC & Central Rounds	
Instal #	Due date	Instal #	Due date
1	20 July 2024	1	20 August 2024
2	20 September 2024	2	20 October 2024
3	20 November 2024	3	20 December 2024
4	20 January 2025	4	20 February 2025
5	20 March 2025	5	20 April 2025
6	20 May 2025	6	20 June 2025

8. Rates penalties

To provide an incentive for rates to be paid by the due date, penalties will be imposed when rates are not paid on time. A penalty of 10% will be added to any portion of an instalment remaining unpaid after the due date for payment, as outlined in clause 7 above.

A penalty charge of 10% will be added to any outstanding rates (including penalties) assessed in previous years and remaining outstanding at 5 July 2024 and again on 4 January 2025.

Penalty charges will not be applied to the metered water targeted rate.

9. Rating base information

The following are projected as at 30 June 2024:

Number of rating units:	XXX
Total capital value of all rating units:	\$XXX
Total land value of all rating units:	\$XXX

10. Rates Summary

	Basis of rates	AB 2023/24 \$000	LTP 2024/25 \$000
General rates			
General rates	rate in \$ of LV (differentiated by use)	85,661	67,407
UAGC	fixed charge p rating unit	5,792	5,852
Targeted rates			
Innovative & growing city (transport/economic development/urban design & housing)	rate in \$ of CV (differentiated by use)		29,894
Water			
- connected	fixed charge p SUIP (residential) or p rating unit (non-residential)	10,925	11,634
- serviceable	fixed charge p SUIP (residential) or p rating unit (non-residential)	120	127
- metered	\$ p m3 plus fixed charge	3,100	3,250
Wastewater			
- connected	fixed charge p SUIP (residential) or p rating unit (non-residential)	8,646	10,972
- serviceable	fixed charge p SUIP (residential) or p rating unit (non-residential)	92	115
- pans	fixed charge p pan	2,421	3,122
Rubbish & recycling			
-kerbside recycling	fixed charge p SUIP	4,128	4,049
-rubbish & public recycling	fixed charge p SUIP	3,112	1,920
Palmy BID	Fixed charge p rating unit & rate in \$ of CV for commercially rated properties in Palmy BID area of central city	125	125
		125	125
Total Rates Revenue (GST Exclusive)		\$124,246	\$138,592

11. Source and application of funds statements (Funding Impact Statements)

The Local Government (Financial Reporting and Prudence) Regulations 2014 prescribe the format for statements showing the sources and application of funds for the whole of Council and for each group of activities of the Council.

These statements are designed to show where operational and capital funding comes from, and how they are used.

This information is presented in two ways, firstly at the Whole of Council level, and in a slightly different form at the “Group of Activities” level. At the Group of Activities level, internal revenue and expenditure are shown as separate items, while at the Whole of Council level they are not displayed because the amounts balance each other out.

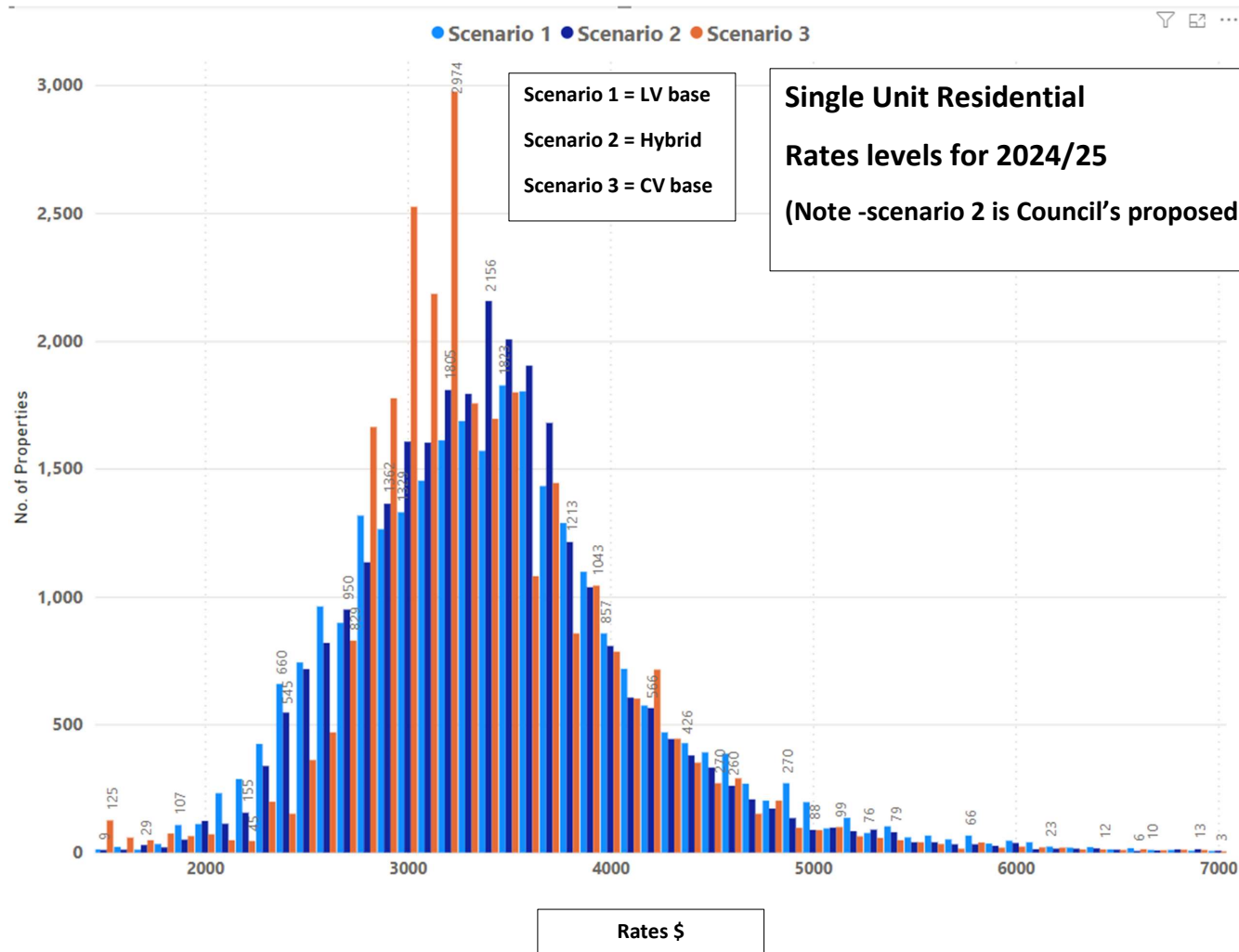
Capital Expenditure is grouped into three broad categories based on which one the programme most relates to. The three categories are:

- to meet additional demand
- to improve the level of service
- to replace existing assets.

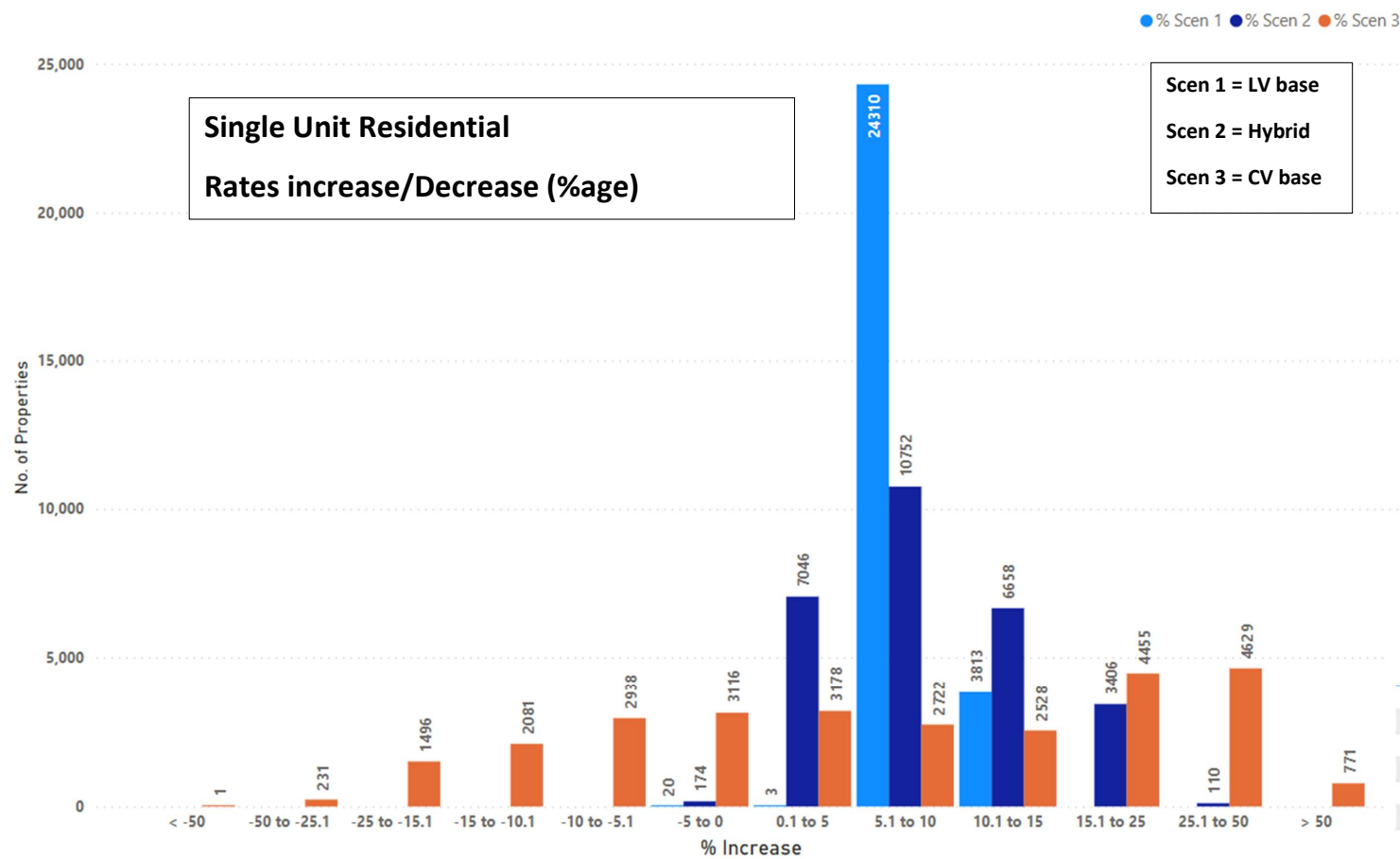
The categories do not clearly represent the fact that some programmes will contribute to more than one purpose.

In addition to the statements mentioned, the Council is also providing Activity Financial Statements which show the revenue and expenses for the services provided, as well as how the rates are calculated (see section 1). The Funding Impact Statements differ from the Activity Statements in that they do not include depreciation as an expense, categorise capital revenue as part of operating revenue or include movements in the value of assets. For example, the forecast for 2024/25 assumes:

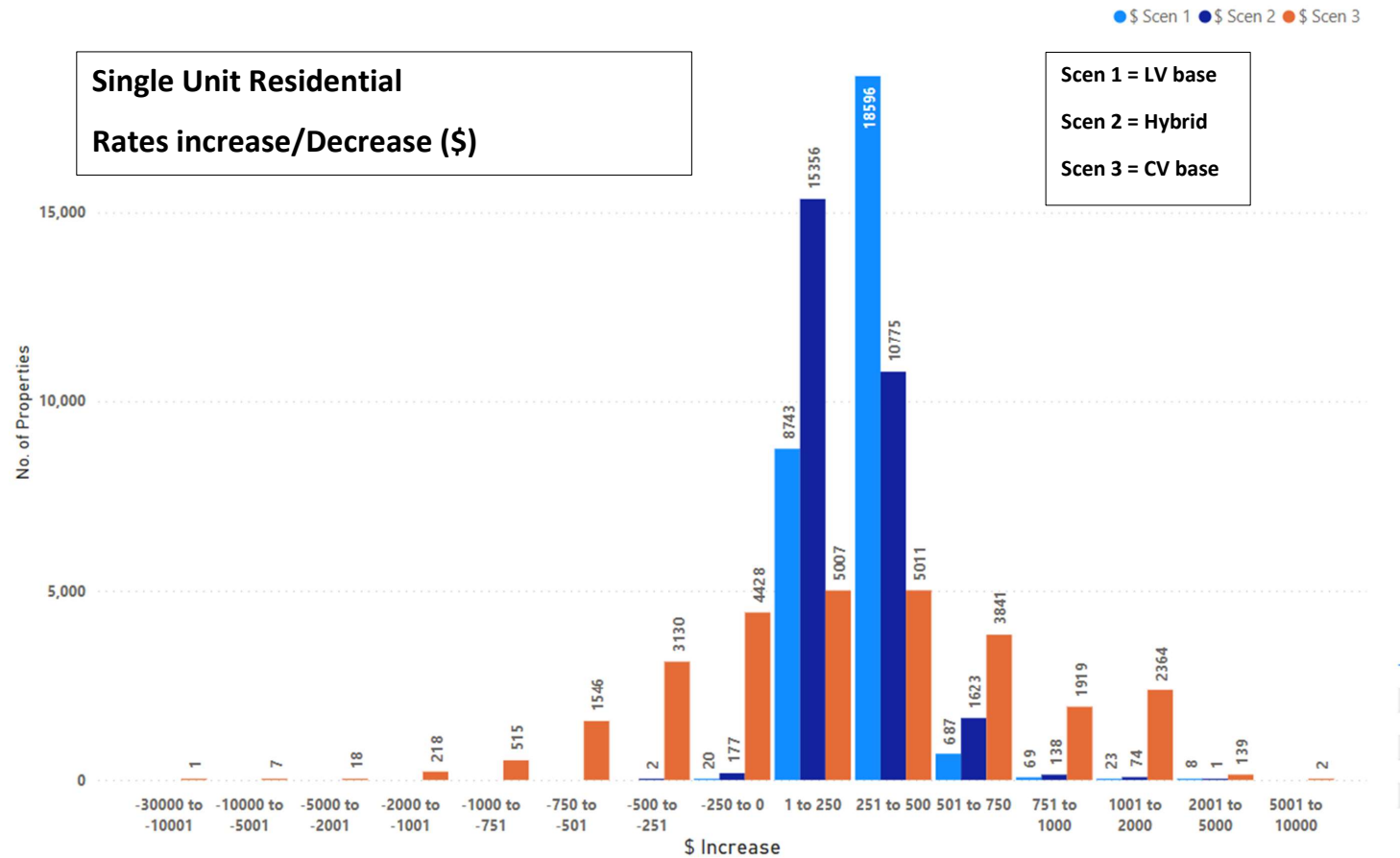
	\$000
Total comprehensive revenue (as shown on page xx in Prospective Statement of Comprehensive Revenue & Expense)	18,616
Less gain on property revaluations	(6,390)
Less capital revenue	(31,037)
Plus depreciation	49,588
Surplus of operating funding (as shown in Whole of Council Funding Impact Statement on page xx)	20,677



