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# **PALMERSTON NORTH CITY COUNCIL**

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AGENDA

## **COUNCIL**

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9:00 AM - ADOPT ANNUAL BUDGET 2025/26,  
WEDNESDAY 4 JUNE 2025

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

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# MEMBERS

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

AGENDA ITEMS, IF NOT ATTACHED, CAN BE VIEWED AT

[pncc.govt.nz](http://pncc.govt.nz) | Civic Administration Building, 32 The Square  
City Library | Ashhurst Community Library | Linton Library

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**Waid Crockett**

**Chief Executive | PALMERSTON NORTH CITY COUNCIL**

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Te Marae o Hine | 32 The Square  
Private Bag 11034 | Palmerston North 4442 | New Zealand  
[pncc.govt.nz](http://pncc.govt.nz)

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CITY



# **COUNCIL MEETING**

4 June 2025

## **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. Confirmation of Minutes** Page 7

That the minutes of the ordinary Council meeting of 7 May 2025 Part I Public be confirmed as a true and correct record.

**7. Confirmation of Minutes** Page 19

That the minutes of the ordinary Council meeting of 14 May 2025 Part I Public be confirmed as a true and correct record.

**8. Notice of Motion: Palmerston North Boys High School - Hockey Turf Project** Page 39

**9. Presentation of the Part I Public Community Committee Recommendations from its 21 May 2025 Meeting** Page 41

## REPORTS

**10. Fees and Charges - Confirmation following consultation** Page 43

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

**11. 2025/26 Annual Budget - Adoption** Page 59

Memorandum, presented by Steve Paterson, Manager - Financial Strategy and Scott Mancer, Manager - Finance.

**12. Setting Rates for 2025/26** Page 63

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

**13. Resolutions to Authorise Borrowing** Page 77

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



#### 14. Local Water Done Well Decision

Page 81

Report, presented by Mike Monaghan, Manager Three Waters, Julie Keane, Transition Manager, Olivia Wix, Manager Communications, Scott Mancer, Manager Finance.

#### 15. Te Motu o Poutoa Governance and Management Structure Options: Summary of submissions, including hearings

Page 215

Report, presented by Kathy Dever-Tod, Manager Parks and Reserves, Cameron McKay, General Manager, Corporate Services.

#### 16. Council Work Schedule

Page 223

### RECOMMENDATIONS FROM COMMITTEE MEETINGS

#### 17. Presentation of the Part I Public Strategy & Finance Committee Recommendations from its 28 May 2025 Meeting

Page 227

#### 18. Karakia Whakamutunga

#### 19. 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
20.	Confirmation of the minutes of the ordinary Council meeting of 7 May 2025 Part II Confidential	For the reasons set out in the Council of 7 May 2025, held in public present.	



21.	<b>Presentation of the Part II Confidential Strategy &amp; Finance Committee Recommendations from its 28 May 2025 Meeting</b>	<b>NEGOTIATIONS: This information needs to be kept confidential to ensure that Council can negotiate effectively, especially in business dealings</b>	<b>s7(2)(i)</b>
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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.



## **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 May 2025, commencing at 9am.**

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

**Apologies:** Councillor Roly Fitzgerald (Council Business)

Councillor Rachel Bowen left the meeting at 2.27pm after consideration of clause 68-25 and returned to the meeting at 2.34pm during consideration of clause 70-25. She left the meeting at 3.38pm during consideration of 71-25 and returned to the meeting at 3.45pm during consideration of clause 73-25. She was not present for clauses 69-25, 71-25 and 72-25 inclusive.

Councillors Lew Findlay and Billy Meehan left the meeting at 3.47pm after clause 74-25. They were not present for clauses 75-25 and 76-25.

Councillor Orphee Mickalad entered the meeting at 4.05pm after consideration of clause 75-24. He was not present for clause 75-24.

#### **Karakia Timatanga**

Councillor Debi Marshall-Lobb opened the meeting with karakia

#### **62-25 Apologies**

Moved Grant Smith, seconded Debi Marshall-Lobb.

#### **RESOLVED**

1. That Council receive the apologies.

Clause 62-25 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, Patrick Handcock, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.



## **63-25 Public Comment**

Susan Baty, spoke in support of item 13 Roslyn Community Hub and the proposal to bring the capital money forward to 2025/26 to provide momentum for the project.

An informal steering group has been formed consisting of the community groups: ACROSS, REACH, the House Next Door and the MASH Trust. They plan to develop a feasibility study and further consult the Roslyn community.

Susan read out a comment from Karleen Edwards, Chair of MASH Trust in support of the project.

Happy to see a community hub being added to the Roslyn Library.

Hamish Williams, a food vendor at the Arena spoke on Item 9 Draft Health Promotion Policy – Deliberations. He spoke in opposition to the proposed ban on selling Sugary drinks at council-owned facilities. He made the following comments:

- Questioned how the policy would be enforced.
- Felt the proposed policy was bias towards cold beverages, as proposed policy allows someone to buy a hot drink and add sugar to it, but not a drink that already contain sugar.
- Happy to consider policy that requires non-sugary drink options to be provided alongside sugary options.

Moved Grant Smith, seconded Debi Marshall-Lobb.

### **RESOLVED**

That Council receive the public comment

Clause 63-25 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, Patrick Handcock, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

## **64-25 Confirmation of Minutes**

Correction to vote: Setting Council's Risk Management Appetite and Tolerance Levels (clause 52-25 ). The vote should be 12 for and 2



against. Councillors Barrett and Johnson voted against the motion and Councillor Marshall -Lobb was not present for the vote.

Moved Grant Smith, seconded Debi Marshall-Lobb.

### **RESOLVED**

That the minutes of the ordinary Council meeting of 2 April 2025 Part I Public be confirmed as a true and correct record (as amended).

Clause 64-25 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, Patrick Handcock, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

## **65-25**

### **Consideration of options to take forward for Nature Calls**

Report, presented by Mike Monaghan Manager 3 Waters and Anna Lewis Project Manager.

Moved Grant Smith, seconded Vaughan Dennison.

### **RESOLVED**

1. That Council direct the Chief Executive to discard Option I as not a practicable option because of cost for Nature Calls.

Clause 65.1-25 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, Patrick Handcock, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

Moved Grant Smith, seconded Vaughan Dennison.

### **RESOLVED**

2. That Council direct the Chief Executive to discard Option H as not a practicable option because of cost and compliance for Nature Calls.

Clause 65.2-25 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, Patrick Handcock, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.



Moved Grant Smith, seconded Vaughan Dennison.

**RESOLVED**

3. That Council direct the Chief Executive to discard Option G as not a practicable option because of cost and compliance for Nature Calls.

Clause 65.3-25 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, Patrick Handcock, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

Moved Grant Smith, seconded Vaughan Dennison.

**RESOLVED**

4. That Council direct the Chief Executive to discard Option F as not a practicable option because of cost and likelihood of Treaty Partner objections for Nature Calls.

Clause 65.4-25 above was carried 14 votes to 1, 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, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

**Against:**

Councillor Patrick Handcock.

Moved Grant Smith, seconded Vaughan Dennison.

**RESOLVED**

5. That Council direct the Chief Executive to discard Option D as not a practicable option because of cost for Nature Calls.

Clause 65.5-25 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, Patrick Handcock, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

On the motion: That Council direct the Chief Executive to discard Option E as not a practicable option because of cost for Nature Calls.

The motion lost 7 votes to 8, the voting being as follows:



**For:**

The Mayor (Grant Smith) and Councillors, Mark Arnott, Vaughan Dennison, Lew Findlay, Billy Meehan, Orphée Mickalad and Karen Naylor

**Against:**

Councillors Debi Marshall-Lobb, Brent Barrett, Rachel Bowen, Patrick Handcock, Leonie Hapeta, Lorna Johnson, William Wood and Kaydee Zabelin.

The meeting adjourned at 10.40am

The meeting returned at 11.00am

**66-25**

**Draft Health Promotion Policy - Deliberations**

Report, presented by David Murphy, General Manager Strategic Planning.

The Mayor moved alternative motions to remove all references to Sugar Sweetened Beverages from the draft Health Promotions Policy, as it was considered Council over-reach and a restriction of freedom of choice to prohibit the sale of sugar sweetened beverages at Council facilities.

Moved Grant Smith, seconded Debi Marshall-Lobb.

**RESOLVED**

1. Having considered the matters in s.82 of the Local Government Act 2002 [LGA], Council makes amendments to the Te Kaupapahere mō te Whakatairanga Hauora (ngā inu hauora, te auahi kore me te momirehu kore, me te haumarū hihirā) – Health Promotion Policy (Healthy beverages, Smoke-free and Vape-free, and Sun Protection) removing all references to Sugar Sweetened Beverages.
2. That Council authorise the Chief Executive to approve the final amendments to the Health Promotion Policy that remove all references to Sugar Sweetened Beverages, and proceed to allow the sale of Sugar Sweetened Beverages at its venues and events.
3. That Council adopt the Te Kaupapahere mō te Whakatairanga Hauora (ngā inu hauora, te auahi kore me te momirehu kore, me te haumarū hihirā) – Health Promotion Policy (Healthy beverages, Smoke-free and Vape-free, and Sun Protection) with amendments and determine that further consultation is not warranted.
4. That Council rescind the Sun Protection Policy 2010; Healthy Beverage Policy 2017; and Auahi Kore Smoke-free and Vape-free Policy 2020.

Clause 66-25 above was carried 14 votes to 1, 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, Patrick Handcock, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, William Wood and Kaydee Zabelin.

**Against:**

Councillor Karen Naylor.



**67-25**

**Quarterly Performance and Financial Report - period ending 31 March 2025**

Memorandum, presented by Scott Mancer, Manager - Finance and John Aitken, Manager - Project Management Office.

Moved Grant Smith, seconded Vaughan Dennison.

**RESOLVED**

1. That Council receive the memorandum titled 'Quarterly Performance and Financial Report – period ending 31 March 2025', and related attachments, presented to Council on 7 May 2025.
2. That Council approves the following programme transfers for the 2024/25 Financial Year:
  - a. Increase Programme 1791 – Parks Depot – Building Renewals by \$330,000, and
  - b. Decrease Programme 186 – Public Toilet Renewals by \$120,000, and
  - c. Decrease Programme 1763 – CET Arena Property Purchase by \$210,000.

Clause 67-25 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, Patrick Handcock, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

The meeting adjourned at 12.35pm

The meeting returned at 1.35pm

**68-25**

**Te Manawa Museums Trust: Six-Month Report 1 July - 31 December 2024 and Draft Statement of Intent 2025-28**

Memorandum, presented by Sarah Claridge, Governance Advisor.

Geoff Jameson, interim Chair and Susanna Shadbolt Chief Executive, Te Manawa presented their six month report and draft Statement of Intent.

Cr Zabelin moved an amendment to delete the performance measure recommendations (see Table 4 in the report), from the list of comments requiring Te Manawa's consideration. The performance targets were ambitious enough and did not need to be reviewed.



Moved Grant Smith, seconded Debi Marshall-Lobb.

**RESOLVED**

1. That Council receive the Six-Month Performance Report 1 July - 31 December 2024 (Attachment 1) submitted by Te Manawa Museums Trust.
2. That Council receive the draft Statement of Intent 2025-28 (Attachment 2) submitted by Te Manawa Museums Trust.
3. That Council agree that the recommended comments on the draft Statement of Intent 2025–28 outlined in Table 4 be advised to Te Manawa Museums Trust, except the review of online and visitor targets.

Clause 68-25 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, Patrick Handcock, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

An amendment to recommendation 3:

That Council agree that the recommended comments on the draft Statement of Intent 2025–28 outlined in Table 4 be advised to Te Manawa Museums Trust, **except the review of online and visitor targets**. The amendment was passed 8 votes to 7, the voting being as follows:

**For:**

Councillors Debi Marshall-Lobb, Brent Barrett, Rachel Bowen, Patrick Handcock, Billy Meehan, Orphée Mickalad, William Wood and Kaydee Zabelin.

**Against:**

The Mayor (Grant Smith) and Councillors Mark Arnott, Vaughan Dennison, Lew Findlay, Leonie Hapeta, Lorna Johnson and Karen Naylor.

Councillor Rachel Bowen left the meeting at 2:27pm

**69-25**

**Treasury Report - Nine months ending 31 March 2025**

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

Moved Grant Smith, seconded Vaughan Dennison.

**RESOLVED**

1. That Council note the performance of Council's treasury activity for the nine months ending 31 March 2025.



Clause 69-25 above was carried 14 votes to 0, the voting being as follows:

**For:**

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

**70-25**

**Capital Delivery 2025/26**

Memorandum, presented by John Aitken, Manager Project Management Office.

Councillor Rachel Bowen returned to the meeting at 2:34pm.

Moved Grant Smith, seconded Vaughan Dennison.

**RESOLVED**

1. That Council
  - a. Refer the carry forward of Capital Programmes from the 2024/25 Financial Year to the 2025/26 Financial Year, as detailed in Attachment 1, to the Annual Budget Deliberations meeting on 14 May 2025.
2. That Council
  - b. Refer the adjusted capital programme budgets, as detailed in Attachment 2, to the Annual Budget Deliberations meeting on 14 May 2025.

Clause 70-25 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, Patrick Handcock, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

Moved Brent Barrett, seconded Vaughan Dennison.

**RESOLVED**

2. That Council
  - a. Approve an increase to capital budgets in the 2024/25 Financial Year to allow for early commencement of capital works, as detailed in Attachment 2.



Clause 70-25 above was carried 10 votes to 5, the voting being as follows:

**For:**

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Brent Barrett, Rachel Bowen, Vaughan Dennison, Lew Findlay, Patrick Handcock, Lorna Johnson, Orphée Mickalad and Kaydee Zabelin.

**Against:**

Councillors Mark Arnott, Leonie Hapeta, Billy Meehan, Karen Naylor and William Wood.

**71-25**

**Roslyn Community Hub**

Report, presented by Martin Brady, Community Development Advisor and Bill Carswell, Activities Manager - Property Services.

Councillor Rachel Bowen left the meeting at 3:38pm.

Moved Grant Smith, seconded Debi Marshall-Lobb.

**RESOLVED**

1. That Council agree to support further investigation of the feasibility and community views of a community hub in Roslyn (Option 1), and do not adjust budget in advance of future decision-making regarding property required to support possible new provision.

Clause 71-25 above was carried 9 votes to 5, the voting being as follows:

**For:**

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Mark Arnott, Vaughan Dennison, Lew Findlay, Leonie Hapeta, Billy Meehan, Orphée Mickalad and Karen Naylor.

**Against:**

Councillors Brent Barrett, Patrick Handcock, Lorna Johnson, William Wood and Kaydee Zabelin.

**72-25**

**Submission on Term of Parliament (Enabling 4-year Term) Legislation Amendment Bill**

Memorandum, presented by Hannah White, Manager Governance.

Moved Grant Smith, seconded Debi Marshall-Lobb.

**RESOLVED**

1. That Council receive the memorandum titled "Submission on Term of Parliament (Enabling 4-year Term) Legislation Amendment Bill."

Clause 72-25 above was carried 14 votes to 0, the voting being as follows:

**For:**

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Mark Arnott, Brent



Barrett, Vaughan Dennison, Lew Findlay, Patrick Handcock, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

**73-25**

### **Council Work Schedule**

Councillor Rachel Bowen returned to the meeting at 3:45pm.

Moved Grant Smith, seconded Debi Marshall-Lobb.

### **RESOLVED**

1. That Council receive its Work Schedule dated 7 May 2025

Clause 73-25 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, Patrick Handcock, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

## **EXCLUSION OF PUBLIC**

**74-25**

### **Recommendation to Exclude Public**

Moved Grant Smith, seconded Debi Marshall-Lobb.

### **RESOLVED**

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

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

<b>General subject of each matter to be considered</b>		<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under Section 48(1) for passing this resolution</b>
18.	Confirmation of the minutes of the ordinary Council meeting of 2 April 2025 Part II Confidential	For the reasons set out in Council of 2 April 2025, held in public.	
19.	Purchase of two parcels of land for the purpose of a City East Bore and a City North Bore.	COMMERCIAL ACTIVITIES: This information needs to be kept confidential to allow Council to engage in commercial activities	s7(2)(h)



		without prejudice or disadvantage	
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This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as stated in the above table.

Clause 74-25 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, Patrick Handcock, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

The public part of the meeting finished at 3.47pm

The meeting adjourned at 3.47pm  
The meeting resumed in Part II at 4.00pm

Confirmed 4 June 2025

**Mayor**







## 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 14 May 2025, commencing at 9.00am.

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

**Apologies:** Councillor Rachel Bowen

Councillor Rachel Bowen entered the meeting at 9.44am during consideration of clause 78. She was not present for clauses 77-25 to 79-25 inclusive.

Councillor Leonie Hapeta left the meeting at 1.00pm after consideration of clause 80.4-25. She entered the meeting at 3.25pm after clause 80.11-25. She was not present for clauses 80.5 -25 to 80.11-25 inclusive.

Councillor Billy Meehan left the meeting at 4.32pm after consideration of Motion W. He entered the meeting again at 4.38pm after the consideration of Motion X. He was not present for Motion X.

#### Karakia Timatanga

Councillor Debi Marshall-Lobb opened the meeting with karakia.

#### 77-25 Apologies

Moved Grant Smith, seconded Debi Marshall-Lobb.

#### RESOLVED

1. That Council receive the apologies.

Clause 77-25 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, Vaughan Dennison, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor,



William Wood and Kaydee Zabelin.

### **Declaration of Interest**

Councillor Debi Marshall-Lobb declared a conflict of interest in Item 8, Annual Budget Deliberation (Motion N) and took no part in discussion or debate on that motion.

Councillor Vaughan Dennison declared a conflict of interest in Item 7 Community housing partnership programme (clause 79-25) and took no further part in discussion or debate.

## **78-25**

### **Public Comment**

Anthony Lewis made a public comment on the suggestion that the branch libraries of Awapuni and Roslyn could be closed. He was deeply opposed to this suggestion as a vehicle to reduce rates, and spoke on the value of libraries.

Moved Grant Smith, seconded Debi Marshall-Lobb.

### **RESOLVED**

That Council receive the Public Comment.

Clause 78-25 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, Vaughan Dennison, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

## **79-25**

### **Confirmation of Minutes**

Moved Grant Smith, seconded Debi Marshall-Lobb.

### **RESOLVED**

That the minutes of the ordinary Council meeting of 30 April 2025 Part I Public be confirmed as a true and correct record.

Clause 79-25 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, Vaughan Dennison, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.



80-25

## 2025/26 Annual Budget - Deliberations

Memorandum, presented by Scott Mancer, Manager – Finance, Cameron McKay, Chief Financial Officer and Chris Dyhrberg Chief Infrastructure Officer

Councillor Rachel Bowen entered the meeting at 9:44am.

The meeting adjourned at 11.00am

The meeting resumed at 11.22am

### Operating Budgets

Moved Karen Naylor, seconded William Wood

**On Motion A:** Reduce the internal Marketing budget (from within overheads) by \$200K, noting that this will mean a reduction in the level of service.

The motion was lost 4 votes to 12. The voting being as follows:

**For:** Councillors Vaughan Dennison, Billy Meehan, Karen Naylor and William Wood

**Against:**

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Mark Arnott, Brent Barrett, Rachel Bowen, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Leonie Hapeta, Lorna Johnson, Orphée Mickalad, and Kaydee Zabelin.

**B**

Moved Karen Naylor, seconded William Wood.

### RESOLVED

Reduce the catering budget by \$100K.

Clause 80.1-25 above was carried 16 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, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

Moved William Wood, seconded Karen Naylor

**On Motion C (a):** Reduce the Economic Events budget by \$50k

The motion was lost 4 votes to 12. The voting being as follows:

**For:** Councillors Billy Meehan, Karen Naylor, William Wood and Kaydee Zabelin.

**Against:**

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Leonie Hapeta, Lorna Johnson and Orphée Mickalad.

Moved William Wood, seconded Karen Naylor

**On Motion C (b):** Reduce the Community and Commemorative Events budget by \$100K, by holding some events every second year and reducing scale of some events (excluding ANZAC and Remembrance Day).



The motion was lost 5 votes to 11. The voting being as follows:

**For:** Councillors Mark Arnott, Vaughan Dennison, Billy Meehan, Karen Naylor and William Wood

**Against:**

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Brent Barrett, Rachel Bowen, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Leonie Hapeta, Lorna Johnson, Orphée Mickalad, and Kaydee Zabelin.

Moved Karen Naylor, seconded William Wood

**On Motion D:** Amend the Te Manawa Museum operating grant to same level as 2024/25 amount plus inflation.

The motion was lost 3 votes to 13. The voting being as follows:

**For:** Councillors Leonie Hapeta, Karen Naylor and William Wood

**Against:**

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, and Kaydee Zabelin.

Moved William Wood, seconded Billy Meehan

**On Motion E:** Reduce the Climate Change and Sustainability budget by \$267K

The motion was lost 3 votes to 13. The voting being as follows:

**For:** Councillors Vaughan Dennison, Karen Naylor and William Wood

**Against:**

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

**F**

Moved William Wood, seconded Mark Arnott.

## **RESOLVED**

That Council work with Canine Friends Pet Therapy charity to develop a discount scheme for their dog registrations (if appropriate).

Clause 80.2-25 above was carried 16 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, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

**G**

Moved Karen Naylor, seconded William Wood.

## **RESOLVED**

That the Professional services budget is kept to the draft Annual Budget 2025/26 level of \$14.1M.



Clause 80.3-25 above was carried 11 votes to 5, the voting being as follows:

**For:**

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

**Against:**

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

**H**

Moved William Wood, seconded Karen Naylor

**On Motion H:** Amend Strategic Priority Grant funding increase to Year 24/25 amount plus inflation. (\$1,661,703 this year – change to \$1,701,583 for 25/26) (\$166,452 reduction from draft Annual Budget)

The motion was lost 3 votes to 13. The voting being as follows:

**For:** Councillors Billy Meehan, Karen Naylor and William Wood

**Against:**

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

**1a**

Moved Grant Smith, seconded Debi Marshall-Lobb.

**RESOLVED**

1. That Council instruct the Chief Executive to prepare a draft Annual Budget 2025/26 for consideration and adoption by the Council at its meeting on 4 June 2025 and that it incorporates the operating budget changes agreed above and the following:
  - a. An increase of \$372K in the operating expense budget for Transport (Roading) for the maintenance of street trees offset in part by a \$223k reduction in the operating expense budget for Active Communities (Sportsfields and Local Reserves) (Attachment 3).

Clause 80.4-25 above was carried 15 votes to 1, 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, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor and Kaydee Zabelin.

**Against:**

Councillor William Wood.

The meeting adjourned at 1.00pm

The meeting resumed at 2.05pm

Councillor Leonie Hapeta was not present when the meeting resumed at 2:05pm







That Council create a new operating programme for funding of \$7,500 to MaLGRA for 2025/26 to enable them to retain a space in Hancock Community House.

Clause 80.6-25 above was carried 10 votes to 5, the voting being as follows:

**For:**

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Brent Barrett, Rachel Bowen, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Lorna Johnson, William Wood and Kaydee Zabelin.

**Against:**

Councillors Mark Arnott, Vaughan Dennison, Billy Meehan, Orphée Mickalad and Karen Naylor.

Moved Grant Smith, seconded Rachel Bowen

**On Motion N:** That Council create a new operating programme to provide civic support for the Palmerston North Boys High School Hockey Turf project of \$33.5K in 2025/26 and refer \$33.5K per year to 2026/27 and 2027/28 annual budget processes.

The motion was lost 7 votes to 7. The voting being as follows:

**For:**

The Mayor (Grant Smith) and Councillors Rachel Bowen, Vaughan Dennison, Patrick Handcock, Lorna Johnson, Billy Meehan, and William Wood

**Against:**

Councillors Mark Arnott, Brent Barrett, Lew Findlay, Roly Fitzgerald, Orphée Mickalad, Karen Naylor and Kaydee Zabelin.

**Note:**

Councillor Debi Marshall-Lobb declared a conflict of interest, withdrew from the discussion and sat in the gallery.

O

Moved Grant Smith, seconded Brent Barrett.

**RESOLVED**

That Council create a new operating programme to provide civic support for Massey's Te Waimana o Turitea Botanical Gardens project – of \$50K in 2025/26 and refer \$50K per year to 2026/27 and 2027/28 annual budget processes.

Clause 80.7-25 above was carried 8 votes to 7, the voting being as follows:

**For:**

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Brent Barrett, Rachel Bowen, Vaughan Dennison, Roly Fitzgerald, Patrick Handcock and Orphée Mickalad.

**Against:**

Councillors Mark Arnott, Lew Findlay, Lorna Johnson, Billy Meehan, Karen Naylor, William Wood and Kaydee Zabelin.



**P** Moved Grant Smith, seconded Orphée Mickalad.

**RESOLVED**

That Council create a new operating programme to provide support for Manawatū Rugby in Community Rugby and towards Cyclones and Turbos teams of \$25K in 2025/26 and refer \$25K per year to 2026/27 and 2027/28 annual budget processes.

Clause 80.8-25 above was carried 10 votes to 5, the voting being as follows:

**For:**

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Mark Arnott, Rachel Bowen, Vaughan Dennison, Lew Findlay, Roly Fitzgerald, Lorna Johnson, Billy Meehan and Orphée Mickalad.

**Against:**

Councillors Brent Barrett, Patrick Handcock, Karen Naylor, William Wood and Kaydee Zabelin.

**Q** Moved Grant Smith, seconded Rachel Bowen.

**RESOLVED**

That Council create an operating programme to fund the costs of Te Ahu a Turanga gateway carpark at \$20,000 in 2025/26, and refer ongoing management costs to the 2026/27 annual budget and 2027 Long-term Plan.

Clause 80.9-25 above was carried 13 votes to 2, 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 and Kaydee Zabelin.

**Against:**

Councillors Karen Naylor and William Wood.

**2a** Moved Grant Smith, seconded William Wood.

**RESOLVED**

2a. That Council create a new operating programme of \$90,000 for the investigation of bus and vehicle pickups and drop offs off-road zone and other options in large green space-road reserve on Featherston Street opposite Boys High and direct the Chief Executive to report back on the findings of the investigations and potential options to inform future annual budgets.

Clause 80.10-25 above was carried 12 votes to 3, 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, Billy Meehan, Orphée Mickalad, William Wood and Kaydee Zabelin.

**Against:**

Councillors Patrick Handcock, Lorna Johnson and Karen Naylor.

**1b**

Moved Grant Smith, seconded Orphée Mickalad.

**RESOLVED**

1. That Council instruct the Chief Executive to prepare a draft Annual Budget 2025/26 for consideration and adoption by the Council at its meeting on 4 June 2025 and that it incorporates the following:
  - b. Operating programmes (including carry forwards relating to Programme 1520 – Digital Transformation and Programme 2346 - Organisation-wide system replacement or new systems initiatives) as outlined in Annual Budget 2025/26 – Schedule of Proposed Operating Programmes (Attachment 4); with amendments as agreed above, and any related resolution(s) from Item 7.

Clause 80.11-25 above was carried 13 votes to 2, 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 and Kaydee Zabelin.

**Against:**

Councillors Karen Naylor and William Wood.

The meeting adjourned at 3.10pm

The meeting resumed at 3.25pm

Councillor Leonie Hapeta returned to the meeting at 3.25pm.

**Capital New**

**R**

Moved William Wood, seconded Karen Naylor.

**RESOLVED**

Reduce Council's planned capital new spend on vehicles and plant by \$677K by:

- a) reducing Programme 99 - New Vehicles by \$157K (Was \$322K – change to \$161K);
- b) deferring Programme 2449 - Fleet upgrade to alternative fuel (\$357K) to the 2026/2027 AB;
- c) deferring Programme e 1875 - Upgrade to Electric Vehicles (\$163K) to the 2026/2027 Annual Budget.



Clause 80.12-25 above was carried 11 votes to 5, the voting being as follows:

**For:**

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Mark Arnott, Vaughan Dennison, Roly Fitzgerald, Leonie Hapeta, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

**Against:**

Councillors Brent Barrett, Rachel Bowen, Lew Findlay, Patrick Handcock and Lorna Johnson.

**Sb**

Moved William Wood, seconded Karen Naylor.

**RESOLVED**

b. Deferring Programme 1853 - Development of existing reserves (\$85K) to the 2026/2027 Annual Budget;

Clause 80.13-25 above was carried 9 votes to 7, the voting being as follows:

**For:**

Councillors Debi Marshall-Lobb, Mark Arnott, Vaughan Dennison, Leonie Hapeta, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

**Against:**

The Mayor (Grant Smith) and Councillors Brent Barrett, Rachel Bowen, Lew Findlay, Roly Fitzgerald, Patrick Handcock and Lorna Johnson.

**Sc**

Moved William Wood, seconded Karen Naylor.

**RESOLVED**

c. Deferring Programme 1846 - Walkway Extensions (\$189K) to the 2026/2027 Annual Budget;

Clause 80.14-25 above was carried 11 votes to 5, the voting being as follows:

**For:**

Councillors Debi Marshall-Lobb, Mark Arnott, Vaughan Dennison, Lew Findlay, Roly Fitzgerald, Leonie Hapeta, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

**Against:**

The Mayor (Grant Smith) and Councillors Brent Barrett, Rachel Bowen, Patrick Handcock and Lorna Johnson.

**Sd**

Moved William Wood, seconded Karen Naylor.

**RESOLVED**

d. Deferring Programme 1847 - Esplanade New (\$61K) to the 2026/2027 Annual Budget.



Clause 80.15-25 above was carried 13 votes to 3, the voting being as follows:

**For:**

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

**Against:**

Councillors Brent Barrett, Lew Findlay and Roly Fitzgerald.

**T**

Moved William Wood, seconded Karen Naylor.

**RESOLVED**

Defer Programme 902 – Seismic Strength Council Building (\$2.042M) to the 2026/2027 Annual Budget

Clause 80.16-25 above was carried 9 votes to 7, the voting being as follows:

**For:**

The Mayor (Grant Smith) and Councillors Mark Arnott, Vaughan Dennison, Lew Findlay, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

**Against:**

Councillors Debi Marshall-Lobb, Brent Barrett, Rachel Bowen, Roly Fitzgerald, Patrick Handcock, Leonie Hapeta and Lorna Johnson.

Moved Karen Naylor, seconded William Wood

**On Motion U:** Defer Programme 2335 - Stoney Creek Road (\$1M) to the 2026/2027 Annual Budget.

The motion was lost 7 votes to 9. The voting being as follows:

**For:** Councillors Vaughan Dennison, Leonie Hapeta, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

**Against:**

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Mark Arnott, Brent Barrett, Rachel Bowen, Lew Findlay, Roly Fitzgerald, Patrick Handcock and Lorna Johnson.

Moved Karen Naylor, seconded Kaydee Zabelin

**On Motion V:** Defer Programme 1194 – CET Arena Masterplan (\$8.528M) to the 2026/2027 Annual Budget.

The motion was lost 3 votes to 13. The voting being as follows:

**For:** Councillors Brent Barrett, Karen Naylor and Kaydee Zabelin.

**Against:**

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



Moved Karen Naylor, seconded Billy Meehan

**On the Motion W:** Defer Programme 2456 – Cliff Road (\$1.862M) to the 2026/2027 Annual Budget;

and

Defer Te Motu O Poutoa project by one year by deferring Programme 1895 – TMOP (\$5.651M) and Programme 2239 - TMOP design (\$1.104) to the 2026/2027 Annual Budget.

The motion was lost 6 votes to 10. The voting being as follows:

**For:**

Councillors Mark Arnott, Leonie Hapeta, Billy Meehan, Orphée Mickalad, Karen Naylor and William Wood

**Against:**

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Brent Barrett, Rachel Bowen, Vaughan Dennison, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Lorna Johnson and Kaydee Zabelin.

Councillor Billy Meehan left the meeting at 4.32pm

Moved Karen Naylor, seconded William Wood

**On Motion X:** Remove Programme 2499 - Smart Cities Budget - \$51K

The motion was lost 4 votes to 11. The voting being as follows:

**For:**

Councillors Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

**Against:**

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Leonie Hapeta and Lorna Johnson.

Councillor Billy Meehan returned to the meeting at 4.38pm

**Amendment for recommendation Y**

Moved Vaughan Dennison, seconded Leonie Hapeta.

Amend Programme 2231 - Public Transport - additional bus shelters to \$~~400K~~ 700K.

The amendment was passed 9 vote to 7, the voting being as follows:

**For:**

The Mayor (Grant Smith) and Councillors Mark Arnott, Vaughan Dennison, Lew Findlay, Leonie Hapeta, Billy Meehan, Orphée Mickalad, Karen Naylor and William Wood.

**Against:**

Councillors Debi Marshall-Lobb, Brent Barrett, Rachel Bowen, Roly Fitzgerald, Patrick Handcock, Lorna Johnson and Kaydee Zabelin.



**Y**

Moved William Wood, seconded Karen Naylor.

**RESOLVED**

Amend Programme 2231 - Public Transport - additional bus shelters to \$700K.

Clause 80.17-25 above was carried 12 votes to 3, the voting being as follows:

**For:**

The Mayor (Grant Smith) and Councillors Mark Arnott, Brent Barrett, Vaughan Dennison, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Leonie Hapeta, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

**Against:**

Councillors Rachel Bowen, Lorna Johnson and Billy Meehan.

**Note:**

Councillor Debi Marshal Lobb did not vote.

**5**

Moved Grant Smith, seconded Karen Naylor.

**RESOLVED**

5. That Council refer a budget of \$700,000 for Programme 2231 – City Wide Public Transport – Additional Bus Shelters to the Annual Budget 2026/27 process.

Clause 80.18-25 above was carried 15 votes to 1, 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, Patrick Handcock, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

**Against:**

Councillor Roly Fitzgerald.

**3**

Moved Grant Smith, seconded Patrick Handcock.

**RESOLVED**

3. That Council adopt Option 1 – Maintain the status quo with no changes to the existing layout for left hand turning lanes onto Rangitikei Street from Featherston Street, at no cost

Clause 80.19-25 above was carried 10 votes to 6, the voting being as follows:

**For:**

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Brent Barrett, Rachel Bowen, Roly Fitzgerald, Patrick Handcock, Lorna Johnson, Orphée Mickalad, Karen Naylor and Kaydee Zabelin.



**Against:**

Councillors Mark Arnott, Vaughan Dennison, Lew Findlay, Leonie Hapeta, Billy Meehan and William Wood.

**Extension  
of meeting  
time**

Moved Grant Smith, seconded Debi Marshall-Lobb.

That the meeting time be extended to 7pm.

Clause 80-25 above was carried 16 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, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

**8**

Moved Grant Smith, seconded Debi Marshall-Lobb.

**RESOLVED**

That Council agree the proposed capital new programme budget reductions set out in the tabled item to the meeting of 14 May 2025, excepting Programmes 1846, 1847 and 902 (already dealt with) and 2452, 1099 (excluded).

Clause 80.20-25 above was carried 16 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, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

**1c**

Moved Grant Smith, seconded Debi Marshall-Lobb.

**RESOLVED**

1. That Council instruct the Chief Executive to prepare a draft Annual Budget 2025/26 for consideration and adoption by the Council at its meeting on 4 June 2025 and that it incorporates the following:

- c. Capital new programmes including carry forwards and amendments as outlined in Annual Budget 2025/26 – Schedule of Proposed Capital New Programmes (Attachment 5) with amendments as agreed above.

Clause 80.21-25 above was carried 15 votes to 1, 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, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, William Wood and Kaydee Zabelin.

**Against:**

Councillor Karen Naylor.



The meeting adjourned at 5.05pm.  
The meeting resumed at 5.15pm.

### **Capital Growth**

**1d + 9**

Moved Grant Smith, seconded Debi Marshall-Lobb.

### **RESOLVED**

That Council agree the proposed capital growth programme budget reductions set out in the tabled item to the meeting of 14 May 2025.

1. That Council instruct the Chief Executive to prepare a draft Annual Budget 2025/26 for consideration and adoption by the Council at its meeting on 4 June 2025 and that it incorporates the following:

- d. Capital growth programmes including carry forwards and amendments as outlined in Annual Budget 2025/26 – Schedule of Proposed Capital Growth Programmes (Attachment 6); with amendments as agreed above.

9. That Council agree the proposed capital growth programme budget reductions set out in the tabled item to the meeting of 14 May 2025.

Clause 80.22-25 above was carried 16 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, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

### **Capital Renewals**

**AB**

Moved William Wood, seconded Karen Naylor.

### **RESOLVED**

Reduce Programme 1879 - Council Vehicles by \$500k (Was \$1791K – change to \$1291K).

Clause 80.23-25 above was carried 14 votes to 2, 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, Leonie Hapeta, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

#### **Against:**

Councillors Patrick Handcock and Lorna Johnson.



Moved Karen Naylor, seconded William Wood

**On Motion AC:** Reduce Programme 281 - CAB renewals by 102k.

The motion was lost 6 votes to 10. The voting being as follows:

**For:**

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

**Against:**

Councillors Debi Marshall-Lobb, Brent Barrett, Rachel Bowen, Vaughan Dennison, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Leonie Hapeta, Lorna Johnson and Kaydee Zabelin.

Moved Karen Naylor, seconded William Wood

**On Motion AD:** Defer \$610k from Programme 1127 - Shade House & Bonsai Display to 2027/28.

The motion was lost 3 votes to 13. The voting being as follows:

**For:**

Councillors Mark Arnott, Karen Naylor and William Wood.

**Against:**

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

Moved Karen Naylor, seconded William Wood

**On the motion Tabled item Capital Renewals:** That Council agree the proposed capital renewal programme budget reductions set out in the tabled item to the meeting of 14 May 2025.

The motion was lost 2 votes to 14. The voting being as follows:

**For:**

Councillors Karen Naylor and Orphée Mickalad.

**Against:**

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

**1e**

Moved Grant Smith, seconded Debi Marshall-Lobb.

**RESOLVED**

1. That Council instruct the Chief Executive to prepare a draft Annual Budget 2025/26 for consideration and adoption by the Council at its meeting on 4 June 2025 and that it incorporates the following:

- e. Capital renewal programmes including carry forwards and amendments as outlined in Annual Budget 2025/26 – Schedule of Proposed Capital Renewal Programmes (Attachment 7); with amendments as agreed above.



Clause 80.24-25 above was carried 14 votes to 2, 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, Leonie Hapeta, Lorna Johnson, Orphée Mickalad, William Wood and Kaydee Zabelin.

**Against:**

Councillors Billy Meehan and Karen Naylor.

**Rates**

Moved Lorna Johnson, seconded Brent Barrett

**On motion Alternative 4(a):** That the Uniform Annual General Charge be \$200.

The motion was lost 8 votes to 8. The voting being as follows:

**For:**

Councillors Debi Marshall-Lobb, Brent Barrett, Rachel Bowen, Roly Fitzgerald, Patrick Handcock, Lorna Johnson, Billy Meehan, and Kaydee Zabelin.

**Against**

The Mayor (Grant Smith) and Councillors Mark Arnott, Vaughan Dennison, Lew Findlay, Leonie Hapeta, Orphée Mickalad, Karen Naylor, and William Wood

**4 a**

Moved Grant Smith, seconded Vaughan Dennison.

**RESOLVED**

4. That the draft Annual Budget 2025/26 include the following rating assumptions:

(a) That the Uniform Annual General Charge be \$300.

Clause 80.25-25 above was carried 13 votes to 3, the voting being as follows:

**For:**

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

**Against:**

Councillors Brent Barrett, Patrick Handcock and Lorna Johnson.

**4 b**

Moved Brent Barrett, seconded Vaughan Dennison.

**RESOLVED**

4. That the draft Annual Budget 2025/26 include the following rating assumptions:

b. That differential surcharges be changed for the FM group of semi-rural properties (0.2 to 5 ha) to make the discount (compared with the MS group) be 45%.



Clause 80.26-25 above was carried 16 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, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

**Amendment for recommendation 4b**

Moved William Wood, seconded Lorna Johnson

4b That differential surcharges be changed for the FM group of semi-rural properties (0.2 to 5 ha) to make the discount (compared with the MS group) be ~~42.5% for the 2025/26 year, with a proposal for further movement to 40% being referred to the 2026/27 annual budget process~~ 45%.

The amendment was passed 15 votes for and 1 against. The voting being as follows:

**For:**

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

**Against**

Councillor Brent Barrett

**4 c**

Moved Grant Smith, seconded Debi Marshall-Lobb.

**RESOLVED**

4. That the draft Annual Budget 2025/26 include the following rating assumptions:
  - c. Targeted rates for services adjusted as necessary to reflect changes to the budgets for the activities concerned.

Clause 80.27-25 above was carried 16 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, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

**6 + 7**

Moved Grant Smith, seconded Debi Marshall-Lobb.

**RESOLVED**

6. That Council note that the priority for Programme 1003 – Whakarongo Intersection Safety Upgrades as set in the 2024-34 Long-Term Plan has been changed and is now intended to enable greenfield residential subdivision development, as set out in



Attachment 8.

7. That Council note that where assumptions change as a result of external funding application decisions, Officers will report to Council. The categories of programmes to which this applies are:

- a. NZTA funding requests as outlined in section 2.4.2
- b. Better Off Funded programmes as outlined in Attachment 5
- c. Multi-Cultural Facility as outlined in section 2.4.2

Clause 80.28-25 above was carried 16 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, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

**81-25**

**Community housing partnership programme**

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

Moved William Wood, seconded Leonie Hapeta.

**RESOLVED**

1. That the Chief Executive report on options and budget requirements to address identified opportunities for a community housing partnership programme.

Clause 81-25 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, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Leonie Hapeta, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

**Note:**

Councillor Vaughan Dennison declared a conflict of interest, withdrew from the discussion and sat in the gallery.

**Council Work Schedule**

The Council work schedule was not considered.

**Karakia Whakamutunga**

Councillor Debi Marshall-Lobb closed the meeting with karakia.



The meeting finished at 6.13pm.

Confirmed 4 June 2025

**Mayor**



## NOTICE OF MOTION

**TO:** Council

**MEETING DATE:** 4 June 2025

**TITLE:** Notice of Motion: Palmerston North Boys High School - Hockey Turf Project

**FROM:** Councillor William Wood

### THAT COUNCIL RESOLVES:

1. That Council create a new operating programme to provide civic support for the PNBHS Hockey Turf project of \$33.5K in 2025/26 and refer \$33.5K per year to 2026/27 and 2027/28 annual budget processes.

## NOTICE OF MOTION

I, William Wood, in accordance with Standing Order 2.7.1. hereby GIVE NOTICE OF MOTION that I will move at the next Council meeting on 4 June 2025 the following motion:

**That Council create a new operating programme to provide civic support for the PNBHS Hockey Turf project of \$33.5K in 2025/26 and refer \$33.5K per year to 2026/27 and 2027 /28 annual budget processes.**

AND I further give notice that in compliance with Standing Order 2.7.2 **the reasons for the Notice of Motion** include:

The benefits this facility would bring to the community as a facility for PNBHS and for the hockey community at large. By supporting another organisation to own and operate the Hockey Turf it helps meet demand without adding additional pressure on Council's operating and maintenance budgets.

The project is well supported by the sporting sector, and funding from the Council will strengthen PNBHS' grant applications to bring in greater funding for the project. Alongside that is the fact that one Councillor was not present at the vote that could have led to a different outcome.

**Noting that under Standing Order 2.25.1**, "when a motion has been considered and rejected by the Council or a committee, no similar notice of motion which, in the opinion of the Chairperson, may be accepted within the next six months, unless signed by not less than one third of all members, including vacancies," more than one third of elected members have signed below to request that Council reconsider the motion, which failed for lack of majority at the Council meeting of 14 May 2025.



Name	Signature
William Wood	(mover)
Grant Smith.	(seconder)
Orphee Mickalad	Orphee M.
Billy Meehan	
MARIX ARNOTT	
Leone Hgeeta	

**ATTACHMENTS**

Nil



## RECOMMENDATIONS FROM COMMITTEE

**TO:** Council

**MEETING DATE:** 4 June 2025

**TITLE:** Presentation of the Part I Public Community Committee Recommendations from its 21 May 2025 Meeting

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Set out below are the recommendations only from the Community Committee meeting Part I Public held on 21 May 2025. The Council may resolve to adopt, amend, receive, note or not adopt any such recommendations. (SO 2.18.1)

- 11-25**      [Recommendation to engage Sector Lead Organisations](#)  
Memorandum, presented by Ahmed Obaid, Community Development Advisor and Stephanie Velvin, Manager Community Development.

The **COMMITTEE RECOMMENDS**

1. That Council engage the following organisation through Sector Lead Partnership Agreement for the period 1 July 2025 to 30 June 2028:
  - a. MASH Trust

- 12-25**      [Potential locations for a public toilet at Albert St](#)  
Memorandum, presented by Bill Carswell, Activities Manager, Property Services.

The **COMMITTEE RECOMMENDS**

1. That Council proceed with applying for a planning and building consent for the installation of a single pan toilet at the end of Albert Street (option 2 residential pump station).







## MEMORANDUM

**TO:** Council

**MEETING DATE:** 4 June 2025

**TITLE:** Fees and Charges - Confirmation following consultation

**PRESENTED BY:** Steve Paterson, Manager - Financial Strategy

**APPROVED BY:** Cameron McKay, General Manager Corporate Services

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### RECOMMENDATION(S) TO COUNCIL

1. That Council receive the submissions for fees and charges (Attachment 1).
  2. That Council approve the fees and charges for Planning & Miscellaneous Services, as scheduled in Attachments 2 and 3, effective from 1 July 2025.
  3. That Council approve the fees and charges for Trade Waste Services, as scheduled in Attachment 4, effective from 1 July 2025.
- 

### 1. ISSUES

#### 1.1 Confirmation following public consultation

At its meeting on 12 February 2025 Council approved fees and charges for planning and miscellaneous services and for trade waste services for public consultation. This memorandum advises that two submissions were received to the targeted public consultation process (Attachment 1).

This memo recommends confirmation of the fees and charges as attached.

### 2. BACKGROUND

#### 2.1 Previous Council Decisions

On 12 February Council adopted recommendations approving a schedule of fees and charges for planning and miscellaneous services and trade waste services for public consultation.

#### 2.2 Public Consultation

Public consultation was carried out over the period from 17 March to 17 April 2025. It involved public notices in local media and on Council's website and social media platforms and ran concurrently with the consultation period for the Annual Budget.



Two submissions were received relating to planning and miscellaneous fees and charges (Attachment 1) and these were previously circulated with the agenda for the Council hearings meeting on 30 April. One submitter (L Fugle) also presented orally to the hearings meeting.

There were no submissions on the trade waste charges.

## 2.3 Evaluating the submissions

### Submission from L Fugle

The submitter believes the proposed fees and charges are unreasonably high. His submission challenges some of the underlying policy regarding what components of the planning costs should be borne by developers, the efficiency and effectiveness of the officers involved and the actual level of the charges.

The rationale for the fees and charges and the proposed increases was canvassed in the report to the February meeting.

As outlined in that report fees for planning services have been compared against ten other Councils in New Zealand and are typically at, or near the top of the list. This is consistent with comparisons done in previous years. It may reflect the varying approaches to the funding policy expectations across the sample Councils and/or the way their costs are allocated to the various activities. Meaningful comparisons are very difficult to make. Although future efforts will be made to better understand some of the reasons for the differences the current focus is to continually improve the effectiveness and efficiency of the service delivered by Council.

Officers believe the fees and charges proposed fairly reflect the cost incurred by the Council to provide the service and are consistent with the Revenue and Financing Policy.

### Submission from Resonant on behalf of Brian Green Developments Ltd

The submission comments on two issues:

- The proportion of the planning costs sought to be recovered through fees and charges
- The charge out rates for technical and professional staff from other Council units

The Council's approach is to allocate planning staff time between what is considered to be chargeable (private) and what is considered public good (public) and to recover 100% of what has been allocated to chargeable time.



The budget for 2025/26 assumes the following:

	Revenue (\$m)	Expenses (\$m)	Net cost (\$m)	Percentage recovery
Private	1.753	1.970	0.217	89%
Public	0	1.696	1.696	0%
Total	1.753	3.666	1.913	48%

The budget is therefore assuming there will be only 48% of the total planning services costs funded from planning fees and charges – well short of the 100% assumed by the submitter.

In reviewing the original schedule of charges officers did consider the possibility of having a variety of charges depending on the seniority of the officer involved but in the end, for practical reasons, decided instead to recommend a lower hourly charge out rate than before and this lower rate was included in the new schedule consulted upon.

#### 2.4 Conclusion

No further changes are recommended and the proposed fees and charges to be approved are outlined in Attachments 2, 3 and 4.

### 3. NEXT STEPS

Once approved the fees and charges for planning and miscellaneous and trade waste will be published on Council's website and in all other relevant places and implemented from 1 July 2025.





### 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
The recommendations contribute to the achievement of objective/objectives in: 14. Mahere mana urungi, kirirarautanga hihiri	



14. Governance and Active Citizenship Plan	
The objective is: Base our decisions on sound information and advice	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	<p>The process for setting fees and charges depends on the nature of the activity and the particular requirements of the relevant bylaw, legislation or Council policy.</p> <p>The recommendations take account of Council's Revenue &amp; Financing Policy that in turn reflects Council's strategic direction.</p>

## ATTACHMENTS

1. Submissions on Planning & Miscellaneous fees [↓](#) 
2. Planning Charges for 2025/26 [↓](#) 
3. Miscellaneous Charges 2025/26 [↓](#) 
4. Trade Waste Charges for 2025/26 [↓](#) 



## Planning & Miscellaneous Service Fees

1

**From:** Les Fugle <> Saturday, 22 March  
**Sent:** 2025 9:13 pm Submission  
**To:** Submission  
**Subject:**

### Submission - Planning and Miscellaneous Service Fee

1. I strongly oppose the introduction of Council's propose increases in fees, as well as the current charges. These charges are exorbitant, unjustified, and detrimental to the business sector.
2. Fees should not be disproportionate to officer remuneration, acknowledging adjustment for administrative margin. For example, charging \$285 per hour for a planning officer and claiming this represents 88% of the actual cost implies cost to manage that service is \$325 per hour. This equates to Council receiving from that person annual workload generating around \$600,000, based on a 40-hour/46 week year, which is indefensible when measured against a person's salary.
3. The relevant provision to set charges is regulated and emphasised by section 150 of the Local Government Act 2002. The core principle encircles Council must not recover more than the reasonable costs incurred encircling that on hand.
4. Reasonable is one of fairness and fact. My submission Council charges exceed the actual cost of the service(s) albeit unable to quantify degree without further information from Council.
5. It is illogical and unacceptable that Council processing fees often exceed the cost incurred by applicants and consultants in preparing comprehensive applications. The Council's role is primarily one of peer review of the application, which should not necessitate such inflated fees. The Council's substantial expenditure on external consultants and legal counsel further underscores staff ability to manage matter.
6. The Council's methodology of bundling operating and outsourcing costs to justify an 88% recovery target is flawed. These inflated fees are a significant deterrent to development and employment. A dramatic reduction in charges would stimulate growth, thereby increasing the Council's rate intake.

I wish to make an oral submission to further articulate my concerns.

### Request for Information:

To further analyse the Council's fee structure; pursuant to the Local Government Official Information and Meetings Act 1987 (LGOIMA) please provide the following information:

- \* Detailed supporting documentation that used to calculate each proposed fee increase charge under the category "Indicative Charges" for planning matters.
- \* Actual revenue received for each sub-category listed in above schedule of charges.
- \* The amounts paid to external consultants, separately, that to outsourced legal services.
- \* All the above information for the 12 months preceding the proposed fee increases.

Please do not hesitate to contact me should additional information required.  
 Les Fugle.



**Council fees & charges:**

1. My name is Les Fugle. I am a local ratepayer and business owner; therefore, I have cause to interact with council staff, who frequently charge for that service.
2. My unease on this topic stems from the Council's underlying policy of charging an hourly rate for staff time and recovering 100% of the provided planning services. In a nutshell, I assert that the fees & charges are unfair, exceed market rates, are overly inflated, and obstruct growth.
3. The function of Council staff is not to profiteer but to proactively facilitate business and well-being services not dissimilar from a range of other community and social organisations; entities that typically operate on a non-profit basis, limiting, if not voluntary, to their actual overhead costs. I therefore question the rationale behind the Council's practice to charge for staff time at a rate significantly higher than their remuneration. To illustrate my point, a staff member working a standard 40-hour week and being charged out under the listed schedule rate for a planning officer at \$235p/h would bring in some \$460,000 in revenue for the Council annually.
4. Enlarging on the above, a fundamental purpose behind the collection of Rates is to avail that income towards the Council's operational costs, including that of staff salaries, thus raising concern why additional charges are imposed for staff time when their day-to-day work is paid from that source.
5. Further, a key component behind any charge is that elected members must be satisfied that staff are producing value-for-money service. There is a strong sentiment within the community that some staff, at times, are floundering, a view supported by the high level of complaints the Council receives. E.g. applications are regularly subject to requests for further information, which is often perceived by the applicant as not related to the matter and or the information has already been provided. There is also concern that processing staff constantly need to consult with colleagues and/or external consultants due to not having the necessary qualifications or experience, which causes process delay & escalation in costs. To highlight this point, it is noted that between July 2024 - March 2025 (a mere 8 months), staff expended \$921,000 on external consultants seeking assistance over planning matters.
6. Council staff are paid from out of the administration account, bankrolled from Rates that once including other income revenues, amount to approximately. \$196m – Council puts aside .47% of that intake (beckons why so little) towards operating the planning division, i.e. \$921k. I have no knowledge of staff numbers engaged under the planning umbrella, but say, unlikely those salaries collectively would match \$921k; however, if there is a shortfall in operating the planning division, then the put side percentage be increased.

**Planning processing charges:**

7. Section 150(4) of the Local Government Act 2002 explicitly restricts a Council from “recovering more than the reasonable costs incurred for the matter for which the fee is charged”, while the RMA 1991 section 36AAA(3) sets out the criteria for fixing charges.
8. Council policy sets out to recover 100% of the planning matter cost, which of course, is predominantly made up of staff time. I say these charges ought to be removed in their entirety as staff are paid out of the administration account, and for hereafter reasons.
9. While acknowledging it may be simpler from an administration perspective to impose a starting charge, that is not what the legislation describes. The law restricts recovery to no more than the reasonable cost of processing the matter. A fixed charge, particularly at the described rates, fails to account that the actual cost can be less than the scheduled starting charge.



10. Below are mere couple examples that highlight concerns with setting a standardize charge, but firstly, one needs to be mindful that an application is predominately prepared by a professional consultant whom retains wealth of expertise in such matters (council staff are effectively the peer reviewer) and that at times there is apprehension whether applications are appropriately managed and within a timely manner.

12. Council has fixed “non-notified” land use consent charge at \$5,000 albeit charge comes with ability to impose additional costs; thus indicates an officer would typically incur over a week processing the application if paid a generous wage of \$100 p/h; whereas, unless the application retains serious shortcomings, am advised by professionals, an application under this category ought to be capable of processing in a day or thereabouts.

