



PALMERSTON NORTH CITY COUNCIL

AGENDA

COUNCIL

9:00 AM, WEDNESDAY 6 AUGUST 2025

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

MEMBERS

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

AGENDA ITEMS, IF NOT ATTACHED, CAN BE VIEWED AT

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

Waid Crockett

Chief Executive | PALMERSTON NORTH CITY COUNCIL

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

PALMY™
PAPAIOEA
PALMERSTON
NORTH
CITY

COUNCIL MEETING

6 August 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. **Petition: Restore Wyndham Street to the current Works Programme** Page 7

7. **Confirmation of Minutes** Page 9

That the minutes of the ordinary Council meeting of 25 June 2025
Part I Public be confirmed as a true and correct record.

REPORTS

8. **Wyndham Street, Ashhurst Upgrade** Page 17

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

9. **Long-Term Plan 2024-2034 Debrief** Page 23

Memorandum, presented by Grace Nock, Manager Organisational Planning and Performance and David Murphy, General Manager Strategic Planning.

10. **Ratepayer Assistance Scheme (RAS)** Page 55

Memorandum, presented by Cameron McKay, GM Corporate Services.

11. **Continuation of appointment of Plan Change I Commissioners** Page 87

Memorandum, presented by Desiree Viggars, Manager Legal, Risk and Assurance/Legal Counsel.

12. **Atawhai Park and Walkway - Land Exchange with Massey University** Page 91

Report, presented by Kathy Dever-Tod, Manager Parks and Reserves, and Perene Green, Property Officer.

13. **Local Water Done Well - Treatment of Stormwater and General Updates** Page 101

Report, presented by Julie Keane - Transition Manager, Chris Dyhrberg - Executive Director WSCCO, Scott Mancer - Finance Manager.

14. Council Work Schedule

Page 125

RECOMMENDATIONS FROM COMMITTEE MEETINGS

15. Presentation of the Part I Public Sustainability Committee Recommendations from its 18 June 2025 Meeting

Page 127

16. Karakia Whakamutunga

17. 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
18.	Confirmation of the minutes of the ordinary Council meeting of 25 June 2025 Part II Confidential	For the reasons set out in the Council of 25 June 2025, held in public.	
19.	Land Purchases - Kikiwhenua growth development	THIRD PARTY COMMERCIAL: Disclosing the information could harm a company's commercial position	s7(2)(b)(ii)
20.	Options for Ruahine Street Property	COMMERCIAL ACTIVITIES: This information needs to be kept confidential to allow Council to engage in commercial activities without prejudice or disadvantage	s7(2)(h)
21.	Appointments to Council-Controlled Organisations	PRIVACY: This information needs to be kept private to protect	s7(2)(a)

		personal information that is confidential or sensitive. This includes people who are no longer alive	
--	--	------------------------------------------------------------------------------------------------------	--

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.

PETITION

TO: Council

MEETING DATE: 6 August 2025

TITLE: Petition: Restore Wyndham Street to the current Works Programme

RECOMMENDATION(S) TO COUNCIL

1. That the Council receive the petition for information.

SUMMARY

Kirsty Kirk will present the Petition.

Petition Summary

In April 2024, The Palmerston North City Council voted to delay the upgrade of Wyndham Street until after the opening of the new Te Ahu a Turanga-Manawatu Tararua Highway. In early 2025, the PNCC voted to remove the upgrade of Wyndham Street from The National Land Transport programme.

We, the signatories, wish to see Wyndham Street, Ashhurst, resealed, kerb and channelled, footpath and drainage installed, by the end of summer 2025/26 as per Palmerston Norths City Council previous decision of April 2024 .

The key issues are:

1. narrow road width,
2. deteriorating road seal,
3. inadequate lighting,
4. cracking damage to homes,
5. surface flooding,
6. no kerb and channelling,
7. no parking,
8. inadequate footpaths,
9. unsafe for cyclists, children, and residents with mobility challenges,
10. problematic road rise
11. daily continued heavy vehicle use (increased use when new highway temporary closed)
12. and loose metal problems.

Petition signed by 341 residents

ATTACHMENTS

Nil

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 25 June 2025, commencing at 9.00am.

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

Members Present Online: Councillor Lorna Johnson

Apologies: Grant Smith (The Mayor) Councillors Lew Findlay (early departure) and Lorna Johnson (early departure)

Councillor Lorna Johnson left the meeting at 10.42am after consideration of clause 99-25. She was not present for clauses 100-25 to 108-25 inclusive.

Councillor Billy Meehan left the meeting at 10.42am after consideration of clause 99-25. He entered the meeting again at 10.44am after consideration of clause 100-25. He was not present for clause 100-25.

Councillor Lew Findlay left the meeting at 11.50am during consideration of clause 105-25. He was not present for clauses 105-25 to 108-25.

Councillor Rachel Bowen left the meeting at 4.13pm during clause 107-25. She was not present for clauses 107-25 to 108-25.

Councillor Mark Arnott left the meeting at 4.16pm after clause 107-25. He was not present for clause 108-25.

Karakia Timatanga

Councillor Roly Fitzgerald opened the meeting with karakia.

95-25 Apologies

Moved Debi Marshall-Lobb, seconded Leonie Hapeta.

RESOLVED

1. That Council receive the apologies.

Clause 95-25 above was carried 15 votes to 0, the voting being as follows:

For:

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.

96-25 Tribute - King's Birthday Honours 2025

Deputy Mayor Debi Marshall-Lobb acknowledged the success of the local recipients of the King's Birthday Honours.

She also mentioned the success of the following recipients of King's Birthday honours who had strong links to Palmerston North:

- Jude Dobson (Broadcaster)
- Distinguished Professor Paul Spoonley (Higher Education)
- William (Bill) Kermode (Philanthropy & Sustainability)
- Peter Nation (Former NZ Fieldays CEO)
- Murray Mexted (Rugby Player/Broadcaster/Coach)

Moved Debi Marshall-Lobb, seconded Leonie Hapeta.

RESOLVED

1. That Council congratulate the local recipients of the King's Birthday Honours 2025.

Clause 96-25 above was carried 15 votes to 0, the voting being as follows:

For:

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.

97-25 Public Comment

James Irwin, Chair of Streets Ahead Palmerston North spoke in favour of the Notice of Motion to include the city centre in the stage 1 scope of the Speed Management Plan (clause 99-25).

He advocated for the reduction of traffic speed in the city centre to make pedestrian safer, as he would like to see the city centre become a place that people can get easily around on foot or bike.

Moved Debi Marshall-Lobb, seconded Patrick Handcock.

RESOLVED

That Council receive the Public Comment.

Clause 97-25 above was carried 15 votes to 0, the voting being as follows:

For:

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.

98-25 Confirmation of Minutes

The following corrections were made to the minutes:

- Clause 89-25 Issue of Borrowing - Councillors Mark Arnott, Billy Meehan, Karen Naylor and William Wood voted against; they did not abstain.
- Time that Cr Wood left the meeting was 2.57pm not 3.57pm.

Moved Debi Marshall-Lobb, seconded Leonie Hapeta.

RESOLVED

That the minutes of the ordinary Council meeting of 4 June 2025 Part I Public (as amended) and Part II Confidential (as amended) be confirmed as a true and correct record.

Clause 98-25 above was carried 15 votes to 0, the voting being as follows:

For:

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.

99-25 Notice of Motion: Inclusion of the city centre in the scope of the draft Speed Management Plan

Officer's advice presented by Peter Ridge, Senior Policy Analyst.

Councillor Brent Barrett introduced his notice of motion.

Moved Debi Marshall-Lobb, seconded Karen Naylor.

RESOLVED

1. That the Council receive the memo titled "Advice on Inclusion of City Centre in Stage 1 of the draft Speed Management Plan."

Clause 99-25 above was carried 15 votes to 0, the voting being as follows:

For:

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 Brent Barrett, seconded Debi Marshall-Lobb.

On the motion: That Council confirm that the scope of the draft Speed

Management Plan 2025 (stage 1) will include the city centre. The motion was lost 7 votes to 8, the voting being as follows:

For:

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

Against:

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

Councillors Lorna Johnson and Billy Meehan left the meeting at 10:42am

100-25 21 Havelock Avenue, Bill Brown Park: Proposal to grant a lease on Council land to Kia Toa Football Club Incorporated - Deliberations Report

Memorandum, presented by Glenn Bunny, Manager Property and Perene Green, Property Officer.

Moved Vaughan Dennison, seconded Leonie Hapeta.

RESOLVED

1. That Council grant a community lease to Kia Toa Football Club Incorporated at 21 Havelock Avenue, part of Bill Brown Park, Palmerston North, in accordance with the Support and Funding Policy 2022 and Section 54 of the Reserves Act 1977.
2. That Council note that the land affected by the proposed community lease to Kia Toa Football Club Incorporated is Lot 1 DP40097 and Lot 442 DP44423.

Clause 100-25 above was carried 13 votes to 0, the voting being as follows:

For:

Councillors Debi Marshall-Lobb, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Leonie Hapeta, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

Councillor Billy Meehan returned to the meeting at 10:44am

101-25 Recommendation to Exclude Public

Moved Debi Marshall-Lobb, seconded Karen Naylor.

RESOLVED

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

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

Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered		Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution
18.	Purchase of one parcel of land for City East Bore- alteration of purchase price	COMMERCIAL ACTIVITIES: This information needs to be kept confidential to allow Council to engage in commercial activities without prejudice or disadvantage	s7(2)(h)
19.	Mechanical Electrical Maintenance Contract - revision	NEGOTIATIONS: This information needs to be kept confidential to ensure that Council can negotiate effectively, especially in business dealings	s7(2)(i)

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 101-25 above was carried 14 votes to 0, the voting being as follows:

For:

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

The meeting adjourned at 10.45am.

The meeting resumed in Part II Confidential at 11.01am.

The public meeting resumed at 11.12am.

104-25 Support of Remits to Local Government New Zealand 2025 Annual General Meeting

Memorandum, presented by Hannah White, Governance Manager.

Moved Rachel Bowen, seconded Karen Naylor.

RESOLVED

1. That Council support remit 1 on Security System Payments from Far

North District Council and Central Otago District Council.

3. That Council support remit 3 on Alcohol Licensing Fees from Far North District Council.
4. That Council support remit 4 on Aligning public and school bus services from Nelson City Council.

Clause 104-25 above was carried 14 votes to 0, the voting being as follows:

For:

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

Moved Rachel Bowen, seconded Karen Naylor.

RESOLVED

2. That Council support remit 2 on Improving Joint Management Agreements from Northland Regional Council.

Clause 104-25 above was carried 12 votes to 2, the voting being as follows:

For:

Councillors Debi Marshall-Lobb, Brent Barrett, Rachel Bowen, Vaughan Dennison, Lew Findlay, Roly Fitzgerald, Patrick Handcock, Leonie Hapeta, Billy Meehan, Orphée Mickalad, Karen Naylor and Kaydee Zabelin.

Against:

Councillors Mark Arnott and William Wood.

Moved Rachel Bowen, seconded Karen Naylor.

On recommendation 5: That Council support remit 5 on Review of local government arrangements to achieve better balance from Tauranga City Council.

The recommendation was lost 6 votes to 8, the voting being as follows:

For:

Councillors Debi Marshall-Lobb, Mark Arnott, Lew Findlay, Roly Fitzgerald, Karen Naylor and William Wood.

Against:

Councillors Brent Barrett, Rachel Bowen, Vaughan Dennison, Patrick Handcock, Leonie Hapeta, Billy Meehan, Orphée Mickalad and Kaydee Zabelin.

105-25

Kākatangiata Urban Growth Area: Update and Next Steps

Report, presented by Jono Ferguson-Pye, Manager City Planning, Stewart McKenzie, Consultant Planning Advisor.

Officers corrected the spelling of Shirriffs Road in the report.

The Chief Executive declared a conflict of interest in this item. The Deputy Chief Executive will action any work.

Councillor Lew Findlay left the meeting at 11:50am
The meeting adjourned at 12.03pm

The meeting resumed at 3.40pm
Councillor Patrick Handcock was not present when the meeting resumed at 3.40pm
Councillor Lew Findlay returned to the meeting, via online link at 3:46pm.
Moved Debi Marshall-Lobb, seconded Vaughan Dennison.

RESOLVED

1. That the Deputy Chief Executive prepare a District Plan change to zone the Kākātangiata Residential Growth Area identified in Map 9.2 of the Palmerston North City District Plan to Future Urban Zone (Option 4).

Clause 105-25 above was carried 10 votes to 2, the voting being as follows:

For:

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

Against:

Councillors Brent Barrett and Roly Fitzgerald.

Note: Councillor Findlay did not vote.

Councillor Lew Findlay left the meeting at 3:50pm.

106-25 Public Participation and Engagement: Annual Progress Report, and proposed indicators.

Memorandum, presented by Olivia Wix - Manager Communications.

Moved Debi Marshall-Lobb, seconded William Wood.

RESOLVED

1. That Council endorse the proposed indicators for future annual reports.

Clause 106-25 above was carried 12 votes to 0, the voting being as follows:

For:

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

107-25 Palmerston North Quarterly Economic Update - June 2025

Memorandum, presented by Stacey Andrews, City Economist.

Councillor Bowen left the meeting at 4.13pm

Moved Debi Marshall-Lobb, seconded Leonie Hapeta.

RESOLVED

1. That Council receive the Palmerston North Quarterly Economic Update – June 2025, including:
 - a. Palmerston North Economic Growth Indicators – June 2025 (Attachment 1), and
 - b. Palmerston North Quarterly Economic Card Spending Report (Attachment 2)

Clause 107-25 above was carried 11 votes to 0, the voting being as follows:

For:

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

Councillor Mark Arnott left the meeting at 4:16pm

108-25 Council Work Schedule

Moved Debi Marshall-Lobb, seconded Leonie Hapeta.

RESOLVED

1. That Council receive its Work Schedule dated 25 June 2025.

Clause 108-25 above was carried 10 votes to 0, the voting being as follows:

For:

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

Councillor Mark Arnott returned to the meeting at 4:19pm

Karakia Whakamutunga

Councillor Roly Fitzgerald closed the meeting with karakia.

The meeting finished at 4.20pm

Confirmed 6 August 2025.

Deputy Mayor

REPORT

TO: Council

MEETING DATE: 6 August 2025

TITLE: Wyndham Street, Ashhurst Upgrade

PRESENTED BY: John Aitken, Manager Project Management Office

APPROVED BY: Glen O'Connor, Acting General Manager Infrastructure
Cameron McKay, General Manager Corporate Services

RECOMMENDATION(S) TO COUNCIL

1. That Council instruct the Chief Executive to recommence the procurement process and to report to Council on Programme and Funding options for the Wyndham Street Upgrade.