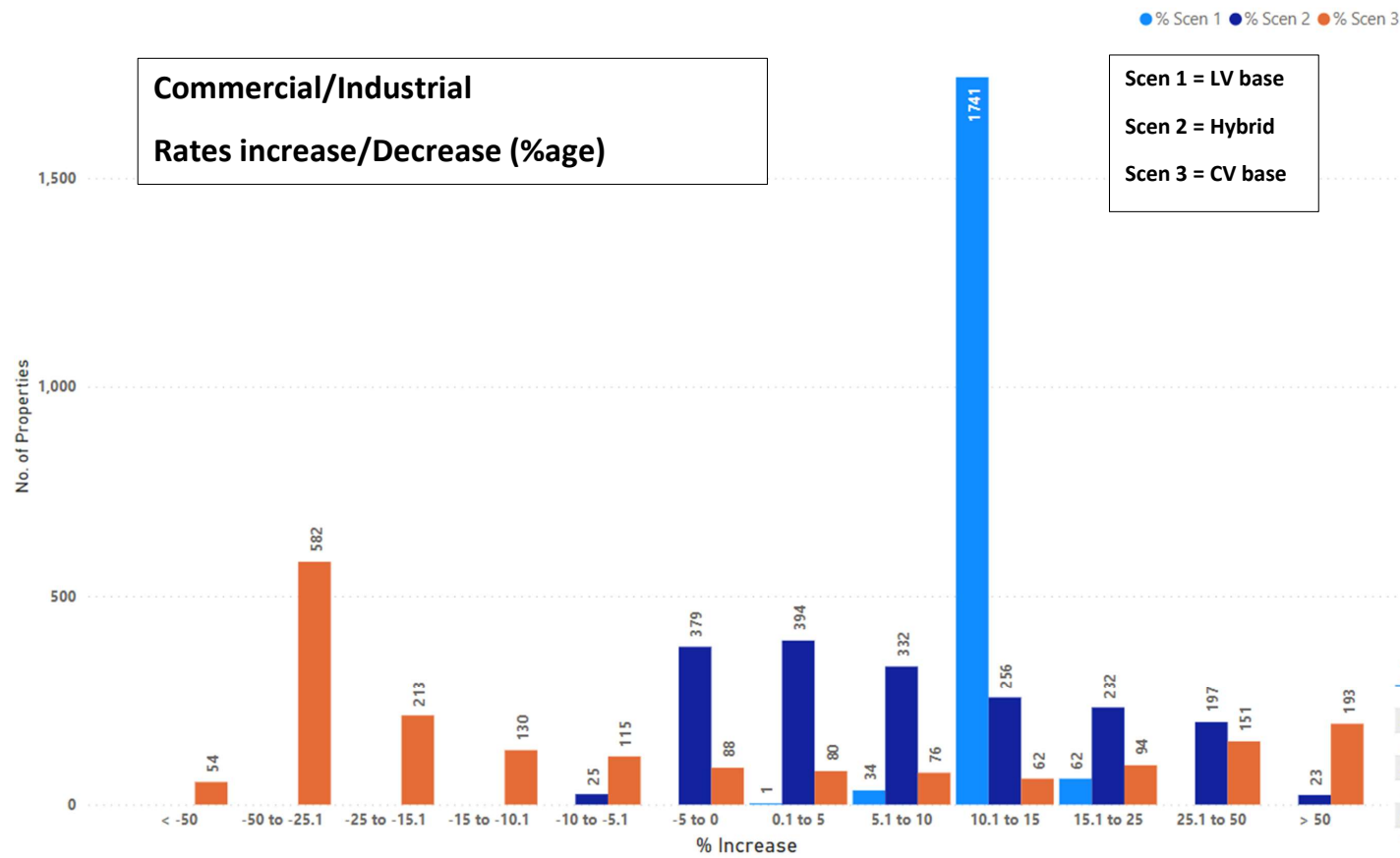
Graph 2



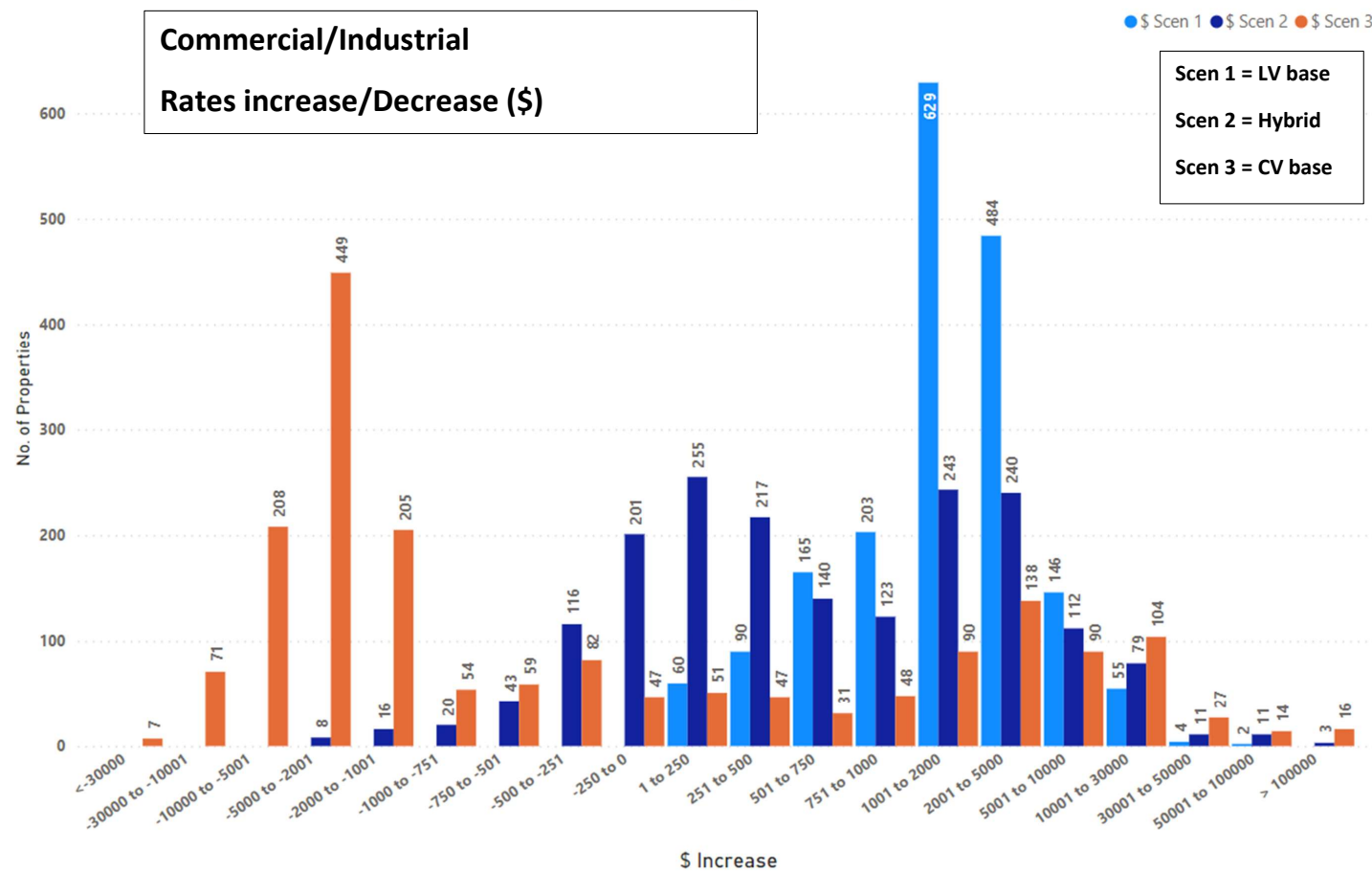
Graph 3



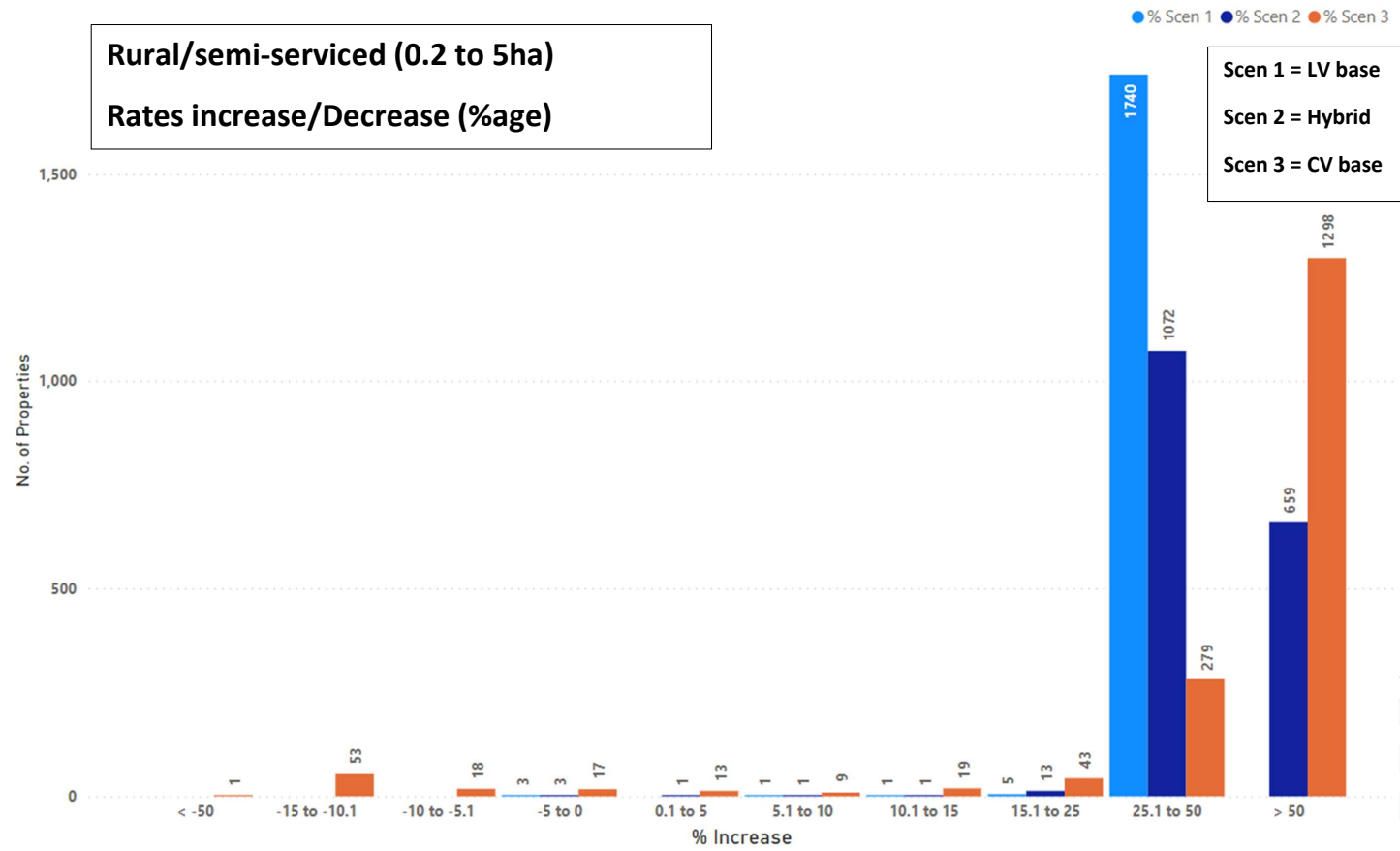
Graph 4



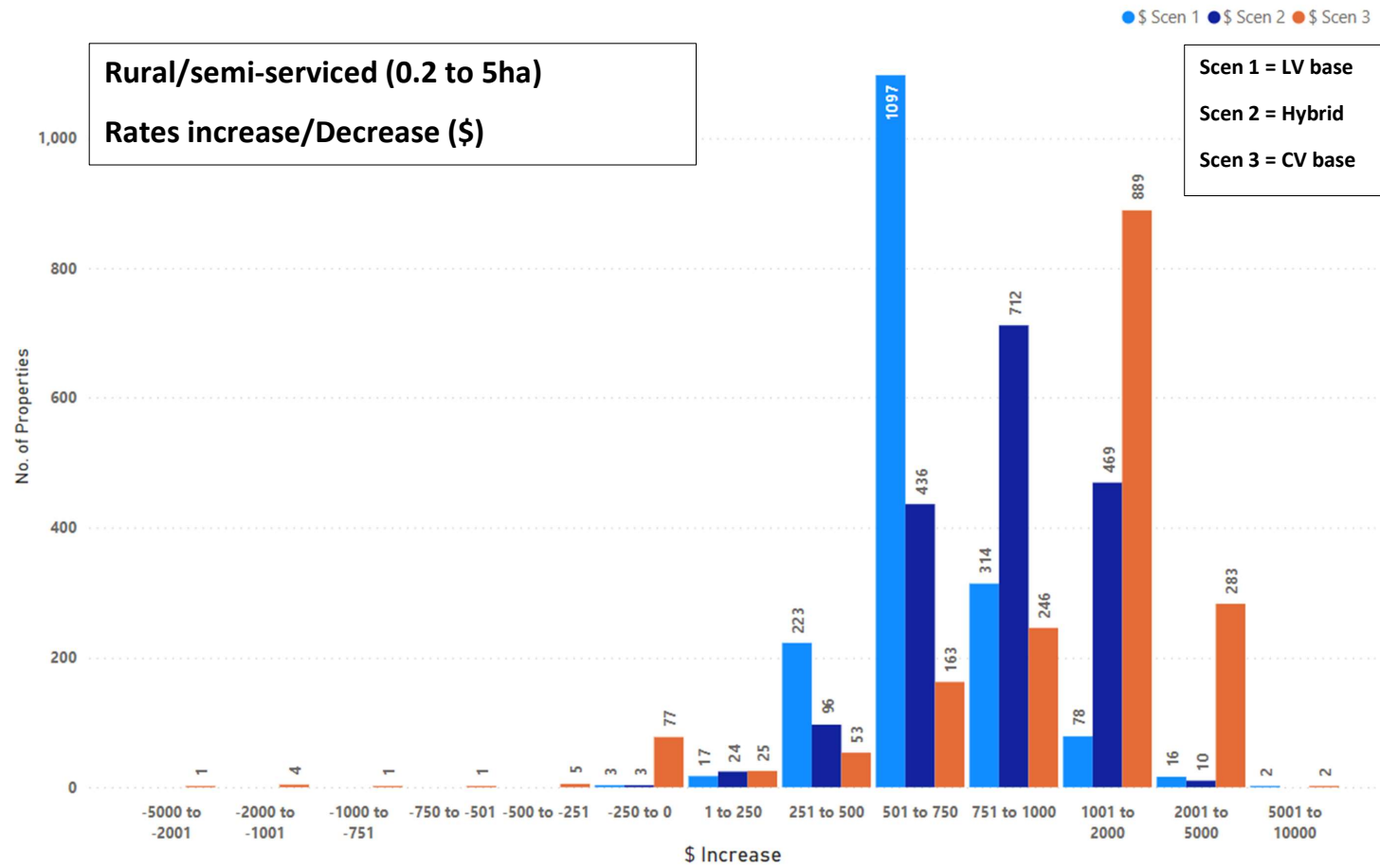
Graph 5



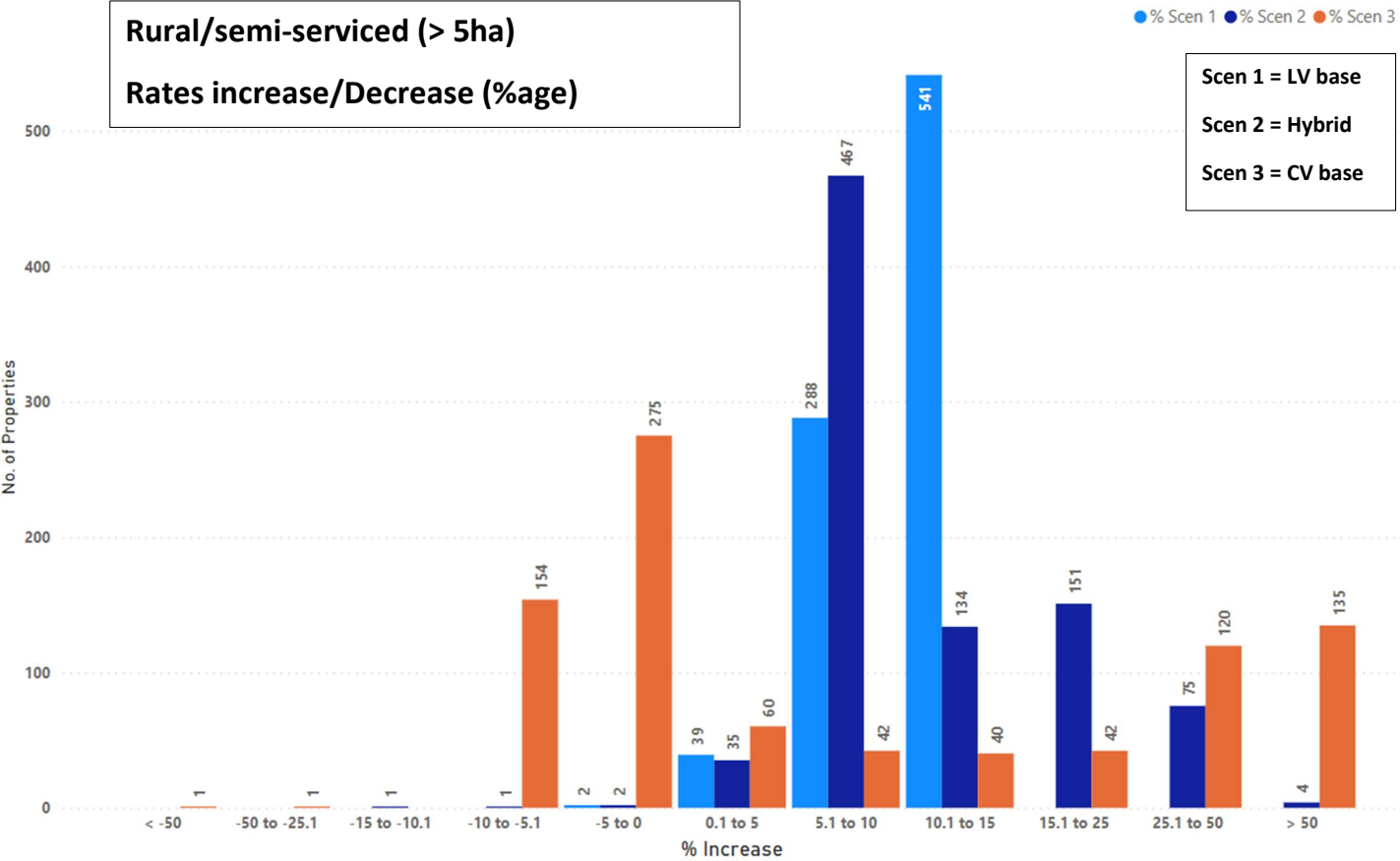
Graph 6



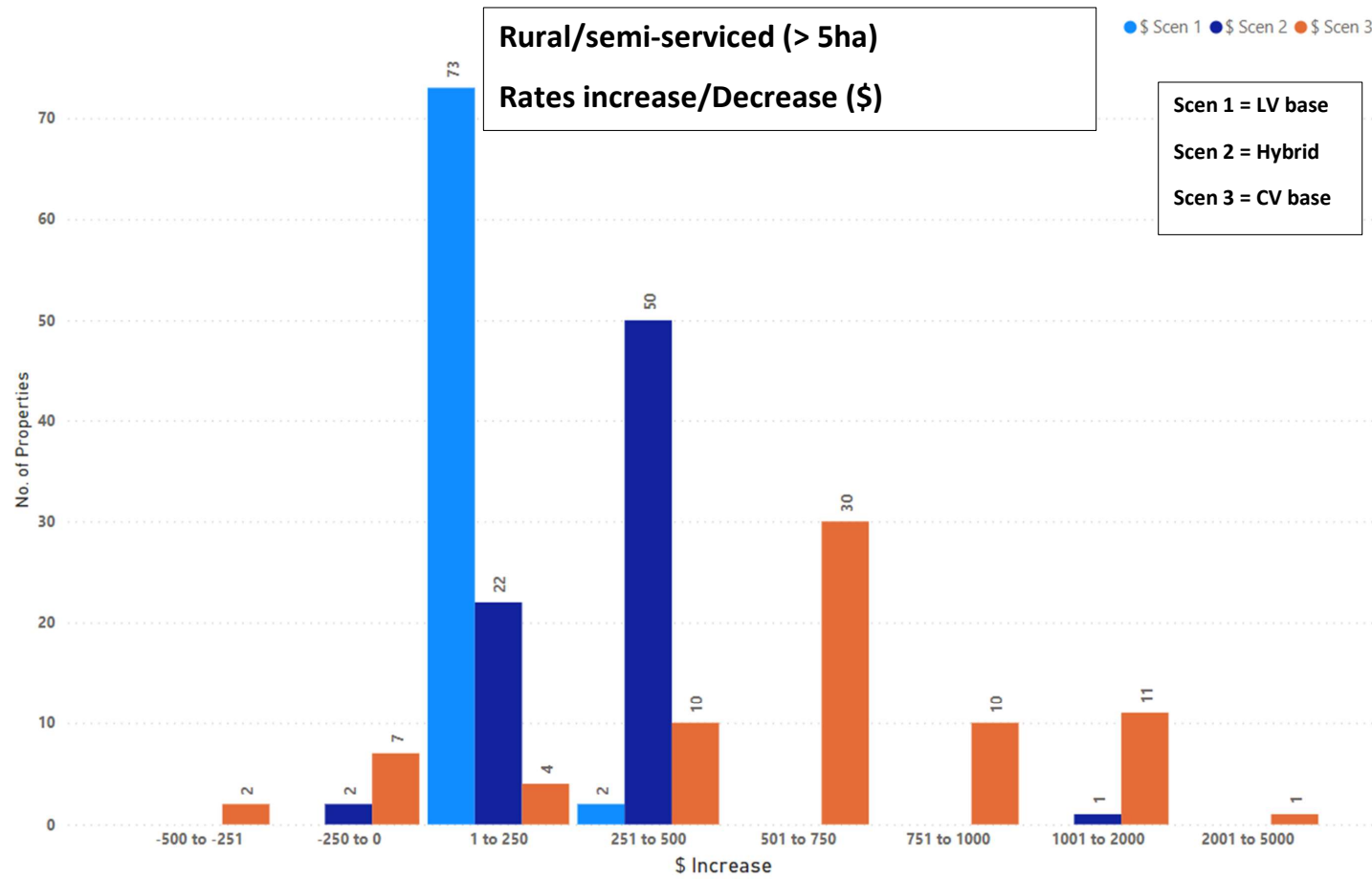
Graph 7



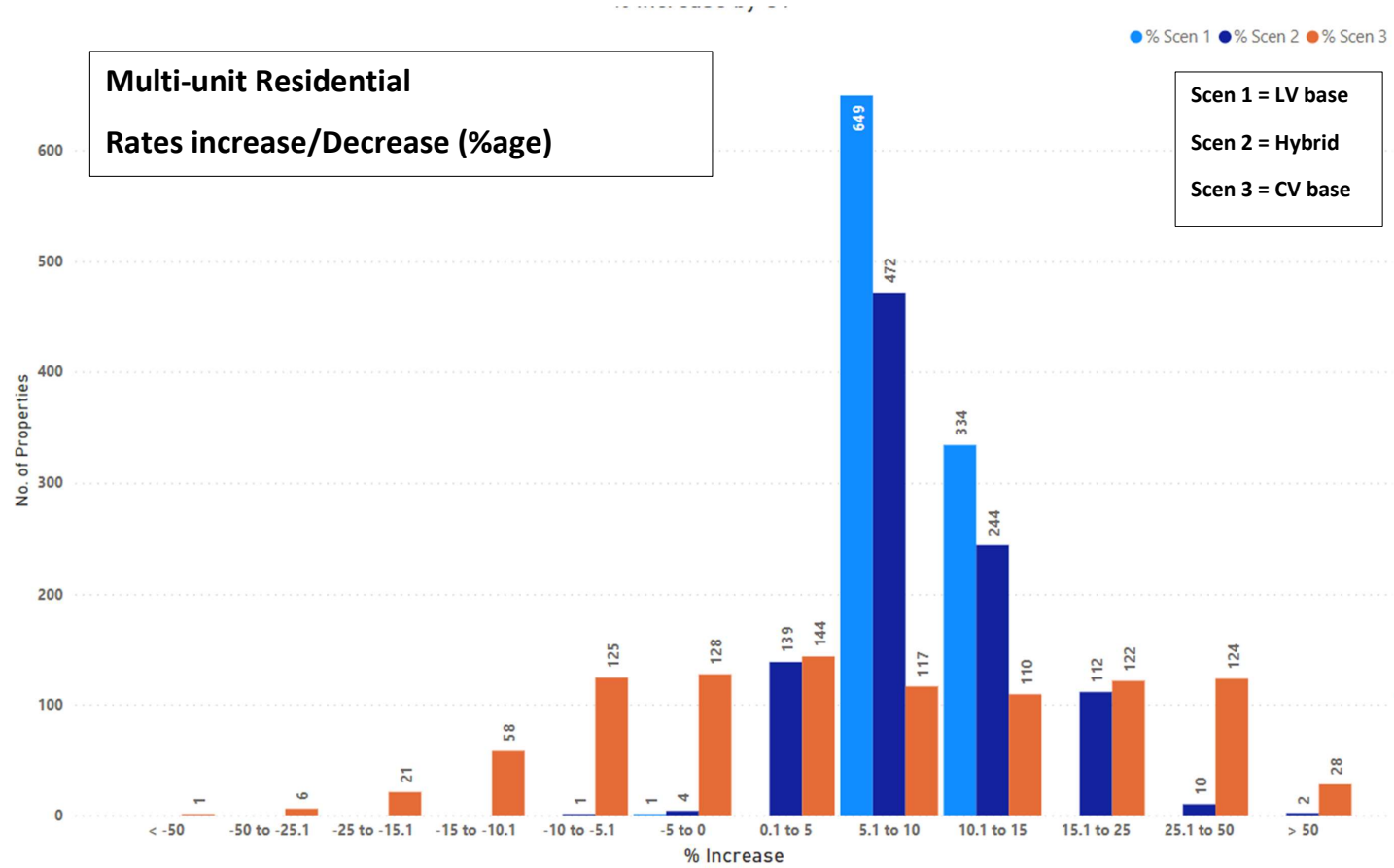
Graph 8



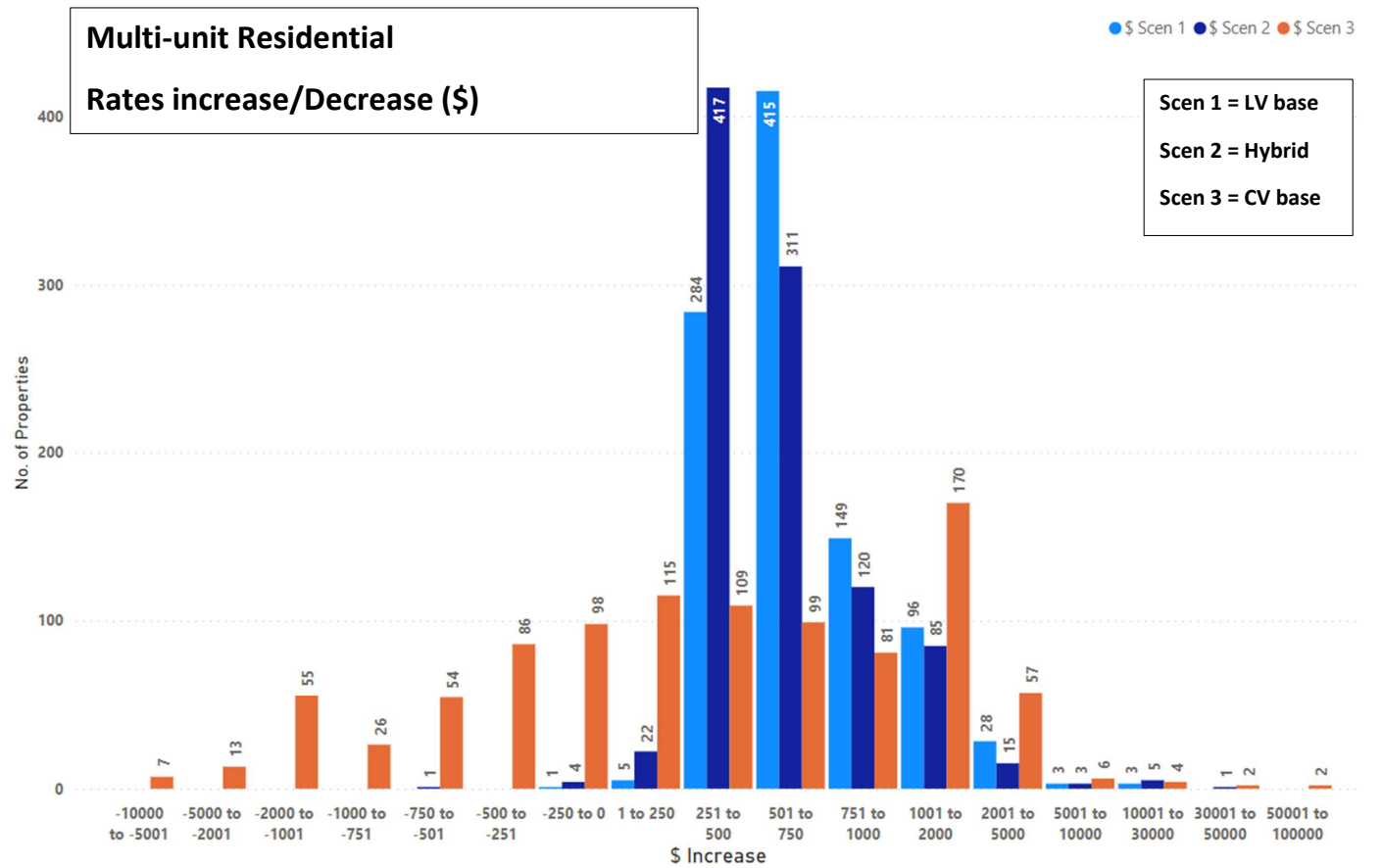
Graph 9



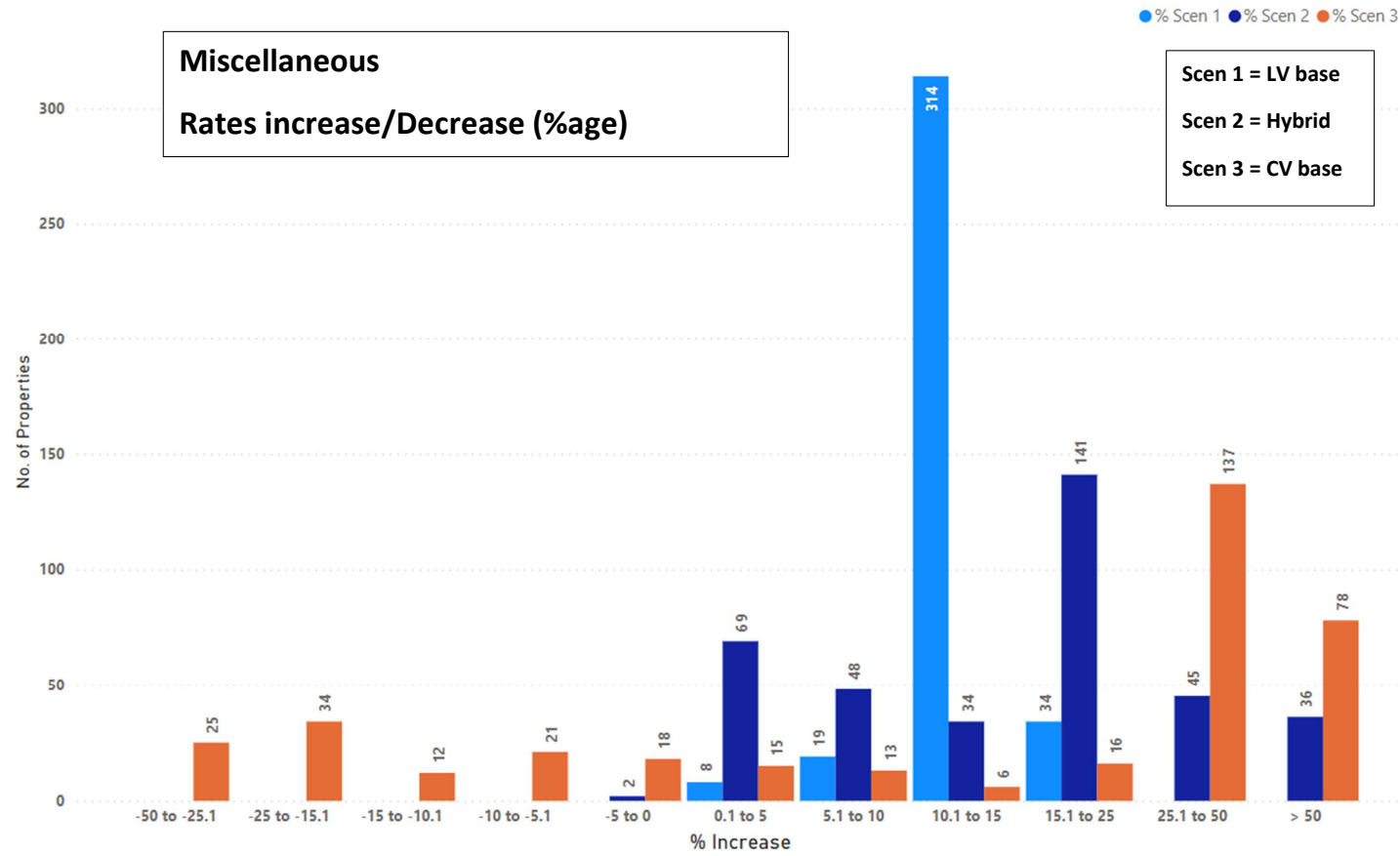
Graph 10



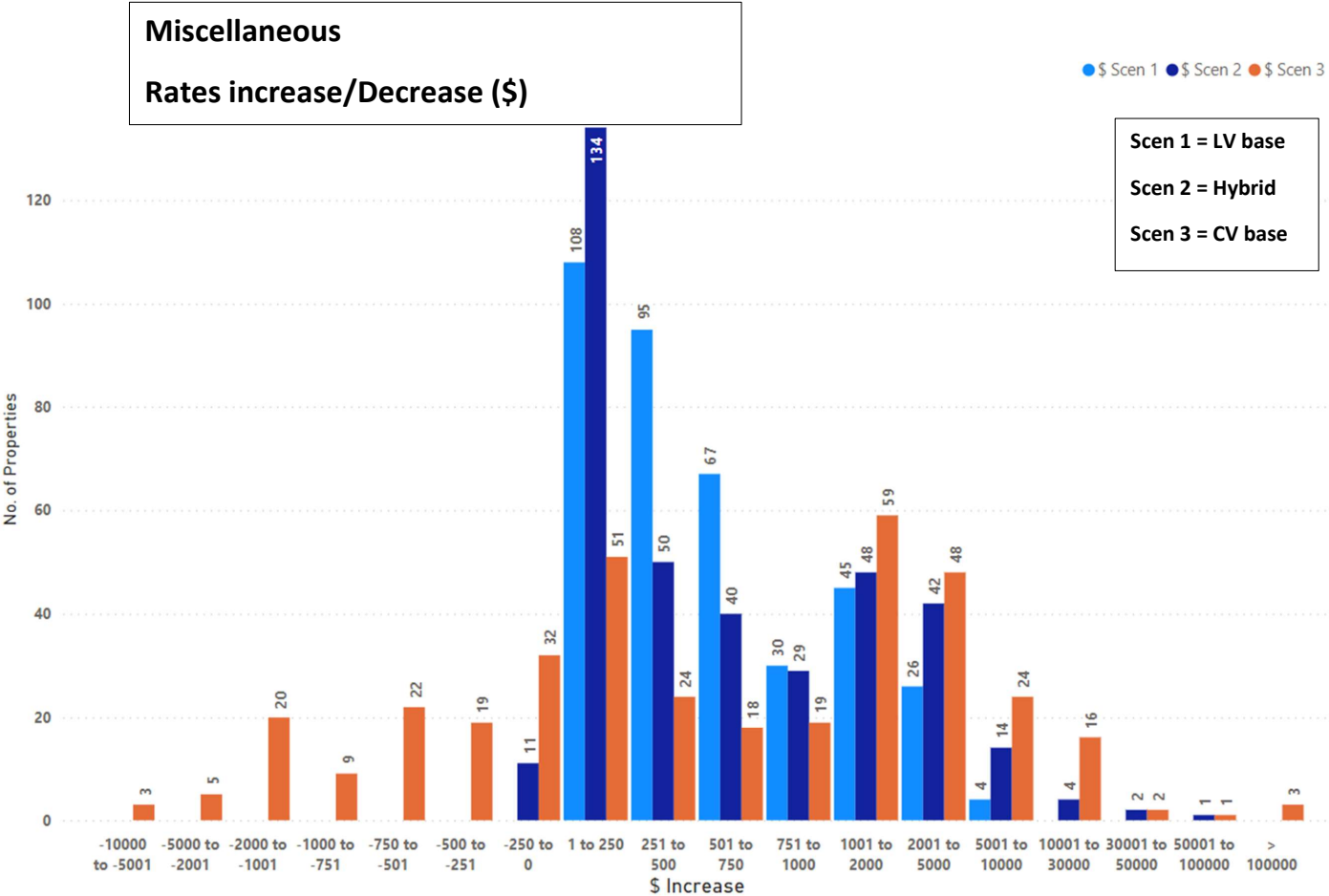
Graph 11



Graph 12



Graph 13



Attachment 3

Examples of rates with the largest \$ increases for Council's preferred option (Scenario 2)

Utilities in street	2023/24 Actual \$k	2024/25 Scen 1 \$k	2024/25 Scen 2 \$k	2024/25 Scen 3 \$k	LV	CV
Water network	0	0	253	811	0	105m
Wastewater network	0	0	443	1,418	0	183m
Stormwater network	0	0	485	1,554	0	201m
Electricity network	0	0	152	485	0	63m
Gas network	0	0	108	345	0	45m
Telecoms network	0	0	128	410	0	53m

Table 1

Miscellaneous	2023/24 Actual \$k	2024/25 Scen 1 \$k	2024/25 Scen 2 \$k	2024/25 Scen 3 \$k	LV	CV
Prison (Linton)	9	10	60	177	1.56m	48m
Windfarm	30	34	73	163	5.4m	44.3m
Windfarm	18	21	35	69	3.25m	18.7m
Alderson Dr	51	58	63	71	9.15m	9.15m
Weld St, Linton	3.5	3.9	15.4	42.6	580k	11.5m
Rangitikei St	39	45	48	55	7m	7m

Table 2

Multi-unit residential	2023/24 Actual \$k	2024/25 Scen 1 \$k	2024/25 Scen 2 \$k	2024/25 Scen 3 \$k	LV	CV
Napier Rd	130	143	163	210	7.01m	30.85m
Ruapehu Dr	123	137	150	181	8.45m	29.65m
Church St	57	62	73	100	2.08m	12.87m
Fitchett St	84	94	97	103	7.15m	19m
Brooklyn Heights Dr	55	62	68	84	3.4m	12.79m

Table 3

Rural/semi-serviced (0.2 to 5 ha)	2023/24 Actual \$k	2024/25 Scen 1 \$k	2024/25 Scen 2 \$k	2024/25 Scen 3 \$k	LV	CV
Napier Rd	11	16	15	11	3.8m	4.5m
Richardson's Line	12	17	15	11	4.18m	4.28m
Roberts Line	9	14	12	8	3.25m	3.36m
Titirangi Dr	2.5	3.5	5.2	9.0	760k	3.6m
Homestead Lane	4.6	6.6	7.1	8.3	1.51m	3.3m
Whitehorse Dr	2.1	2.9	4.4	8.1	600k	3.2m

Table 4

Single unit residential	2023/24 Actual \$k	2024/25 Scen 1 \$k	2024/25 Scen 2 \$k	2024/25 Scen 3 \$k	LV	CV
Pastoral Lane	11.5	12.9	14.0	17.0	2.37m	5.42m
Caccia Birch Lane	5.9	6.6	7.9	11.4	1.09m	3.47m
Te Awe Awe Ave	6.6	7.3	8.2	10.6	1.25m	3.19m
Te Awe Awe Ave	5.2	5.8	6.8	9.5	925k	2.84m
Te Awe Awe Ave	6.2	6.9	7.8	10.3	1.15m	3.08m
Fairway Gr	4.7	5.2	6.3	9.1	810k	2.7m
Balrickard Way	9.4	10.6	11.0	12.3	2.03m	4m

Table 5

Commercial/Industrial	2023/24 Actual \$k	2024/25 Scen 1 \$k	2024/25 Scen 2 \$k	2024/25 Scen 3 \$k	LV	CV
The Square	608	693	833	1,110	34.34m	137.34m
Alderson Dr	150	172	302	582	8.7m	74.3m
Roberts Line	161	186	280	478	9.4m	60.6m
Roberts Line	290	331	386	491	17.2m	62.7m
El Prado Dr	146	167	224	342	8.55m	43.5m
Aokautere Dr	217	251	282	340	11.0m	37.8m
Church St	37	42	98	221	1.47m	26.6m
Victoria Ave	68	77	127	234	3.2m	27.9m
Railway Rd	70	80	127	229	4.0m	29.1m
AgResearch	146	167	202	271	8.0m	32.9m
Railway Rd	105	120	160	244	6.1m	31.0m
Mihare Dr	89	102	145	234	5.3m	30.0m
Dairy Farm Rd	110	125	164	242	6.6m	31.2m
Mohaka PI (prison)	97	112	149	227	5.4m	28.0m
Carroll St	95	110	141	207	4.58m	23.5m
Ferguson St	227	258	268	277	13.2m	34.6m
Featherston St	178	203	218	242	10.4m	30.3m
Ashley St	63	73	103	167	2.81m	18.9m
Reserve Rd	94	108	133	184	5.3m	22.7m
PN Airport	355	406	393	345	20.7m	42.47m

Table 6

MEMORANDUM

TO: Council

MEETING DATE: 14 February 2024

TITLE: Rates Remission and Postponement Policies

PRESENTED BY: Steve Paterson, Strategy Manager - Finance

APPROVED BY: Cameron McKay, Chief Financial Officer

RECOMMENDATION TO COUNCIL

1. That Council adopt for consultation the draft Rates Remission and Postponement Policies (Attachment 1).

1. ISSUE

- 1.1 Council's present Rates Remission and Postponement Policies were adopted on 25 June 2018. The Local Government Act 2002 (LGA) requires that such policies must be reviewed at least once every six years using a consultation process that gives effect to the requirements of section 82 of the LGA.

It is appropriate therefore to conduct the review in conjunction with the consultation on the Long-Term Plan (LTP).

2. BACKGROUND

- 2.1 The Local Government (Rating) Act provides that councils may remit or postpone rates but only if they have adopted appropriate rates remission and postponement policies as outlined in sections 109 and 110 of the LGA and the Council is satisfied the conditions and criteria of the policy are met.
- 2.2 Under the present policies the following remissions were granted in 2022/23:

	Remissions (\$000) GST exclusive
Community organisations	133
Arts, recreation & sporting organisations	15
Penalties	123
Wastewater charges for educational establishments	163

Wastewater charges for non-residential properties	14
Residential land in commercial or industrial areas	3
Total	\$451

- 2.3 These remissions were approved by officers acting under delegated authority. For remissions relating to community, arts, recreation and sporting organisations, remissions were made taking into account the recommendations of a panel comprising an elected member and officers from the Finance & Community divisions of the Council.
- 2.4 Attached is a proposed draft of an updated version of the Policies. From a practical perspective the present policy seems to be working as intended and there are no real drivers for change.
- 2.5 The proposed draft incorporates some minor changes to reflect legislative changes.
- 2.6 It also includes a new policy relating to remissions for hardship as a result of changes to the rating system.
- 2.7 The policy is targeted toward individuals rather than businesses and is focused on providing remissions in limited situations. It recognises incidence of rates change each year and particularly in the year following the City revaluation or when new services are made available or when a new residence is built. Remissions are not intended to be given in such situations.

3 NEXT STEPS

- 3.1 Once the draft is adopted, consultation will be undertaken in conjunction with the LTP.
- 3.2 After consideration of any submissions the final Policy will be adopted in June 2024.

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?	Yes
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

Contribution to strategic direction and to social, economic, environmental and cultural well-being	This proposed policy addresses situations where the Council wishes to provide relief to the rating burden places on ratepayers. It therefore contributes to community well-being.
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ATTACHMENTS

1. Draft Remission & Postponement Policies [↓](#) 

Draft – February 2024

Rates Remission & Postponement Policies

Prepared in accordance with s.109 and s.110
Local Government Act 2002

Palmerston North City Council

Draft for adoption subject to public consultation
February 2024



ID: 17028225

Page 1

Draft – February 2024

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[4] Remission of Uniform Annual General Charges on Non-Contiguous Rating Units Owned by the Same Owner	4
[5] Remission for Residential Land in Commercial or Industrial Areas	5
[6] Remission of Rates on Land Protected for Natural or Cultural Heritage Purposes	6
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[8] Rates Remission – Wastewater Charges – Non-Residential Properties	8
[9] Rates Remission – Targeted Rates for Serviceable Properties for Water and Wastewater	8
[10] Rates Remission – Property affected by Natural Disaster	8
[11] Rates Remission – Financial Hardship as a Result of Changes to the Rating System	9
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[1] Introduction

The Local Government (Rating) Act 2002 requires that if the Council wishes to remit or postpone rates it must do so in accordance with a policy prepared and adopted in a manner which gives effect to the requirements of the Local Government Act 2002. This latter Act also requires the Council to adopt a policy on the remission and postponement of rates on Maori freehold land.

This policy embraces all situations in which the Council would wish to remit or postpone rates to support either the fairness and equity of the rating system or the overall wellbeing of the community.



Draft – February 2024

[2] Remissions for Community, Sporting and Other Non-Profit Organisations