13. Council has fixed “limited-notified” subdivision of up to 20 lots at a start charge of \$28,000 and, exceeding 20 lots, a start charge of \$48,000. With the bulk of the work undertaken by professionals outside of Council, the processing time for these applications ought not to exceed a few days; thus, such a charge is beyond the realms of reasonableness. I also question why the a huge difference between the two charges; a larger lot subdivision does not necessitate additional work, certainly to the extent the fee implies. Should it be advanced that a larger lot subdivision is more complex and time-consuming, that would be misleading. While larger lot subdivisions do require additional engineering drawings and more peer-review time, this phase of work is not undertaken at the planning permission stage. Planning approval involves a processing officer checking that the application satisfies the rules, policies and objectives; thus, the extent of work is all but the same regardless of the number of lots. Engineering drawing consideration and approval is a separate step thereafter.

14. While not directly a "planning charge," matter, it is worth noting that at the time of subdivision, the developer bears the entire cost of the subdivision, including road build, cost of installing services, that must strictly adhered to Council's specifications which includes pipes must have a service life of no less than “80-years”. Further, a developer having met that significant cost must also pay development levies (while the sum varies equates to many thousands per section); Thereafter, the developer must “gift” the road and land it sits upon to Council, who then further benefits by receiving ongoing Rates from each section created.

**In summary;**

- Council is empowered to recover 100% of the ‘reasonable cost’ to process the matter; however, a blanket charge approach inevitably exceeds the actual/reasonable cost of doing so.
- The charge out rate set for staff time are beyond reasonable. A fairer and safer recovery model is “charge-up” based on the actual cost (less any offset) thus eliminating the risk of overcharging.
- Planning/process charges, which consist largely of staff time, should be completely removed if for no other reason than the Council receives wider benefits, noted above, and the charges act to stymie development.
- An independent watchdog should be established to ensure staff transparency and restore public confidence.

I thank you for your time, and open to any questions.

Dated: 30 April 2025



2



218212

17 April 2025

**BRIAN GREEN RESIDENTIAL DEVELOPMENTS LTD - SUBMISSION**

Thanks for the opportunity to provide a submission to the draft annual plan budget 2025/2026.

This submission is made on behalf of Brian Green Residential Developments Limited (BGRDL) and relates to the proposed Fees and Charges for Planning and Miscellaneous Services.

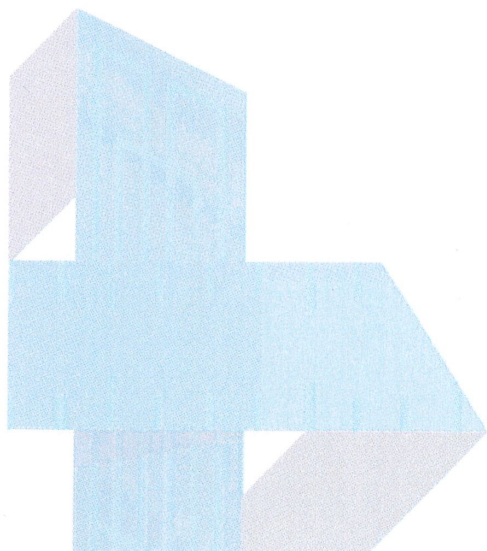
Firstly, we see that Council are endeavoring to recover 100% of their costs to provide planning services. We accept that they can recover a "high" percentage however we believe that 100% recovery is too high. Section 150 of the LG Act 2002 requires that the fees must only recover reasonable costs.

When a subdivision consent is not processed within the timeframes specified by the RMA a discount on fees is required to be issued. If this is applied, does Council wear this cost or are the new fees, being proposed, elevated to cover this? If the fees are being elevated to cover that cost, what penalty is Council paying for not meeting the RMA timeframes?

We would be interested to see what percentage other Councils charge. This point is not covered by Councils report. It is our understanding that other Councils have a recovery rate less than 100%, due to a public good component. We would prefer that Council set their recovery at 80%.

Secondly, we see that "Technical and Professional Staff from all other Council units" are to be charged out at \$245/hour. While this is a reduction from last year's \$268/hour we would like this line item split into Senior, Intermediate and Junior costs so that the fee reflects the seniority of the Council staff member involved. Last year we had a situation where a Junior PNCC staff member was being charged out at \$268/hour while our company's most experienced and fully qualified Chartered engineer was being charged out at a rate significantly less than that.

KB Judd  
Resonant Consulting Ltd



Palmerston North  
[www.resonant.co.nz](http://www.resonant.co.nz)



## Planning Services fees and charges

All fees and charges include GST unless indicated. Effective from 1 July 2025

Planning services charges listed below are imposed under the Resource Management Act 1991 (RMA) to recover the cost to Council for processing applications, monitoring consents and for Notice of Requirements Designations and Private District Plan Changes.

The Council's normal approach will be to invoice charges progressively (month by month) but we reserve the right to require a deposit of up to the amounts shown below before any work begins.

### Flat Fees

Activity Type	Charge from 1 July 2024	Charge from 1 July 2025
Small-scale resource consents	\$ 780	\$ 810
Boundary Activity	\$ 430	\$ 450
Temporary or Marginal Breaches	\$ 660	\$ 680
Certificates of Compliance	\$ 550	\$ 570
Town Planning Certificate (Alcohol)	\$ 430	\$ 450
Existing Use Certificates	\$ 1,250	\$ 1,300
Waiver for requirement for Outline Plan	\$ 550	\$ 570

### Indicative charges

These charges are payable by applicants for resource consents, for the local authority to carry out its functions in relation to receiving, processing and granting resource consents, including certificates of compliance and existing use certificates (RMA Section 36(1)(b)).

These charges were previously known as fixed fees. The terminology has been changed to indicative charges to make it clearer.

Section 36 of the RMA enables the Council to charge additional fees to recover actual and reasonable costs when the "fixed fee" is inadequate. This means that applications that exceed standard processing times or which involve a hearing may incur additional charges. Consultants' and solicitors' fees associated with all work types are also included.

Part of the charge may be refunded if the work required to process the application is minimal.

Activity Type	Charge from 1 July 2024	Charge from 1 July 2025	Deposit
Non notified land use consents (minor)	\$ 2,200	\$ 2,300	\$ 1,500
Non notified land use consents (other than minor)	\$ 5,000	\$ 5,200	\$ 3,000
Limited notified land use consents	\$ 73,000	\$ 76,000	\$ 48,000
Notified land use consents (full notification)	\$ 97,000	\$ 100,000	\$ 64,000
Non notified subdivision consents (controlled activity)	\$ 3,400	\$ 3,500	\$ 1,900
Non notified subdivision consents (discretionary restricted)	\$ 3,600	\$ 3,700	\$ 2,400
Non notified subdivision consents (other)	\$ 6,800	\$ 7,100	\$ 4,500
Notified subdivision consents for up to and including 20 lots in total (full and limited notification)	\$ 28,000	\$ 29,000	\$ 18,000
Notified subdivision consents for more than 20 lots (full and limited notification)	\$ 48,000	\$ 50,000	\$ 31,000
Outline planning approval	\$ 1,400	\$ 1,500	\$ 900
Notified notice of requirements, heritage orders, designation alterations	\$ 20,000	\$ 21,000	\$ 13,000
Non notified notice of requirements, heritage orders, designation alterations	\$ 3,400	\$ 3,500	\$ 2,000
District Plan changes	\$ 32,000	\$ 33,000	\$ 20,000



The following charges are payable by resource consent holders for Council to carry out its functions relating to administering, monitoring and supervising resource consents, including certificates of compliance and existing use certificates, and for carrying out its resource management functions under Section 35 (Section 36(1)(c)).

Activity Type	Charge from 1 July 2024	Charge from 1 July 2025	Deposit
Monitoring of non notified resource consents	At cost of Officer's time per hour (minimum 2 hours)	At cost of Officer's time per hour (minimum 2 hours)	N/A
Monitoring of notified resource consents	At cost of Officer's time per hour (minimum 4 hours)	At cost of Officer's time per hour (minimum 4 hours)	N/A
Variations to conditions (section 127 and 221 - subdivision and land use)	\$ 2,175	\$ 2,255	\$ 1,400
Extensions of time (section 125)	\$ 1,375	\$ 1,425	\$ 900
Cancellation of building line restrictions (under Local Government Act 1974 )	\$ 1,375	\$ 1,425	\$ 900
Adjustment of easements	\$ 1,375	\$ 1,425	\$ 900
Subdivision certificates (including section 223, 224)	\$ 485	\$ 505	\$ 300
Subdivision certificates (section 226)	\$ 1,715	\$ 1,780	\$ 1,100
Removal of designations	\$ 320	\$ 330	\$ 280
Purchase of District Plan & District Plan updates	At cost	At cost	N/A

The following charges are payable by resource consent holders, for Council to carry out its functions relating to reviewing consent conditions.

Activity Type	Charge from 1 July 2024	Charge from 1 July 2025
Review at the request of the consent holder	\$ 2,060	\$ 2,135
Review pursuant to section 128(1)(a)	\$ 2,060	\$ 2,135
Review pursuant to section 128(1)(c)	\$ 6,065	\$ 6,290

Document charges	Charge from 1 July 2024	Charge from 1 July 2025
Charges for supply of documents payable by the person requesting the document. (Section 36(1)(f))		
Replacement copies of certificates	\$ 130	\$ 135
Replacement copies of resource consents	At cost of officer's time per hour + disbursements	At cost of officer's time per hour + disbursements
Other documents	\$1 per page	\$1 per page
Additional copies of order papers	\$ 40	\$ 40



## Other Charges

### Advisory Service

There is no charge for an individual enquiry up to 30 minutes (whether in person at our Customer Service Centre, by phone or in writing). Where an individual enquiry is for a period longer than 30 minutes, it will be charged at cost, based on the relevant officer's hourly rate.

### Pre-application advice

A \$1,000 fee will be charged for use of the pre-application service (standard proposals). This applies where staff provide professional advice before you lodge a resource consent application. For additional advice or special circumstances, time will be charged at the relevant officer's/~~consultant's~~ hourly rate.

### Consultant Charges

Consultants' and solicitors' fees associated with all work types will be charged at cost plus disbursements. This includes processing a consent or certificate (including specialist technical or legal advice where a consent involves creating legal instruments) and new notices of requirement, heritage orders, designation alterations, removal of designations and District Plan changes.

### Charges for hearings

Hearings for all applications, designations, notice of requirements private District Plan changes, development contributions and remittance fees and associated work by relevant staff will be charged at the cost of officers' time per hour, as shown below.

Production of order papers will be at cost plus disbursements.

Council Officer's Hourly Rates	Charge from 1 July 2024	Charge from 1 July 2025
These charges are the rates per hour for Council officers and decision-makers for processing consents, hearings, designations etc that do not have an indicative charge or where the indicative charge is inadequate to cover the actual and reasonable costs of the Council.		
Planning Technician	\$ 209	\$ 215
Planning Officers	\$ 235	\$ 245
Monitoring and Enforcement Officer	\$ 209	\$ 215
Senior Planning Officer	\$ 251	\$ 260
Team Leader, Planning Services	\$ 262	\$ 270
Manager, Planning Services	\$ 273	\$ 285
City Planning Manager	\$ 273	\$ 285
General Manager	\$ 294	\$ 305
Team Leader, Business Support	\$ 219	\$ 227
Senior Business Support Officer	\$ 198	\$ 205
Administration/Committee Administration Staff	\$ 144	\$ 149
Technical and Professional Staff from all other Council units	\$ 268	\$ 245
Commissioner	At cost plus disbursements	At cost plus disbursements
Hearing Panel of Elected Members (Chair & members)	At cost (\$116 per hour and \$93 per hour for members) plus disbursements	At cost (\$116 per hour and \$93 per hour for members) plus disbursements



## Guidance notes

The number of lots in a subdivision includes the balance lot.

The fixed charges do not include other charges that may be imposed under the RMA or other legislation such as:

- Additional charges (section 36(5));
- Bonds
- Monitoring and supervision charges expressly provided for in a resource consent
- Development contributions

## Fees Methodology

Council now generally no longer takes deposits and instead charges fees on a monthly basis. However, provision still remains for the Council to require deposits in special circumstances. Land use and subdivision consent charges have been based on average costs of consents issued. Deposits have generally been set at rates consistent with the previous year. Indicative charges are set at an appropriate level based on historical data. Final charges will be based on staff hourly rates, technical officer or consultant time and any other relevant Council fees that apply.

Minor non notified land use consents usually applies to:

- applications for a dwelling, or a minor dwelling, dependent dwellings, accessory buildings, home occupations and access in the residential and rural zones
- applications for non-illuminated signs in the business and industrial zones.

Monitoring and inspection charges are based on staff hourly rates to complete the task. Dealing with compliance issues is based on the actual time spent by the officer, based on the hourly rate for the Monitoring and Enforcement Officer.



## Miscellaneous fees and charges

Miscellaneous charges are for inspections, information and other services not specified in our other fees schedules. They include LIMs, swimming pool inspections, vehicle crossing applications and charges for Council staff, among other things.

All fees and charges include GST. Effective from 1 July 2025.

These miscellaneous charges are imposed under the Local Government Act 2002. They seek to recover the cost to Palmerston North City Council for approvals, authorities and inspections not covered by the primary legislation under which the Council operates. (These being the Resource Management Act 1991, Building Act 2004, Dog Control Act 1996, Impounding Act 1955, Food Act 2014 and Land Transport Act 1998).

LIMS, GIS inputting, Street number changes	Fixed Fee from 1 Jul 2024	Fixed Fee from 1 Jul 2025
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These are payable when a request is made to Council for a service or for information. No additional charges will be applied.

Land Information Memorandum	\$ 521	\$ 521
GIS Inputting, per consent	\$ 218	\$ 226
Request for street number changes	\$ 469	\$ 486

Noise	Fixed Fee from 1 Jul 2024	Fixed Fee from 1 Jul 2025
Return of seized sound equipment: First offence	\$ 215	\$ 223
Return of seized sound equipment: Second or subsequent offence	\$ 503	\$ 522
Disconnection of alarms under the Resource Management Act	Recovery of actual cost incurred by Council, including staff time and contractor costs	

Food control plan auditing	Fixed Fee from 1 Jul 2024	Fixed Fee from 1 Jul 2025
These fees are non-refundable. They are charged under the Food Act 2014 and include site visits, reporting and general administration.		
Processing an application for registration or renewal of a food control plan or a national programme	\$ 334	\$ 345
Verification, initial or follow-up site visits (including reporting) (hourly rate)	\$ 208	\$ 215

Domestic Food Business Levy		Fixed Fee from 1 Jul 2025
The Council is required to collect levies on behalf of the Ministry of Primary Industries to cover their costs associated with administering food safety legislation.		
Charge per annum for each food business for operators that are required to operate under a food control plan or a food business subject to a national programme. (note: this levy will increase to \$99.19 from 1 July 2026 and \$132.25 from 1 July 2027)		\$ 66.13
Council administration charge for acting as collection agent		\$ 11



Deposits	Charge from 1 Jul 2024	Charge from 1 Jul 2025
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Charges for all services are based on the actual costs incurred by the Council. Any deposits specified below are payable before the Council starts the service. The total charge for the service will be determined when the service is completed, based on the time spent on the work by the relevant officer at that officer's hourly rate.

Right of Way Approval- section 348	\$ 500	\$ 500
Certificate of Compliance Building Code - Alcohol	Billed at the actual cost of the officer's time per hour	Billed at the actual cost of the officer's time per hour
Gambling venue consent	\$472 plus officer's hours after 3 hours	\$472 plus officer's hours after 3 hours

#### Other Charges

These fees may be applicable to a consent or may be applied as a single charge.

Photocopying or copy of scanned documents	Charge from 1 Jul 2024	Charge from 1 Jul 2025
A0, A1, A2	\$10.00/page	\$10.00/page
A3	\$0.50/page	\$0.50/page
A4	\$0.40/page	\$0.40/page
Double sided A3	\$0.60/page	\$0.60/page
Double sided A4	\$0.50/page	\$0.50/page
Single sided (colour copies)	Additional charge of \$1.70/page	Additional charge of \$1.70/page
Double sided (colour copies)	Additional charge of \$3.80/sheet	Additional charge of \$3.80/sheet

Request for Property Information	Charge from 1 Jul 2024	Charge from 1 Jul 2025
Copy of Property Information	At cost of officer's time per hour plus disbursements	
Certificate of Title	\$ 33	\$ 34

Swimming Pools	Charge from 1 Jul 2024	Charge from 1 Jul 2025
Initial compliance inspection	\$ 242	\$ 251
Swimming Pool reinspections (second and subsequent inspections)	\$242.00 per inspection	\$251.00 per inspection

Vehicle crossings	Charge from 1 Jul 2024	Charge from 1 Jul 2025
T1 Inspect existing vehicle crossing	\$ 258	\$ 268
T2 New vehicle crossing	\$ 476	\$ 494
T3 Alter an existing vehicle crossing	\$ 258	\$ 268

Asset bonds	Charge from 1 Jul 2024	Charge from 1 Jul 2025
Council Asset Bond, payable for each building consent above the value of \$100,000	\$1,000 (no GST)	\$1,000 (no GST)
Administration & processing fee	\$ 227	\$ 235

Overgrown Trees/Shrubbery	Charge from 1 Jul 2024	Charge from 1 Jul 2025
Removal of overgrown trees or shrubbery	Recovery of actual cost incurred by Council, including staff time and contractor costs	



**Charges for Council officers and decision-makers**

	Charge from 1 Jul 2024	Charge from 1 Jul 2025
These charges are the rate per hour (or part thereof) for Council staff services, by work type, for approvals, authorities and inspections that are not listed on this page as a fixed fee.		
General Manager	\$ 294	\$ 305
City Planning Manager	\$ 273	\$ 285
Manager Planning Services	\$ 273	\$ 285
Team Leader, Planning Services	\$ 262	\$ 270
Senior Planning Officer	\$ 251	\$ 260
Planning Officers	\$ 235	\$ 245
Planning Technician	\$ 209	\$ 215
Monitoring and Enforcement Officer	\$ 209	\$ 215
Team Leader Building	\$ 251	\$ 260
Senior Plumbing and Drainage Officer and Advanced Building Officer	\$ 251	\$ 260
Building Officer	\$ 231	\$ 240
Manager Environmental Protection	\$ 275	\$ 284
Environmental Health Officer	\$ 223	\$ 231
Team Leader Business Support	\$ 219	\$ 227
Senior Business Support Officer	\$ 198	\$ 205
Administration staff	\$ 144	\$ 149
Technical and professional staff from other parts of Council	\$ 268	\$ 245
Commissioner	At cost plus disbursements	
Hearing Panel of elected members	At cost (\$116 per hour and \$93 per hour for members) plus disbursements	At cost (\$116 per hour and \$93 per hour for members) plus disbursements



## Attachment 4

Palmerston North City Council

## Trade Waste Charges

Pursuant to the Palmerston North Trade Waste Bylaw 2022

Category		2024/2025 Charge (GST Incl.)	2025/2026 Charge (GST Incl.)	Description
<b>Administrative Charges (Table 2 – Schedule 1)</b>				
2.2	Compliance Monitoring - Conditional Consents	\$250 per sampling & analysis	<b>\$270</b> per sampling & analysis	Fee to recover inspection and monitoring costs of trade premises
2.2	Compliance Monitoring – Grease Trap Sampling Fee	\$130 per inspection	<b>\$140</b> per inspection	Fee to recover inspection and sampling costs of grease traps
2.4	Trade Waste Application Fee	\$1,700	<b>\$1,820</b>	Fee to recover cost of processing new or renewal applications
2.5	Consent Processing Fee	\$210 per hour	<b>\$225</b> per hour	Fee to recover cost of processing extraordinary applications
2.6	Re-inspection Fee	\$210 per inspection	<b>\$225</b> per inspection	Fee to recover cost of re-inspections of individual trade premises
2.9	Trade Waste Charge - Permitted Consents for Grease traps/Oil interceptors/Amalgam traps	\$130 per annum	<b>\$140</b> per annum	Charge to recover administration and monitoring cost of grease traps/ oil interceptors & other treatment devices/ amalgam traps at dental surgeries
2.9	All other premises (conditional) plus trade waste charges	\$1,410 per annum	<b>\$1,510</b> per annum	Charge to recover administration and monitoring cost of trade waste consents
2.9	Discharge administration fee	\$650 per annum	<b>\$700</b> per annum	Charge to recover administration and monitoring costs of permitted customers with discharges exceeding 5m <sup>3</sup> /day
<b>Trade Waste Charges (Table 3 – Schedule 1)</b>				
3.1	Volume Charge (\$/m <sup>3</sup> )	\$0.694/m <sup>3</sup>	<b>\$0.78</b> /m <sup>3</sup>	Charge to recover sewerage collection costs
3.3	Suspended Solids Charge (SS) (\$/kg)	\$0.744/kg SS	<b>\$0.95</b> /kg SS	Charge to recover suspended solids treatment costs
3.4	Organic Loading Charge (BOD) (\$/kg)	\$0.71/kg BOD	<b>\$0.79</b> /kg BOD	Charge to recover organic loading treatment costs
3.6	Phosphorous Charge (DRP) (\$/kg)	\$38.805 /kg DRP	<b>\$46.45</b> /kg DRP	Charge to recover phosphorous (DRP) removal costs
<b>Tankered Waste Charges (Table 4 – Schedule 1)</b>				
4.1	Tankered Wastes Charge	\$45/1,000 litres	<b>\$50</b> /1,000 litres	Charge to recover administration, receiving and treatment costs of tankered wastes



## MEMORANDUM

**TO:** Council

**MEETING DATE:** 4 June 2025

**TITLE:** 2025/26 Annual Budget - Adoption

**PRESENTED BY:** Steve Paterson, Manager - Financial Strategy and Scott Mancer, Manager - Finance

**APPROVED BY:** Cameron McKay, General Manager Corporate Services

### RECOMMENDATION(S) TO COUNCIL

1. That Council adopt the Annual Budget (Plan) for 2025/26 as attached separately.
2. That Council confirm the adoption of the Annual Budget (Plan) 2025/26 is a significant decision within the parameters of the Local Government Act 2002 and that Council is satisfied that all submissions have been considered and that there has been compliance with the decision-making and consultation requirements of the Act.
3. That Council delegate authority to the Chief Executive to authorise payments to council-controlled organisations and other external organisations in accordance with their respective service level agreements.

### 1. ISSUE

At its meeting on 14 May 2025 Council resolved to instruct the Chief Executive to prepare a final Annual Budget document for 2025/26 incorporating a number of matters considered by Council in response to submissions to the draft budget and updated information from Council officers.

The report includes as appendix the proposed budget document for adoption.

### 2. BACKGROUND

The proposed final budget document is based on the supporting information for the Consultation Document updated to reflect the changes approved by Council through its deliberations on 14 May.

These changes have resulted in a proposed increase to total rates of 6.6%, reduced from the 7.7% consulted on.

It should be noted that, should issues arise due to the reduction to the professional services budget, a report will be brought back to Council.



Additionally, the Government Budget announced on 22 May changes to the Kiwisaver scheme. Employer contributions to Kiwisaver are to increase from 3% currently to 3.5% from 1 April 2026 and reach 4% by April 2028. Due to the timing of this announcement the implications are still being understood and therefore have not been included in this budget. Officers will likely need to bring a report to Council outlining the impact of this change in due course.

### 3. NEXT STEPS

Once the Annual Budget is adopted, Council will be able to set the rates for the 2025/26 year.

The budget formalises the work programme for the organisation for the year and this will now be able to proceed with certainty.


The budget document will be published on Council's website and those who have made submissions to the consultation process will be advised of the outcomes.

### 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?	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
<p>The recommendations contribute to the achievement of objective/objectives in:</p> <p>14. Mahere mana urungi, kirirautanga hihiri</p> <p>14. Governance and Active Citizenship Plan</p> <p>The objective is: Base our decisions on sound information and advice</p>	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	<p>Adopting an annual budget/plan each year is a fundamental legislative requirement and without this in place the Council will not be able to set rates for the year and therefore fund any of its actions, plans or strategies.</p> <p>Palmerston North City Council consults on its annual budget to ensure public awareness of any proposed changes since the Long-Term Plan was agreed.</p>



**ATTACHMENTS**

1. Annual Budget 2025/26 (attached separately) 







## MEMORANDUM

**TO:** Council

**MEETING DATE:** 4 June 2025

**TITLE:** Setting Rates for 2025/26

**PRESENTED BY:** Steve Paterson, Manager - Financial Strategy

**APPROVED BY:** Cameron McKay, General Manager Corporate Services

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### RECOMMENDATIONS TO COUNCIL

1. That Council adopt the resolution to set the rates for the 2025/26 year (Attachment 1).
  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.
- 

#### 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 2025/26 as outlined in the Council's 2025/26 Annual Budget to be formally adopted on 4 June 2025.
- 1.3 The recommendations assume the Council will have adopted the Annual Budget earlier in the meeting.

#### 2. BACKGROUND

- 2.1 It is assumed the Council will adopt the 2025/26 Annual Budget on 4 June. The Annual Budget determines the net revenue to be sought from ratepayers to fund operations and new programmes for the 2025/26 year.



- 2.2 The rates to be set are designed to cover a net sum of external income for Council of \$145.866 million (plus GST) plus a sum to cover rates for Council owned properties as approved by the adoption of the Annual Budget.
- 2.3 The resolution (**Attachment 1**) 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:

	<b>2024/25 GST incl.</b>	<b>2025/26 GST incl.</b>
Uniform Annual General Charge	\$200	\$300
Water Supply	\$415	\$487
Kerbside Recycling	\$144	\$188
Rubbish & Public Recycling	\$51	\$69
Wastewater disposal	\$375	\$397
Wastewater pan charge	\$375	\$397
Metered water charge (p cu metre)	\$1.78538	\$1.96305

- 2.5 The budgeted revenue from the UAGC plus the Rubbish & Recycling fixed charges represents 11.2% of total rates revenue (including metered water charges) compared with 8.4% in 2024/25, 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 Annual Budget) that the 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 will be based on the capital value. Also that the sum to be collected from the capital value base will approximately double as part of the three year implementation of a greater share of the rates being based on the Capital value.

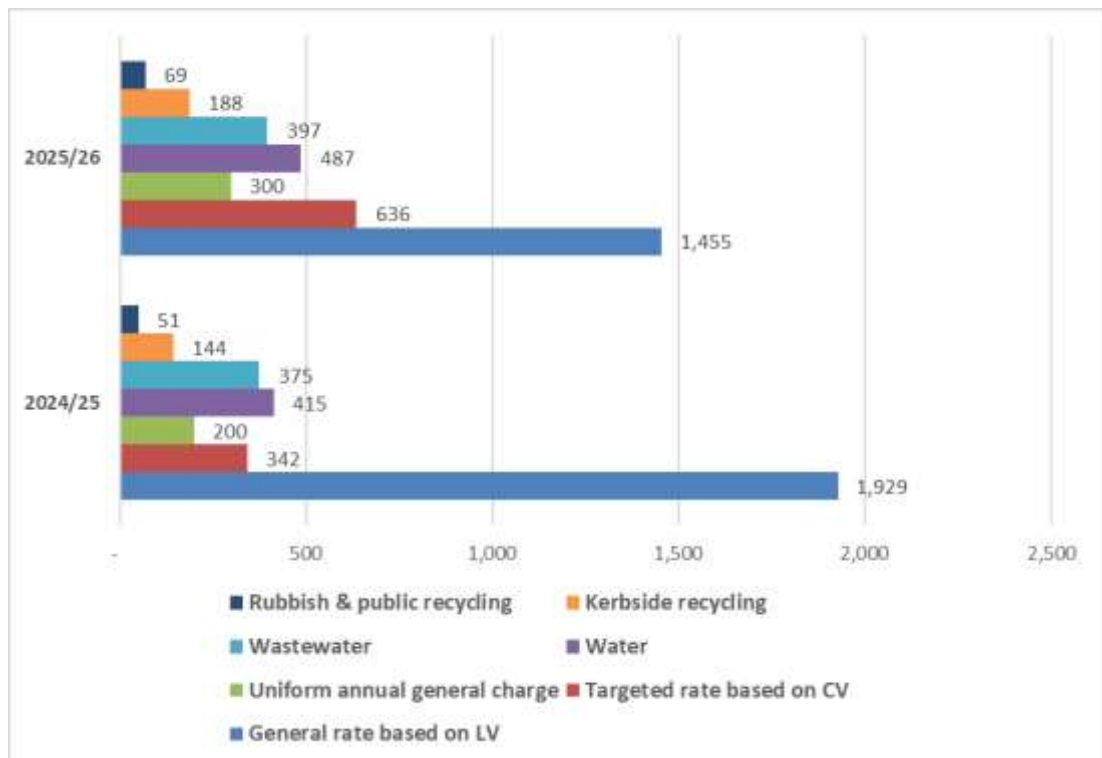


2.7 Examples of the rates which will be assessed are shown below:

	Land Value 2024/25	Capital Value 2024/25	Actual Rates 2024/25	Land Value 2025/26	Capital Value 2025/26	Actual Rates 2025/26
<b>Single unit residential</b>						
Average	468,000	739,000	3,456	352,000	630,000	3,532
Median	455,000	690,000	3,380	330,000	580,000	3,390
Quartile 1	360,000	590,000	2,942	260,000	495,000	3,015
Quartile 3	540,000	840,000	3,799	410,000	720,000	3,862
<b>2 unit residential</b>						
Average	561,000	829,000	5,985	436,000	818,000	6,366
Median	525,000	770,000	5,736	380,000	640,000	5,764
Quartile 1	450,000	675,000	5,237	315,000	560,000	5,266
Quartile 3	625,000	920,000	6,417	475,000	781,000	6,529
<b>Non-residential</b>						
Average	1,022,000	2,402,000	19,783	1,087,000	2,510,000	21,487
Median	620,000	1,030,000	11,687	640,000	1,100,000	11,966
Quartile 1	385,000	610,000	7,456	385,000	640,000	7,446
Quartile 3	1,110,000	2,295,000	21,020	1,200,000	2,430,000	22,738
<b>Rural &amp; semi-serviced (5ha or more)</b>						
Average	1,373,000	1,585,000	2,374	1,284,000	1,640,000	2,791
Median	730,000	1,102,000	1,434	680,000	1,073,000	1,746
Quartile 1	520,000	551,000	1,045	475,000	561,000	1,244
Quartile 3	1,218,000	1,670,000	2,189	1,170,000	1,718,000	2,680
<b>Rural &amp; semi-serviced (between 0.2 &amp; 5ha)</b>						
Average	549,000	1,202,000	2,222	513,000	1,128,000	2,651
Median	520,000	1,180,000	2,131	485,000	1,100,000	2,551
Quartile 1	435,000	950,000	1,812	415,000	850,000	2,170
Quartile 3	590,000	1,390,000	2,401	560,000	1,320,000	2,925
<b>Miscellaneous</b>						
Average	916,000	1,746,000	6,074	942,000	2,144,000	8,086
Median	550,000	720,000	3,551	530,000	750,000	4,107
Quartile 1	295,000	400,000	2,030	243,000	410,000	2,170
Quartile 3	965,000	1,445,000	6,150	1,000,000	1,535,000	7,580

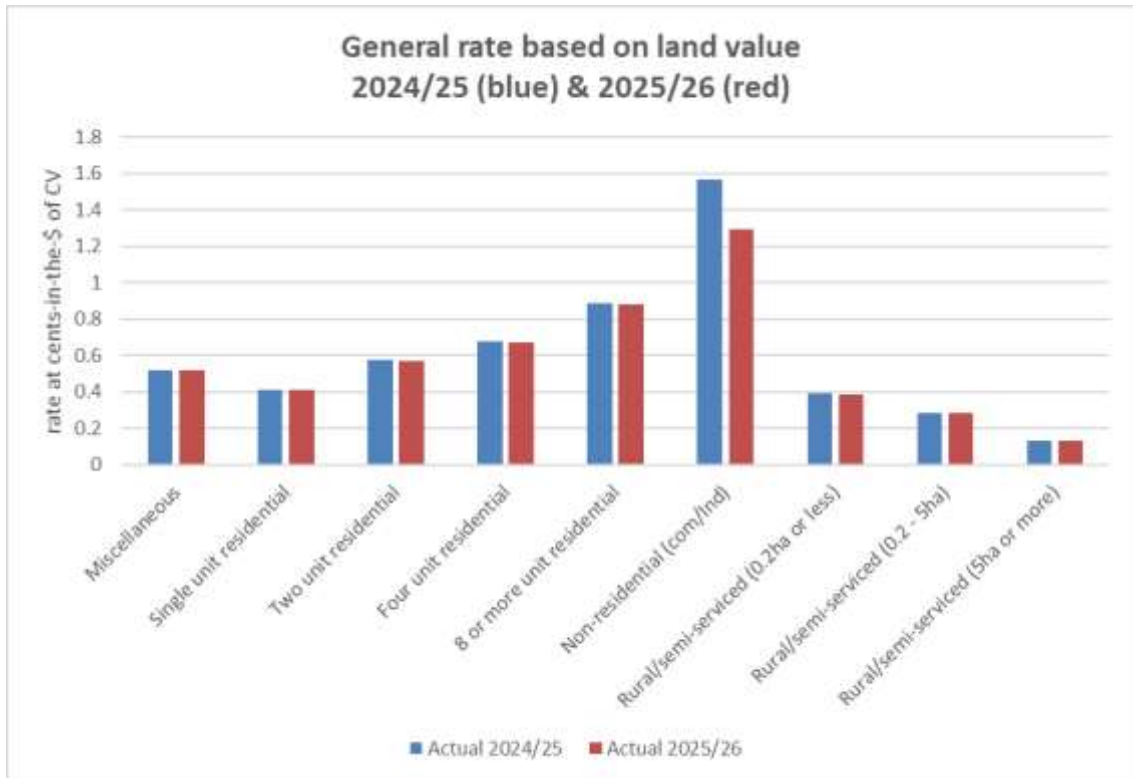


- 2.8 The following graph demonstrates the breakdown of the average single unit rates for 2025/26 compared with 2024/25.



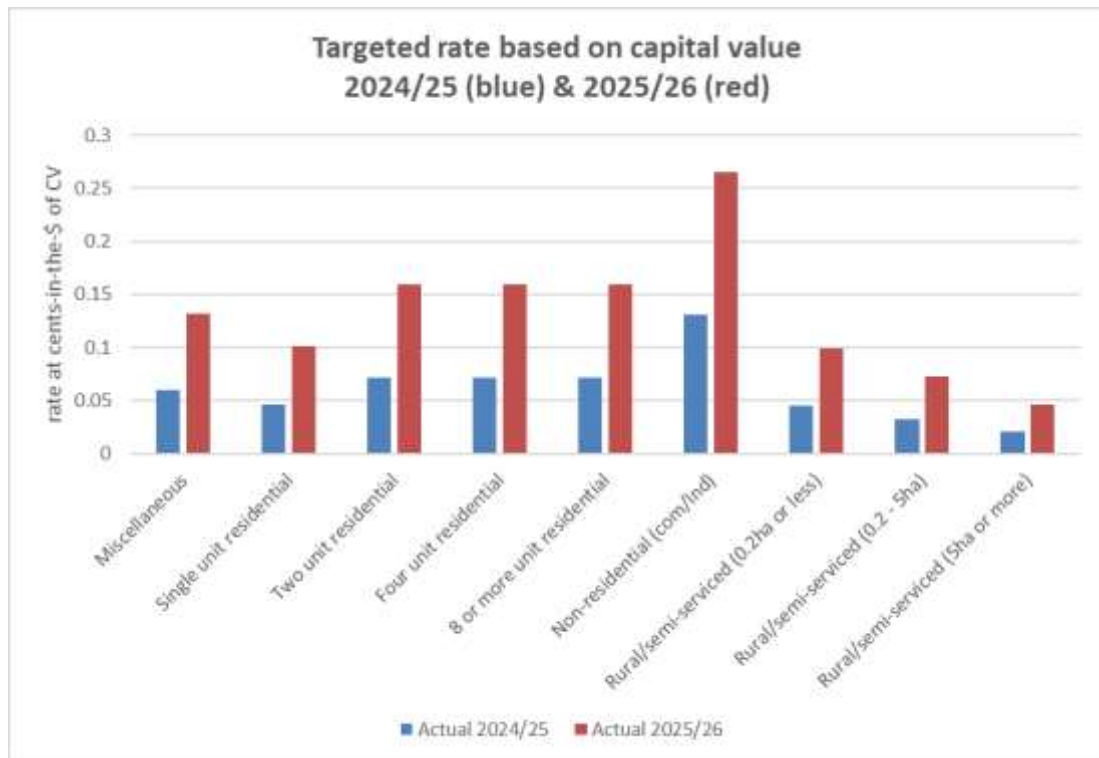
- 2.9 The City was revalued for rating purposes in September 2024 and these values will be the base for setting and assessing general rates and the capital value based targeted rate for 2025/26.
- 2.10 The following graph shows the rate-in-the-\$ for the general rate for 2025/26 compared with 2024/25. For most of the categories (excluding non-residential) the rate-in-the-\$ for 2025/26 is similar to that for 2024/25. The reason they have not reduced (as might be expected with the increased share of the rates based on the capital value) is that rateable land values (especially for residential properties) reduced significantly following the 2024 city revaluation.





- 2.11 The following graph shows the rates-in-the-\$ for the targeted rate to fund activities primarily associated with delivering goal 1 outcomes and based on the capital value. The 2025/26 rate-in-the-\$ is more than double that for 2024/25 due to the second stage implementation of the increased share of the rates based on capital value and also the lower capital values following the city revaluation.





- 2.12 Council's decisions regarding the rating system effectively mean this targeted rate will increase by a further 50% in 2026/27 and be compensated for by commensurate reductions in the general rate.
- 2.13 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 2024/25 to date – an average of \$728. 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 Annual Budget. 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 2025. As usual a ratepayer newsletter will be produced and distributed as part of the rates package. Publicity will be given to the availability of the rates rebate scheme.



#### 4. COMPLIANCE AND ADMINISTRATION

Does 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
<p>The recommendations contribute to the achievement of objective/objectives in:</p> <p>14. Mahere mana urungi, kirirautanga hihiri</p> <p>14. Governance and Active Citizenship Plan</p> <p>The objective is: Base our decisions on sound information and advice</p>	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	<p>Adopting an annual budget/plan each year is a fundamental legislative requirement and without this in place the Council will not be able to set rates for the year and therefore fund any of its actions, plans or strategies.</p> <p>Palmerston North City Council consults on its annual budget to ensure public awareness of any proposed changes since the Long-Term Plan was agreed.</p>

#### ATTACHMENTS

1. Resolution to set rates for 2025-26 [↓](#) 



## Palmerston North City Council

**Resolution to Set Rates for the 2025/2026 year**

The Palmerston North City Council resolves to set rates for the financial year commencing on 1 July 2025 and ending on 30 June 2026 in accordance with the Rating Policies and Funding Impact Statement contained in its Annual Budget (Plan) 2025/26 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 \$300 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.80)	0.4134
R2	Two unit residential	110	0.5697
R3	Three unit residential	120	0.6215
R4	Four unit residential	130	0.6733
R5	Five unit residential	140	0.7251
R6	Six unit residential	150	0.7769
R7	Seven unit residential	160	0.8286
R8	Eight or more unit residential	170	0.8804
MS	Miscellaneous	100	0.5179
CI	Non-residential (Commercial/Industrial)	250	1.2948
FL	Rural & Semi-serviced (5 hectares or more)	25	0.1295

ID: 17442697 Rates Resolution 2025-26



FS	Rural & Semi-serviced (0.2 hectares or less)	75	0.3884
FM	Rural & Semi-serviced (between 0.2 & 5 hectares)	55	0.2848

### 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 <sup>1</sup>) 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. 76)	0.1009
R2	Two unit residential	120	0.1589
R3	Three unit residential	120	0.1589
R4	Four unit residential	120	0.1589
R5	Five unit residential	120	0.1589
R6	Six unit residential	120	0.1589
R7	Seven unit residential	120	0.1589
R8	Eight or more unit residential	120	0.1589
MS	Miscellaneous	100	0.1324
CI	Non-residential (Commercial/Industrial)	200	0.2648
FL	Rural/Semi-serviced (5 hectares or more)	35	0.0463
FS	Rural/Semi-serviced (0.2 hectares or less)	75	0.0993
FM	Rural/Semi-serviced (between 0.2 & 5 hectares)	55	0.0728

<sup>1</sup> 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:

- \$487 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.
- \$487 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.
- \$243.50 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 \$1.96305 per cubic metre of water supplied to any rating unit that is invoiced on the basis of water supplied plus a fixed amount of \$253 per metered connection for connections of 25mm or less and \$540 for connections greater than 25mm.

## 1.5 Wastewater Disposal Rates

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

- \$397 per separately used or inhabited part of a residential rating unit which is connected to a public wastewater drain.
- \$397 per rating unit for all other rating units which are connected to a public wastewater drain.
- \$397 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.
- \$198.50 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.
- \$198.50 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:

- \$188 per separately used or inhabited part of a rating unit for residential properties receiving the Council's kerbside collection service.
- \$188 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 \$188. This may include charges to non-rateable rating units where the service is provided.

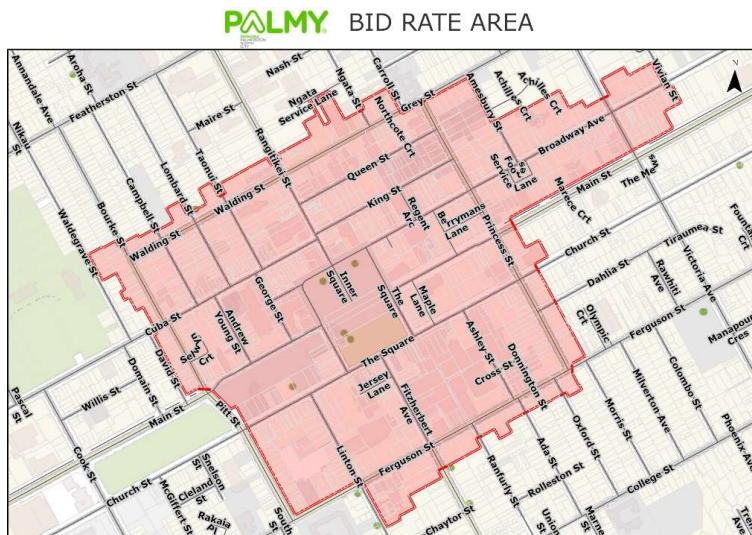
### 1.6.2 Rubbish and Public Recycling

A targeted rate for rubbish and public recycling set under section 16 of the Act of \$69 per separately used or inhabited part of each residential rating unit and \$69 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 2025, 1 November 2025, 1 February 2026 and 1 May 2026.

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

Instalment One	29 August 2025
Instalment Two	28 November 2025
Instalment Three	27 February 2026
Instalment Four	29 May 2026

## 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 20<sup>th</sup> 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 2025	20 July 2025	7	December 2025	20 January 2026
2	July 2025	20 August 2025	8	January 2026	20 February 2026
3	August 2025	20 September 2025	9	February 2026	20 March 2026
4	September 2025	20 October 2025	10	March 2026	20 April 2026
5	October 2025	20 November 2025	11	April 2026	20 May 2026
6	November 2025	20 December 2025	12	May 2026	20 June 2026

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 2025	20 July 2025	1	July 2025	20 August 2025
2	August 2025	20 September 2025	2	September 2025	20 October 2025
3	October 2025	20 November 2025	3	November 2025	20 December 2025
4	December 2025	20 January 2026	4	January 2026	20 February 2026
5	February 2026	20 March 2026	5	March 2026	20 April 2026
6	April 2026	20 May 2026	6	May 2026	20 June 2026



#### 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	3 September 2025
Instalment Two	3 December 2025
Instalment Three	4 March 2026
Instalment Four	3 June 2026

Any penalty charge imposed on the outstanding first instalment will be automatically remitted provided payment of the full year's rates is made by 28 November 2025.

A penalty charge of 10% will be added to any outstanding rates (including penalties) assessed in previous years and remaining outstanding at 3 July 2025 (penalty applied on 4 July 2025) and again on 5 January 2026 (penalty applied on 6 January 2026).

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

4 June 2025







## MEMORANDUM

**TO:** Council

**MEETING DATE:** 4 June 2025

**TITLE:** Resolutions to Authorise Borrowing

**PRESENTED BY:** Steve Paterson, Manager - Financial Strategy

**APPROVED BY:** Cameron McKay, General Manager Corporate Services

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### RECOMMENDATIONS TO COUNCIL

1. That Council authorise the Chief Executive to borrow, in accordance with delegated authority, up to \$49 million ("the Borrowing") of additional term debt by way of bank loan or loans or credit facilities or other facilities or the issue of stock for the Borrowing secured by the Debenture Trust Deed.
2. That Council note that the purpose of the Borrowing is the carrying out or continuing of programmes identified in the 2025/26 Annual Budget.
3. That Council note that any sums raised and subsequently on-lent to Palmerston North Airport Limited pursuant to the loan agreement between the Council and the Company will be in addition to the sums to be raised for the Council's own funding purposes as authorised above.
4. That Council note that the security for the Borrowing may be the charge over rates under the Debenture Trust Deed if the Chief Executive considers appropriate.
5. That Council approve that having regard to the Council's financial strategy, it is prudent and reasonable to enter into the proposed borrowing for the reasons set out in this report.
6. That Council note that the raising of the Borrowing will comply with the Council's Liability Management Policy.
7. That Council note that the decision to borrow up to \$49 million is a significant decision within the parameters of the Local Government Act 2002 and is satisfied that there has been compliance with the decision-making and consultation requirements of the Act.

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### 1. ISSUE

- 1.1 Council's 2025/26 Annual Budget incorporates provision for raising \$48.2m of additional debt during the 2025/26 year based on an assumption that the total debt outstanding as at 1 July 2025 will be \$296.8m, that there will be capital expenditure (new & growth) of \$63.1m undertaken during 2025/26,



and that costs of two digital programmes will be funded from rates over seven years. It assumes existing and new debt will be serviced at an average of 4.4% per annum and that new borrowings will be raised progressively during the year.

- 1.2 Council's borrowing is governed by the Local Government Act 2002 (the "Act") and the Liability Management Policy Council has adopted. Previous legislation required the Council to specifically resolve if it wished to borrow. The Act is silent on these matters except that clause 32 of Schedule 7 provides that the Council may not delegate the power to borrow money other than in accordance with the Long-term Plan. It is considered prudent to have Council specifically authorise the proposed borrowings each year by way of resolution and the Council's Liability Management Policy provides that such a resolution is required. From time to time during the year it will also be necessary to re-finance present borrowings.

## 2. BACKGROUND

- 2.1 In preparing Council's long-term Plan, Council's long- and short-term expenditure and funding requirements have been considered and the Council has adopted a Financial Strategy and a Liability Management Policy regarding borrowing to meet its funding requirements.
- 2.2 Council has entered into a Debenture Trust Deed which provides a charge on Council's rates and rates revenue in favour of Covenant Trustee Services Ltd as trustee for the various lenders who may be granted security under it by the Council.
- 2.3 Council's 2025/26 Annual Budget provides for the following:
  - Forecast term liabilities of \$296.8m as at 1 July 2025
  - Additional debt of \$48.2 m being raised during 2025/26
  - Forecast total term liabilities (excluding those raised and on-lent to Palmerston North Airport Ltd) of \$345m as at 30 June 2026
  - Total capital expenditure of \$97.4m during 2025/26 (\$63.1m of which is new capital work (including that for growth))
- 2.4 Additional debt is raised only as required and will be dependent on a number of key factors such as progress with the capital expenditure programme and the digital programmes, timing of receipt of income from the sale of residential subdivision and the timing of the receipt of subsidies, grants and development contributions.
- 2.5 To enable the approved capital programme to be funded it is important that officers have clear delegated authority to raise the approved sums when appropriate.



2.6 Council's Liability Management Policy prescribes that Council considers the following to be prudent borrowing limits:

- Net debt as a percentage of total assets not exceeding 20%.
- Net debt as a percentage of total revenue not exceeding 250%
- Net interest as a percentage of total revenue not exceeding 15%
- Net interest as a percentage of annual rates income not exceeding 20%.

2.7 As part of the process of deciding whether to approve borrowings which would result in the ratios being exceeded, Council will have particular regard for the principles of financial management contained in the Act.

2.8 The proposed borrowing, if obtained within the range of rates currently available to Council, will be within the target limits contained within the Financial Strategy. After raising the Borrowing, and assuming an average interest rate of 4.4% for additional borrowing is achieved, the following estimates of borrowing ratios will apply for the 2025/26 year:

	Limits	Projection for 2024/25 (2024/25 budget)	Projection for 2025/26 (2025/26 budget)
Net Debt: Total Assets	< 20%	12.6%	14.2%
Net Debt: Total Revenue	< 250%	169.7%	176.6%
Net Interest: Total Revenue	< 15%	7.9%	7.2%
Net Interest: Annual Rates Income	< 20%	10.5%	9.5%

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

2.9 Provision is made for a total interest expense of \$14.1m during 2025/26 approximately \$1.06m of which relates to the additional debt. The full year servicing cost of the additional debt (at 4.4% pa) would be \$2.12m. In the second year the Council also funds from revenue a provision for debt repayment (over the life of the asset funded) to maximum of 30 years.

2.10 It should be noted Council has also approved, separately, an arrangement whereby Council will borrow sums and on-lend to Palmerston North Airport Limited (PNAL) pursuant to a loan facility agreement between the two parties. Any sums raised for this purpose will be in addition to the sums outlined in this report. As PNAL has now begun its terminal replacement programme significant sums will be drawn through this facility over the next two years.



### 3. NEXT STEPS

- 3.1 After considering the issue it is recommended Council formally approve the borrowings to enable the capital expenditure plans approved for 2025/26 in the 2025/26 Annual Budget funded. The recommendation is to approve additional borrowings of up to \$49m (i.e. \$48.2 m rounded up).

### 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
<p>The recommendations contribute to the achievement of objective/objectives in:</p> <p>14. Mahere mana urungi, kirirarautanga hihiri</p> <p>14. Governance and Active Citizenship Plan</p> <p>The objective is: Base our decisions on sound information and advice</p>	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	The recommendations are a procedural pre-requisite to enable all capital development plans to be undertaken

### ATTACHMENTS

NIL



Report

**TO:** Council

**MEETING DATE:** 4 June 2025

**TITLE:** Local Water Done Well Decision

**PRESENTED BY:** Mike Monaghan, Manager Three Waters, Julie Keane, Transition Manager, Olivia Wix, Manager Communications, Scott Mancer, Manager Finance

**APPROVED BY:** Cameron McKay, General Manager Corporate Services  
Chris Dyhrberg, General Manager Infrastructure

**RECOMMENDATION(S) TO COUNCIL**

1. That this matter or decision is recognised as of high significance in accordance with the Council's Significance and Engagement Policy.
2. That Council confirm a Joint Water Services Council-Controlled Organisation as its preferred future Water Services Delivery Model.
3. That Council agree to partner with Horowhenua District Council and Rangitikei District Council in a Joint Water Services Council-Controlled Organisation (WSCCO).
4. That Council agree to continue to work with Ruapehu District Council and Whanganui District Council with a view to including them in a Joint WSCCO upon confirmation from those councils.
5. That Council instruct the Chief Executive to prepare a Joint Water Services Delivery Plan to be brought back to Council in August 2025 for approval prior to submission to the Department of Internal Affairs before the 3 September deadline, which includes further information relating to the management of stormwater.

**SUMMARY OF OPTIONS ANALYSIS FOR THE FUTURE DELIVERY MODEL OF WATER SERVICES**

<b>Problem or Opportunity</b>	<p>Council is required under legislation to choose its preferred water services delivery option and submit a Water Services Delivery Plan (WSDP) to Central Government by 3 September 2025.</p> <p>The consultation period has closed, and hearings have been held. This report sets out considerations to choose a delivery option.</p>
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<b>OPTION 1:</b>	<p><b>The Four' - Multi-Council Water Services Council-Controlled Organisation – jointly owned by Palmerston North City, Horowhenua, Manawatū and Kāpiti Coast District Councils</b></p> <p><b>This is no longer a viable option after Manawatu and Kapiti Coast District Councils resolved to remain with an Internal Business Unit (IBU).</b></p>				
Community Views	Community views have been sought, the response to consultation on the proposal reflected a high degree of support for this option.				
Benefits	Option 1 would have achieved a good level of scale with the least number of partner councils. This level of scale would have been likely to unlock operational benefits relating to innovation, procurement, and specialist staffing recruitment and retention. This option would have allowed Council to access higher borrowing levels to enable required investment in water infrastructure.				
Risks	<p>Manawatū District Council (MDC) and Kāpiti Coast District Council (KCDC) both released consultation documents indicating a preference for IBUs to retain control of water services. Consultation closed 11 April (MDC) and 13 April (KCDC). Community feedback showed that the public is in favour of these positions for MDC and KCDC.</p> <p>In reports to their Councils dated 15 May 2025 and 27 May 2025 they have both resolved to proceed with an IBU making this option no longer viable.</p>				
Financial	<p>In today's dollars, without inflation, the household costs under this option would have been:</p> <table border="1"> <tr> <td>Within 10 years</td><td>\$2,100 per year</td></tr> <tr> <td>30 years</td><td>\$1,400 per year</td></tr> </table> <p>This option would transition the debt and assets related to water services from Council to the new WSCCO. This would create additional capacity to Council to continue to borrow to fund its non-water activities.</p>	Within 10 years	\$2,100 per year	30 years	\$1,400 per year
Within 10 years	\$2,100 per year				
30 years	\$1,400 per year				
<b>OPTION 2:</b>	<p><b>'Up to 6' - Multi-Council Water Services Council-Controlled Organisation of others in Manawatū-Whanganui region</b></p> <p>A water organisation jointly owned by Palmerston North City Council (PNCC) and one or more other Councils within the Manawatū-Whanganui (M-W) region boundary.</p>				
Community Views	Community views were sought on Option 2, noting that we could not be specific on the councils which might be included. Respondents to this proposal provided mixed views citing the challenge with not knowing the costs that relate to the specific option, the complexities that come with a larger grouping and				



	the wide geographic area that this option would cover.				
Benefits	Option 2 achieves greater scale in terms of number of connections, spread over a far greater geographic area than Option 3 (Status Quo with changes) . This option also offers increased efficiency depending on the number of councils involved.				
Risks	Governance arrangements under this option become more complex.				
Financial	<p>Depending on the combination of Councils the ongoing household costs without inflation were estimated to be:</p> <table border="1"> <tr> <td>Within 10 years</td><td>\$2,700 per year</td></tr> <tr> <td>30 years</td><td>\$1,800 per year</td></tr> </table> <p>This option would transition the debt and assets related to water services from Council to the new WSCCO. This would create additional capacity to Council to continue to borrow to fund its non-water activities.</p>	Within 10 years	\$2,700 per year	30 years	\$1,800 per year
Within 10 years	\$2,700 per year				
30 years	\$1,800 per year				
<b>OPTION 3:</b>	<b>Status quo with changes</b> (not financially sustainable)				
Community Views	Community views on Option 3 were sought, and there were mixed views, including the potential impact on Council services, losing the ability to manage water services locally and not understanding why this option could not be achieved.				
Benefits	Ability to continue to influence day to day decision-making, continued input into the key priorities, and retaining community voice.				
Risks	The main risks associated with this option include affordability for the community, and the impact on future levels of service for non-water services due to Council's inability to access higher borrowing levels.				
Financial	<p>The ongoing household costs without inflation were estimated to be:</p> <table border="1"> <tr> <td>Within 10 years</td><td>\$3,800 per year</td></tr> <tr> <td>30 years</td><td>\$2,700 per year</td></tr> </table> <p>Council debt levels under this option would be similar to now. However, with the new legislation requirements that all waters revenue is to be ring-fenced and spent only on water related projects. This delivery model does not provide additional debt capacity that would benefit both 3 waters activities and the remaining Council activities that would be available if water was delivered under a CCO model. This also means Council would</p>	Within 10 years	\$3,800 per year	30 years	\$2,700 per year
Within 10 years	\$3,800 per year				
30 years	\$2,700 per year				



	also still need external financing for our Nature Calls project. In our Long-Term Plan we have identified that Nature Calls could cost at least \$1,000 a year for those connected to our water. Under this option, property owners would be paying much more in rates and levies than they do now and investment in non-water activities may need to be reduced due to the borrowing constraints.
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## RATIONALE FOR THE RECOMMENDATIONS

### 1. OVERVIEW OF THE PROBLEM OR OPPORTUNITY

- 1.1 The purpose of this report is to seek Council's decision on the water services delivery option model, and to set the direction for the development of a WSDP as required under the Local Government (Water Services Preliminary Arrangement) Act 2024 (PA Act). The WSDP will be brought back to Council in August 2025 for adoption.
- 1.2 This report considers decisions made by other Councils, assumptions of those yet to make decisions, and community views.
- 1.3 The modelling work undertaken has demonstrated that a multi-Council WSCCO has more benefits than single Council options.