SUMMARY OF OPTIONS ANALYSIS FOR

Problem or Opportunity	This report provides Elected Members with the options to respond to a resident petition relating to Wyndham Street Roothing Upgrades. Officers seek direction from Council whether to continue a procurement process that was paused and subsequently report back with options for funding and programme implications.
OPTION 1:	Complete procurement for the Wyndham Street Upgrade
Community Views	<ul style="list-style-type: none"> • No specific consultation or engagement has been undertaken for this project, however, ensuring the roading network is fit for purpose is generally viewed positively by the community and users of the road. • Representatives of the residents Wyndham St community recently approached Officers to discuss completion of the Wyndham St Upgrade now that Te Ahu a Turanga (SH3) is open. • A resident petition was submitted to Council on 28 July 2025 in support of continuing the project for the Wyndham Street Upgrades.
Benefits	<ul style="list-style-type: none"> • The works address the streetscape with the installation of roading improvements. The works will enable the road to better cater for the vehicle movements, improving safety outcomes and roading efficiency, whilst removing the

	<p>maintenance on the current gravel surface.</p> <ul style="list-style-type: none"> • Responds to residents' request that was received on 28 July 2025 requesting Council continue with the Wyndham Street Upgrade project.
Risks	<ul style="list-style-type: none"> • There may be discontent from other residents in the city that this programme is prioritised ahead of other works across the city. • During construction, residential properties are likely to be inconvenienced by noise, dust, and have restricted access to properties. Whilst this cannot be fully mitigated, residents will be regularly communicated with so they can plan for the works accordingly.
Financial	<ul style="list-style-type: none"> • Limited cost implications for procurement completion. Any paper brought back to council will detail financial impacts of completing the upgrade. Officers are investigating existing programmes that may be delayed or amended, that could offset any Wyndham Street Upgrade costs.
OPTION 2:	Do not complete procurement for the Wyndham Street Upgrade
Community Views	<ul style="list-style-type: none"> • Keeping the procurement on hold will likely be viewed negatively by the local community as the road corridor, pavement surface, and drainage will continue to be poor.
Benefits	<ul style="list-style-type: none"> • Council will avoid incurring expenditure by not completing the procurement process and subsequent physical works.
Risks	<ul style="list-style-type: none"> • An incomplete procurement may result in a higher cost to deliver the project, should construction occur in the future. • Council has previously communicated with Wyndham Street residents on this project and not proceeding with the work may negatively impact Council's reputation. Not completing this work may be interpreted as a dismissal of residents' petition to have the Wyndham Street Upgrades completed. • A deferred decision may result in construction work in the road corridor during winter months. This will likely incur additional cost and weather-related delay. • The unsealed portion of the street will likely require additional maintenance and is more susceptible to failure during periods of inclement weather.

Financial	<ul style="list-style-type: none"> If the project were not to proceed at all, there are design costs incurred to date which could not be capitalised and would therefore need to be charged to operational budgets.
OPTION 3:	Defer procurement for the Wyndham Street Upgrade to FY26-27
Community Views	<ul style="list-style-type: none"> There is likely to be dissatisfaction from Wyndham residents if the physical works for the upgrade are delayed. Consideration of the Wyndham Street Upgrade alongside other projects in the FY27 annual budget may be viewed by other community groups as a fairer approach to prioritisation of work.
Benefits	<ul style="list-style-type: none"> Deferring the decision to proceed with procurement balances the petition received on 28 July 2025 with other competing projects across the city. Allows time to consider prioritisation of capital programmes within an annual budget process.
Risks	<ul style="list-style-type: none"> Lower level of service provided to the residents and road users of Wyndham Street in the interim. Risk of increased maintenance and road surface failure in the intervening period prior to works being completed.
Financial	<ul style="list-style-type: none"> Minimal cost implications for procurement completion later. Any paper brought back to Council will be considered alongside all other capital programmes within the annual budget process which allows for a more comprehensive approach to prioritisation.

RATIONALE FOR THE RECOMMENDATIONS

1. OVERVIEW OF THE PROBLEM OR OPPORTUNITY

- 1.1 Wyndham Street in Ashhurst has suffered from past flooding due to its topography, relying on berm/swale drainage, which has poor drainage capacity. Extensive stormwater and water services upgrades were recently completed in the road reserve in this area. The road surface above these stormwater and water services was reinstated with a gravel surface, with the intent that upgrades to the road surface would be undertaken as part of the Wyndham Street Upgrade project. The Wyndham Street Upgrade was a planned project in 2023/24, with the stormwater and water components of the project completed in early 2024. A temporary gravel surface was reinstated above the stormwater and water services.

- 1.2 Wyndham Street was being used by some heavy vehicles as a route through to the Saddle Road. This heavy traffic has reduced now that Te Ahu a Turanga (SH3) highway opened in June 2025.
- 1.3 At the Council meeting on 3 April 2024, Council decided not to proceed with tendered works to complete the roading upgrade of Wyndham Street. Council was concerned that the timing was wrong to do this work, as the road was going to be used as a detour for at least another 12-18 months until Te Ahu a Turanga (SH3) was complete.
- 1.4 Representatives of the residents Wyndham St community approached officers to discuss completion of the Wyndham St Upgrade now that Te Ahu a Turanga (SH3) is open. Officers agree that there is value and community benefit in completing this project. Roading upgrades will include the road surface combined with kerb, channel and sumps along Wyndham Street between Oxford and Cambridge Streets (circa 450m). This is considered important work to ensure the road is fit for purpose for the future.
- 1.5 The Long-Term Plan (LTP) has budget allocation for Programme 2124 - Urban Growth - Ashhurst - New Roads in FY28/29 – FY33/34. There is no programme budget in the next three financial years of the LTP. Officers will investigate options for funding the project from deferred or amended projects funded in the current FY25-26. These options for funding the Wyndham Street Upgrade will be brought back to Council in a subsequent paper.
- 1.6 The procurement process for the Wyndham Street roading upgrades was put on hold on 3 April 2024, and this report seeks to reinstate the procurement process in response to residents' petition and requests Council direction for a subsequent paper with options for funding and programme implications.

2. PROCUREMENT OVERVIEW

- 2.1 Given the scale of the works and the identified risks and mitigation measures, it was previously determined that the best outcome for the Council was to undertake a closed competitive tender process with Tier 1 contractors, based locally in the Manawatū.
- 2.2 The closed tender process was completed in March 2024 and a preferred tenderer was identified.
- 2.3 Council paused the project in April 2024, noting that Wyndham Street was used by some road users as an alternative route during construction of Te Ahu a Turanga (SH3). No budget for the Wyndham Street Upgrade was included in FY25/26.

3. OUTLINE OF COMMUNITY ENGAGEMENT PROCESS

- 3.1 If Council decided to progress the work, officers would develop a communication and engagement plan for the project that sets out specific measures to ensure all stakeholders are aware of the project and to minimise

disruption to residents and the wider transport network, while maintaining access and ensuring efficient project delivery.

4. CONCLUSION

- 4.1 As the procurement process was put on hold in April 2024, officers would need direction to recommence this procurement to allow the delivery of the Wyndham Street Upgrade project. Any tender award will be contingent on Council funding being confirmed.

5. NEXT ACTIONS

- 5.1 If Council decide to progress the work, officers will complete the procurement process for the Wyndham Street upgrade.
- 5.2 Officers would report back to Council upon completion of this procurement process, prior to any tender award. This report will include options for funding the project from deferred or amended projects in the current FY 25/26.

COMPLIANCE AND ADMINISTRATION

Does the Council have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do, they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the achievement of objective/s in	
3. Mahere tūnuku	
3. Transport Plan	
The objective is: Develop, maintain, operate, and renew the active and public transport network to deliver on Council goals, the purpose of this plan, and the Government Policy Statement on Transport.	
Contribution to strategic direction and to social, economic, environmental, and cultural well-being	Consideration of direct community voice is part of the purpose of local government. Upgrading roads to meet an urban standard is a key step towards having a safer, well maintained, fit-for-purpose and well utilised transport network.

ATTACHMENTS

NIL

MEMORANDUM

TO: Council

MEETING DATE: 6 August 2025

TITLE: Long-Term Plan 2024-2034 Debrief

PRESENTED BY: Grace Nock, Manager Organisational Planning and Performance and David Murphy, General Manager Strategic Planning

APPROVED BY: David Murphy, General Manager Strategic Planning

RECOMMENDATION(S) TO COUNCIL

1. That Council receive the memorandum titled 'Long-Term Plan 2024-2034 Debrief', presented to Council on 6 August 2025.

1. ISSUE

Following the completion of the 2024–2034 Long-Term Plan (LTP), a debrief was commissioned to understand what supported successful delivery and where improvements could be made to strengthen future planning cycles. The attached report summarises findings from interviews with Elected Members and staff and provides clear recommendations to inform the 2027–2037 LTP process.

2. BACKGROUND

In 2024, Council initiated an internal review to evaluate the systems, structures, and processes that shaped the development of the 2024–2034 LTP. The review aimed to document lessons learned, identify strengths and constraints, and support organisational improvement ahead of the next LTP cycle. Interviews were conducted throughout 2024 by the Business Assurance team with 35 participants, including 12 Elected Members, and 23 staff involved in various aspects of LTP delivery. Although interviews were completed in 2024, analysis and reporting has been completed in 2025.

The report identifies areas where Council has made meaningful progress, such as improved engagement, collaboration, and transparency. It also highlights structural and operational challenges. Some of the difficulties encountered include compressed timeframes, limited application of project management principles, or a need for formalised prioritisation frameworks.

3. NEXT STEPS

The attached report includes a comprehensive summary of findings and a table of recommended actions to guide future LTP implementation. These actions will be reviewed closely by the Organisational Planning and Performance team, and wider LTP team, as preparations begin for the 2027-2037 LTP. Staff will work with the Senior Leadership Team and Council to incorporate these improvements into the design of the next LTP programme.

4. COMPLIANCE AND ADMINISTRATION

Does the Council have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these objectives?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
<p>The recommendations contribute to: Whāinga 1: He tāone auaha, he tāone tiputipu Goal 1: An innovative and growing city</p> <p>Whāinga 2: He tāone whakaihiihi, tapatapahi and Goal 2: A creative and exciting city</p> <p>Whāinga 3: He hāpori tūhonohono, he hāpori haumarū Goal 3: A connected and safe community</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>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	The LTP debrief supports Council's aspiration to make well-informed and strategic decisions, grounded in robust information, effective systems, and meaningful community engagement. By identifying the challenges and strengths experienced during the 2024–2034 LTP process, the report provides practical insights that can strengthen decision-making and

	process improvement for the 2027-2037 LTP.
--	--------------------------------------------

ATTACHMENTS

1. Long-Term Plan 2024-2034 Debrief [↓](#) 



Contents

Executive Summary	i
1 Introduction	1
1.1 Objective and Scope.....	1
1.2 Background.....	1
1.3 Structure of Report	1
2 Elected Member Feedback.....	2
2.1 Strategy and Vision:.....	2
2.2 Induction for New Elected Members:.....	2
2.3 Ability to Influence:.....	3
2.4 Staff Support:	3
2.5 Elected Member Collaboration:	4
2.6 Meeting Format:.....	4
2.7 Communications:	4
2.8 Information and Data:	5
2.9 Project Planning:.....	6
2.10 Timeframes:	7
2.11 Prioritisation Process	7
2.12 Fees and Charges:	8
3 Staff Feedback	8
3.1 Project Planning and Staff Support:	8
3.2 Communications:	9
3.3 Resource and Capacity Management:	10
3.4 System Change and External Constraints:.....	11
3.5 Financial Processes:.....	12
3.6 Information and Data:	13
3.7 Strategy and Vision:.....	14
3.8 Elected Member Processes:.....	14
3.9 Timeframes:	15
3.10 Levels of Service:	16
3.11 Prioritisation Process:	16
4 Feedback Comparison	18
5 Next Steps	20

Executive Summary

The purpose of this debrief was to assess the effectiveness of Palmerston North City Council's systems, structures, and processes underpinning the 2024–2034 Long-Term Plan. Drawing from interviews with elected members and staff, it identified key strengths and challenges that impacted planning quality, engagement, and delivery.

Key Strengths:

- A strategy-led approach was maintained, with strong early engagement and some effective pre-engagement tools.
- Staff were highly responsive and collaborative, with improved internal ownership and leadership engagement.
- Consultation documents and public tools were well-designed and accessible.
- The shift away from a steering committee enabled full council involvement and accountability.
- Transparency and communication improved compared to previous LTP cycles.

Key Challenges:

- Compressed timeframes, high staff turnover, and concurrent system changes overwhelmed capacity and created avoidable stress.
- The absence of structured project management, clear prioritisation models, and early alignment across strategic documents hindered effectiveness.
- Induction and support for elected members, particularly new councillors, was insufficient, limiting influence and participation.
- Fees and charges were poorly timed and disconnected from budget decisions.
- Levels of service (LOS) and strategic trade-offs were not meaningfully debated, and performance measures lacked clarity.
- Resourcing gaps, staff burnout, and over-reliance on key individuals highlighted organisational fragility.

Looking Ahead:

To strengthen the 2027–2037 LTP process, a more disciplined, integrated, and strategic approach is required. This includes embedding structured project management, initiating planning earlier, clearly defining roles and decision points, and ensuring that community engagement, financial strategy, and prioritisation processes are robustly interwoven and well-resourced.

1 Introduction

1.1 Objective and Scope

The objective of this debrief was to assess and collate feedback regarding the effectiveness of internal controls and processes supporting the development of the 2024–2034 Long-Term Plan (LTP). Specifically, the review aimed to determine whether the systems and structures in place supported a robust, transparent, and efficient approach to LTP development. The aim of this review seeks to inform actions and recommendations for the 2027-2037 LTP.

The scope of the review covered the entire planning process, through to adoption of the consultation material and subsequent LTP. It included governance processes, stakeholder engagement, prioritisation and decision-making frameworks, financial alignment, and the mechanisms through which staff and elected members contributed to the LTP.

1.2 Background

As a territorial authority, Palmerston North City Council (PNCC) is required under the Local Government Act 2002 (section 93) to adopt a LTP every three years. The purpose of the LTP is to:

- A. Describe the council's planned activities and services;
- B. Outline community outcomes and long-term priorities;
- C. Support integrated and coordinated resource allocation;
- D. Provide a long-term decision-making framework; and
- E. Enable accountability to the community.

The development of each LTP is a significant undertaking that involves multiple departments and relies heavily on contributions from across the organisation. To promote continual improvement, this internal review was commissioned to assess how well the 2024–2034 LTP process functioned in practice.

The review was initiated by the Business Assurance team in 2024. A total of 35 interviews were conducted, including 12 with elected members, and 23 with staff involved in LTP delivery. These interviews were designed to gather reflections on what worked well and what could be improved. Once written in 2025, the debrief was reviewed and edited by SLT based on their experiences and reflections of the LTP process, with a principal focus on the staff feedback.

1.3 Structure of Report

The report will first synthesise thematically feedback from Elected Members (EMs). Each theme of feedback was informed by multiple individuals suggesting the robust presence of the phenomenon. Within each theme, feedback is divided into positive reflections, followed by opportunities for improvement. Following elected member feedback, staff feedback is collated according to the same formatting. The report will finish with a brief comparative analysis table between staff and elected members across key themes, and a table of future steps to be incorporated into the 2027-2037 LTP process.

2 Elected Member Feedback

2.1 Strategy and Vision:

Strategic workshops early on in the development of the LTP provided a good foundation for Elected Members (Ems). It was noted that informal formats sometimes limited diverse input, leading to feedback requesting more structured facilitation and clearer mechanisms for inclusive engagement.

Positive Feedback:

- The sessions at Caccia Birch and Makoura Lodge were consistently valued for providing useful context and promoting focused discussion.
- The 3 November workshop was described as particularly effective, especially for new councillors, in setting a clear foundation for the LTP process.
- Strategy and planning workshops were described as highly engaging and interactive, particularly due to the one-on-one access to knowledgeable officers. There was a suggestion to record these sessions so that members could revisit the discussion and improve understanding over time.
- The review of goals and strategies was considered an enjoyable and constructive process, with pre-discussion surveys effectively capturing a broad range of perspectives.

Challenges / Areas for Improvement:

- The use of notepad-style or open forum input methods (such as in the LinkSpan) was perceived to at times, allow for more vocal participants to be heard. Given the value of these sessions, it is proposed that more structured facilitation is needed in future to mitigate risks of this happening in order to ensure all perspectives are fairly represented.

2.2 Induction for New Elected Members:

While some onboarding support was helpful, new councillors felt underprepared for the complexity of LTP participation. A lack of structured training and guidance potentially hindered confidence and influence.

