



PAPAIOEA
PALMERSTON
NORTH
CITY

PALMERSTON NORTH CITY COUNCIL

AGENDA

EXTRAORDINARY COUNCIL

9:00 AM, FRIDAY 5 JULY 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

Chris Dyhrberg

Deputy 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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EXTRAORDINARY COUNCIL MEETING

5 July 2024

MEETING NOTICE

Pursuant to Clause 22 of Schedule 7 of the Local Government Act 2002, I hereby requisition an extraordinary meeting of the Council to be held at 9.00am on Friday, 5 July 2024 in the Council Chamber, first floor, Civic Administration Building, 32 The Square, Palmerston North, to consider the business stated below.



MAYOR

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.

6. Setting Rates for 2024/25

Page 5

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

7. Karakia Whakamutunga

8. 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

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.

MEMORANDUM

TO: Council

MEETING DATE: 5 July 2024

TITLE: Setting Rates for 2024/25

PRESENTED BY: Steve Paterson, Strategy Manager - Finance

APPROVED BY: Cameron McKay, Chief Financial Officer

RECOMMENDATIONS TO COUNCIL

1. That Council adopt the resolution to set the rates for the 2024/25 year (Attachment 1), noting this decision replaces clause 119-24 of 26 June 2024.
 2. That Council note that the setting of rates is a significant decision within the parameters of the Local Government Act 2002 and that it is satisfied there has been compliance with the decision-making and consultation requirements of the Act.
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1. ISSUE

- 1.1 Section 23 of the Local Government (Rating) Act 2002 prescribes that the rates must be set by resolution of the Council and be in accordance with the relevant provisions of the Funding Impact Statement (contained within the Long-term Plan or Annual Plan) for the year.
- 1.2 Rates are the Council's principal source of revenue. It is important that rates be set in the timeframes outlined so that Council will have the ability to fund its approved budget. The rates outlined in the attached resolution are calculated to generate the rates revenue for 2024/25.

2. BACKGROUND

- 2.1 Council adopted the 2024-34 Long-term Plan (LTP) on 26 June. The LTP determines the net revenue to be sought from ratepayers to fund operations and new programmes for the 2024/25 year.
- 2.2 The rates to be set are designed to cover a net sum of external income for Council of \$136.85 million (plus GST) plus a sum to cover rates for Council owned properties as approved by the adoption of the LTP.

- 2.3 The resolution (**Attachment 1, pages 12-17**) outlines the details of the rates to be set. Rates throughout the report and the resolution are GST inclusive unless stated otherwise.
- 2.4 The following table demonstrates the changes for the Uniform Annual General Charge (UAGC) and the fixed amounts for services:

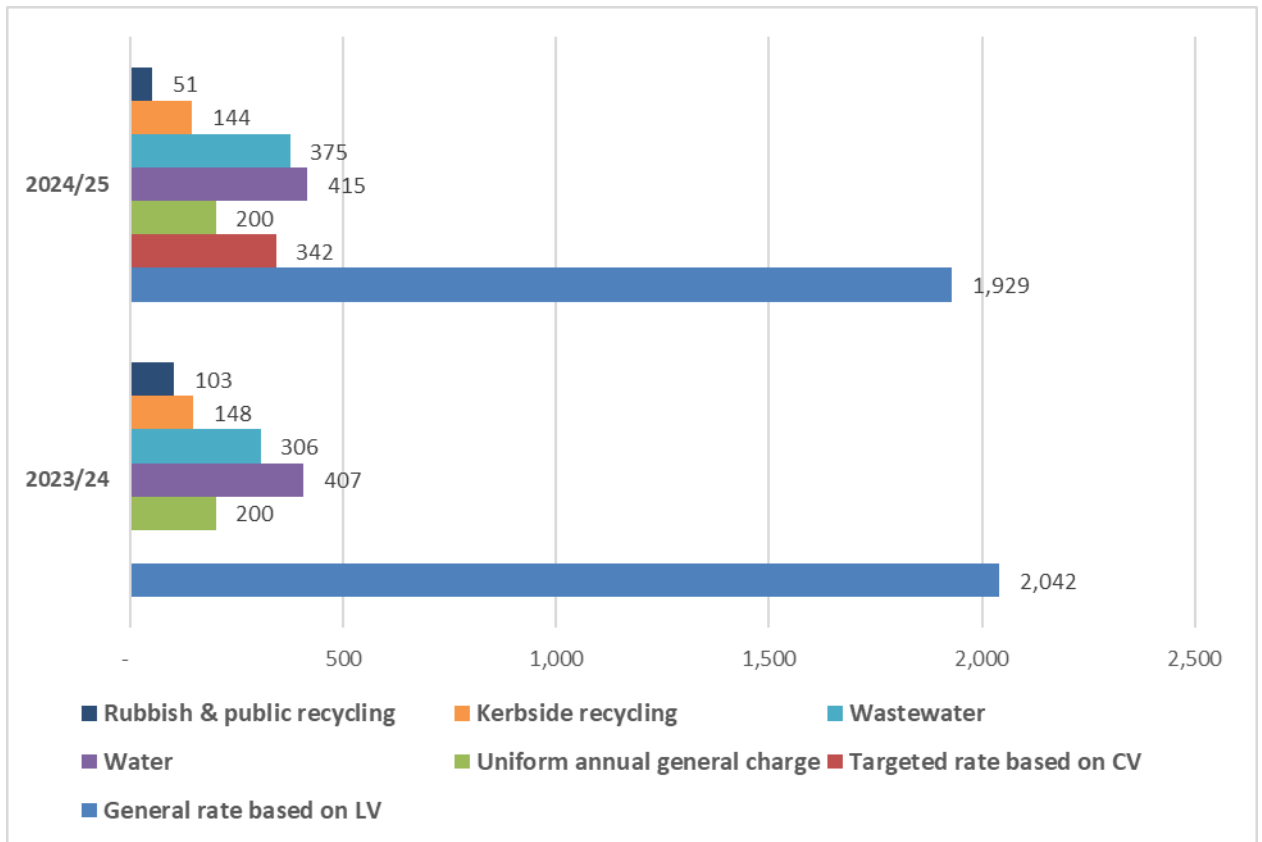
	2023/24	2024/25
	GST incl.	GST incl.
Uniform Annual General Charge	\$200	\$200
Water Supply	\$407	\$415
Kerbside Recycling	\$148	\$144
Rubbish & Public Recycling	\$103	\$51
Wastewater disposal	\$306	\$375
Wastewater pan charge	\$306	\$375
Metered water charge (p cu metre)	\$1.65313	\$1.78538

- 2.5 The budgeted revenue from the UAGC plus the Rubbish & Recycling fixed charges represents 8.4% of total rates revenue (including metered water charges) compared with 10.5% in 2023/24, 10.5% in 2022/23, 18.1% in 2021/22, 19.3% in 2020/21, 19.8% in 2019/20 and a band of 25 to 26% over the previous five years and the legislative maxima of 30%.
- 2.6 The resolution incorporates the Council's decisions (as outlined in the Revenue & Financing Policy and the LTP) that in 2024/25 there will be a new targeted rate to fund those activities that are primarily focused on achieving Council's innovative and growing city goal (i.e. transport, economic development, urban design and housing) and that the rate will be based on the capital value.
- 2.7 The resolution makes no mention of the Council's decision that the capital value based component of the rates will be progressively increased over the next three years and the land value based component will be reduced. This is because the resolution is a formal one that is focused solely on the rates for the 2024/25 year.