### 2. BACKGROUND AND PREVIOUS COUNCIL DECISIONS

- 2.1 The delivery of water services in New Zealand is facing significant challenges. Multiple governments have recognised the need for change and improvement by Councils across the country.
- 2.2 Water reform has been a political feature for the past 5 years. In December 2023, the Government announced Local Water Done Well (LWDW) as a new direction for water services (drinking water, wastewater and stormwater services) policy and legislation.
- 2.3 Council is familiar with the LWDW reform and has been working through the changes in legislation for some months. Elected Members have been briefed in reports, workshops, regional briefings and drop-in sessions.
- 2.4 A memo presented to the Sustainability Committee on [16 October 2024](#) resulted in a recommendation for officers to bring back options that included assessments of the "status quo" and a PNCC standalone model and to consider proportionality of shareholding in a multi-Council WSCCO.
- 2.5 A full description of the legislative framework, and work undertaken by Council in response to the LWDW programme was outlined in a report 'Local Water Done Well – Assessment of Options and Consultation process' which was presented to Council at an Extraordinary Council Meeting on 5



December 2024. This included an overview of the proposed consultation process, and high-level and detailed assessments undertaken.

2.6 [Decisions](#) made by Council at the [5 December 2024](#) meeting included resolution to take three options to consultation:

- Status Quo with changes - an IBU;
- The Four - a multi-Council WSCCO that included PNCC, MDC, Horowhenua District Council (HDC) and KCDC; and
- The up to 6 - a multi-Council WSCCO of the M-W region or any other combination of Councils.

2.7 At the hearings held on [16 April 2025](#), there was some commentary around the options that a single Council WSCCO was not consulted on as an option. The consultation document contained summary financial projections for the various models considered. The financial modelling for these options assumed access to certain levels of funding in future (primarily through increased borrowing on improved terms from the Local Government Funding Agency).

2.8 On 12 February 2025, Council approved the consultation document and in February and March our community had the opportunity to provide feedback on proposed options as part of consultation process. A robust engagement, communication and marketing approach ensured our community were well informed and had the ability to have their say in a range of ways that suit them. The full summary on our engagement and the themes is outlined in **Attachment 1**.

2.9 Hearings were held as part of the Sustainability Committee on 16 April as well as the committee receiving an officer memo titled [Local Water Done Well – Summary of Submissions](#).

2.10 Potential governance structures of a WSCCO were discussed in the 5 December 2024 report, see section 10 of that report for further details.

### 3. WHAT LEGISLATION REQUIRES OF COUNCILS

3.1 The PA Act requires Council to prepare, adopt and submit a WSDP to the Secretary for Local Government by 3 September 2025.

3.2 As part of adopting its WSDP, Council is required to consult on its anticipated or proposed model or arrangements for delivering water services. Council is required to decide which of the models consulted on, for the future delivery of its wastewater, stormwater and drinking water services, will be adopted and in turn included in its WSDP.

3.3 Consultation is mandatory in relation to the anticipated or proposed model or arrangements for delivering water services. However, importantly under the PA Act, consultation is only required once before making any decision in relation to adoption of the WSDP and the proposed model or arrangement



for delivering water services. Mandatory consultation must give effect to the consultation requirements in s82 of the Local Government Act.

- 3.4 [Section 82](#) of the Local Government Act describes the principles of consultation which apply to Council process and decision-making. The principles in s. 82 (1) (a-f) are met by the Council when it engages or consults with the community, by: preparing a proposal, inviting views on that proposal, and with an open mind considering those views before making a decision. Section 82(4) further oblige the Council to have regard to:

- S.82(4)(a) the requirements of [s.78 \(Community views in relation to decisions\)](#)
- S.82(4)(b) the extent to which the current views and preferences of persons who will or may be affected by, or have an interest in, the decision or matter are known to the local authority; and
- S.82(4)(c) the nature and significance of the decision or matter, including its likely impact from the perspective of the persons who will or may be affected by, or have an interest in, the decision or matter.

- 3.5 Council's LWDW consultation document, and engagement process was developed in accordance with the requirements of the PA Act, whilst also aligning with the principles of consultation, prescribed under section 82 of the Local Government Act 2002.

- 3.6 The Minister for Local Government wrote to Council on 21 May 2025 and stated (see Attachment 2 for the full letter):

*"I have been clear in my expectation that Council should be working together to address financial sustainability challenges, as you are already actively doing.*

*In particular, I expect Councils to be actively considering working with and supporting their neighbouring Councils, especially smaller and rural Councils, particularly given there is no requirement for price harmonisation under Local Water Done Well.*

*As you'll be aware, collaboration enables resource sharing, efficiency gains, better access to financing, and lower costs for ratepayers. Having a pipeline of future work across a region also provides greater investment certainty, and the potential to build a strong future workforce."*

- 3.7 The Department of Internal Affairs (DIA) undertook financial analysis, on behalf of the four councils, to determine if this option was financially sustainable. The analysis and numbers in this report differ from other models (such as the ML model) due to differing modelling assumptions that apply to each and every financial model. The outcome of all models are similar despite the varying results produced. A copy of this report is provided in Attachment 3. The report highlights that the benefits the size and scale are key factors for the decision regarding water services delivery.



#### 4. CONTEXT

- 4.1 All councils in our region have completed their consultations, and a number have made their decisions or are close to making their final decisions based on reported recommendations. We therefore have been able to narrow down the multi-council options available.
- 4.2 MDC and KCDC both released consultation documents indicating a preference for IBUs to retain control of water services. Their consultation closed 11 April (MDC) and 13 April (KCDC). Both MDC and KCDC community feedback showed that the public was in support of their preferred option.
- 4.3 MDC confirmed their decision for an IBU on 15 May 2025 and KCDC confirmed their decision for an IBU on 27 May 2025.
- 4.4 The decisions made by MDC and KCDC confirms that the original Option 1 The Four is no longer a viable option for PNCC.
- 4.5 Other options included in PNCC's consultation document included establishing a Multi-Council WSCCO with one or more Councils within the M-W region.
- 4.6 PNCC's consultation closed 30 March and HDC consultation closed 10 April. Both PNCC and HDC have received community submissions favouring a collaborative partnership model, suggesting strong local support for the establishment of a multi-Council WSCCO. All Councils have constructively engaged in discussions.

#### 5. OPTIONS BEING CONSIDERED BY OTHER COUNCILS IN THE REGION

- 5.1 Whanganui District Council (WDC), Ruapehu District Council (RuaDC) and Rangitikei District Council (RDC) have been advancing a multi-Council water services model. A partnership between these three Councils was identified as the preferred option in each of their consultation documents. WDC's consultation closed on 14 April, RuaDC's on 11 April and RDC's on 2 April.
  - 5.2 Interest in continuing discussions across the five Councils (PNCC, HDC, WDC, RuaDC, and RDC) was expressed at a cross-Council Elected Members Forum held 8 May and at a subsequent meeting of the Mayors and council Chief Executives. Subsequent decision reports by WDC, RuaDC, and RDC have noted options to work with HDC and PNCC. At the time of writing this report, the opportunity to work with these Councils to explore benefits from including them in any multi-council WSCCO to gain scale is continuing.
- (1) RuaDC at their meeting on 21 May agreed to continue working with RDC and WDC and also agreed to progress work on a WSCCO that reaches the 50,000 connection threshold with PNCC and others.



- (2) RDC at their meeting on 22 May agreed their preferred position is to work with PNCC and HDC (and RuaDC and WDC if they subsequently agree), with the intent to forming a WSCCO.

- 5.3 Tararua District Council is exploring partnership with the three Wairarapa councils – Masterton District Council, Carterton District Council and South Wairarapa District Council. This was the preferred option in their consultation documents. Consultation closed for all these by 22 April.

## 6. NATIONAL OVERVIEW

- 6.1 Nationally the landscape is mixed. Some councils are opting to retain full control through IBUs, while others are recognising the long-term benefits of working together.
- 6.2 Some councils (for example, Rotorua and Taupō) are proposing to start with an IBU, and then consider a multi-Council option within 3 to 5 years. There are also examples of councils deciding on an option that was not aligned with community feedback from consultation, such as Selwyn District Council.
- 6.3 Our neighbouring regions are moving in a collaborative direction. New Plymouth District Council, South Taranaki District Council, Stratford District Council are progressing a Taranaki partnership approach in their consultation documents. In Hawke's Bay, Napier City Council, Hastings District Council, Central Hawkes Bay District Council and Wairoa District Council are exploring joint models. Note that formal consultation for these districts has not finished yet.

## 7. ANALYSIS OF SUBMISSION ON CONSULTATION OPTIONS

- 7.1 **Attachment 4** contains an analysis of consultation feedback raised by submitters. This sets out the arguments made by submitters for and against the specific proposals on which Council was consulting. Submitters also raised a number of additional matters which were not included in the original proposal. Below is a summary of engagement and submissions under each of the option consulted on.
- 7.2 Between January and February, Council ran an education campaign about LWDW to ensure our community was well informed in the leadup to consultation in February and March. This included a mix of communication channels in person, online and through a range of promotional advertisements.
- 7.3 The consultation document asked submitters to rank the options from 1 – 3 with 1 being their preferred option and to select their top six values from a list of 11 values.
- 7.4 During consultation we had a large amount of engagement with our community. This included having stalls at Esplanade Day, Rural Games, Central District Field Days and at the Massey University Open day. We also



hosted a pool party at Memorial Park. We presented to community groups and hosted sector sessions for community, environment, water and business. We also held a range of drop-in sessions at community libraries which were well supported.

- 7.5 Properties received a pamphlet in the mail, our water customers received emails, and there was a range of stakeholder communications. There was also a significant amount of media, social media, website, newspaper and radio promotion.

#### **Submissions on Option 1 – Establish a multi-council WSCCO with four Councils**

- 7.6 Council received clear support for Option 1 'The Four'. Most submitters were in favour of this option – 198 of the 291 written submissions received (68%) ranked this as their preferred option.
- 7.7 Submitters recognised that, of all the options presented, this would be the most affordable in the long term to the community. Submitters noted that scale contributes to affordability and geographically this was well positioned with a number of comments relating to people movements between the areas for work, recreation and family.
- 7.8 There was some opposition to partnering with KCDC and MDC given they did not have this as their preferred option for consultation.

#### **Submissions on Option 2 – Establish a multi-council WSCCO with one or more councils within the M-W Region**

- 7.9 Community feedback identified Option 2 as the next preferred with 195 of the 291 (67%) submitters identifying this as their second preference.
- 7.10 Feedback on this option was mixed. Some submitters felt it was difficult to determine affordability due to not having a full understanding of who would be included in a partnership model, however most understood that scale matters.
- 7.11 Submitters noted that the more councils involved would likely bring complexity to governance structures. 16 submitters were concerned about the different needs of the communities within this option and 31 submitters thought the full geographical area would create too many challenges and therefore was not a realistic option.
- 7.12 Option 2 and the variations that sit within this option, establish an opportunity for Council to pivot to focus on this. Noting that, Option 2 as it was outlined in the consultation document identified two potential groupings, one of these included MDC which is no longer a consideration.



### Submissions on Option 3 – Status Quo with change

- 7.13 Submitters feedback on this option was very mixed. Submitters could not understand why Council was consulting on this option when it was not legally compliant, which drew criticism from submitters about the central government legislation requiring its inclusion.
- 7.14 Seventeen submitters asked if changes were made could this option be a possibility. There was some support for the ability to retain control under this option and some submitters queried whether a PNCC standalone WSCCO option would be a possibility.

## 8. VIABLE OPTIONS FOR PNCC

- 8.1 Decisions by other councils mean that Option 1 'The Four' is no longer a viable option for PNCC. This leaves three main other options:
- **Status quo with changes (Option 3 in the consultation document).** The most significant issue with this option is that it is not legislatively compliant due to not enabling sufficient ability to borrow for the capital expenditure required and is highly unlikely to meet the financial sustainability requirements under the new legislation.
  - **PNCC standalone WSCCO (not consulted on).** This option lacks the scale of multi-council options, resulting in lower benefits in terms of household charge levels and debt levels.
  - **Partner with other Councils from within the M-W region to create a multi-Council WSCCO (Option 2 in the consultation document).** This was the second preference of submitters and provides sufficient scale to unlock financial benefits for the community.
- 8.2 There are a number of possible variations under option 2 that could still occur. Over the past couple of years, Council has participated and worked with all of the councils within the M-W region. This work considered multiple scenarios within the participating groups, HDC signalled their intent that this was a preferred model with other councils considering their position. There is the potential for one or more of the following councils in our region to join a multi-Council WSCCO alongside PNCC and HDC:
- RDC
  - RuaDC
  - WDC.

## 9. STORMWATER

- 9.1 Council's consultation document outlined the likely future management of its stormwater network. Guidance was issued by the Department of Internal



Affairs (DIA) in August 2024 that outlined councils' ongoing responsibilities for the management of stormwater regardless of the option chosen. The Local Government Water Services Bill due to be enacted in September 2025 will confirm the final detail in relation to stormwater.

- 9.2 In the 5 December 2024 report to Council, officer advice to Council was that Council should retain ownership of its stormwater assets and contract the WSCCO to deliver services. Officer advice remains the same, noting that potential partners in the WSCCO may have recommended alternative approaches. Many approaches are acceptable under the current draft legislation and further work is to be undertaken with our partners on the options for stormwater.
- 9.3 The Morrison Low modelling presented includes all three waters. However, whether it is three waters versus two waters won't impact the outcome of this decision.
- 9.4 PNCC is currently developing a Stormwater Strategy for the City. The strategy will be designed to provide high-level guidance and direction across Council functions through a broad suite of mechanisms
- 9.5 The strategy shows the reach of stormwater across many Council functions and reflects the need for careful consideration of how stormwater is considered under any new WSCCO option.

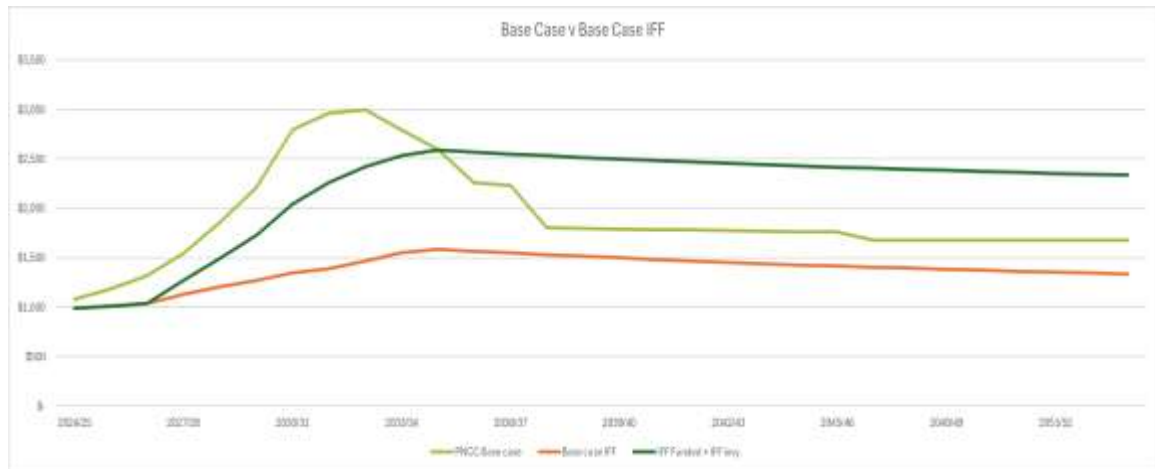
## **10. ASSESSMENT OF OPTIONS**

### ***Status Quo with changes (an IBU)***

- 10.1 Nothing has changed since the consultation period which would make the Status Quo with changes (an IBU) a viable option. While there would be some benefits in terms of control and no transition costs, this option does not provide access to the borrowing levels needed and is reliant on external financing to fund the Nature Calls project. The revenue required to make this option financially sustainable is significantly higher than all other options.
- 10.2 Additionally, this option does not allow access to the additional debt capacity that is available by creating a Water Services CCO which would benefit both water and non-water activities. We therefore do not recommend Status Quo with changes as an option.
- 10.3 Due to the complexities and fixed cost nature of an IFF levy that is required to fund Nature Calls in a status quo option an additional model has been completed to highlight the impact of the IFF levy. The IFF levy by its nature, has a different repayment schedule in comparison to the financial model.



Graph 1: Comparison of PNCC base case and IFF levy



### PNCC Standalone WSCCO

- 10.4 Earlier decisions meant that a PNCC standalone WSCCO option was not included in the consultation document. In December 2024 it was noted that a standalone WSCCO could meet financial sufficiency requirements (assuming it could borrow at 500%) but would not deliver the benefits that come with the scale that multi-council options provided.
- 10.5 The Local Government Funding Agency has since provided updated guidance on the financial covenants (including debt limits) which will determine the lending available to a WSCCO. The two new covenants are Funds from Operations (FFO) to gross debt and FFO to cash interest coverage. The table below outlines the tiered covenants. It shows that WSCCOs with higher numbers of connections have lower covenants, making it more feasible to borrow more, to finance capital requirements.

**Table 1: Impact of connection numbers on capacity to borrow**

# Water connections covered by WSCCO	FFO to Cash Interest Coverage Ratio (times)	FFO to Gross Debt Ratio
<5,000	2.0	12%
5,000 – 10,000	2.0	11%
10,000 – 20,000	1.75	10%
20,000 – 50,000	1.5	9%
>50,000	1.5	8%

- 10.6 A PNCC standalone WSCCO has 31,394 connections meaning that it will need to maintain an FFO to Gross Debt Ratio of at least 9%. Modelling indicates that to meet the financial sustainability requirements, revenue



would need to increase significantly and therefore household costs are likely to not be affordable over the long term.

**Table 2: PNCC Standalone WSCCO annual household costs at years 10, 20 and 30 (uninflated, excluding GST)**

	<b>Year 10 2033/34</b>	<b>Year 20 2043/44</b>	<b>Year 30 2053/54</b>
PNCC Base	\$2,790	\$2,441	\$2,336
PNCC WSCCO	\$2,610	\$2,000	\$1,762
Difference	-\$180	-\$441	-\$574

- 10.7 Total transition costs to set up a PNCC standalone WSCCO would be lower than other multi-Council WSCCO options, but there is no ability to share these costs. This is also the same for costs related to economic regulation – a PNCC standalone WSCCO would be subject to the same regulations as other multi-council options but will have less scale to spread these over. The range of transition costs is estimated to be between \$2.3M and \$5.6M depending on the number of Councils included in the WSCCO.

Table 3 below shows the various options and the applicable FFO ratio that is likely to be required.

**Table 3: Option Comparison of FFO Ratio's**

	FFO Ratio
PNCC Standalone WSCCO	9%
PNCC & HDC	9%
PNCC, HDC, RuaDC & RDC	8%
PNCC, HDC, RuaDC, RDC & WDC	8%

### **Multi-Council WSCCO – PNCC & HDC**

- 10.8 Independent modelling identifies that a multi-council WSCCO involving PNCC and HDC would generate \$85M of less revenue required compared with the status quo over 30 years.
- 10.9 This option is expected to generate 7% capital and 7% operating expenditure efficiencies.
- 10.10 When this entity is first stood up it will be just below the 50,000 connections LGFA requirement for the minimum 8% FFO requirement. This means that at implementation, it will need a minimum FFO ratio of 9%, but under current



growth projections it is likely to achieve the 50,000 connections required for the 8% LGFA covenant requirement within the first 10 years.

- 10.11 Under local pricing (non-harmonised across both Councils), household charges for water services for PNCC are expected to be \$117 lower at year 10, \$672 at year 20 years, and \$675 cheaper at year 30 (all uninflated and exclude GST, and PNCC Base includes \$1,000 for an IFF Levy to fund Nature Calls).

**Table 4: Two Council local pricing annual household costs at Year 10, 20 and 30 (uninflated, excluding GST)**

	<b>Year 10 2033/34</b>	<b>Year 20 2043/44</b>	<b>Year 30 2053/54</b>
PNCC status quo	\$2,790	\$2,441	\$2,336
PNCC as part of 2 Council WSCCO	\$2,673	\$1,769	\$1,661
Difference per annum	-\$117	-\$672	-\$675

#### **Multi-Council WSCCO – additional Councils**

- 10.12 Indicative independent modelling has been undertaken for two combinations of a multi-Council WSCCO beyond a two-council option:

- A 4 Council option with the addition of RDC and RuaDC;
- A 5 Council option with the addition of RDC, RuaDC and WDC.

- 10.13 The modelling identifies that a multi-Council WSCCO with additional councils would generate between \$99M and \$370M of less revenue required compared to the status quo over 30 years.

- 10.14 It is expected to achieve a maximum of 11% capital and 10% operating efficiencies due to scale.

- 10.15 Under local pricing (non-harmonised across all councils involved), household charges for water services for PNCC as part of a Four Council option are expected to be \$100 lower than the base case at year 10, \$672 cheaper in price at year 20, and \$682 cheaper at year 30. These are all uninflated and exclude GST and the PNCC Base includes an allowance for an IFF levy of \$1,000 to fund nature calls.



**Table 5: Four Council local pricing annual household costs at Year 10, 20 and 30 (uninflated, excluding GST)**

	<b>Year 10 2033/34</b>	<b>Year 20 2043/44</b>	<b>Year 30 2053/54</b>
PNCC Base	\$2,790	\$2,441	\$2,336
PNCC as part of 4 Council WSCCO	\$2,690	\$1,769	\$1,654
Difference per annum	-\$100	-\$672	-\$682

- 10.16 For the Five Council option under local pricing (non-harmonised across all Councils involved), household charges for water services for PNCC are expected to be \$236 lower at year 10, \$708 lower at year 20, and \$713 cheaper at year 30. These are all uninflated and exclude GST, and the PNCC Base includes an allowance for an IFF levy of \$1,000 to fund nature calls.

**Table 6: Five Council local pricing annual household costs at Year 10, 20 and 30 (uninflated, excluding GST)**

	<b>Year 10 2033/34</b>	<b>Year 20 2043/44</b>	<b>Year 30 2053/54</b>
PNCC Base	\$2,790	\$2,441	\$2,336
PNCC as part of 5 Council WSCCO	\$2,554	\$1,733	\$1,623
Difference	-\$236	-\$708	-\$713

- 10.17 The following table summarises the household costs between the options outlined above

**Table 7: Summary of Household costs by option**

	Household costs (uninflated, excluding GST)		
	Year 10 2033/34	Year 20 2043/44	Year 30 2053/54
PNCC Base Case (Status Quo LTP + IFF Levy)	\$2,790	\$2,441	\$2,336
PNCC in standalone WSCCO	\$2,610	\$2,000	\$1,762
PNCC in WSCCO with HDC	\$2,673	\$1,769	\$1,654
PNCC in WSCCO with HDC, RDC and RuaDC	\$2,690	\$1,769	\$1,654
PNCC in WSCCO with HDC, RDC, RuaDC & WDC	\$2,554	\$1,773	\$1,623



## 11. FINANCIAL CHANGES TO COUNCIL

### Stranded Overheads

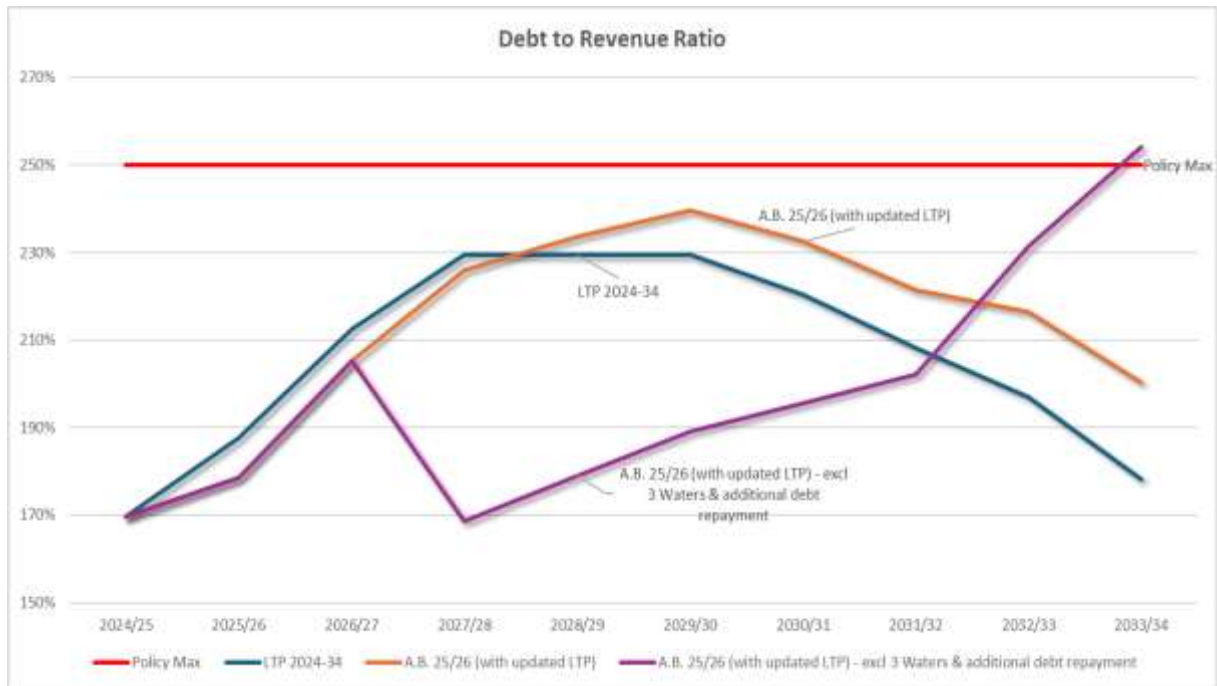
- 11.1 Should Council resolve that water services are to be delivered via a WSCCO, there are several changes, financially, to Council's operating environment. The predominant and largest impacts are stranded overheads as well as Council's own debt to revenue ratio covenant.
- 11.2 Stranded overheads are when Council's activities are reduced, but the functions supporting the organisation do not necessarily reduce. Examples of these functions include payroll, finance, building costs.
- 11.3 There can be both direct and indirect overhead costs. A direct overhead cost example is the Microsoft license fee associated with employing that particular staff member and providing them access to PNCC's IT systems. An indirect overhead cost example is the share of the payroll function costs.
- 11.4 Direct overhead costs will reduce if the water activities were to be delivered by a WSCCO, but the indirect overhead costs will be reallocated across other activities of Council.
- 11.5 In the proposed Annual Budget for 2025/26, there are operating overheads in the water activities of circa \$5.7M. A portion of these overheads, circa \$2.9M, are capitalised as part of the capital programme. The remaining operating overheads will need to be analysed in detail to determine how many of these would be stranded and not able to be reduced or offset.
- 11.6 For the purpose of assessing the impact on the debt to revenue ratio, the operating portion of the overheads above have been assumed to be stranded and reallocated across the remainder of Council's activities.

### Debt Capacity

- 11.7 The 2024-34 LTP had debt capacity of \$1.063B across the 10 years of the LTP. This includes the additional debt repayment that was required to maintain a debt to revenue ratio that was lower than Council's self-imposed policy limit of 250%.
- 11.8 Officers have modelled the proposed Annual Budget 25/26 through the remaining years of the LTP. The updated debt capacity is \$0.989B across the 10 years. This reflects the lower revenue in the first two years compared to what was proposed in the LTP.
- 11.9 Removing the three water activities from Council while allowing for stranded overheads to be reallocated across the remaining activities, the updated debt capacity is \$0.916B across the 10 years. The additional debt repayment provisions of \$75M in the LTP are not required under this scenario.
- 11.10 A graph has been included below, showing the Debt to Revenue ratios, based on the three model examples outlined in 11.7 to 11.9 above.



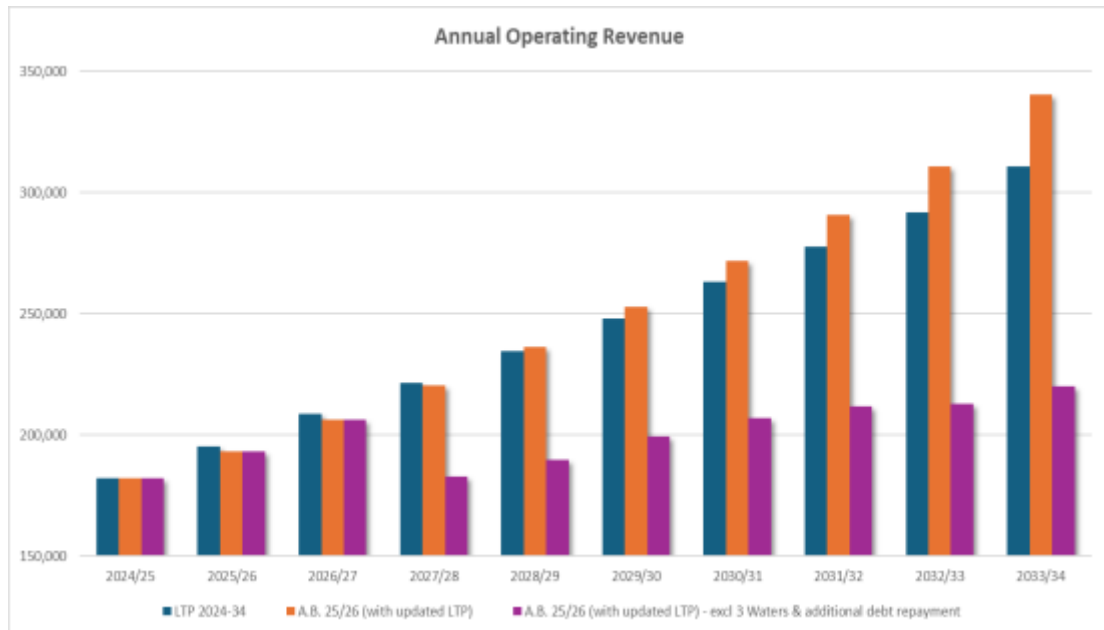
Graph 2: Debt to Revenue ratio result model comparison



- 11.11 The graph above highlights that from a debt perspective, removing the three water activities from Council will have a significant impact on the debt capacity for the non-water activities.
- 11.12 The operating revenue is an important aspect of the calculation for the Debt to Revenue ratio. A graph has been included below showing the comparisons of the above models in relation to annual operating revenue.



Graph 3: Annual Operating Revenue model comparison



- 11.13 At a recent briefing with Elected members, they sought to understand the number of staff that could likely be transferred to a new WSCCO. Under the previous government reform programme and in line with the Staff Transition Guidelines issued, Councils were required to supply information to the National Transition Unit (NTU) on staff that worked across the three waters activities. The table below shows the number of staff based on the percentage of time they work in the water activity. It should be noted that we will be reviewing this information once the number of Council's and therefore size of the new entity is determined.

**Table 6: Number of staff and apportion of time spent in Water Activities**

Time spent working in/on the three waters activities	# of staff
100%	94
50%-99%	4
30% - 49%	18
<30%	129
<b>Total</b>	<b>245</b>

## 12. IWI ENGAGEMENT

- 12.1 The decision whether to establish a WSCCO is a significant decision in relation to bodies of water, and therefore the Council must consider the relationship of Māori and their culture and traditions with water.



- 12.2 Council has continued to engage with Rangitāne both formally and informally to ensure continued transparency of the options being considered by Council.
- 12.3 A hui for iwi/hapū associated with Council's preferred option was held at Te Rangimarie on 19 March 2025. The hui was attended by representatives from Rangitāne o Manawatū, Te Ātihaū – Raukawa, Ngā Hapū o Ōtaki, Muaūpoko Tribal Authority, Ngāti Kauwhata, Ngāti Toa, Ngāti Tūrangā, Ngā Hapū o Himatangi and Te Tūmatakahuki.
- 12.4 In response to this hui, iwi/hapū wrote to their respective council outlining their thoughts and aspirations. See Attachment 5.
- 12.5 Rangitāne have verbally indicated their support for the establishment of a WSCCO and remain committed to high levels of engagement on this kaupapa moving forward. Rangitāne's submission indicated that, of all the options presented, Option 1 'The Four' was more favoured than the other options, however also noted genuine concerns from an iwi and hapū perspective how tangata whenua rights would be managed.
- 12.6 It is recognised that further engagement is needed over the wider area.

### **13. NATURE CALLS AND OTHER WATER-RELATED CONTEXT**

- 13.1 The Nature Calls Waste-Water Treatment Plant capital programme is included in all modelling on the basis of the current Long-Term Plan assumed at \$480M. On 7 May 2025, Council considered the options to take forward for further technical analysis. The range of costs across the options are between \$285M - \$599M. Note: an option that ranged from \$445M - \$599M was left in however Elected Members have been clear that the previously resolved \$480M cap is not to be breached. Further modelling is provided in Attachment 6.
- 13.2 Currently the project timeline for the Nature Calls relies on the Wastewater standards being finalised in August 2025. During May – August Iwi engagement and technical development against the final standards will be conducted. Council will aim to agree a shortlist of options in December to take to public consultation between December 2025 and March 2026. Council plans to resolve the selected option to consent in late March 2026.
- 13.3 Further modelling includes the capture of costs of compliance and regulation that the Council would need to meet under the new water services delivery model. Any decisions relating to Water Services delivery model will not impact the decision on funding for Nature Calls. This would be a decision that is required, at the appropriate time, by either Council or the Board of a Water Services Entity.

### **14. FURTHER FINANCIAL CONTEXT**

- 14.1 Assessment of the three options confirms that a multi-Council WSCCO would provide greater financial flexibility in the medium to long term, more effective



management of economic and water quality regulations, and enhanced resilience in the face of growth. This model enables response to the legislative change, while simultaneously positioning the Council to maximise partnering and efficiency opportunities as they arise. Under a multi-Council WSCCO model, financing will be available exclusively for the growth and level of service projects of drinking water and wastewater and will not be at risk of changing priorities moving financing to other activities of the Council.

## 15. RECOMMENDED OPTION

- 15.1 A multi-Council WSCCO remains the most viable and feasible option available to Council. It has been assessed as providing greater financial flexibility in the medium to long term, more effective management of economic and water quality regulations, and enhanced resilience in the face of rapid growth. This model enables Council to respond to the legislative change immediately, while simultaneously positioning Council to maximise partnering and efficiency opportunities as they arise.
- 15.2 HDC has come to the same conclusion, and is recommending that it partners with PNCC and RDC to establish a multi-council WSCCO.
- 15.3 A number of other councils in our region are still to decide on their water services delivery options. There is the potential for one or more of WDC, or RuaDC to decide to join any multi-council WSCCO were it to be established by PNCC and HDC (if that is the agreed direction). Because these combinations were effectively covered by Option 2 'Up to Six' in the consultation document, our view is that they meet the consultation requirements under the PA Act.
- 15.4 Because neither the Status Quo with changes or PNCC Standalone WSCCO options are financially sustainable and do not generate the levels of benefits that come with a multi-council WSCCO), these are not recommended options.

## 16. NEXT ACTIONS

- 16.1 The following steps are required to ensure the successful development and implementation of the LWDW programme:
  - (1) **WSDP development.** A WSDP will be developed on the basis of the Council decision on delivery model. The WSDP will be brought to Council in August 2025 for adoption, and the Chief Executive will be required to certify the WSDP prior to lodgement to the Secretary for Local Government for approval by 3 September 2025. The Secretary for Local Government can only accept a WSDP if it complies with the Act. Once the WSDP is submitted to the DIA for approval, amendments to the WSDP may be required should the Department propose changes to ensure the WSDP aligns with the Act.



- (2) **Long Term Plan Impact.** If approved, the timing of the Water Services entity being operational is going to coincide with the next Long Term Plan period. The 2027-37 LTP will be prepared without the Water Activities included.
- (3) **Transition agreement.** Once other councils have determined their option, chief executives will work with other councils to agree a transition agreement and begin drafting foundational documents, this will allow for guidance to elected members of potential costs as well as a range of other governance matters. If there are any significant variations to the options presented in our consultation document, the Chief Executive will bring back a paper for further consideration.
- (4) **Implementation Plan.** Develop and complete the implementation plan for submission by 3 September. The objectives and key principles of the implementation plan will be included in the August report.
- (5) **Elected Member updates** on how our neighbours are progressing and decisions made.






## 17. COMPLIANCE AND ADMINISTRATION

Does 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?	Yes
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 objectives?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to: Whāinga 4: He tāone toitū, he tāone manawaroa Goal 4: A sustainable and resilient city	
The recommendations contribute to this plan: 13. Mahere wai 13. Water Plan The objectives are: Provide safe and readily-available water Manage city wastewater	
Contribution to strategic direction and to social, economic,	Water services have undergone significant reform in the past few years. The National-led Government has repealed the previous government's Three Waters



environmental and cultural well-being	programme and replaced it with 'Local Water Done Well'. The Government is still working through the details of what this reform involves, but it does include local government keeping ownership of water assets. Councils are encouraged to form regional groupings (to get the benefits of size) and Water Services Council-Controlled Organisations (to be able to borrow funds without affecting Council balance sheets).
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## ATTACHMENTS

1. Engagement, Marketing and Communications Summary [↓](#) 
2. Letter from Minister Watts to Councils - May 2025 [↓](#) 
3. DIA Financial Analysis - Local Water Done Well [↓](#) 
4. Local Water Done Well - Summary of Submissions [↓](#) 
5. Letter to PNCC from Iwi/Hapu [↓](#) 



# Local Water

Marketing, Communications  
and Engagement overview





## Contents

Pre-Engagement (Early Jan-Mid Feb 2025) .....	3
Consultation (February 27- March 30 2025) .....	5
Attended events.....	5
Massey University Orientation .....	5
Esplanade Day:.....	5
Rural Games:.....	6
Central District Field Days .....	6
Memorial Park pool party .....	7
Drop in sessions: .....	8
Roslyn Library:.....	8
Awapuni Library: .....	8
Ashhurst Library:.....	8
Te Patikiki Library:.....	9
Central Library:.....	9
Sector sessions and Reference Groups:.....	10
Bunnythorpe Community Board meetings:.....	10
Seniors Reference Group .....	10
Youth Council .....	10
Pasifika Reference Group:.....	11
Community sector.....	11
Tours at Wastewater Treatment Plant: .....	12
St Peters Geography classes .....	13
Marketing and Communications overview.....	14
Social media themes .....	16
Website hub.....	18



## Pre-Engagement (Early Jan-Mid Feb 2025)

It was important we ran an education campaign ahead of such a major consultation. Many people believed water reform had ended with the last Government, so we needed to bring people up to speed ahead of asking them for their feedback. We completed the following:

- Sent a flyer to all ratepayers in February rates bill
- Handed out flyers at community events over summer
- Launched a website hub about Local Water Done Well, the history, and a deep dive into Palmy's water assets
- Hosted tours for the public at our Wastewater Treatment Plant (150 people attended)
- Newspaper and radio advertising encouraging people to learn more ahead of consultation
- Ran an education campaign on social media focusing on our water assets and that soon we'd be needing feedback on who should manage water in the future
- Had a display at our Customer Service Centre for people to learn more
- Media releases and interviews
- Engagement with local iwi
- Face-to-face discussions with staff, intranet information and FAQs.





**Your water, YOUR SAY!**

In the coming weeks, we want you to give feedback on one of the biggest decisions our city will face in generations!

We're asking for your feedback on who and how your water should be managed in the future.

**Government reforms are driving this.**

For the past decade, successive governments have talked about the need to change the way water services are delivered. Why? Cost, climate change, growth, and changing standards. The Government's Local Water Done Well legislation requires us to create a plan for the future that is financially sustainable for our community.

**Scale is everything.**

The Government is keen to see councils working together to deliver water services. We've spent a few years figuring out the best options for Palmerston North. In the coming weeks, we'll explain the options and costs to you.

Make sure you have your say.

Who should manage **Palmy's Water** in the future?

Palmy, soon you'll be making the biggest decision that affects our city for generations.

The Government is requiring all councils to consult on how water should be managed in the future. This can include collaborating with other councils. From mid-February to late-March, we will be giving you some options and getting your feedback.

For more information and to sign up for updates, visit [pncc.govt.nz/localwater](https://pncc.govt.nz/localwater)

Palmerston North City Council

Published by Madi Ohlsson

January 23

Ever wondered what happens when you flush the toilet or run the shower?

Now you don't have to! On Tuesday, for the last week of the school holidays, we're holding tours of our wastewater treatment plant.

Why are we doing tours? Well in the next few weeks, we're going to ask you to have your say on who should manage our city's water services in the future. The Government's 'local water done well' programme requires us to look at affordable options for managing the city's water in the future. We'll have the different options, pros and cons and costs on our website soon.

Learn more and register for the tours at [www.pncc.govt.nz/localwater](https://www.pncc.govt.nz/localwater)

See insights and ads

Boost post

Kāpiti Coast District Council and 57 others

24 comments 7 shares

## Local Water Done Well

Have your say on Palmy's water services in 2025.

### About Local Water Done Well

Local Water Done Well will determine how Palmerston North's water services are managed in the future. Find out what it's all about, and how you can have your say.

### Keeping Palmy flowing: A look into our water services

This page dives into each water service we provide - from drinking water to wastewater and stormwater.

[Register for a tour of Palmy's wastewater treatment plant](#)





## Consultation (February 27- March 30 2025)

### Attended events

#### Massey University Orientation



#### Esplanade Day:

This event was the first weekend of consultation, and while the kids were playing on our water related activities, we spoke to their parents and caregivers about the consultation, and encouraged people to keep an eye out for a booklet that they'd get in their letterbox the next week. We spoke to thousands of people during the day. Key themes were: why is water costing more, does it affect rural people, people wanting to know how it would work for renters and who would pay a water bill. Most people we talked to in depth said our proposals make sense.





### Rural Games:

Rural games was a great opportunity for us to talk to a wide range of our community, including our rural residents. Our Palmy tent and staff were at the event all three days talking about our consultation, and some other Council topics too. Key queries/themes were: People have pride in our local ownership of the water, some don't like the idea of joint ownership and a query over whether we could keep in-house, understanding cost and Government reform is the driver, queries over how billing would work, will water meters be coming in (evenly split views on don't want them/install them now), where Nature Calls fits in and what the latest on that was. They also seemed to be aware that there was little choice though due to affordability.



### Central District Field Days

We know many people in our community attend Field Days so were keen to chat to them, but we're also conscious this event brings in people from a range of areas – including those we are proposing to work with. This meant we were able to talk to them about Palmy's water and provide reassurance.

Key themes: general support, how does Nature Calls fit in, install water meters, concerns that we haven't managed water well (which we were able to correct), what happens if MDC/KCDC don't want to partner with us, how realistic are the costs, Government should never have changed the reforms, and whether we should remove fluoride from our drinking water.





### Memorial Park pool party

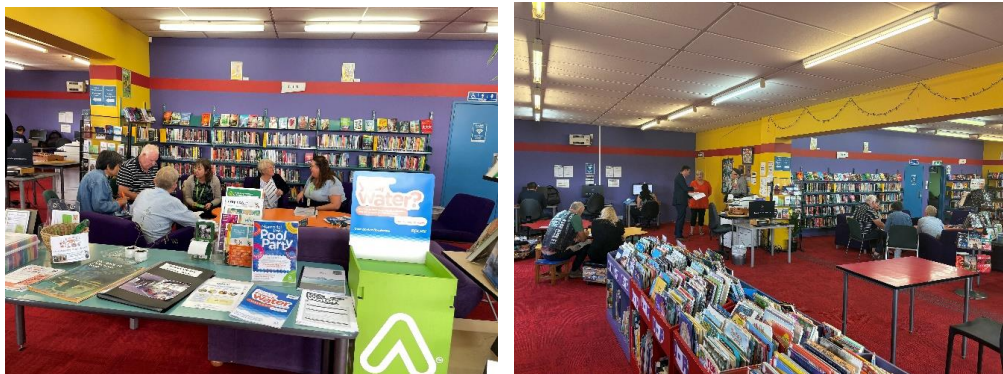
We decided to make use of our water assets and host a 'pool party' at our free splashpad and paddling pool on a Friday evening. We spoke to people as they arrived at the park about the consultation, answered some questions and encouraged people to make submissions.





## Drop in sessions:

### Roslyn Library:



We spoke to 17 people during this drop in session. Questions and themes included: How would a CCO work, how good is our water, fluoride queries (x4), what streets are getting new water pipes this year, would we pipe water between different areas, water meters (some like, some don't), why is Government changing things, should have kept last reforms, will we have to pay for "their" water, we've done a good job, will the hospital be ok, climate change is important (x3), climate change isn't real (x2), how does stormwater work normally and under a new organisation, how would a new organisation create economies of scale, how do the regulators work, where does Nature Calls fit in, it's good that an organisation can borrow more money to keep doing this work, proposals make sense.

### Awapuni Library:

Just under 40 people attended this session. Questions included: role of Iwi, are the costs fixed or will they change, are they intergenerational costs, does our debt move to the entity, if we say scale matters how can some Councils do it themselves, what is Horizons role, what happens if KCDC/MDC don't want to be with us, role of Nature Calls, will scale also help on things like insurance costs (both for a water organisation, but also Council not having as much insurance for water), stormwater is important and needs to be managed well, we shouldn't encourage growth, please listen to ratepayers, we should encourage greywater tanks.

### Ashhurst Library:

Questions included: what if KCDC don't want to go with us, would we have water meters, explain the costs more/will rates go down, how will the organisation be managed, what happens to Councils water team staff, when will it actually happen, at what point in the thirty years do we see the big bills coming in. We also had a few people who had read the documents and just wanted to come in and have a chat and check their understanding was correct.



**Te Patikiki Library:**

We spoke to about half a dozen people at a drop-in session at Te Patikiki. They asked us if water meters are going to be installed and told us they are a fair way of allocating costs. They also asked how the new wastewater standards will affect Nature Calls, if the costs of that project was included in the modelling and if it might be possible to have the choice between town water supply and their own tank supply. They told us that 3 Waters should be kept close to the community, that they would prefer Palmy to go by ourselves if possible, that whatever we do needs to be affordable and that they opposed both import and export of bottled water.

Also asked how Iwi had been included in process.

**Central Library:**

Questions included whether this is another version of water reform. What we will do if KCDC/MDC do not want to go with us? Does this mean we will get water meters in the future and supportive of this (x 6 people). How and when would price harmonisation apply, fluoride, how do we influence decision making, impact of changing standards, will we have to pay more over time given the level of infrastructure deficit across the country, can we trust the other Councils we're proposing to work with, would it be ok if we have more medium density, how does price harmonisation work.

They also stressed that good stormwater management matters, and the environmental improvement potential is just as important as cost, other Councils should be forced into this and why aren't they listening to the Government direction, old 3 waters proposal was better.



## Sector sessions and Reference Groups:

### Bunnythorpe Community Board meetings:

We met with the board very early in consultation and had a thorough discussion.

Questions/themes included: Bunnythorpe paid for their water through a fixed rate around 12 years ago, don't want to have to pay for others, what does it mean for rural residents, if meters come into effect who pays for them, what role does Horizons have and will they influence projects with a water organisation, who fixes leaks in the future and what happens in an emergency, how does pricing work with a range of different communities, concerns for increasing costs for older people, we shouldn't have to pay for other waters, if scale matters we should consider talking to even more Councils, how do we prevent massive price escalations, iwi involvement, how does billing work, could we encourage people to install tanks, what water work do developers pay over Council, how do we have influence in decision making by a water organisation, are the assets still owned by Council.

### Seniors Reference Group

We were lucky to spend two hours with our reference group chatting about local water done well and answering questions. The group will be making a submission.

Questions/themes included: What happens if Government changes, how would a board be appointed, would all communities pay the same, can't have water being privatised, we need to think about the environment too, who pays- the renter or landlord, Iwi has always had an involvement and needs too, potentially option 1 may be better for Iwi due to catchment and relationships, have we considered a catchment based option, how confident are we in the other Councils and what their assets are actually like.

### Youth Council

We presented to the Youth Council and answered their questions about the project. They'll be making a submission on this project. Questions included water meters, Iwi involvement, ensuring water cannot be privatised, the environment matters, who makes decisions, why should young people care.



**Pasifika Reference Group:**

We presented to our Pasifika reference group and then took questions. They included: will I no longer pay Council for water, will I get two bills, affordability matters, environmental protection matters equally, what happens if there is a change in Government, privatisation and role of Iwi.

**Community sector**

We only had a small number attend this session, but we were able to have a long thorough chat about water, growth and the city. Questions and themes included: can see why there needs to be change, prices come down in 30 years but will they really, affordability matters especially for older people, a transition needs to be staged slowly, stormwater is an important focus, who takes on Nature Calls, what role does the treaty play and what is the role of Iwi, would the water staff at Council move to the new organisation, in-house water crew is important as we get a good fast response and contractors can't be trusted to care as much as local employees, we need to attract more people to the city to help pay for these costs, can we have a PNCC standalone, what happens if we don't want to be in the water organisation anymore.

Number attended: 7 people

**Environment sector**

Concerned about the loss of control, would meters be introduced, what happens with a change in Government, explain the role of foundational documents like Statement of Expectations and Constitution, what is the role of the board and how are they appointed, why no PNCC standalone CCO option, sought clarity on Nature Calls funding through IFF vs LGFA, can water be privatised, timing of harmonisation, landlord vs renters- who pays?

Number attended: 15 people



### Water customers/businesses

Questions asked: How would governance work, how big would the board be, how will it be monitored and KPI's set, will Councils actually have oversight, there are operational efficiencies - how soon do they get achieved, what happens if MDC and KCDC are out – how could we encourage their engagement and support? Seeking explainer on ring-fencing effect on an in-house option, is this the start of a wider amalgamation discussion across other Councils and their activities, what happens if we have no dance partners, have Iwi been involved and what is Councils position, how will stormwater be treated, what if there is a change in Government.

Number attended: 10 people

### Tours at Wastewater Treatment Plant:



During consultation, we hosted tours at our treatment plant, seeing just under 100 people through the doors. We spent time discussing local water done well and our consultation with each tour group. Key questions/themes: will I get a water meter - do I pay for that? Does it affect rural people, Iwi need to be involved, will my rent come down if I pay for water as it won't be in rates anymore, why is the Government doing this to us, the options make sense, we trust you to make the right decisions for us.



### St Peters Geography classes



We worked with a year 11 Geography class at St Peters to discuss the future of water. The class learnt about our three different waters, and then we did an exercise with them that ended up being their submission! We gave them a range of different stakeholder groups and asked them to pretend to be the water organisation and consider all of the things each group cares about when it comes to water and what they need from a water organisation. We then discussed how when a water organisation is being established, they need to consider all of these different groups and make sure they all feel informed and involved. They helped come up with ideas for how the water organisation could look.



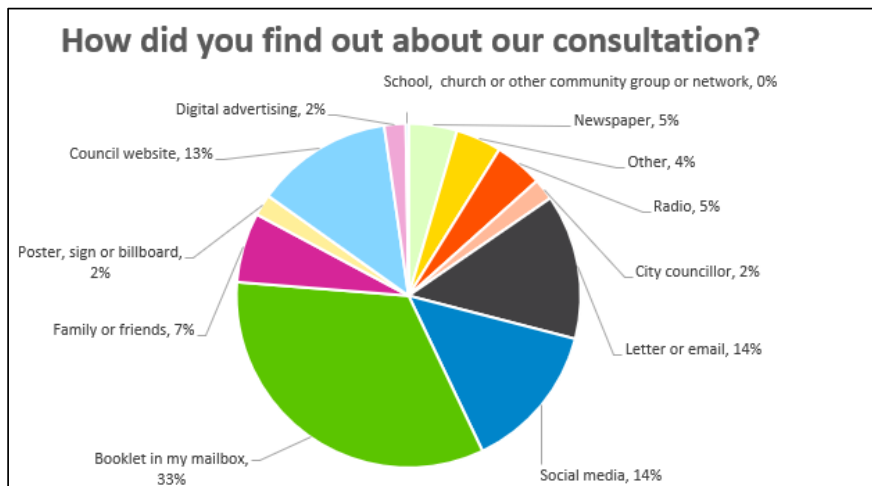
## Marketing and Communications overview

We wanted to make sure everyone knew about the consultation and had an ability to have their say.

We:

- Sent a booklet to homes across the city
- Had a website hub – data below
- Posters around the city
- Displays including submission forms and consultation material at all libraries and our customer service centre
- Media releases and interviews
- Wide range of social media posts and adverts, promoting key info but also promoting opportunities to speak with our Elected Members and Council officers
- Stakeholder communications – eg: water customers, trade waste customers, all sector leads/Council funding recipients/community centre, real estate industry, CCOs
- Radio advertisements on local radio stations
- A call to action video with Mayor Grant Smith
- Billboards and bus shelter advertising
- Newspaper advertising
- Email signatures
- I-site digital billboard.

Our online submission form asked people how they heard about the consultation.










## Social media themes

We posted about Local Water Done well extensively on our channels during consultation. Across our platforms our posts and ads were seen **214,787** times and engaged with (e.g. commented, reacted, shared) **28,818** times.

Many people were worried about how much water might cost in the future and how it could increase so much from what it is currently. There were questions about what moving from paying for water through rates to being billed directly by a new organisation might mean for people and if the organisation would be for profit. There was also a lot of discussion around the possibility of water metering in the future and whether it would be a good or bad thing.