Positive Feedback:

- Support was readily available when sought, and some new members felt comfortable asking questions, indicating that informal networks and officer responsiveness helped when proactively engaged.
- The iterative and multi-stage process was helpful in building understanding over time, making it easier for less experienced EMs to follow the process and participate.
- General induction was well received for team building and governance protocols, such as standing orders.

Challenges / Areas for Improvement:

- Induction materials were generic and lacked a dedicated guide for new EMs specific to the LTP, leaving some unsure whether critical information had been missed.
- There was no formal mentoring system in place. New EMs lacked access to a trusted staff contact for informal, "no-stupid-questions" conversations.
- There is a clear gap in training on how and when to influence the LTP. A structured "LTP 101" workshop was strongly recommended to explain entry points, budget cycles, financial literacy and training, and when decisions become finalised.
- Induction sessions were perceived as tailored toward experienced councillors, leaving new members unsure how to contribute or raise recommendations during strategic planning phases.

2.3 Ability to Influence:

Councillors found it difficult to know when and how to influence outcomes. Gaps in EM understanding of the process transparency and unclear levers left many feeling disempowered to influence effectively.

Challenges / Areas for Improvement:

- EMs consistently struggled with understanding when and how they could effectively influence the process. Many reported missing critical windows due to a lack of guidance, with new members especially uncertain about where in the timeline to propose changes or raise ideas. The absence of clarity, particularly for introducing new projects or strategic direction meant suggestions often surfaced too late, during deliberations, when options were already constrained.
- In response to previous feedback where the detail of MSL budgets were not as visible as it could be, officers changed the approach to show a more detailed breakdown of operating expenses. However, this change for some EM's made it difficult to understand what was fixed, what could be adjusted, and what trade-offs existed. EMs reported needing to manually piece together information from prior agendas and other documents, calling for centralised, accessible, and transparent financial data to support informed decisions.
- There was some uncertainty around what EMs were actually empowered to do, and whether decisions were made individually, collectively, or operationally. This lack of clarity around roles, responsibilities between governance and operations led to some confusion and inconsistency in how members participated and advocated for change.

2.4 Staff Support:

Staff were praised for their openness and responsiveness, but staff turnover and challenges in the management of the LTP process created pressure and inconsistencies in EM experience.

Positive Feedback:

- Staff were commended for their hard work and responsiveness, providing comprehensive information and clarifications throughout the process. Their efforts to address concerns as they arose were consistently noted and appreciated.
- The overall attitude of staff was described as significantly improved from previous cycles, being more open, collaborative, and helpful, and moving away from a culture where information was only shared if explicitly requested.
- Communication was particularly strong and processes such as hearings, the expo, and sector group meetings were well received.
- The finance team was commended for fostering greater transparency and confidence in financial discussions.
- Facilitated workshops, such as the collaboration with Rangitāne, were highlighted as well-structured and valuable in strengthening understanding and relationships.

Challenges / Areas for Improvement:

- Continuity of the process was somewhat restricted as a result of staff turnover.
- A shift in LTP leadership style, particularly the absence of a clear rates target or structured starting point, was viewed by some as creating an overly open-ended and inefficient process. This made it harder to remove items and resulted in significant time spent debating matters that might otherwise have been streamlined.

2.5 Elected Member Collaboration:

A generally respectful and collegial environment was maintained, though participation varied, possibly due to availability.

Positive Feedback:

- There was respectful and constructive engagement among EMs, with a collegial atmosphere maintained despite a range of views and priorities.

Challenges / Areas for Improvement:

- The process was seen to create division at times, with varying levels of participation from EMs. There is a need for stronger structures to support equitable involvement and clearer expectations around contribution.
- There was a perception that debate was extended unnecessarily from time to time, leading to inefficiencies and putting pressure on tight timelines.
- A greater emphasis on maintaining professionalism and safeguarding staff from undue pressure was recommended.

2.6 Meeting Format:

A shift to full council involvement was valued, however a more structured approach would have assisted in early decision-making.

Positive Feedback:

- The transition from workshops to formal council meetings was viewed as beneficial, as workshops often lacked clarity about their purpose and blurred the line between discussion and decision-making.
- Holding questions and discussion in chamber, rather than duplicating effort across both workshops and council was considered a more efficient and accountable in practice.

Challenges / Areas for Improvement:

- There was clear opposition to reinstating a steering committee. It was viewed as exclusionary, limiting full council participation and reducing transparency. A preference was expressed for full council involvement in all key decision-making.
- While avoiding a steering group was seen to be positive, several members called for more structured and formal early decision-making, rather than relying on what was considered an informal or ad hoc processes at times.

2.7 Communications:

Community engagement improved markedly compared to previous LTP's, especially through public events and social media. However, consultation fatigue, unclear consultation messaging, and a perception of predetermined outcomes potentially weaken public trust.

Positive Feedback:

- The Planning Palmy Expo was widely praised for creating meaningful public connection and clarifying council functions; its Saturday timing supported higher attendance, and many felt it should occur biennially regardless of the LTP cycle. The live-streaming component was also seen as effective and accessible.
- There was support for councillor-led forums to engage with politically interested community members in a more conversational and interactive way, offering a diversity of formats for engaging with community members beyond long documents and traditional consultation formats.

- Pre-engagement with sectors and community groups was considered highly effective, providing productive forums for informed discussion. The consultation design, particularly the inclusion of three clear options for the rates review helped the public engage with difficult issues such as capital vs land value funding. The timing of this engagement, aligning with revaluations, was noted as strategic and appropriate.
- Facebook and other social media tools were cited as significantly improved compared to previous cycles.

Challenges / Areas for Improvement:

- Consultation fatigue was a recurring theme. The volume of overlapping topics, such as the FDS, DC's, and rates review, overwhelmed the public, reducing clarity and effective engagement. Many felt the March–June period should have been dedicated solely to the LTP.
- There was some concern about the tone and complexity of external messaging. Some felt that the council's communications implied decisions were already made, limiting the space for genuine input. Others noted that public education around what the LTP is and how it works was missing.
- Resident-led meetings attracted far greater participation than council-run events. Consideration to how sectors are targeted should be looked at in future (e.g. sector-specific).
- EMs reported a rise in public hostility at consultation events, especially the Planning Palmy Expo, which included confrontational behaviour. Social media feedback also identified some abusive behavior. A greater need for the communications team to more actively manage online comments in future would assist.
- Some individual community projects were highlighted in the CD with costings, were seen to inadvertently target those initiatives for criticism, while larger capital investments received less scrutiny. Feedback highlighted the need to maintain balance.

2.8 Information and Data:

Elected members appreciated the volume and transparency of information but felt overwhelmed by the format and struggled to engage meaningfully with service levels or financial implications.

Positive Feedback:

- The activity sheets were generally well-regarded for providing sufficient detail and breakdowns, giving elected members confidence in the robustness of the material; some suggested that including costings directly within the sheets would reduce the need for cross-referencing.
- LOS surveys were viewed as a valuable tool for anonymously capturing sentiment and enabling open, pressure-free input. Consequently, their removal was perceived as detrimental.
- Capital new and renewals data, particularly through programme summary sheets, were considered accessible and well-presented, supporting clearer engagement with key infrastructure decisions.

Challenges / Areas for Improvement:

Performance Metrics and Evaluation:

- A lack of measurable KPIs and reluctance to embed metrics that allow for effective performance evaluation was noted.
- Some noted a missed opportunity to enhance activity sheets by incorporating insights from resident surveys, annual plans, and submission trends to better reflect community priorities and concerns.
- The removal of LOS surveys was widely seen as a loss, especially since they offered anonymous, broad insight.

- While the four strategic goals were supported, many felt the absence of a dedicated organisational goal left a gap, particularly as this would represent the *how* of delivery and should come with its own KPIs.

Formatting and Presentation Issues:

- Graphs in the rates review were described as unhelpful, forcing reliance on written explanations to understand key points. Clearer visuals and simpler comparisons were requested.
- Activity sheets were described as hard to interpret due to unclear decimals, poor formatting, and a lack of structured tables or numbering.

Information Accessibility:

- Many members expressed feeling overwhelmed by the sheer amount of reading required, especially in a compressed timeframe. While some valued the depth, others preferred more upfront advice or clearer guidance, highlighting the need to tailor content delivery to different working styles.
- Members voiced concern about staff presenting only a single "preferred option" in complex scenarios. Without a range of realistic alternatives, this can result in default approval due to a lack of time or clarity.

Budget Information and Financial Challenges:

- Elected members were frustrated by inconsistencies in affordability signals, for example, being told in Year 4 that certain projects were unaffordable, only to be told weeks later that funds had been found and projects could proceed. This undermined confidence in financial direction and led to unnecessary lengthy deliberations in the chamber.
- There was a strong sense that the capital programme was overloaded (particularly with roading) while the operating budget received far less attention than in previous years. Members called for a better balance and line-of-sight between capital investment and the operational costs required to sustain it.
- Several noted that a major financial error early in the process, initially requiring \$350–\$380 million in cuts, only to later reveal just \$60 million was needed, caused unnecessary panic and led to hasty decisions that were not re-examined. The situation stressed the importance of verifying figures when red flags emerge.
- Concerns were raised that unrealistic capital programme ambitions, combined with rising costs, lack of central government support (especially for Nature Calls), and insufficient re-testing of assumptions, have created a long-term financial burden that may not be sustainable.
- Finally, many worried that the focus has drifted from core service delivery. Claims of a high degree of confidence in deliverability were questioned, and elected members urged greater realism, including scrutiny of contracts and more disciplined prioritisation.

2.9 LTP Project Planning:

Several elected members identified project management challenges throughout the LTP process.

Challenges / Areas for Improvement:

- There was strong support for appointing a dedicated project manager to lead the LTP process. Someone responsible for defining clear scope, decision rules, and dates, with built-in contingency to manage extended debates and maintain momentum.
- While the timeline provided was appreciated for providing an overview, it was criticised for being too high level. Members felt it lacked the practical detail needed to inform and guide timely decisions across the process.

2.10 Timeframes:

The timing and scheduling of the 2024–2034 LTP was one of the most frequently criticised aspect of the process. While a few elected members felt more comfortable this year due to increased familiarity, the majority described the overall timeframe as poorly managed, compressed, and stressful.

Challenges / Areas for Improvement:

- The end-of-year schedule was widely seen as unreasonable, with four meetings packed into the final days before Christmas and some members asked to read 700–800 pages of material with just a few days' notice. Many believed that decisions were rushed and that the intense timing negatively impacted the quality of deliberation.
- The process was further strained by last-minute changes to meetings that had originally been agreed upon 12 months in advance.
- Several participants suggested the LTP process could be brought forward to ease pressure, improve the quality of decision-making, and better align early conversations with statutory consultation deadlines.
- Although the LTP induction provided a helpful overview and key dates, there was a noted gap between strategic goal-setting and budget-focused discussions. Some felt that the process stalled early and lacked momentum in the middle stages.

2.11 Prioritisation Process

Prioritisation was another process that received significant criticism during the 2024–2034 LTP process. Elected members expressed frustration with the structure, timing, and overall approach to prioritisation, particularly in contrast with previous LTP rounds, where clearer ranking tools, workshop formats, and structured decision-making supported more efficient and transparent processes. Many felt this LTP lacked a defined prioritisation model, leaving too much to subjective debate.

Positive Feedback:

- In previous LTPs, officers were tasked with making cuts, which were seen as inappropriate. This time, councillors took more ownership which was a positive shift in governance responsibility.
- The categorisation of projects into legal, critical, and optional was viewed as helpful for elected members unfamiliar with technical distinctions.

Challenges / Areas for Improvement:

- Elected members consistently highlighted the absence of an effective, predefined prioritisation model. In contrast to past LTPs, which used structured tools like ranking systems, the current approach, where everything was included by default, was less effective. Some recommended starting with only essential items and adding others through consensus, rather than having to remove untested or "nice-to-have" projects during deliberations.
- Spending hours debating items already assumed to be in the plan felt wasteful. There was a strong call for default assumptions to be clearly signalled, officer judgement to be better integrated, and narratives attached to line items to support self-assessment.
- Operational matters received limited attention and visibility. Elected members felt unable to assess trade-offs or understand available headroom, making it difficult to make meaningful decisions.
- The prior LTP process, featuring structured workshops, ranked evaluations, and clearer expectations, was widely seen as more effective. Many supported its return, particularly the approach of scoring programmes and drawing a funding line to reduce debate and identify contentious areas quickly.

- Some elected members argued that the plan was overly ambitious and unrealistic without significant debt, calling for a focus on core infrastructure like pipe renewal and maintaining levels of service. Others highlighted the need for a more business-oriented mindset to support revenue generation and long-term sustainability. This later point is acknowledged as direction in the Financial Strategy.

2.12 Fees and Charges:

The timing of fees and charges undermined their usefulness in budgeting discussions, with poor integration and missed opportunities for affordability-focused changes.

Challenges / Areas for Improvement:

- When elected members identified opportunities to use fees and charges to improve affordability or balance revenue, the process did not offer a clear path for activating those changes. The absence of a practical mechanism for elected members to amend or reprioritise fees left some questioning the purpose of the exercise. Several members suggested presenting them in November or December to allow time for proper consideration over the summer break. Officer's note that the concerns and the benefits of doing this exercise earlier, which in turn requires the operating budget to be considered earlier as changes in the cost base has an impact on the revenue required from fees and charges for activities.

3 Staff Feedback

3.1 Project Planning and Staff Support:

Cross-team collaboration and Senior Leadership Team (SLT) engagement were stronger than previous cycles. The absence of a formal project structure, role clarity, and integration across workstreams reduced overall efficiency.

Positive Feedback:

- The role of sponsors was widely acknowledged as effective. There was strong SLT engagement, wherein sponsors clearly guided the process well through their oversight of planning and finance. They attended most meetings and provided consistent direction at both strategic and operational levels.
- The Strategy and Policy team successfully led the development of the vision and goals, and the Asset Management Team effectively managed the integration of the asset management planning process. The Governance team informal involvement was also noted as valuable, with a suggestion to more formally phase in key contributors during appropriate stages.
- Staff from across the organisation collaborated efficiently under tight timeframes. Despite the volume of concurrent workstreams, including budgeting, strategic alignment, and system transitions, key deliverables were completed on time.
- SLT engagement with elected members was appreciated. Councillors acknowledged the quality and timeliness of information provided, and the professionalism and willingness of staff to respond quickly and thoroughly to queries.
- This LTP cycle was viewed as more organised than previous ones, with greater organisational ownership of the LTP and tangible improvements in internal communication through regular staff updates and Leader's Forum briefings.
- Scenario planning, particularly in infrastructure, was cited as a useful exercise to test assumptions and prepare for financial constraints.

Challenges / Areas for Improvement:

- There were opportunities for improvement in project plan delivery and a consistent application of project management disciplines.
- While the team worked effectively in areas like asset management and strategic planning, it struggled to deliver a cohesive prioritisation process. Many team members were unfamiliar with the technical content, and when senior subject matter experts engaged, discussions often became overly detailed. This caused delays and inefficiencies.
- Project team meetings lacked a clear structure, defined roles or processes, or defined outcomes. The large size of the project team also created duplication and slowed progress. A smaller, more strategically focused team would better support process flow and timely delivery.
- While parts of the LTP process worked well independently, there was insufficient integration between them.
- There is a need for an empowered project lead to manage the process to ensure that momentum and focus is maintained, and there is a clear sense of ownership.
- Several key recommendations from the last LTP review such as starting earlier, providing clear options, and ensuring better integration were not followed through.
- The LTP team did not work closely enough with the Governance team, despite their critical role in facilitating elected member engagement and decision-making. Stronger integration is needed in future to support effective coordination and timely delivery.

3.2 Communications:

Communications improved, particularly through digital tools and events. Targeted engagement could be alignment better in future and with budget decisions.