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

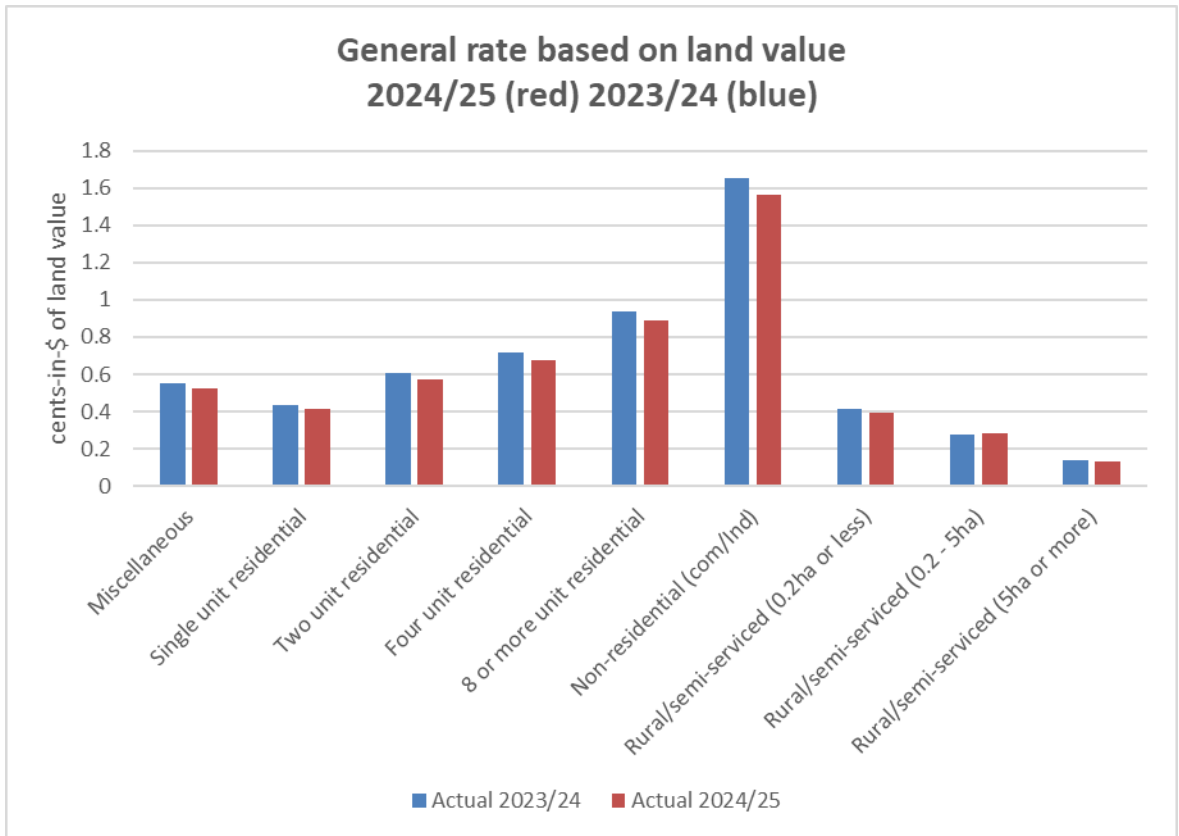
	Land Value	Capital Value	Actual Rates 2023/24	Proposed Rates 2024/25
Single unit residential				
Average	468,000	739,000	3,206	3,456
Median	455,000	690,000	3,149	3,380
Quartile 1	360,000	590,000	2,735	2,942
Quartile 3	540,000	840,000	3,520	3,799
Two unit residential				
Average	561,000	829,000	5,532	5,985
Median	525,000	770,000	5,313	5,736
Quartile 1	450,000	675,000	4,858	5,237
Quartile 3	625,000	920,000	5,920	6,417
Non-residential				
Average	1,022,000	2,402,000	17,518	19,783
Median	620,000	1,030,000	10,867	11,687
Quartile 1	385,000	610,000	6,979	7,456
Quartile 3	1,110,000	2,295,000	18,974	21,020
Rural & semi-serviced (5ha or more)				
Average	1,373,000	1,585,000	2,196	2,374
Median	730,000	1,102,000	1,310	1,434
Quartile 1	520,000	551,000	1,020	1,045
Quartile 3	1,218,000	1,670,000	1,983	2,189
Rural & semi-serviced (between 0.2 & 5ha)				
Average	549,000	1,202,000	1,817	2,222
Median	520,000	1,180,000	1,737	2,131
Quartile 1	435,000	950,000	1,503	1,812
Quartile 3	590,000	1,390,000	1,930	2,401
Miscellaneous				
Average	916,000	1,746,000	5,355	6,074
Median	550,000	720,000	3,336	3,551
Quartile 1	295,000	400,000	1,930	2,030
Quartile 3	965,000	1,445,000	5,625	6,150