There was some concern that Council had already decided on an outcome and feedback wouldn't be considered. These feelings appear to have come from people's feelings from past projects and consultations. These feelings also seem to have come from Option 3 being consulted on, as it doesn't meet legal requirements.

We saw an increase in comments that contained false or misleading information compared to our posts on other topics. Some comments came from genuine confusion or concern, while others seemed to steer the conversation away from fact-based discussion. A great example of this was repeated discussions around fluoride in the water.



**Palmerston North City Council**  
Published by Sprout Social  
March 17 at 8:37 AM

For generations, we've provided Palmy with some of the best water services in New Zealand, but the future of water delivery is changing.

The government has strict new rules for how water needs to be managed in the future, and they're keen to see councils collaborate to do this.

We have three options to consider:

**Option 1** 🏡 A water organisation jointly owned by Palmerston North City Council, Horowhenua, Manawatu, and Kāpiti Coast District Councils. The most affordable option. It would see water cost around \$2,100 per year in ten years - this is what we projected in our Long-Term Plan.

**Option 2** 🏡 A water organisation jointly owned by Palmerston North City Council and one or more other councils within the Horizons Regional Council boundary. Depending on the combination of councils, residents could be paying up to \$2700 in ten years.

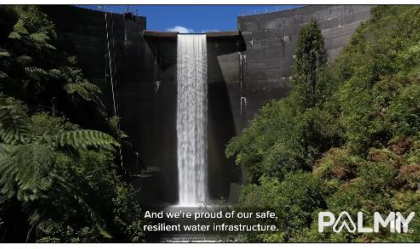
**Option 3** 🏡 Status quo with changes (not financially sustainable and therefore it's not legally compliant). Within ten years, residential ratepayers could pay \$3,800 per year for water under this option.

We know cost is important, but there are other factors to consider, too!

Read more about the different options on our website:  
[www.pncc.govt.nz/LocalWater](http://www.pncc.govt.nz/LocalWater)

This decision will affect your water services for generations, so make sure to have your say.

You've got until 4pm, 30 March, to tell us what you think. ⌚



And we're proud of our safe, resilient water infrastructure. **PALMY**

We need your help to decide who should manage Palmy's water services in the future.

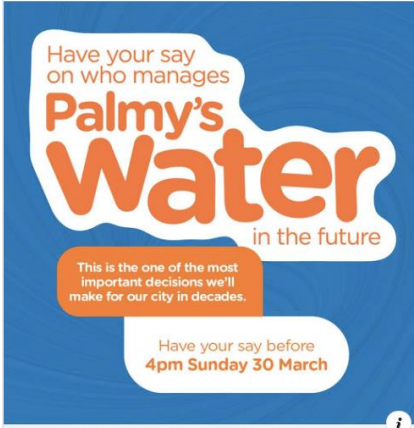
Read about the different options in the booklet in your mail, on our website and at our libraries and customer services centre.

If you want to chat with us or ask questions in person, here's where we will be:

Roslyn Library – 12 March, 1.30 – 2.30pm  
 Awapuni Library – 13 March, 10 – 11am  
 Ashhurst Library – 20 March, 5 – 6pm  
 Central Library – 22 March, 2 – 3pm  
 Te Pātikitiki Library – 25 March, 10 – 11am  
 Memorial Park Pool Party – 14 March, 5 – 7pm  
 Central District Field Days – 13 – 15 March

Tell us what you think by 4pm on 30 March.

Fill in the online form on our website, or pick up a paper submission form at our libraries and Customer Service Centre.



Have your say on who manages **Palmy's Water** in the future

This is the one of the most important decisions we'll make for our city in decades.

Have your say before **4pm Sunday 30 March**

PNCC.GOV.TZ

**Local Water Done Well**  
Have your say on Palmy's water services in 20...

Learn more

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👍👎🗨️ 120 5



**Palmerston North City Council** •  
Published by **Jessica Papple**  
March 4 at 1:13 PM · 🌐

For generations, we've provided Palmy with some of the best water services in New Zealand. We're proud of our safe, resilient water infrastructure.


But the future of water delivery is changing. The government has strict new rules for how water needs to be managed in the future- and they're keen to see councils collaborate to do this.

A small number of councils will be able to keep doing what they're doing- but for big cities like ours, it's not that simple. The cost of staying the same would be unaffordable for you.

We have three options to consider, and we need your feedback.

Please make sure you read the options and come along to one of our many events to ask questions.

This is a critical decision for the future. Your water, your city, your future. Make sure you have your say



PNCC.GOV.T.NZ  
**Local Water Done Well**  
Have your say on Palmy's water services in 20...

[Learn more](#)

3 1 1

Water costs will continue to rise over the next decade. 💧 🌊

Across the country, the cost of providing water services is going up, and Palmerston North is no exception.

What's driving up costs?

- ✅ Stricter national water rules – New national rules for drinking water and wastewater require us to invest more to meet stricter safety and environmental standards.
- 🌡️ Climate change – More extreme weather means more investment is needed in flood protection and stormwater systems.
- 🔧 Aging infrastructure – Many of our pipes and treatment plants need replacing or upgrading to keep water safe and reliable.
- 👥 Population & industrial growth – More people and businesses mean greater demand on our water networks, requiring bigger and better systems.

The Government's Local Water Done Well legislation has strict requirements for managing water in the future, including charging for water and borrowing for water projects.

📖 Have you received your booklet in your letterbox yet? They're arriving this week.

- 👉 The booklet outlines how we're proposing to manage water services in the future under the new legislation.
- 👉 At the moment, you pay just under \$1000 for water services as part of your rates. In the next 10 years, this could range between \$2100 and \$3800.
- 👉 The most affordable option would see us create a jointly owned council-controlled water organisation. You still own the assets, and they'd make the day-to-day decisions. What you currently pay will come off rates and instead be charged by this organisation.

Regardless of who manages water in the future, the Commerce Commission will now monitor the cost of water to ensure it's fully user pays, affordable and that all the charges you pay have to be reinvested back into water. Over the next year, this new regulator will cost our ratepayers \$100,000. That is on top of the \$400,000 we are now being required to pay Taumata Arowai, who monitors the quality of the water. This cost was previously covered by the government but has been passed back to councils to pay.

This decision will affect water services for generations, so we need your feedback!

Read more about the different options and have your say online, at our libraries and our Customer Service Centre.

📧 Let us know what you think before 30 March!  
[www.pncc.govt.nz/localwater](http://www.pncc.govt.nz/localwater)

Have your say  
on who manages  
**Palmy's  
Water**  
in the future

This is the one of the most  
important decisions we'll  
make for our city in decades.

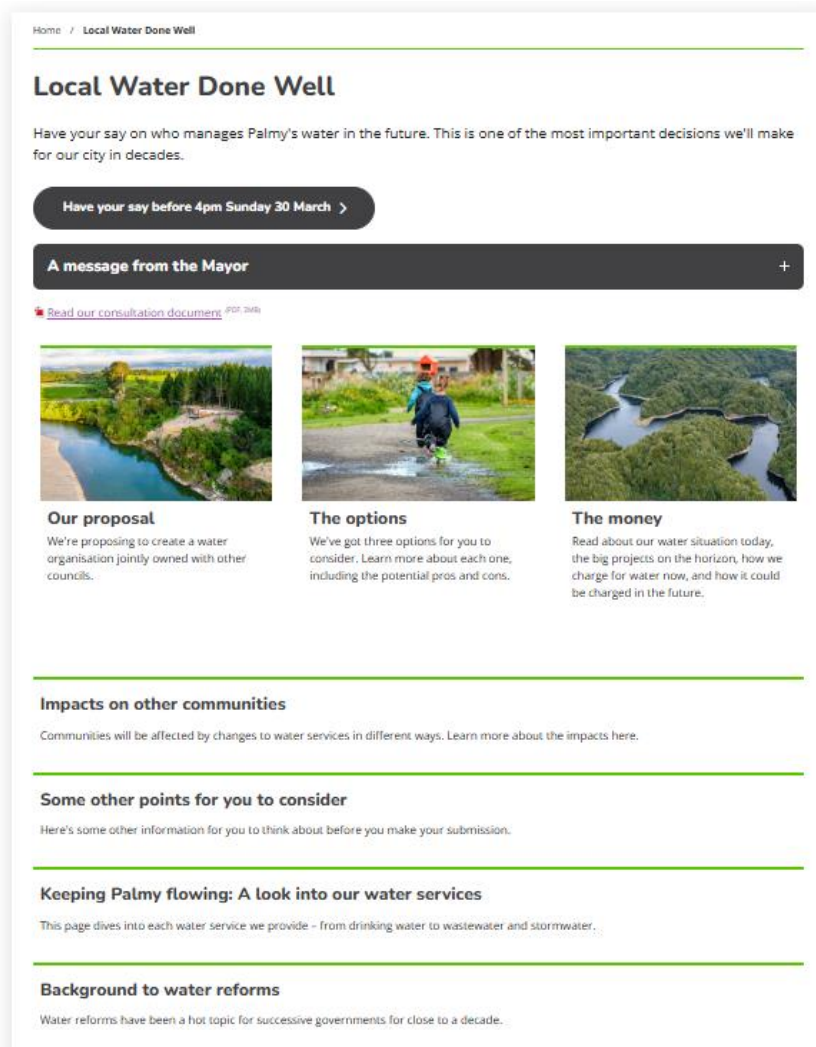
Have your say before  
**4pm Sunday 30 March**

Upper Hutt City Council and 16 others 56 3



## Website hub

Our website was the electronic home to all things Local Water Done Well, as well as where people could make online submissions and download the consultation document (264 people downloaded the file).

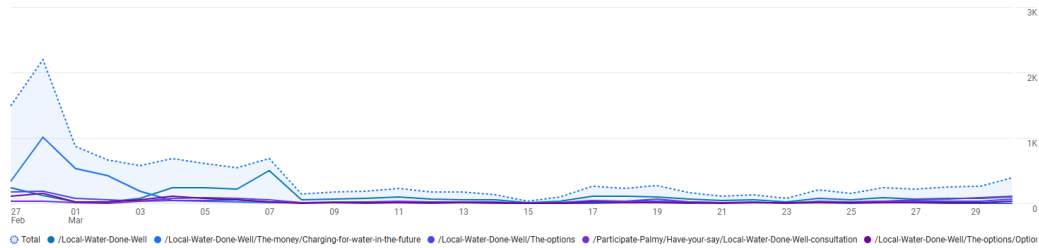


The hub landing page (pictured) was the sixth most visited page on our website during the consultation period.

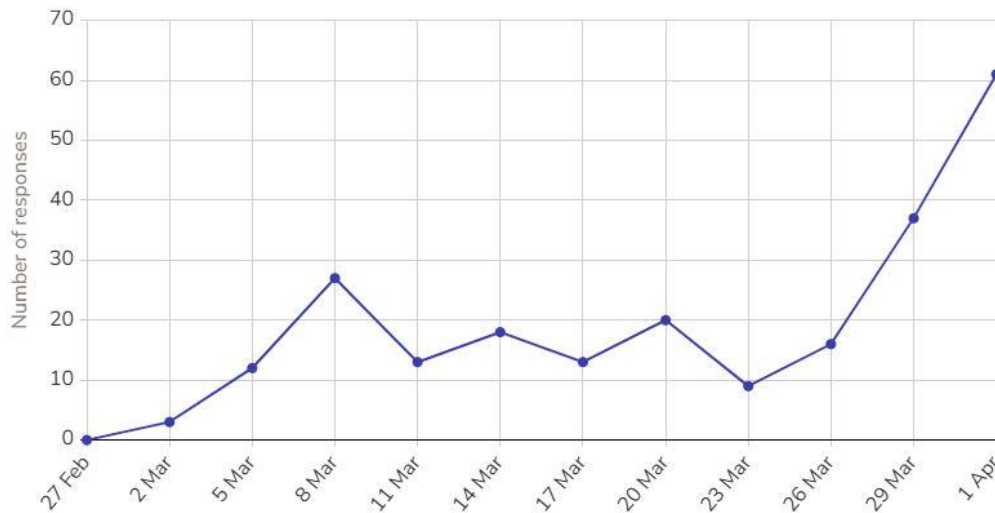
During consultation, 5,378 people visited the hub 12,623 times. The most popular pages were the options, charging for water in the future, and have your say page (the page that includes the online submission form).



Visits peaked in the opening week of the consultation, with the only noticeable spike on the opening weekend.



The online form tells a different story: 229 people submitted through the form. This peaked on the final few days of the consultation.



Conversion rate: The have your say page had an exceptional conversion rate – more than 30%. Just 700 people visited this page but 229 of them completed the online form.

Acquisition: The majority of people came to our website from Google organic search (“water pricing” was a common search term). Direct traffic was responsible for a smaller (but not insignificant) number of visits, especially to the landing page. An easy to type shortlink to this page was provided in all our promo material.



## Hon Simon Watts

Minister of Climate Change  
Minister for Energy  
Minister of Local Government  
Minister of Revenue



MIN038

To: Mayors / Chair  
cc: Chief executives

Dear Mayor / Chair

### Financial sustainability of water services

I am writing to underline the importance of financial sustainability requirements and the new economic regulation regime under Local Water Done Well. I also want to take this opportunity to acknowledge the work you are doing to implement Local Water Done Well in your local area, and to set out our next steps in the months ahead.

I understand your council has indicated a preference in your consultation materials for a multi-council council-controlled organisation (CCO) model for delivering water services for your community.

Delivery of financially sustainable water services sits at the core of Local Water Done Well, and it will form the basis for how the Department of Internal Affairs will assess Water Services Delivery Plans (Plans).

As the economic regulator, the Commerce Commission will also play a key role in ensuring water services providers collect sufficient revenue and invest sufficiently in quality water infrastructure and services on an ongoing basis.

With the Local Water Done Well framework, tools and guidance largely in place, it is now up to you to consider your options, work with other councils, and make the decisions required to ensure clean, safe, reliable, and financially sustainable water services for your community.

I recognise these are challenging conversations, and I back the efforts you are making to get water services right for your community now and for future generations.

### Assessing financial sustainability

Water Services Delivery Plans provide a framework for councils to assess the financial sustainability of their water services and chart a course for improvement.

The Local Government (Water Services Preliminary Arrangements) Act 2024 sets out the Plan requirements, including that Plans must explain what a council proposes to do to ensure that the delivery of water services will be financially sustainable from 1 June 2028.

While the Department will be providing further guidance to councils about the Plan assessment process later this month, there are a couple of key areas I wanted to emphasise in relation to financial sustainability at this stage in your Plan development:

- **Meeting financial sustainability requirements and working together.** The Act defines financial sustainability as ensuring revenues are sufficient to fund long-term investment in water services and meet all regulatory requirements.

I have been clear in my expectation that council should be working together to address financial sustainability challenges, as you are already actively doing.



In particular, I expect councils to be actively considering working with and supporting their neighbouring councils, especially smaller and rural councils, particularly given there is no requirement for price harmonisation under Local Water Done Well.

As you'll be aware, collaboration enables resource sharing, efficiency gains, better access to financing, and lower costs for ratepayers. Having a pipeline of future work across a region also provides greater investment certainty, and the potential to build a strong future workforce.

- **Long-term thinking and solutions.** While Plans must cover a 10-year period, they can also include information that covers a further 20 years if the information identifies investment requirements for water services infrastructure or to support future housing growth and urban development. Councils should be planning and making decisions with an enduring focus on financial sustainability, with these outcomes in mind.
- **Efficiency of water use and demand management through usage-based charging.** The Local Government (Water Services) Bill provides a five-year timeframe to transition away from using property values as a factor in setting water charges, to new charging mechanisms such as water metering and volumetric charging.

Water metering and volumetric charging can help reduce water consumption, assist in quick identification of leaks and help manage water losses, which supports the ongoing efficiency and effectiveness of water infrastructure. Councils should be considering these tools (where they are not already in place) as part of their future arrangements.

Under the economic regulation regime, over time the Commerce Commission will also be able to consider whether prices are efficient. Including, for example, whether prices reflect the cost of providing services and whether providers are using water resources efficiently.

#### **Economic regulation regime for water services**

As you progress your Plan, it is important to keep in mind that the entities that make core decisions on water supply and wastewater services will be subject to economic regulation under the Commerce Act 1986. These decisions include those relating to the level of charges or revenue recovery and/or capital and operating expenditure.

As a minimum, all regulated suppliers (councils and water organisations) that have responsibility for these core decisions will be subject to information disclosure. This means the Commerce Commission will require regulated suppliers to publish robust information about the planning, investment, and performance of their water supply and wastewater services.

The Commission will also publish a summary and analysis of that information, to promote greater understanding of the performance of individual regulated suppliers, including their relative performance compared with other providers, and changes in performance over time.

The Local Government (Water Services) Bill also gives the Commission other regulatory tools that they will be able to implement as needed. This includes the ability to set minimum and maximum revenue thresholds, providing a clear expectation to regulated suppliers about what level of revenue needs to be collected for investment in, and operation of, water infrastructure. The Commission will also monitor and enforce the requirement that revenue from regulated water services is spent on regulated water services (financial ringfence).

Where it is considered necessary, the Bill contains a designation process whereby the Commission may be given the power to implement quality regulation, performance requirement regulation, and price-quality regulation for specific suppliers.



I am encouraging all councils to consider the implications of the new economic regulation regime as you are making decisions on your future water services delivery arrangements. I have asked the Commission to engage closely with councils to provide information about the new regime. Please contact the Department if you would like them to facilitate a meeting if you have not done so already.

#### **Next steps and support available**

I want to maintain the momentum as we approach the 3 September deadline for submission of Plans. The Department will be ready to accept early submission of Plans by councils that are able to. Please keep this in mind in your planning.

I do not intend to grant extensions to the deadline for submitting Plans given the progress made so far, and various avenues of support that have been and continue to be available. Where a Plan is not submitted on time, I will be considering using my powers under legislation to intervene, such as by appointing a Crown water services specialist.

If you feel you may need additional support to enable you to resolve challenges and ensure progress with your Plan, Crown facilitators continue to be available. Crown facilitators are a key part of our approach and councils shouldn't be reluctant about requesting their support. A Crown facilitator can provide tailored guidance, facilitate collaboration among councils, or assist with joint planning efforts.

My officials also continue to be available to answer questions or provide technical support. I encourage you to get in touch with the Water Services Delivery Plan team at [wsdp@dia.govt.nz](mailto:wsdp@dia.govt.nz) if they can be of assistance to you.

I look forward to seeing continued progress on your plans for future delivery of water services and commend your efforts to support this critical future thinking while continuing to maintain your business-as-usual water services maintenance and ongoing activities.

Thank you for your continued engagement and support as we work to implement Local Water Done Well. You may wish to share this correspondence with your elected members.

Yours sincerely,



Hon Simon Watts  
**Minister of Local Government**



# Local Water Done Well

## Analysis of water services delivery options to demonstrate the financing efficiency of a regional water CCO

17 January 2025

*This document has been prepared to provide information to Horowhenua District Council, Kapiti Coast District Council, Manawatu District Council, and Palmerston North City Council on the financial sustainability requirements of water services provision, and to demonstrate the financing efficiency of a regional water CCO.*

*The Department of Internal Affairs has relied on information provided by councils in the development of the analysis and guidance included in this report, including publicly available information from long-term plans and other council accountability documents.*

*This guidance is not legal advice; and is intended to support council decision-making requirements under Local Water Done Well.*

**Te Kāwanatanga o Aotearoa**  
New Zealand Government



**Te Tari Taiwhenua**  
Internal Affairs



## Request for analysis from the Department

- Officials from the Department met with officers from Horowhenua District Council, Kapiti Coast District Council, Manawatu District Council, and Palmerston North City Council on 18 December 2024, to discuss reports developed for these councils on Local Water Done Well options, prepared by Morrison Low.
- In this discussion, council officers requested the Department to provide guidance and analysis on how a regional water CCO might provide a more effective financing vehicle for water services delivery – compared to individual council delivery of water services – and how this could consequently result in lower charges to consumers against other financially sustainable delivery models.
- In this report, we provide further guidance on Local Water Done Well to complement councils' current advice and understanding. This report sets out:
  - High level analysis on a hypothetical joint water CCO consisting of the councils' water services.
  - High level analysis on each council's water services, to demonstrate the difference in average projected charges for consumers between:
    - 2024-34 long-term plan projections;
    - 2024-34 long-term plan projections, modified to meet the financial sustainability requirements for Water Services Delivery Plans; and
    - 2024-34 long-term plan projections; modified to demonstrate lower revenue requirements for a regional CCO, whilst meeting the financial sustainability requirements for a Joint Water Services Delivery Plan.
  - Benefits that accrue to owning councils who establish a water CCO, through increased borrowing headroom.
- Annex 1 sets out further guidance on:
  - Financial sustainability requirements under Local Water Done Well;
  - Guidance issued to councils by the New Zealand Local Government Funding Agency on lending requirements for water CCOs;
  - A description of the 'FFO to debt' measure and why it is critical to the financial sustainability of water services provision; and
  - Assumptions and limitations of analysis completed in this guidance.

IN CONFIDENCE



## Key insights on a potential regional Water CCO

- Each council would benefit from the establishment of regional Water CCO:
  - **Horowhenua District Council (HDC)** - Establishing a regional Water CCO would enable water services charges for consumers to reduce by approximately 16% against LTP projections over ten years. The separation of water services into a Water CCO (whether that be a regional CCO or an HDC owned CCO) would create approximately \$40 million of new borrowing headroom for HDC's non-water services, due to water services being more highly leveraged than non-water services.
  - **Kapiti Coast District Council (KCDC)** - Establishing a regional Water CCO would not materially impact the projected charges and revenues needed to be financially sustainable against in-house delivery. Separating water services into a Water CCO (whether that be a regional CCO or an KCDC owned CCO) would create approximately \$100 million of new borrowing headroom for KCDC's non-water services initially (increasing to \$188m by FY33/34), due to water services being more highly leveraged than non-water services.
  - **Manawatu District Council (MDC)** - Establishing a regional Water CCO would not materially impact the projected charges and revenues needed to be financially sustainable against in-house delivery. Separating water services into a Water CCO (whether that be a regional CCO or an MDC owned CCO) would create approximately \$40 million of new borrowing headroom for MDC's non-water services initially (increasing to \$95m by FY33/34). This would effectively mean MDC has no net debt from FY31/32 at LTP projected revenues.
  - **Palmerston North City Council (PNCC)** - Establishing a regional Water CCO would enable water services charges for PNCC consumers to reduce by approximately 8% against LTP projections over ten years. The separation of water services into a Water CCO (whether that be a regional CCO or an PNCC owned CCO) would create approximately \$40 million of new borrowing headroom for PNCC's non-water services initially (increasing to \$74m by FY33/34).
- Each council has different investment requirements and costs of service. Our analysis retains regional differences as this ensures that prices that different communities pay (as modelled) would reflect the direct costs of service to each community. It is important to note that there is **no requirement to harmonise prices across communities under Local Water Done Well**.
- This analysis demonstrates that **a more affordable price path for water charges could be realised for individual councils**, than equivalent charges for financially sustainable operations delivered by individual councils.
- The additional borrowing headroom that can be accessed by establishing a Water CCO would create additional flexibility to efficiently deliver water services to communities.
- Establishing **a regional Water CCO will deliver significant financial benefits to all owning councils**, through the establishment of new borrowing headroom, due to water services being higher leveraged than other council activities. Significant financial benefits of establishing a Water CCO accrue to owning councils themselves.
- The benefits for each council, when compared to status quo delivery, vary by council based on the initial starting point, projected investment requirements and costs of service. Each council should consider **trade-offs between levels of water services revenues, investment and debt financing to realise the full benefits of Local Water Done Well**.

3

IN CONFIDENCE



# Analysis completed on service delivery options

## Scenarios

- For each council we have developed three scenarios:
  - 2024-34 LTP financial information for water services under status quo arrangements;
  - Amending LTP financial information for water services to ensure that revenue and financing requirements are set to the assumed minimum 'FFO to debt' ratio requirement for the individual council; and
  - Amending LTP financial information for water services to represent the council's 'share' of a regional Water CCO, with a lower 'FFO to debt' ratio requirement of 8%.
- Our analysis does not assume any harmonisation of prices across the four councils under a regional Water CCO. Instead, regional differences are retained as this ensures that prices that different communities pay reflect the direct costs of service to each community.

### Horowhenua District Council (HDC)

HDC's 2024-34 LTP shows water charges increasing by approximately 148% per connection over ten years.

Water services net debt peaks in FY24/25 (at a net debt to revenue of 438%), with projected revenue increases used to fund capital investment and pay down debt (with debt to revenue decreasing to 247% in FY33/34).

At an all-council level, HDC's debt to revenue peaks at approximately 254% in FY25/26 (against a limit of 280%), reducing to 200% by FY33/34.

There are no material financial sustainability issues for water services in HDC's LTP; however the projected revenue increases required in LTP require material increases in charges for consumers over ten years.

#### Scenarios run:

- 2024-34 LTP projections;
- 2024-34 LTP projections, modified to reduce projected revenue increases to maintain FFO to debt of 11%;
- 2024-34 LTP projections, modified to maintain FFO to debt of 8% in a regional Water CCO.

#### Benefits of a regional Water CCO

Establishing a regional Water CCO would enable water services charges for HDC consumers to reduce by approximately 16% against LTP projections over ten years.

The separation of water services into a Water CCO (whether that be a regional CCO or an HDC owned CCO) would create approximately \$40 million of new borrowing headroom for HDC's non-water services, due to water services being more highly leveraged than non-water services.

### Manawatu District Council (MDC)

MDC's 2024-34 LTP shows water charges increasing by approximately 56% per connection over ten years.

Water services net debt peaks in FY28/29 (at a net debt to revenue of 487%), with projected revenue increases enabling debt to revenue to reduce to 422% in FY33/34.

At an all-council level, MDC's debt to revenue peaks at approximately 166% in FY25/26 (against a limit of 175%), reducing to 75% by FY33/34.

There are no material financial sustainability issues for water services in MDC's LTP; however MDC would benefit from significant additional borrowing headroom from separating water services into a CCO structure.

#### Scenarios run:

- 2024-34 LTP projections;
- 2024-34 LTP projections, modified to reduce projected revenue increases to maintain FFO to debt of 12%;
- 2024-34 LTP projections, modified to maintain FFO to debt of 8% in a regional Water CCO.

#### Benefits of a regional Water CCO

Establishing a regional Water CCO would not materially impact the projected charges and revenues needed to be financially sustainable against in-house delivery.

Separating water services into a Water CCO (whether that be a regional CCO or an MDC owned CCO) would create approximately \$40 million of new borrowing headroom for MDC's non-water services initially (increasing to \$95m by FY33/34). This would effectively mean MDC has no net debt from FY31/32 at LTP projected revenues.

### Kapiti Coast District Council (KCDC)

KCDC's 2024-34 LTP shows water charges increasing by approximately 116% per connection over ten years.

Water services net debt peaks in FY24/25 (at a net debt to revenue of 581%), with projected revenue increases enabling debt to revenue to reduce to 464% in FY33/34.

At an all-council level, KCDC's debt to revenue peaks at approximately 210% in FY25/26 (against a limit of 280%), reducing to 118% by FY33/34.

There are no material financial sustainability issues for water services in KCDC's LTP; however the projected revenue increases required in LTP require material increases in charges for consumers over ten years.

#### Scenarios run:

- 2024-34 LTP projections;
- 2024-34 LTP projections, modified to reduce projected revenue increases to maintain FFO to debt of 11%;
- 2024-34 LTP projections, modified to maintain FFO to debt of 8% in a regional Water CCO.

#### Benefits of a regional Water CCO

Establishing a regional Water CCO would not materially impact the projected charges and revenues needed to be financially sustainable against in-house delivery.

Separating water services into a Water CCO (whether that be a regional CCO or an KCDC owned CCO) would create approximately \$100 million of new borrowing headroom for KCDC's non-water services initially (increasing to \$188m by FY33/34), due to water services being more highly leveraged than non-water services.

### Palmerston North City Council (PNCC)

PNCC's 2024-34 LTP shows water charges increasing by approximately 146% per connection over ten years. This increase excludes the impact of levies to be charged to households for IFF funded infrastructure.

Water services net debt peaks in FY29/30 (net debt to revenue of 395%), with projected revenue increases enabling debt to revenue to reduce to 270% in FY33/34.

At an all-council level, PNCC's debt to revenue peaks at approximately 230% in FY27/28 (against a limit of 280%), reducing to 178% by FY33/34.

Financial sustainability considerations: IFF funding for the WWTP project is required to be able to deliver the necessary investment set out in the 2024-34 LTP.

Projected revenue increases required in LTP lead to material increases in charges for consumers over ten years.

#### Scenarios run:

- 2024-34 LTP projections;
- 2024-34 LTP projections, modified to reduce projected revenue increases to maintain FFO to debt of 10%;
- 2024-34 LTP projections, modified to maintain FFO to debt of 8% in a regional Water CCO.

#### Benefits of a regional Water CCO

Establishing a regional Water CCO would enable water services charges for PNCC consumers to reduce by approximately 8% against LTP projections over ten years.

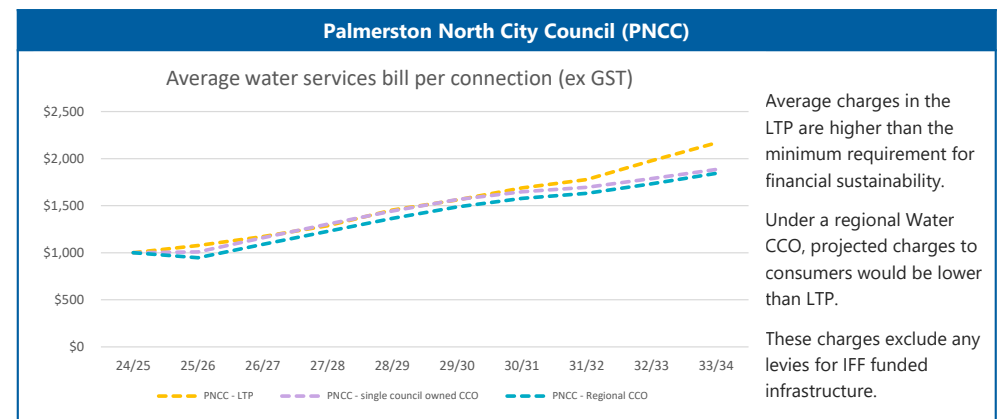
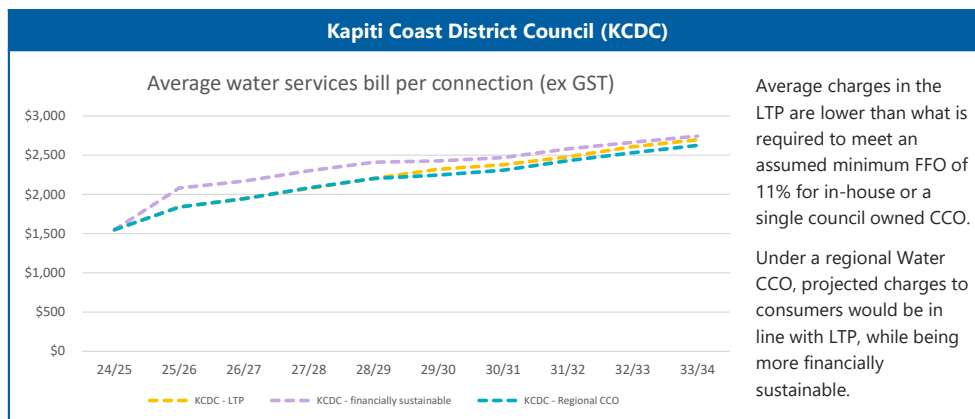
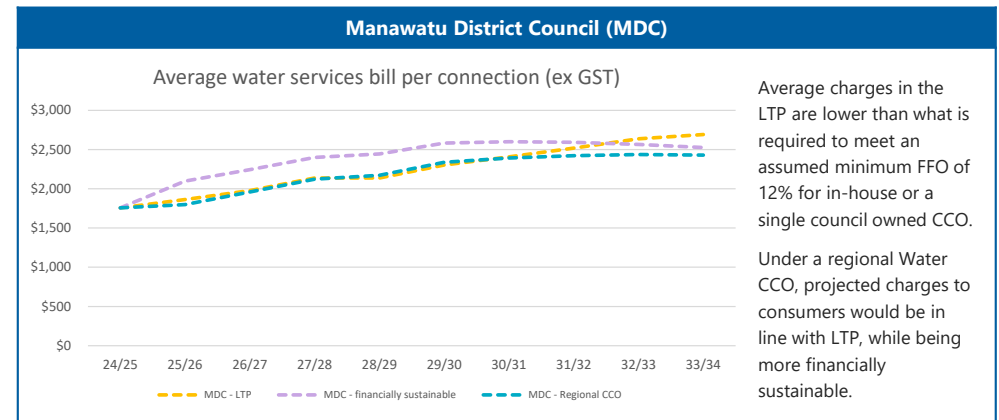
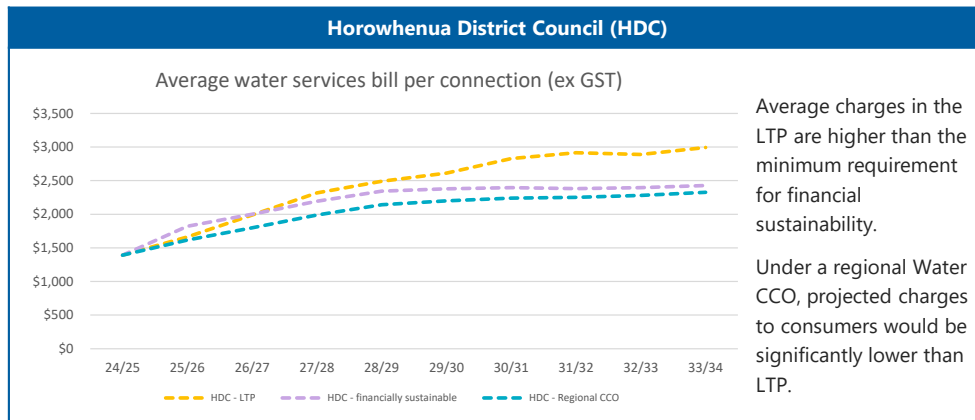
The separation of water services into a Water CCO (whether that be a regional CCO or an PNCC owned CCO) would create approximately \$40 million of new borrowing headroom for PNCC's non-water services initially (increasing to \$74m by FY33/34).

IN CONFIDENCE



# A regional Water CCO would deliver lower charges to consumers than financially sustainable water services delivered by councils individually

The following charts set out projected average costs per connection under the three scenarios for each council. Further detail on the impact of each council is set out on the following slides.



IN CONFIDENCE



# Horowhenua District Council

HDC's 2024-34 LTP shows water charges increasing by approximately 148% per connection over ten years.

Water services net debt peaks in FY24/25 (at a net debt to revenue of 438%), with projected revenue increases used to fund capital investment and pay down debt (with debt to revenue decreasing to 247% in FY33/34).

At an all-council level, HDC's debt to revenue peaks at approximately 254% in FY25/26 (against a limit of 280%), reducing to 200% by FY33/34.

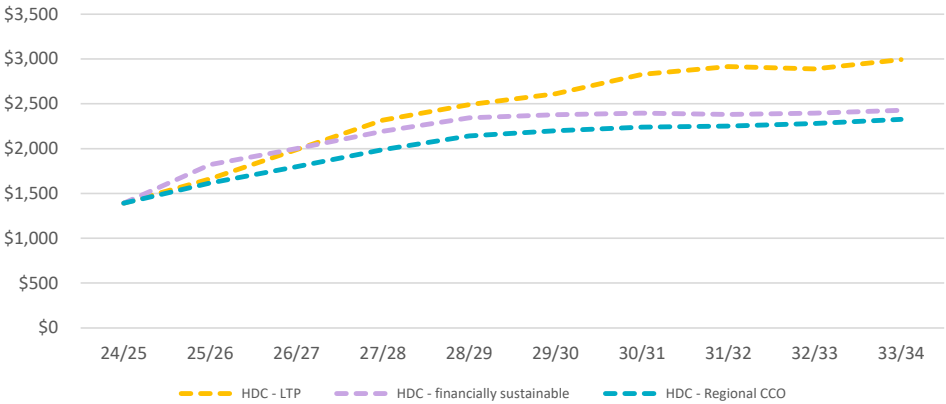
The are no material financial sustainability issues for water services in HDC's LTP; however the projected revenue increases required in LTP require material increases in charges for consumers over ten years.

**Benefits of a regional Water CCO**

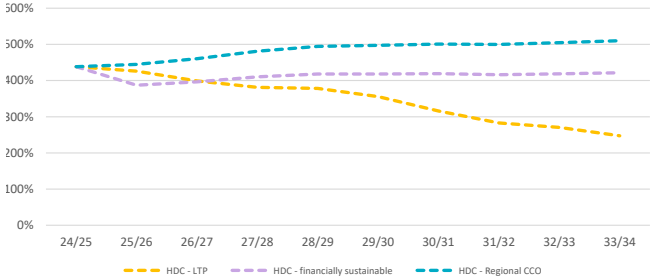
Establishing a regional Water CCO would enable water services charges for HDC consumers to reduce by approximately 16% against LTP projections over ten years.

The separation of water services into a Water CCO (whether that be a regional CCO or an HDC owned CCO) would create approximately \$40 million of new borrowing headroom for HDC's non-water services, due to water services being more highly leveraged than non-water services

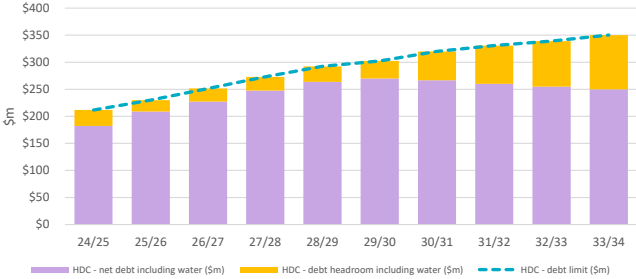
Average water services bill per connection (ex GST)



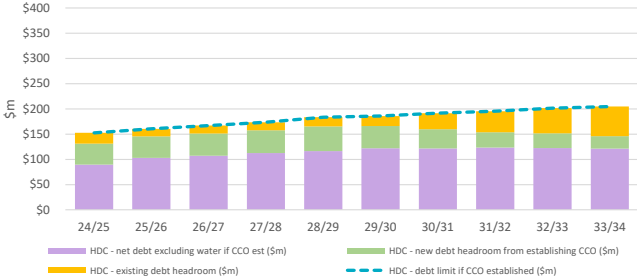
Water net debt to operating revenue



Council net debt including water



Council net debt excluding water if CCO established



IN CONFERENCE



# Kapiti Coast District Council

KCDC's 2024-34 LTP shows water charges increasing by approximately 116% per connection over ten years.

Water services net debt peaks in FY24/25 (at a net debt to revenue of 581%), with projected revenue increases enabling debt to revenue to reduce to 464% in FY33/34.

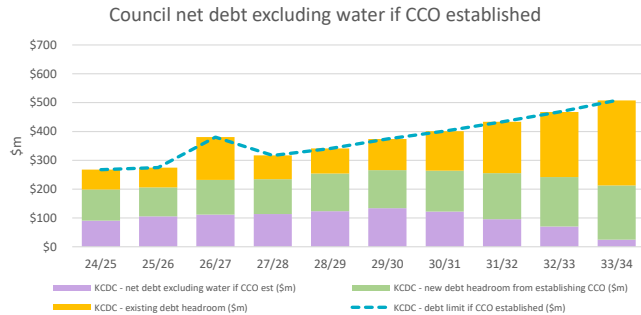
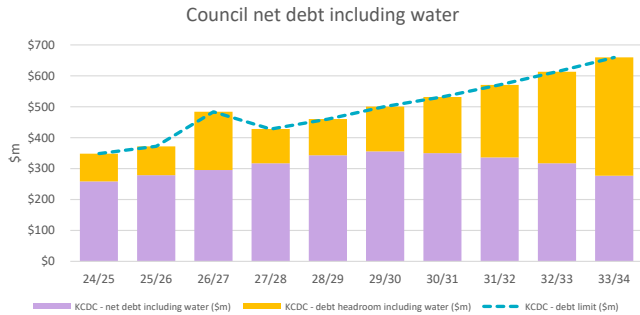
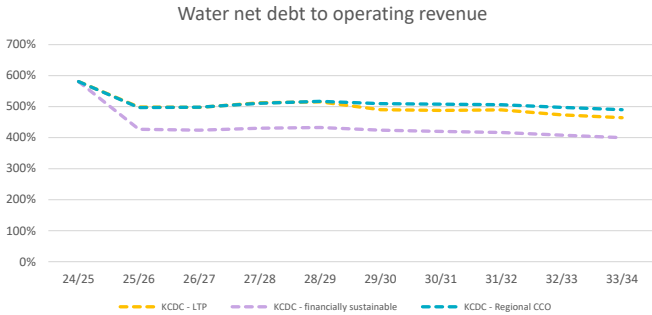
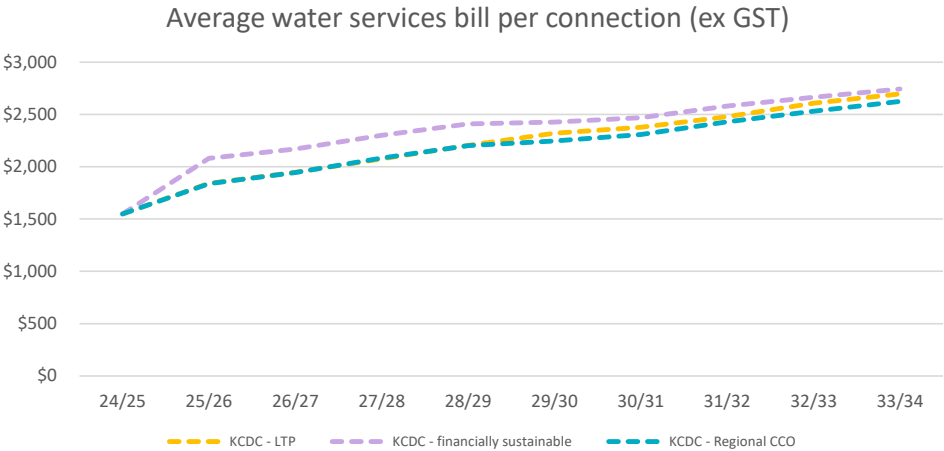
At an all-council level, KCDC's debt to revenue peaks at approximately 210% in FY25/26 (against a limit of 280%), reducing to 118% by FY33/34.

There are no material financial sustainability issues for water services in KCDC's LTP; however the projected revenue increases required in LTP require material increases in charges for consumers over ten years.

## Benefits of a regional Water CCO

Establishing a regional Water CCO would not materially impact the projected charges and revenues needed to be financially sustainable against in-house delivery.

Separating water services into a Water CCO (whether that be a regional CCO or an KCDC owned CCO) would create approximately \$100 million of new borrowing headroom for KCDC's non-water services initially (increasing to \$188m by FY33/34), due to water services being more highly leveraged than non-water services.



IN CONFERENCE



# Manawatu District Council

MDC’s 2024-34 LTP shows water charges increasing by approximately 56% per connection over ten years.

Water services net debt peaks in FY28/29 (at a net debt to revenue of 487%), with projected revenue increases enabling debt to revenue to reduce to 422% in FY33/34.

At an all-council level, MDC’s debt to revenue peaks at approximately 166% in FY25/26 (against a limit of 175%), reducing to 75% by FY33/34.

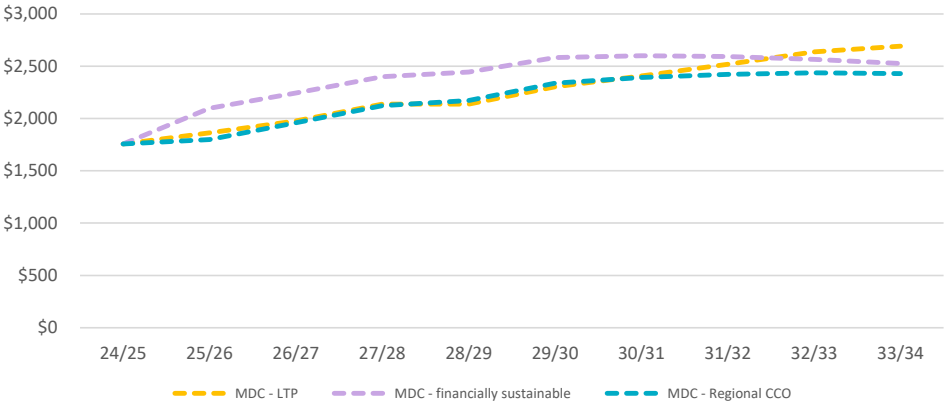
The are no material financial sustainability issues for water services in MDC’s LTP; however MDC would benefit from significant additional borrowing headroom from separating water services into a CCO structure.

## Benefits of a regional Water CCO

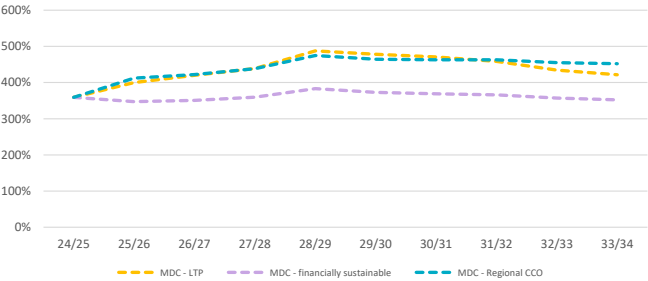
Establishing a regional Water CCO would not materially impact the projected charges and revenues needed to be financially sustainable against in-house delivery.

Separating water services into a Water CCO (whether that be a regional CCO or an MDC owned CCO) would create approximately \$40 million of new borrowing headroom for MDC’s non-water services initially (increasing to \$95m by FY33/34). This would effectively mean MDC has no net debt from FY31/32 at LTP projected revenues.

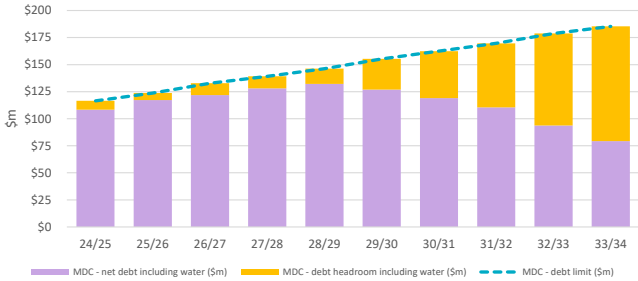
Average water services bill per connection (ex GST)



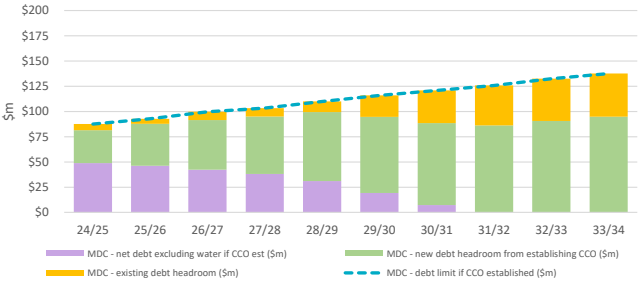
Water net debt to operating revenue



Council net debt including water



Council net debt excluding water if CCO established





# Palmerston North District Council

PNCC's 2024-34 LTP shows water charges increasing by approximately 146% per connection over ten years. This increase excludes the impact of levies to be charged to households for IFF funded infrastructure.

Water services net debt peaks in FY29/30 (net debt to revenue of 395%), with projected revenue increases enabling debt to revenue to reduce to 270% in FY33/34.

At an all-council level, PNCC's debt to revenue peaks at approximately 230% in FY27/28 (against a limit of 280%), reducing to 178% by FY33/34.

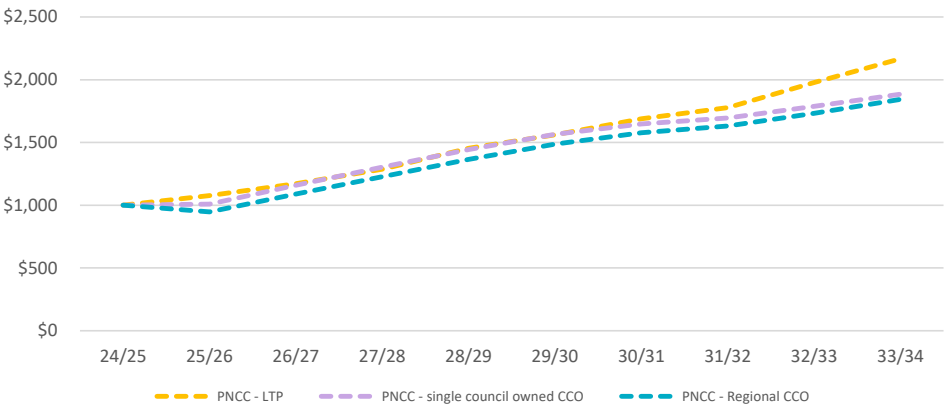
Financial sustainability considerations: IFF funding for the WWTP project is required to be able to deliver the necessary investment set out in the 2024-34 LTP. Projected revenue increases required in LTP lead to material increases in charges for consumers over ten years.

### Benefits of a regional Water CCO

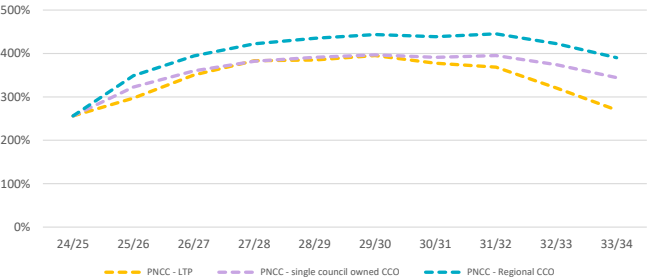
Establishing a regional Water CCO would enable water services charges for PNCC consumers to reduce by approximately 8% against LTP projections over ten years.

The separation of water services into a Water CCO (whether that be a regional CCO or an PNCC owned CCO) would create approximately \$40 million of new borrowing headroom for PNCC's non-water services initially (increasing to \$74m by FY33/34).

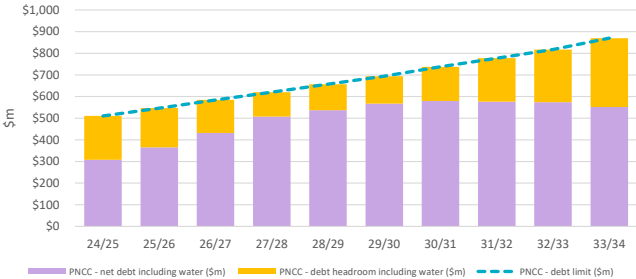
Average water services bill per connection (ex GST)



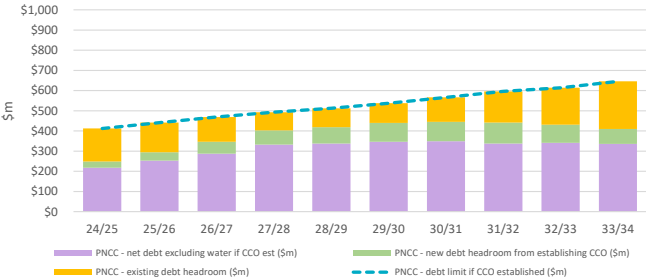
Water net debt to operating revenue



Council net debt including water



Council net debt excluding water if CCO established



IN CONFERENCE



# Prices, operating costs and investment for a regional Water CCO

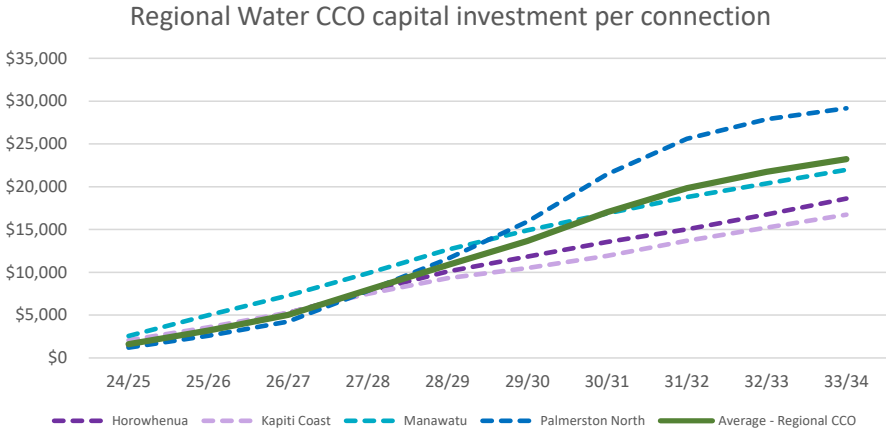
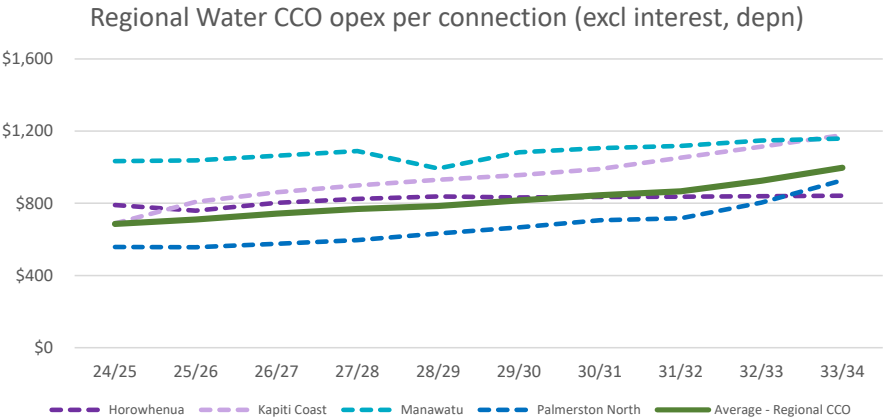
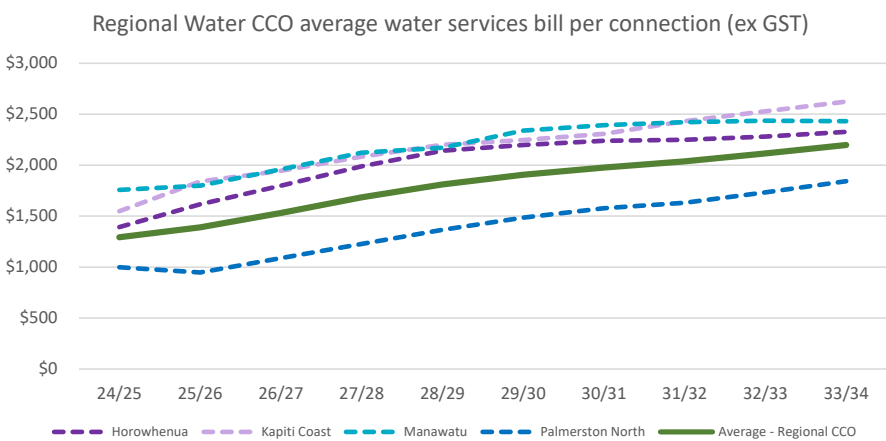
Household water charges are directly determined by proposed levels of investment, operating expenses and the utilisation of debt versus revenue funding of investment. Each council is facing trade-off decisions on these factors.