[2.1] Objective

To facilitate the ongoing provision of non-commercial community services and non-commercial recreational opportunities for the residents of Palmerston North City.

The purpose of granting rates remission to an organisation is to:

- assist the organisation's survival
- make membership of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people, and economically disadvantaged people.

[2.2] Conditions and Criteria

This part of the policy will apply to land used by a charitable, sports or recreation organisation, which is used exclusively or principally for sporting, recreation, or community purposes.

In some instances a rating division may be required where only part of the land is used for sporting, recreation or community purposes. The policy will not apply to organisations operated for private pecuniary profit or which charge commercial tuition fees.

The policy will also not usually apply to groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting, or community services as a secondary purpose only.

For the avoidance of doubt this policy specifically excludes chartered clubs and clubs holding permanent charters. Applications for remission must be made in the form prescribed by the Council.

As far as practicable, applications for rates remission are to be made to the Council prior to the commencement of the rating year. The Council reserves the right to consider any applications received during a rating year to be applicable from the commencement of the following rating year. In the normal course, applications will not be backdated.

Organisations making application should include the following documents in support of their application:

- statement of objectives; and
- constitution or rules or equivalent; and
- latest financial statements; and
- information on activities and programmes; and
- details of membership or clients.

The policy shall apply to such organisations as approved by the Council as meeting the relevant criteria. The Council may delegate the authority to make such approvals to particular Council officers as specified by a resolution of the Council and those officers will utilise the services of a panel to advise them.

The extent of any remission to any qualifying organisation shall be as determined by the Council or by the officers to whom the authority is delegated. In the normal course, no remission will be granted on targeted rates for water supply, wastewater disposal, waste collection or recycling.



Draft – February 2024

[3] Remissions of Penalties

[3.1] Objective

To enable the Council to act fairly and reasonably in its consideration of rates which have not been received by the Council by the penalty date due to circumstances outside of the ratepayer's control.

To encourage ratepayers who are in arrears due to financial difficulty or other genuine unusual circumstances to make arrangements to clear arrears and keep their payments up to date.

[3.2] Conditions and Criteria

Automatic remission of the penalties incurred on instalment one will be made where the ratepayer pays the total amount due for the year on or before the penalty date of the second instalment.

Remission of one penalty will be considered in any one rating year where payment has been late due to significant family disruption.

Remission will be considered in the case of death, illness, or accident of a family member, as at due date.

Remission of the penalty will be granted if the ratepayer is able to provide evidence that their payment has gone astray in the post or the late payment has otherwise resulted from matters outside their control.

Remission of the penalty will be considered where payment is made by regular bank transaction and where minor penalties occur due to timing differences.

Remission of penalties may be considered where there is an offer for immediate settlement of all rates outstanding which can be facilitated by the remission of penalties. This would apply where there are substantial arrears.

Each application will be considered on its merits and remission will be granted where it is considered just and equitable to do so. Remission will not be granted in cases of deliberate non-payment or where there is repetitive omission.

Decisions on remission of penalties will be delegated to officers as set out in the Council's delegation resolution.

[4] Remission of Uniform Annual General Charges on Non-Contiguous Rating Units Owned by the Same Owner

[4.1] Objective

To provide for relief from uniform annual general charges (UAGC) for land which is non-contiguous, farmed as a single entity and owned by the same ratepayer.

[4.2] Conditions and Criteria

Rating units that meet the criteria under this policy may qualify for a remission of UAGCs on non-contiguous rating units. The ratepayer will remain liable for at least one UAGC.

The rating units on which remission is given must be owned by the same ratepayer and must each be classified in group code FL or FM for differential purposes.

Only one of the rating units may have any residential dwelling situated on it.

Applications for remission must be made in the form prescribed by the Council.

Council will delegate authority to consider and approve applications to Council officers.



Draft – February 2024

[5] Remission for Residential Land in Commercial or Industrial Areas

[5.1] Objective

To ensure the owners of rating units situated in commercial or industrial areas are not unduly penalised by the zoning decisions of this Council and previous local authorities.

[5.2] Conditions and Criteria

To qualify for remission under this part of the policy the rating unit must:

- be situated within an area of land that has been zoned for commercial or industrial use. Ratepayers can determine where their property has been zoned by inspecting the Palmerston North City Council District Plan, copies of which are available for inspection at the Council's office
- be listed as a "residential" property for differential rating purposes. Ratepayers wishing to ascertain whether their property is treated as a residential property may inspect the Council's rating information database at the Council's office.

Applications for remission must be in the form prescribed by the Council.

As far as practicable, applications for rates remission are to be made to the Council prior to the commencement of the rating year. The Council reserves the right to consider any applications received during a rating year to be applicable from the commencement of the following rating year. In the normal course applications will not be backdated.

Applications for remission under this part of the policy will be determined by Council officers acting under delegated authority from the Council as specified in the delegations resolution.

If an application is approved, the Council will direct its valuation service provider to inspect the rating unit and prepare a valuation that will treat the rating unit as if it were a comparable rating unit elsewhere in the City. The ratepayer may be asked to contribute to the cost of this valuation. Ratepayers should note that the valuation service provider's decision is final as there are no statutory rights of objection or appeal for values done in this way.

Draft – February 2024

[6] Remission of Rates on Land Protected for Natural or Cultural Heritage Purposes

[6.1] Objective

To contribute to sustainable management of the City's built and natural environment through providing relief to property owners who have voluntarily protected land or buildings of natural or cultural heritage value.

[6.2] Conditions and Criteria

Ratepayers who own rating units which have some feature of natural or cultural heritage which is protected through such arrangements as a covenant or caveat may qualify for remission of rates under this part of the policy.

Land that is non-rateable under section 8 of the Local Government (Rating) Act 2002 and is liable only for rates for water supply, wastewater disposal, waste collection or recycling will not qualify for remission under this part of the policy.

Applications must be in writing supported by documentary evidence of the protected status of the rating unit, e.g. a copy of the covenant.