Positive Feedback:

- The CD and web submission form were praised for being easy to navigate, allowing submitters to focus on areas of personal relevance. Both the CD and submission form were user-focused and were noted for their readability, practical structure, and focus on helping residents engage meaningfully with the LTP content. The new rates tool helped individuals understand financial impacts, and the document struck a balance between clarity and comprehensiveness.
- Compared to previous cycles, the team had a greater presence and influence, with the Communications Team leading energetic and effective public engagements, including Facebook Live events and drop-in sessions. The consultation process included targeted meetings, public events, online tools, and social media campaigns, all of which increased visibility and accessibility for different groups.
- Instead of verbatim transcription, submissions were grouped into key themes, which allowed for quicker insights and more manageable outputs.
- The decision not to submit the CD for audit enabled parallel work to continue in February. Flexibility around engagement dates meant the team could start earlier and avoid lengthy audit delays.
- The 'What Really Matters' publication provided elected members with community and sector priorities early in their term. While deeper follow-up was declined, the initial step supported more informed decision-making.
- The expo was successful in reaching a broader demographic. It provided a one-stop shop for key LTP topics and attracted a more diverse crowd than typical council events.
- The Communications Team supported a smooth post-Christmas transition into consultation. They managed numerous iterations of the CD effectively, ensuring plain English and addressing content gaps under tight timelines.

Challenges / Areas for Improvement:

- Running the LTP, rates review, WMMP, and FDS together created confusion for the public and added pressure to internal teams.
- Consultation was seen by some staff to lack a clearly defined purpose and strategic alignment. However, it is important to note that a detailed engagement plan was developed and followed well, and that feedback from Taituara indicated that the PNCC consultation document was high in strategic alignment as compared to other councils.
- Pre-engagement was disconnected from budgeting decisions, which while common in an LTP process, nonetheless had associated challenges. Although early input was sought from stakeholders, it was not meaningfully integrated into budget formation.
- There was insufficient meaningful early engagement with the community. Council continues to rely on limited input from a small number of stakeholders rather than broader early engagement to shape priorities and identify trade-offs.
- While content-rich, the CD was considered overwhelming and text-heavy, impacted by combined consultation topics. While used by the Communications team in the consultative process, further recommendations were made for more visuals, shorter formats, or alternative formats like apps and videos to support understanding.
- Key issues like NZTA co-funding, water infrastructure costs, and past projects like Nature Calls were not well understood by the public, impacting the quality of feedback received.
- Drop-in sessions appeared to be driven by affordability concerns and lack of trust in council decision-making.
- Training and clearer expectations around engagement are considered to be an important skill – further training may be required.
- Some key subject matter experts did not attend relevant community events, which negatively affected credibility with the community. More co-ordinated attendance by relevant staff is needed in future.
- There was an ongoing challenge between simplifying messages for public understanding and ensuring they remained accurate and compliant, particularly in complex areas like the rates review.
- While SLT and tier 3 managers regularly reviewed the CD it is important that the CD is reviewed regularly by the full project team.

3.3 Resource and Capacity Management:

The process placed unsustainable pressure on a small number of individuals. Vacancies, system overlap, and competing priorities highlighted key challenges with managing the LTP across the organisation.

Positive Feedback:

- While a few individuals carried much of the institutional knowledge there was confidence in transition planning, with proactive and positive steps in place to mitigate risk as some key individuals planned to leave.

Challenges / Areas for Improvement:

- Concurrent priorities, including the rating system review and system changes like AA and Magiq, created additional pressure and complexity for already stretched staff, especially in finance roles.
- The timing of the AA system implementation caused critical bottlenecks, removing several weeks of preparation time and heightening stress across the organisation. This was initially scheduled for implementation much earlier but delays related to Covid, coupled with limited options to further delay implementation meant go-live occurred at a difficult time for the LTP process.
- The transport team faced unsustainable pressure, submitting budgets to Waka Kotahi under urgency, which limited time for checks and elevated delivery risk.
- The organisation relied too heavily on a few individuals, especially in finance, creating vulnerabilities when key staff were unavailable.

- Maintaining business-as-usual during the LTP cycle proved challenging, with staff describing the process as frantic, particularly through managing both the LTP and Annual Plan. The AA system changes also necessitated replacing the former budgeting tools which resulted in issues as the new budgeting system was configured and learned, requiring manual input often completed after hours. These were largely one-off issues with the subsequent Annual Budget since been completed with minimal issues experienced with the new budgeting system.
- Unassigned coordination roles and unfilled vacated roles led to breakdowns in communication and logistics and additional workload stress across communications, corporate, and policy teams.
- Tasks informally carried by certain individuals in previous cycles were not delegated or documented, leading to process gaps when those individuals were not available.

3.4 System Change and External Constraints:

External reforms and system rollouts added complexity and risk. While the system change (Magiq and AA) was considered crucial (especially the requirement for concurrent system change) and the benefits of system change long-term are acknowledged as advantageous for the organisation, managing this process whilst undergoing an LTP presented numerous difficulties, and was necessitated by delays to the initial system implementation timeframes mainly from Covid.

Positive Feedback:

- Despite facing a highly uncertain environment characterised by government transitions, fiscal constraints, and concurrent system implementations, the organisation, particularly the finance team, responded with adaptability and professionalism, ensuring the LTP process continued as smoothly as circumstances allowed.

Challenges / Areas for Improvement:

- The post-election transition introduced ambiguity about the role of councils, particularly concerning major reforms like Three Waters, which complicated LTP planning and implementation.
- The introduction of a new Government Policy Statement (GPS) added uncertainty, with no assurance that several major projects would receive central government support. The timing of the GPS, finalised after the LTP, forced councils to proceed based on assumptions, increasing the risk of needing substantial reprioritisation later.
- Introducing both Magiq and the new AA system during the LTP process placed excessive strain on staff, diminished data integrity, and made the budgeting and planning process significantly more challenging. It is recommended that major systems are not introduced in the year of LTP preparations to ensure stability and maintain process quality. However, in this instance, it was not possible to delay the implementation any further.
- Water-related infrastructure discussions were delayed until after the local elections, which caused last-minute pressures and limited proactive preparation. This delay impacted planning efficiency and added to the sense of disorganisation.
- Mandated changes such as updates to the WMMP and other regulatory reforms triggered an intense consultation load, six major consultations occurred simultaneously, compounding pressure across teams.
- Councils are required to finalise budgets before knowing whether NZTA will co-fund projects, which results in uncertainty and likely post-adoption amendments.

3.5 Financial Processes:

Zero-based budgeting and Magiq introduced positive transparency, but they were implemented without sufficient preparation, training, or system readiness due to time constraints from the later than planned implementation of AA.

Positive Feedback:

- The use of unconstrained and zero-based budgeting supported a clearer understanding of financial pressure points, making initial budget assumptions and Mark 1 presentations more transparent and easier to communicate.
- Although challenging, the budgeting process made visible the gap between what was needed to deliver services and what was affordable, helping to frame discussions around adjusting service levels or increasing investment.
- Although implementation was not seamless, Magiq was selected to replace a legacy system that posed a serious risk and was not able to be used with the implementation of AA. Magiq improved transparency in categorising programmes, gave clarity on funding sources, and offered some advantages for budgeting and programme summaries.
- The structured budgeting window set by Finance helped provide a framework and deadline-driven process for budget entry.
- Empowering finance partners to work directly with managers helped them adapt to challenges and evolving requirements. The finance team was described as capable, with the introduction of zero-based budgeting and Magiq being timely for training and confidence-building among managers.

Challenges / Areas for Improvement:

- The introduction of both Magiq and AA during the LTP process added complexity, led to data entry errors and delays, and increased staff stress across budgeting and planning activities.
- Although valuable in theory, the organisation struggled with zero-based budgeting, with many teams reverting to previous year figures and lacking the tools, training, or clarity to align budgets with service levels. Financial training has since been put in place to improve knowledge in budget preparation.
- Multiple budget versions were required due to initial conservatism, system errors, and missing information. Managers received inconsistent guidance under the new system, leading to confusion, inflated budgets, and later reductions.
- Notable finance errors in capital figures and cost allocations undermined trust in the process.
- Many programme entries were not reviewed or approved by third-tier managers. The lack of business cases and scrutiny caused late rework and weakened accountability. Some projects with limited reach were prioritised over more impactful ones, suggesting a need for ROI analysis in future prioritisation.
- Magiq handled basic financial tasks but at the initial time of implementation lacked flexibility for business cases or strategic metadata, forcing reliance on disconnected spreadsheets. Time constraints a result of system implementation also meant Magiq was not able to integrate financial and non-financial data in time, hindering the creation of unified programme-level information.
- In response to debt constraints, some large projects were linked to external funding without clear confirmation of whether this could be achieved, making this reliance risky. However, these projects were timed for after the next review of the LTP allowing for more time to explore the likelihood of these funding assumptions.
- Guidelines were overly complex and hard to interpret. Future cycles need clearer, shorter documents and more accessible training options.
- Budget ownership was unclear for some third- and fourth-tier managers, who assumed Finance controlled the process. Additionally, plans were often not reviewed by delivery

teams. There is a need for clearer role allocation across the process of reviewing and developing budgets.

3.6 Information and Data:

While elected members received clearer and more open information than in the past, back-end data inconsistencies, integration issues, and system limitations impacted usability and trust.

Positive Feedback:

- The introduction of Magiq provided a structured database for managing programme summaries and helped mitigate the risk of system failure, particularly in capital budgeting.
- Throughout the process, most information provided to elected members was clear and timely, supporting effective deliberations and strategic direction-setting.
- All financial and programme information was presented upfront to elected members. This openness created a strong foundation for discussion and enabled elected members to engage more meaningfully with trade-offs.
- While activity sheets did not fully achieve their intended purpose of aligning budget options with levels of service, they represent a useful starting point for future development.

Challenges / Areas for Improvement:

- It is difficult to meet varied expectations around operating budget information without overwhelming decision-makers or compromising system usability. There is a need to obtain a clearer agreement on the depth and format of reporting required.
- Feedback suggested that some elements, including fees and charges, were assumed or added without full elected member visibility. This reflects issues with process sequencing and clarity of approval pathways.
- Data was presented at the group level rather than by division (e.g. planning, building, EPS), which did not align with how teams operate. This mismatch made initial datasets unusable for some managers, requiring extensive rework and clarification.
- Managers faced significant challenges understanding staffing levels due to unclear baselines and the absence of an integrated HR system. This created unnecessary stress for finance, people and performance, and infrastructure teams.
- While the new finance system added complexity, teams still made errors, such as, omitting years 11–30 from the infrastructure strategy. These minor yet preventable mistakes were frustrating and suggest a need for better quality assurance.
- Asset management plans and financial policies (e.g. rates remission) could have been finalised earlier, which would have helped smooth the process and eased pressure in later stages.
- Data was inconsistently presented, making it difficult to interpret or integrate with other planning tools. Currently, systems do not seamlessly connect financial entries, supporting documentation, and decision rationale.
- Although officers explained the rationale for budget reductions internally, this context did not reach elected members, resulting in limited understanding of the impact on service delivery.
- Discrepancies emerged across platforms which undermined data confidence and increased workload through duplicate checks. Multiple changes, including to coding and tools, created confusion about whether final budgets matched original inputs, affecting staff confidence and the integrity of reporting.
- Business case quality was inconsistent, with missing fields and poorly completed templates common.

3.7 Strategy and Vision:

The strategy-first approach was upheld in principle, but foundational documents were not aligned early enough. There was limited integration of strategy with budgeting and project sequencing.

Positive Feedback:

- Unlike some councils that begin with a predetermined budget envelope, this process followed a strategic-first model through defining council goals and priorities, estimating the associated costs, and then considering affordability and trade-offs. This helped maintain focus on outcomes rather than purely financial constraints.

Challenges / Areas for Improvement:

- The infrastructure strategy, city strategy, and financial strategy should have been developed in tandem from the outset.
- Longer-term, phased planning is needed for major capital projects. Large projects like the wastewater treatment plant should be broken into phases over multiple years to manage costs, reduce rates pressure, and improve affordability.
- Property-related risk needs greater visibility and strategic management. There are concerns about ageing assets, and inadequate planning for major property-related liabilities. These risks require proactive attention and integration into the LTP.
- Strategic risk management is not embedded in the LTP process. Risk identification and mitigation planning should occur earlier and be woven throughout the LTP. Currently, this is not done in a structured way, limiting the ability to respond to emerging risks through planning and resourcing.
- Concerns were raised about the size of the capital programme relative to capacity. Asset management planning data quality was noted as needing improvement to support realistic delivery.
- Staff often lacked a clear understanding of how their plans connect to other organisational documents or what role performance measures should play. Creating a 'line-of-sight' is important.

3.8 Elected Member Processes:

Early engagement was positive, however limited space for constructive staff-elected member dialogue hampered moving some work forward.

Positive Feedback:

- Rangitāne were meaningfully involved in early planning stages. Their input into the vision, goals, levels of service, financial strategy, and asset management strategy provided valuable direction-setting and reflected a strong partnership model in the initial phase.
- Early surveys and workshops with elected members and Rangitāne were appreciated for creating space for individual contributions.
- Conducting all key discussions and decisions within full council meetings, rather than smaller working groups, allowed elected members to remain involved and accountable throughout the process.
- Omission of a steering group reduced concerns about uneven influence. The decision not to form a steering committee helped maintain a perception of fairness and reduced potential tension around behind-the-scenes influence.
- The sequencing and design of council meetings, especially during budgeting, helped guide elected members through key steps of the LTP process.

Challenges / Areas for Improvement:

- While well-intentioned, the absence of a structured governance/steering group made it harder to identify and respond to emerging issues, support the mayor's leadership, and manage councillor expectations.
- Wednesday only meetings did put time pressure on staff and compressed deadlines. Further pressure was added if workshops were rescheduled or delayed.
- Despite initial workshops in December 2022 and February 2023, councillors later expressed they were not ready to engage with the LTP until the Annual Budget was complete. This delay significantly impacted internal timelines and added pressure across the organisation.
- A formal mechanism for managing post-meeting queries could streamline responses and reduce ambiguity in future.
- Officers lacked a structured forum to raise operational concerns or advocate for earlier engagement from elected members. As a result, staff impacts were not clearly communicated, and planning was reactive rather than proactive.
- Rangitāne were excluded once the process moved to council meetings. Although they were actively involved early on, the decision to hold all deliberations in formal council settings removed their ability to participate meaningfully later in the process, potentially impacting partnership expectations.
- In the absence of active engagement, many plans and recommendations were based on officer assumptions of elected member priorities, reducing the level of tailored advice.
- The LTP was not prioritised during the elected member onboarding process, leaving new councillors unprepared for the scope, complexity, and decision-making required.
- Inconsistent attendance at critical meetings led to narrow voting margins (e.g. 7–8 votes) and made some decisions more vulnerable to reversals or delays.
- Elected member input via surveys was discontinued as Councillors expressed that surveys didn't allow for shared understanding or discussion, leaving staff without a clear sense of elected member positions during key phases.

3.9 Timeframes:

Compressed and reactive scheduling created stress and compromised quality. Poor sequencing, late prioritisation, and external timing conflicts compounded internal pressures.

Positive Feedback:

- Reviewing the WMMP a year ahead of schedule ensured it was consistent with the LTP and helped avoid the disconnect seen in previous cycles, where actions were unbudgeted or unimplemented.
- The LTP team kept the process on track despite competing demands and system changes.