The charts on this slide show projected water services bills, operating costs and investment per connection, for councils under a Regional CCO. Revenues and debt financing have been set to maintain a minimum 8% FFO to debt ratio.

Higher water bills are due to higher operating costs and/or higher borrowings per connection (and vice versa for lower water bills).

These charges exclude any levies for IFF funded infrastructure.

High level financial viability assessments for a regional Water CCO are included at Annex 3, which **demonstrate that a regional Water CCO would be financially viable.**

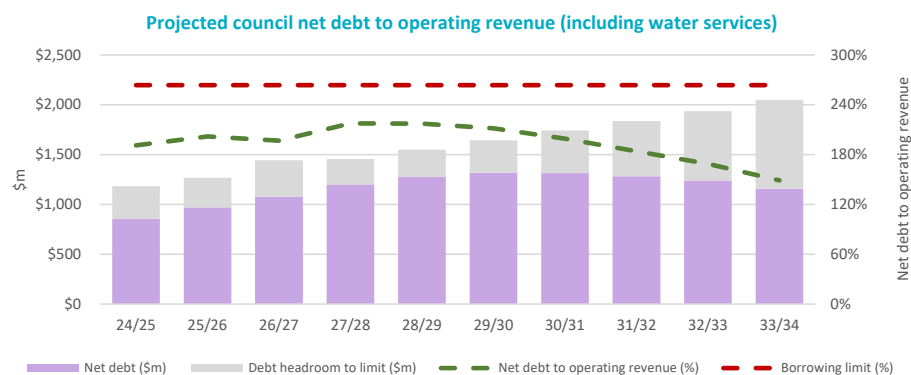


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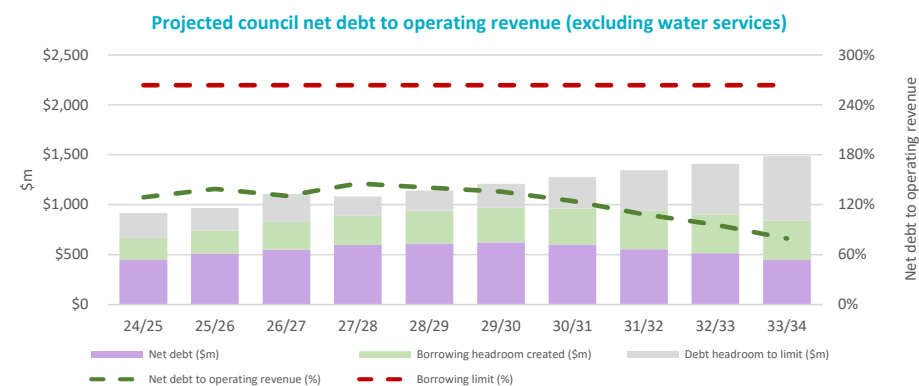


# Establishing a water CCO will allow water revenues to directly support all water services borrowing requirements and create new borrowing headroom for owning councils

LGFA has committed to lend to water CCOs and treat their debt as separate to owning councils' debt, where there is a guarantee or uncalled capital from owning councils in place, and adherence to prudent credit criteria. This means that LGFA would exclude a water CCO's water services debts from owning council's borrowing covenants (e.g., in debt to revenue calculations). This creates new borrowing headroom for owning councils, as water services are higher leveraged than other council business. This slide shows notional headroom created if water is treated separately.



Note: debt limit is set at approximately 265% which is the weighted average of the councils' credit limits (a mix of 175% and 280%)



Note: debt limit is set at approximately 265% which is the weighted average of the councils' credit limits (a mix of 175% and 280%)

New debt headroom for owning councils (\$000)	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Horowhenua District Council	41,686	42,679	43,893	45,107	49,006	43,860	37,851	30,265	29,373	24,741
Kapiti Coast District Council	107,705	100,233	120,701	121,185	130,624	131,583	141,650	159,278	170,956	188,104
Manawatu District Council	32,551	41,511	49,143	56,989	68,310	75,458	81,211	86,209	90,699	94,803
Palmerston North City Council	30,600	41,408	58,979	70,206	80,756	92,947	96,056	104,108	90,077	73,617
Total - Regional CCO	212,542	225,831	272,716	293,487	328,696	343,848	356,768	379,860	381,106	381,265

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# Financial sustainability considerations, assumptions and limitations of analysis

## ANNEX 1

IN CONFIDENCE



## Financial sustainability requirements for water services provision

- The Local Government (Water Services Preliminary Arrangements) Act 2024 defines 'financially sustainable', in relation to a council's delivery of water services, as:
  - The revenue applied to the council's delivery of those water services is sufficient to ensure the council's long-term investment in delivering water services; and
  - The council is financially able to meet all regulatory standards and requirements for the council's delivery of those water services.
- Each council is required to prepare a Water Services Delivery Plan that demonstrates financially sustainable water services provision.
- Under Local Water Done Well, there are minimum requirements that must be met by all water services providers, irrespective of the delivery model. These relate to financial sustainability, ringfencing, a new economic regulation regime, and new planning and accountability requirements, which require the corporatisation of water services and ensuring of appropriate revenues for water services at a minimum.
- To assist with an assessment of whether a council's water services delivery is financially sustainable, the Department has developed the Water Services Delivery Plan template which asks councils to provide information about three components:
  - Revenue sufficiency – is there sufficient revenue to cover the costs (including servicing debt) of water services delivery?
  - Investment sufficiency – is the projected level of investment sufficient to meet regulatory requirements and provide for growth?
  - Financing sufficiency – are funding and finance arrangements sufficient to meet investment requirements?

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## Update on LGFA requirements and 'prudent credit criteria'

- On 20 December 2024, the New Zealand Local Government Funding Agency ('LGFA') updated councils on LGFA requirements for Water CCO lending.
- This update included further information on components for the 'prudent credit criteria' that LGFA proposes to have in place to enable water CCOs to borrow from LGFA.
- A critical component of the 'prudent credit criteria' is that a 'funds from operations' ('FFO') to debt covenant would be required, with an expected minimum 'FFO to debt' ratio of between 8% and 12%, depending on a credit risk assessment to be undertaken by LGFA.
- The Department views the FFO to debt measure as the most critical component of assessing the financial sustainability of water services provision, as it:
  - Provides a benchmark for ensuring that operating revenues are set to an appropriate level to cover the costs of service (i.e., to meet the 'revenue sufficiency test'); and
  - Provides a benchmark for ensuring that financing can be secured to deliver investment requirements, as it is a critical covenant for accessing LGFA financing for a stand-alone water services provider.
- Irrespective of a council's preferred delivery model, the Department's view on financial sustainability will be anchored around ensuring that water services financial projections include sufficient operating revenues to meet a minimum 'FFO to debt' ratio, based on our expectation of what LGFA's covenant requirement would be for direct financing a Water CCO consisting of that council's water services.

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# The 'FFO to debt' ratio is key to financial sustainability

## What is the 'FFO to debt' ratio?

- The FFO to debt ratio is a leverage ratio that a credit rating agency, investor or lender can use to evaluate an organisation's financial risk. The ratio compares the cash generated from an organisation's operations to its total borrowings, and represents this as a percentage ratio.
- For example, for an organisation that has an FFO to debt ratio of 10%, this means that operating cash margins generated in one year are equal to 10% of the organisation's borrowings. This also means that ten years of operations would be required to fully pay down existing borrowings (being the inverse of the ratio,  $1 / 10\%$ ).

## What are funds from operations?

- FFO can also be defined as 'free operating cash flow' and represents the amount of cash that is generated by operating revenues in any year, after cash operating costs have been paid.
- For Water Services Delivery Plans, the Department suggests that FFO is calculated as: *operating revenue minus operating expenses plus depreciation and other non-cash expenses, less interest revenue*. It is important to note that non-cash items such as depreciation are excluded, and that capital revenues such as development contributions are also excluded, from this calculation.

## Why is FFO to debt the key financial sustainability measure?

- This measure provides a clear picture of an organisation's ability to generate cash solely from its core operations, excluding financing and investing activities. FFO is considered a reliable indicator of a company's financial performance because it focuses on the cash flows directly related to the organisation's primary business activities.
- FFO plays a significant role in evaluating an organisation's creditworthiness, and for determining expected returns for lenders (where a more 'risky' lend commands higher premiums to compensate lenders for that risk).
- LGFA (and ultimately credit rating agencies) will assess a Water CCO's FFO to form a view on its ability to generate sufficient cash flow to service its debt obligations.

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## Considering the 'FFO to debt' ratio under Local Water Done Well

### How does the setting of minimum FFO to debt requirements impact revenue requirements and prices paid by consumers?

- The minimum FFO to debt ratio requirement directly determines the minimum amount of operating cash margins required to be generated, in order to comply with the covenant. In turn, this impacts the minimum operating revenue and maximum cash operating costs that are tolerable, as they determine the 'funds from operations'.
- A higher minimum FFO to debt ratio requirement (of, say, 12% at the upper limit of LGFA's reported band) would require higher operating revenues (and consumer charges) than a lower minimum FFO to debt ratio requirement (of, say, 8%) for any given level of operating expenses and borrowings.

### What minimum FFO to debt ratio assumption should be used for assessing different delivery models?

- The Department has assumed minimum FFO to debt ratio requirements for this analysis, which councils can rely on for decisions on delivery models and for confirming the financial sustainability of water services delivery in Water Services Delivery Plans. Where a new Water CCO is established and seeks to borrow from LGFA, LGFA would determine in its discretion the minimum requirements.
- The Department's assumptions for minimum FFO requirements are set out on the following slide, and represent an indicative assessment of the creditworthiness of various delivery model options.
- Factors that have been considered in determining these assumed minimum requirements are serviced population (as a measure of scale); geographical diversification of consumers and infrastructure assets; investment and borrowing requirements; and the ability to identify and deliver capital and operating efficiencies to manage costs and/or comply with direction from the Economic Regulator.

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## Key assumptions underpinning analysis

- The analysis included in this guidance is primarily based on financial information included in council's 2024-34 long-term plans, specifically the funding impact statements for the water services. The Department has sought further input assumptions from councils where this data is not readily available in LTPs (including opening asset, debt and cash balances).
- The analysis assumed that the level of proposed investment in each council's LTP is adequate to meet the 'investment sufficiency test' for Water Services Delivery Plans. The level of projected investment is kept constant across presented options.
- Operating costs (except for interest costs) are kept in line with LTP information under all scenarios. Similarly, capital revenues and non-rates sources of operating revenues are held constant against LTP.
- Minimum 'FFO to debt' ratio assumptions utilised for this analysis are as follows. The largest driver of determining assumed minimum requirements is serviced population, with a further discount applied for a regional Water CCO to reflect a larger geographical spread of consumers and infrastructure assets:
  - For a regional Water CCO comprising the water services of the four councils – 8% (set to the lower end of LGFA's reported band);
  - For water services provision undertaken by Manawatu District Council – 12% (set to the upper end of LGFA's reported band);
  - For water services provision undertaken by Horowhenua District Council and Kapiti Coast District Council – 11% (assumed 1% discount against the band maximum due to serviced population);
  - For water services provision undertaken by Palmerston North City Council – 10% (assumed 2% discount against the band maximum due to serviced population).
- Under each scenario run, we have calculated the revenue and borrowings required to deliver LTP proposed levels of investment, by determining the appropriate mix of revenues and debt financing needed for the 'FFO to debt' ratio to remain at the assumed minimum requirement above each year.
- For comparison purposes, FY2024/25 financials are not adjusted under scenarios. Financial projections from FY2025/26 are adjusted to demonstrate the different average charges required.

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17



## Limitations and exclusions of analysis

The analysis underpinning this guidance has been completed to demonstrate the revenue and financing sufficiency requirements, and differences in financing 'efficiency', under different delivery models. To enable direct comparison of the impact of financing efficiency and minimum revenue requirements for each council, we have excluded from this analysis:

- Any new establishment or operating costs under any delivery model;
- Any new costs relating to the requirement to comply with new requirements under Local Water Done Well, such as economic regulation and the new Planning & Accountability framework, which would apply under all delivery models.
- Any reduction in operating resources and costs that could be achieved under a consolidated regional Water CCO, where duplicated effort and resourcing could be identified.
- Any operating and capital efficiencies that could be generated from the establishment of new Water CCOs, and/or from compliance with future directives from the Economic Regulator.
- Any reduction to investment requirements that could be achieved due to announced future regulatory changes, including a single wastewater standard and National Engineering Design Standards.

The Department's view is that the above items are immaterial to an assessment of the relative financial sustainability and benefits of various delivery model options, but that they should form a critical part of implementation planning for a council's proposed delivery model.

Levy requirements for IFF delivered infrastructure are excluded from projected household charges (i.e., PNCC's WWTP project that is proposed to be IFF funded). Any levy requirement would need to be added to PNCC charges under all delivery options to show the 'full cost' of water services provision to households.

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12



# Assessing the financial viability of a regional Water CCO

## ANNEX 2

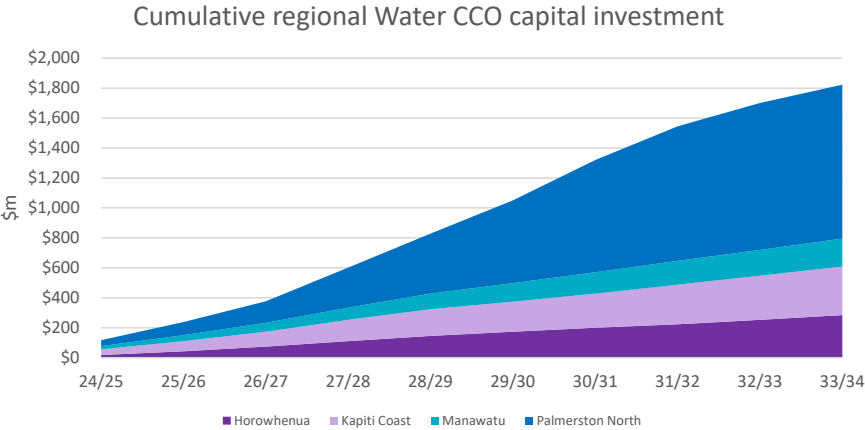
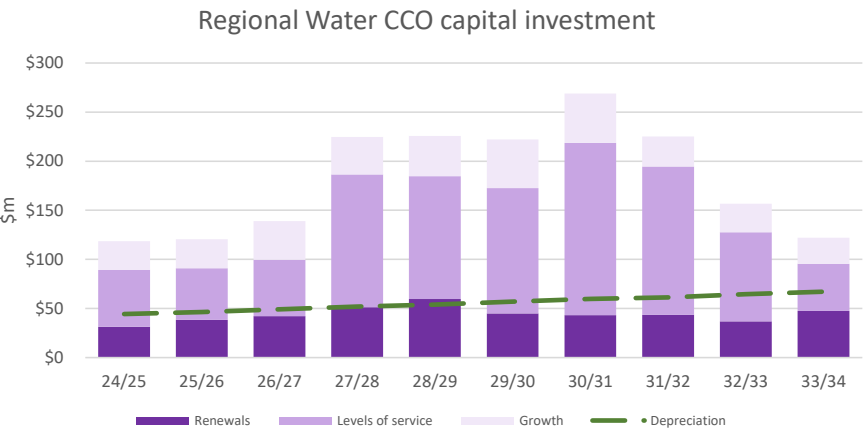
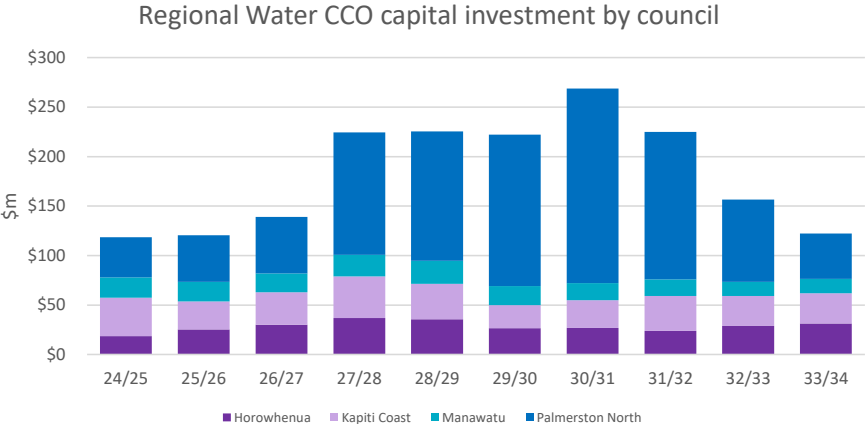
IN CONFIDENCE



# Regional Water CCO combined water services capital investment

## Overview of regional water services capital investment requirements

The four councils are cumulatively projecting \$1.823 billion of capital investment into water services infrastructure over ten years. This proposed level of investment is substantial –approximately triple projected depreciation charges over ten years. While this capital programme is fundable for a Regional Water CCO, there would be merit in the councils working together on a joint investment programme to determine the most efficient and deliverable phasing of investment, and to identify opportunities to reduce costs. Consideration should also be given to any reduction to investment requirements that could be achieved due to announced future regulatory changes, including a single wastewater standard and National Engineering Design Standards.



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# Regional Water CCO financial viability – LTP projected revenues and debt financing

## Overview of water services revenues and debt financing at LTP projected levels

The projected levels of water services revenues are sufficient for the level of investment and expenditure proposed, and fully cover all operating costs including depreciation from FY27/28.

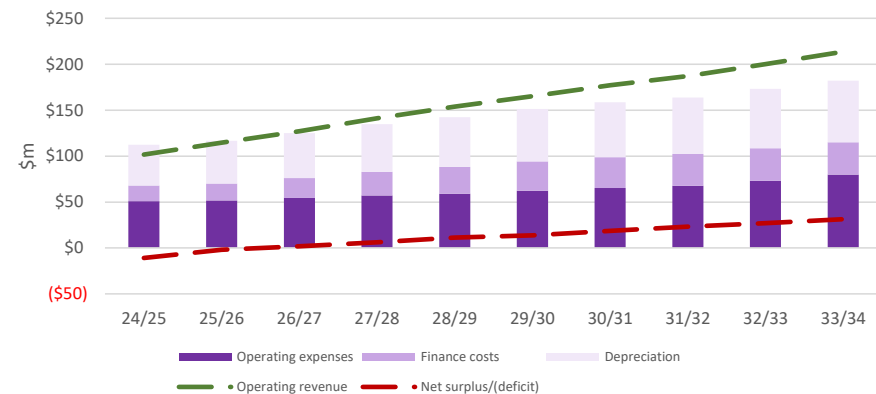
At a consolidated level, there is significant borrowing headroom against a 5x operating revenue debt limit. Based on projected levels of investment and revenues, a Regional Water CCO would retain unutilised borrowing capacity across the entire LTP period, with this capacity increasing over the last five years due to projected revenue increases.

Each council has trade-off decisions to make between levels of revenue, investment and debt financing to strike an appropriate balance for consumers, as part of a regional Water CCO.

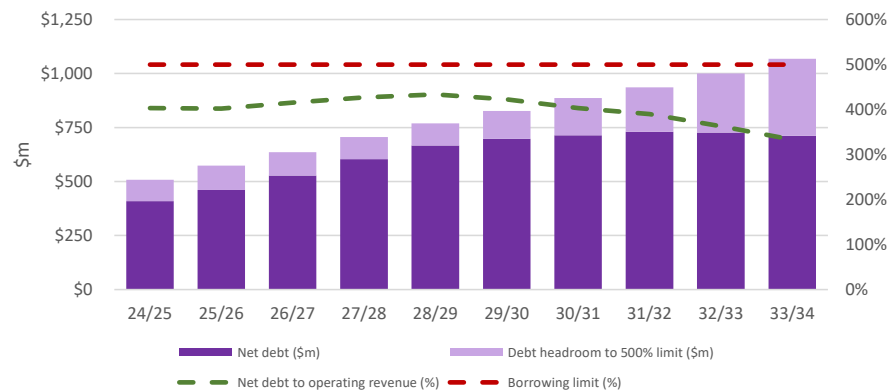
**There is scope for councils to reevaluate the level of water services revenues required, for the level of investment proposed, to potentially pass on savings to consumers. Effectively utilising debt financing is the key to unlocking this.**

On the following slide we have reset the revenue and debt financing, anchored to an FFO to debt ratio of 8% to demonstrate this.

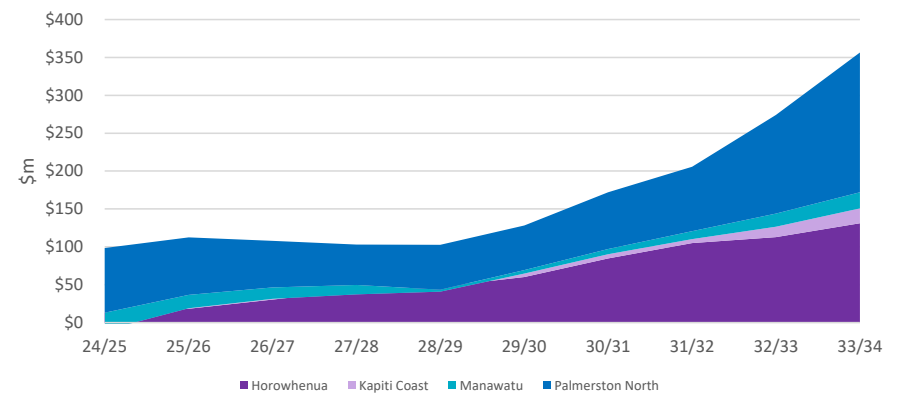
Regional Water CCO operating revenues and expenses



Regional Water CCO net debt to operating revenue



Regional Water CCO borrowing headroom to 500% operating revenues





# Regional Water CCO financial viability – updated revenue and financing to meet minimum FFO requirement

## Overview of water services revenues and debt financing at minimum FFO levels

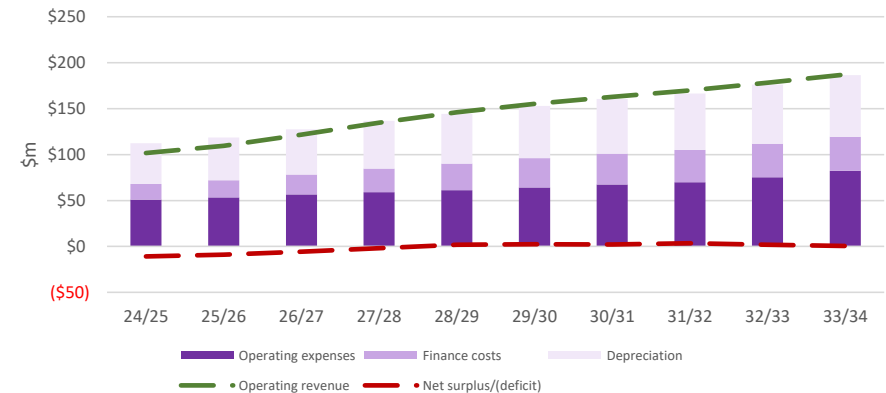
The 2024-34 LTP projected levels of water services revenues are sufficient in aggregate across the Bay of Plenty councils to form a viable Bay of Plenty Water CCO.

The financing efficiency of a regional CCO could be utilised to reset revenues to the minimum requirement to meet borrowing covenants – primarily on an FFO to net debt basis (assumed 8%).

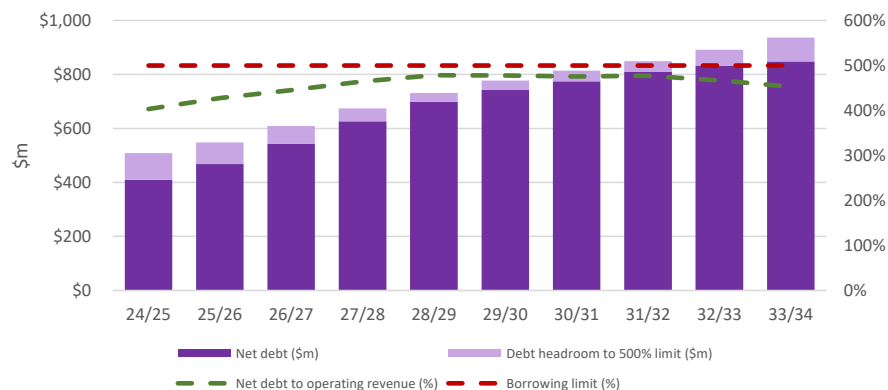
We have modelled a Regional Water CCO, amending the borrowing profile and revenue requirements to prudently utilise borrowing capacity and minimise revenue requirements, against the assumed minimum FFO requirement.

Each council has trade-off decisions to make between levels of revenue, investment and debt financing to strike an appropriate balance for consumers, as part of a regional Water CCO, which could unlock more efficient utilisation of financing and lower charges for consumers.

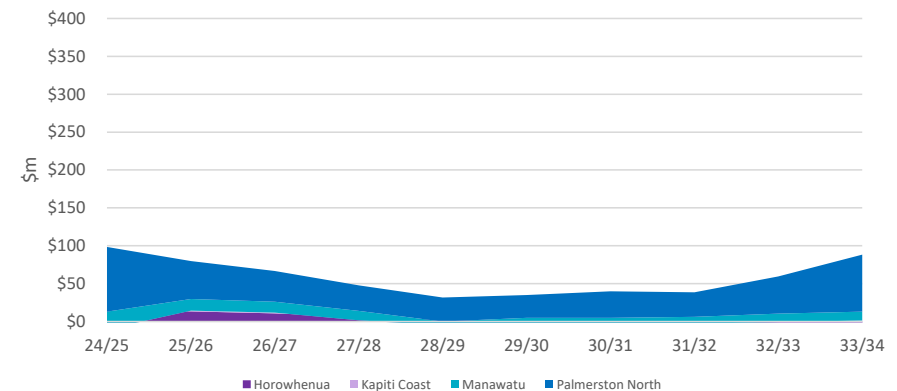
Regional Water CCO operating revenues and expenses



Regional Water CCO net debt to operating revenue



Regional Water CCO borrowing headroom to 500% operating revenues

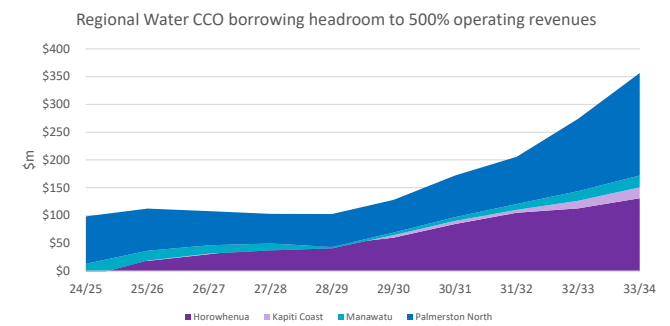
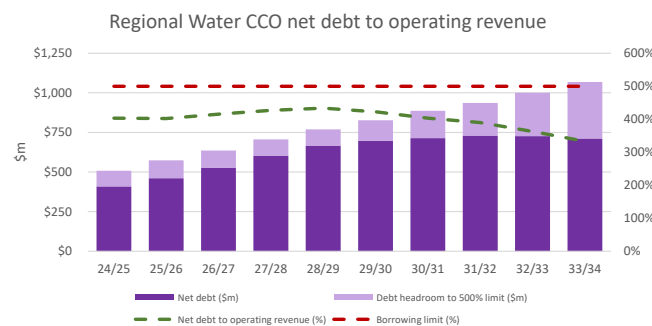
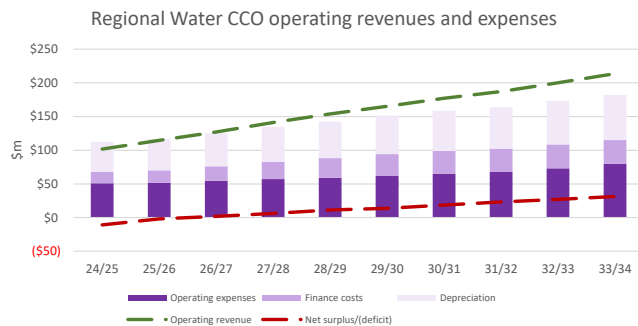


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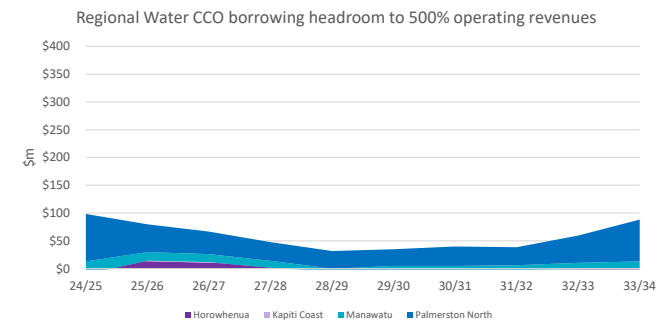
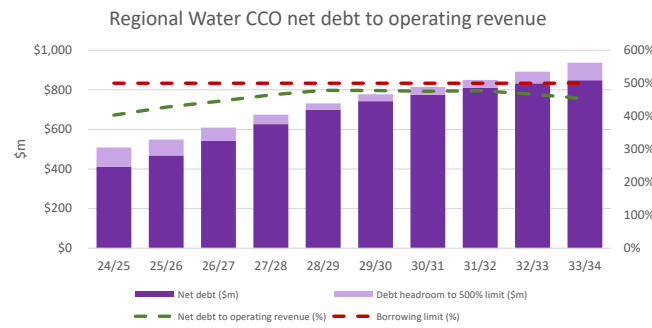
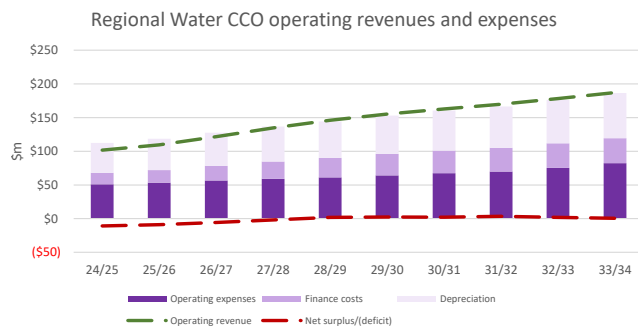


# Comparing LTP projections to regional Water CCO projections that more effectively use debt financing

## LTP projected revenues and debt financing



## Regional Water CCO projections at minimum FFO requirements (assumed FFO to debt of 8%)



### Comment on operating revenues and expenses

LTP projections show revenues increasing significantly above operating costs (including depreciation) in the last five years of LTP. These operating revenue increases generate substantial operating cash margins, as depreciation is a non-cash item, which are used to pay down debt.

A regional Water CCO would not need to meet a 'balanced budget' requirement, so depreciation charges would not necessarily need to be covered by operating revenues, if that was inefficient from a financing perspective.

For a regional Water CCO, if target FFO to debt was set to 8% of borrowings, this would mean significantly lower revenues are required, and consequently lower charges to consumers on average against LTP projections.

### Comment on net debt to operating revenue

LGFA will treat the borrowings of a water CCO as separate to owning councils.

In LTPs water borrowing requirements are substantial and take councils up close to borrowing limits, meaning that revenue increases are required to pay down debt to more manageable levels over the ten-year LTP period.

With a Water CCO, this constraint is removed, replaced by a shareholding council guarantee or uncalled capital. This means that substantial projected revenue increases could be avoided, if a Water CCO maintained its leverage position towards its borrowing limit, while prudently ensuring that a minimum FFO to debt ratio is maintained.

### Comment on net debt to operating revenue

Due to LTP projected revenue increases and debt repayments in the last 5 years of the LTP period, a regional Water CCO that adopted those baseline projections would result in significant underutilisation of borrowing capacity from FY29/30, paid for by increases in revenues and charges to households.

Setting revenues to a target FFO to debt ratio means that debt is prudently managed by generating the amount of operating cashflow that is needed to service and pay down the debt over a reasonable time period.

Utilisation of borrowing capacity, for any given level of capital investment over time, results in lower revenue requirements and lower charges to consumers.

A regional Water CCO would need to determine an appropriate level of borrowing headroom to prudently manage risk and maintain an ability to respond to shocks or urgent investment requirements.



# Local Water

LWDW Submission  
Analysis Report





## Options analysis summary

### **Option 1 – A Water Organisation jointly owned by Palmerston North City Council, Manawatu District, Horowhenua District and Kapiti Coast District Councils**

There was resounding support for this option including the most affordable option, the size and scale of a four-council model and geographically well positioned. Generally, submitters were supportive of Councils proposal on the basis of what had been outlined in the consultation document.

There was some opposition to partnering with Kapiti Coast District and Manawatu District Councils given they did not have this as their preferred option. Some concern was raised about privatisation and the CCO being profit making. Only a small number of submitters mentioned water meters and were 50/50 on the pros and cons of them. A small number of submitters were in support of Iwi involvement.

### **Option 2 – A Water Organisation jointly owned by Palmerston North City Council and one or more other councils within the Horizons Regional Council boundary.**

The results of this option were very mixed. For some the costs are acceptable but without knowing who will be in the mix, submitters were unclear about where the costs might land. Submitters understood that working with other councils provides efficiency but also comes with increased complexity with the council that are involved. 16 submitters raised the different needs of councils across the region and 31 submitters think the full geographical area would create too many challenges and therefore not be a realistic option.

Other matters raised by submitters included fluoride, Iwi involvement, water tanks and why should other councils pay for Palmerston North City Council infrastructure debt.

### **Option 3 – Status Quo with changes \*doesn't meet legal requirements.**

Concerns about cost and the potential impact on council services were common for this option. Some also expressed regret over losing the ability to manage water services locally, along with the associated expertise and control.

There was some opposition to regional collaboration from 29 submitters, while 17 questioned whether the option could be effective if the council made changes, such as adjusting current projects or funding mechanisms (e.g., user-pays). A small number of submitters questioned the potential financial costs. Some submitters also queried the possibility of a standalone council-controlled organisation for water services. Some people also expressed criticism of the government's legislation under this option, especially regarding the potential impacts for our city.



### Partnering with other councils

When asked which other councils' people were keen to see us collaborate with there was a mix of opinion. The four council options came out on top followed closely by Horowhenua and Manawatu District Councils citing the main reason being they are our closest neighbours. Kapiti Coast District Council was also popular, but many noted they are just a bit further away.

There was also a large majority of people who didn't mind who we partnered with and think we should be open to as many Councils as possible.

People were keen to see us collaborate with Whanganui, Rangitikei, Ruapehu and Tararua District Councils. There were also a submissions suggesting we collaborate with Hawkes Bay Councils.

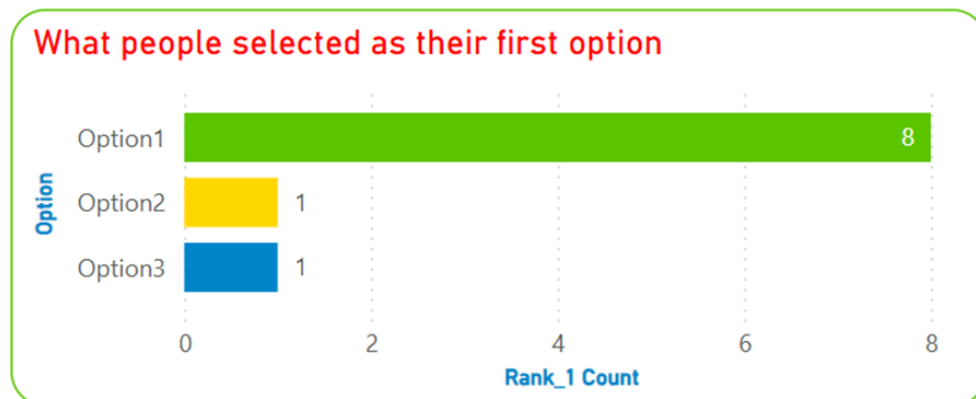
***The Table below shows across the age ranges which councils submitters would prefer to work with.***

	69 plus	40 - 68	10-39	Total
Palmerston North City Council, Manawatu, Horowhenua & Kapiti Coast District Councils	21	13		34
Palmerston North City Council & Horowhenua District Council	2		19	21
Palmerston North City Council & Manawatu District Council		3	17	20
Palmerston North City Council	7	8		15
Palmerston North City Council & Kapiti Coast District Council			10	10
Palmerston North City Council, Manawatu & Horowhenua District Councils	6	3		9
Palmerston North City Council & Tararua District Council		4	4	8
Don't care		3	3	6
Manawatu-Whanganui	1	4		5
Any willing partners		5		5
Palmerston North City Council, & Whanganui District Council			4	4
As many as possible	2		1	3
Palmerston North City Council & Rangitikei District Council			3	3
Manawatu-Whanganui & Hawkes Bay	1		1	2
Palmerston North City Council, Horowhenua & Kapiti Coast District Councils		2		2
Manawatu-Whanganui plus Kapiti Coast District Council		2		2
Whanganui & Horowhenua District Councils	1			1
Palmerston North City Council, Tararua & Manawatu District Councils	1			1
Taupo District Council & Wellington City Council	1			1
Smallest number as possible			1	1
Palmerston North City Council & Ruapehu District Council			1	1
Palmerston North City Council, Tararua & Horowhenua District Councils		1		1
Palmerston North City Council & Wairarapa District Council		1		1
Palmerston North City Council, Horowhenua, Rangitikei, Tararua & Whanganui District Councils		1		1



### Trade Waste Customers

We received 12 submissions from Trade Waste Customers. Of those 12, 8 chose Option 1 as their preferred option with Option 2 being ranked second.

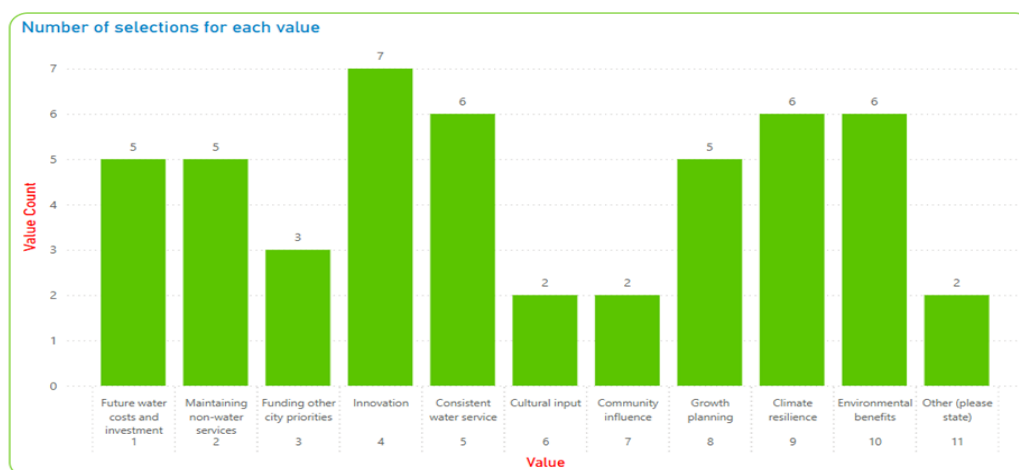


***NB there were two people who did not rank any preferred option.***

Trade waste customers generally wanted water to be affordable and some suggested water meters are needed now. There was support for collaborating with those close to us, but some were keen for us to continue to deliver water services alone. They mentioned it's important that jobs are retained and that a new organisation would allow the council to focus on other investments. One customer said they trust elected members will make the right decision.

As can be seen from the table below, submitters ranked innovation, consistent water services, climate resilience and environmental benefits as the most important values to them.

The table below shows the values count for these customers:

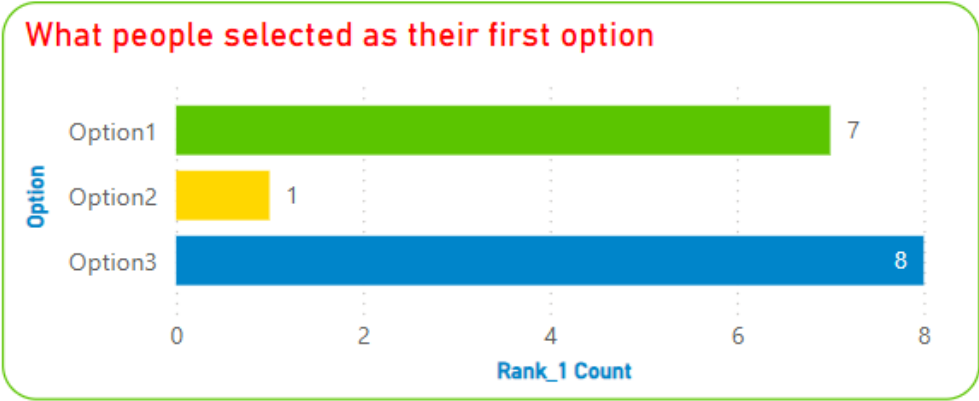




**Not connected to our water services**

We received 18 submissions from people not connected to the city drinking water and/or wastewater network.

This group's preferred option was option 3 (50%) followed closely by option 1 (43.75%)



***NB there were two people who did not rank any preferred option.***

The themes in this option were more of a mixed bag. People are keen for the most affordable option, but there's mixed views on whether to collaborate due to efficiency and close geographical relationships - or do it us. A couple of submitters flagged the increased debt in the community. There were a few submitters not happy with the 'local water done well programme' however a couple did note they were pleased with the new regulations. A couple of submitters feel we should have planned better for Nature Calls costs.

The table below shows the values count for these customers:

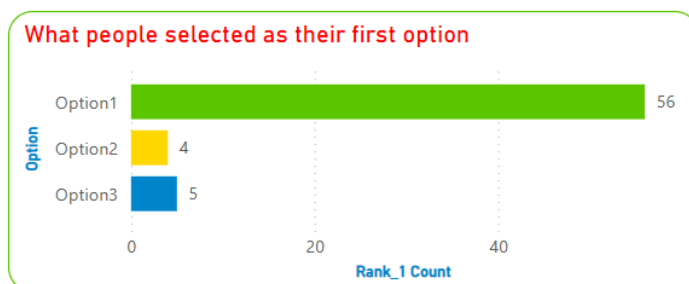




### People aged between 10 and 39

We received 66 submissions from this age group.

2 from the 10 – 19 bracket, 24 from the 20 – 29 bracket, and 40 from the 30 – 39 age bracket. As can be seen from the table below 56 submitters (86%) of this group supported Option 1 as their preferred delivery model.

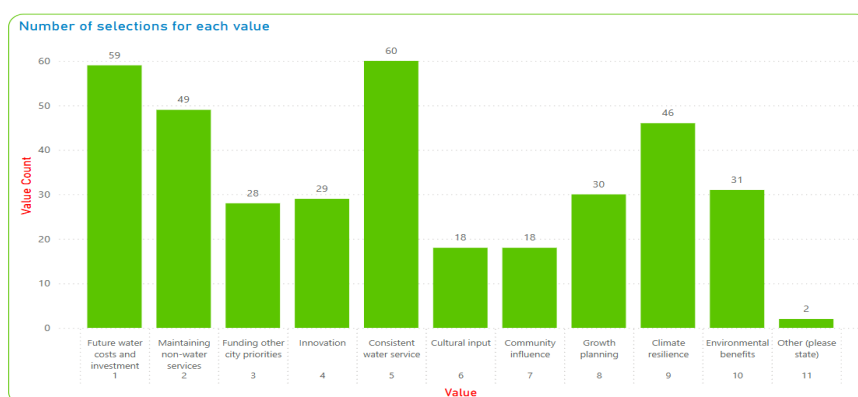


***NB there were two people who did not rank any preferred option.***

This age group are focused on a consistent water service, wanting future costs to be affordable, that scale matters but also want to retain autonomy. They are challenged as to why we cannot continue to deliver water services as we currently do, however from a regional collaboration perspective they generally support the notion of economies of scale.

There was strong negative opinion from this group in relation to our relationship with other councils and loss of local control or decision-making. They are concerned about climate change, the impact of a change in government and the administrative complexity of a new water organisation. One submitter suggested government should make Manawatu and Kapiti Coast District Councils be involved, some had a negative view of government and the constant changes to the reform programme. They are keen to see us encourage water tanks installation and consider the impact of any future decisions being made that will impact vulnerable communities.

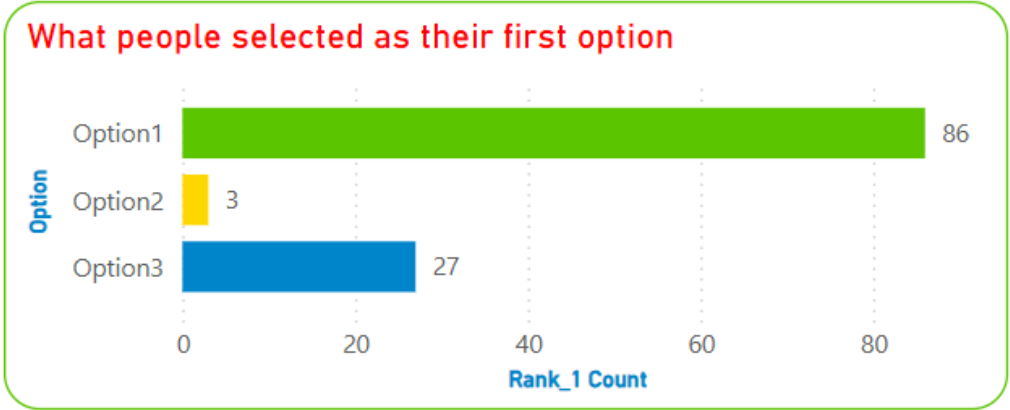
The table below shows the values count for these customers:





**People aged between 40 and 69**

We received 124 submissions across this age bracket. Of those submissions 86 people (74%) selected option 1 as their first choice followed by option 2 being their second preference with 91 people ranking it as their second option.



**NB there were eight people who did not rank any preferred option.**

This age group are focused on consistent delivery and water costs being affordable, and a number are keen to see water meters implemented. But when it comes to whether we collaborate it's an almost even result either way. If we do collaborate, people in this age range are keen to see us collaborate with people geographically close, some raised concerns Kapiti was a bit far away for example. This age range cares about local input into decision making and is keen to see more improvements when it comes to climate change mitigations and protecting the environment. They're keen to see us encourage more people to use water tanks and want to make sure that decisions are strongly based on the best for future generations. 7 submitters in this age group also stressed the importance of Iwi involvement, there were no comments opposing Iwi involvement.

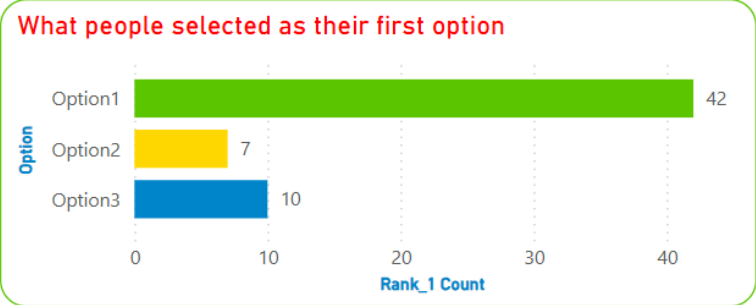
The table below shows the values count for these customers:





### People aged between 69 plus

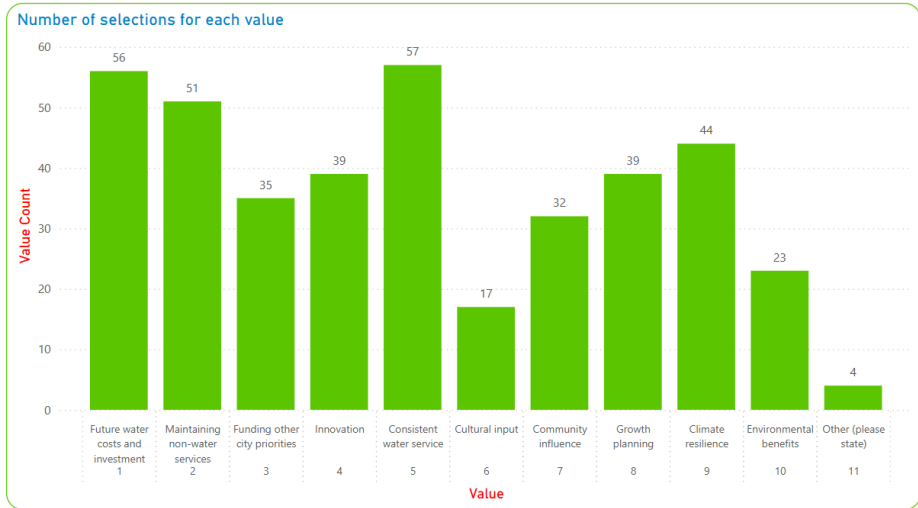
We received 69 submissions from this age bracket. Of this age bracket 42 submitters (71%) selected option 1 as their preferred option followed closely by option 2 with 41



**NB there were ten people who did not rank any preferred option.**

This age group are focused on water costs being affordable and understand that scale matters to make any option viable and sustainable into the future. Some submitters are skeptical about the cost estimates that have been included in the proposal but generally support Councils preferred option. There were mixed views as to the impact or not of any geographical distances. This age group cares about retaining community voice and decision making and has concerns about the administrative complexity and costs that will come from setting up a new organisation. This was also reflected in the number of submitters who wished we could continue on as we are now. They are keen to see us work with councils in our preferred option or a variation of them. This age group generally supports the installation of water meters, and only a small number specifically mentioned fluoride.

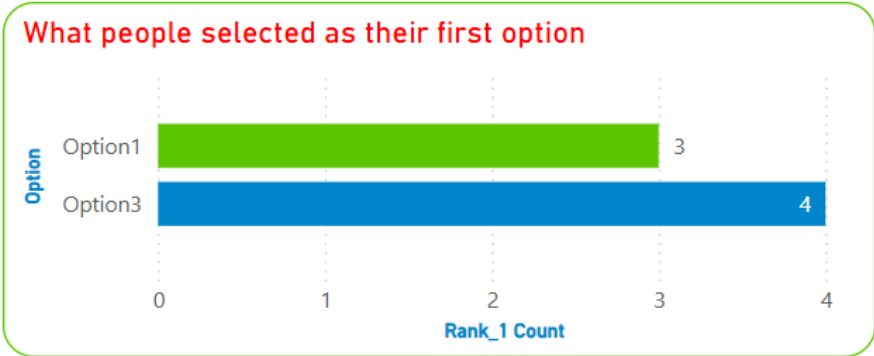
The table below shows the values count for these customers:





**People who don't reside in Palmy**

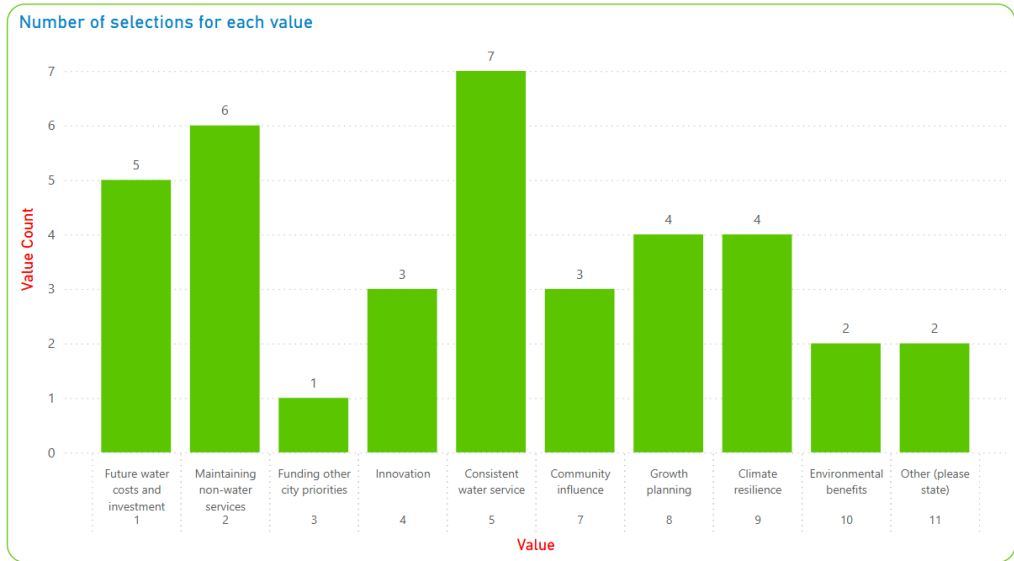
We received 7 submissions from people who did not reside within the city's boundary.



Whilst a small sample, cost and affordability are key to feedback including the impact on their rates if paying for other councils infrastructure improvements. This group recognised the benefits that scale would bring in relation to costs, job opportunities and procurement.

A number viewed a relationship with Palmerston North negatively and the different needs e.g. rural schemes, that an option with the city will need to navigate.

The table below shows the values count for these customers:





### Group or organisation submissions

We received submissions from 10 groups or organisations. Summary of key themes below:

- Costs and affordability – sharing these across others to make it more affordable for the community generally supported
- Clarity on options – because of the level of uncertainty with who is to be involved in the options makes it difficult to decide coupled with the short decision timeframes, concern this could lead to poor decision-making
- Generally, submitters were supportive that Council would make the right decision however there were some negative views of Council shared
- Focus should be on the Sustainability of the resource, there were differing views shared on water meters, yes, they would encourage efficiency but needs to be balanced with the investment required
- There was general concern of the future control and decision-making process if a CCO was established and the cost to set up a new organisation. Submitters were also concerned about the potential for privatisation
- Generally, there was a high level of support for Iwi involvement, it was noted that Iwi's role has not been defined and needs to be prioritised
- There was concern about the impact on vulnerable communities and the potential costs that would be passed on to renters
- The Defence Force – ensure current arrangements are carried through to new organisations.



### **Other feedback about water service delivery in the future**

There was strong feedback in this section related to concerns around costs and affordability, especially for low income or vulnerable households. Clarity was sought on costs for renters/landlords. Skepticism around projected costs was also strong, with a few comments about focusing on core activities, finding savings or making cuts to lessen the ratepayer burden.

Water meters were widely supported, with water conservation benefits seen. Less favourable feedback on meters reflected a desire for more information on how they would work and fairness of application. Encouragement of onsite water storage and reuse was supported, including for stormwater/flooding mitigation.

Some submitters indicate a desire to keep things as they are now or have our own CCO, with asset ownership remaining with ratepayers. There was a desire that any approach should have a focus on long-term sustainability, with no degradation to the water services currently enjoyed.

At a government level, feedback included that the Three Waters Reform should have been kept, that the Local Water Done Well process (and consultation) had been rushed, and that changes were difficult for local government.

Submitters want greater understanding around the transparency and accountability of any Governance structure and the ability for people to influence its direction. Equally there was concern about bureaucracy leaning towards administrative complexity and inefficiency. There was concern that a water services delivery CCO could lead to privatisation.

Submitters asked that environment and climate change be considered, including that the Manawatū River is a taonga.

There were also comments from people who do not support fluoride in drinking water.

Ongoing open and clear communication on Local Water Well Done progress was requested.