2.9 The following graph demonstrates the breakdown of the average single unit rates for 2024/25 compared with 2023/24.

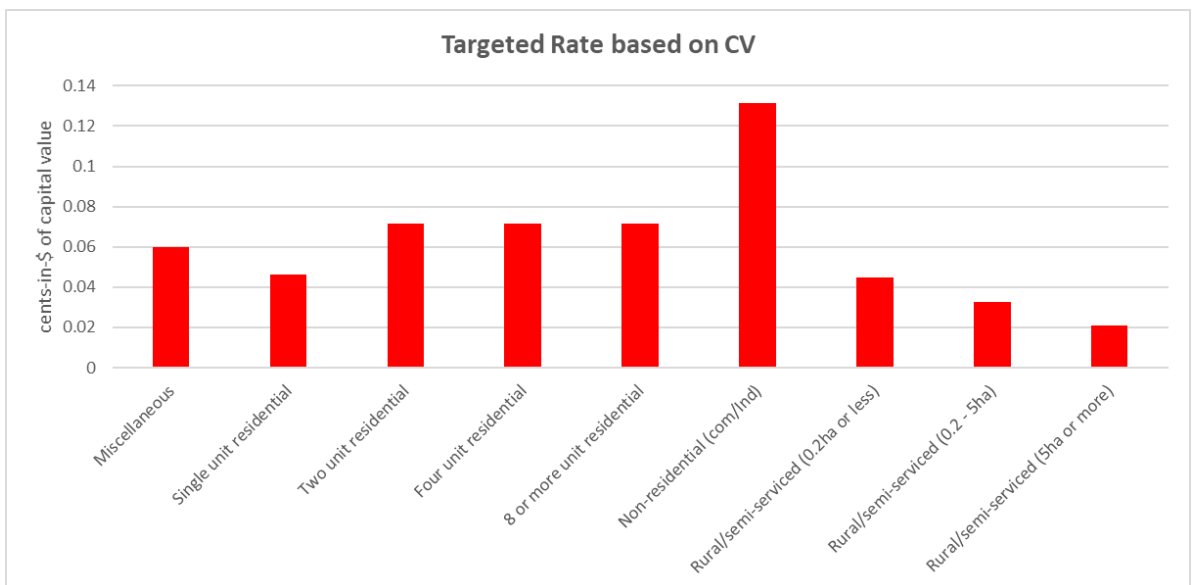


2.10 The City was revalued for rating purposes in September 2021 and these values will remain the base for setting and assessing general rates and the new targeted rate for 2024/25.

2.11 The following graph shows the rate-in-the-\$ for the general rate for 2024/25 compared with 2023/24. It demonstrates that the rate-in-the-\$ for 2024/25 will be lower than for 2023/24 for all differential groups except those in the rural/semi-serviced group (0.2 to 5ha) - this reflect the decision that in 2024/25 they will pay 55% of the miscellaneous rate (compared with 50% in 2023/24).



2.12 The following graph shows the rates-in-the-\$ for the new targeted rate to fund activities primarily associated with delivering goal 1 outcomes and based on the capital value.



- 2.13 Council's decisions regarding the rating system effectively mean this targeted rate will double in 2025/26 and treble in 2026/27 and be compensated for by commensurate reductions in the general rate. However, these decisions could be further influenced by the 2024 city revaluation as these new values will become the base for setting rates from 2025/26.
- 2.14 The Government's rates rebates scheme for residential homeowners on lower incomes has provided much needed assistance. 2,100 city ratepayers have received a total of \$1.53 million from the scheme during 2023/24 to date – an average of \$729. Each year the Government updates the qualifying criteria for the scheme by a CPI adjustment.

3. NEXT STEPS


- 3.1 The recommended actions in this report are of an administrative nature to implement the decisions incorporated in the Long-term Plan. Although procedural, they are significant and must be passed in the form outlined.
- 3.2 Once adopted Council officers will complete the administrative actions necessary to assess rates on individual properties then deliver rates assessments and invoices for the first instalment from 1 August 2024. As usual a ratepayer newsletter will be produced and distributed as part of the rates package. This will include a summary of the Council's decisions in relation to changes to the rating system. Publicity will be given to the availability of the rates rebate scheme.