Challenge / Areas for Improvement:

- Lack of detailed operational timelines affected coordination. While high-level timeframes existed, there was no tiered planning for managers to follow.
- The consultation timeline placed excessive pressure on governance staff. Delays to the consultation start date resulted in an unrealistic 48-hour turnaround for processing submissions.
- Critical meetings occurred too late in the process. Prioritisation workshops were held as late as 18 December, leaving little time for reflection or refinement before the Christmas break and causing fatigue among elected members as well as staff. Late prioritisation consequently compressed consultation preparation. A November or early December deadline would have allowed December to focus on drafting, but the final workshop in late December forced critical work into a narrow window.
- Fees and charges were finalised after budget decisions. Ideally, they should have been made in earlier to guide budgeting, but instead occurred too late for integrated planning. This undermined their usefulness as a funding tool and forced revisions to

completed work. Additionally, the link between fees and charges and the funding policy review was unclear. Fees and charges were finalised in isolation without reference to the broader funding strategy, which limited alignment between budget setting and revenue generation mechanisms.

- The budgeting process started too late due to system readiness. Budget input did not formally begin until October, though some teams started manually in May. The lack of a functioning tool delayed coordinated budgeting.
- Engagement with elected members began months later than ideal. Annual Plan work was prioritised, delaying LTP engagement until October/November and putting PNCC behind other councils.
- Future planning should begin immediately after adoption. This cycle revealed the need to initiate base planning work (e.g. risk identification, mitigation strategies) early, ideally from August/September, to better distribute effort and prepare for external demands.

3.10 Levels of Service:

Although better documented than in previous cycles, levels of service were not meaningfully debated or used to guide budgeting. The timing and format of activity sheets limited their usefulness.

Positive Feedback:

- While underutilised in practice, the activity sheets gave elected members a clear view of service areas, engagement levels, and budgets. Some found them valuable as a foundation for operational planning, noting they could be refined and reused in future zero-based budgeting cycles.
- Levels of service were communicated more effectively in relation to risk. While asset management does not typically define LOS operationally, there was a clearer articulation this time of the implications of reduced funding. This helped guide understanding of how services might be impacted even if reductions were not framed explicitly as changes to LOS.

Challenges / Areas for Improvement:

- Lack of depth and strategic clarity limited the effectiveness of LOS discussions.
- Reclassifying annual initiatives from programmes to maintaining service levels created confusion. This shift reduced visibility and made year-on-year comparisons difficult.
- Activity sheets were sent out too late in the process and were underdeveloped. Issued in December during a compressed period, they lacked trend data and detail on key cost components like insurance and training. Staff suggested activity sheets could be used earlier in the process to support zero-based budgeting by identifying essential services and potential areas for reduction.
- Strategic plans outlined broad goals, but associated service levels were not consistently costed or resourced. Although activity sheets were meant to align budgets with strategy, they were inconsistently used and of mixed quality.
- Councillors were not fully aware of what budget cuts would impact. Reductions were made without clarity on the resulting service implications, limiting strategic oversight.
- While some teams engaged directly with elected members, others developed their asset management plans with minimal input.
- Departments varied widely in how they defined and interpreted service levels.

3.11 Prioritisation Process:

While some frameworks were helpful, the lack of a formal, transparent prioritisation model may have led to some confusion and reduced strategic clarity.

Positive Feedback:

- The critical/legal/essential framework guided councillor thinking. By beginning with a comprehensive list that included all projects, elected members were able to remove or adjust items themselves. This represented an improvement in transparency compared to prior LTPs.

Challenges / Areas for Improvement:

- There was no structured return-on-investment or impact-based evaluation to guide decisions. Without cost-benefit analysis or outcome measures, choices were not always aligned with value for money or long-term benefit.
- Programmes were not grouped clearly or effectively for elected members, making it harder to identify what needed protection or investment. The lack of a clear hierarchy complicated prioritisation.
- Operational service levels lacked visibility and structure and a consistent framework is still needed.
- New projects were added late in the process, despite advice to focus on non-negotiables. The absence of a firm cut-off date increased rework and stretched staff capacity.
- Budget information was presented in staggered and inconsistent formats. Summary and activity sheets arrived at different times, and categorisations like "critical" or "strategic" were seen as politically loaded.
- The 1–5 rating system, while introduced to simplify decision-making, lacked rigour and potentially introduces bias, particularly against larger, more complex programmes. Future frameworks should account for programme deliverability, cost-effectiveness, and alignment with Council priorities. A formal moderation process would be required to reduce subjectivity and improve consistency.
- Some decisions reflected preferences rather than strategic priorities, and programmes reliant on uncertain funding sometimes progressed without scrutiny.
- Programme interdependencies were not clearly mapped, which increased the risk of unintended consequences when items were removed.
- The technical prioritisation model developed for the process proved too complex and lacked transparency. To improve the allocation of limited resources, Council should explore the development of a clear, consistent framework for prioritisation.

4 Feedback Comparison

Theme	Similar Views	Diverging Views
Strategy and Vision	Both recognised the strategy-led approach but noted a lack of integration across key strategies and timing misalignments.	Elected members focused on workshop dynamics and inclusivity; staff highlighted poor strategic document sequencing.
Project Management	Both saw the need for formal project management, clearer roles, and structured timelines.	Elected members wanted more project structure earlier; staff highlighted cross-team collaboration but noted vague team roles.
Prioritisation Process	Agreed there was no clear model; desired more structured, value-based tools to guide prioritisation.	Elected members reflected on past LTP tools being more effective; staff emphasised absence of formal ROI-based tools.
Timeframes	Both described compressed timeframes as a major issue, impacting quality and creating stress.	Elected members highlighted impact on personal wellbeing and rushed decision-making; staff emphasised sequencing failures and delays to discussion limiting earlier EM engagement.
Financial Processes	Agreed that while transparency improved, the rollout of zero-based budgeting and Magic lacked readiness.	Elected members focused on trust impacts due to errors and late changes; staff focused on training gaps and system integration challenges.
Levels of Service	Both groups acknowledged better visibility of service levels but noted the lack of meaningful discussion or structured trade-offs.	Elected members were frustrated by lack of input and understanding; staff emphasised inconsistent use of activity sheets and cross-team definitions.
Community Engagement	Recognised that events and tools improved, but engagement lacked strategic alignment and clarity.	Elected members perceived hostility and negativity in consultation; staff focused more on technical execution and internal coordination issues.
Elected Member Induction and Support	Both noted induction lacked LTP-specific training, with new EMs needing more clarity and support.	Elected members expressed confusion about timing and influence; staff acknowledged need for better mentoring but focused more on systemic fixes.
Information and Data	Both praised transparency but cited format issues, inconsistent data, and difficulty navigating the volume of information.	Elected members felt overwhelmed and requested simpler, visual data; staff pointed to

		backend inconsistencies and platform misalignment.
Resourcing and Capacity	Agreed that pressure was unsustainable and reliance on a few individuals created delivery risks.	Staff pointed to workload imbalance and lack of backfilling as key issues.
System Change and Constraints	Recognised that dual system rollouts during LTP planning created unnecessary strain.	Elected members reflected on uncertainty from external reform; staff detailed internal risk from overlapping system demands.
Governance and Meeting Format	Both valued full council involvement over the use of steering group and acknowledged the benefit of transparency in that approach.	Elected members noted lack of facilitation, rescheduling, and rushed sessions; staff highlighted that the absence of structured governance made it difficult to raise operational concerns, align decisions across workstreams, and maintain regular engagement with EM.

5 Next Steps

Focus Area	Recommended Actions
Project Management	<ul style="list-style-type: none"> Establish a small, strategically focused project team with clear roles. Develop and publish a full LTP timeline by August 2025.
Elected Member Induction & Support	<ul style="list-style-type: none"> Deliver a comprehensive "LTP 101" induction programme, including financial literacy training. Provide more mentorship for each new councillor. Clarify elected member influence points throughout the LTP process.
Prioritisation Framework	<ul style="list-style-type: none"> Design and endorse a structured, outcomes-based prioritisation model by mid-2026. Ensure EM and Mayor understanding and agreement with prioritisation tool. Introduce return-on-investment and whole-of-life costing tools.
Strategic Alignment	<ul style="list-style-type: none"> Align financial, infrastructure, and city strategies before the prioritisation phase begins. Ensure direction setting is guided and integrated with financial restrictions to reduce duplication of effort. Strengthen integration of strategic documents with LTP narratives and budgets.
Community Engagement	<ul style="list-style-type: none"> Avoid bundling multiple consultations; plan an 18-month consultation timeline in advance. Simplify the consultation document, incorporating visuals and interactive digital tools. Provide clearer messaging around affordability and trade-offs.
Financial Processes	<ul style="list-style-type: none"> Improve budgeting guidelines, including business case templates and accountability processes. Begin fees and charges review earlier to inform budgeting.
Levels of Service (LOS)	<ul style="list-style-type: none"> Integrate LOS discussions early, using activity sheets as a foundation for zero-based budgeting. Facilitate workshops to define and debate LOS trade-offs. Clearly distinguish core vs value-add services and link them to performance measures.
Elected Member Engagement	<ul style="list-style-type: none"> Hold early, structured public workshops with councillors and staff. Create formal mechanisms for post-meeting queries and adjustments. Improve attendance and consistency through a revised meeting schedule. Ensure there is regular and dedicated engagement with EMs throughout 2026 for the LTP work programme. Establish and confirm expectations for 2026 councillor requirements and meeting schedules in Q2/Q3 2025.
Resourcing & Capacity	<ul style="list-style-type: none"> Develop a robust succession and backfill plan for key roles. Allocate LTP-specific resourcing within the budget cycle. Ensure workload distribution is sustainable.
System & Data Integration	<ul style="list-style-type: none"> Strengthen integration between Magiq and planning tools. Improve user experience and reporting formats for both financial and non-financial data. Establish a centralised "source of truth" for LTP documents and responses.
Governance and Democracy Integration	<ul style="list-style-type: none"> Involve the Governance and Democracy team early in project coordination.



MEMORANDUM

TO: Council

MEETING DATE: 6 August 2025

TITLE: Ratepayer Assistance Scheme (RAS)

PRESENTED BY: Cameron McKay, GM Corporate Services / CFO

APPROVED BY: Waid Crockett, Chief Executive

RECOMMENDATION(S) TO COUNCIL

1. That Council approve making a contribution of \$250,000 to support final development of the Ratepayer Assistance Scheme being proposed by Local Government New Zealand, with any further funding subject to further Council decisions.
 2. That Council approve this contribution being funded from unbudgeted borrowing and notes that this contribution could either be capitalised into shares should the Ratepayer Assistance Scheme be established, or expensed if the scheme is not established.
 3. That the Chief Executive reports to Council the progress of the development of the Ratepayer Assistance Scheme and next steps.
-

1. ISSUE

- 1.1 Council has been approached by Local Government New Zealand (LGNZ) on an opportunity to support and contribute to the establishment of the Ratepayer Assistance Scheme ('RAS'), subject to commitment from other key stakeholders.
- 1.2 Final development of the RAS through to a "stop-go" implementation requires funding support from Local Authorities or other contributors of \$2.5M. A number of metro and large District Councils have to date agreed to a total of \$2.5M in funding, with contributions ranging from \$200K to \$500K.
- 1.3 The purpose of this memo is to seek Council's agreement to provide a financial contribution to the ongoing costs of due diligence and if a decision is made to proceed, the ultimate establishment of the RAS.

2. BACKGROUND

- 2.1 New Zealand is facing a range of challenges including the rising cost of living, changing demographics (in particular the growing cohort of elderly New Zealanders on fixed incomes), the infrastructure deficit, the quality and health

/ safety of homes, the housing deficit, climate change impacts, energy and fuel security, resilience and decarbonisation of the economy.

2.2 Local Government has a critical role to play in addressing these challenges:

- by delivering critical services and infrastructure;
- by supporting ratepayers themselves to directly address the challenges that affect them; and
- providing flexibility in the way ratepayers choose to pay charges to meet Council's funding requirements.

2.3 A group of metro councils (Auckland Council, Hamilton City Council, Tauranga City Council, Wellington City Council, Christchurch City Council), Local Government New Zealand (LGNZ) , Local Government Funding Agency (LGFA) and Rewiring Aotearoa formed a steering group to develop a scheme that is able to provide low-cost financing to ratepayers for approved purposes, including:

- existing local government policies that involve the Local Authority (LA) effectively lending money to ratepayers (such as rates postponement and [retrofit home insulation loans]), but doing it off-balance sheet;
- new, flexible funding products (such as making up-front payments to LAs as part of a developer agreement to fund growth infrastructure); and
- new property improvement loans which provide public and private benefits.

2.4 As Local Authorities have their own debt constraints for funding core infrastructure, they have limited ability to borrow to fund the provision of ratepayer support for any of the items identified in 2.3 above.

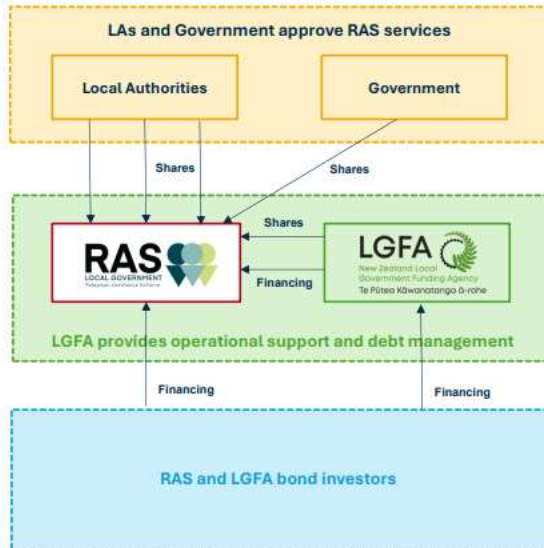
3. THE RATEPAYERS ASSISTANCE SCHEME ('RAS')

3.1 The Ratepayer Assistance Scheme (RAS) would be a national shared service available to all Local Authorities.

3.2 The RAS would be structured much like the Local Government Funding Agency (LGFA) to get the benefits of scale (see diagrams following showing how it is proposed it would work)

5. What it is and how it works

Structurally the RAS has many similarities to the LGFA – it would be owned by LAs, LGFA and government, providing services to LAs and their ratepayers

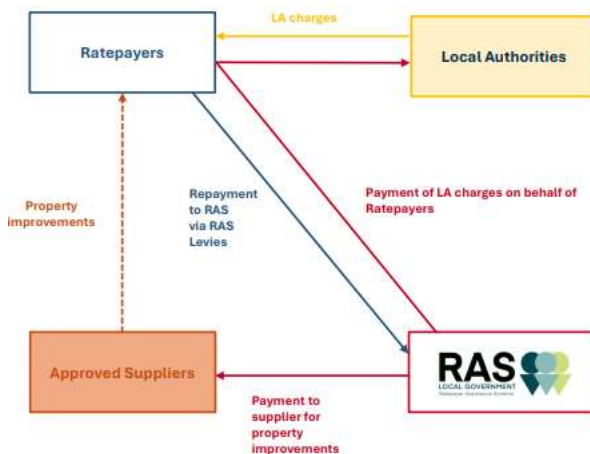


- The RAS would be a new entity (a CCO)
- It would have no discretion – all its services would be approved by LAs and central government
- All LAs would be able to use the services of the RAS, subject to meeting RAS's membership requirements – e.g. IT interface, invoicing, collections, security requirements
- LGFA would have a critical role with RAS, providing financial and operational support (on a commercial contractual basis)
- LGFA board has approved (subject to LGFA shareholder approval)
 1. Ownership (up to ~20% of RAS shares)
 2. Debt facility
 3. Preference shares investment
 4. Shared services arrangements
 5. Management of the RAS bond programme

9

5. What it is and how it works

The RAS effectively does what LAs can and already do, but does it more efficiently and effectively, taking on the administrative burden and risk while being off-balance sheet



- The RAS would have the power to impose a levy charge equivalent to a rate and obtain a very high credit rating
- LAs would opt-in and ratepayers would also opt-in
- The interface between LAs, RAS and ratepayers would be as seamless as possible – eg with RP or deferred DCs/DLs:
 - Ratepayers would “apply” through the LA’s website
 - The application would go directly to RAS for processing
 - Once approved, payment of the rate charge or DC / DL would be made to the LA by the RAS
 - The RAS would levy the ratepayer to obtain repayment
 - The RAS levy would be separately itemised on the LA’s rates invoice, collected by the LA and then distributed to RAS
- In the case of PILs the process would be the same except that RAS would make payment to the approved supplier of the property improvement

10

3.3 It is proposed the RAS would:

- be a new entity, owned by local and central government (a council-controlled organisation);
- have the power to impose a 'rate-like' levy/charge ranking ahead of mortgages to ensure it gets repaid (enabling it to achieve a very high 'government' credit risk weighting- broadly in-line with the LGFA);
- raise low-cost, long-term financing from the debt capital markets (through an out sourcing arrangement with LGFA) and pass this on to ratepayers at interest rates expected to be 1 - 1.5 per cent below standard mortgage rates;
- be off-balance sheet for councils;
- undertake all the operational requirements associated with the ratepayer loans through an "IT heavy" platform (to minimise costs and benefit from economies of scale); and
- be an operational organisation only with no discretion in what it could lend money for which would be dictated by councils and central government.