8 April 2025

Palmerston North City Council  
32 The Square  
**PALMERSTON NORTH 4410**

**Attention:**    Waid Crockett                      &                      Grant Smith  
                         Chief Executive Officer    His Worship The Mayor

*Tēnā korua*

**RE:    LOCAL WATER DONE WELL**

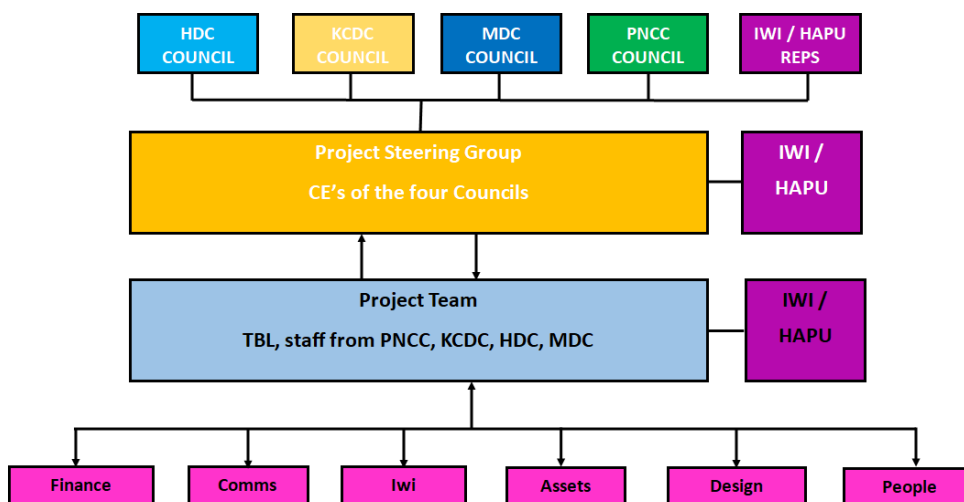
1.     On behalf of the iwi representatives who attended the hui at Rangimarie Marae, and who have responded to sending this letter we would like to mihi to you all for making the time to meet kanohi ki te kanohi and share your thinking on the proposal to form a joint water organisation between your councils.
2.     We appreciated the opportunity to hear directly from you about the drivers behind this proposal and your desire to ensure that future water service delivery is sustainable, efficient, and serves the needs of our communities. Engaging with us about this kaupapa reflects a commitment to the relationship we continue to build together.
3.     As iwi/hapū, our aspirations for wai are strongly connected to our responsibilities as kaitiaki and in our enduring connection to the rivers, streams, aquifers, wetlands, and coastal waters that sustain our people and our places. For us, water is not simply a service or commodity — it is a taonga, essential to the wellbeing of the environment, our whānau, and our future generations.
4.     In the context of the Local Government (Water Services) Bill, we see this as a critical moment to embed those aspirations and ensure that the new water service arrangements give effect to Te Mana o te Wai, uphold Te Tiriti o Waitangi, and recognise our rights and responsibilities as mana whenua across the rohe.
5.     We believe the best way to achieve this is by continuing to work together as partners in this process. The proposal to create a new water organisation presents an opportunity — but it also requires clear and meaningful mechanisms for iwi/hapū involvement at all levels of governance, management, and operations.
6.     Please see below how we can continue to work together under the proposal.



## 7. Presentation Slide – How we are working together as a five:

### 7.1

### How we are working together as a five



7.2 As shown in the diagram above, we have added Iwi/Hapū representation at all levels. This reflects our commitment to honouring Te Tiriti o Waitangi - for us, nothing less is acceptable. Our Iwi/hapū collectives will be meeting again soon and following that we shall advise our representatives. It is our intention to put forward one representative for each level of the structure, specifically:

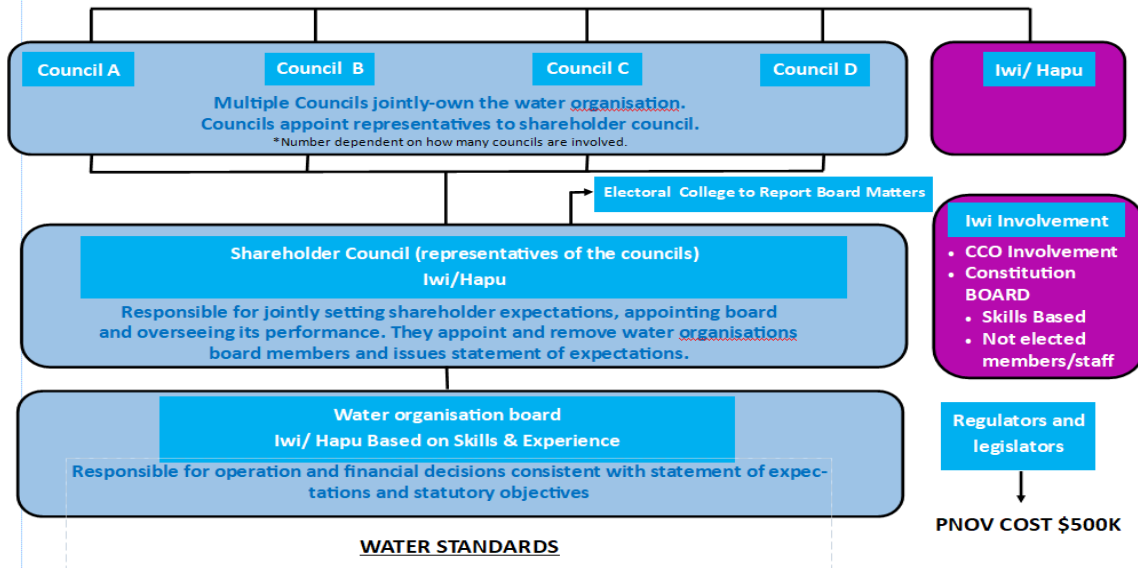
- Iwi/hapū, alongside Council Level;
- Project Steering Group Level; and
- Project Team Level.



## 8. High Level Likely Governance Structure

### 8.1

### High Level Likely Governance Structure



- 8.2 As shown in the above diagram, we also see Iwi/Hapū level representation at all levels of the proposed structure.
- 8.3 In particular we see opportunities where Iwi/Hapū can also be owners of the Water Organisation and of course this would need to be worked through logically.
- 8.4 In terms of the Shareholder Council, we also see ourselves in that space in partnership, setting shareholder expectations, appointing the Board and overseeing its performance.
- 8.5 Finally, we believe there are individuals within our iwi/hapū who have the skills, expertise, and experience required to contribute at the governance level, including serving on the Board.



## 9 Other Matters

9.1 In terms of other involvement, we also, as a minimum, see ourselves having input into:

- The Constitution to be developed;
- The Shareholder Agreement to be developed;
- Input into the Water Services Plans our respective Councils have to develop, to ensure our values and expectations are included;
- Having representation on the Interview Panel for the Water Organisation Board Chief Executive role; and
- Of course some Iwi/Hapū may want to invest as well.

## 10. Final Council make Up

10.1 We acknowledge the ongoing consultation process being undertaken by the four Councils which will ultimately determine which Council/s will choose to work together and which may seek to go alone. We acknowledge this will have an impact on which Iwi/Hapū will be involved and working together. Therefore, it is imperative that a mechanism is established to keep us informed and updated during this process.

10.2 We look forward to further discussions on how our shared aspirations can be realised as the proposal develops. We are committed to continuing this kōrero and working together to ensure that whatever entity is created, it serves our people, our environment, and our mokopuna.

## 11. Point of Contact

11.1 We ask that you confirm the key point of contact we should work with to progress these matters as soon as possible. Our point of contact for now is Danielle Harris, [danielle@rangitaane.iwi.nz](mailto:danielle@rangitaane.iwi.nz).



Nā mātou noa, nā



Danielle Harris  
Tānenuiārangi Manawatū Charitable Trust Rōpu

Helmut Modlik  
Te Rūnanga o Ngāti Toa

Hayden Turoa  
Te Tūmatakahuki

Trevor Shailer  
Ngāti Kauwhata

Di Rump  
Muaūpoko Tribal Authority

CC:

*Kapiti Coast District Council*  
**Attention:** Darren Edwards, CEO

& *Her Worship the Mayor, Janet Holborow*

*Horowhenua District Council*  
**Attention:** Monique Davidson, CEO

& *His Worship the Mayor, Bernie Wanden*

*Manawatu District Council*  
**Attention:** Shayne Harris, CEO

& *Her Worship the Mayor, Helen Worboys*



# Local Water Done Well Modelling

Horowhenua, Rangitikei, Ruapehu & Whanganui District and  
Palmerston North City councils

27 May 2025





## Contents

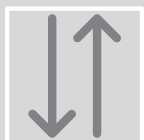
- Capex
- Debt
- Household costs
  - Local Price
  - Harmonised
- Notes



## Background



This report presents the impacts of various Local Water Done Well scenarios if the costs of nature calls change from that currently allowed for in the PNCC LTP



Nature calls has been modelled at both \$285M & \$480M to present high and low outcomes



The differences due to the size and scale of the project



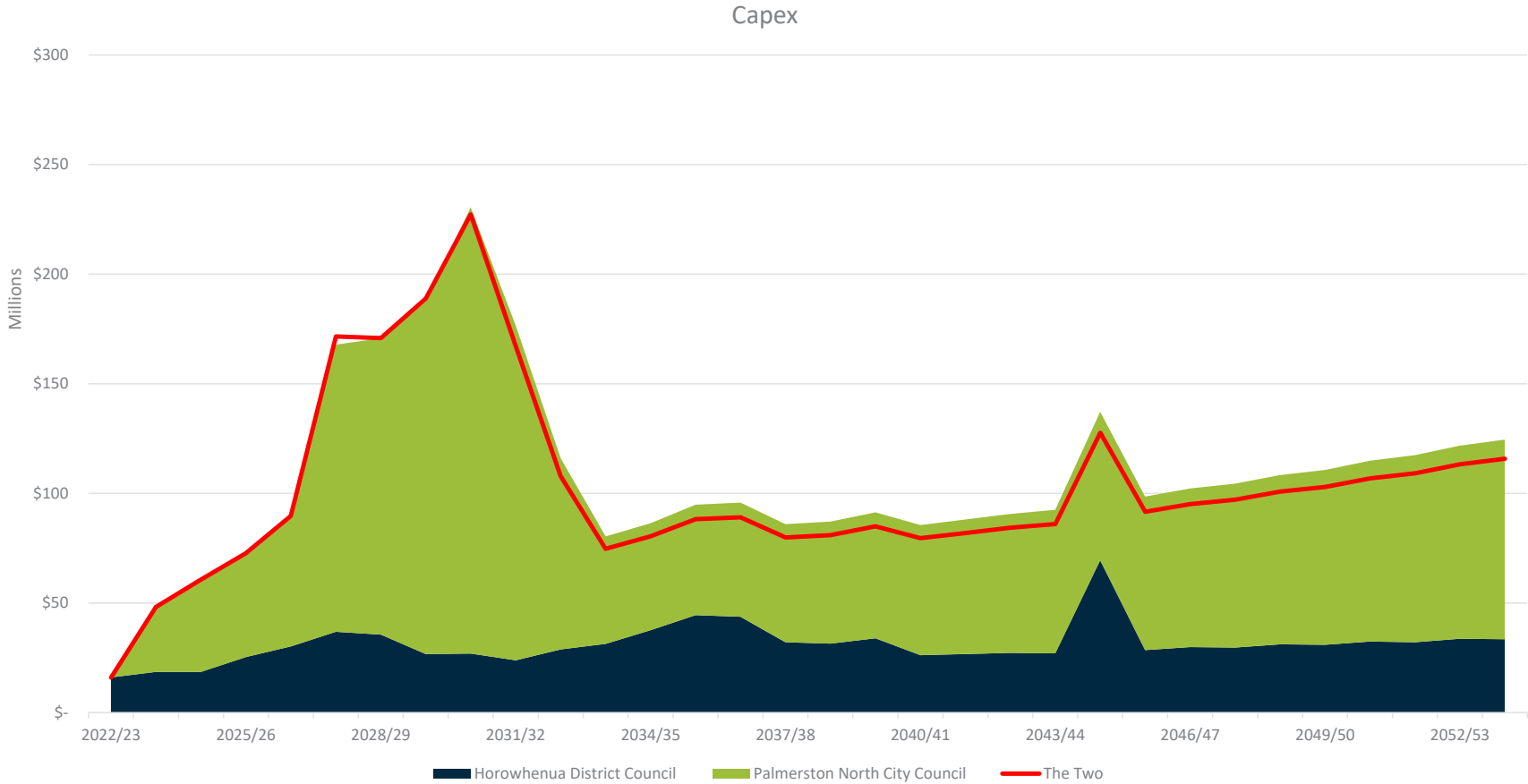
# Capex – Nature calls at \$480M

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5

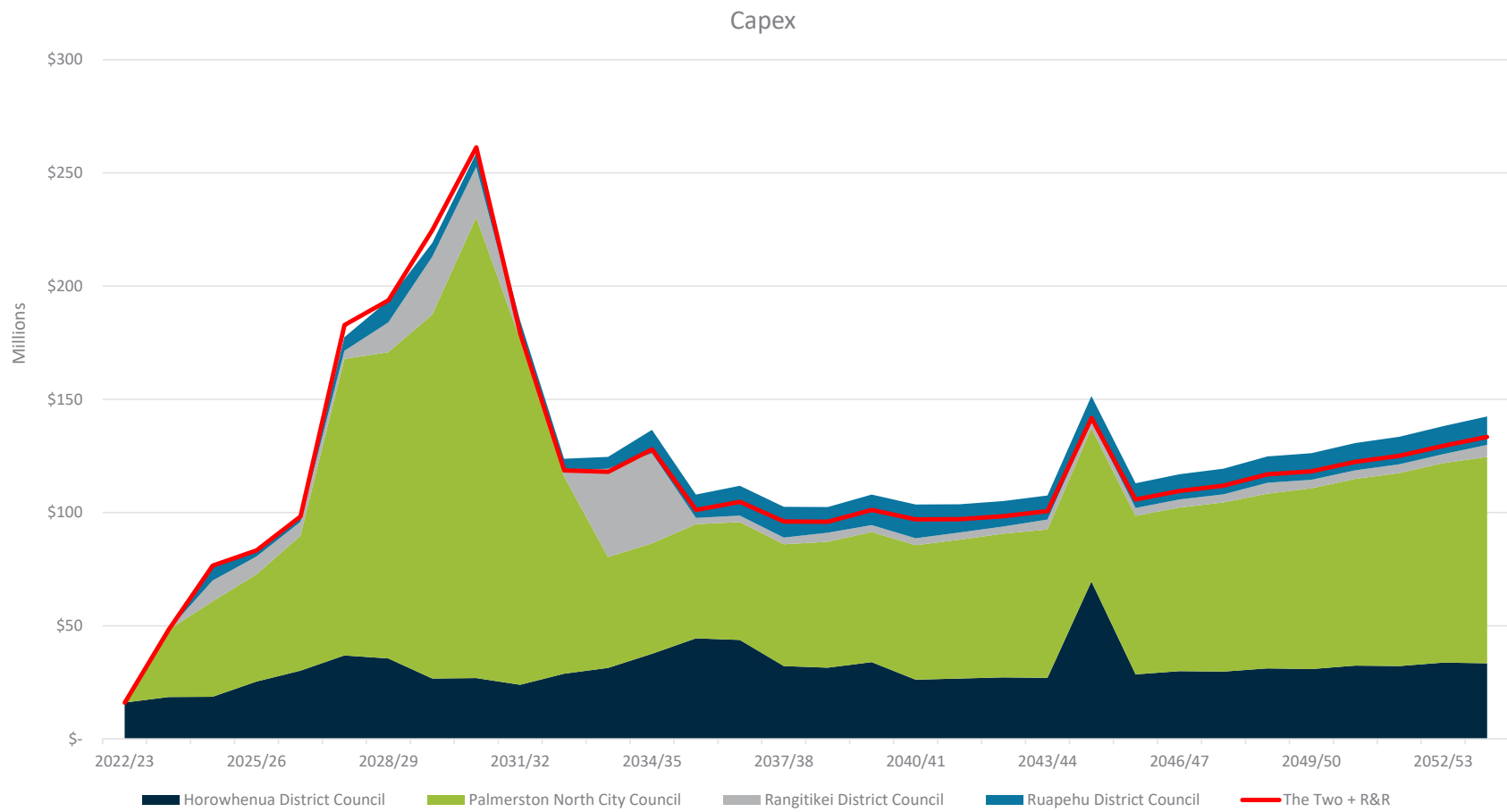


# The Two





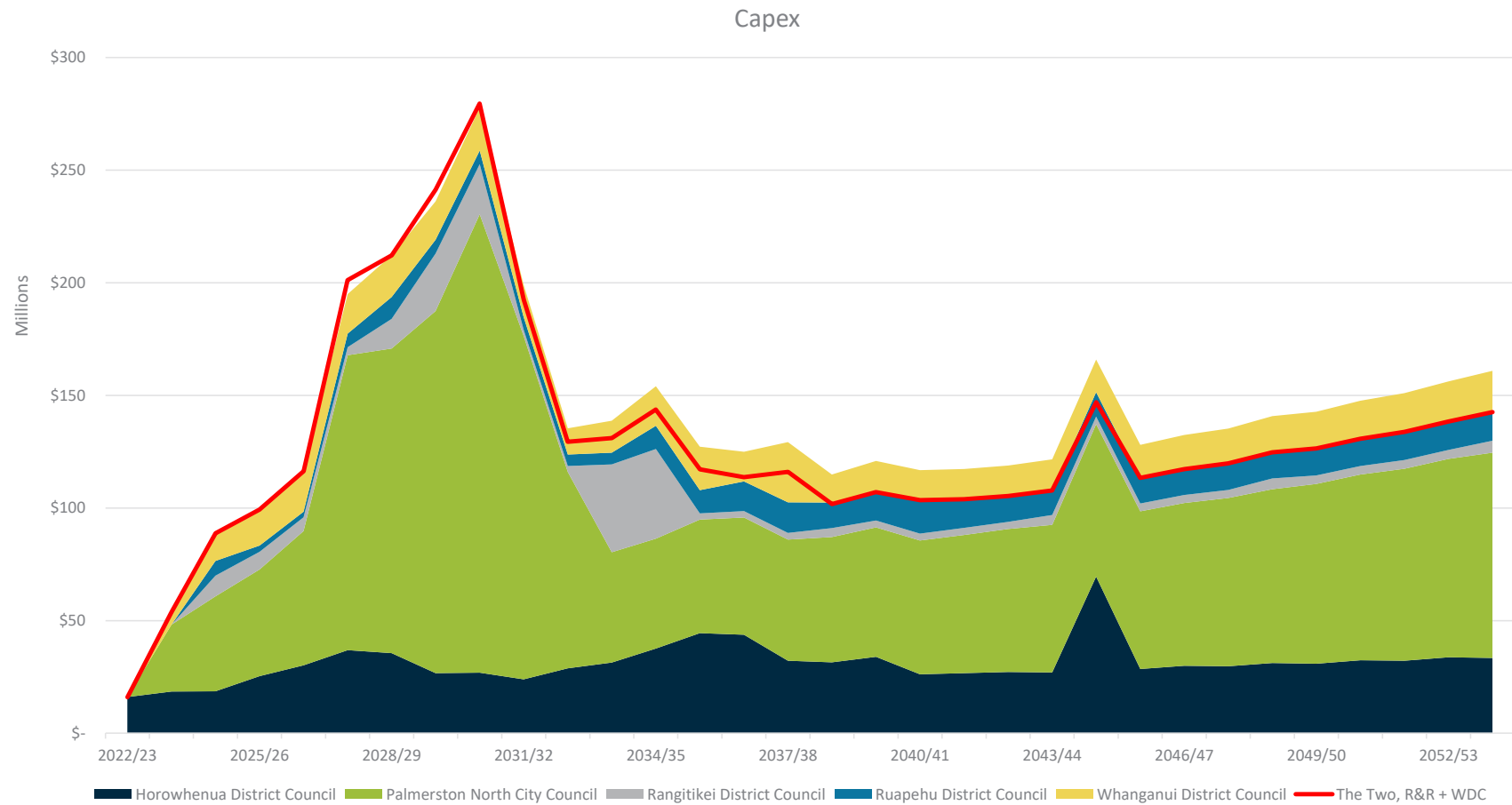
# The Four



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# The Five



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8



# Capex – Nature calls at \$285

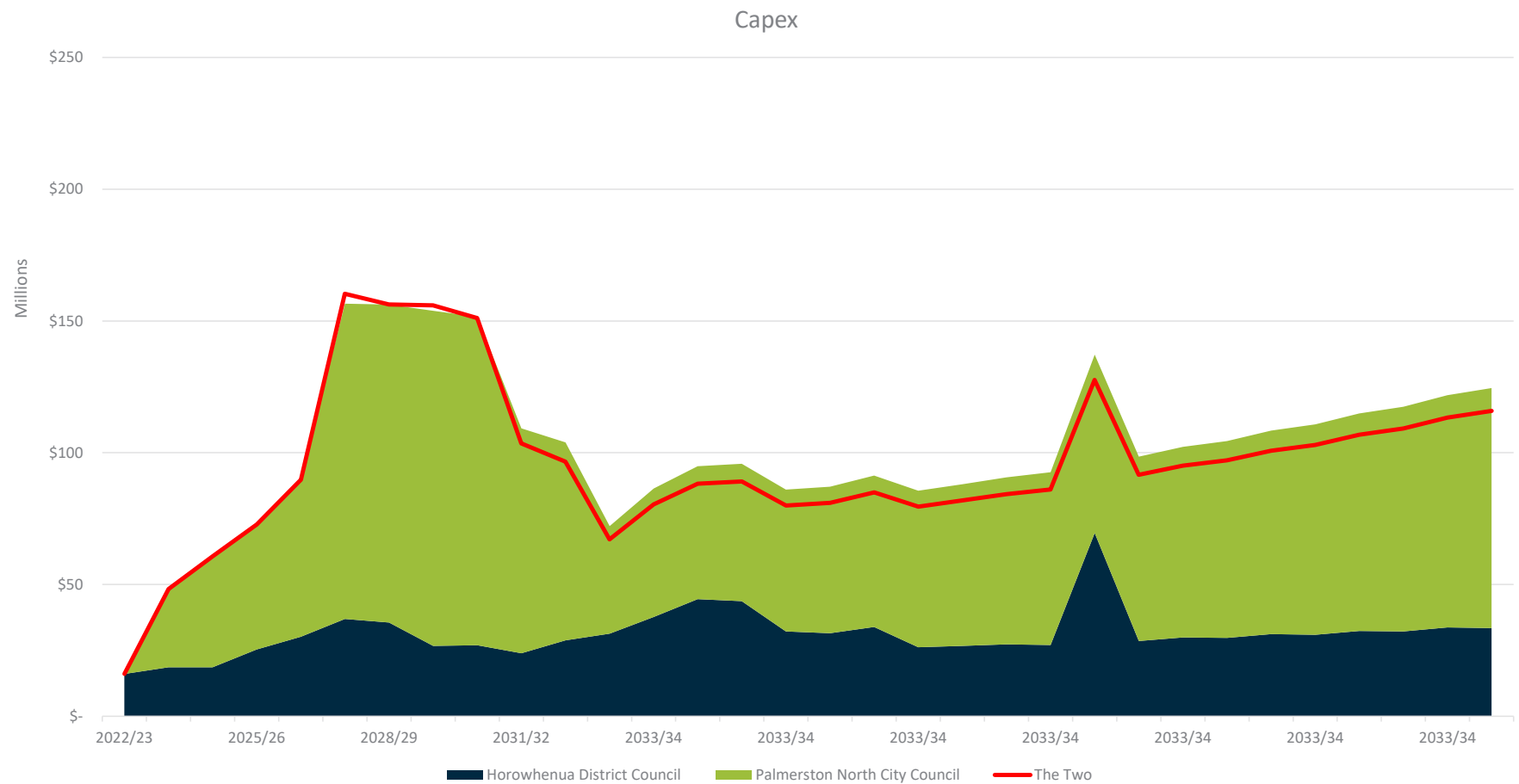
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9

ITEM 14 - ATTACHMENT 6



# The Two

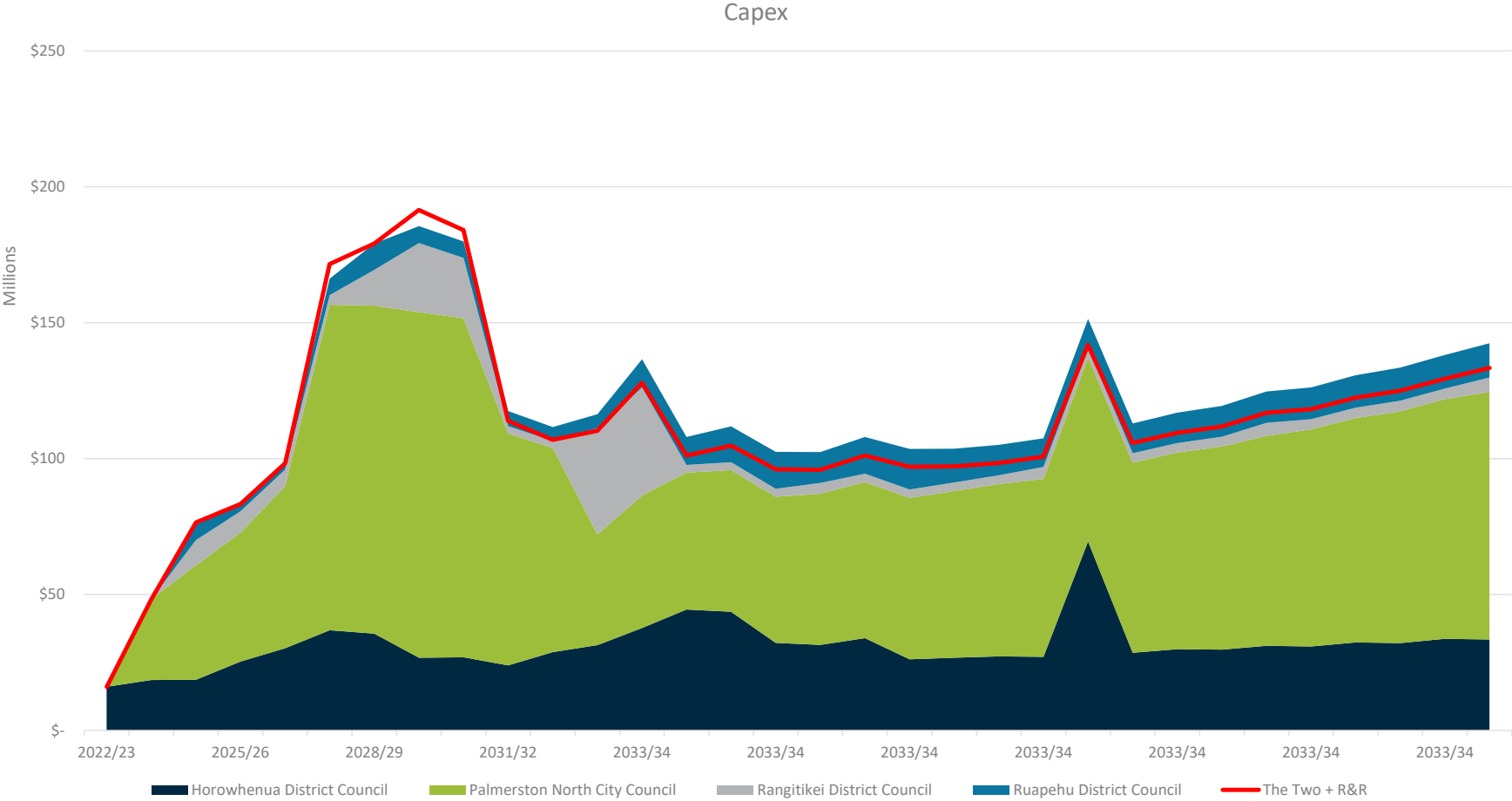


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10



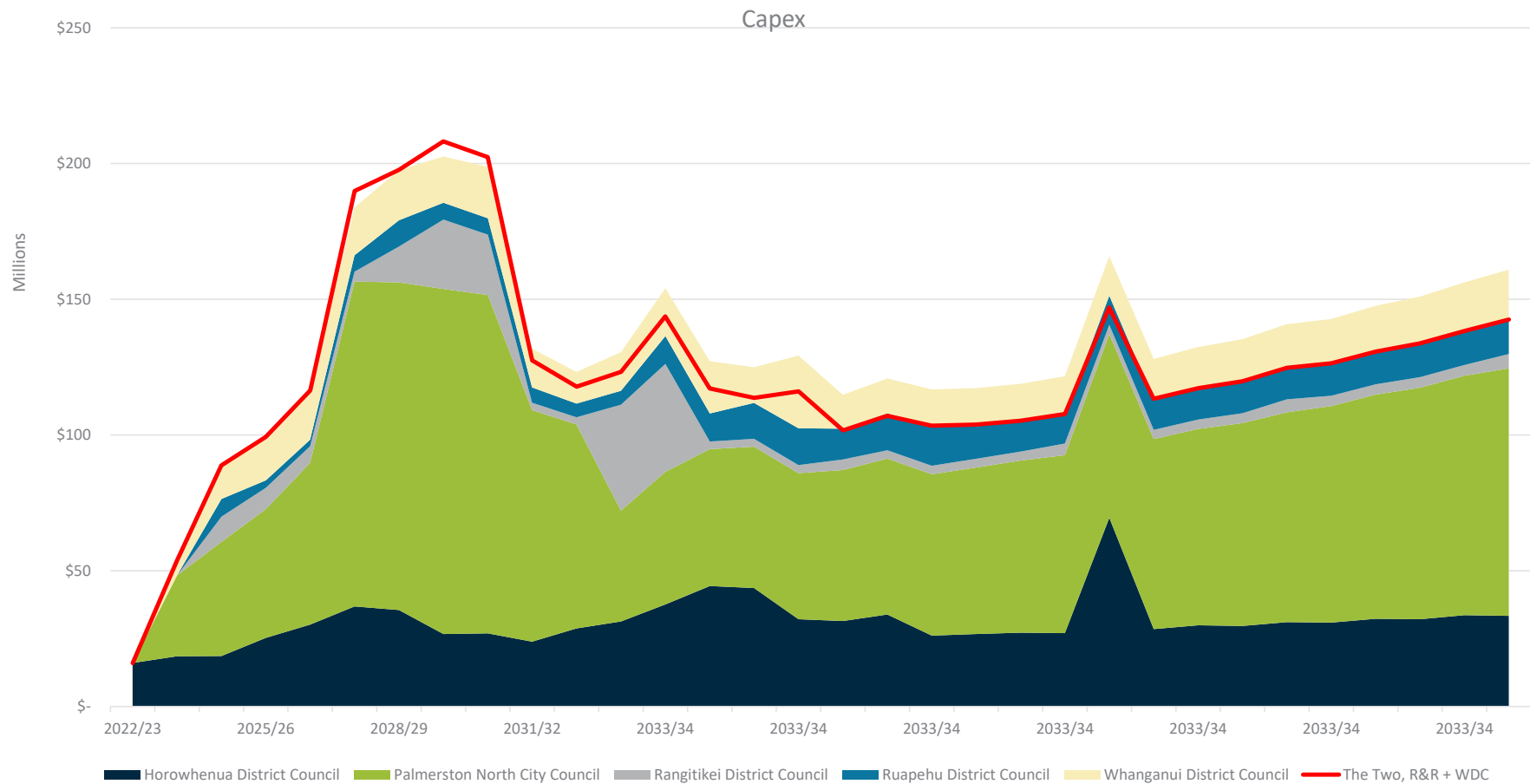
# The Four



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Capex



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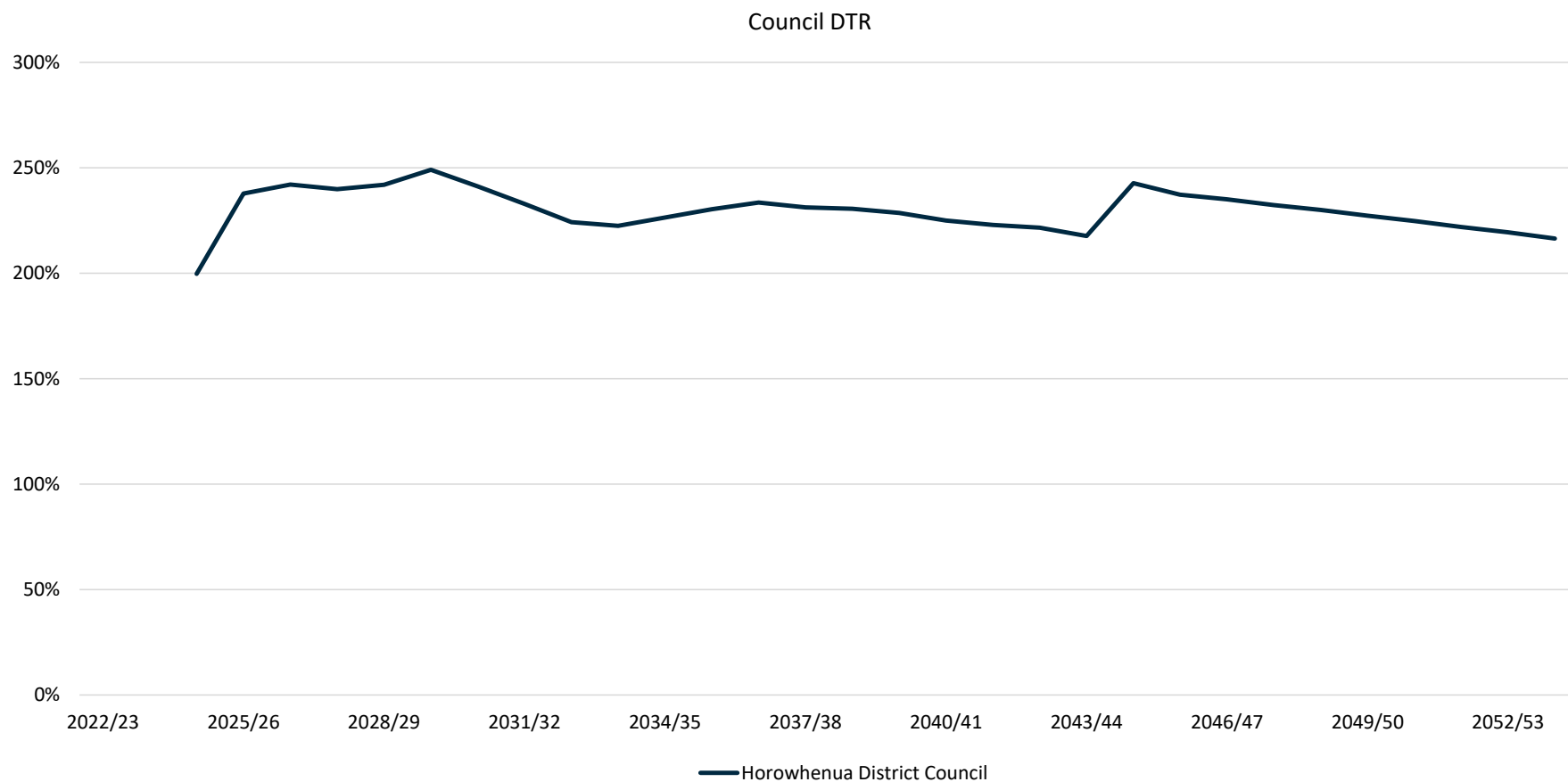
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# Debt – Nature calls at \$480M



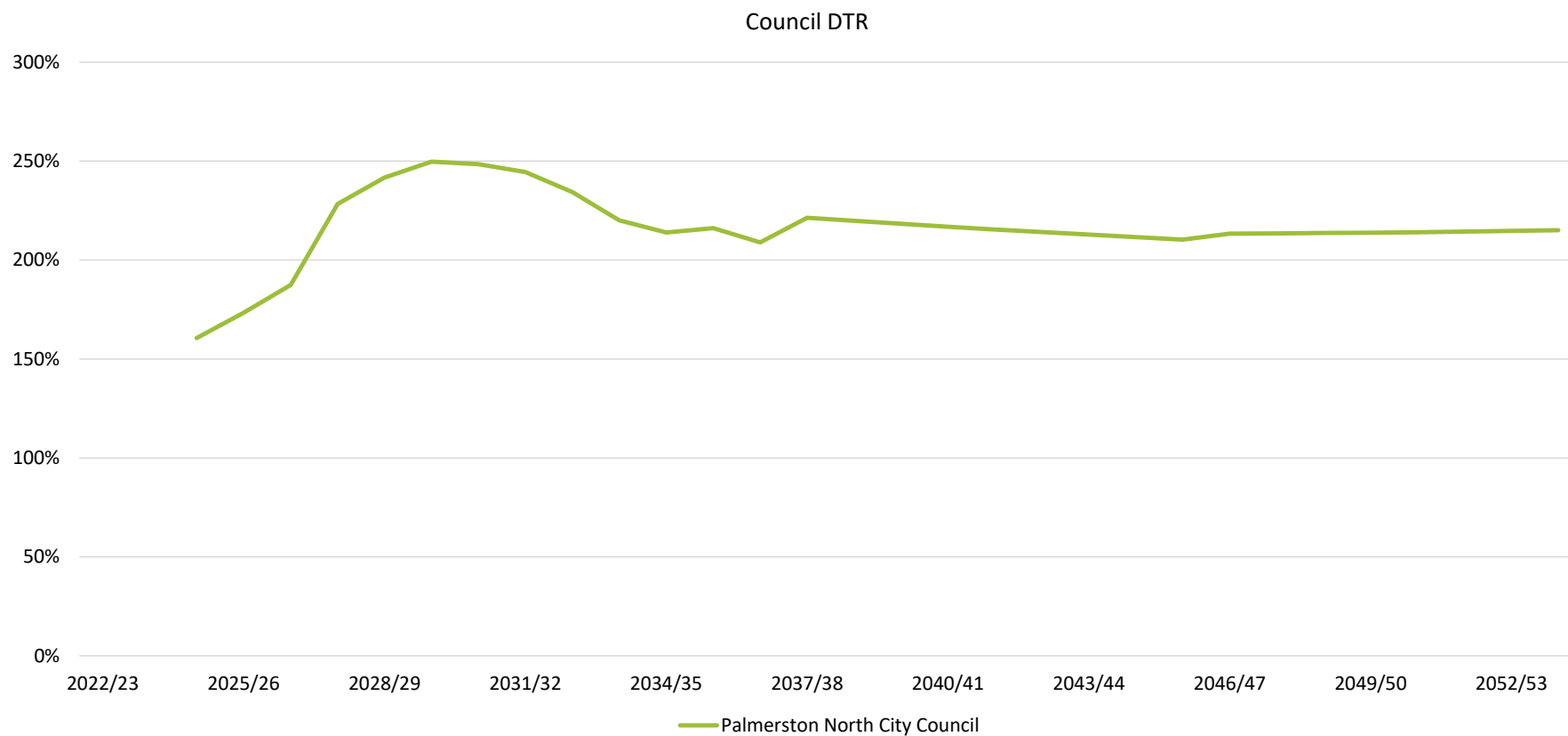
# HDC Base Case



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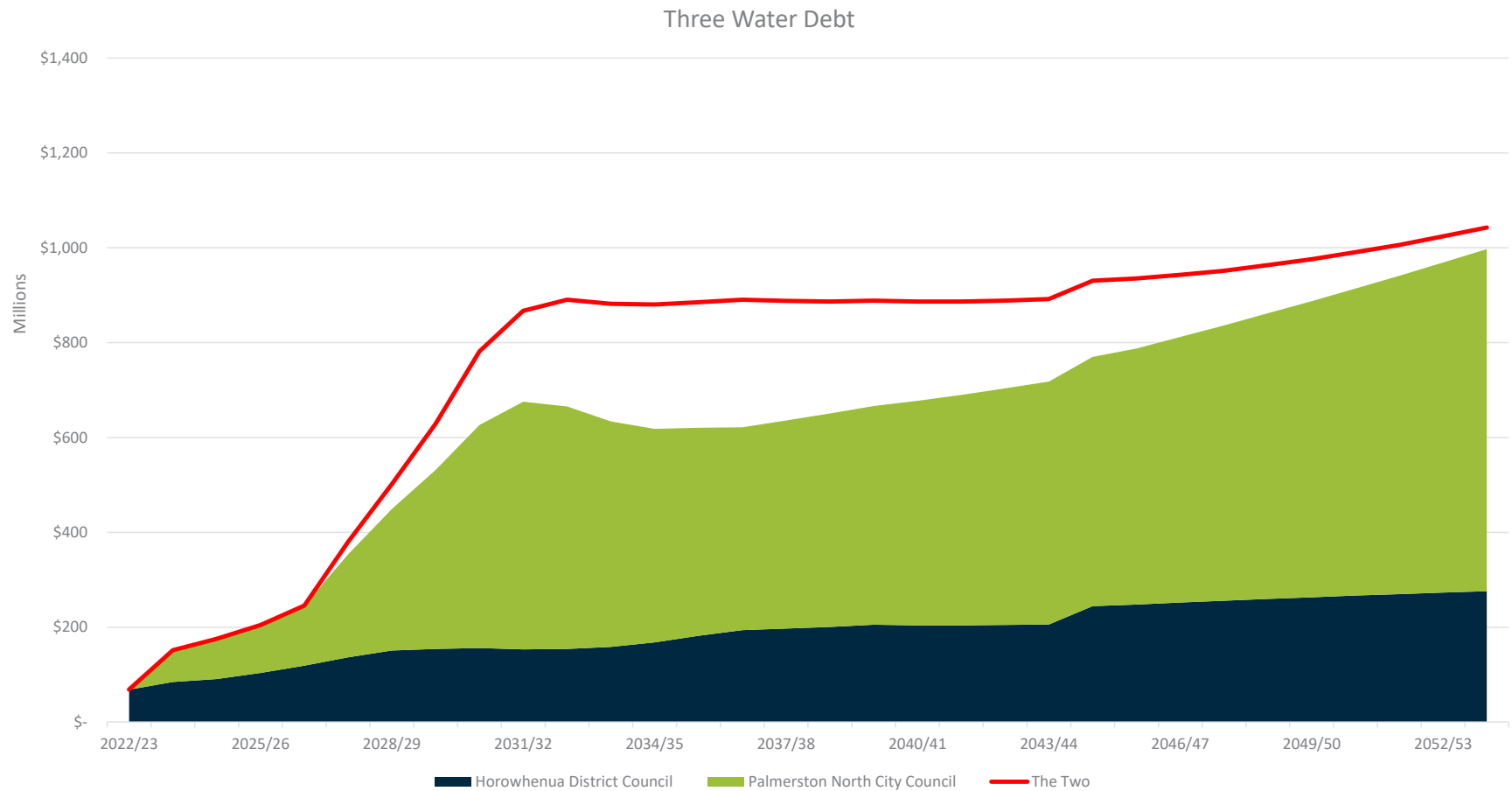


# PNCC Base Case





# The Two

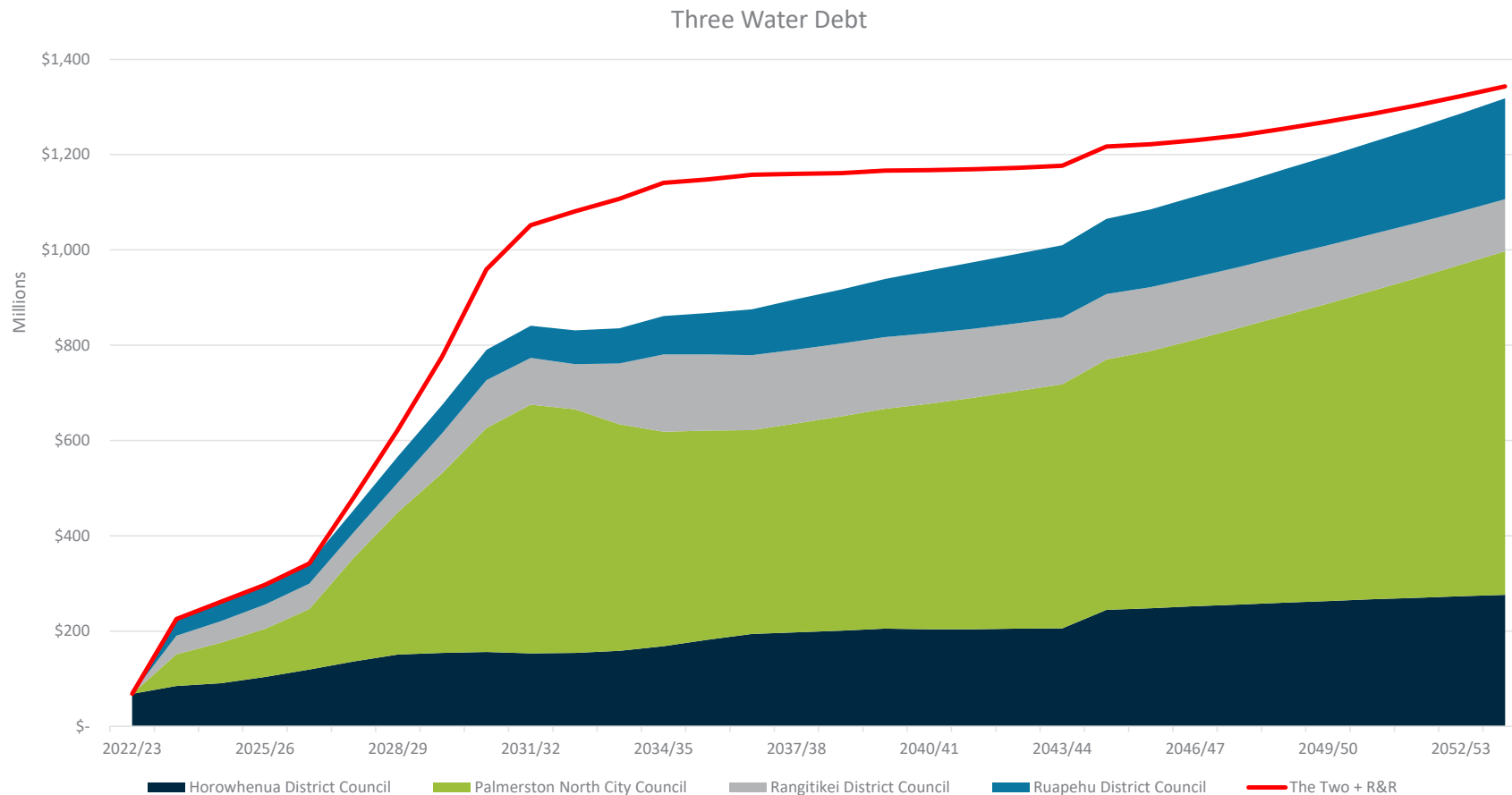


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16



# The Four

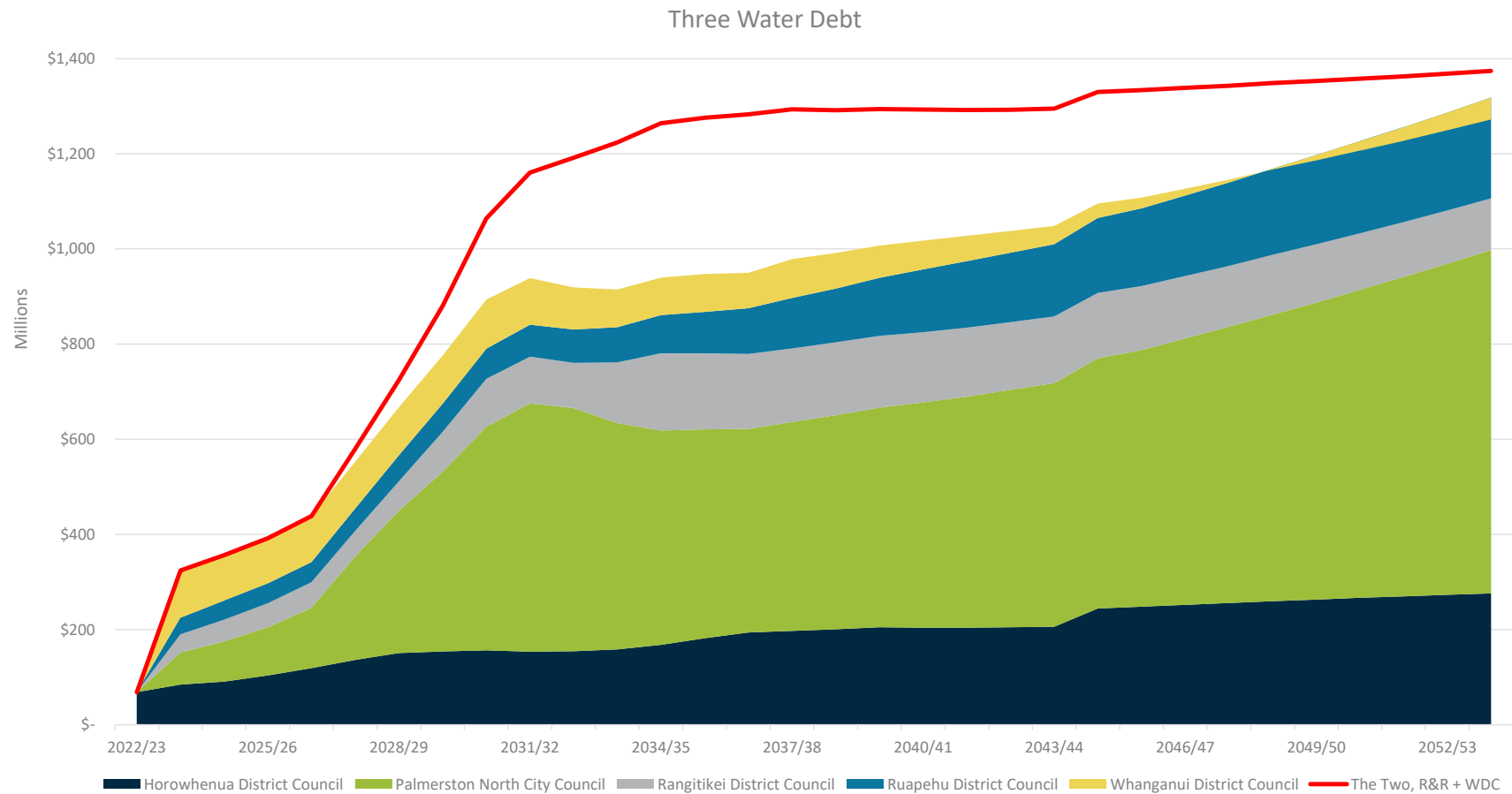


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17



# The Five



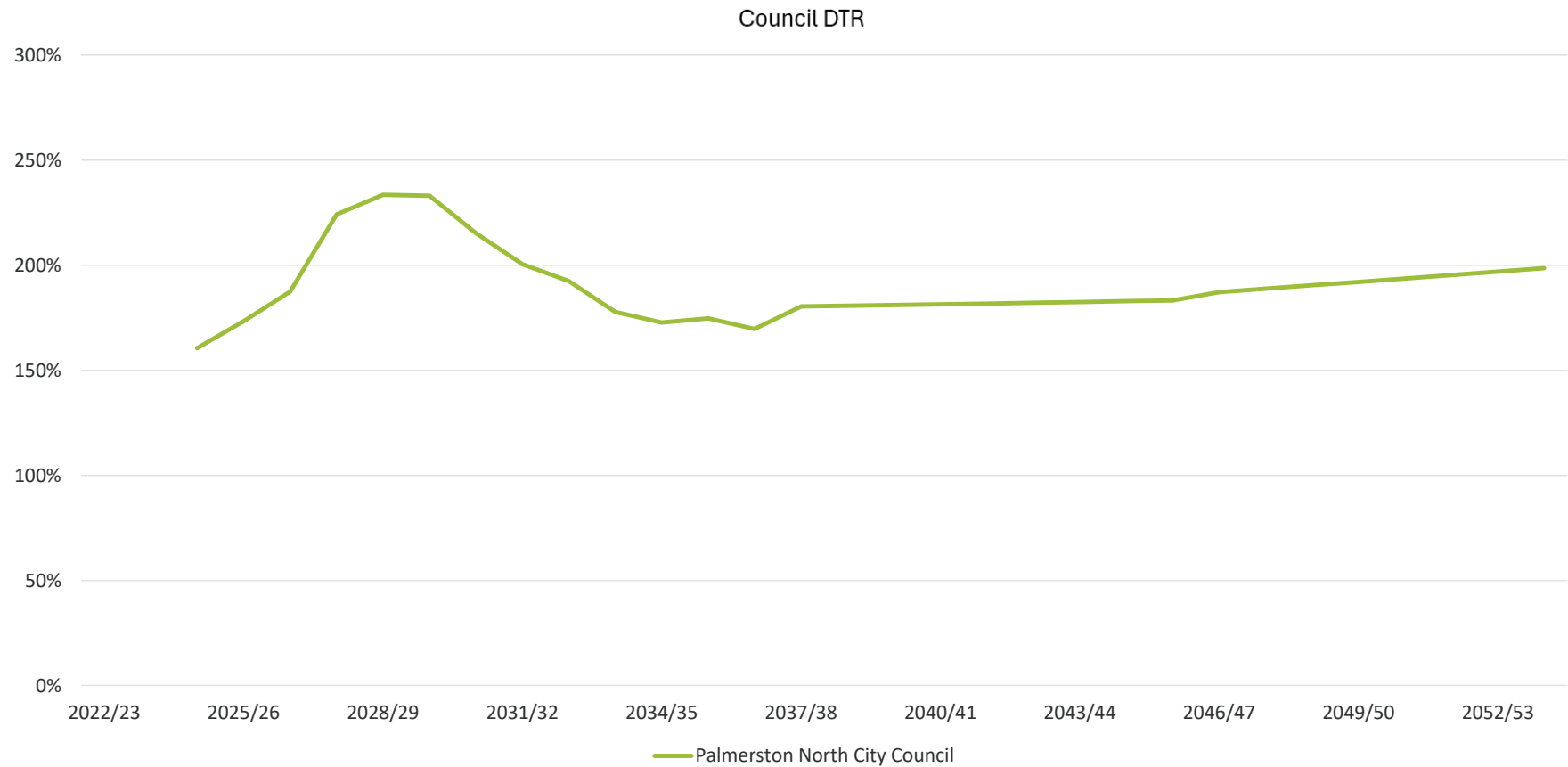
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## Debt – Nature calls at \$285M