4. COMPLIANCE AND ADMINISTRATION

Does the Council have delegated authority to decide?	Yes
Are the decisions significant?	Yes
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a Long-term Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A Driven and Enabling Council	
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions in Not Applicable	
Contribution to strategic direction and to social,	Setting the rates for the year is an administrative pre-requisite to being able to fund the delivery of all of the

economic, environmental and cultural well-being	actions in Council plans that contribute to the strategic direction.
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ATTACHMENTS

1. Resolution to Set the Rates 2024-2025 [↓](#) 

Palmerston North City Council

Resolution to Set Rates for the 2024/2025 year

The Palmerston North City Council resolves to set rates for the financial year commencing on 1 July 2024 and ending on 30 June 2025 in accordance with the Rating Policies and Funding Impact Statement contained in its 2024-34 Long-term Plan for 2024/25 as follows:

1 Details of rates to be set

Notes

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

1.1 Uniform Annual General Charge

A Uniform Annual General Charge of \$200 on each rating unit pursuant to section 15 of the Act.

1.2 General Rate (based on land value)

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

Differential Group		Differential Factor (expressed as % of Group Code MS)	Rate (cents in \$ of LV)
Code	Brief Description		
R1	Single unit residential	Balance (approx.79)	0.4122
R2	Two unit residential	110	0.5742
R3	Three unit residential	120	0.6264
R4	Four unit residential	130	0.6786
R5	Five unit residential	140	0.7308
R6	Six unit residential	150	0.7830
R7	Seven unit residential	160	0.8352
R8	Eight or more unit residential	170	0.8874
MS	Miscellaneous	100	0.5220
CI	Non-residential (Commercial/Industrial)	300	1.5660
FL	Rural & Semi-serviced (5 hectares or more)	25	0.1305

ID: 17093671 Rates Resolution 2024-255

FS	Rural & Semi-serviced (0.2 hectares or less)	75	0.3915
FM	Rural & Semi-serviced (between 0.2 & 5 hectares)	55	0.2871

1.3 Capital Value targeted rate

A targeted rate to fund the costs of the goal one (innovative and growing city) activities including transport, economic development, housing and urban design, set under section 16 of the Act on all rateable land on the basis of the capital value, and assessed differentially (based on land use ¹) against each property group code at the rate of cents in the dollar set down in the following schedule:

Differential Group		Differential Factor (expressed as % of Group Code MS)	Rate (cents in \$ of CV)
Code	Brief Description		
R1	Single unit residential	Balance (approx. 78)	0.04625
R2	Two unit residential	120	0.07158
R3	Three unit residential	120	0.07158
R4	Four unit residential	120	0.07158
R5	Five unit residential	120	0.07158
R6	Six unit residential	120	0.07158
R7	Seven unit residential	120	0.07158
R8	Eight or more unit residential	120	0.07158
MS	Miscellaneous	100	0.05965
CI	Non-residential (Commercial/Industrial)	220	0.13123
FL	Rural/Semi-serviced (5 hectares or more)	35	0.02088
FS	Rural/Semi-serviced (0.2 hectares or less)	75	0.04474
FM	Rural/Semi-serviced (between 0.2 & 5 hectares)	55	0.03281

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.

1.4 Water Supply Rates

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

- \$415 per separately used or inhabited part of a residential rating unit which is connected to a Council operated waterworks system. This charge is not made where water supply is invoiced on the basis of water consumed.
- \$415 per rating unit for all other rating units which are connected to a Council operated waterworks system. This charge is not made where water supply is invoiced on the basis of water consumed.
- \$207.50 per rating unit which is not connected to a Council operated waterworks system but which is serviceable (i.e. within 100 metres of such waterworks system) and the Council would allow a connection.

Instead of the above targeted rates for metered water supply, targeted rates set under sections 16 and 19 of the Act, of \$1.78538 per cubic metre of water supplied to any rating unit that is invoiced on the basis of water supplied plus a fixed amount of \$230 per metered connection for connections of 25mm or less and \$490 for connections greater than 25mm.