In considering any application for remission of rates under this part of the policy the Council will consider the following criteria:

- the extent to which the preservation of natural or cultural heritage will be promoted by granting remission of rates on the rating unit
- the nature and extent of the natural or cultural heritage features present on the land
- the extent to which preservation of features of natural or cultural heritage might be prejudicially affected if relief is not granted.

The Council will decide what amount of rates will be remitted on a case by case basis subject to a maximum amount of 33 percent of rates assessed for that rating unit per year. The Council may agree to an on-going remission in perpetuity provided the terms and conditions of the voluntary legal mechanism applying to the feature are not altered.

In granting remissions under this part of the policy the Council may specify certain conditions before remission will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are violated.

Applications for the remission for protection of heritage will be considered by officers of the Council acting under delegated authority from the Council.



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Draft – February 2024

[7] Rates Remission – Wastewater Charges for Educational Establishments

[7.1] Objective

To provide relief and assistance to educational establishments as defined in [Schedule 1 Part 1 clause 6 of the Local Government \(Rating\) Act 2002](#) in paying wastewater charges.

[7.2] Conditions and Criteria

1. This policy will apply to the following educational establishments [as defined in the Education and Training Act 2020](#):

- ~~a State school; or~~
- ~~a State integrated school; or~~
- ~~a specialist school; or~~
- ~~a special institution; or~~
- ~~an early childhood and care centre, except an early childhood education and care centre that operates for profit; or~~
- ~~an institution.~~

2. The policy does not apply to school houses occupied by a caretaker, principal or staff.

3. The wastewater rates assessed in any year may not exceed the amount calculated as shown below.

4. The wastewater rate is the rate that:

4.1 Would be assessed using the same rating mechanisms as are applied to other separate rating units within the City divided by the number of toilets as determined in accordance

with condition 5 below (the full charge); and
4.2 Reduced in accordance with the following graduated formula:

- the full charge for the first 4 toilets or part thereof
- 75% of the full charge for each of the next 6 toilets or part thereof
- 50% of the full charge for each toilet after the first 10 toilets.

5. For the purposes of condition 4.1 above the ~~number of toilets for separately rateable units occupied for the purpose of an educational establishment is one toilet for every 20 students and staff or part thereof.~~

6. The number of students in an educational establishment is the number of students on the roll on 1 March in the year immediately before the year in which the charge relates.

7. The number of staff in an educational establishment is the number of teaching and administration staff employed by that establishment on 1 March in the year immediately before the year in which the charge relates.

8. Officers of the Council will be delegated authority to approve remission of the wastewater charges in excess of the charges payable according to the policy.

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Draft – February 2024

[8] Rates Remission – Wastewater Charges – Non-Residential Properties

[8.1] Objective

To ensure that the wastewater charging regime is applied in a fair and equitable manner.

[8.2] Conditions and Criteria

The Council has a system of charging for wastewater which is a combination of a targeted fixed charge and a charge based on the number of pans (or pan equivalents) in non-residential properties. It is recognised that in some exceptional circumstances the

number of pans may not be a fair reflection of the use made of the Council's wastewater system. This may be because of the infrequency of use or the nature of use.

This policy enables Council officers, acting under delegated authority, to determine circumstances in which it would be fair and equitable to remit a portion of the wastewater charges.

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[9] Rates Remission – Targeted Rates for Serviceable Properties for Water and Wastewater

[9.1] Objective

To provide for the remission of targeted rates for water and wastewater for rating units that are not connected to the Council's system but use an on-site water supply system and/or wastewater disposal system which existed prior to Council's system becoming available to the rating unit.

wastewater systems so do not wish to immediately connect to the Council's reticulation systems when they become available.

This policy enables Council officers, acting under delegated authority, to determine remissions in such circumstances until such time as the ratepayer connects to the Council's system.

[9.2] Conditions and Criteria

Sometimes ratepayers have invested significant sums to provide on-site water and

[10] Rates Remission – Property affected by Natural Disaster

[10.1] Objective

To provide rate relief for any ratepayer where the use that may be made of any rating unit has been detrimentally affected by erosion, subsidence, submersion, or other natural disaster.

following elements:

- the severity of the damage to the rating unit, as well as the individual circumstances of the ratepayer and the financial circumstances of the Council
- the period during which the buildings are uninhabitable and/or the rating unit is unable to be utilised to the extent it was prior to the occurrence of the natural disaster.

[10.2] Conditions and Criteria

In the event of a significant natural disaster the Council will determine whether or not remissions will be contemplated under this policy and if so the criteria to be used. It is likely that the criteria will include the

Officers of the Council will be delegated authority to approve remissions in accordance with the criteria.



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[11] Rates Remission – Financial Hardship as a Result of Changes to the Rating System

[11.1] Objective

To recognise that when the Council makes fundamental changes to the rating system to achieve a more equitable distribution of rates, doing so may cause financial hardship for some ratepayers and this policy is a mechanism for providing relief in such situations.

[11.2] Conditions and Criteria

This policy only applies where the Council determines to make significant changes to the rating system, including changes to the valuation base used for the general or targeted rates, differentials or the number of targeted rates.

This policy does not apply to annual changes in rates requirements, including changes to targeted rates as a result of changes to service levels (including the imposition of a targeted rate on a property as a result of receiving a service that was not previously provided or charged to a property) and inflationary adjustment of uniform charges.

The applicant must provide evidence of financial hardship as a result of the change. The following grounds can be taken into account:

- The ratepayer's personal circumstances including, but not limited to, age, physical

or mental disability, injury, illness and family circumstances;

- Whether the ratepayer is unlikely to have sufficient funds left over, after payment of rates, for normal health care, proper provision for maintenance of their home and chattels at an adequate standard as well as making provision for normal day to day living expenses;
- The ratepayer's sole income is from a central government benefit (including New Zealand Superannuation).

The maximum remission will be 50% of the difference between the property's rates for the year and the property's rates for the year if the change to the rating system for the year had not been applied.

In determining the property's rate for the year if the changes to the rating system had not be applied, the Council will use the relevant parts of the previous year's rating system (e.g. differentials, fixed charges etc) but will use the current year's rates requirement.

Officers of the Council will be delegated authority to approve remissions in accordance with the criteria.

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[12] Rates Remission – Miscellaneous Circumstances

[12.1] Objective

To provide the flexibility to enable the Council to remit rates in circumstances where it considers it fair and equitable to do so but where authority is not provided in the more specific remission policies.

[12.2] Conditions and Criteria

There are occasionally situations arise which have not been contemplated in the specific remission policies but where the Council

considers that providing a remission of some or all of the rates on a rating unit would be fair and equitable. The situations would most likely arise as an unintended consequence of the application of the Council's rating policies. Applications would normally be expected to be in writing and ratepayers' financial records may be required.

Officers of the Council will be delegated authority to approve remissions under this policy.

[13] Rates Postponement Policy for Cases of Extreme Financial Circumstances

[13.1] Objective

To assist ratepayers experiencing extreme financial circumstances which affect their ability to pay rates.

[13.2] Conditions and Criteria

Only rating units used solely for residential purposes (as defined by the Council) will be eligible for consideration for rates postponement for extreme financial circumstances.

Only the person entered as the ratepayer, or their authorised agent, may make application for rates postponement for extreme financial circumstances. The ratepayer must be the current owner of, and have owned for not less than three years, the rating unit which is the subject of the application or another rating unit within Palmerston North City. The person entered on the Council's rating information database as the "ratepayer" must not own any other rating units or investment properties (whether in the City or in another district).

The ratepayer (or authorised agent) must make an application in the form prescribed by the Council.

The Council will consider, on a case by case basis, all applications received that meet the criteria described in the first two paragraphs under this section.

When considering whether extreme financial circumstances exist, all of the ratepayer's personal circumstances will be relevant including the following factors: age, physical or mental disability, injury, illness and family circumstances.

Before approving an application the Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal health care, proper provision for maintenance of his/her home and chattels at an adequate standard as well as making provision for normal day to day living expenses.

Before approving an application the Council must be satisfied that the ratepayer has taken all steps necessary to claim any central government benefits or allowances the ratepayer is properly entitled to receive to assist with the payment of rates.



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Where the Council decides to postpone rates the ratepayer must first make acceptable arrangements for payment of future rates, for example, by setting up a system of regular payments.

Any postponed rates will be postponed until:

- the death of the ratepayer(s); or
- the ratepayer(s) ceases to be the owner of the rating unit; or
- the ratepayer ceases to use the property as his/her residence; or
- a date specified by the Council.

The Council will charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover the Council's administrative and financial costs and may vary from year to year. Even if the rates are postponed, as a general rule the ratepayer will be required to pay the first \$500 of the rate account.

The policy will apply from the beginning of the rating year in which the application is made although the Council may consider backdating past the rating year in which the application is made depending on the circumstances.

The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have pursuant to this policy.

Postponed rates will be registered as a statutory land charge on the rating unit title. This means that the Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.

The Council will delegate authority to approve applications for rates postponements to particular officers.

[14] Rates Remission and Postponement Policy for Maori Freehold Land

Maori freehold land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by the Maori Land Court by freehold order. Only land that is the subject of such an order may qualify for remission or postponement under this policy. Section 91 of the Local Government (Rating) Act 2002 prescribes that in the normal course Maori freehold land is liable for rates in the same manner as if it were general land. Section 108 of the Local Government Act 2002 outlines that this policy is not required to provide for the remission of, or postponement of, the requirement to pay rates on Maori freehold land. If the policy were to provide for remissions or postponements then it is required to outline the objectives sought to be achieved by so doing and the conditions and criteria which would need to be met in order to qualify.

The Policy supports the principles set out in the preamble to Te Ture Whenua Maori Act 1993. These principles include recognition that land is taonga tuku iho of special significance to Maori, and for facilitation of the occupation, development, and utilisation of that land for the benefit of the owners, their whanau, and their hapu.

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The Council will not provide for any remissions or postponements under this policy except for one rating unit which is normally a small island surrounded by the Manawatu River. In this instance 100% of the rates will be remitted.



MEMORANDUM

TO: Council

MEETING DATE: 14 February 2024

TITLE: Treasury Policy (Including Liability Management & Investment Policy)

PRESENTED BY: Steve Paterson, Strategy Manager - Finance

APPROVED BY: Cameron McKay, Chief Financial Officer

RECOMMENDATIONS TO COUNCIL

1. That Council adopt the updated Treasury Policy, incorporating the Liability Management and Investment Policy pursuant to section 102 of the Local Government Act 2002 (Attachment 1).
2. That Council note it will review the specific borrowing limits contained in clause 3.6.1 of the Treasury Policy as part of the process of developing its Financial Strategy for the 2024-34 Long Term Plan, and that if the outcome of the review is that there are changes to these limits, the Treasury Policy will be updated to include these.

1. ISSUE

Council adopted its current Treasury Policy on 26 August 2020. One of the terms of the Policy is that it will be reviewed every three years. This report recommends the adoption of an updated policy (attached) containing a number of changes to reflect changed circumstances, although in practical terms they will not impact materially on the way the treasury activity is managed.

2. BACKGROUND

Council is required under section 102 of the Local Government Act 2002 to adopt a Liability Management Policy and an Investment Policy. Section 105 (5) of the Act states that consultation is not required for a liability management policy nor an investment policy.

Palmerston North City Council combines the two policies into one document called a Treasury Policy and the latest version of this Policy was adopted by Council on 26 August 2020.

The Policy itself states it will be reviewed three-yearly. A review has been undertaken in conjunction with Council's treasury advisors (PwC).

The present policy has been operating effectively. However minor changes are proposed to remove references to matters that are out of date and to reflect some changes in the way the debt portfolio is now being managed.

Key changes proposed include:

- increasing the \$ amount of daily transactions that may be undertaken – this reflects the increasing size of the Council's debt portfolio. (page 8)
- enabling the use of alternate debt forecasting scenarios as part of prudent interest rate risk management. (clause 3.2.3)
- clarifying the treatment (for various calculations) of debt raised for Council-Controlled Organisations (such as Palmerston North Airport Limited). (clause 3.2.3)
- clarifying the treatment of deposits held to pre-fund maturing debt. (clause 3.3.5)
- simplifying the assessment of counterparty credit risk so that it focuses on the total exposure to any particular bank rather than the individual components of the exposure. This has been the one area of the policy which has been difficult to comply with. The present policy breaks the exposure to an individual bank into components (such as swap agreements, deposits etc). It has meant that a term deposit may have exceeded the sub-limit but the overall exposure to the bank was less than the overall limit. Our advisors have indicated there is no good reason for retaining the sub-limits.

No change has been made to the specific borrowing limits (3.6.1) but a footnote indicates these are being reviewed as part of the development of the financial strategy for the 2024-34 Long-Term Plan and that if changes are approved through that process the Policy will be consequentially updated.

3. NEXT STEPS


Once the updated Policy is approved it will be made available to financial institutions, advisors and published on Council's website.

4. COMPLIANCE AND ADMINISTRATION

Does 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 Goal 5: A Driven & Enabling Council		
<p>The recommendations contribute to the achievement of action/actions in Governance and Active Citizenship</p> <p>The action is: Ongoing review of governance systems and structures to support Council's effectiveness and reputation</p>		
Contribution to strategic direction and to social, economic, environmental and cultural well-being	As part of the legislative framework for Council financial management there is a legislative requirement to adopt borrowing management and investment policies. The borrowing limits contained in these policies flow from Council's Financial Strategy.	

ATTACHMENTS

1. Draft Treasury Policy for adoption - February 2024 [↓](#) 

TREASURY POLICY

Incorporating:

Liability
Management and
Investment Policy

as required by s.102
Local Government Act 2002

Palmerston North City Council

Draft for adoption February 2024



ID: 16414630

TREASURY POLICY

[Incorporating Liability Management and Investment Policy¹]

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1. Preface and Objectives

1.1 Preface

- 1.1.1 The Local Government Act 2002 (LGA) requires councils to have a Financial Strategy (s.101A) and a Revenue and Financing Policy (s.103), both of which form part of its Long-Term Plan (LTP). These policies are publicly consulted on as part of LTP consultation process.
- 1.1.2 The LGA also requires councils to adopt a Liability Management Policy (s.104) and an Investment Policy (s.105). The LGA provides lists of matters which must be included in those policies. As these policies are more operational in nature they can be adopted by ordinary council resolution rather than by using the public consultative process. The Council has decided to incorporate these policies together in a Treasury Policy document which also contains more comprehensive detail than required by the legislation.
- 1.1.3 Treasury policy is concerned with the management of the organisation's financial assets and liabilities to optimise liquidity and to minimise the cost of borrowed funds and to do so within defined risk parameters.
- 1.1.4 The Council has risks arising from debt raising, investments and associated interest rate management activity. Other liabilities may arise as a result of Council's normal activities. To mitigate the risks associated with the incorrect use or misuse of financial instruments this policy sets restrictions and parameters around their use.
- 1.1.5 The LGA (s.113) prohibits local authorities from borrowing or entering incidental arrangements in foreign currencies. This policy confirms that requirement in paragraph 5.1. but note the exception in paragraphs 5.2 – 5.5. The Council does not trade in commodities.
- 1.1.6 Interest rate risk is one of the key financial risks which Council seeks to manage. Because the Council is a net borrower at the time of adopting this policy, any increase in interest rates causes the cost of projects to rise.
- 1.1.7 It is generally considered that having certainty about the cost structure is preferable to having uncertainty. This includes the possibility of paying slightly more interest expense at some times than otherwise would be required when interest rates are low in order to not have to pay considerably more when interest rates are high. Accordingly, like many other large organisations, Council makes arrangements through its banks to use hedging instruments to manage risk levels to achieve an acceptable interest expense.
- 1.1.8 Interest rate changes also affect the value of some assets, for example bonds and forests. The market value of these assets is affected by interest rate changes for potential buyers of the bonds or cut timber.

1.1.9 There are three basic hedging instruments for managing interest rate risk. These are forward rate agreements, swaps and options. Swaps and options, and other hedging instruments (which combine some characteristics from more than one of these, e.g. swaptions) are more sensibly used for ongoing activities, and repetitive transactions.

1.1.10 There is also foreign currency risk relating the purchase of goods and services denominated in foreign currency. A forward contract would normally be used to hedge the risk associated with a significant one-off transaction such as when Council purchases a recycling sorting machine from an Australian supplier.

1.1.11 Forwards and swaps are agreements to do something in the future. Options are agreements which give the right to one party to choose to do something in the future, while the other party to the contract has an obligation to perform.

1.2 Objectives

1.2.1 The Council's broad objectives in relation to this activity are as follows:

- manage all of its investments within its strategic objectives and invest surplus cash in liquid and creditworthy investments
- arrange and structure long term funding for Council at the lowest achievable interest margin from debt lenders. Optimise flexibility and spread of debt maturity within the funding risk limits
- borrow funds and transact interest rate hedging financial instruments within an environment of control and compliance
- develop and maintain relationships with the Trustee, financial institutions, LGFA, credit rating agencies, and investors
- maintain liquidity levels and manage cash flows within Council to meet known and reasonable unforeseen funding requirements
- monitor, evaluate and report on treasury performance
- to ensure adequate internal controls exist to protect the Council's financial assets and to prevent unauthorised transactions
- ensure the council, management and relevant staff are kept abreast of latest treasury products, methodologies, and accounting treatments through training and in-house presentations
- comply with the Local Government Act 2002 and other relevant local authority legislation
- to be consistent with Council's Long-Term Plan, Financial Strategy and Revenue and Financing Policy.
- maintain a long-term credit rating of at least AA.

1.2.2 In meeting these objectives Council is a risk averse entity and subject to particular policies, and generally does not wish to seek risk from its borrowing and investment activities. Interest rate risk, liquidity risk, funding risk and credit risk are risks Council seeks to manage, not capitalise on. Speculative activity is forbidden.

1.2.3 The key elements in the management of risk are:

Risk Type	Aim	Risk Managed By
Liquidity and funding risks	<p>Funds available when required at cost effective rate.</p> <p>Successfully refinance and raise new debt at a future time at the same or more favourable terms</p>	<p>Maintain accurate cash forecasting systems. Limit and spread concentration of debt maturities within policy risk control limits.</p> <p>Maintain relationships with the Trustee, financial institutions, LGFA, credit rating agencies, investors.</p> <p>Maintain external debt and committed available bank/loan facilities at or above 110% of existing external debt.</p> <p>Adhere to self-imposed prudent debt limits.</p> <p>Demonstrate prudent financial management practice.</p>
Interest Rate	Minimise exposure to adverse interest rate movements.	<p>Maintain the interest rate risk profile within prescribed policy risk control limits.</p> <p>Use hedging instruments in a controlled manner.</p>
Credit	Eliminate risk through failure of counterparty.	<p>Invest cash only in entities with strong credit ratings (by S&P Global or equivalent agency).</p> <p>Maintain liquid and negotiable investments.</p> <p>Spread investments and risk management instruments across issuers and counterparties.</p>

2. Delegated Authorities

- 2.1 Treasury transactions entered into by Council without the proper authority are difficult to cancel given the legal doctrine of “apparent authority”. Also, insufficient authorities for a given bank account or facility may prevent the execution of certain transactions (or at least cause unnecessary delays).
- 2.2 To prevent these types of situations, clear schedules of delegated authorities and signatories will be maintained and regularly reviewed.
- 2.3 The following procedures must be complied with:
- All delegated authorities and signatories must be reviewed at least every six months to ensure that they are still appropriate and current
 - A comprehensive letter must be sent to all bank counterparties at least every year which details all relevant current delegated authorities of Council and contracted personnel empowered to bind Council. This letter will also include standard settlements instructions and will detail who can receive information on behalf of the Council.
- 2.4 Whenever a person with delegated authority on any account or facility leaves Council, all relevant banks and other counterparties must be advised in writing immediately to ensure that no unauthorised instructions are to be accepted from such persons
- 2.5 Council has the following responsibilities, either directly itself, or via the following stated delegated authorities:

Activity	Delegated Authority	Limit
Approving and changing policy	Council	Unlimited
Borrowing new debt	Council	Unlimited (subject to legislative and other regulatory limitations)
Re-financing existing debt	Chief Executive Officer	Unlimited
Approving transactions outside policy	Council	Unlimited
Approving credit counterparty limits	Council	Unlimited
Adjust interest rate risk profile	Chief Executive Officer	Fixed rate maturity profile limit as per risk control limits

Managing funding maturities in accordance with Council approved facilities	Chief Executive Officer	Per risk control limits
Maximum daily transaction amount (borrowing, investing, interest rate risk management)	Council Chief Executive Officer Chief Financial Officer Strategy Manager - Finance	Unlimited \$50 million \$40 million \$20 million
Authorising lists of signatories	Chief Financial Officer	Unlimited
Opening/closing bank accounts	Chief Financial Officer	Unlimited
Annual review of policy	Chief Financial Officer	N/A
Ensuring compliance with policy	Chief Financial Officer	N/A
Approving new and refinanced lending activity with CCO/CCTOs	Council	Unlimited
Approving of Council guarantees or uncalled capital relating to CCO/CCTO indebtedness	Council	Unlimited (subject to legislative and other regulatory limitations)
Negotiation and ongoing management of lending arrangements to CCO /CCTOs	Chief Financial Officer	Per approval / per risk control limits

All management delegated limits are authorised by Council.

3. Liability Management Policy

3.1 Borrowing Activity

3.1.1 The Council may borrow to:

- fund its balance sheet activities, including working capital requirements and borrowing to fund its investments in Council Controlled (CCO), and Council Controlled Trading Organisations (CCTO) or other trading enterprises
- fund “special one-off” projects and capital expenditure
- fund assets with intergenerational qualities.
- debt finance lending to CCO/CCTOs.

3.1.2 The level of borrowing will be determined by the Long-Term Plan as confirmed or modified each year by the Annual Plan. All external debt of the Council must be authorised by resolution of the Council.

3.1.3 A resolution of the Council is not required for hire purchase, credit or deferred purchase of goods if:

- the period of indebtedness is less than 91 days (including rollovers); or
- the goods or services are obtained in the ordinary course of operations on normal terms for amounts not exceeding in aggregate, an amount determined by resolution of the Council.

3.1.4 The debt portfolio will be managed, within the framework of this policy, by the Chief Executive and Council staff under delegated authority.