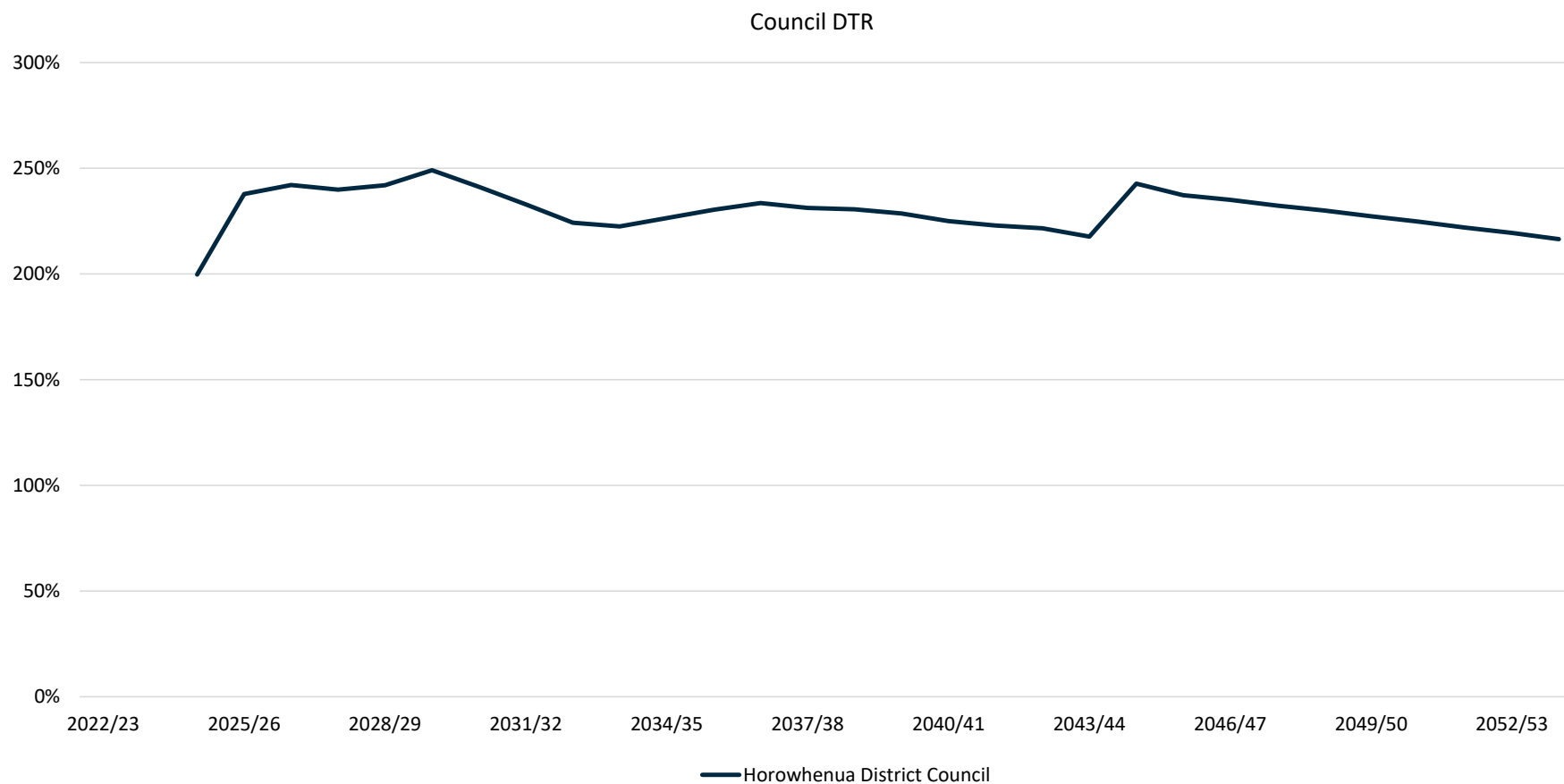


# PNCC Base Case





## HDC Base Case

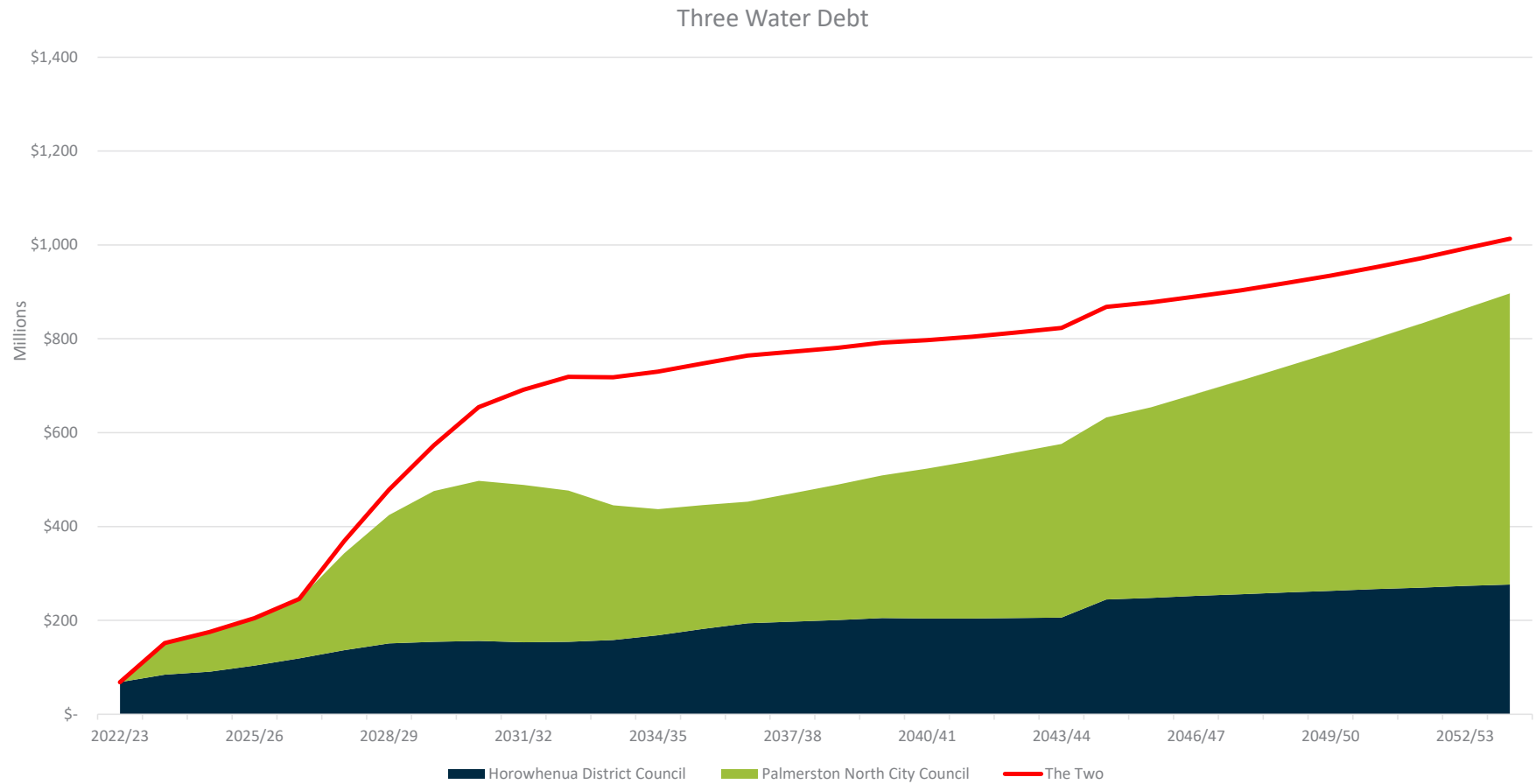


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21



# The Two

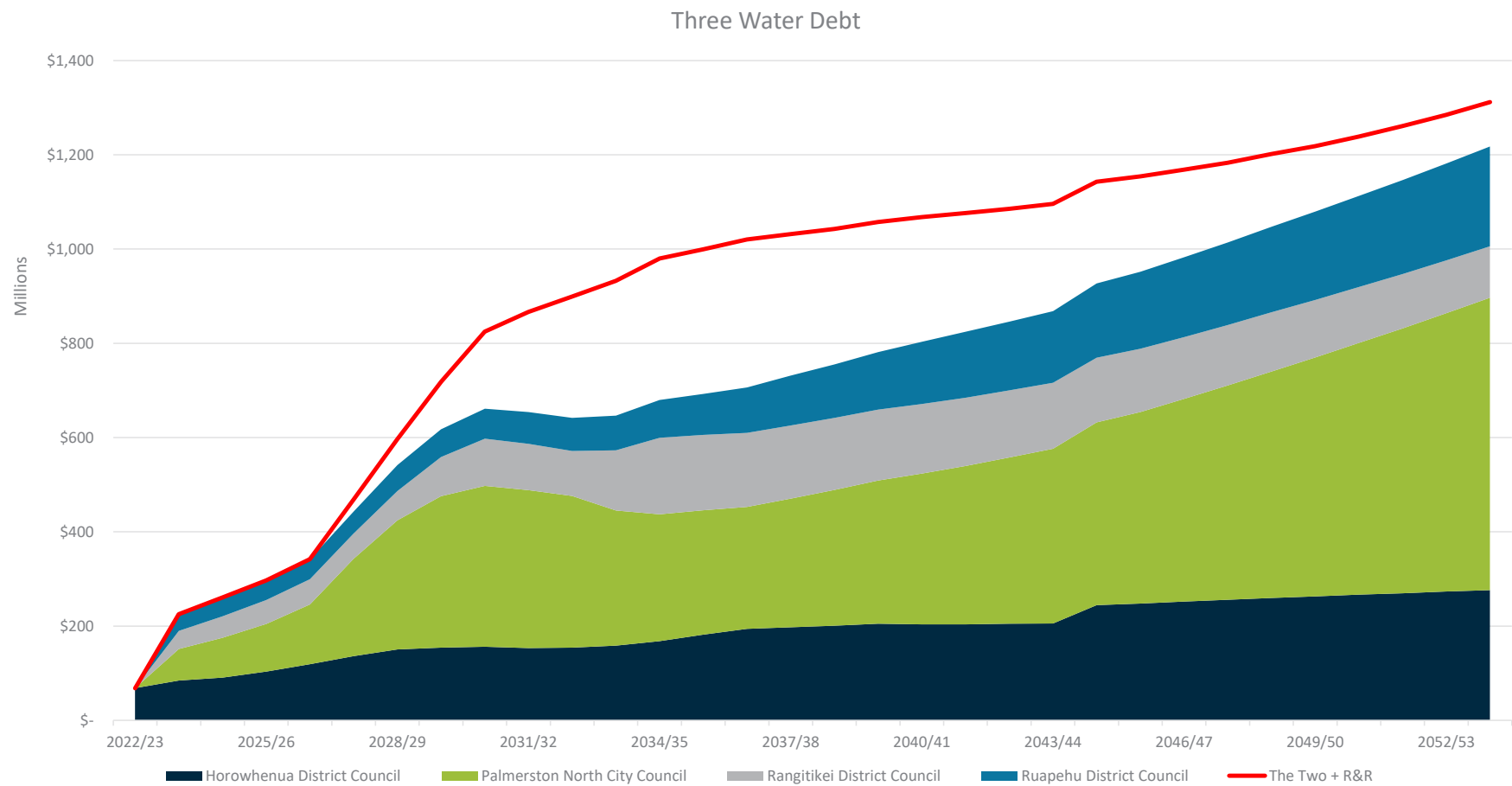


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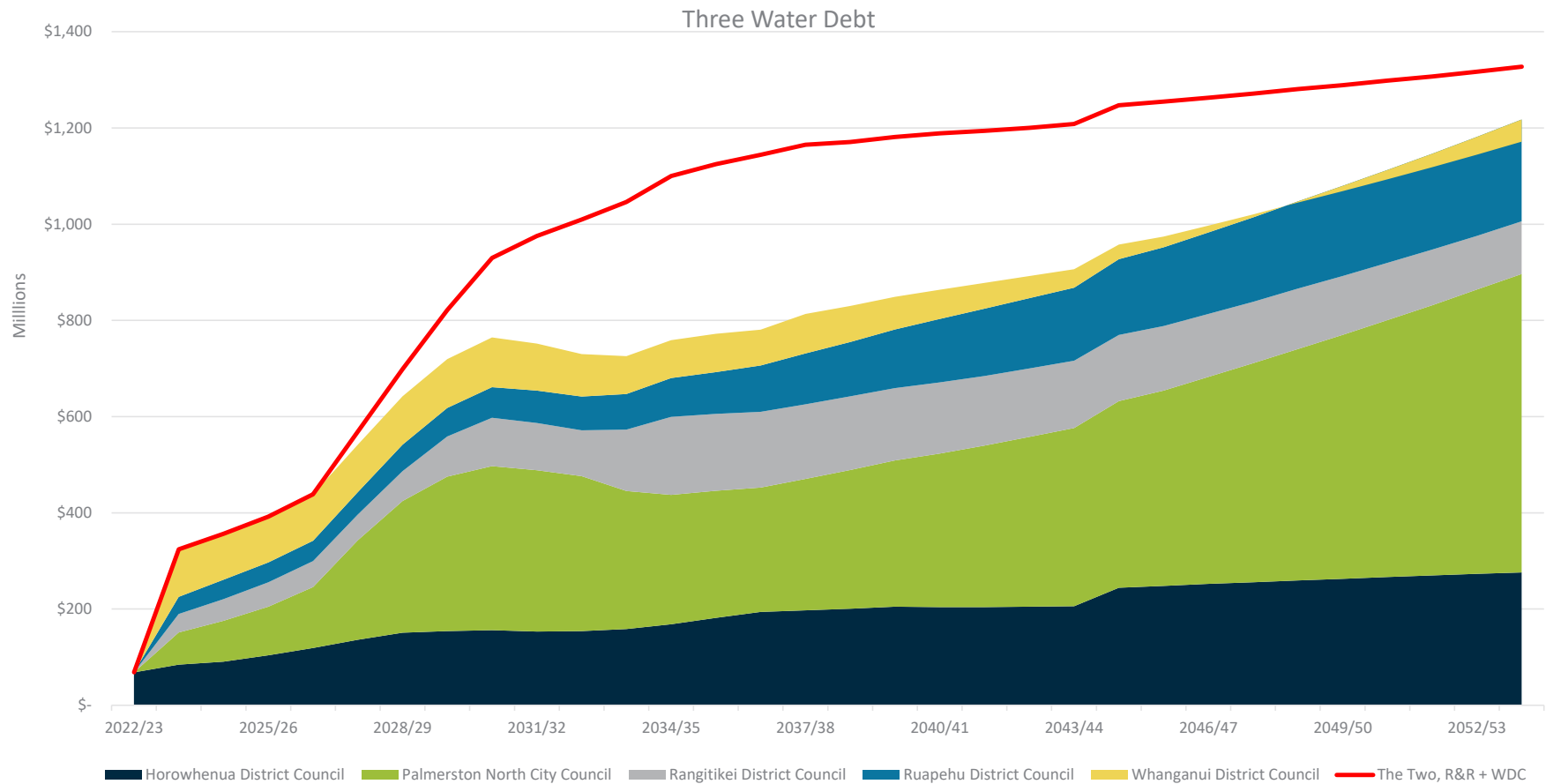
# The Four



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# The Five



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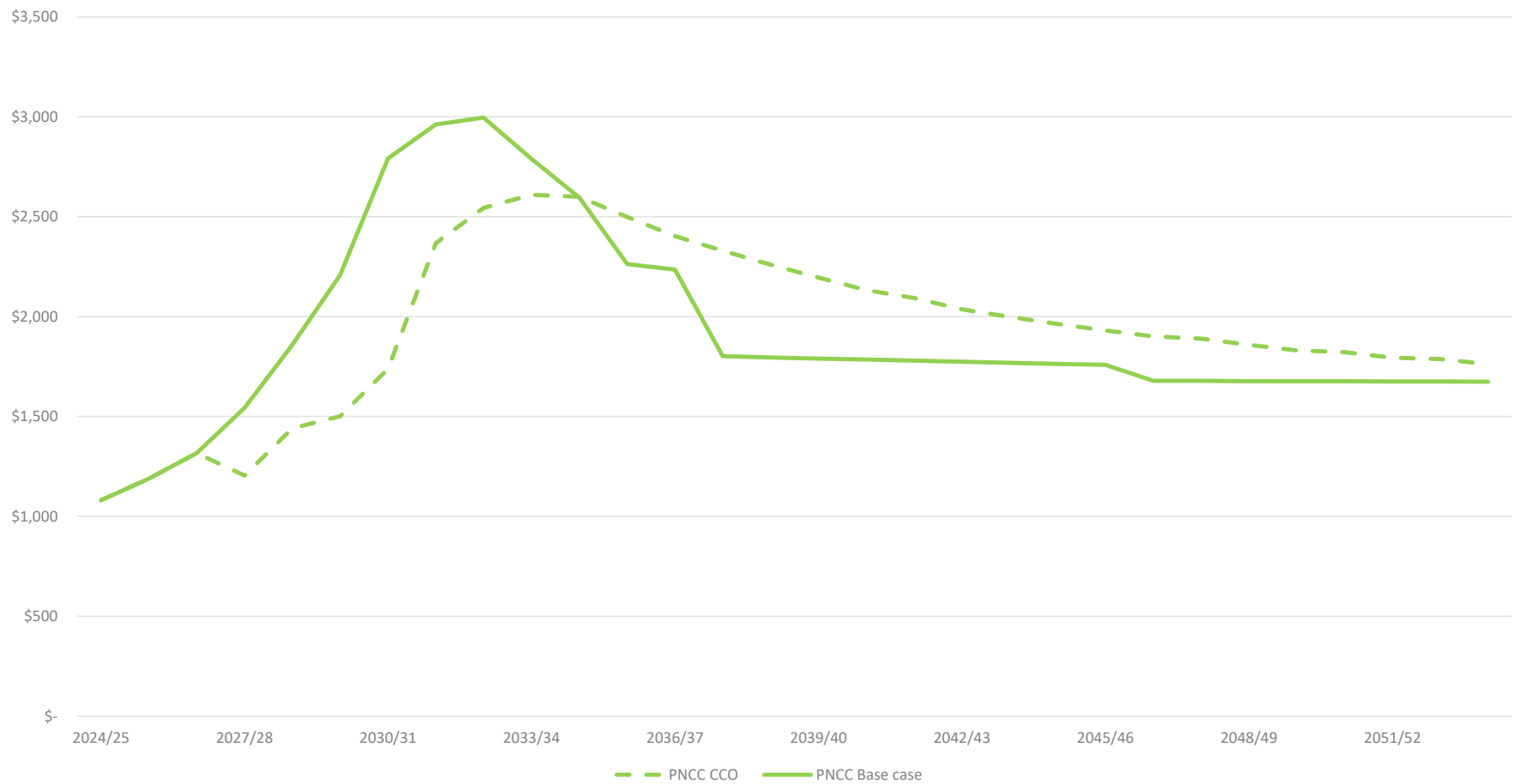
24



**Local price – Nature calls at \$480M**



# PNCC CCO



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## Local Pricing

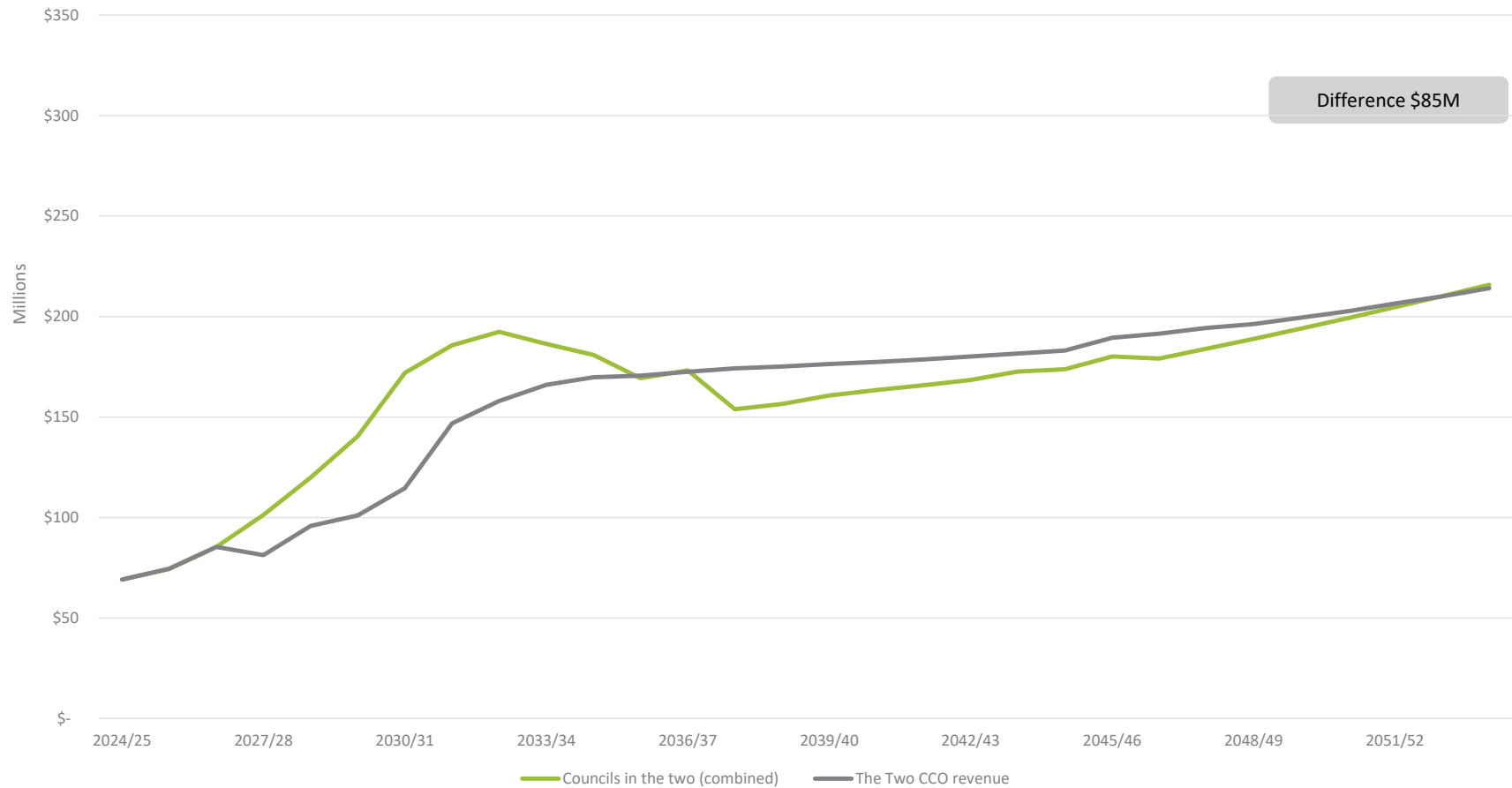
Scenario	Financial benefits under CCO model (Less revenue required over 30 years)
The Two	\$85M
The Two + R & R	\$99M
The Two + R, R & WDC	\$369M

### Local Pricing

All customers pay no more than they otherwise would, where savings realised, these can be shared and all customers can pay less than they otherwise would



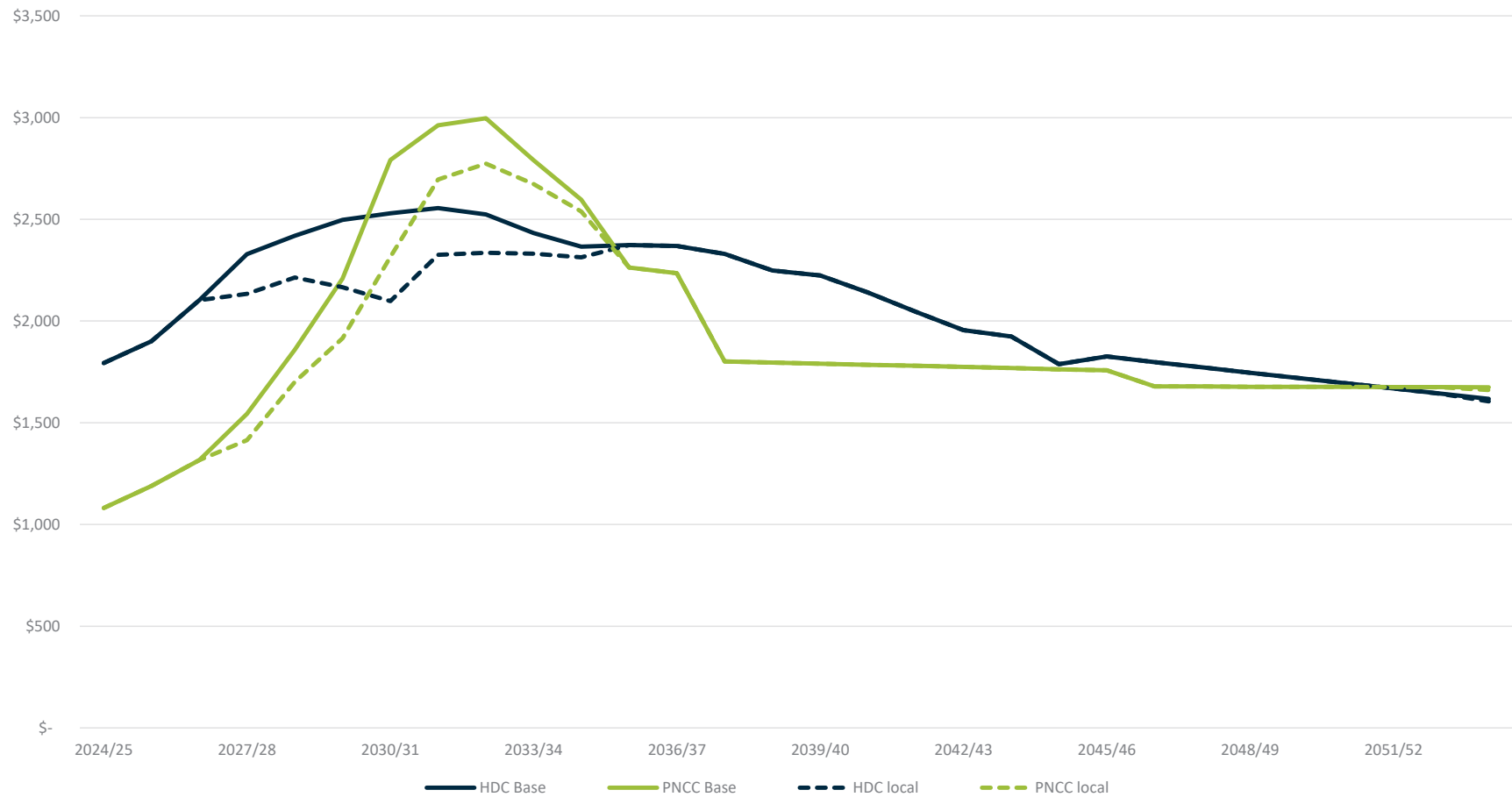
## Local pricing – source of financial benefits



© Morrison Low



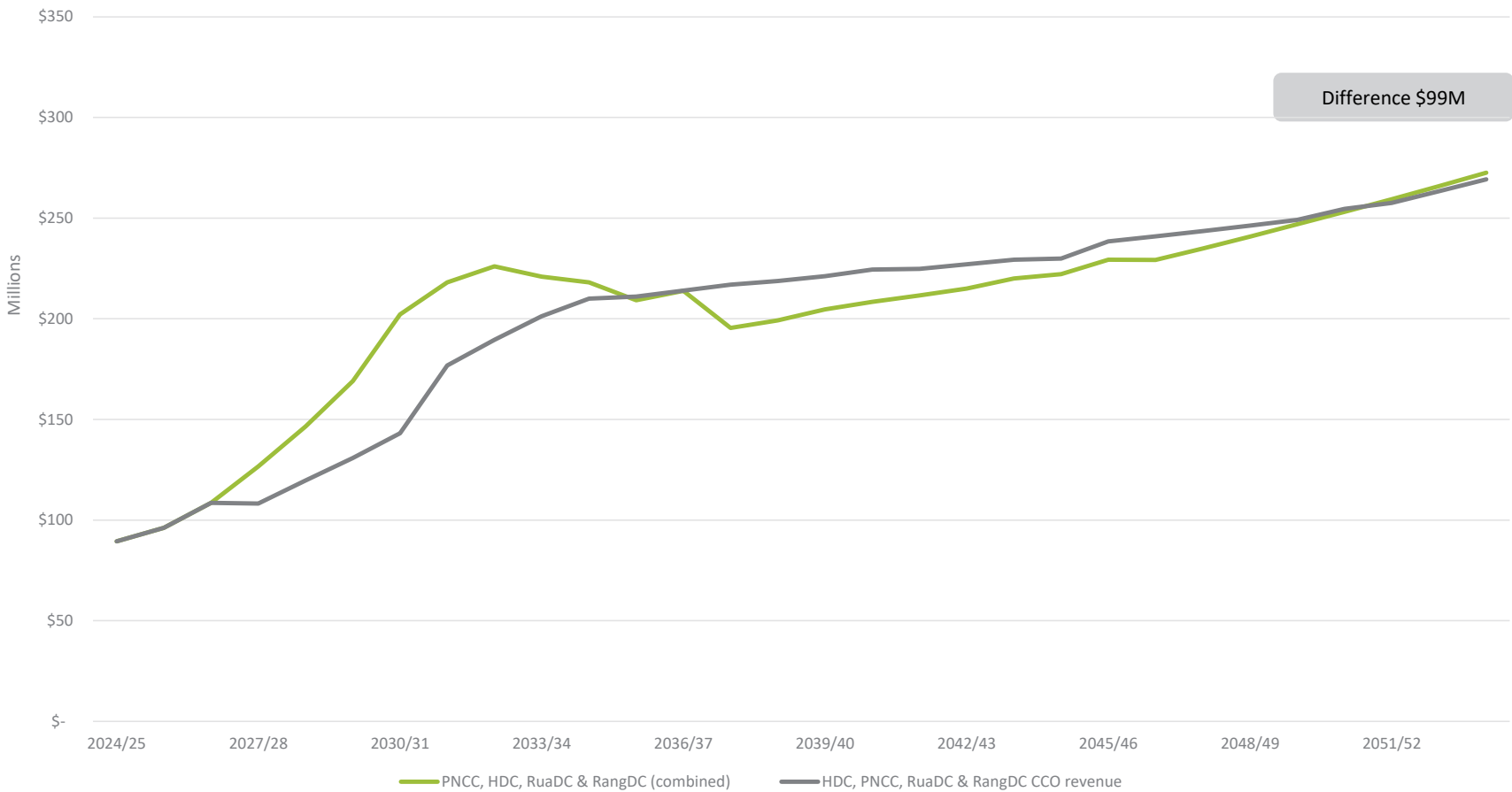
## Local pricing – The Two



© Morrison Low



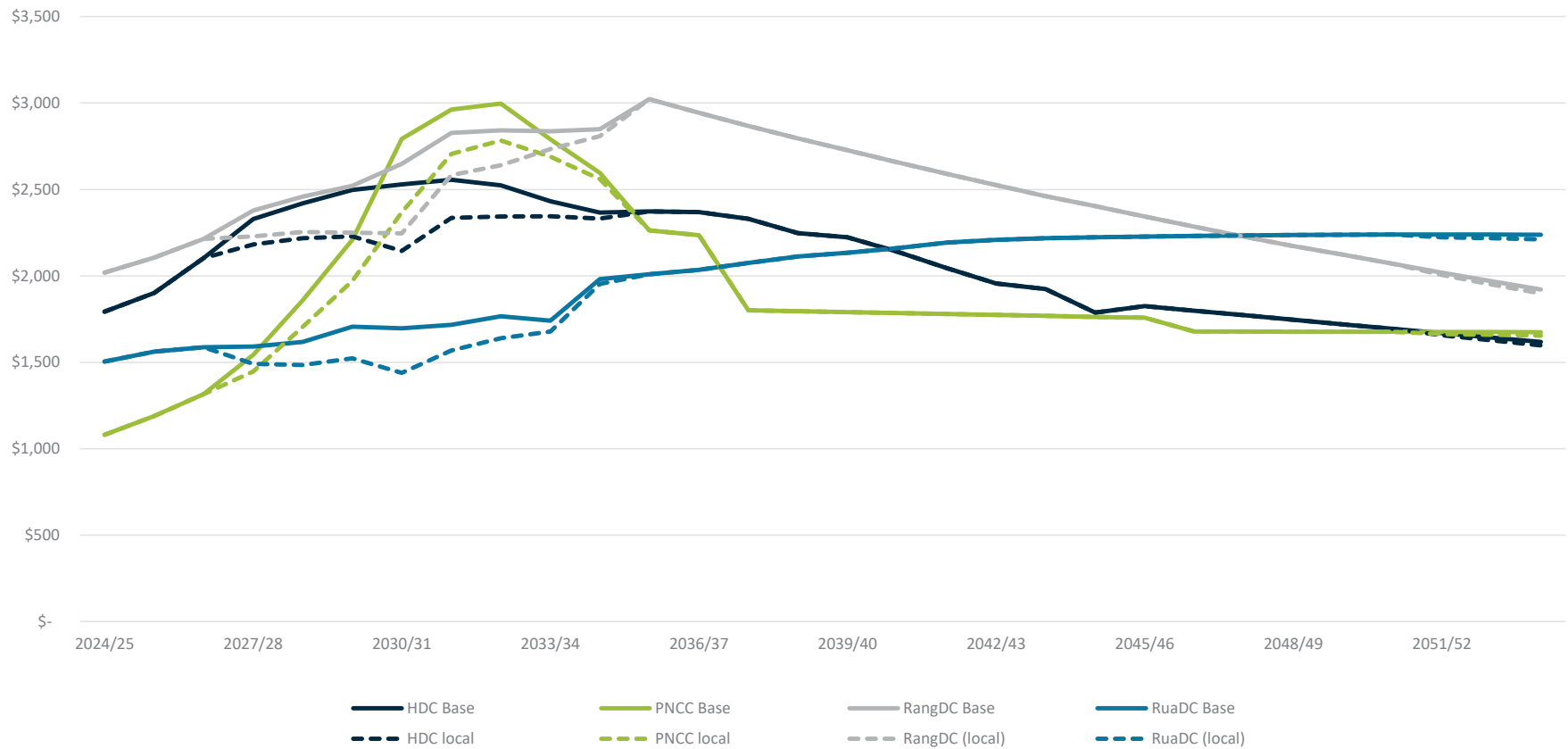
# Local pricing – source of financial benefits



© Morrison Low



## Local pricing – PNCC, HDC, RuaDC & RangDC

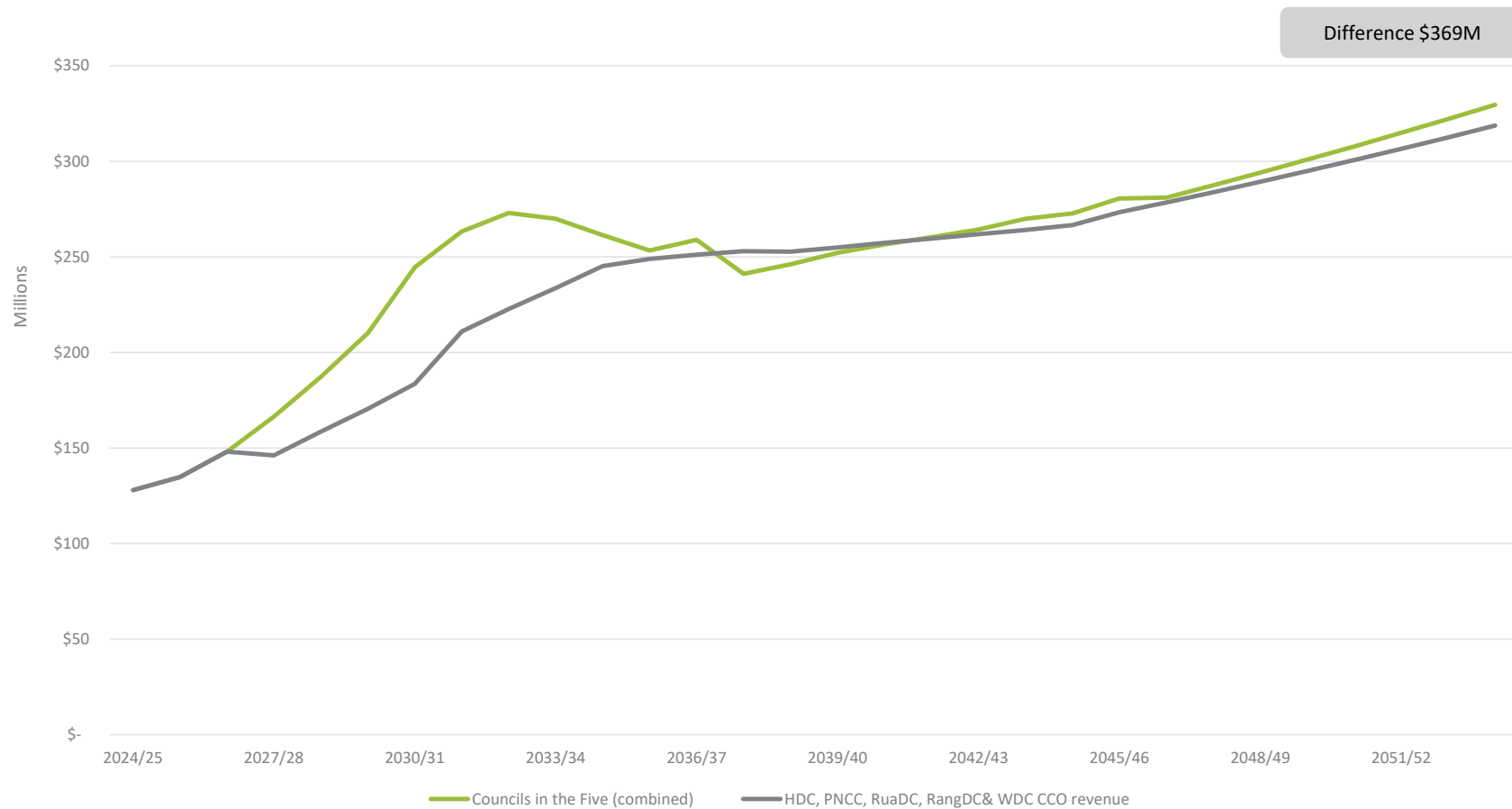


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31



## Local pricing – source of financial benefits

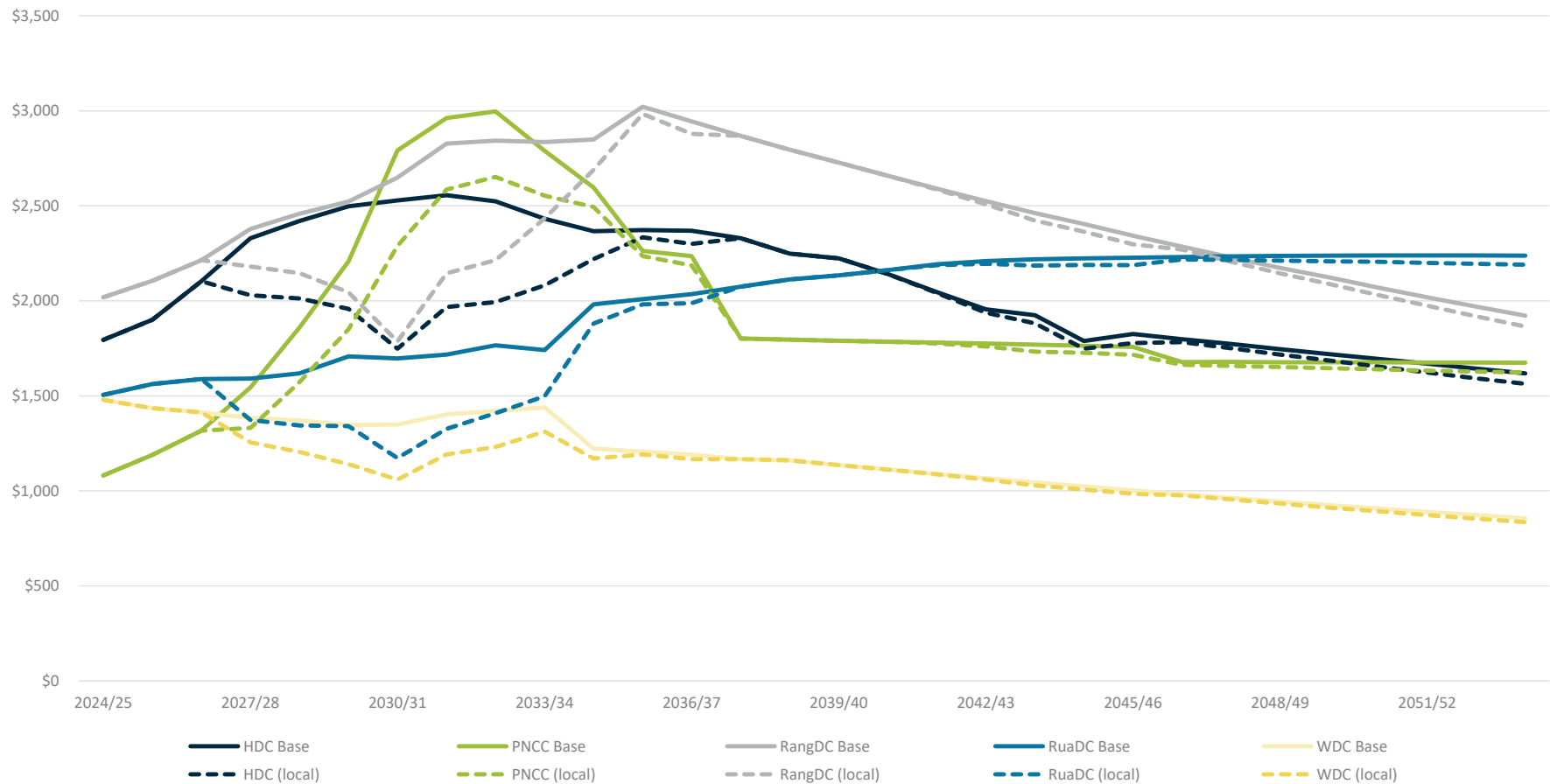


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32



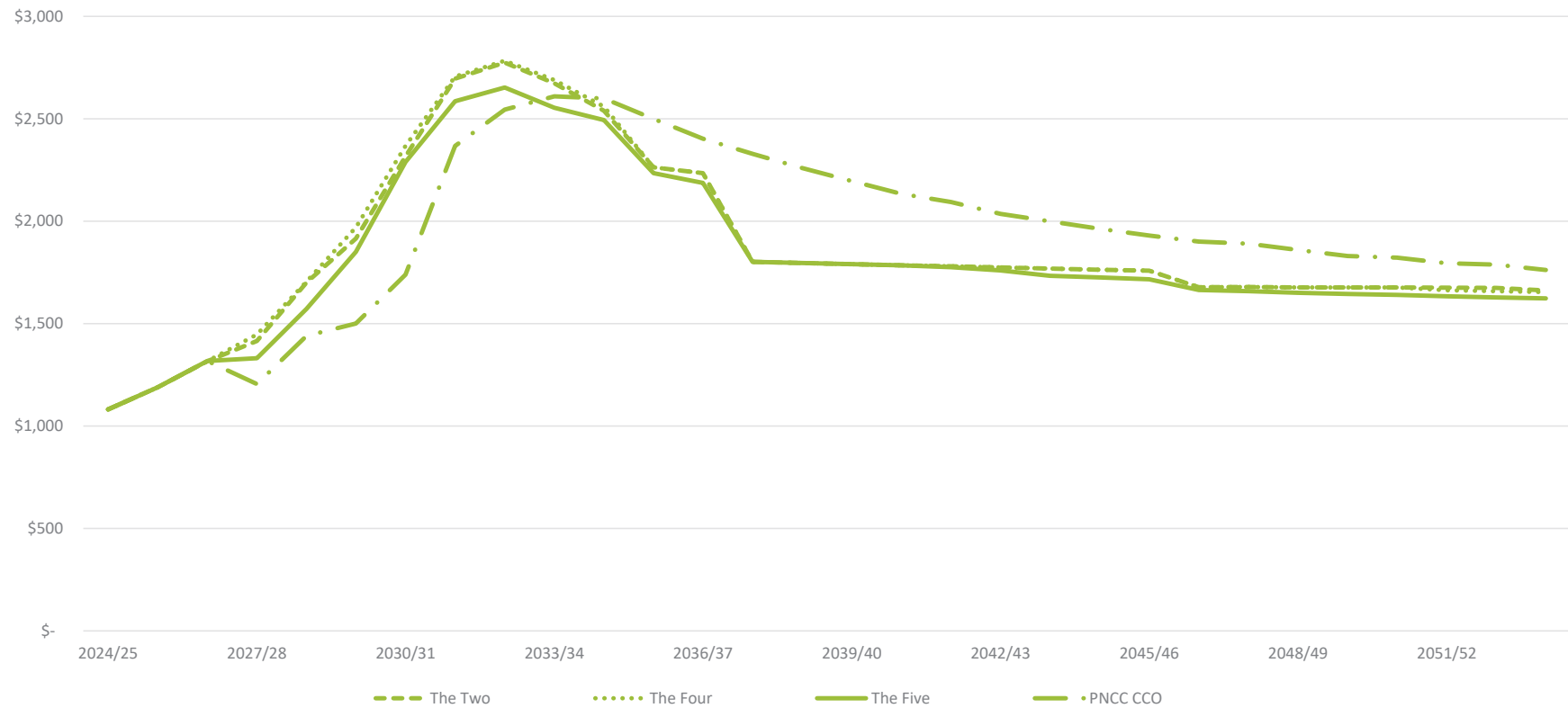
## Local pricing – PNCC, HDC, RuaDC, RangDC & WDC



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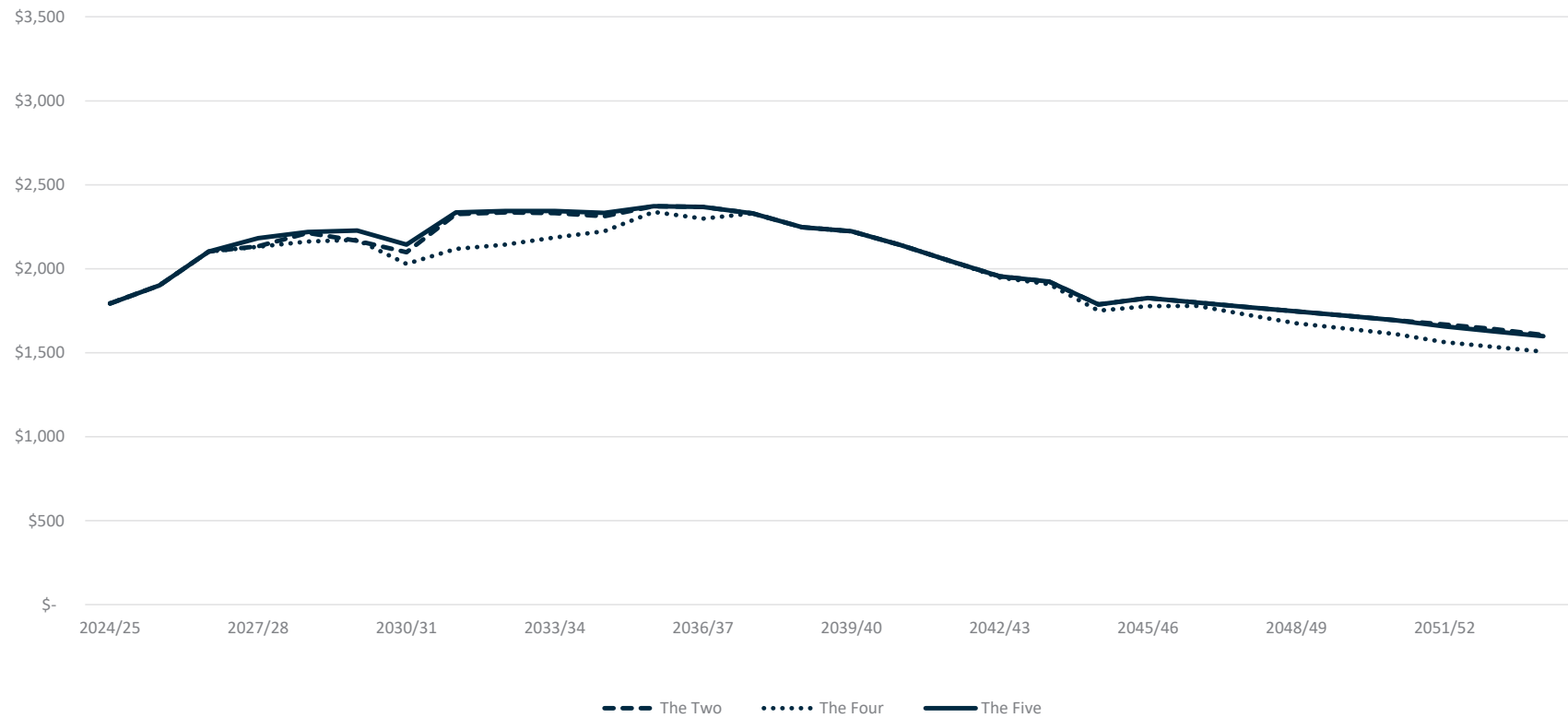
## Local price comparison – PNCC with PNCC CCO



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## Local price comparison - HDC



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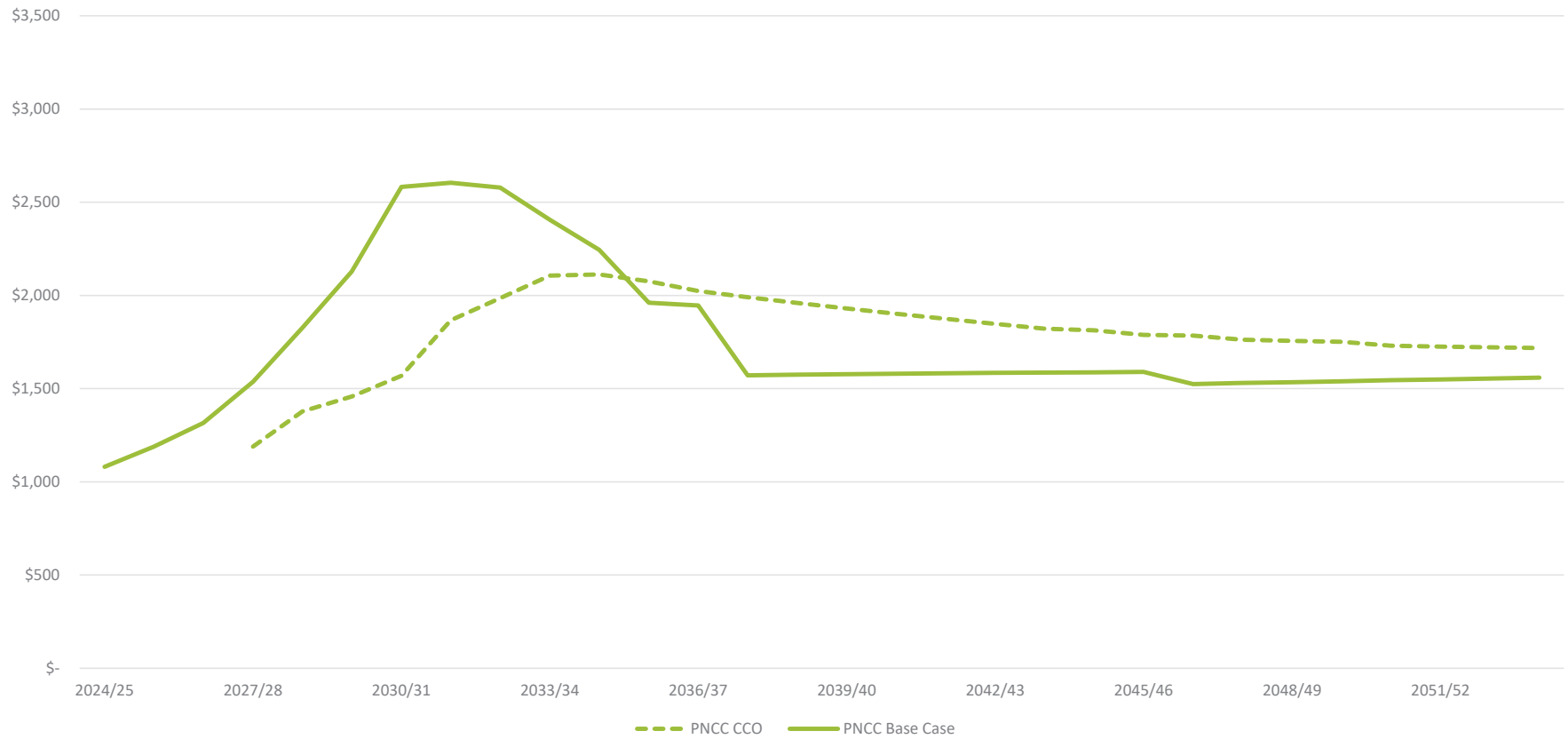
35



Local price – Nature calls at \$285M



# PNCC CCO



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37



## Local Pricing

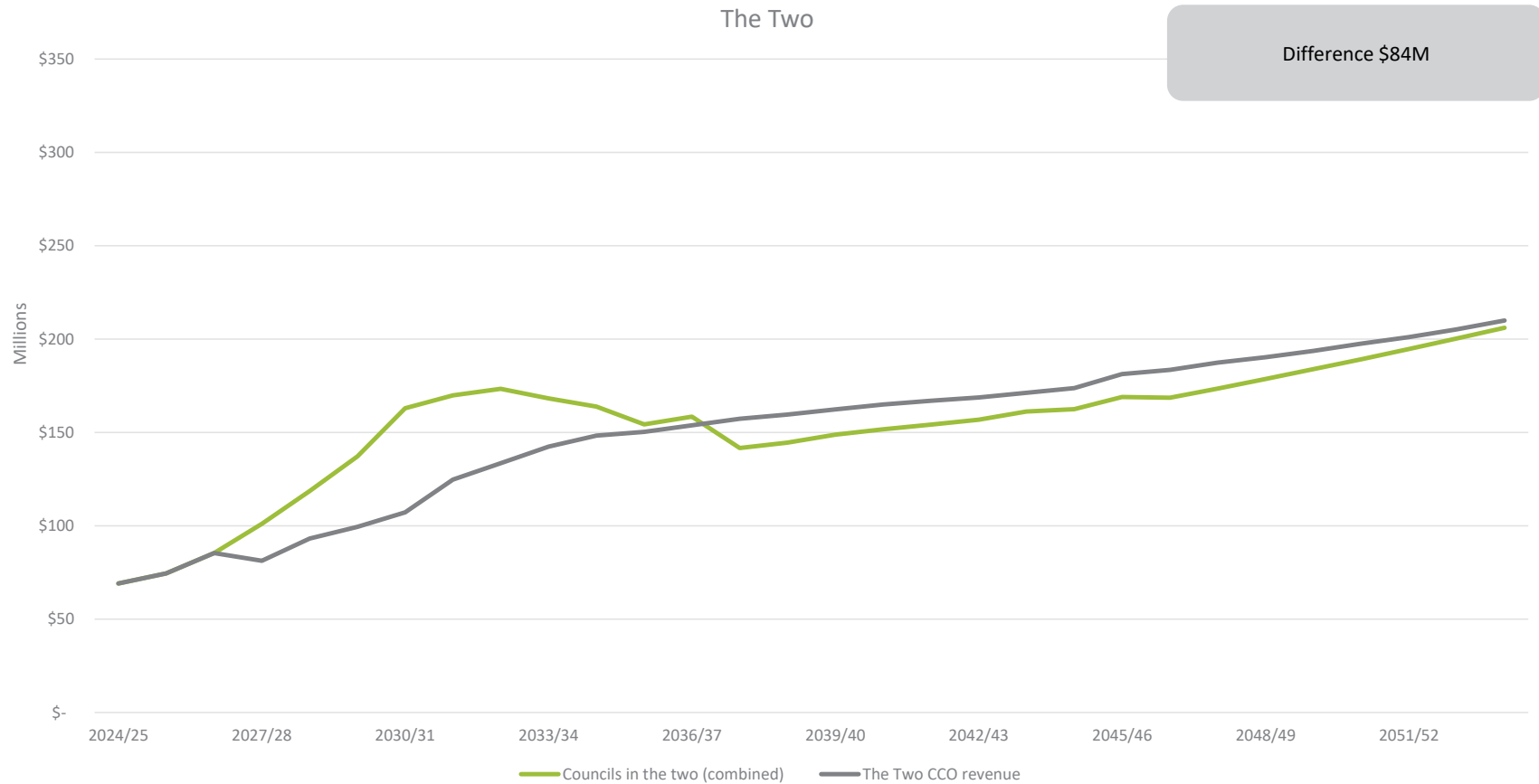
Scenario	Financial benefits under CCO model (Less revenue required over 30 years)
The Two	\$84M
The Two + R & R	\$111M
The Two + R, R & WDC	\$372M