3.4 The use of the RAS would be optional for qualifying ratepayers.

3.5 The operations and processes of the RAS would be structured so that there is a seamless interface with councils - ratepayers would access RAS loans through their council.

3.6 It is likely that councils would include the RAS levy as an item on their rates invoices and act as collection agent. It is also likely that the RAS levy would rank equally with council rates so the RAS would piggy-back on councils' default/arrears processes. Councils would likely cover the administration costs incurred with these processes (in exchange for the benefits of being able to offer these arrangements to ratepayers).

3.7 The levy would be reflected as a charge on the property title (as per a mortgage). Any charge on the title would be dealt with during the conveyancing process when a property is sold.

Uses of the Ratepayer Assistance Scheme

3.8 The RAS would be a flexible omnibus platform and multiple applications are possible (essentially any loan to property owners that councils/central government decide to make).

3.9 To date the focus has been on three possible applications:

- rates postponement (RP)
- deferred development contributions / development levies (DCs / DLs)
- property improvement loans (PILs)

3.10 In principle, the RAS could also be applied to other property related taxes and imposts including Infrastructure Funding and Financing (IFF) levies and the Government's recently announced Development Levy System, if appropriately structured.

Rates Postponement

3.11 Rates postponement would provide flexibility regarding the timing of payments for council charges and could be a valuable tool for councils and an option for ratepayers given:

- there is demographic change underway in New Zealand (increasing elderly population with fixed incomes);
- New Zealanders are facing cost-of-living challenges;
- Rates are increasingly significant, and in recent years councils have faced the need to have annual increases of 5 to 10 per cent (or more); and
- other charges (e.g. water levies, IFF levies and infrastructure/development levies) are likely to increase over time.

3.12 The RAS would make the equivalent payment to councils upfront on behalf of the ratepayer and get repaid from the proceeds on sale of the property.

3.13 Rates postponement operates like a reverse mortgage but at significantly lower cost (negligible fees and interest rates ~4-5 per cent lower).

3.14 The Productivity Commission recommended a national rates postponement scheme and Grey Power supports the establishment of the RAS.

3.15 British Columbia (population ~5.5 million) in Canada has had a successful Property Tax Deferral Scheme for many years - with 83,000+ users and ~\$2.7 billion in loans in 2024 (it has quadrupled in size from ~\$670 million in 2016 and now includes ~3.9 per cent of British Columbia households).

3.16 A number of councils already have rates postponement policies in place with low uptake (although this is thought to be due to a combination of factors including low awareness, relatively high interest rates and "clunky" application processes). Our Council has a rates postponement policy for cases of extreme financial hardship. No postponements have ever been actioned under the policy.

Deferred Development Contributions/Development Levies

- 3.17 Many councils have had inquiries from developers regarding alternative funding mechanisms to upfront development contributions/development levies. In our LTP we have made some funding assumptions around growth infrastructure that relies on external funding mechanisms such as upfront developer agreements due to our own debt capacity constraints.
- 3.18 The RAS could provide an alternative to upfront development contributions/development levies by making the one-off payment required to councils and converting it into a rate-like charge against the property. The targeted rate/levy would be paid by the future property owner(s) to the RAS via an annual charge over say 30 years or alternatively fully repaid on sale of the property by the seller at the discretion of the buyer.
- 3.19 Development contributions in New Zealand are forecast to total ~ \$700 million per annum in 2026 based on Long-Term Plans. Indications from research done to date is that many developers would take advantage of an offering like this.
- 3.20 The Government's proposed Development Levy System is expected to expand the scope of new development levies to enable councils to more fully recover development growth costs and raise more revenue to fund growth infrastructure. The affordability of these increased charges and risk to the very developments that the charges are intended to support are critical considerations, further supporting the deferred contribution/levy which could be set up under this proposed scheme.

Property Improvement Loans

- 3.21 The present Local Government Act and Local Government Rating Act enables councils to provide financing to ratepayers that can be repaid via voluntary targeted rates.
- 3.22 In principle, property improvement loans could be utilised to support a wide range of policy goals including:
- improving housing quality - e.g. insulation, heat pumps, double glazing
 - developing infrastructure that mitigates the impacts of climate change - e.g. community seawalls, flood protection
 - supporting de-carbonisation efforts and the electrification of New Zealand - e.g. solar panels, EV chargers, home batteries
 - enhancing the health and safety of homes - chimney removal, septic tanks replacement, water storage tanks and waterway fencing.
- 3.23 The Minister for Local Government/Minister for Energy is interested in the potential for a ratepayer assistance scheme to support the uptake of renewable, lower cost energy through property improvement loans and has directed the steering group to engage with Rewiring Aotearoa and the

Energy Efficiency and Conservation Authority. As such, work is underway to investigate property improvement loans being available for electrification loans (especially solar and batteries).

- 3.24 Property improvement loans are likely to be the most difficult part of the RAS proposal to administer given the range of individual circumstances that would need to be considered. The practicability of this will be further tested during this stage of the proposal evaluation.

4. DEVELOPMENT TO DATE

- 4.1 Significant work has been undertaken to develop the proposed RAS by the steering group supported by Cameron Partners, Russell McVeagh and PwC.
- 4.2 The RAS development has been based on the establishment process for the LGFA which incorporates a number of stage gates - seeking to progressively identify key issues, confirm viability and test interest from key stakeholders.
- 4.3 The most recent stage completed in 2022 has involved:
- developing a detailed business case involving confirming proposed operational arrangements and detailed financial analysis incorporating scenario analysis with assumptions based on objective data, precedents and expert input;
 - legal, accounting and tax red flags review.
- 4.4 An immediate focus of the next stage of development will be updating the business case/financial analysis and legal/accounting advice.
- 4.5 However, to move forward requires support from local and central government and funding commitment for the final development phase.
- 4.6 What is sought is a commitment to fund the next stage of development costs through a series of “stop-go” decision points. No firm commitment to an equity stake is required, as this will be subject to final due diligence, central government Cabinet decisions and the like. Notwithstanding, moving forward would be with an expectation of subscribing for shares in the RAS at its establishment.
- 4.7 Given the level of development already completed it is thought that with appropriate support from local and central government that the RAS could be established within 12 - 18 months.

5. ANALYSIS OF VIABILITY OF RAS

- 5.1 Cameron Partners has developed an operating model, detailed business case and built a comprehensive financial model analysing multiple scenarios based on objective data and input from steering group members (in particular LGFA, the British Columbia Property Tax Deferral Scheme team, and IT service providers (IT costs and system requirements)).

- 5.2 The scenarios analysed cover various combinations of potential RAS products and levels of uptake by ratepayers.
- 5.3 The basic economics of the RAS are that it will generate a net interest margin of ~1 per cent (i.e. it will make loans to ratepayers at ~1 per cent above what it borrows at). Ultimately its net interest will need to cover its operating costs in order to break even (e.g. if operating costs are \$7 million per annum the RAS will require a loan book of \$700 million to break even).
- 5.4 This can be achieved across all the products that the RAS offers and various data points support the RAS reaching break even in a relatively short timeframe (e.g. the British Columbia scheme has ~\$2.7 billion in loans growing at ~\$300 million per annum; nationwide development contributions total ~\$700 million per annum alone).
- 5.5 Based on the analysis, it is expected that the RAS will be able to generate a surplus and provide a return to its shareholders. The analysis undertaken by Cameron Partners indicates breakeven after 3 years and that within 8-10 years the initial equity investment may be returned by way of dividends. If the returns grow as anticipated, options will be available to either provide returns to the shareholders or if desired by shareholders to reduce the interest rate charged further.
- 5.6 Funding from councils and potentially central government will be required to capitalise the RAS at establishment. It has been assumed that ~\$30 million will be required from founding shareholders. The proposed \$30 million (which includes ~\$2.5 million for the final development before share capital is subscribed for):
 - is a "catch all" amount (covering all transaction/establishment costs and initial operating losses before scale is achieved) on the basis that it is better to be over-capitalised rather than under-capitalised and need to go back to councils for additional capital; and
 - is based on a rates postponement and deferred development contributions scenario and is considered to be conservative.
- 5.7 Funding already provided and any further development funding provided by Palmerston North City Council (and other councils) would count as establishment capital.
- 5.8 The steering group (as sponsors and original funders) will be able to set the terms of any establishment capital to compensate those councils providing early funding for the development risk being taken and to mitigate the "free rider" risk of other local authorities delaying their commitment. For example:
 - \$1 of funding provided at this stage to complete final development could equate to 2 shares at establishment whereas \$1 contributed at establishment could equate to 1 share; and

- Depending on the availability of shares, the steering group members will be able to choose the number of shares they wish to take up to a 20 per cent maximum (otherwise there is a risk that the RAS will be on-balance sheet for that investor) and the number of shares (if any) that might be available for local authorities outside the steering group.
- 5.9 There is merit in getting the widest shareholding spread possible to support uptake. Notwithstanding, some members of the steering group have indicated a preference to limit the number of shareholders given the high potential returns and the investment/risk capital already put in by the current group warranting a preferential position.
- 5.10 Legislation will be required to enable the RAS to have the powers to impose a "rate-like" levy and navigate the Credit Contracts and Consumer Finance Act 2003.
- 5.11 Russell McVeagh has advised the steering group that there are strong precedents for the required legislation as has been provided for the LGFA and IFF respectively. Consequently this should not involve "breaking new ground." There is also a strong case for Credit Contracts and Consumer Finance Act exemptions in regard to rates postponement and deferred development contributions (which would simply change the timing of payment of local authority charges) and for property improvement loans, following exemptions from the Contracts and Consumer Finance Act for targeted rates schemes in 2024.
- 5.12 PWC has identified accounting and tax issues that will need to be addressed and confirmed but believes these would be resolved through this final phase of the programme.

6. FINANCIAL IMPLICATIONS

- 6.1 The RAS would be off-balance sheet so there will be no balance sheet implications for Council from its ratepayers using the products.
- 6.2 Additional funding is needed to support the further development and establishment of the RAS. In total \$2.5 million across all funders is estimated to be required to complete development before a final decision to proceed with establishment is made.
- 6.3 A number of councils (including Auckland, Hamilton, Tauranga, Wellington, Hutt and New Plymouth) have committed sums ranging from \$200K to \$500K with the total of \$2.5 million originally sought obtained. Although our Council's contribution will not necessarily be required to enable the next stage of development to occur it is suggested a contribution of \$250K be considered. Any contribution by our Council will need to be funded from additional debt as it is unbudgeted.
- 6.4 The Council's Investment Policy (a subset of the Treasury Policy) does contemplate that the Council may hold equity investments in CCO/CCTOs

(such as the LGFA) and that the rationale for any investment would be determined and reviewed from time to time.

6.5 Any Council contribution will not necessarily end up becoming an investment as the stop/go decision for progressing with the establishment of the RAS will be made at the end of this development stage.

6.6 A Council contribution now would:

- show Council support for development of new products for the local government sector and that aligns with providing a facility to enable up-front development levies/contributions as assumed as necessary to fund growth infrastructure in the LTP.
- enable the Council to consider becoming a shareholder should the decision be made to proceed with establishment of the RAS.
- Enable input into the RAS steering group during the final development phase of the project.

6.7 It is proposed that committed funding from investors to the RAS will be paid to LGNZ and held "in trust" and used pro rata. If there is more funding (oversubscription) provided to the RAS then needed for this phase of development then:

- If a decision is made to not proceed with RAS at the end of the final development stage, any surplus funds would be returned to Investors;
- If a decision is made to proceed to implementation, then it will be up to funding councils to decide what to do with any surplus funding at that time – e.g. roll into implementation funding / RAS equity

6.8 Total establishment capital is conservatively estimated to be \$30 million across all shareholders and could be structured so that this amount is repaid from any RAS surpluses and /or to provide an ongoing return on investment.

6.9 The maximum quantum for an individual shareholder is limited to 20% of total share capital and the amount will depend on the level of interest from other shareholders and Council's investment appetite.

7. RISKS AND MITIGATIONS

7.1 There is a final "stop/go" stage gate point to be achieved before the RAS is able to be implemented. Any investment prior to establishing the RAS is at risk of being expensed should the decision be made to stop. Due to the number of councils supporting this final development stage, the risk is spread across these councils by requiring a smaller investment at this stage.

7.2 To be economically successful and sustainable the RAS will need ratepayers to use it.

- 7.3 Launching the RAS with both rates postponement and deferred development contributions as core products will maximise the likelihood of achieving break even in a reasonable timeframe.
- 7.4 Rewiring Aotearoa, community Electrify groups and central government (especially Energy Efficiency & Conservation Authority) are expected to strongly publicise energy and electrification loans if that product is approved and made available by the RAS.
- 7.5 Central government and Local Authorities will be able to influence demand through policy support and raising awareness of the products through websites, invoices etc. In this regard a wide spread of councils is also preferable. Longer term, word of mouth is expected to underpin awareness and normalise use of RAS products.

Loan defaults

- 7.6 As with all financing arrangements there is risk of loan defaults.
- 7.7 Notwithstanding, full recovery of ratepayer loans is almost certain due to minimum equity requirements, property insurance requirements and the proposed "super senior" ranking of RAS levy charges (i.e. their 'rate-like' nature).
- 7.8 In addition, there are multiple safeguards in the RAS's proposed capital structure and guarantee and liquidity arrangements to protect the RAS from default (in a similar manner to how the LGFA operates).

Legislation

- 7.9 It is assumed that if central government support the concept of the proposed RAS they will be willing to support the legislation required for it to be established. This is a critical stage gate at the end of the final development stage and would be known before implementation equity funding would be required, should we choose to partner.

8. NEXT STEPS

- 8.1 Should the Council approve the recommendations in this report, and noting that support and funding for the final development totalling \$2.5 million is already met, then the RAS steering group will:
 - commence final development of the RAS
 - engage with officials to support their policy work
 - seek to complete the final development work in late 2025 and early 2026 to enable a stop-go implementation decision.
- 8.2 Officers will report back to Council on the stop-go decision and will also provide further information when available about any additional investment opportunity into the RAS for Council's consideration.