3.1.5 Council is able to borrow through a variety of market mechanisms including:

- wholesale and retail registered commercial paper, stock and bond issues
- Local Government Funding Agency
- debentures
- Housing New Zealand Corporation loans
- direct bank borrowing
- hire purchase and leasing arrangements

3.1.6 All borrowing in currencies other than NZ dollars is forbidden.



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3.2 Interest Rate Risk

- 3.2.1 Due to the long-term nature of Council's assets, projects and intergenerational factors, and Council's preference to avoid an adverse impact on rates, there is a preference for a minimum percentage of long-term fixed rate or hedged debt. In addition, interest rate repricing risk is spread over a range of maturities.
- 3.2.2 Exposure to interest rate risk is managed and mitigated through the risk control limits below. Council's forecast gross external debt should be within the following fixed/floating interest rate risk control limits.
- 3.2.3 Forecast gross external debt is the amount of total external debt for a given period. This allows for pre-hedging in advance of projected physical drawdown of new debt. When approved forecasts are changed (signed off by the Chief Financial Officer or equivalent), the amount of interest rate fixing in place may have to be adjusted to ensure compliance with the policy minimum and maximum limits. The Chief Financial Officer can consider alternative debt forecast scenarios that make assumptions around such matters as, the delivery and timing of the capital expenditure programme when designing and approving the interest rate strategy.

Any debt raised and on-lent to CCO/CCTOs is on a fixed rate basis and therefore is netted for interest rate management purposes. This debt is not included in the debt forecast for Council's ongoing interest rate management purposes.

Debt Interest Rate Policy Parameters (calculated on a rolling monthly basis)

Debt Period	Debt Amount	Minimum Fixed	Maximum Fixed
Ending			
Current		40%	90%
Year 1		40%	90%
Year 2		35%	85%
Year 3		30%	80%
Year 4		25%	75%
Year 5		20%	70%
Year 6		0%	65%
Year 7		0%	60%
Year 8		0%	50%
Year 9		0%	50%
Year 10		0%	50%
Year 11 plus		0%	25%

A fixed rate maturity profile that is outside the above limits, but self corrects within 90 days is not in breach of this policy. However, maintaining a maturity profile beyond 90 days requires specific approval by Council.

3.2.4 Fixed interest rate percentages are calculated based on the average amount of fixed interest rate obligations relative to the average forecast gross external debt amounts for the given period (as defined in the table above).

Hedging outside of the above risk parameters must be approved by Council.

3.2.4 “Fixed Rate” is defined as all known interest rate obligations on forecast gross external debt, including where hedging instruments have fixed movements in the applicable reset rate.

3.2.6 “Floating Rate” is defined as any interest rate obligation subject to movements in the applicable reset rate.

3.2.7 Pre-hedging in advance of projected physical drawdowns of new debt is allowed.

3.2.8 Management implements the interest rate risk management strategy through the use of the following approved instruments in the manner outlined below:

- Forward rate agreements (“FRAs”) on bank bills or government bonds
- Interest rate swaps
- Interest rate options on bank bills and swaps

3.2.9 The Chief Financial Officer approves the interest rate risk management strategy, as recommended by the Strategy Manager-Finance who develops the strategy after monitoring the interest rate market, evaluating the outlook for rates/credit spreads, the current and forecast yield curve, policy parameters and existing and planned borrowing amounts. External treasury strategy advice may also be sought.

3.2.10 Officers implement the risk management strategies through the use of the following approved instruments (refer Appendix for glossary of terms):

Category	Instrument
Cash management and borrowing	Bank overdraft Committed cash advance and funding facilities (short term and long-term loan facilities) Committed standby facilities (where offered) from the LGFA Uncommitted money market facilities Retail and Wholesale Bond and Floating Rate Note (FRN) issuance Commercial paper (CP) Forward starting committed debt with the LGFA

Investments (term <365 days)	Short term bank deposits Bank certificates of deposit (RCDs)
Investments	LGFA borrower notes / CP / bills / bonds
Interest rate risk management	Forward rate agreements ("FRAs") on: <ul style="list-style-type: none"> • Bank bills • Government bonds Interest rate swaps including: <ul style="list-style-type: none"> • Forward start swaps/collars. Start date < 36 months, unless linked to existing maturing swaps/collars • Amortising swaps (whereby notional principal amount reduces) • Swap extensions and shortenings Interest rate options on: <ul style="list-style-type: none"> • Bank bills (purchased caps and one for one collars) • Government bonds • Interest rate swaptions (purchased swaptions and one for one collars only)
Liquidity management	Short term bank deposits (less than 30 days) Bank certificates of deposit (RCDs) (less than 181 days) Committed cash advance and funding facilities Committed standby facilities (where offered) from the LGFA

3.2.11 Interest rate swap maturities beyond the maximum LGFA bond maturity must be approved by Council through a specific approval.

3.2.12 Interest rate options must not be sold outright because of its speculative nature. However, 1:1 collar option structures are allowable whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, the sold option can be purchased back. The sold option leg of the collar structure must not have a strike rate "in-the-money".

3.2.13 The forward start period on swap/collar strategies is to be no more than 36 months, unless the forward start swap/collar starts on the expiry date of an existing swap/collar and has a notional amount which is no more than that of the existing swap/collar.

3.2.14 Purchased borrower swaptions will mature within 12 months.

- 3.2.15 Interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate, cannot be counted as part of the fixed rate cover percentage calculation.
- 3.2.16 Buying and selling of financial futures is not permitted, primarily due to the administrative burden.
- 3.2.17 Any other financial instrument must be specifically approved by Council on a case-by-case basis and only be applied to the one singular transaction being approved. Credit exposure on these financial instruments is restricted by specified counterparty credit limits as set out in section 3.4.

3.3 Liquidity/Funding Risk

3.3.1 Council is exposed to liquidity risk in that due to unforeseen circumstances or events, it may not be able to meet its commitments, including debt maturities. Liquidity risk management focuses on the ability to borrow at that future time to fund the liquidity gaps. Funding risk management centres on the ability to re-finance or raise new debt at a future time at the same or more favourable pricing (fees and funding margins) and maturity terms of existing facilities.

3.3.2 Council's objective is to always be in a position to meet its day-to-day commitments, to maintain its reputation and prevent any financial loss occurring, whilst ensuring the level of cash balances and/or committed unutilised bank facilities are kept to a minimum in accordance with good cashflow management practices.

3.3.3 Managing Council's funding risks is important since several risk factors can arise to cause an adverse movement in funding margins, term availability and general flexibility including:

- Local Government risk is priced to a higher fee and margin level
- Council's own credit-standing or financial strength as a borrower deteriorates due to financial, regulatory or other reasons
- A large individual lender to Council experiences their own financial/exposure difficulties resulting in Council not being able to manage their debt portfolio as optimally as desired
- New Zealand investment community experiences a substantial "over supply" of Council investment assets
- Financial market shocks from domestic or global events.

3.3.4 A key factor of funding risk management is to spread and control the risk to reduce the concentration of risk at one point in time so that if any of the above events occur, the overall borrowing cost is not unnecessarily increased and desired maturity profile compromised due to market conditions.

Council's ability to readily attract cost effective borrowing is largely driven by its ability to rate, maintain a strong financial standing and manage its relationships with its investors, LGFA, financial institutions/brokers and maintain a long-term credit rating of at least AA.

3.3.5 As a prime borrower Council should always be in a position to raise additional funds when required. However, to minimise liquidity and funding risk, Council will ensure:

- Comprehensive daily and weekly cash management reporting, together with rolling 12-month forecasting
- External term debt plus committed available bank/loan facilities plus liquid financial assets (as defined in section 3.6.1 of this policy) must be maintained at an amount of

greater than 110% of existing external debt. External debt funding and associated investment activity relating to pre-funding (described below) is excluded from the liquidity ratio calculation.

- Council has the ability to pre-fund up to 18 months of forecast debt requirements including re-financings. Once debt has been refinanced with a contracted term deposit (pre-funded), the term deposit amount, will net off the maturing debt amount, from the funding maturity profile percentage calculation.
- To minimise concentration risk the LGFA require that no more than the greater of NZD 100 million or 33% of a Council's borrowings from the LGFA will mature in any 12 month period.
- The maturity profile of the total committed funding in respect to all loans and committed facilities, is to be controlled by the following system:

Period	Minimum	Maximum
0 to 3 years	15%	60%
3 to 7 years	25%	85%
7 years plus	0%	60%

- Membership of the Local Authority Protection Programme (LAPP) is retained (for as long as this is appropriate given the possible transfer of three waters assets to a new water service entity) or appropriate levels of infrastructure insurance is obtained.
- External debt that is raised by Council to be on-lent debt to CCO/CCTO's is included in the funding maturity profile percentage calculation. The CCO/CCTO loan asset is not included in the funding maturity profile.
- A funding maturity profile that is outside that above limits, but self corrects within 90 days is not in breach of this policy. However, maintaining a maturity profile beyond 90 days requires specific approval by Council.

3.4 Counterparty Credit Risk

3.4.1 Council ensures that all investment, interest rate and foreign currency risk management activity is undertaken with institutions that have a strong credit rating. This is to ensure that the amounts owing to Council are paid fully and on due date. More specifically, Council minimises its credit exposure by:

- Transacting with entities that have a strong or better S&P Global's (or equivalent) short and long-term credit rating of at least "A-1" and "A" respectively
- Limiting total exposure to prescribed amounts
- Diversifying transactions across a number of counterparties to avoid concentration of credit risk
- Monitoring of compliance against set limits

3.4.2 The following table summarises credit requirements and limits:

Institution	Minimum S&P Short/Long Term Credit Rating	Total Exposure Limit for each Counter party
NZ Government	N/A	Unlimited
NZ Local Government Funding Agency (LGFA)	N/A	Unlimited
Registered Bank	A-1 / AA-	\$35 million
Registered Bank	A-1 / A	\$25 million

3.4.3 Approval is required from the Council for any alterations to these limits. If any counterparty's credit rating falls below the minimum specified in the above table, all practical steps are taken to reduce the credit exposure to that counterparty to zero as soon as possible. Counterparties exceeding limits are reported to Council. Counterparties other than 'registered banks' require the specific approval of Council.

3.4.4 Maximum financial exposure to the counterparties is computed as follows:

- Financial investments; the total principal amount invested with that counterparty
- Credit exposure on interest rate contracts is computed by multiplying the face value of outstanding transactions by an interest rate movement factor of 3% per annum i.e. notional amount * maturity (years) * 3%
- Credit exposure on foreign exchange is computed by multiplying the face value amount by the (square root of the maturity (years) * 15%)

3.5 Debt Repayment

- 3.5.1 The Council will generally use a “consolidated debt” approach to manage its financial position. Debt repayment and new debt creation are managed by application of the specific borrowing limits. Within this framework the Council may, from time to time, allocate debt and interest cost to a specific activity. The Council’s aim is to fund debt repayment over the average life of the class of assets for which the debt has been raised though from time to time the Council may decide to fund accelerated debt repayment as part of its financial strategy to ensure future generations are left with adequate headroom to enable them to borrow to fund high priority capital investments.
- 3.5.2 Operating surpluses will normally be applied to the reduction of debt unless the Council specifically resolves otherwise.

3.6 Specific Borrowing Limits

- 3.6.1 In managing borrowing, the Council considers the following to be prudent limits (based on Council’s core financial statements):

Borrowing Limits ²	
Net external debt as a percentage of total assets	<20%
Net external debt as a percentage of total revenue	<200%
Net Interest as a percentage of total revenue	<15%
Net Interest as a percentage of annual rates income	<20%
Liquidity ratio	>110%

Total Revenue is defined as income from rates, grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes mark to market gains/losses on financial instruments, revaluations of assets and grants or development contributions for capital programmes.

Net external debt is defined as total external debt less liquid financial assets and liquid investments. External debt that is specifically borrowed for on-lending to a CCO/CCTO is netted (if consistent with LGFA covenant testing practice), with the corresponding loan asset.

Liquid financial assets are defined (for liquidity purposes) as overnight bank cash deposits, wholesale/retail bank term deposits no greater than 30 days and bank issued RCD’s less than 181 days. Funds on deposit in association with pre-funding activity is excluded from this

² These limits will be reviewed during the development of the Council’s 2024-34 long term plan & it is proposed the net external debt as a percentage of total revenue ratio will be increased to 250%.

definition.

Net Interest is defined as all interest and financing costs (on external debt) less interest income for the relevant period.

Annual Rates Income is defined as the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 (including metered water charges).

Liquidity is defined as external debt plus committed available bank facilities plus liquid financial assets (as defined above) divided by external debt.

3.6.2 The context for and framework for establishing these limits is contained in the Council's Financial Strategy, adopted as a component of the Long-Term Plan.

3.6.3 If circumstances arose which would result in these limits being exceeded the issue would be considered by the Council and a determination made as to the most appropriate course of action, having particular regard for the principles of financial management contained in the Local Government Act 2002.

3.7 Security

3.7.1 The security for Council debt will be the ability to levy rates. This policy authorises the use of Deed of Charge or Debenture Trust Deed security documents as well as the appointment of a professional Trustee if this approach is assessed as being the most cost-effective means of borrowing.

3.7.2 In unusual circumstances, with prior Council approval, a specific charge may be given over one or more of the Council's assets.

3.7.3 Physical assets will be pledged only where:

- There is a direct relationship between the debt and the asset purchase/construction e.g. operating lease or project finance. Council considers a pledge of physical assets to be appropriate.

3.7.4 Any pledging of physical assets must comply with the terms and conditions contained within the Debenture Trust Deed.

3.7.5 Any direct and indirect lending by Council to a CCO or CCTO will be on a secured basis and be approved by Council.

3.7.6 Council is prohibited to guarantee loans to Council Controlled Trading Organisations under section 62 of the Local Government Act. Council may act as a financial guarantor to Council wholly owned, Council Controlled Organisations, once approved by Council.

3.8 Contingent Liabilities

3.8.1 From time to time the Council provides financial guarantees to recreation and community organisations to enable them to undertake capital projects on Council land. Applications for guarantee support will be considered only if the community group is based in the City and satisfactory projections of the financial strength and long-term viability of the group or club are received by the Council. The guaranteed party's performance is monitored through communications with the lending institution and by assessing their financial statements.

3.9 Internal Borrowing

3.9.1 The use of Council investment funds, structured as an internal loan is allowed as a valid means of funding projects, minimising the cost of borrowing and still providing a market return on investment funds.

3.9.2 The treasury function is responsible for administering the Council's internal debt portfolio. Transparent operating procedures will apply to the setting up and repayment of the notional loan and the charging and payment of interest.

3.10 Performance Measurement

3.10.1 Performance of Council's borrowing management activities shall be judged against a number of subjective and objective measures including:

- adherence to all policy limits
- number and cost of processing errors
- breaches of borrowing limits
- comparison of actual interest costs to budget
- all treasury deadlines are to be met, including reporting deadlines.

3.11 Management of Debt and Interest Rate Risk

3.11.1 Since senior management is granted discretion by Council to manage debt and interest rate risk within specified limits, the actual funding rate achieved must be compared against an appropriate external benchmark interest rate that assumes a risk neutral position within the existing policy. Note: in this respect, a risk neutral position is one that is always precisely at the mid-point of the minimum and maximum percentage limits specified within the policy.

3.11.2 Given fixed/floating risk control limits and fixed rate maturity profile limits as defined in section 3.2 of this policy. Policy mid-point represents an average maturity term of 7-years.

The market benchmark rate will be calculated every month and represent the 7-year swap rate monthly rolling average over a 7-year period.

- 3.11.3 Accordingly, the actual weighted average interest rate for the financial year to date (which incorporates all issuance margins and derivative settlements) must be compared against the micro-benchmark rate on a monthly basis, with historical comparison reported graphically over the previous 12 months.

3.12 Management of Other Liabilities

- 3.12.1 From time to time the Council will also enter into transactions and agreements that can expose the Council to financial liability. Such transactions may include employee contracts, contract for service (e.g. issue of consents, provision of infrastructure services) and loan guarantees for assets constructed on Council-owned land.
- 3.12.2 Any potential risk from such activities will be managed by implementing appropriate systems and procedures and ensuring Council staff are appropriately trained to recognise and mitigate such risks.

3.13 New Zealand Local Government Funding Agency Limited

- 3.13.1 Despite anything earlier in this Policy, the Council may borrow from the New Zealand Local Government Funding Agency limited (LGFA) and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:
- Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA. For example, Borrower Notes;
 - Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself;
 - Commit to contributing additional equity (or subordinated debt) to the LGFA if required;
 - Subscribe for fully paid shares and uncalled capital in the LGFA; and
 - Secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.

3.14 Borrowing Mechanisms to Council Controlled Organisations and Council Controlled Trading Organisations

3.14.1 To better achieve its strategic and commercial objectives, Council may provide financial support in the form of debt funding directly or indirectly to CCO/CCTOs.

Guarantees of financial indebtedness to CCTOs are prohibited, but financial support may be provided by subscribing for shares as called or uncalled capital.

Any lending arrangement (direct or indirect) to a CCO or CCTO must be approved by Council. In recommending an arrangement for approval the Chief Financial Officer considers the following:

- Credit risk profile of the borrowing entity, and the ability to repay interest and principal amount outstanding on due date.
- Impact on Council's credit standing and rating, debt cap amount (where applied), lending covenants with the LGFA and other lenders and Council's future borrowing capacity.
- The form and quality of security arrangements provided.
- The lending rate given factors such as; CCO or CCTO credit profile, external Council borrowing rates, borrower note and liquidity buffer requirements, term etc.
- Lending arrangements to the CCO or CCTO must be documented on a commercial arm's length basis. A term sheet, including matters such as borrowing costs, interest payment dates, principal payment dates, security and expiry date is agreed between the parties.
- Accounting and taxation impact of on-lending arrangement.

All lending arrangements must be executed under legal documentation (e.g. loan, guarantee) reviewed by Council's legal counsel and approved by Council.

4. Investment Policy

4.1 General Policy

4.1.1 In its treasury investment activity, Council's primary objective when investing is the protection of its investment so only creditworthy counterparties are acceptable. The Council invests in non-speculative strongly credit rated, liquid negotiable investments which are readily convertible into cash.

4.1.2 The Council, as a net borrower, will have only operational cash surpluses.

4.1.3 The Council will, from time to time, make investments in activities which support a specific strategic policy or aim. Its philosophy in the management of investments is to optimise returns in the long term while balancing risk and return considerations. The Council recognises that as a responsible local authority any investments that it does hold should be low risk and that lower risk usually means lower returns.

4.1.4 The Council seeks to invest in an ethical manner which it defines as meaning that it will invest in entities that engage in activities that demonstrate a positive approach to the environment, society and governance. The Council will not invest where there are significant legal or ethical concerns, and will specifically exclude investment in the following areas:

- the manufacturing or development of controversial weapons
- the manufacturing of tobacco
- the production of fossil fuels
- generating revenue from the operation of casino gambling.

4.1.5 For the purposes of this policy the Council defines investment as relating to financial assets and other assets not directly related to service delivery as outlined below:

- treasury investments
- equity investments (including CCO/CCTOs)
- other investments (including forestry, real estate investments not relating to service

delivery and sundry advances).

4.2 Investment Policy – Treasury Investments

4.2.1 General Management Policy

The Council will hold treasury investments to:

- meet statutory obligations by funding certain reserves;
- match retentions held ‘in trust’ for the benefit of contractors under the Construction Contracts Act 2002;
- manage short- or medium-term cash surpluses;
- maintain operating cash levels;
- pre-fund refinancing of maturing debt.

4.2.2 Mix of Investments

Investments will be held in a form consistent with the anticipated funding requirement. For short term investments that are generally held for liquidity management purposes, investments are held for periods up to three months and in the form of call deposits or negotiable instruments (i.e. cash or cash equivalents) with registered banks. For investments held for periods beyond three months, government securities, LGFA, or other strongly credit rated securities will be held.

The Council will maintain a schedule of approved counterparties and issuers.

4.2.3 Acquisition of New Investments

The Council will source its approved investment instruments from major financial institutions at the “best price”.

4.2.4 Treatment of Income

Interest (or other) revenue from invested funds will be credited to Council’s general income. The interest income from statutory reserves will be credited to those funds.

4.2.5 Proceeds of Sale

Funds from the sale of financial investments will be applied to the repayment of debt, reduce

new borrowing requirements or expenditure generally.

4.2.6 Management and Reporting

The assets will be managed under delegated authority by the Chief Executive and Council staff. The funds will be subject to quarterly reporting.

4.2.7 Risks

4.2.7.1 Counterparty Creditworthiness:

Funds will be placed with strongly credit rated counterparties with a minimum short-term and long-term credit rating of “A-1” and “A” respectively under the S&P Global’s or equivalent credit rating system and be spread across issuers within the parameters outlined in 3.4.

4.2.7.2 Liquidity Risk

Funds held for liquidity management purposes will be invested in instruments which have a readily accessible secondary market or a maturity period of no more than 30 days. Short-term operational liquidity is monitored and controlled through daily cash management activities. Long-term financial liquidity is monitored and controlled through long-term financial planning. Although overdraft facilities are utilised as little as practical the Council will maintain a committed bank overdraft facility to meet interim cash and liquidity requirements.

4.3 Investment Policy - Equity Investments

4.3.1 The Council currently maintains equity investments in the following entities:

- Palmerston North Airport Ltd – the owner and operator of Palmerston North Airport
- Central Economic Development Agency Ltd – a provider of economic development and tourism services for the Council and the Manawatu District Council
- Civic Financial Services Ltd – a provider of a range of risk management products for NZ local government

4.3.2 Further capital investments in these entities will only be contemplated to achieve stated strategic objectives and will be by specific resolution of the Council. Sale of the investments would also require a specific resolution of the Council and be subject to the requirements of the Local Government Act 2002.

4.3.3 It is envisaged that any other equity investments which the Council may hold in the future



would only be as a result of a gift, through a restructuring of the Council or to enable the Council to participate in a central Government or regional initiative associated with the provision of a key infrastructural activity. Council may also hold equity investments in CCO/CCTOs (such as LGFA). From time to time the Council will establish “shelf” companies so it is able to respond appropriately to any opportunities which arise.

4.3.4 Each equity investment is evaluated and managed within the following framework:

4.3.4.1 Objectives

The rationale for the investment is determined and reviewed from time to time.

The present investments are held primarily to meet strategic economic and transportation objectives.

4.3.4.2 Monitoring Mechanism

The Council will manage its shareholding in a manner which is dependent on the size and nature of the shareholding and in instances where it is not the 100% shareholder will seek to do so in conjunction with other major shareholders. It will do so by:

- participating in the appointment of directors;
- monitoring the developments in the particular industry;
- monitoring company performance;
- acting to preserve the value of the Council’s investment;
- monitoring the impact of the company’s operations on the people of Palmerston North.