### Local Pricing

All customers pay no more than they otherwise would, where savings realised, these can be shared and all customers can pay less than they otherwise would



## Local pricing – source of financial benefits

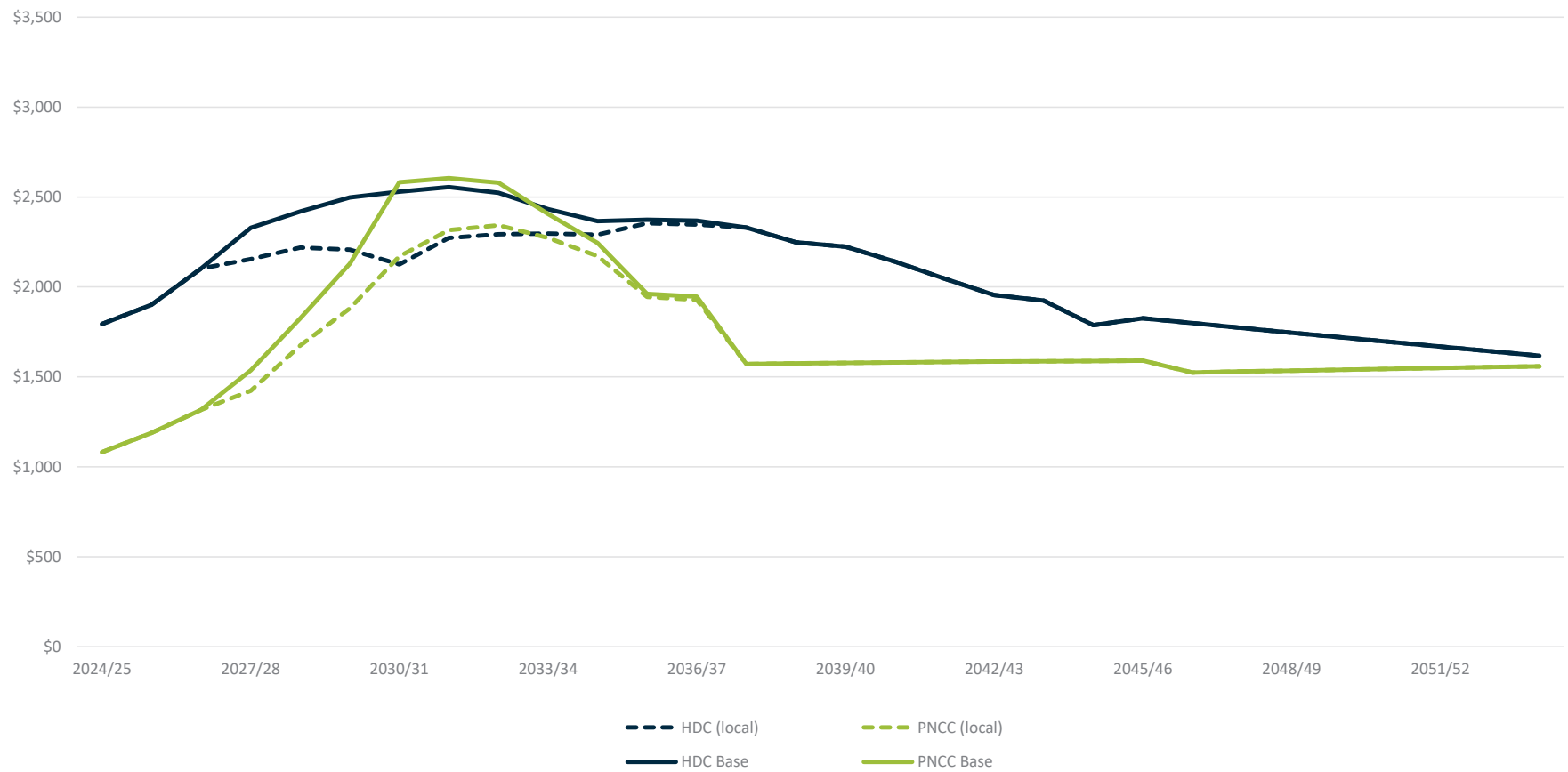


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39



## Local pricing – The Two

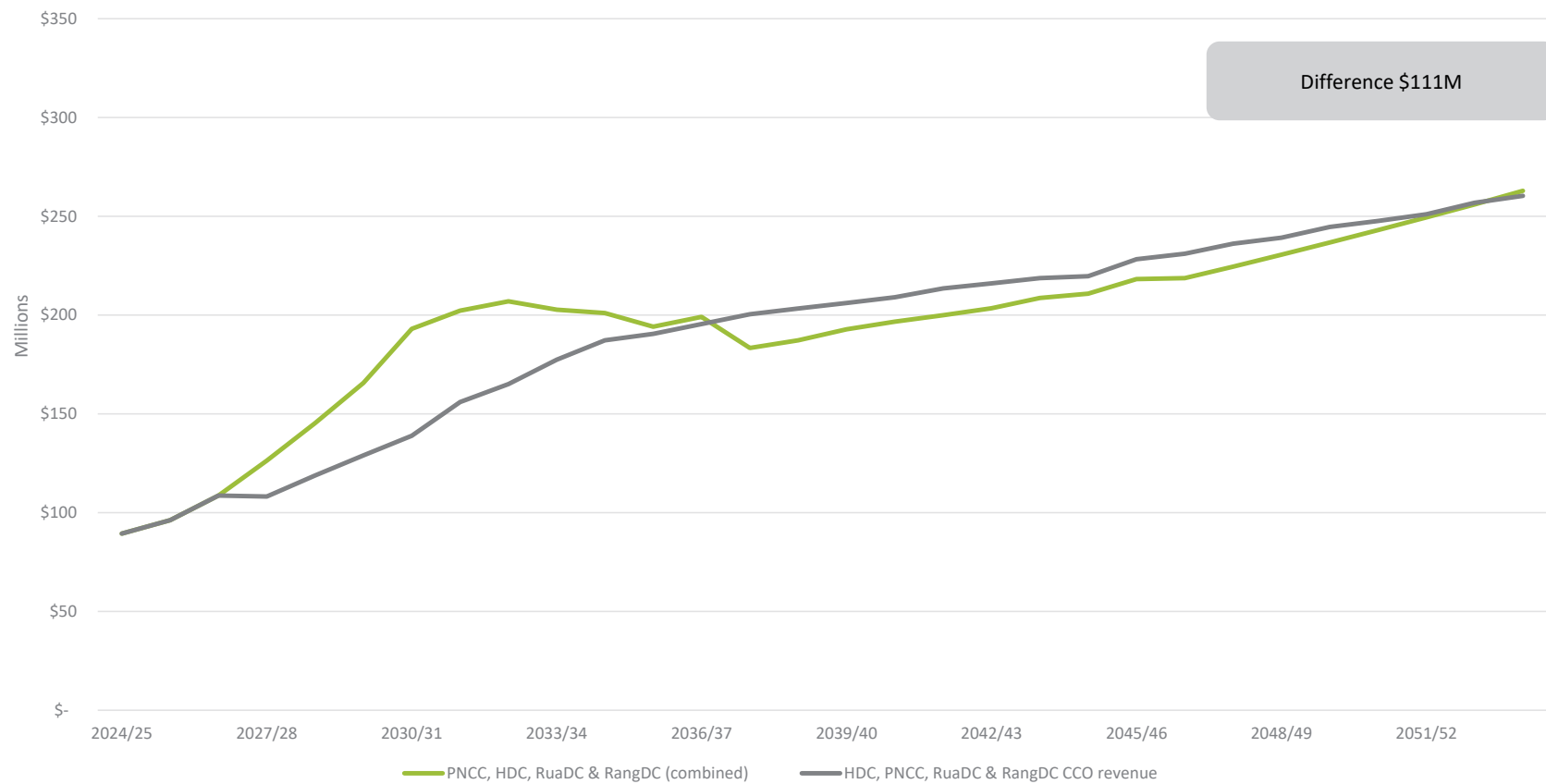


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40



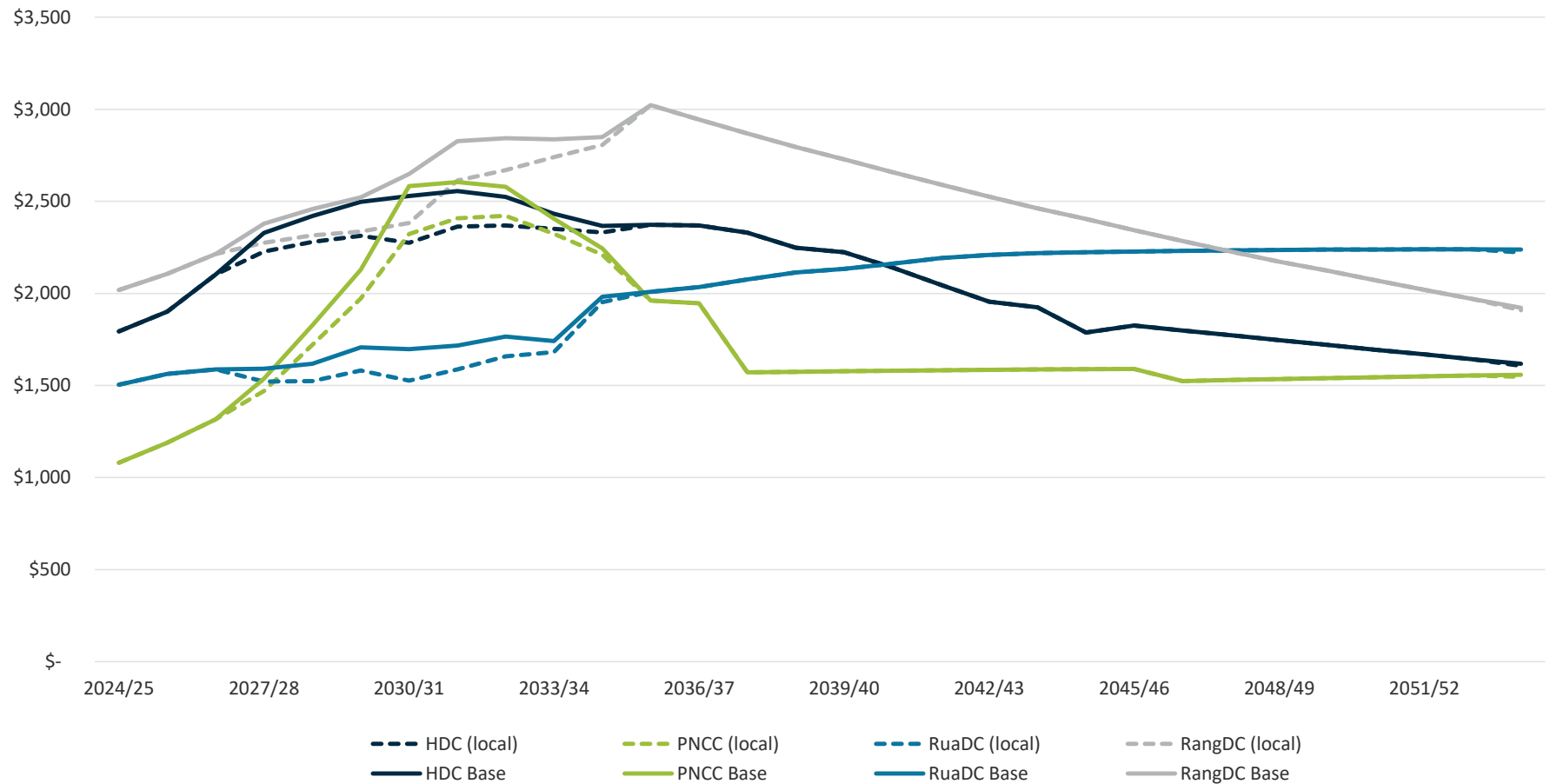
## Local pricing – source of financial benefits



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## Local pricing – PNCC, HDC, RuaDC & RangDC

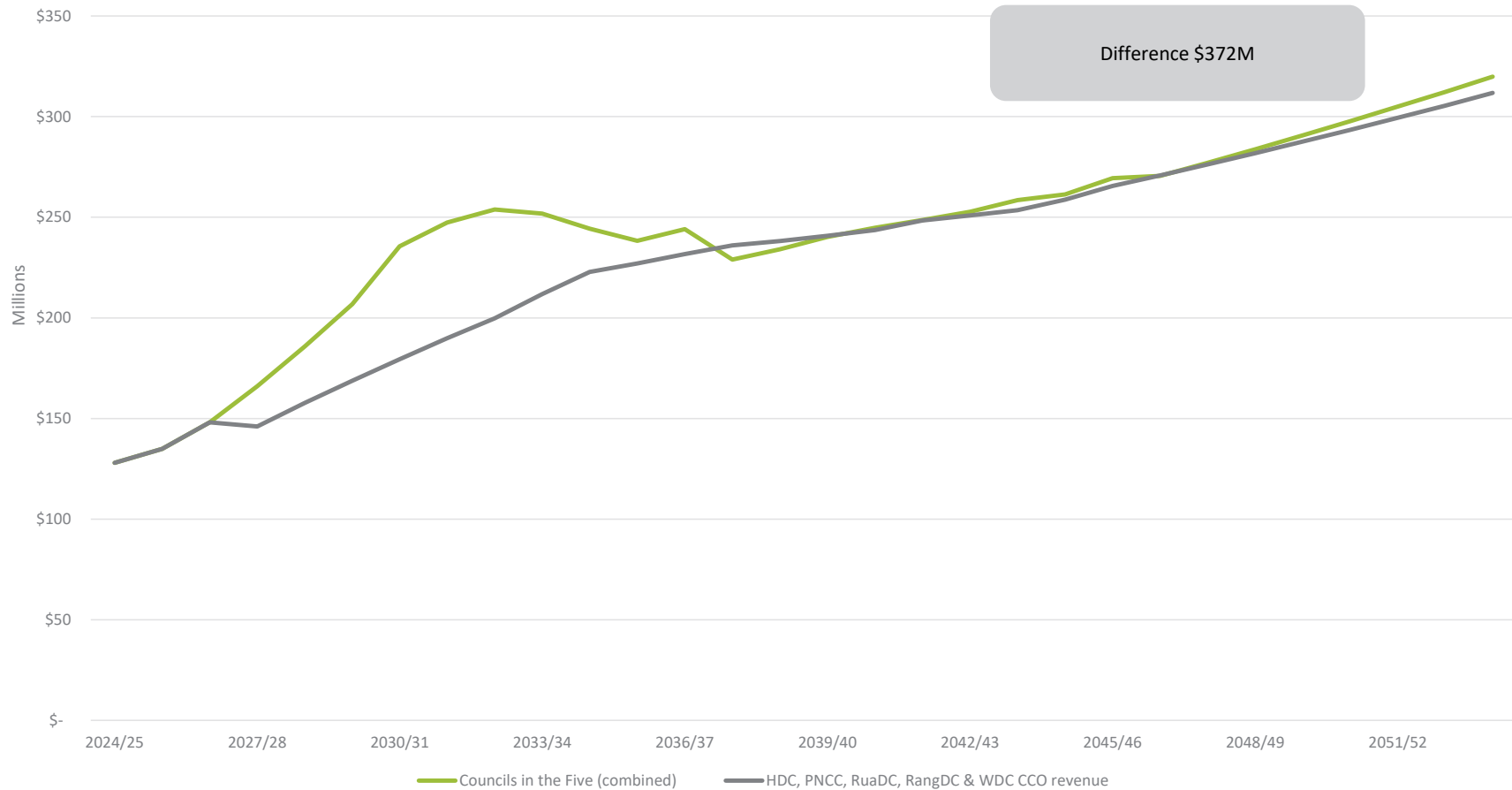


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42



## Local pricing – source of financial benefits

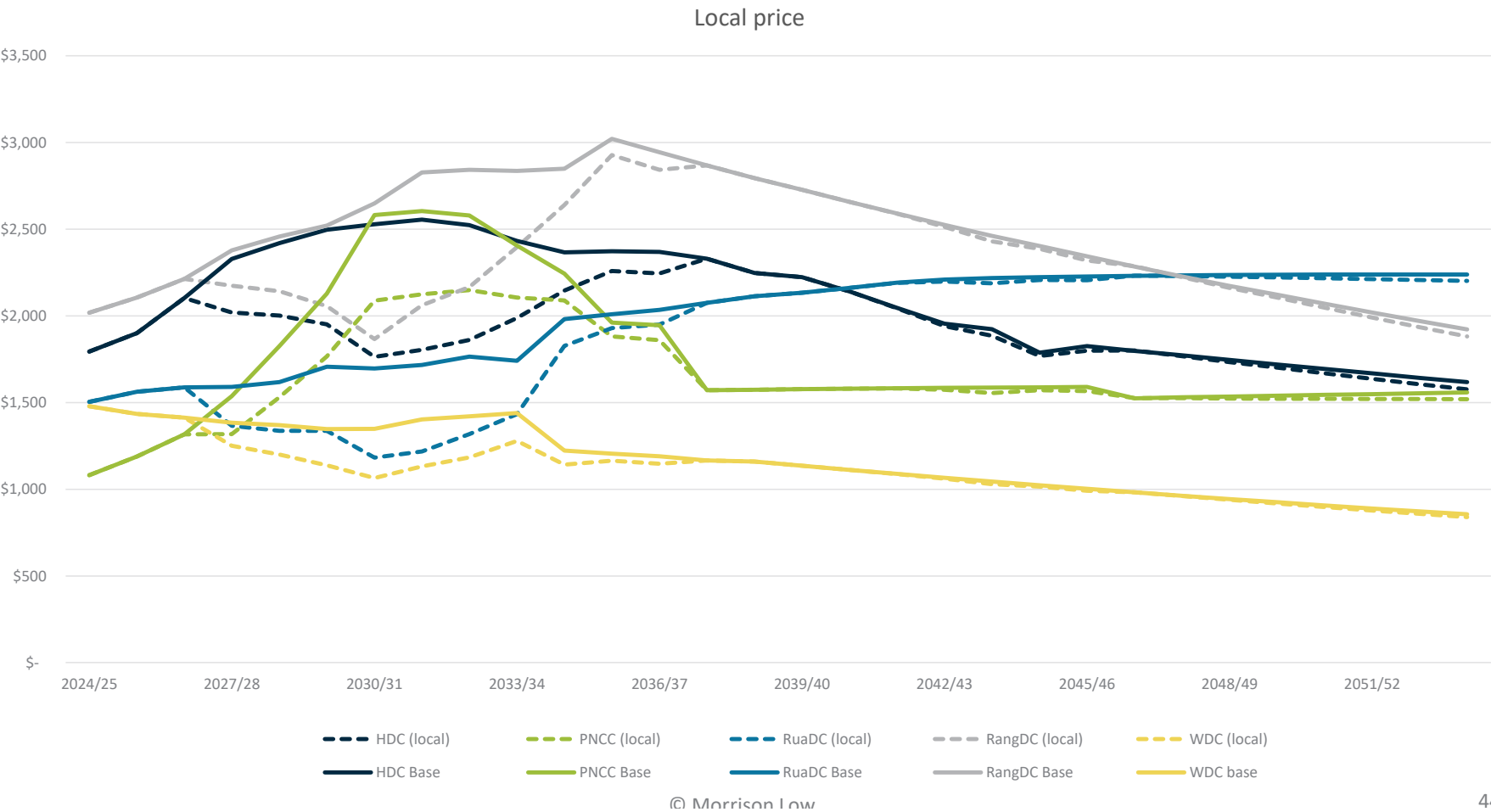


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43

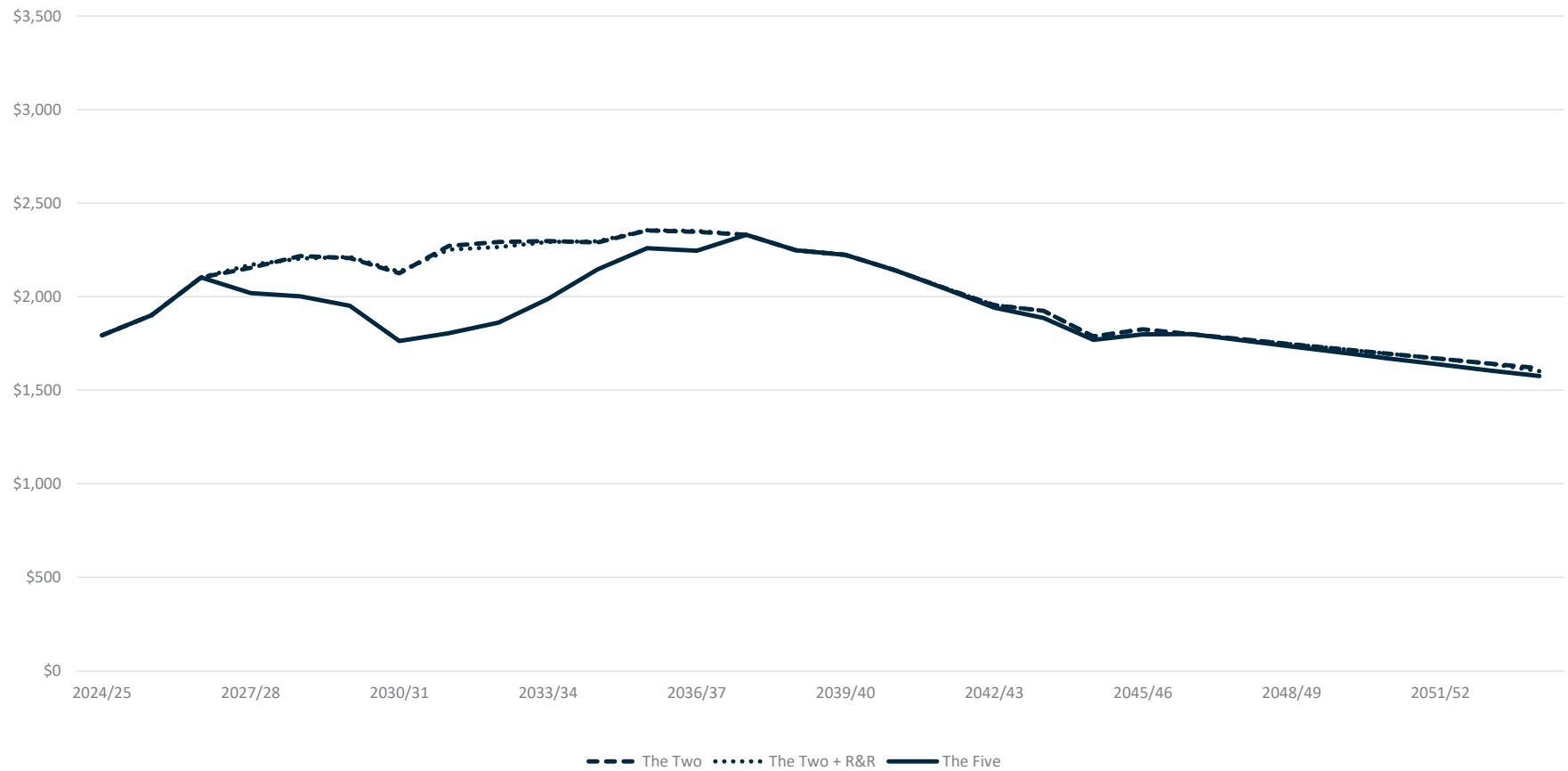


# Local pricing – PNCC, HDC, RuaDC, RangDC & WDC





## Local price comparison - HDC

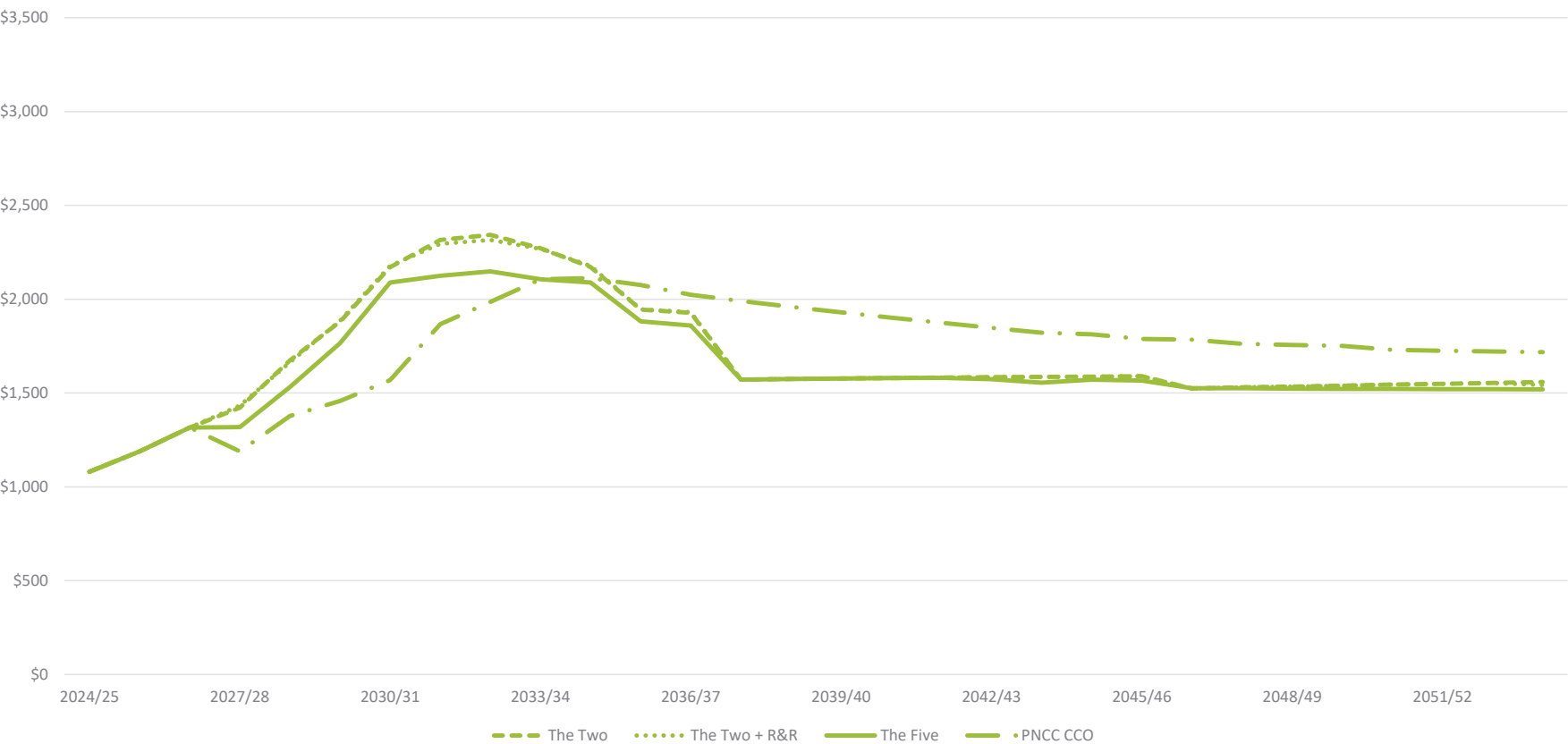


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45



# Local price comparison - PNCC

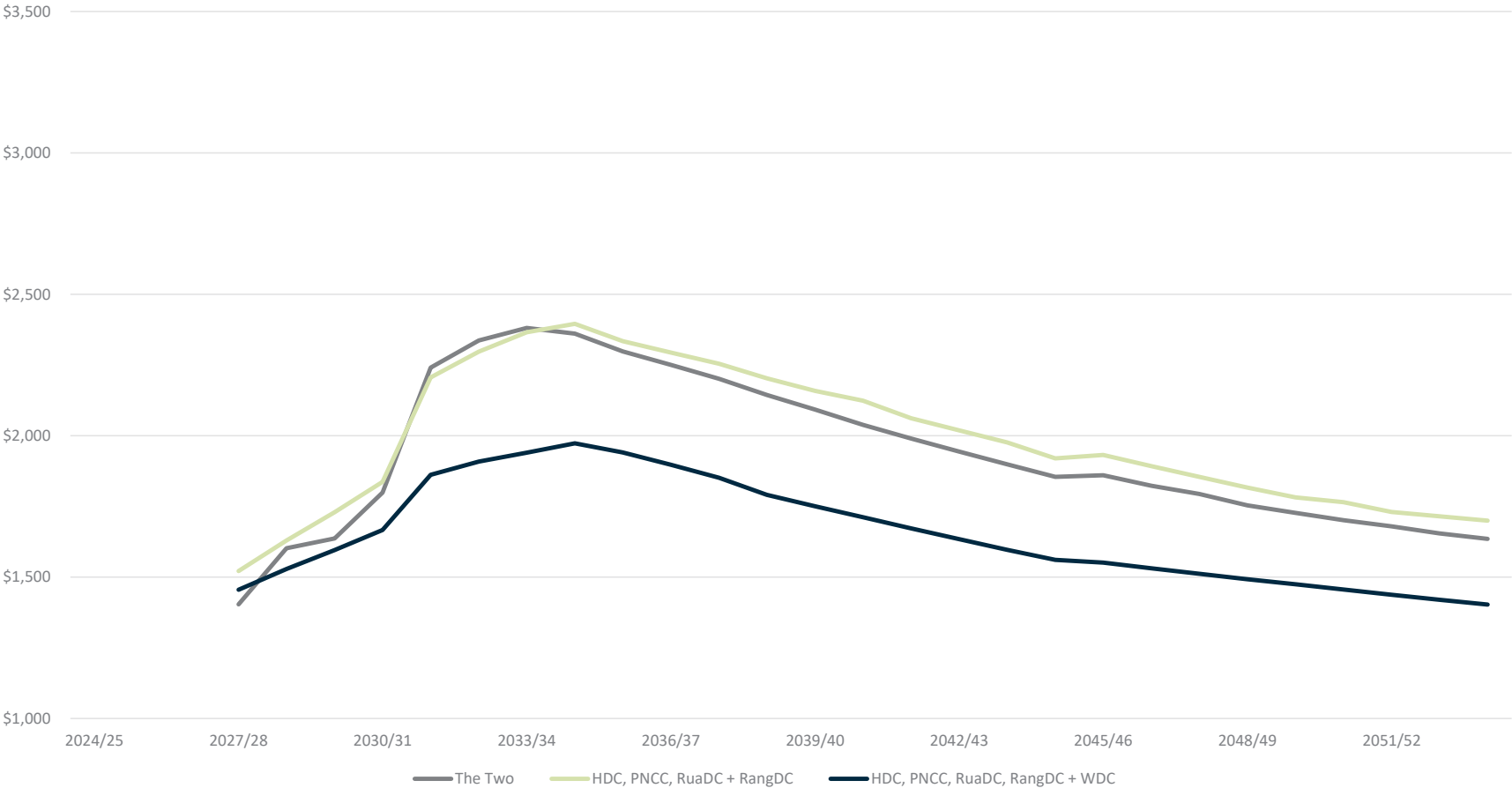




**Harmonised price – Nature calls at  
\$480M**



# Harmonised price – average three water household costs



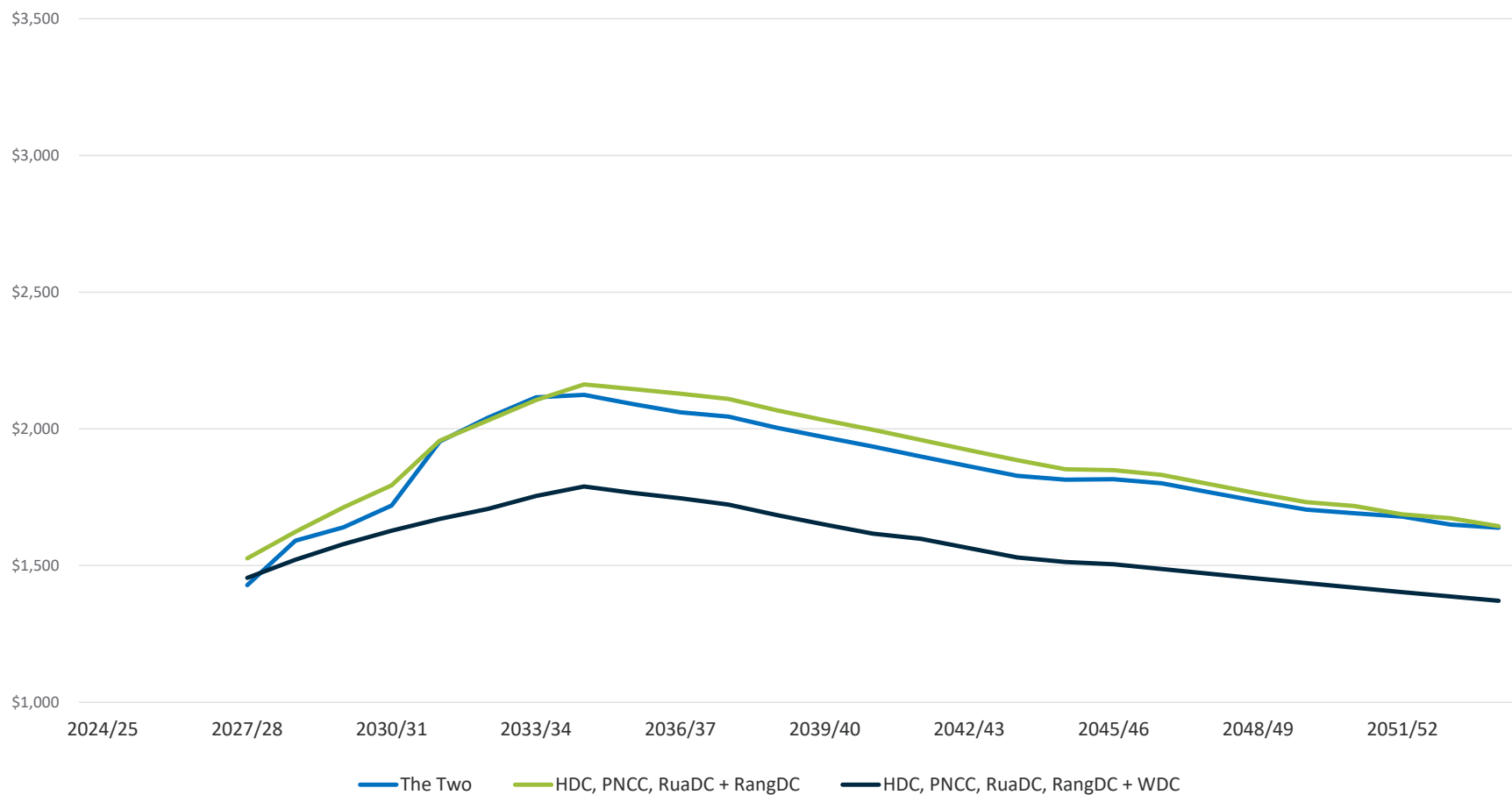
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**Harmonised price – Nature calls at  
\$285M**



# Harmonised price – average three water household costs



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50



## Notes

- All costs are uninflated and exclude GST
- Nature calls is modelled at both \$285M & \$480M (today's \$) and we have assumed that the amount of nature calls that is non-depreciable remains the same under both scenarios
- Modelling remains the same as described in the appendices to previous Morrison Low reports. Updates to specific assumptions are detailed below with an explanation of transition cost changes on the following page

Scenario	FFO & DCs in FFO calculation	Transition costs current (former)	Efficiencies (capex/opex)
PNCC CCO (PNCC)	9%, 50% DCs allowed for	\$2.3M (\$8.9M)	4%, 4%
The Two (PNCC & HDC)	9%, 50% DCs allowed for	\$3.5M (\$9.2M)	7%, 7%
The Four (PNCC, HDC, RuaDC & Rang DC)	8%, 75% allowed for	\$4.9M (\$13.1M)	7%, 8%
The Five (PNCC & HDC, RuaDC, Rang DC & WDC)	8%, 75% allowed for	\$5.6M (\$14.2M)	11%, 10%



## Transition cost changes

- The table below describes the changes in transition costs by reference to Group of Four Local Water Done Well report, dated 25 Feb 2025 page 34

Item	Previous approach	Change
Transition team	6 workstream leads, plus TM full time for 1 year, part time for 6 months	6 workstream leads, plus TM full time but reduce to fulltime for 6 months Responsibility shifted to incoming exec team appointed 6 months prior to start date
ICT systems, process & data migration	50% of new ERP included in transition, rest in year 1	All costs of a new ERP shifted to CCO (Years 1 & 2)
Restructure costs & office set up	Office set up and restructure costs are a function of headcount	No change
All other line items	Allowances for funding internal or external resources to complete work on line items	NO Change for the Four or the Five Scaled by 75% to reflect the reduced timeframe for transition team for PNCC CCO and the Two



Report

**TO:** Council

**MEETING DATE:** 4 June 2025

**TITLE:** Te Motu o Poutoa Governance and Management Structure Options: Summary of submissions, including hearings

**PRESENTED BY:** Kathy Dever-Tod, Manager Parks and Reserves  
Cameron McKay, General Manager, Corporate Services

**APPROVED BY:** Chris Dyhrberg, General Manager Infrastructure

**RECOMMENDATION(S) TO COUNCIL**

1. That Council agree to the establishment of a Jointly Governed Council-Controlled Organisation, governed by Council and Rangitāne o Manawatū for the Te Motu o Poutoa civic marae and cultural centre, subject to Council confirming ongoing funding in the 2025/26 Annual Plan.
2. That Council note the following steps are required before the new Jointly Governed Council Controlled Organisation commences operations:
  - Proposed establishment costs and processes, including relevant entity agreements such as a shareholders agreement or trust deed.
  - A Statement of Expectation agreed by Council
  - A Statement of Intent agreed upon between the Board and the Shareholders, outlining the specific objectives, clear roles and responsibilities for the Council-Controlled Organisation, including Council and Rangitāne o Manawatū roles in monitoring and accountability
  - Appointment of Board members



## 1. OVERVIEW OF THE PROBLEM OR OPPORTUNITY

- 1.1 Council is carrying out requirements of the Local Government Act 2002 to consult, and consider submissions, on the proposed governance and management structure for a civic marae and cultural centre at Te Motu o Poutoa - Anzac Park.
- 1.2 This report summarises the written/ online and oral submissions received.
- 1.3 Council is now to deliberate and decide on the governance model for the future Te Motu o Poutoa civic marae and cultural centre.

## 2. BACKGROUND

- 2.1 In June 2024 Council approved the inclusion of the Te Motu o Poutoa civic marae and cultural centre project, in partnership with Rangitāne o Manawatū, in the 2024 – 2034 Long Term Plan. As part of this project Council needs to determine the governance and management structure for the future facility.
- 2.2 Council consulted with the community on four governance and management options, stating its preferred option of a jointly governed Council-Controlled Organisation (CCO) by Council and Rangitāne o Manawatū.
- 2.3 Rangitāne o Manawatū supports Council's preferred option.

## 3. CONSULTATION PROCESS

- 3.1 The consultation period opened on 17 March 2025 and closed on 17 April 2025. The consultation consisted of:
  - Online consultation and online submission form as part of the 2025/26 Annual Plan consultation process,
  - An offer to meet with Te Manawa and the Central Economic Development Agency,
  - Statement of Proposal and supporting information at the libraries and service centres.

Hearings were held on 30 April 2025 and three parties spoke to their submissions.

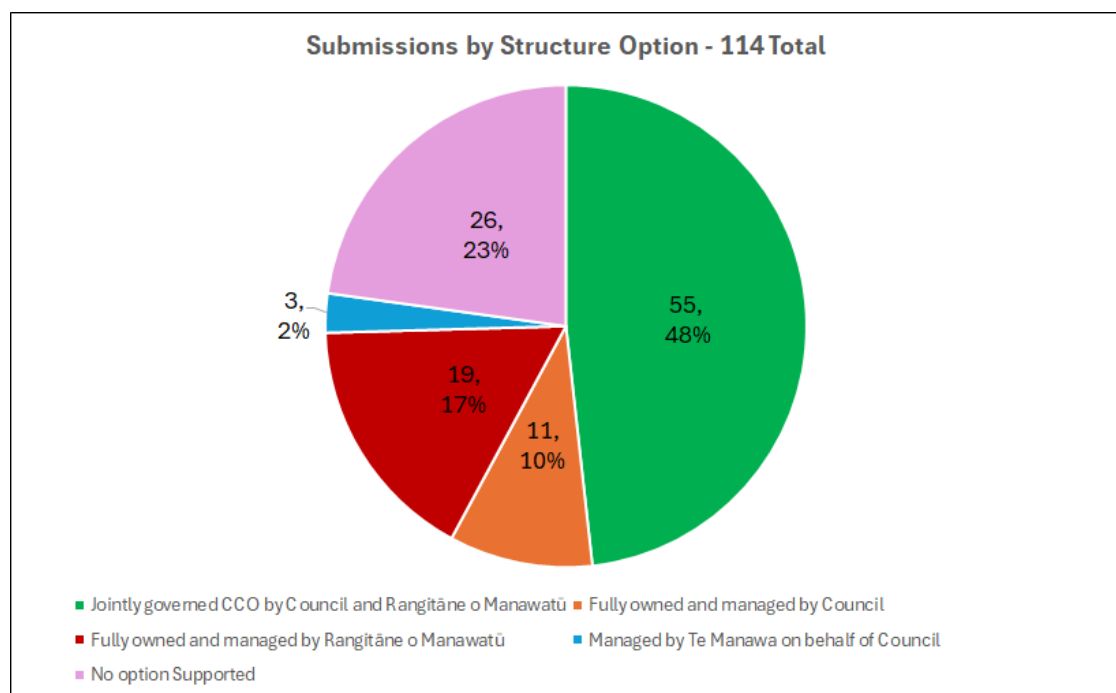
## 4. SUMMARY OF SUBMISSIONS

- 4.1 121 submissions were received during the month-long consultation period, 117 online submissions and 4 hard copy.



- 4.2 Seven submissions were excluded for various reasons – including using a pseudonym, false email address, double up submissions from the same person and the use of offensive language.
- 4.3 Council sought submissions on the proposed governance and management structure for the Te Motu o Poutoa civic marae and cultural centre, however many submissions were written in opposition to the project itself, rather than a submission on the governance and management structure.
- 4.4 Figure 1 and Table 1 provide an overview of support or opposition to the proposal and the reasons given by submitters.

**Figure 1: Support and non-support for the proposed options**



- 4.5 113 submitters answered yes or no to the question on their preferred option. One submission did not select an option but opposed the project itself in the text of the submission. That submission was counted in the "No option supported" in Figure 1.
- 4.6 Overall, 48% of submitters supported the preferred option, 29% preferred another option and 23% opposed the project.
- 4.7 The 33 submissions (29%) that selected another option commented that they were opposed to the project and did not want Council rates spent on it. These submissions have been broken down in Table 1.



**Table 1 – Number of submissions for alternative options and opposition to the project**

	Opposed to Council investing in the project	Not specifically opposed to the project or not stated	Total Submissions
Fully owned and managed by Rangitāne o Manawātū	9	10	19
Fully owned and managed by Council (Parks and Reserves)	5	6	11
Managed by Te Manawa on behalf of Council	2	1	3
<b>Total</b>	<b>16</b>	<b>17</b>	<b>33</b>

- 4.8 In addition, there were two submissions that specifically wanted to defer the project but were not opposed. One of these specifically referred to debt levels needing to be lower before proceeding with the project.
- 4.9 The consultation was focused on the governance options for the Te Motu o Poutoa civic marae and cultural centre. Of the 72 submissions that did **not** oppose the project itself, a large majority (55 – 76%) supported the Council preferred option. This compares to 14% supporting ‘fully owned and managed by Rangitāne o Manawātū’, 8% supporting ‘fully owned and managed by Council (Parks and Reserves)’ and 1% supporting ‘managed by Te Manawa on behalf of Council’.
- 4.10 Reasons for support focused on the partnership with Rangitāne o Manawātū and the benefits of the facility. Reasons for opposition were mainly opposition to the project itself due to the impact on rates; that Council should not be helping to fund the project and Rangitāne o Manawātū should fund it; and a few comments preferring that Council or Te Manawa should be the structure selected.
- 4.11 Table 2 summarises the level of support for each of the four governance options, and opposition to the project itself, across the 114 submissions received.



**Table 2: The four governance options and opposition to the project**

Option Selected	Total Number	Council should not fund project at this time
Preferred Option – Jointly governed CCO by Council and Rangitāne o Manawatū	55	2
Preferred option not supported	59	49
<b>Of which</b>		
Fully owned and managed by Council	11	6
Fully owned and managed by Rangitāne o Manawatū	19	16
Managed by Te Manawa on behalf of Council	3	2
No option supported	26	25
Total opposition to Council funding this project		49

- 4.12 Most of the submissions that selected options other than the preferred option were opposed to the project itself. Of the 59 submissions that stated that they opposed the preferred option for the governance and management of the facility, 42 commented that the project itself should be halted or that Rangitāne o Manawatū should pay for all of it.

Two submissions in favour of the preferred option opposed the project proceeding at this time.



**Table 3: Comments- Reasons given for support or opposition**

Reasons for supporting the proposal	Number
Commend Council on Partnership / best option / keep doing good work / brings people together / aspirations of iwi	18
Excited by project / cultural attractions for the City / great for community / great for all	11
Best option for funding and Rangitāne involvement / proven track record	4
Other positive comments (single comments)	3
Reasons for opposing the proposal	Number
Cost too high / nice to have / spend on something else / waste of \$ / rates too high / 3 waters / Core / wrong time - tough times	41
Rangitāne fund this if they want it / use their treaty settlements	14
Rates should be spent on benefits for all ratepayers	6
City has enough facilities like this / will not get enough visitors	6
Stop favouring Maori	6
Council does not listen to submissions / ratepayers	4
Previously opposed in LTP process	3
If Rangitāne run it they should pay for it	3
Too risky and governance inequity / 50% governance = 50% funding	2
Other negative comments (single comments)	6
Neutral Comments	
Café needs to be good / needs accessibility / public transport	3
Design needs to include good stormwater treatment	2
Should have more CCOs across Council to attract investment	1
Run community and business events / café by Council to reduce rates opex input	1

## 5. HEARINGS

- 5.1 Council hearings of the submissions were held on 30 April 2025. There were five submitters who wished to be heard. Two of these submitters subsequently indicated that were not attending the hearings. A few other Annual Plan submitters referred to the project itself around affordability and the need for the external funding.
- 5.2 **Three people spoke** at the hearings - Rangitāne o Manawatū (#105), Peter Butler (#22) and Sarah Sandgathe (#18).
- 5.3 Debbie Te Puni on behalf of Rangitāne o Manawatū spoke in support of the preferred option and highlighted the following points:
- Te Motu o Poutoa is a sacred site and the heartbeat of Rangitāne o Manawatū,



- Partnership is not just symbolic and requires shared responsibility,
- Will take time and effort to weave together a future,
- Forward together bold and respectful.

5.4 Peter Butler emphasised that the governance of the site should be iwi led and therefore should be fully governed by Rangitāne o Manawatū. After questions he agreed that the actual operations of the Te Motu o Poutoa civic marae and cultural centre should be jointly governed.

5.5 Sarah Sandgathe requested small changes in the notified design of the Te Motu o Poutoa Cultural Park Civic Marae with the aim of making it best practice in terms of stormwater design, including more natural elements to reduce awa pollution.

## 6. NEXT STEPS

6.1 Council confirms the preferred option as the governance and management structure of the future Te Motu o Poutoa civic marae and cultural centre.

6.2 There are several steps required as part of the establishment process for a new joint CCO. The Board will need to be appointed by Council and Rangitāne o Manawatū.

6.3 Officers will prepare a draft Statement of Expectations for consideration by Council - under the Local Government Act, Council is required to develop a Statement of Expectations outlining the CCO's specific objectives.

6.4 If Council adopted one of the other governance options, then the process would differ but would likely still require agreement on objectives, timing and governance budgets.

## 7. 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?	Yes
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 objectives?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to:	



<p>Whāinga 2: He tāone whakaihiihi, tapatapahi ana Goal 2: A creative and exciting city</p> <p>Whāinga 4: He tāone toitū, he tāone manawaroa Goal 4: A sustainable and resilient city</p>	
<p>The recommendations contribute to this plan:</p> <p>11. Mahere mō te kanorau koiora me Te Awa o Manawatū</p> <p>11. Biodiversity and the Manawatū River Plan</p> <p>The objective is: Encourage and enable the community's connection with the Manawatū River</p> <p>Action: Develop Te Motu o Poutoa</p>	
<p>Contribution to strategic direction and to social, economic, environmental and cultural well-being</p>	<ul style="list-style-type: none"> <li>• Council will work in partnership with Rangitāne.</li> <li>• Respect and enhance the Mauri of the Manawatū River.</li> <li>• The Manawatū River Framework states 'to identify and appropriately develop Rangitāne sites of cultural and historical significance'. This site was identified for development and management planning.</li> </ul>

## ATTACHMENTS

Nil



## COMMITTEE WORK SCHEDULE

TO: Council

MEETING DATE: 4 June 2025

TITLE: Council Work Schedule

### RECOMMENDATION TO COUNCIL

1. That Council receive its Work Schedule dated 4 June 2025

### COUNCIL WORK SCHEDULE 4 JUNE 2025

#	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction & Clause
1	<del>4 June</del> 6 August	Options for property on Ruahine Street	GM Infrastructure		5 February Clause 14-25
	<del>4 June</del> 2025	<del>Adoption of Fees and Charges</del>	<del>GM Corporate Services</del>		<del>12 February</del> <del>Clause 20.3-</del> <del>25</del>
	<del>4 June</del> 2025	<del>Adopt Annual Plan 2025-26</del>	<del>Chief Executive</del>		<del>Terms of Reference</del>
	<del>4 June</del> 2025	<del>Deliberations Te Motu o Poutoa Civic Marae: Governance Structure</del>	<del>GM Infrastructure</del>		<del>5 March 2025</del> <del>Clause 33-25</del>
	<del>4 June</del> 2025	<del>Deliberations Local Water Done Well Options</del>	<del>GM Infrastructure</del>		<del>12 Feb 2025</del> <del>Clause 18-25</del>
	<del>4 June</del> 2025	<del>Set the Rates for 2025-26</del>	<del>GM Corporate Services</del>		<del>Terms of Reference</del>
	<del>4 June</del> 2025	<del>Approve Borrowing for 2025-26</del>	<del>GM Corporate Services</del>		<del>Terms of Reference</del>
2	<del>25 June</del> 10 Dec 2025	Nature Calls – Shortlist Options and Public Engagement	GM Infrastructure		Council 29 May 2024 Clause 95.11 -25 (rec 2)
3	25 June 2025	Quarter 3 – Economic Update	GM Strategic Planning	Moved from Economic Growth	
4	6 August 2025	Approve LWDW - Water Services Delivery Plan	Chief Executive		12 Feb 2025 Clause 18-25



#	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction & Clause
5	25 June 2025	Effectiveness of Civics Education Initiatives – Annual progress report	GM Customer & Community		<a href="#">29 May 2024</a> <a href="#">Clause 95.29-24</a>
6	<del>6 August</del> 1 April 2026	Agree revised BPO – Nature Calls	GM Infrastructure		Council 29 May 2024 Clause 95.11-25 (rec 2)
7	6 August 2025	Review of CEDA Directors Policy	GM Corporate Services		2 Oct 2024 Clause 172
8	6 August 2025	Report back on Investment Options for PN Airport.	GM Corporate Services		6 December 2023 Clause 197-23
9	6 August 2025	Civic and Cultural Precinct Master Plan Steering Group – 6-monthly update	GM Strategic Planning		Terms of Reference
10	6 August 2025	Appointment of Trustees on Council Controlled Organisations	GM Corporate Services		Terms of Reference
11	3 Sept 2025	Review of PNCC Appointment of Directors Policy.	GM Corporate Services		2 Oct 2024 Clause 172
12	8 Oct 2025	Residents Survey – Action Plan	GM Strategic Planning		Terms of Reference
13	8 Oct 2025	Adopt Annual Report 2024-25	Chief Executive		Terms of Reference
14	8 Oct 2025	Low Carbon Fund Allocations 2024/25	GM Strategic Planning	Moved from Sustainability Committee	21 August 2024 Clause 24-24
15	8 Oct 2025	Waste Management and Minimisation plan 2019 - annual progress update for 2024/25 FY	GM Strategic Planning	Moved from Sustainability Committee	9 Sept 2020 Clause 17-20
16	8 Oct 2025	Citywide Emissions Inventory 2024 Annual Report	GM Strategic Planning	Moved from Sustainability Committee	Climate Change Plan Action 3



#	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction & Clause
17	8 Oct 2025	PNCC Organisational Emissions Inventory 2024/25 Annual Report	GM Strategic Planning	Moved from Sustainability Committee	Climate Change Plan Action 1
18	TBC	Summerhays Reports – Partnership Models Expressions of Interest	GM Infrastructure	Lying on the Table	1 May 2024 Clause 66-24 and 74 -24

### Proactive Release of Confidential Decisions

Date of meeting	Report Title	Released	Withheld
1 May 2024	Whakarongo Land Swap with Summerset Retirement Village	Report, Resolution and Division	N/A
11 Dec 2024	Development Agreements with Summerset Villages (Kelvin Grove) Limited and The Colonial Motor Company Limited	Report (redacted), Resolution and Division	Attachments
5 Feb 2025	Sale and Purchase of Property on Ruahine Street	Report, Resolution and Division	N/A
5 March 2025	Renewal of Streetlight and street sweeping component of road maintenance contract	Report (redacted), Resolution and Division	Attachment







## RECOMMENDATIONS FROM COMMITTEE

**TO:** Council

**MEETING DATE:** 4 June 2025

**TITLE:** Presentation of the Part I Public Strategy & Finance Committee Recommendations from its 28 May 2025 Meeting

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Set out below are the recommendations only from the Strategy & Finance Committee meeting Part I Public held on 28 May 2025. The Council may resolve to adopt, amend, receive, note or not adopt any such recommendations. (SO 2.18.1)

### 17-25 The **COMMITTEE RECOMMENDS**

1. That Council confirm that the scope of the draft Speed Management Plan 2025 (stage 1) will include:
  - variable speed limits for all schools within Palmerston North; and
  - Te Wanaka Road/SH56 intersection; and
  - An intersection speed zone (ISZ) for Longburn-Rongotea Road/No. 1 Line.