9. COMPLIANCE AND ADMINISTRATION

Does Council have delegated authority to decide?	Yes
Are the decisions significant?	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 objectives?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
<p>The recommendations contribute to: Whāinga 1: He tāone auaha, he tāone tiputipu Goal 1: An innovative and growing city</p> <p>Whāinga 3: He hapori tūhonohono, he hapori haumarū Goal 3: A connected and safe community</p>	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	<p>If implemented, the RAS will provide a source of funding for ratepayers at lower financing costs than currently available. It is anticipated that it will enable growth by allowing for developer agreements more easily as outlined in the Long-Term Plan. Additionally, it provides a tool at low interest rates for rates postponement and if desired provides an opportunity for property improvement loans for ratepayers targeted at insulation, solar and energy efficiency.</p>

ATTACHMENTS

- Appendix 1: Ratepayer Assistance Scheme - The Opportunity for Local Government [↓](#) 

RAS

LOCAL GOVERNMENT
Ratepayer Assistance Scheme



RATEPAYER ASSISTANCE SCHEME

THE OPPORTUNITY FOR LOCAL GOVERNMENT



Executive summary and contents

RAS is a local government initiative that will significantly enhance LAs' funding and financing toolbox - providing flexibility to LAs as to how they charge and ratepayers in how they pay

- The Ratepayer Assistance Scheme (RAS) supports local government funding and financing by:
 - Converting multi-year Local Authority (LA) charges to ratepayers into efficient upfront payments to LAs
 - Effectively lending to ratepayers at very low cost
- The RAS would be owned by LAs, off-balance sheet and can be used to finance Development Contributions / Levies, Property Improvement Loans and Rates Postponement
- The Minister for Local Government has confirmed that he is supportive of the RAS and has recommended that local government undertakes further, final development work
- To undertake final development requires additional funding commitment from the sector of \$2.5 million (without this the RAS will not proceed) and there is the opportunity for councils to be part of the group of funding councils
- This document sets out details of the RAS opportunity and support sought from councils as follows
 1. **The RAS Opportunity**
 - The services RAS provides:
 2. **Deferred Development Contributions / Development Levies**
 3. **Property Improvement Loans**
 4. **Rates Postponement**
 5. **What the RAS is and how it works**
 6. **Business case analysis**
 7. **The development process to date and the next steps through to a final stop / go decision**
 8. **What is required from the local government sector and the opportunity for councils**
 9. **What to do next if you are interested**



1. The RAS Opportunity

The RAS has been developed by LGNZ, LGFA, a group of metro councils and Cameron Partners to support councils and ratepayers to address a range of economic and social issues

- The economic and social disruption from the cost-of-living crisis, an ageing population plus the investment requirements to meet infrastructure, health & safety and environmental resilience is affecting all New Zealanders
- The local government sector is responding with policies to address these issues, but it needs additional tools to ensure these policies can be financed, administered efficiently and are effective
- Local Government New Zealand (LGNZ), along with a group of Metro councils, the New Zealand Local Government Funding Agency (LGFA), Rewiring Aotearoa (RA) and Cameron Partners have been working on an innovative financing scheme, the RAS
- The purpose of the RAS is to facilitate and enhance the effectiveness of a range of existing and prospective government and local government policies by:
 - Addressing ratepayer affordability concerns
 - Incentivising ratepayers to take advantage of, and comply with policies through providing ratepayers with flexibility to decide when to pay local government charges and/or very competitive finance terms
- The RAS is very flexible with multiple applications possible – to date the focus has been on three applications:
 1. **Deferred Development Contributions (DCs) / Development Levies (DLs)** which enables developers to convert upfront DC / DL payments into annual payments over ~30 years while ensuring local authorities still receive full payment upfront
 2. **Property Improvement Loans (PILs)** to encourage investment in properties that has both private and public benefits, for example installation of solar panels and home insulation / heating
 3. **Rates Postponement (RP)** providing relief to ratepayers by using equity in their homes to defer payment of general rates (and could in-principle include all LA charges) until their house is sold



1. The RAS Opportunity

Central government has confirmed it is supportive and recommended further development – this requires local government to confirm its support and funding

- In many respects, the RAS is similar to the LGFA – it:
 - Utilises the strength of local government rates charge to provide security
 - Achieves scale by aggregating requirements across the sector in order to access very efficient and flexible financing from the capital markets
 - Is then able to pass on these financing efficiencies to ratepayers
- An important distinction between the RAS and LGFA is that the RAS will lend directly to individual ratepayers whereas the LGFA lends to local authorities
- The RAS would be a new entity owned by LAs, providing a national shared service available to all LAs – it would:
 - Undertake all administrative functions in regard to the services it provides (in many cases removing this from councils)
 - Importantly, be off-balance sheet for LAs so that there is no impact on council financing capacity
- The Minister for Local Government has confirmed that he is supportive of the RAS, has instructed his officials to commence policy work on the RAS in August 2025 and has recommended that local government undertakes further detailed development work to enable a final stop / go decision in late 2025
- To move forward, the local government sector needs to confirm its support for the RAS and sufficient funding commitment to fund final development
- The opportunity is for councils to be part of the funding group that supports final development of the RAS and ultimately establishment of the RAS – without further funding support the RAS will not proceed



2. Deferred DCs / DLs

Deferred DCs / DLs will spread the cost over say, 30 years, supporting development. It will be easier for LAs to charge the full allowable cost and receive payment upfront







- LAs charge ratepayers / developers DCs for new developments to contribute to the costs of supporting infrastructure
 - DC costs are significant (one-off charges are on average ~\$20k to \$30k per property but can be \$60k+)
 - 2026 annual plans forecast over \$700 million revenue to be raised from DCs nationally
- The proposed Development Levy System (DLS) is expected to expand the scope of DLs to enable LAs to fully recover development growth costs and raise more revenue to fund growth infrastructure
- BUT the DLS combined with supply chain issues and inflation pressures means developers will need to pay more – the affordability of these increased charges and risk to the very developments that the charges are intended to support are critical considerations
- The RAS will be able to effectively convert upfront DCs / DLs into series of annual payments over say 30 years
- Under a Deferred DC / DL scheme, LAs would continue to do what they do now and invoice DCs / DLs at appropriate milestones (e.g. issue of 224c certificate or Code of Compliance) but developers would have the option to either:
 - Pay DCs / DLs in full; or
 - Choose to defer DCs / DLs through the RAS
- In the case of deferred DCs / DLs, the RAS would pay the upfront DC / DL to the LA and the current and future owners of the properties, would repay these upfront DCs / DLs (+ interest) as annual RAS levies:
 - Importantly, future owners would expect to pay less for properties with deferred DCs / DLs to reflect the RAS levies that will be charged in future on an annual basis
 - In any event, the purchaser of a property will have the option to require the outstanding RAS levies to be repaid by the seller of the property prior to them taking ownership (although new purchasers may decide that they prefer to pay less upfront for the property and take advantage of the attractive financing rates applied by the RAS)



2. Deferred DCs / DLs

The new DLS will facilitate increased LA charges to property developers to more fully fund the costs of growth-related infrastructure



<ul style="list-style-type: none">• DCs are a substantial revenue source for LAs (~\$700 million nationally) and this is expected to increase considerably under the DLS• The increased costs will drive demand for alternative payment arrangements such as deferred DCs / DLs, underpinning the ability for RAS to achieve a breakeven financial position in a reasonable timeframe• Auckland Council estimates 50% of its DC revenue is from small developments (under four houses), including a significant number of ‘mum and dad’ developers undertaking developments such as subdividing their existing property	<div><div>Average DC</div><div></div><div>\$20k – 30k</div></div>	<div><div>Some DCs are much larger</div><div></div><div>\$60k+</div></div>	<div><div>Under the DLS charges are expected to be larger individually and in aggregate</div></div>	
<ul style="list-style-type: none">• Some developers highlight DCs as a factor that impedes development and encourages land banking and in response, some LAs end up discounting DCs• A range of private and public sector options are available for property developers and LAs - these options typically do not support:<ul style="list-style-type: none">▪ Development; and/or▪ LAs recovering the full allowable DC charge	<div><div>Don't develop</div><div></div><div>DCs / DLs can inhibit development</div></div>	<div><div>Development Finance</div><div></div><div>Development loans are expensive</div></div>	<div><div>Fully charge DCs / DLs</div><div></div><div>Affordability, risk to development</div></div>	<div><div>LA Deferred DCs / DLs</div><div></div><div>Admin and impact on LA debt capacity</div></div>



Stan and Jess, with their children Rebecca and Josh, have a home with a large backyard in Auckland

Stan and Jess are considering building an additional house on their section to initially provide accommodation for Jess' parents and then, in time their children. At some point they are likely to sell the property to help fund their own retirement. The DC that would be triggered by their development is a barrier to them developing the property

Stan and Jess would opt in to use the RAS's Deferred DC / DL product:

- The Deferred DC / DL removes any potential disincentive of the material upfront DC / DL cost to undertake the development
- The RAS would convert the DC into an annual levy payment secured against the property
- The LA would receive the full DC / DL payment upfront
- Stan and Jess would pay their 'share' of the DC / DL while they own the property (and other owners in due course)

LAs wish to encourage development but must provide the necessary infrastructure to support this

Some LAs continually face strong developer opposition to paying DCs

We understand that some developers point to LA DCs as an impediment to development

A Deferred DC / DL offering would be a very attractive option for developers:

- Providing flexible payment terms
- Spreading the costs of the infrastructure over a 30-year term
- Providing LAs with a constructive response to developers' DC / DL cost concerns
- Providing the full DC / DL payment to the LA upfront

3. Property Improvement Loans

LAs can currently adopt policies to provide financing to ratepayers that can be repaid via voluntary targeted rates – these arrangements can be financed and administered by RAS

- Current legislation enables LAs to adopt policies to provide financing to ratepayers that can be repaid over a fixed period via a voluntary targeted rate secured against a rateable property
- These policies typically relate to supporting and incentivising ratepayers to invest in their properties to achieve desirable private and public benefits. For example, various councils provide retrofit home insulation loans to ratepayers with loans repaid on a table mortgage basis
- Current PILs usage across most LAs (and therefore private and public benefits) is relatively low:
 - Similar to RP, LAs have been reluctant to offer and promote PILs as they must be financed out of LAs' existing financing capacity
 - In some cases, the interest cost charged to ratepayers has not been sufficiently attractive relative to ratepayers' financing alternatives
 - LAs have encountered operational and regulatory challenges
- RAS could provide PILs for individual and community projects (e.g. home insulation, heat pumps, double glazing windows, earthquake strengthening, solar panels, water tanks, septic tanks, EV chargers, stock exclusion fencing, sea walls) that:
 - Facilitate the growth of safer, healthier, more resilient and environmentally sustainable homes and communities
 - Are voluntary / 'opt-in' for ratepayers
 - Provide ratepayers with competitive financing options (~1% – 1.5% below standard mortgage rates)
 - May reduce or delay LAs' required investment in infrastructure (e.g. private water tanks could reduce the need for additional LA water storage capacity)
 - Are 'off-balance sheet' for LAs, removing the financing impediment for LAs



3. Property Improvement Loans



PILs support uptake of individual and community property improvements with significant public benefits, furthering LA and government's policy goals

- Private property improvements can have significant private and public benefits (e.g. safer, healthier and more environmentally friendly communities)
- Current legislation enables LAs to offer PILs (repaid via voluntary targeted rates) to further policy objectives, but use by LAs is not widespread – largely due to operational, cost and compliance issues
- Achievement of certain policy objectives / public benefits are limited by the one-off costs that property owners need to pay for the improvements

- A range of private and public sector options are available for property owners and LAs / government
- LAs / government can directly subsidise private property improvements, but these have limited efficiency
- Recent examples of LA provided PILs highlight the administrative and financing challenges

Don't improve



Reduced social benefits and policy objectives achieved

Bank loan



Expense and availability?

Govt subsidies



Public sector vs private sector costs

LA schemes



Admin burden and uses LA financing capacity



Josh, Sophie and baby live in City "X" in an old villa purchased five years ago. They are required under council regulations to either reinforce or remove the two existing chimneys in their home

Josh and Sophie currently heat their home with open fires but have decided it will be best long-term to remove the fireplaces. However, each fireplace costs \$8k to remove and they will need to invest in a heat pump costing \$2k

Council "X" decides to offer RAS PILs for chimney removal and insulation / heating

Josh and Sophie opt to use the chimney removal and heating PILs:

- Accessing cheaper finance than the current alternatives
- Improving the safety and healthiness of their home
- Council "X" moves closer to achieving its seismic resilience targets



June is looking to buy a new car and is interested in an EV to reduce her emissions and save fuel costs. She is also nervous about power outages

June can just afford the slightly higher purchase price of an EV. However, she is currently unable to also afford the cost of a home Vehicle to Grid (V2G) charger

June opts to use the RAS PILs product as this:

- Improves the affordability of purchasing an EV
- Is cheaper finance than available alternatives
- Reduces her emissions while increasing her energy resilience
- Unlocks savings in fuel costs and maintenance
- Enables her to charge her EV when prices are low, use the car as a battery when prices are high and even sell a few kwh a day to reduce her power bill

Just 30% of households with vehicles plugged in and exporting is the equivalent power output capacity of every power plant in NZ combined. More than enough to deal with higher daily peaks as our economy electrifies and avoid some costly system upgrades

3. Property Improvement Loans



PILs are very flexible and can deliver significant cost of living and quality of life benefits for ratepayers – it is up to central government and local government to decide what PILs could be applied to

- In indicating support for further development of the RAS, the Minister has asked that particular consideration for how PILs could be used to support the uptake of renewable, lower-cost energy
- While originally envisioned for residential properties, there is no reason government and councils could not extend PILs to other rateable properties – e.g. financing install of medium-sized solar and water-way fencing on farms
- In principle, RAS PILs could also be used to avoid LA capital expenditure



Ngaio and Rick have just had a big shock as their electricity daily charge and unit prices increased by 20% from 1 April. They have looked into solar and want to install a 9kw solar system to reduce their power bills and not fear the seemingly inevitable increases coming next April. But the \$18k upfront cost is a big ask for the household with three young kids. They elect to take out a PIL through the RAS as it is cheaper and easier to access than other options available to them. Once installed, they are able to save ~75% of their power bills. After they've fully paid off the solar system through the RAS over the 30 year warranty period of the solar panels, they have saved over \$40k.

Their decision to install solar has also:

- Encouraged them to swap out their gas heating for electric
- Improved the energy resilience of their community
- Helped NZ keep more water in the hydro lakes in dry years, due to the 11% "sunlight premium" of solar in dry years
- Increased NZ's electricity generation (if 80% of homes had a 9kw system, it would be about 40% more electricity generation)
- Supported the wider electrification of the NZ economy



The ten property owners at beach "X" are concerned about erosion and the impact of climate change which potentially puts their properties at risk in an extreme weather event.

They have collectively engaged engineering advisors and a construction company to scope a seawall to protect their properties and they have received a firm quote of \$180k.

All of the property owners are willing to contribute to the seawall but some are retired and do not have access to financing and do not wish to use their small savings which they use for living expenses.

Seven of the ten property owners at "X" beach opt to use a RAS PIL to finance their contribution to the seawall at cheaper finance than current alternatives (the other three owners pay direct).

Of the seven who use the PIL:

- Three repay the PIL over ten years via annual RAS levies
- Four choose to postpone payment of the voluntary targeted rate using RP

The seawall is built and the following year, Cyclone Ada causes widespread damage but Beach "X" is unscathed because of the protection provided by the seawall.



Council "Y" is aware it has a large number of ratepayers that have septic tanks that are deteriorating and starting to cause environmental issues (leaching into streams and the harbour).

The geography makes it difficult to provide reticulated wastewater services to most of the properties and in any event Council "Y" has insufficient financial capacity to undertake the necessary investment for a new wastewater network.

Instead, Council "Y" is imposing new septic tank regulations and commencing an inspections process. It anticipates virtually all septic tanks (installed over 50 years ago) will require replacement at an average cost of \$20k.