4.3.4.3 Income from the Investment

In the normal course income from each investment will be applied against current

expenditure.

4.3.4.4 Proceeds of Any Future Sale

If the Council were to sell its shareholding, the sale proceeds would be applied to:

- reduction of debt;
- developing new assets
- investment in an appropriately managed diversified fund.

4.3.4.5 Management of the Investment

The shareholding will be managed through the shareholder representatives who are appointed by the Council. In instances where the company concerned is required to prepare a statement of intent the Council will review these and actively make its views known to the company.

4.3.4.6 Risks

The Council will assess the risks associated with each investment. In the normal course, if the principal reason for the investment is for financial return then the Council will expect the commercial risks associated with the investment to be low.

If the reason for the investment is to achieve some other stated strategic purpose the Council may be prepared to accept higher commercial risks.

4.3.4.7 Public Consultation

In the event that the Council contemplates divesting its shareholding, public consultation would be undertaken to an extent that was consistent with the size and public sensitivity of the investment.

At the present time the Council contemplates maintaining each of its present equity investments at least for the medium term.

In the event of a sudden occurrence where either the company or industry is severely impacted, the Council could possibly see a large drop in the value of its shares. Under these circumstances, the public would not be consulted and the Council could resolve to sell the shares. All actions will be in a manner which is consistent with the Council's policy on

determining significance and the requirements of the Local Government Act 2002.

4.4 New Zealand Local Government Funding Agency Limited

4.4.1 Despite anything earlier in this Policy the Council may invest in shares and other instruments of the New Zealand Local Government Funding Agency Limited (LGFA) and may borrow to fund that investment.

4.4.2 The Council's objective in making any such investment will be to:

- Obtain a return on the investment; and
- Ensure that the LGFA has sufficient capital to remain viable, meaning that it continues as a source of debt funding for the Council.

4.4.3 Because of the dual objective, Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternate investments.

4.4.4 If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA.

4.5 Investment Policy – Other Investments

4.5.1 Forestry

4.5.1.1 The Council is the sole owner of a second rotation forestry crop (known as the Gordon Kear Forest) at the head of the Kahuterawa Valley. The second rotation trees were planted from 2010 to 2016 following harvest of the first tree crop and will be ready for harvest again at around age 28-30 years. As log prices are subject to significant price changes there is a high commercial risk. The net proceeds of harvest will be used to repay general debt.

4.5.1.2 Replanting the forest was seen as important for maintaining the value of the land. One of the other key drivers for the replanting regime was the Emissions Trading Scheme (ETS). The ETS enables the trees to be harvested without penalty provided the forest is replanted or allowed to regenerate and the requirements of the ETS are met, particularly in relation to the number of stems per hectare, tree crown cover and height.

4.5.1.3 The Council also owns a neighbouring forest (known as Arapuke Forest Park) for the principal purpose of recreation. The forestry crop is incidental to the principal use and is classified as Plant, Property and Equipment rather than an investment. The first rotation pine tree crop has been harvested and the forest has been replanted in a range of longer-lived exotic species. Native regeneration is being encouraged on the steeper slopes and around waterways. Several kilometres of mountain bike and walking tracks have been established by local volunteers in conjunction with the Council throughout

the block.

4.5.1.4 The Council also has a forestry plantation within the Turitea water supply catchment area. The forestry activity is not expected to generate significant revenue and is ancillary to the water supply activity.

4.5.1.5 There are no plans to expand the Council's investment in forestry. The Council has decided to retain ownership of the Gordon Kear Forest as it has a number of current and potentially strategically important social values combined with providing a commercial return from the forestry investment.

4.5.2 Real Estate Held For Investment Purposes

4.5.2.1 The Council holds real estate when it considers ownership to be essential to the delivery of relevant services. These assets are not accounted for as investments but form part of the plant, property and equipment of the appropriate activity or function. From time to time the Council reviews its ownership by assessing the benefit of continued ownership in comparison to other arrangements. This assessment is based on the most financially viable method of achieving the delivery of Council services. The Council generally follows the same assessment criterion in relation to new real estate acquisitions. From time to time these assets become surplus to operational requirements and then are considered investments, which are assessed for sale.

4.5.2.2 The major real estate holdings which do not form part of the operational activities are:

- library building shops
- Regent Theatre shops
- Civic Centre shops

4.5.2.3 The shops mentioned above form a relatively small component of the overall property in each case and so in practical terms it is unlikely the sale of the of the shops would be contemplated.

4.5.2.4 The Council also has land in Whakarongo being developed and sold as a residential subdivision. Given the subdivision is progressing this land is being accounted for as inventory rather than as an investment. Other blocks of Council owned land are being reviewed for potential development. Any significant change to the nature of use or the form of ownership will be the subject of specific resolution of the Council.

4.5.2.5 From time to time, usually in the process of selling one of these investments, the Council

may consider it necessary to invest in commercial mortgages and deferred payment licences.

4.5.3 Sundry Advances

- 4.5.3.1 From time to time the Council makes loan advances to charitable trusts and incorporated societies for the furtherance of their activities which are consistent with the Council's objectives. The Council will only consider such advances on rare occasions where it is not practical to offer financial guarantees. Any such advances would be the subject of specific resolution by the Council following an assessment of the financial strength and long-term viability of the entity concerned.
- 4.5.3.2 Interest and principal repayments are monitored to ensure they comply with the loan agreement. In the case of default on such advances the assets of the organisation will be required to revert to the Council.
- 4.5.3.3 Under exceptional circumstances the Council may make advances to residential and commercial property owners to encourage them to connect to basic reticulation systems such as water and wastewater. Any such advances will be subject to a charge being placed over the land.

4.6 Internal Investment/Borrowing

- 4.6.1 The use of Council investment funds, structured as an internal loan is allowed as a valid means of funding projects, minimising the cost of borrowing and still providing a market return on investment funds.
- 4.6.2 The treasury function is responsible for administering the Council's internal debt portfolio. Transparent operating procedures will apply to the setting up and repayment of the notional loan and the charging and payment of interest.
- 4.6.3 Where possible the Council's internal reserves are utilised to minimise the need for external debt, effectively reducing the Council's net interest cost.

5. Foreign Exchange Policy

- 5.1 Borrowing and investing in foreign currencies is prohibited apart from the one exception mentioned below.
- 5.2 The Council has foreign exchange exposure through the occasional purchase of foreign exchange denominated plant, equipment and services. Most of these transactions are small and are considered to carry no significant foreign exchange risk.
- 5.3 For foreign exchange requirements over NZ\$100,000 consideration will be given to managing Council's exposure to exchange rates movements using forward exchange rate contracts and/or purchased foreign exchange options. Forward exchange rate contracts can only be entered into once the exact timing and amount of the approved exposure is known. Purchased foreign exchange options can be used when an approved purchase order is raised but not confirmed.
- 5.4 Credit exposure on these instruments is restricted by specified counterparty credit limits as set out in section 3.4.

6. Accounting Treatment of Financial Instruments

- 6.1 As a general rule, financial risk management instruments on initial recognition are valued at cost and thereafter carried at fair value with any period unrealised fair value gains or losses booked through the Statement of Comprehensive Revenue & Expense, at any particular reporting date.
- 6.2 All financial risk management instruments are fair valued (marked-to-market) on a consistent basis, at least six-monthly for internal treasury management and accounting purposes.
- 6.3 Underlying rates to be used to value treasury instruments are as follows:
- Official daily market rates for short-term treasury instruments (e.g. FRA settlement rates calculated by Reuters from price maker quotations as displayed on the BKBM page)
 - Relevant market mid-rates provided by Council's bankers at the end of the business day (5.00pm) for other over-the-counter treasury instruments e.g. swaps
 - For markets that are illiquid, or where market prices are not readily available, rates calculated in accordance with procedures approved by the Chief Executive.
- 6.4 As a general rule bank and loan stock funding is held to maturity and consequently accounted for on an amortised cost basis.

7. Reporting

7.1 When budgeting forecast interest costs/returns, the actual physical position of existing loans, investments and interest rate instruments must be taken into account.

7.2 The following reports are produced:

Report Name	Frequency	Prepared By	Recipient
Daily Cash Position Treasury Spreadsheet	Daily	Senior Financial Administration Officer	Strategy Manager Finance
Treasury Exceptions Report	Monthly	Strategy Manager - Finance	CFO
Treasury Report <ul style="list-style-type: none"> • Policy limit compliance • Borrowing limits • Funding and Interest Position • Funding facility • New treasury transactions • Cost of funds v. budget • Cash flow forecast report • Liquidity risk position • Counterparty credit • Treasury performance • Debt maturity profile • Revaluation of Financial Instruments • Statement of Public Debt 	Quarterly	Strategy Manager - Finance	CFO/CEO/ Council
LGFA Covenant Reporting	At least annually	Strategy Manager - Finance	LGFA
Trustee Reporting	Six Monthly	Strategy Manager - Finance	Trustee

8. Policy Review

- 8.1 This Policy is to be formally reviewed on at least a triennial basis. The CFO has the responsibility to prepare a review report that is presented to the Council. The report will include:
- 8.1.1 Recommendation as to changes, deletions and additions to the Policy.
 - 8.1.2 Overview of the treasury function in achieving the stated treasury objectives, including performance trends in actual borrowing cost against budget (multi-year comparisons).
 - 8.1.3 Summary of breaches of Policy and one-off approvals outside Policy to highlight areas of Policy tension.
 - 8.1.4 Analysis of bank and lender service provision, share of financial instrument transactions etc.
 - 8.1.5 Comments and recommendations from Council's external auditors on the treasury function, particularly internal controls, accounting treatment and reporting.
- 8.2 An annual audit of the treasury system/spreadsheets and procedures should be undertaken.
- 8.3 Total net debt servicing costs and debt should not exceed limits specified in the covenants of lenders to Council.
- 8.4 The Council receives the report, approves Policy changes and/or rejects recommendations for Policy changes.

Appendix:- Glossary of Terms

Bank Bill; A “bill of exchange” security document issued by a corporate borrower, but guaranteed by a bank, who then in turn sells the security into the bank/investor market to re-liquify itself with cash. Normally for terms of 30, 60, 90 or 180 days.

Base rate; Normally a lending bank’s cost of funds/interest rate for a particular funding period. The base or “prime” rate will be changed by the bank from time to time, but not every day like market rates.

Basis Point(s); In financial markets it is normal market practice to quote interest rates to two decimal places e.g. 6.25% - one basis point is the change from 6.25% to 6.26%, one hundred basis points is the change from 6.25% to 7.25%.

Basis Risk; The risk that the interest rate difference between the current physical debt instrument (say, a bank bill) market interest rate and the interest rate quoted for that debt instrument’s future price (say, a bank bill futures price) changes over the period to the date of the future price.

Benchmark; An agreed market related yardstick that investor returns, funding costs or average exchange rate achieved are compared against for performance measurement purposes.

Bid Rate; Exchange rates and interest rate securities/ instruments that are traded between banks are always quoted as a two-way price. One rate is where the quoting bank will buy – the bid rate, the second rate or price where the bank will sell at – the offer rate.

BKBM; The FRA settlement rate as determined at 10:45am each business day on Reuters page BKBM.

Bond; The security instrument that is issued by a borrower whereby they promise to repay the principal and interest on the due dates. A bond’s interest rate is always fixed.

Borrower Notes; On occasion when Council borrows from the LGFA it will be required to contribute part of that borrowing back as equity in the form of “Borrower Notes”. A Borrower Note is a written, unconditional declaration by a borrower (in this instance the LGFA) to pay a sum of money to a specific party (in this instance the Council) at a future date (in this instance upon the maturity of the loan). A return is paid on the Borrower Notes and can take the form of a dividend if the Borrower Notes are converted to redeemable preference shares.

Call Option; The owner or buyer of a call option has the right, but not the obligation, to buy the underlying debt security/currency/commodity at the price stated in the option “contract”.

Cap; A series or string of bought interest rate put options whereby a borrower can have protection against rising short term interest rates, but participate in the lower rates if market rates remain below the “capped rate.” A cap is normally for more than one 90-day funding period.

Closing-Out; The cancellation/termination of a financial instrument or contract before its maturity date, resulting in a realised gain/loss as the current market rate differs from the contract rate.



Collateral; A legal term means “security”.

Commercial Paper; The debt security instrument issued by a prime (and normally credit-rated) borrower to raise short-term funds (30, 60, 90 or 180 days). Also called “one-name paper” and “promissory notes” issued by competitive public tender to investors or by private treaty to one investor.

Coupon; The interest rate and amount that will be paid on the interest due dates of a bond. The coupon will normally differ from the purchase or issue yield/interest rate on a bond instrument.

Counter party; The contracting party to a financial transaction or financial instrument.

Covenants; Special conditions and financial ratios required to be met or maintained by a borrower for a lender under the legal security documents.

Credit Risk or Exposure; The risk that the other party to a financial transaction (bank deposit, interest rate swap contract) will default on or before the maturity date and not be able to fulfil their contractual obligations.

Credit Spread; The interest rate difference (expressed as basis points) between two types of debt securities. The credit spread being a reflection of the difference in credit quality, size, and liquidity between the two securities e.g. five-year corporate bonds may be at a credit spread of 200 basis points above Government bonds.

Current Ratio; A liquidity measure to determine how quickly Council can generate cash. Current assets are divided by current liabilities.

Debenture; A debt instrument similar to a bond whereby a borrower borrows for a longer term at a fixed rate. Also a legal instrument provided as security to a lender.

Derivative(s); A “paper” contract whose value depends on the value of some “underlying” referenced asset e.g. share market stocks, bank bills, bonds or foreign currency. Also called a “synthetic.” The value of the assets will change as its market price changes; the derivative instrument will correspondingly change its value.

Discount; A bond or bank bill is discounted when the interest rate is applied to the face value of the security and the net proceeds after deducting the interest is paid out to the borrower. Investors pay for the discounted (NPV) value at the commencement of the investment and receive the interest coupon payments along the way and the full face value at the maturity date.

Duration; Not the simple average maturity term of a debt or investment portfolio, but a measure of the interest rate risk in a portfolio at a particular point in time. The duration of a portfolio is the term (measured in years and months) if the total portfolio of bonds/fixed interest investments was revalued at market rates and expressed as one single bond. The profit/loss on revaluation of a one basis point movement being the same in both cases.

Event Risk; The risk of a major/unforeseen catastrophe e.g. earthquake, year 2000, political elections, adversely affecting a Council's financial position or performance.

Exercise Date/Price; The day and fixed price that an option contract is enforced/actioned or "exercised" because it is in the interests of one of the parties to the contract to do so.

Fair Value; The current market value of an off-balance sheet financial instrument should it be sold or closed-out on the market rates ruling at the balance date.

Federal Reserve; The US Government's central bank and/or monetary authority.

Fixed Rate; The interest rate on a debt of financial instrument is fixed and does not change from the commencement date to the maturity date.

Floating Rate; The interest rate on a loan or debt instrument is re-set at the ruling market interest rates on the maturity date of the stipulated funding period (usually 90-days).

Floor; The opposite of a "cap." An investor will buy a floor, or a series/string of call options (the right to buy) to protect against falling interest rates, but be able to invest at higher interest rates if rates move upwards. A borrower may sell a floor as part of a collar structure to generate premium to pay for the "linked" bought cap.

Forward Exchange Contract; Council when entering into a Forward Exchange Contract agrees a rate today at which one currency is sold or bought against another for delivery on a specified future date.

Forward Points; The difference in interest rates between two currencies expressed as the exchange rate points.

Forward Rate Agreement; A contract ("FRA") whereby a borrower or investor in Bank Bills or Government Bonds agrees to borrow or invest for an agreed term (normally 90-days) at a fixed rate at some specified future date. A FRA is an "over-the-counter" contract as the amount and maturity date is tailored by the bank to the specific requirements of the borrower/investor.

Forward Start Swap; An interest rate swap contract that commences at a future specified date. The rate for the forward starting swap will differ from the current market rate for swaps by the shape and slope of the yield curve.

Funding Risk; The risk that a borrower cannot re-finance its debt at equal or better terms at some date in the future, in terms of lending margin, bank fees and funding time commitment. Funding risk may increase due the Council's own credit worthiness, industry trends or banking market conditions.

Hedging; The action of reducing the likelihood of financial loss by entering forward and derivative contracts that neutralise the price risk on underlying financial exposures or risks. The gain or loss due to future price movements on the underlying exposure is offset by the equal and opposite loss and gain on the hedge instrument.



Indirect FX Risk; A company has indirect foreign exchange risk where their costs revenues or profits can be adversely affected by the exchange rate that they are not directly paying or receiving. The prices they pay or receive in the domestic currency are influenced by the exchange rate movements.

ISDA; International Security Dealers Association: a governing body that determines legal documentation/standards for over-the-counter swaps/options/FRA's and other derivative instruments for interest rates, currencies, commodities etc. Corporate users of such instruments sign an ISDA Master Agreement with banking counter parties that covers all transactions.

Incidental Arrangements; The term used in the Local Government Act for interest rate risk management instruments or derivatives.

Interest Rate Swaps; A binding, paper contract where one party exchanges, or swaps, its interest payment obligations from fixed to floating basis, or floating to fixed basis. The interest payments and receipts under the swap contract being offsetting, equal and opposite to the underlying physical debt.

"In-the-Money" Option; An option contract that has a strike price/rate that is more favourable or valuable than the current market spot or forward rate for the underlying currency/instrument.

Interest Rate Collar Strategy; the combined purchase (or sale) of a cap or floor with the sale (or purchase) of another floor or cap.

Interest Rate Swaption; the purchase of a swaption gives Council the right but not the obligation to enter into an interest rate swap, at a future date, at a specific interest rate.

Inverse Yield Curve; The slope of the interest rate yield curve (90-days to years) is "inverse" when the short-term rates are higher than the long-term rates. The opposite, when short-term rates are lower than long-term interest rates is a normal curve or "upward sloping." In theory, a normal curve reflects the fact that there is more time, therefore more time for risk to occur in long term rates; hence they are higher to build in this extra risk premium.

Liability Management; The policy, strategy and process of pro-actively managing the treasury exposures arising from a portfolio of debt.

Limit(s); The maximum or minimum amount or percentage a price or exposure may move to before some action or limitation is instigated. Also called "risk control limits".

Liquidity Risk; The risk that Council cannot obtain cash/funds from liquid resources or bank facilities to meet foreseen and unforeseen cash requirements. The management of liquidity risk involves working capital management and external bank/credit facilities.

Marked-to-Market; Financial instruments and forward contracts are revalued at current market rates, producing an unrealised gain or loss compared to the book or carrying value.

Margin; The lending bank or institution's interest margin added to the market base rate, normally expressed

as a number of basis points.

Medium Term Notes; A continuous program whereby a prime corporate borrower has issuance documentation permanently in place and can issue fixed rate bonds at short notice under standard terms.

Option Premium; The value of an option, normally paid in cash at the commencement of the option contract, similar to an insurance premium.

Order; The placement of an instruction to a bank to buy or sell a currency or financial instrument at a preset and pre-determined level and to transact the deal if and when the market rates reach this level. Orders are normally placed for a specific time period, or “good till cancelled.” The bank must deal at the first price available to them once the market level is reached. Some banks will only take orders above a minimum dollar amount.

“Out-of-the-Money”; An option contract which has a strike price/rate that is unfavourable or has less value than the underlying current spot market rate for the instrument.

Over-the-Counter; Financial and derivative instruments that are tailored and packaged by the bank to meet the very specific needs of the corporate client in terms of amount, term, price and structure. Such financial products are non-standard and not traded on official exchanges.

Pre-hedging; Entering forward or option contracts in advance of an exposure being officially recognised or booked in the records of the Council.

Primary Market; The market for new issues of bonds or MTNs.

Put Option; The right, but not the obligation to sell a debt security/currency/commodity at the contract price in the option agreement.

Revaluation; The re-stating of financial instruments and option/forward contracts at current market values, different from historical book or carrying values. If the contracts were sold/ bought back (closed-out) with the counter party at current market rates, a realised gain or loss is made. A revaluation merely brings the contract/instrument to current market value.

Roll-over; The maturity date for a funding period, where a new interest rate is reset and the debt re-advanced for another funding period.

Secondary Market; The market for securities or financial instruments that develops after the period of the new issue.

Spot Rate; The current market rate for currencies, interest rates for immediate delivery/settlement, and normally two business days after the transaction is agreed.

Standard & Poor’s (S&P Global Ratings); A credit rating agency that measures the ability of an organisation to repay its financial obligations.



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Stop Loss; Bank traders use a “stop-loss order” placed in the market to automatically closeout an open position at a pre-determined maximum loss.

Strike Price; The rate or price that is selected and agreed as the rate at which an option is exercised.

Strip; A series of short-term interest rate FRAs for a one- or two-year period, normally expressed as one average rate.

Swap Spread; The interest rate margin (in basis points) that interest rate swap rates trade above Government bond yields.

Swaption; An option on an interest rate swap that if exercised the swap contract is written between the parties. The option is priced and premium paid similar to bank bill and bond interest rate options.

Time Value; Option contracts taken for longer-term periods may still have some time value left even though the market rate is a long way from the strike rate of the option and the option is unlikely to be exercised.

Tranches; A loan may be borrowed in a series of partial drawdowns from the facility, each part borrowing is called a tranche.

Treasury; Generic term to describe the activities of the financial function within Council that is responsible for managing the cash resources, financial investments, debt, and interest rate risk.

Treasury Bill; A short term (<12 months) financing instrument/security issued by a Government as part of its debt funding program.

Volatility; The degree of movement or fluctuation (expressed as a percentage) of an asset, currency, commodity or financial instrument price over time. The percentage is calculated using mean and standard deviation mathematical techniques.

Yankee Bond; A non-resident US borrower issuing a corporate bond in the domestic US bond market.

Yield; Read-interest rate, always expressed as a percentage.

Yield Curve; The plotting of market interest rate levels from short term (90-days) to long term on a graph i.e. the difference in market interest rates from one term (maturity) to another.