1.5 Wastewater Disposal Rates

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

- \$375 per separately used or inhabited part of a residential rating unit which is connected to a public wastewater drain.
- \$375 per rating unit for all other rating units which are connected to a public wastewater drain.
- \$375 per pan (i.e. water closet or urinal) for all pans in excess of three for non-residential rating units connected to a public wastewater drain.
- \$187.50 per separately used or inhabited part of a residential rating unit which is not connected to a public wastewater drain but which is serviceable (i.e. within 30 metres of such a drain) and the Council would allow the connection.
- \$187.50 per rating unit for all other rating units which are not connected to a public wastewater drain but which is serviceable (i.e. within 30 metres of such a drain) and the Council would allow the connection.

1.6 Rubbish and Recycling Rates

1.6.1 Kerbside Recycling

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

- \$144 per separately used or inhabited part of a rating unit for residential properties receiving the Council’s kerbside collection service.
- \$144 per rating unit for non-residential and rural/semi-serviced properties receiving the Council’s kerbside collection service.

Where ratepayers elect, and the Council agrees, additional levels of service may be provided. These additional services could be by way of provision of more recycling bins or more frequent service. Each additional level of service will be charged a rate of \$144. This may include charges to non-rateable rating units where the service is provided.

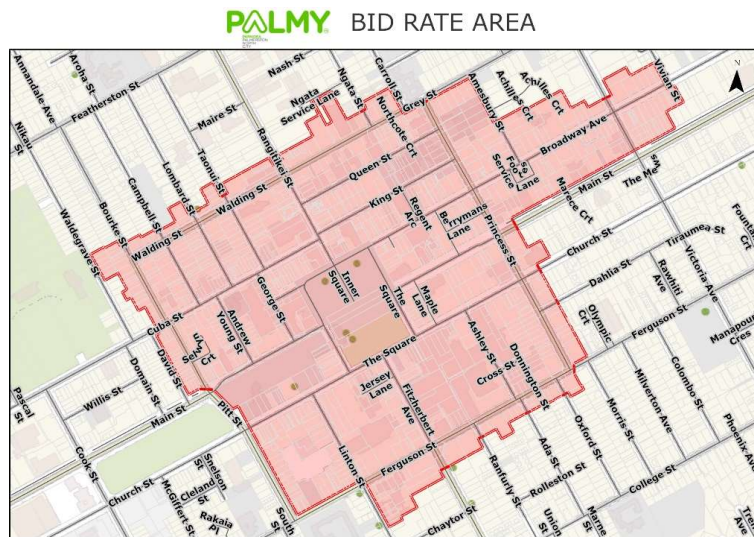
1.6.2 Rubbish and Public Recycling

A targeted rate for rubbish and public recycling set under section 16 of the Act of \$51 per separately used or inhabited part of each residential rating unit and \$51 per rating unit for all other rating units. Rating units which are vacant land will not be liable for these rates.

1.7 Palmy BID

Targeted rates set under section 16 of the Act on all 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 calculated as follows:

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



2. Due Dates for Payment of Rates

Rates (other than metered water targeted rates) will be payable at the offices or agencies of the Council in four quarterly instalments on 1 August 2024, 1 November 2024, 1 February 2025 and 1 May 2025.

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

Instalment One	30 August 2024
Instalment Two	29 November 2024
Instalment Three	28 February 2025
Instalment Four	30 May 2025

3. Due Dates for Payment of Metered Water Targeted Rates

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

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

Monthly invoicing					
Instalment	Date meter read & invoice issued	Due date	Instalment	Date meter read & invoice issued	Due date
1	June 2024	20 July 2024	7	December 2024	20 January 2025
2	July 2024	20 August 2024	8	January 2025	20 February 2025
3	August 2024	20 September 2024	9	February 2025	20 March 2025
4	September 2024	20 October 2024	10	March 2025	20 April 2025
5	October 2024	20 November 2024	11	April 2025	20 May 2025
6	November 2024	20 December 2024	12	May 2025	20 June 2025

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

4. Penalties on Unpaid Rates (excluding metered water)

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

Instalment One	4 September 2024
Instalment Two	4 December 2024
Instalment Three	5 March 2025
Instalment Four	4 June 2025

Any penalty charge imposed on the outstanding first instalment will be automatically remitted provided payment of the full year's rates is made by 29 November 2024.

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 (penalty applied on 6 July 2024) and again on 3 January 2024 (penalty applied on 4 January 2025).

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

5 July 2024