MEMORANDUM

TO: Council

MEETING DATE: 14 February 2024

TITLE: Summary of Waste Assessment 2023

PRESENTED BY: Peter Ridge - Senior Policy Analyst, and Natasha Hickmott - Activities Manager - Resource Recovery and Sustainability

APPROVED BY: David Murphy, Chief Planning Officer
Chris Dyhrberg, Chief Infrastructure Officer

RECOMMENDATIONS TO COUNCIL

1. That Council receive the Palmerston North City Council Waste Assessment 2023 (Attachment 1).
 2. That Council note the Palmerston North City Council Waste Assessment 2023 is now complete in accordance with section 51 of the Waste Minimisation Act 2008.
 3. That Council confirm it has considered the Palmerston North Waste Management and Minimisation Plan 2019 in light of the draft Palmerston North City Council Waste Assessment 2023 and agree to develop a replacement Waste Management and Minimisation Plan.
-

1. ISSUE

- 1.1 The Ministry for the Environment (MfE) requires Council to receive the Waste Assessment and make a specific resolution to review the Waste Management and Minimisation Plan (WMMP) considering the new Waste Assessment.
- 1.2 The purpose of this memorandum is to outline the key findings of the Waste Assessment and how these have informed the development of the draft Resource Recovery Plan (one of the 14 plans drafted for the Long-Term Plan. This will in turn form the central components of the revised WMMP.
- 1.3 The memorandum also recommends that the Council resolve to develop a replacement WMMP for public consultation alongside the consultation on the draft 2024-34 Long-Term Plan.

2. BACKGROUND

- 2.1 The Council is required by the Waste Minimisation Act 2008 to review its WMMP at least once every six years. The Council adopted the current WMMP in 2019, just before the development of the 2021-31 Long-Term Plan.

- 2.2 The timing of this work meant that Council was limited in the decisions it could make through the Long-Term Plan in the resource recovery activity, without also affecting the WMMP (and potentially requiring additional consultation).
- 2.3 As a result, elected members agreed to revisit the WMMP early, as part of the 2024-34 Long-Term Plan, so that the decisions and budgets could be better aligned.
- 2.4 On 29 November 2023, the Sustainability Committee resolved:

"That the Committee agree Option 2 - compile a draft Waste Management and Minimisation Plan (WMMP) for consultation concurrent with the consultation or as part of the consultation on the Resource Recovery Plan/Long Term Plan."
- 2.5 Before undertaking a review of the WMMP, the Council must prepare a waste assessment in accordance with sections 50 and 51 of the Waste Minimisation Act 2008. We contracted Eunomia to conduct the waste assessment on our behalf. The period assessed was May – June 2022. The draft report was then used to inform the development of the draft Resource Recovery Plan.
- 2.6 The draft Waste Assessment must include comments from the Medical Officer of Health. We provided the draft Waste Assessment to the Medical Officer of Health in December 2023 and received their feedback in January 2024.

3. SUMMARY OF WASTE ASSESSMENT FINDINGS

- 3.1 The following is a summary of the key findings from the Waste Assessment. The full document is included as Attachment 1 to this memorandum.

Total waste to landfill has increased¹
- 3.2 The total amount of waste being sent to landfill has increased since the last assessment in 2017, from 794 tonnes per week to 894 tonnes per week in 2022.
- 3.3 This increase is partly attributed to changes in how waste is managed – for instance, road sweepings are now processed through the Matthews Ave RTS rather than being sent directly to Bonny Glenn landfill by a private contractor.
- 3.4 However, construction and demolition (C&D) waste and industrial/commercial/institutional (ICI) waste has also increased, while waste from residential sources and kerbside waste collections has decreased slightly.
- 3.5 The amount of waste per capita has also increased, from 544kgs in 2017 to 607kgs in 2022 (based on seasonally adjusted waste volumes).

¹ Refer to section 5.3 of the Waste Assessment.

	Tonnes per annum
Total seasonally adjusted waste to landfill	54,870
Population (2022, Council figure)	90,400
Total seasonally adjusted waste to landfill per capita	0.607 per capita

Table 1 - total waste sent from Palmerston North to class 1 landfills 2022

- 3.6 Our waste to landfill figure is slightly lower than the national average (630kgs) and lower than the average for similar sized cities (750kgs).

The proportion of waste that could potentially be diverted has decreased²

- 3.7 The total amount of waste that could be diverted from class 1 landfills³ has fallen since 2017. As of 2022, we could potentially divert 45.9% of the waste that is going to landfill. In 2017, this figure was 66%, which shows that we have made progress in diverting more of our waste from landfill.

Palmerston North general waste diversion potential 2022	Proportion total	of	Tonnes week	per	Tonnes annum	per
Recyclable and recoverable materials						
Paper - Recyclable	3.7%		33		1,706	
Paper – cardboard	3.3%		29		1,532	
Plastic – recyclable	1.2%		10		536	
Ferrous metals	2.8%		25		1,301	
Non-ferrous metals	1.1%		10		533	
Glass – recyclable	1.8%		16		857	
Textiles – clothing	1.7%		15		803	
Rubble – Cleanfill	1.6%		14		733	
Timber – Reusable	0.3%		3		151	
Subtotal	17.5%		156		8,151	

² Refer to section 5.4 of the Waste Assessment.

³ A class 1 landfill is a municipal disposal facility that accepts household waste, green waste, waste from institutional, commercial, or industrial sources, and waste that is not accepted at other landfills

Compostable materials			
Organics - food scraps	13.5%	121	6,307
Organics – compostable green waste	12.0%	107	5,598
New plasterboard	1.5%	14	709
Timber - Untreated/ Unpainted	1.4%	12	636
Subtotal	28.4%	254	13,250
TOTAL – Potentially divertible	45.9%	410	21,401

Table 2 - proportion of overall waste potentially divertible from landfill 2022

- 3.8 The biggest proportion of potentially divertible materials is organics – food scraps and compostable green waste – accounting for more than half of the potentially divertible material.

Kerbside waste collections account for over half of potential waste diversion⁴

- 3.9 The Waste Assessment looks at the different sources of waste to identify the proportion of divertible material in each source. During the period of the assessment, just over half of the divertible material found in waste was in kerbside collections. However, non-Council (i.e. private operator) kerbside collections alone accounted for over 40% of the total divertible material found in waste. Again, most of the divertible material in kerbside collection is organic material – food scraps and compostable green waste.

Matthews Ave RTS - Divertible materials by activity source - May/June 2022	C&D	ICI	Landscaping & earthworks	Residential	Council kerbside rubbish	Other kerbside rubbish
	Tonnes per week					
Paper Recyclable -	0.0	13.8	0.0	0.9	3.2	14.8
Paper Cardboard -	1.7	24.4	0.0	1.3	0.4	1.6

⁴ Refer to section 5.4.2 of the draft Waste Assessment.

Plastic Recyclable -	0.1	5.0	0.0	0.1	0.9	4.2
Food scraps	0.0	29.2	0.1	1.3	29.7	60.6
Compostable green waste	0.1	3.9	5.6	1.9	2.7	50.5
Ferrous metals	1.5	15.2	0.0	3.1	1.0	4.0
Non-ferrous metals	0.0	7.8	0.0	0.1	0.4	1.9
Glass Recyclable -	0.0	4.4	0.0	0.1	0.6	11.3
Textiles - Clothing	0.0	8.3	0.0	1.5	1.8	3.7
Rubble - Cleanfill	9.7	1.1	3.2	0.1	0.0	0.0
New plasterboard	13.4	0.2	0.0	0.1	0.0	0.0
Timber Reusable -	2.0	0.8	0.0	0.1	0.0	0.0
Timber Untreated/ unpainted -	5.6	5.7	0.0	0.8	0.0	0.0
TOTAL	34.0	119.7	9.0	11.4	40.6	152.6

Table 3 - tonnes of waste per week potentially divertible from landfill, by type of material and by activity source May/June 2022

Larger bins have larger proportions of divertible material⁵

- 3.10 Across the three types of waste bins for kerbside collections (PNCC rubbish bag, 80L wheelie bin, and 240L wheelie bin), the larger wheelie bin contains comparatively more material that could be recycled (17.9% vs 9.6% in 60L PNCC rubbish bags). The smaller 80L wheelie bins contained just 7.9% potentially recyclable material. The larger bin also contains more compostable material (71.6%) compared to the PNCC rubbish bags (64%) and smaller wheelie bins (59.1%).

⁵ Refer to section 5.5.4 of the Waste Assessment.

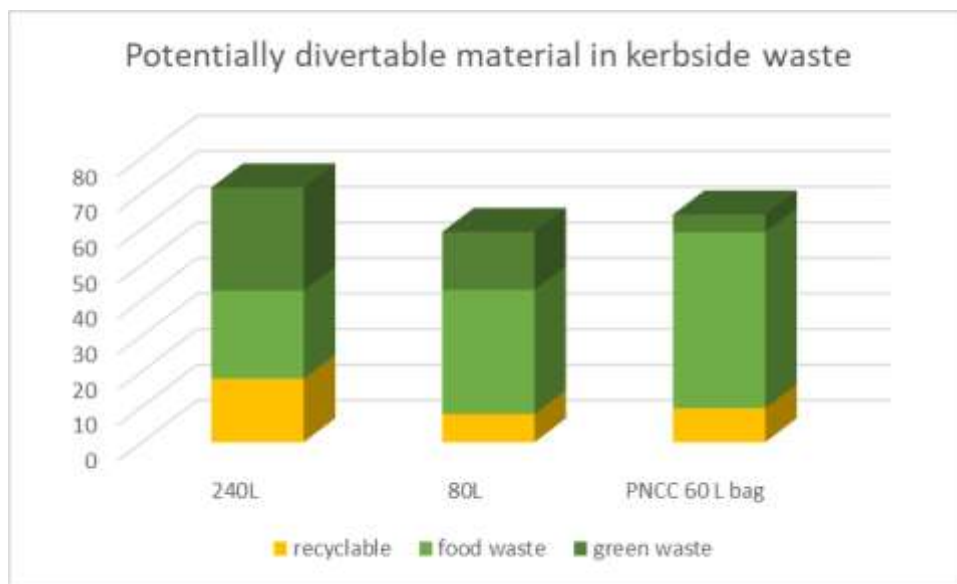


Figure 1 – percentages of potentially divertible material by material, and type of container 2022

Key issues and responses⁶

- 3.11 The Waste Assessment identified several key issues and set out some suggested actions for Council to consider. The table below summarises those issues and sets out how we have responded to those issues through the draft Resource Recovery Plan:

Issue	Response
Compliance with government requirements for kerbside standardisation and performance standards requires that Council provides a household kerbside food scraps collection. Additionally, large amounts of organic waste (particularly food waste) is going to class 1 landfill.	The draft Resource Recovery Plan includes an action to develop a kerbside food scraps collection.
Low Council market share in the domestic kerbside refuse market, which will create risk for Council in monitoring progress towards government performance standards and is likely to result in lower participation in recycling and food	The draft Resource Recovery Plan includes an action to review the service delivery options for kerbside waste and recycling collections.

⁶ Refer to section 7.3 of the Waste Assessment.

scraps collection services.	
A significantly higher proportion of divertible material in refuse placed out for private wheeled bin collections, include the presence of green waste (which is very insignificant in the Council refuse bag collection).	
A general lack of data, particularly relating to private waste collections and waste going to class 2-5 landfills	<p>The existing Waste Management and Minimisation Bylaw includes provisions for licensing commercial waste collectors. This licensing system could be used to collect more and better data about private waste collections. However, the complexity and costs of developing a new licensing system is a significant barrier.</p> <p>Changes to waste minimisation legislation are anticipated in the next 12-18 months, which may change the basis for waste licensing. Consequently, no actions are included in the draft Resource Recovery Plan for 2024-2027.</p>
Provision for reuse is limited.	The draft Resource Recovery Plan includes a contestable fund which provides funding to groups for innovative recycling and reuse projects.
Proactive iwi liaison is limited	The draft Resource Recovery Plan does not include a specific action to address how we liaise with iwi. However, the Council has a partnership agreement with Rangitāne o Manawatū that sets out the expectations for how Council staff will work with representatives from Rangitāne. This includes Te Whiri Kōkō, which provides an opportunity to proactively discuss resource recovery issues.
Medical waste management will become an increasing issue with an	The draft Resource Recovery Plan does not include an action to

ageing population.	address this issue. We have focussed on actions likely to have the greatest impact on minimising waste to landfill. Notwithstanding the conclusion of the Waste Assessment, the proportion of medical waste is not a significant contributor to waste disposal.
Disaster waste management	The draft Resource Recovery Plan does not include a specific action addressing the issue of waste arising during natural disasters.

4. MEDICAL OFFICER OF HEALTH COMMENTS

- 4.1 Section 51 of the Waste Minimisation Act 2008 sets out the requirements for conducting a waste assessment. It states that the Council, in making the assessment, must consult the Medical Officer of Health.
- 4.2 The Medical Officer of Health was provided with a draft copy of the Waste Assessment. Their response is included as an appendix to the Waste Assessment (Attachment 1).

Minimising waste to landfill also minimises impacts on public health

- 4.3 The Medical Officer of Health noted:

"We support reduction of waste being sent to landfill through the aligned waste minimisation hierarchy, prioritising reuse, recycling, and recovery of materials. This will decrease reliance on use of landfills and will minimise the impacts of waste on our environment and public health long term, including reducing emissions. The Waste Assessment identifies a number of key initiatives that, if successful, will provide a significant contribution to diversion of waste from landfill, most notably organic waste."

There are opportunities for improvement in the future

- 4.4 The Waste Assessment included a gap analysis that identified areas where improvements could be made. The Medical Officer of Health noted:

"Management of hazardous waste, e-waste and medical waste are other areas noted within the Waste Assessment that provide opportunities for improvement in the future. Increasing community awareness of and accessibility to safe and cost-effective mechanisms for disposal of these waste streams, will reduce the risks to human and environmental health which result from utilisation of improper disposal methods for these materials."

Partnership with community groups and mana whenua is key

- 4.5 The Medical Officer of Health observed that achieving waste minimisation goals requires collaboration across a range of stakeholder groups. The Medical Officer of Health noted:

"We support partnership with mana whenua and key stakeholders, such as community groups, to contribute to setting waste minimisation goals and objectives. This is important as some of these groups may not typically engage in formal submission processes. The likelihood of implementing successful solutions to challenges in waste minimisation and management will be greater with active and early community engagement. Furthermore, strong community engagement in decision making around waste minimisation actions will limit any unintended consequences to the health of our communities from the actions taken (or any lack of action)."

Support for vulnerable groups should be targeted

- 4.6 The Medical Officer of Health stressed the importance of targeted and innovative approaches to education to support vulnerable groups within the community. They noted:

"Creating an environment that promotes waste minimisation and behavioural change also requires a focus on supporting vulnerable groups within the community, such as rural residents, people living in low socioeconomic areas, and the elderly. Education strategies outlined in the Waste Assessment are a good starting point, however specific consideration of more targeted and innovative approaches to address barriers such as accessibility and cost for vulnerable groups are necessary to improve participation in safe and effective waste minimisation and management across communities."

5. ANALYSIS

- 5.1 Upon completion of the Waste Assessment, Council is required to consider its WMMP considering that Waste Assessment.
- 5.2 The draft Waste Assessment provides the most recent view of the waste sector in Palmerston North. It identifies key issues facing the city, and challenges that Council faces both as a service provider and as a regulator.
- 5.3 While some issues were prominently addressed in the 2019 WMMP, such as the high proportion of food and organic waste, these remain significant issues in the most recent Waste Assessment. Furthermore, the changes to waste legislation outlined in the national Waste Strategy indicate we will need to revise our plans for waste minimisation.
- 5.4 Preparing a replacement WMMP is therefore an appropriate response to the findings of the 2023 Waste Assessment. It provides the Council with the opportunity to revise and improve the actions in the current WMMP and set out a course of action for the next six years to improve waste minimisation outcomes for our city.

- 5.5 The draft Resource Recovery Plan, which forms part of our strategic direction and informs the draft Long-Term Plan, will be the basis for any replacement WMMP.

6. NEXT STEPS

- 6.1 If Council agrees to review the WMMP considering the Waste Assessment, we will draft a replacement WMMP for approval for public consultation. This document will follow a similar format to the 2019 WMMP but will additionally include the actions outlined in the draft Resource Recovery Plan.
- 6.2 The draft WMMP will be presented to the Sustainability Committee on 13 March, for approval for public consultation. Consultation on the draft WMMP will be concurrent with the draft Long-Term Plan.

7. COMPLIANCE AND ADMINISTRATION

Does 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 Goal 4: An Eco City	
The recommendations contribute to the achievement of action/actions in Resource Recovery	
The action is: Review the Waste Management and Minimisation Plan	
Contribution to strategic direction and to social, economic, environmental, and cultural well-being	Receiving the Waste Assessment and agreeing to review the WMMP will enable the community to have input into the strategic direction for the resource recovery activity, and for our WMMP to be aligned to that strategic direction.

ATTACHMENTS

1. Palmerston North Waste Assessment 2023 (attached separately)



MEMORANDUM

TO: Council

MEETING DATE: 14 February 2024

TITLE: Approval for the Mayor to attend the 2024 Taipei Smart City Mayor's Summit

PRESENTED BY: Gabrielle Loga, International Relations Manager

APPROVED BY: David Murphy, Chief Planning Officer

RECOMMENDATION TO COUNCIL

1. That Council grant approval for the Mayor to travel to Taipei from 18 March to 23 March 2024 to attend the 2024 Taipei Smart City Mayors' Summit.
-

1. ISSUE

- 1.1 This memorandum outlines an opportunity for the Mayor to travel to Taipei from 18 March to 23 March 2024 in order to attend the 2023 Taipei Smart City Mayors' Summit, organised by the Taipei Computer Association (TCA), and seeks approval for the Mayor to lead this international travel delegation as Council business, under the Elected Member Expenses and Allowances Policy.
- 1.2 The purpose of the trip would be to connect with leaders and decision-makers from government and business sectors from around the world to exchange ideas and explore opportunities in the collaboration of intelligent solutions for smart city planning and implementation.
- 1.3 A copy of the invitation, received on 15 January 2024, is included as Attachment 1.

2. BACKGROUND

- 2.1 Taipei Computer Association was established in 1974 and is a leading industrial organisation in Taiwan. Since 2014, it has been facilitating the Smart City Summit and Expo, acting as a bridge to government, academic, general public and international professional bodies.
- 2.2 Every year, the Smart City Mayors' Summit gathers city mayors and high-profile municipal delegates from across nations to share and exchange their insights on the latest governmental strategies and trends in smart cities. It is

the largest government-to-government network for promoting projects, connecting with futurists and potential partners across industries and gaining global influence at the marketplace in Asia-Pacific and beyond.

- 2.3 Palmerston North has participated in the Taipei Smart City Mayors' Summit for the last four years. The Mayor presented on behalf of the city on all four occasions (online in 2020 – 2022 and in-person in 2023).
- 2.4 The Mayor would be accompanied by the International Relations and Education Advisor. The Principal Advisor – Climate Change, who is already in Taiwan on a research fellowship that eventuated from attendance at the 2023 summit, will also attend.
- 2.5 This year, there is an opportunity to present on:
 - a) Progress on reducing Palmerston North City Council's corporate carbon emissions;
 - b) Progress on Palmerston North's target of 30% reduction in greenhouse gas emission by 2031; and
 - c) The progress on Palmerston North's experiment with big data and artificial intelligence in city management and public administration.
- 2.6 Items a) and b) above will be based on information reported to the Sustainability Committee during 2023. Item c) above is a piece of work that is under development following Palmerston North City Council's participation in the 2023 Taipei Smart City Summit and Expo.
- 2.7 The Mayor's leadership of the delegation would secure the financial support from the Taipei Computer Association via the complimentary government delegation VIP package, which includes:
 - a) One return flight ticket for Mayor
 - b) Four-nights' accommodation for all delegates
 - c) Transportation from the hotel to event venue
- 2.8 The complimentary government delegation VIP package will need to be recorded in the gifts register and would be subject to the Local Government (Pecuniary Interests Register) Amendment Act 2022. While the initial invitation expects a delegation of 5, it has been confirmed that the financial support would be provided for a smaller delegation.
- 2.9 Should Council approve the Mayor to travel, the cost would be minimal and unlikely to exceed \$500 as flights and accommodation for the Mayor would be covered by the Taipei Computer Association.

- 2.10 The dates of travel will have limited impact on formal Council business. The Mayor would be unable to attend the 20 March Community Committee, in-person at least.

3. NEXT STEPS

- 3.1 Should the recommendation be agreed, the International Relations Manager will liaise with the Taipei Computer Association to accept the financial support package for the delegation and proceed with travel bookings.
- 3.2 Following the visit, Council will receive a report on the 2024 Taipei Smart City Mayor's Summit and Expo.
- 3.3 Council passed the following resolution on 6 December 2023:

That the Chief Executive provide an annual plan for international relations activity to Council

The focus since this resolution was passed has been on the recent delegation to China and Japan. Work on the annual plan has commenced and will be reported to Council to guide the international relations activities during the 2024/25 financial year.

4. COMPLIANCE AND ADMINISTRATION

Does 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 Goal 1: An Innovative and Growing City as well as Goal 4: An Eco City	
<p>The recommendations contribute to the achievement of action/actions in Economic Development</p> <p>The actions are:</p> <ul style="list-style-type: none"> • Support initiatives that promote the city's international reputation and strengths • Promote Palmerston North's interests to global partners • Promote the environmental wellbeing of city's communities and sustainable development. 	

Contribution to strategic direction and to social, economic, environmental and cultural well-being	The delegation outlined in this report helps to promote the city's international reputation in climate change actions and sustainable urban development and explore potential partners to enhance economic, educational and environmental cooperation. The Mayor's leadership of the delegation enables financial support for the delegation and would contribute to its success.
--	---

ATTACHMENTS

1. Formal invitation letter to 2024 Smart City Summit and Expo [↓](#) 
2. Complimentary government delegation VIP package [↓](#) 
3. 2024 Smart City Summit and Expo Kit [↓](#) 



INVITATION



Dear Honorable Grant Smith,

With great pleasure, Taipei Computer Association (TCA) would like to invite you to the upcoming 2024 Smart City Summit & Expo, which is scheduled from March 19th to March 23rd at Taipei Nangang Exhibition Hall 2 and Kaohsiung Exhibition Center.

The Smart City Summit & Expo is a solution-oriented event that brings together leaders and decision-makers from government and business sectors to exchange ideas and explore business opportunities in the collaboration of intelligent solutions. During the event, you will enjoy:

- Smart and green solutions from world-renowned brands and cities' governments
- Insightful forums with city mayors and business professionals
- Innovations and global startups
- Personalized networking events and diverse side activities for businesses

In the 2023 SCSE, we have successfully attracted over 130,000 professionals and 550 exhibitors across the world. Next year, we expect a larger scale with a higher level than ever, and we believe that building connections are significant in shaping a better and more resilient future for all.

To that end, we sincerely welcome you to join this grand event with us.

We will provide a complimentary business delegate package including:

- 1 flight ticket for Mayor or Deputy Mayor that brings 5 persons delegation
- 4-night accommodations for all the delegates
- Transportation from the hotel to the event venue

We look forward to your positive confirmation before 26th January, 2024, and you are welcome to contact joannechiu@mail.tca.org.tw for more details!

Sincerely Yours,



Paul SL Peng

Chairman of Taipei Computer Association



Taipei Computer Association

Address 3F, No.2, Sec.3, Bade Rd., Songshan Dist., Taipei 10558, Taiwan
Phone + (886) 2 25774249 Ext.859 Fax + (886) 2 25778095 Web: en.smartcity.org.tw



2024 Smart City Summit & Expo Government Delegation VIP Package

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I. What is SCSE GOV VIP Package

- A. To encourage attendance of global governmental and municipal leaders at the Smart City Summit and Expo (SCSE), the Organizer offers a GOV VIP Package (referred to as the "Package") to subsidize travel costs and provide logistic support for eligible overseas guests (referred to as "Guests") during SCSE.
- B. The Package is available on a limited basis. Registration deadline is **January 26th, 2024**. New applicants after this date may be waitlisted with no guaranteed eligibility.
- C. The Package includes incentives and obligations. Guests must fulfill participation in specific activities as requested by the Organizer to qualify for the full package. (Refer to Section V for details on obligations.)
- D. SCSE and this Package are organized by Taipei Computer Association, who reserves the right to modify the content without prior notification or providing any reasons.

II. Who can apply

- A. Each city or central agency applying for the Package is limited to a maximum of 1 Delegation Leader and 5 Member Delegates (= up to 6 persons for each GOV Delegation).
- B. Each GOV Delegation is allowed to have only 1 person designated as the Delegation Leader, while the remaining individuals are considered Member Delegates:
 - a. Delegation Leaders: Mayors, deputy mayors, or higher-level officials
 - b. Member Delegates: Officials responsible for smart city projects, such as the city's CTO and CIO, and other delegates invited by the aforementioned Delegation Leaders.

Notices:

- 1. The eligibility is non-transferable and cannot be redeemed for cash.
- 2. The Package is exclusively for overseas Guests. Guests with residence in Taiwan are not eligible for application.
- 3. The GOV VIP package is applicable only to those who register as part of

the GOV Delegation. **Guests registering as BUSINESS Delegation, Exhibitors, or under any other category are not entitled to the benefits, VIP invitations, or agenda included in this Package.**

III. What's in the GOV VIP package

A. Programs specifically designed for VIP delegations during event days:

Opening Ceremony, Expo Tours, City Leaders Summit, Professional Forums, Real-site Demo Tours, Cultural Tour, Networking events, etc.

	Taipei	Kaohsiung
Mar. 19	Opening Ceremony Expo Tour City Leader Summit	
Mar. 20	Matchmaking/Networking Professional Forums Real-site Demo Tours	
Mar. 21		Opening Ceremony Expo Tour
Mar. 22	Cultural Tour	Matchmaking/Networking Professional Forums Real-site Demo Tour

Notices:

1. Participation in the Kaohsiung program is subject to availability.
2. TCA reserves the right to revise the program without notice in advance.

B. Travel reimbursement for the Delegation Leader: available exclusively for the GOV Delegation Leader, and each delegation can designate only 1 person as the delegation leader.

- a. If a GOV delegation is led by a Mayoral or Ministerial level official, the delegation leader will be eligible for travel reimbursement for 1 round-trip flight ticket to and from Taipei.
- b. The reimbursement will be provided on an accountable basis and is

limited to Premium Economy/Economy class with a price cap. The maximum ticket price varies depending on the leader's region:

- (1) Southeast Asia/East Asia: USD1,000
- (2) Central and South America: USD2,500
- (3) Other regions: USD2,000

- c. The Organizer will only reimburse the part of the itinerary to and from Taipei. If the flight transfer exceeds 24 hours, it will be considered as two separate flights and will NOT be eligible for reimbursement.

C. 4-day subsidized accommodation for all delegates: exclusively offered in hotels designated by the Organizer and available only for specific dates.

- a. The maximum subsidy for accommodation per person is NTD3,000 (approximately USD100) per night, with a total amount not exceeding NTD12,000. This subsidy is exclusively provided for the specified dates of March 18th to 22nd, 2024.
- b. Guests are required to make their own hotel reservations by **January 26th, 2024**. Failure to complete the reservation by the specified date may result in the ineligibility for the accommodation subsidy. The Organizer will NOT be responsible for making, changing, or cancelling hotel reservations for the Guests.
- c. Guests are required to adhere to the hotel's cancellation policies and are responsible for any associated costs in the event of a violation.

D. Airport pick-up and drop-off service for the delegation leader (and member delegates with the same flight itinerary): exclusively available from and to Taoyuan International Airport (TPE) or Taipei Songshan Airport (TSA) during the period of March 17th to March 23rd, 2024.

E. Venue transportation: shuttle buses or other necessary transportation will be provided to facilitate travel between designated hotels, tour sites, and the venue for SCSE-related activities.

F. NOT INCLUDING: apart from the items specified above, the Guest will be responsible for the following costs, including but not limited to:

- a. Accommodation costs incurred from reservations made outside the designated hotels or not within the specified dates provided in the Package.

- b. Any additional costs incurred at the hotel, including room upgrades, additional services (such as extra beds or meals), early check-in/late check-out fees, and cancellation fees.
- c. Meals (unless provided during SCSE activities).
- d. Personal transportation expenses.
- e. Other personal costs (shopping, laundry, minibar, entertainment, etc.).

IV. How to apply

All guests in the GOV Delegation who wish to apply for the Package must complete the registration by **January 26th, 2024**.

A. VIP Registration Process

- **STEP 1.** Go to VIP Registration Page: <https://smartcity.org.tw/vip/>
- **STEP 2.** Click **Sign Up** to become a member of SCSE. If you are already a member, you can skip this step and go to Step 3.

VIP REGISTRATION

VIP Registration / Login

To apply for the 'vip' support package offered by the organizer of the Smart City Summit 2024, please complete the registration. After the registration is complete, you will be able to gain access to more info about the event and your attendance.

If you are NOT an invited VIP candidate, please register via <https://smartcity.org.tw/reg>.

EMAIL:

PASSWORD:

CAPTCHA: ☐ 我不是機器人

IMPORTANT: After a successful registration, you will receive email verification in your mailbox. If not, please click the "Resend Confirmation Letter" button, and check again your SPAM mailbox. Thank you.

After completing the sign-up process, you will receive a verification link via email. Please check your email and use the provided link to verify your account. If you don't receive the email, please check your spam folder or click 'Resend Confirmation Letter' in the member login.

- ▶ **STEP 3.** Login via <https://smartcity.org.tw/vip/> again for VIP application. Complete the application by entering the details and answering questions of your identity and participation.

The first screenshot shows the 'VIP REGISTRATION' page for 'STEP 1. Personal Information'. It includes a header with the title 'VIP REGISTRATION' and a sub-header 'VIP Application'. Below this, there is a section for 'Personal Information' with fields for 'Name', 'Email', and 'Password'. There are also checkboxes for 'I am a member of the following organizations' and 'I am interested in the following topics'. At the bottom, there is a section for 'What is the category of your delegation?' with buttons for 'Government delegate', 'Business delegate', and 'Next >'. The second screenshot shows the 'VIP REGISTRATION' page for 'STEP 2. YOUR POSITION & ATTENDING EVENTS'. It includes a header with the title 'VIP REGISTRATION' and a sub-header 'VIP Application'. Below this, there is a section for 'STEP 2. YOUR POSITION & ATTENDING EVENTS' with a list of events and a 'Submit' button. The third screenshot shows the 'VIP REGISTRATION' page for the 'Thank you!' confirmation. It includes a header with the title 'VIP REGISTRATION' and a sub-header 'VIP Application'. Below this, there is a section for 'Thank you!' with the text 'We have received your application.' and buttons for 'Back' and 'Home'.

Once your application is complete, the result will be sent to your email shortly. Meanwhile, you can use member login to visit 'My Application' and review or make any necessary edits to your profile.

B. Result Announcement: Upon successful completion of the registration process, the Organizer will notify you of the result by January 31st, 2024. Please note that the registration operates on a quota-based system, and the Organizer reserves the right to review registrations and admit applicants based on the nature of the event.

C. Logistics for Visiting: Applicants seeking subsidized accommodation must follow the instructions and make room reservations to secure their accommodation. Failure to complete the reservation accordingly will result in the forfeiture of the accommodation support. The Organizer will maintain communication with applicants regarding their flight agenda, speech information, VIP program, and other important details leading up to the event.

V. What are the obligations

A. Requirements: To receive comprehensive support from the Package, it is necessary to meet specific requirements outlined in the program.

- a. All delegates in the delegation must complete their registration at the VIP Registration Page before **Jan 26th, 2024**.
- b. The Delegation Leader is expected to fully participate in all mandatory activities organized by the Organizer. These activities include:
 - (1) Opening Ceremony
 - (2) Expo Tour
 - (3) City Leaders Summit

B. Failure to meet the requirements: If the Guest fails to meet the aforementioned requirements, they will forfeit their right to claim the support in the Package. Additionally, the Organizer reserves the right to decline offering the support in the Package, even during the event.

VI. How to get the travel reimbursement

NO reimbursements will be made before or during the time of summit. For those applying for the travel reimbursement, please follow the steps below.

► **STEP 1: Send required documents to the Organizer**

- A. Within 2 months after SCSE closes, the Guests are required to retain and provide the Organizer with all the documentation listed as follows.
 - a. Copy of flight e-tickets (full itinerary with ticket number).
 - b. Original or photocopy of boarding passes (full itinerary).
 - c. Invoice/payment receipt, which must clearly state the following information: payer's name, total price, class, payment method, and payment status. If issued by an Airlines Company, it must be entitled to the Guest's name. If issued by a Travel Agency, it must be entitled to Taipei Computer Association.
- B. Unless the original documents are in electronic form that can be sent via email, they must be sent to the Organizer by air delivery.
- C. The Organizer will only reimburse the fare-related price (excluding insurance, internet roam, upgrade, or other services) based on the invoice provided by the Guest.
- D. The information on the above documents, including the passenger's name, class, ticket price, and destinations, must comply with the Organizer's requirements for travel reimbursement. Failure to meet these requirements will result in the full cost being borne by the Guest.
- E. Guests will forfeit their rights to claim travel reimbursement if the above documents are not received and approved by the Organizer within 2 months after SCSE closes. The Organizer reserves the right to decline requests thereafter.

► **STEP 2: Wait for review**

Upon receipt of the complete submission of the aforementioned documents, the Organizer will undertake a comprehensive review, with an expected duration of approximately 1 to 2 weeks.

► **STEP 3: Send reimbursement details**

- A. If the aforementioned documents are complete, the Organizer will request the Guest to fill out the reimbursement form, which includes providing bank details.
- B. While the transfer can only be made in USD/EUR, any other currency will be automatically exchanged to USD/EUR at the rate on the

Guest's boarding date. Please ensure your account can receive USD/EUR transfers. If the payment is declined, any extra charges/fees for a new transfer will be the Guest's responsibility.

- C. To reduce the risks of disputes, the Guest should provide a bank account under their own name or the name of city governments (in cases where the Guest's travel expenses are borne by city governments). If the bank account is under another agency's name, the Guest must provide the Organizer with clear authorization and an invoice issued by the agency to Taipei Computer Association.
- D. Reimbursement through wire transfer may be expected within 90 days after receiving qualified and complete documents, including the reimbursement form as mentioned above. The Organizer will notify the Guest after the transfer is completed.
- E. Unless specifically requested by the Organizer, any updated or new documents provided afterward will NOT be considered or accepted for reimbursement purposes.

2024 Smart City Summit & Expo

Mar.19 Tue – 22 Fri Taipei Nangang Exhibition Center Hall 2

Mar.21 Thu – 23 Sat Kaohsiung Exhibition Center



SCSE
smartcity.org.tw

Digital and Green Transformation



About



the Organizer



Chairman: Paul SL Peng
(AU Optronics Corporation)

Founded in 1974, Taipei Computer Association is now ***the largest industrial association in Taiwan***, with **4,000+** corporate members generating **80%** of the total production value of Taiwan's ICT industry.



Taipei, Taichung, Kaohsiung, **Taiwan**

Tokyo, **Japan** | Bangalore, **India** | Yangon, **Myanmar**

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About

Smart City Summit & Expo

As Asia's largest smart city tradeshow featuring the most comprehensive IoT solutions, SCSE has been offering cross-industry platform for governments and businesses.



B2B-ORIENTED
expo featuring
abundant elements



CROSS-INDUSTRY
collaboration and
networking platform



LARGEST
smart city tradeshow in
Asia-Pacific

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Digital and Green Transformation



Governance



Net Zero



AI & IoT



5G



Transportation



Security



Healthcare



Telecom Operators



Building



System Integrators



Startups



What's in Smart City Summit & Expo

Co-located Expos

Smart Healthcare Expo
Smart Building
IoT Surveillance
Smart Startups Program
Net Zero

Conferences & Forums

City Leaders Summit
World Telecom Smart City Conference
World System Integrators Conference
Cminar

Global Networking

Gov x Biz Bilateral Webinars
One-on-one Meetings
Group Matchmakings
Real-site Demo Tours

Co-Located Expos

Get inspired by cross-industrial collaborations



Smart Healthcare Expo

A true reflection of global trend and critical necessity of intelligent MedTech solutions



Smart Startups Program

Startups within smart industries and exclusive activities & networking events



Intelligent Transportation System Expo

Covers a diversity of transportation solutions



Smart Building

Smart Building Materials, Smart Net Zero Building, and Smart Social Housing Solutions



Smart Education

Showcasing latest developments and innovations in education technology.



Net Zero

Net Zero City Expo debut showcases a range of solutions aligning with Taiwan's 12 key strategies

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Net Zero City Expo

Demonstrate the net zero vision and policies of Taiwan by various ministries



Net-Zero Solutions

- Wind Energy
- PV Energy
- Hydrogen Energy
- Energy Saving
- Energy Storage
- Energy Creation

ESG Pavilion

Demonstrate the ESG actions and net-zero targets of corporate.

Net-Zero Forum

- Net Zero City Leader Summit
- Sustainable City Forum
- Net Zero Series Forum
- Green Supply Chains Forum
- Carbon Neutrality and New Economic Forum

Taiwan Net-Zero Pavilion



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City Leaders Summit

Leaders from around the world engaged in in-depth dialogues on smart city and net zero initiatives, bringing together innovative solutions and strategies aimed at helping cities create more sustainable and livable urban environments.



364 City Delegates | **27** Speaking City Leaders | **17** Countries (2023 Edition)

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Largest G2G Network

with a total of 389 cities and regions from 81 countries since 2016

NORTH AMERICA

US	Morrisville (NC), North Bay Village (FL), Tavares (FL), Newark (NJ), Manchester (NH), Montgomery County (MD), Virgin Islands
Canada	Toronto, Port Coquitlam, Brampton
Mexico	Mexico City, Puebla

CENTRAL / SOUTH AMERICA

Brazil	Guarulhos, Pindamonhangaba, Ribeirão Preto, Mairiporã, Atibaia, Sertãozinho, Farroupilha, Flores da Cunha, Franco da Rocha, Caxias do Sul, Olímpio Noronha, Malhador
Haiti	Haiti
Belize	Belize
Colombia	Medellin
Argentina	Luján del Cuyo
Saint Lucia	Saint Lucia

EUROPE

Finland	Tampere City
Poland	Wroclaw, Zabrze, Piła, Katowice, Rzeszow, Lublin, Gdynia, Poznan, Bydgoszcz, Radom,
Hungary	Budapest
Belgium	Leuven
Czech Republic	Pardubice, Vysocina, South Moravian, Moravian-Silesian,
Slovakia	Bratislava
UK	Edinburgh, Midlothian
France	Grenoble Alpes
Lithuania	Klaipeda, Jonava
Ukraine	Kyiv

AFRICA

Côte d'Ivoire	Côte d'Ivoire
Nigeria	Edo State, Kaduna State

ASIA

India	Karnataka
Japan	Matsuyama
Korea	Asan, Suwon
Nepal	Ghorahi, Tulsipur
Philippines	Butuan, Iligan, Quezon
Thailand	Chiang Mai, Rangsit, Rayong
Vietnam	Ho Chi Minh

OCEANIA

Australia	Redland, Gladstone, Bundaberg, Ryde, Scenic Rim
New Zealand	Palmerston North, Wellington
Palau	Republic of Palau
Tuvalu	Funafuti

**Participated in
2023 City Leaders Summit**

Conference Highlights



World Telecom Smart City Conference

Most-cutting edge 5G technology from global telecom operators



World System Integrator Conference

System integrators to share future cross-country collaboration perspectives



Global Networking

Business Matchmaking



The platform aims to facilitate business collaborations through 1-on-1 matchmaking activities and customized group matchings.

513 sessions 357 companies

(2023 Edition)

Real-site Demo Tours

The unique opportunity to witness firsthand the actual smart solutions that have been integrated into cities.



The leading event for smart cities

2023 SCSE in numbers



130,000+ In-person visits



43 Countries



550 Exhibitors



115 City Leaders



1,950 Booths



513 Networking sessions



70 Forum Sessions



5000+ Audience

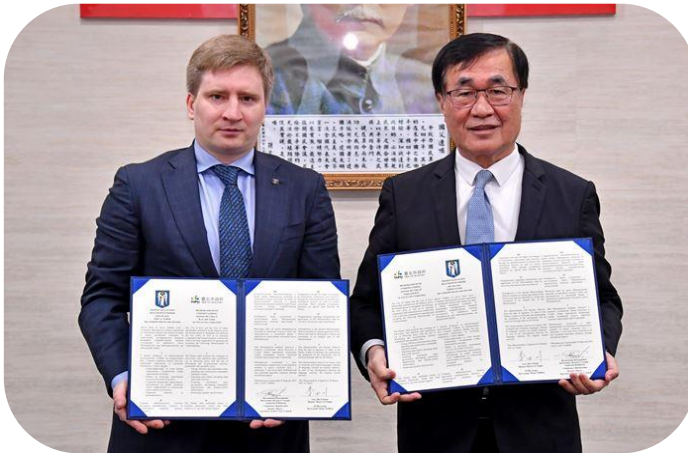
Delegates from All Around the World



With total **1500+** delegates
from government and business sectors

Signing Ceremonies Between Cities

Taipei, Taiwan and Kyiv, Ukraine



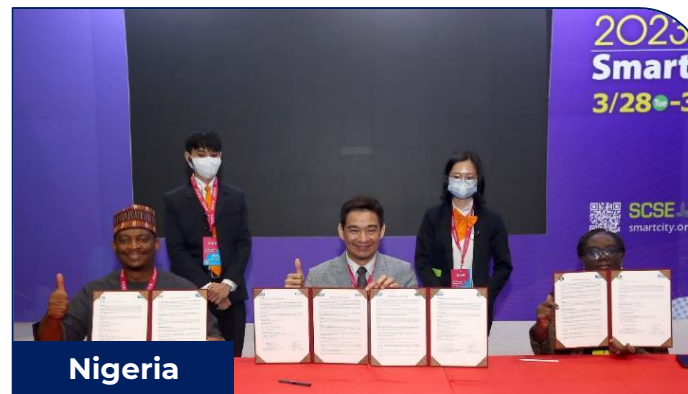
Kyiv Deputy Mayor Volodymyr Bondarenko signed a MoU with Taipei Deputy Mayor Lee Si-chuan to promote collaboration among the two cities.

Taoyuan, Taiwan and Brno, Czech Republic



Mayor of Taoyuan Chang San-cheng traded gifts and signed sister city agreement with Mayor Marketa Vankova of Czech Republic's Brno.

Promoting Collaborations



Among
Industrial
Associations

Organizers



Taipei Computer Association



Taiwan Smart City Solutions Alliance



Taipei City Government



Taoyuan City Government



Kaohsiung City Government

Our Partners



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TAIWAN, R.O.C.

...and more!

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Reasons to Participate in SCSE



Explore

Explore & gain global influence at the marketplace in Asia-Pacific & beyond



Network

Find your potential clients and partners via G2G, G2B, B2B networks



Promote

Get connected by futurists and across nations and industries to promote your projects

BUILD YOUR PRESENCE @ 2024 SCSE



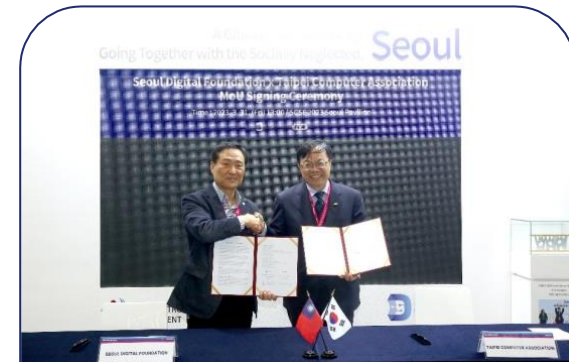
Pavilion & Booth Displays

Set up a country pavilion, acquire booths, join our program to display your innovative ideas and solutions



Speech Opportunities

Invite mayors, city leaders, industry decision-makers and professionals to share inspiring insights and visions



Networking Events

Co-organize bilateral meetings, MoU signing ceremonies, matchmaking activities, and other networking events



2024 SCSE is now calling for

Exhibitors

Smart city solution or service providers, from public or private sectors, startups

Government Officials

Mayors, deputy mayors or higher level officers tackling smart city projects

Visiting Delegations

Stakeholders from businesses or associations in the professional fields

Speakers

Smart city or IoT experts with cutting-edge ideas or experiences

SI & Telcos

Thought leaders in system integration, telecom applications, or smart city construction

Sponsorship

Corporates or agencies interested in brand exposure or hosting forums at SCSE

VIP APPLICATION

➔ Sign up at smartcity.org.tw/vip

Sep. 1st, 2023

VIP application opens



Jan. 26th, 2024

VIP application deadline

NO application will be accepted after this date



For more information, notices, terms and conditions, please refer to the [VIP program](#) issued by the organizer.
The organizer reserves the right to review, reject, and/or withhold sponsorships to ineligible applications.



See you at



2024 Smart City Summit & Expo

Mar. 19th – 22nd @TaiNEX 2

Mar. 21st – 23rd @Kaohsiung Exhibition Center

Any questions?

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