Council "Y" intends to offer a RAS PIL to ratepayers who are required to replace their tanks with a payment term of 20 years:

- Many affected property owners comply with the new council regulation and choose to take advantage of Council "Y"'s septic tank PIL
- Property owners who take up the PIL are able to repay the loan over a 20-year period at \$1,000 p.a. + interest (PIL interest rate is lower than alternative options)
- The council achieves its environmental policy objectives
- The council avoids a significant investment in a reticulated wastewater network that it can ill afford

4. Rates Postponement

RP allows qualifying ratepayers to defer rates and pay on sale of their property – in principle all LA charges could be deferred in the same way







- RP provides flexibility to ratepayers (like a reverse equity mortgage) to decide to pay LA charges at some time in the future, partially mitigating:
 - Affordability issues – the impost on property owners will only increase as New Zealand seeks to address underinvestment in infrastructure
 - Demographic changes – e.g. an aging population and a growing cohort of fixed income / elderly home owners
 - General cost of living challenges
- Many LAs already provide RP schemes although these have limited uptake, due to:
 - Demand side factors - e.g. limited awareness; challenging application processes
 - Supply side factors - e.g. restrictive and varying eligibility criteria; LAs' reluctance to promote RP due to the impact on their short-term cashflows and financing capacity
- RAS RP is an opportunity for a standardised, highly efficient national RP scheme that provides RP benefits to a larger proportion of NZ ratepayers at very competitive financing rates (~1% – 1.5% below standard mortgage rates; ~4% to 5% below reverse mortgage rates)
- Eligible ratepayers will have the opportunity to defer general rates payments and the RAS could also offer ratepayers the option to postpone other RAS or LA related levies such as Deferred DCs / DLs and PILs
- British Columbia, Canada (population ~5 million) has a property tax regime similar to New Zealand's rating system:
 - It has had a property tax deferral scheme in place for many years providing a strong precedent and insights
 - In 2024 the British Columbia Property Tax Deferral Scheme had 83,000+ users, ~\$2.7 billion in loans (it has quadrupled in size from ~\$670 million in 2016) and includes ~3.9% of British Columbia households



11

4. Rates Postponement

A nationwide RP scheme would be a highly efficient solution that assists older home owners avoid financial hardship by offering them the ability to postpone their rates

<ul style="list-style-type: none">• Living costs in NZ during retirement can be significant• Superannuation payments are unlikely to cover all living costs for many low-income ratepayers• Without savings or other sources of income, retirees can experience financial hardship• LA rates are a significant expense and are expected to increase above inflation for the foreseeable future	<div><div>'No frills retirement for a couple' \$54k p.a. in the regions \$47k p.a. in main centres</div><div>'Choices retirement for a couple' \$63k p.a. in the regions \$91k p.a. in main centres</div></div> <div>NZ Super payments \$42k p.a. (post tax) for a couple where both qualify And \$27k p.a. (post tax) for an individual living alone</div> <div>NZ average 2024 residential rates \$3,200 p.a. and rising steeply</div>
<ul style="list-style-type: none">• A range of private and public sector options are available• These are limited in their effectiveness and efficiency and not always available• They do not always align with ratepayers' objectives – most ratepayers do not want to be forced to sell their home	<div><div>Reverse mortgage  Reverse mortgages are very expensive</div><div>Sell home  Downsize, move to a retirement village or more affordable region</div><div>Rates rebate  Eligible ratepayers can receive up to ~\$790 p.a.</div><div>Existing LA RP  Not widely marketed, inefficient and expensive</div></div>



John and Jane (both 65) have retired, live in City "X" and expect to live to 90. They are fixed income / elderly homeowners and despite having \$1.4 million of assets (home \$1.2 million and KiwiSaver \$200k), they are struggling to make ends meet. They intend to utilise their savings to meet living costs and the occasional extravagance

They pay ~\$4,000 p.a. of LA rates (~8% of their post tax pension income) and are concerned about the forecast rates increases of up to 10% p.a. for the next three years

RP:

- Increases their annual cashflow by ~\$4,000 and insulates them from future rates increases – they eat out once a week at the local byo
- Enables them to stay in their home for the next 10 years

Ten years later, their home's value has increased to \$1.5 million. They sell it, repay the ~\$60k RP debt and realise \$1.44 million from the sale



Diane (70) has retired, lives alone in City "Y" and expects to live to 90. She owns a small unit worth \$600k and otherwise has no investments or savings. Her only income is NZ Super so she is forced to live very frugally and she struggles to afford to travel to Auckland to visit her grandchildren

She pays ~\$3,200 p.a. of LA rates (12% of her post tax pension income) and is very concerned about the forecast rates increase of ~10% p.a. for the next three years and whether that will impact her ability to see her family.

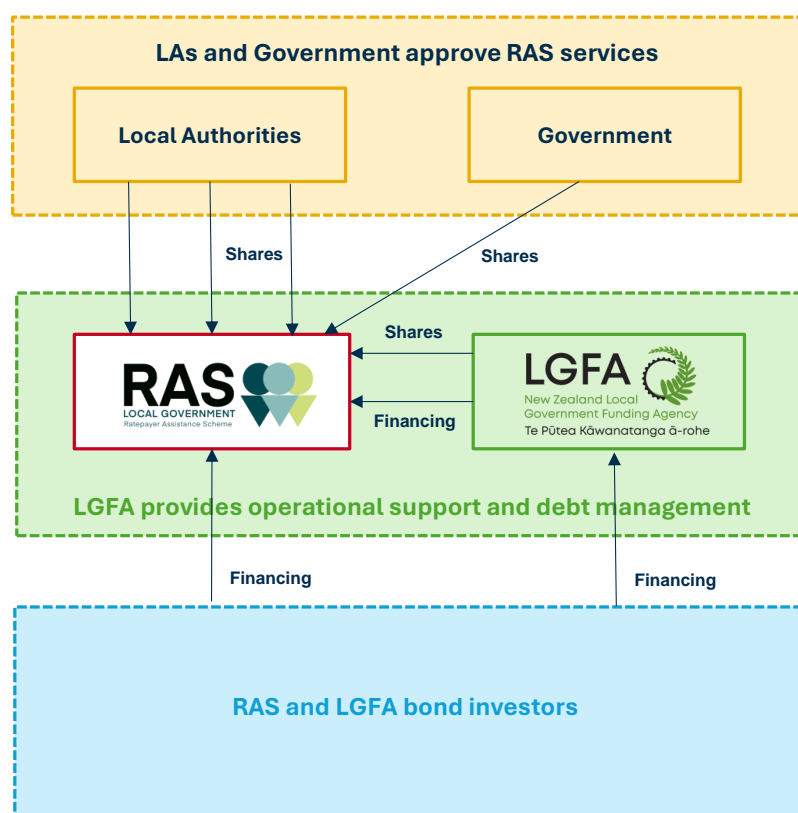
RP:

- Increases her annual cashflow by ~\$3,200, insulates her from future rates increases and enables her to visit her family three times a year
- Enables her stay in her unit for the remainder of her life

When she passes away at 90, her unit sells for \$900k and her \$150k RP debt is repaid

5. What it is and how it works

Structurally the RAS has many similarities to the LGFA – it will be owned by LAs, LGFA and government, providing services to LAs and their ratepayers

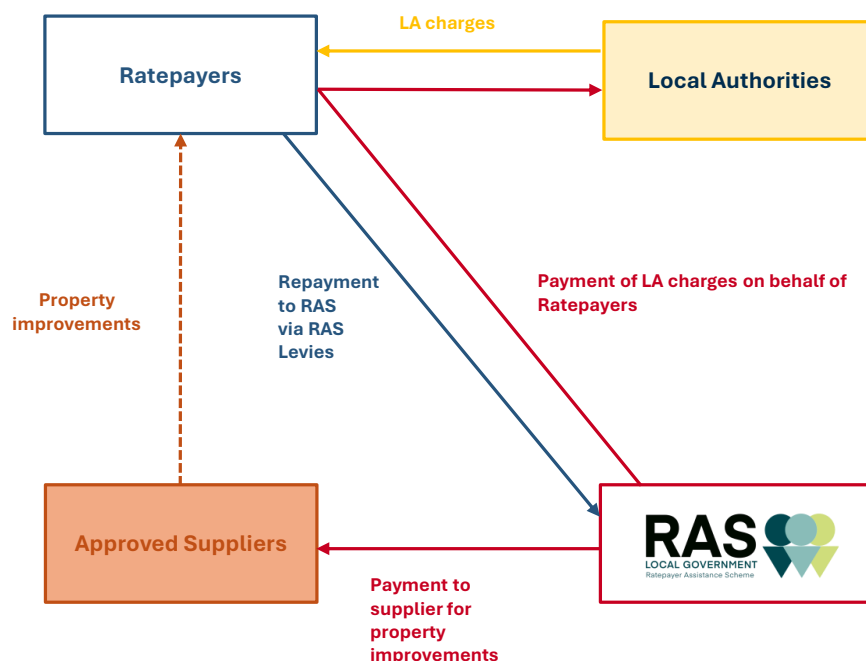


- The RAS would be a new entity (a CCO), owned by LAs, LGFA and central government
- The RAS would have no discretion to whom and for what it could lend money – all the services it provides would need to be approved by LAs and central government
- To ensure the RAS is off-balance sheet, the maximum individual stake is less than 20%
- All LAs will be able to use the services of the RAS (regardless of whether they are a shareholder or not), subject to meeting RAS's membership requirements – e.g. IT interface, invoicing, collections, security requirements
- LGFA has a critical role in regard to RAS – providing financial and operational support to the RAS (on a commercial contractual basis), using LGFAs existing capabilities, avoiding duplication and maximising efficiency
- The LGFA board has provided in principle approval (subject to LGFA shareholder approval) for the following
 1. **Ownership** up to the maximum allowable (~20% of RAS shares)
 2. **Debt facility** to enable RAS to “warehouse” its loans to ratepayers before issuing its own RAS bonds to the capital markets
 3. **Preference shares investment** (potentially \$100 million + over time) to ensure RAS maintains an appropriate equity ratio as its loan book grows
 4. **Shared services arrangements** across many corporate functions such as financial, HR and IT services
 5. **Management of the RAS bond programme** – using LGFAs existing skills, and networks (it is expected that there will be significant crossover between RAS and LGFA bond investors)

13

5. What it is and how it works

The RAS effectively does what LAs can and already do, but does it more efficiently and effectively, taking on the administrative burden and risk of providing the services while being off-balance sheet so that there is no impact on LAs' financing capacity

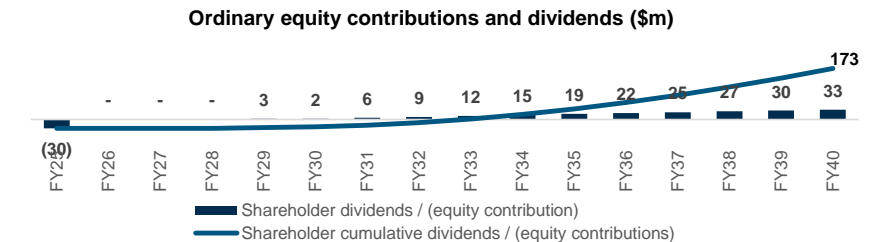
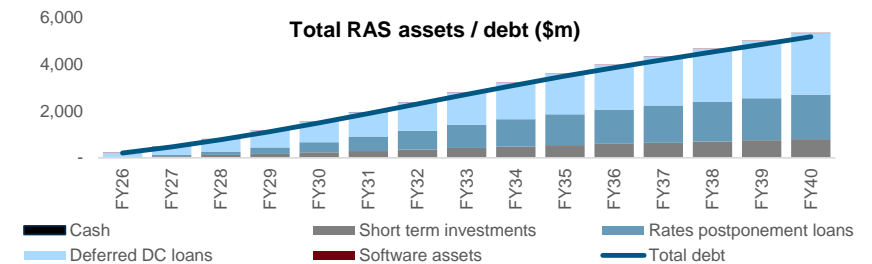


- The RAS structure is based on the LGFA structure
- Importantly, given the RAS is providing services on behalf of LAs, the RAS would have the power to impose a levy charge equivalent to a rate to ensure it gets repaid
- The RAS structure and its ability to impose a 'rate-like' levy would enable it to achieve a very high credit rating
- With this very high credit rating, the RAS would raise very low-cost, long-term financing from the capital markets and pass this on to ratepayers (ratepayer financing will be between ~1-1.5% lower than standard mortgage rates)
- LAs will opt-in as to whether they wish to allow their ratepayers to use the RAS's services
- Ratepayers will also opt-in to use the RAS's services
- The interface between LAs, RAS and ratepayers will be as seamless as possible – for example in the case of RP or deferred DCs / DLs:
 - Ratepayers would "apply" through their LA via a web-based portal on the LA's website
 - The application would go directly to RAS for processing
 - Once approved, payment of the rate charge or DC / DL is made to the LA by the RAS
 - At the appropriate time the RAS will levy the ratepayer to obtain repayment
 - The RAS levy will be separately itemised on the LA's rates invoice, collected by the LA and then distributed to RAS
- In the case of PILs the process would be the same except that RAS would make payment to the approved supplier of the property improvement

6. RAS financial business case

In addition to the provision of valuable services for LAs and ratepayers, business case analysis indicates that very strong commercial returns may be available to shareholders

- A comprehensive business case analysis has been undertaken on a “desktop” basis by Cameron Partners with input from LGFA and IT service providers (to assist with scoping and quantification of the core IT system which is critical to the effective and efficient operation of the RAS)
- Multiple scenarios have been developed and the base case scenario is considered conservative – it assumes:
 - Deferred DC / DLs uptake of 25% of new DCs from FY26
 - No PILs have been assumed in the current base case (this assumption will be revisited during final development)
 - RP uptake of 3.0% is achieved by FY34 with significant uptake occurring in years two to five. By FY31, ~52k households use RP
- The next stage of development will firm up these assumptions, including engagement with market providers including IT system service providers
- The economics of RAS rely on it achieving scale so that it can cover its operating costs:
 - The financial modelling assumption is that the RAS net margin is 1% (ie for every \$100 million of loans it will generate \$1 million to cover its operating costs)
 - Once RAS has achieved breakeven, surplus cashflow is available to distribute to shareholders
- The base case scenario indicates:
 - Equity of ~\$30 million is required to cover establishment costs and operating deficits until RAS achieves breakeven
 - Breakeven is achieved in year 4 (based on assumed annual operating costs ~\$7m)
 - Full “payback” of initial investment in year 8
 - An annual dividend yield of over 100% by year 15

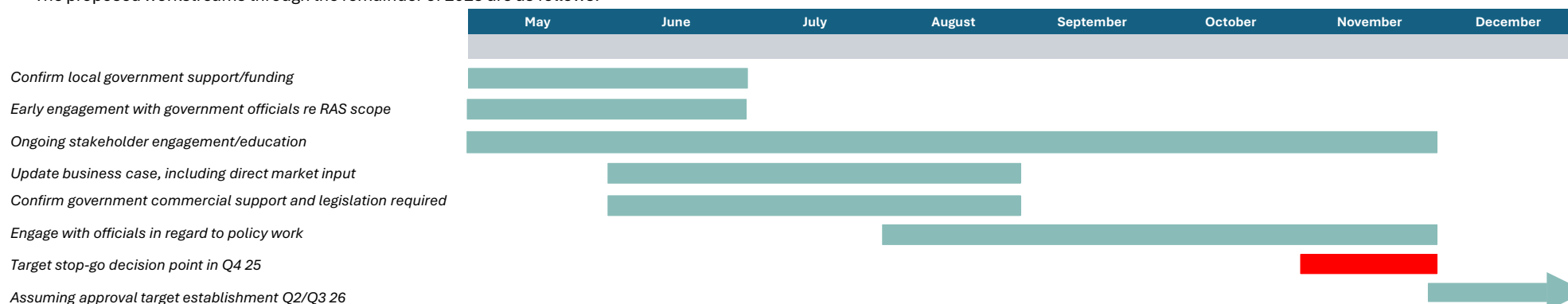


7. Development to date and next steps

Development of the RAS has occurred over a number of years, overseen and funded by a Steering Group – final detailed development is now required to facilitate a “stop-go” decision to proceed with RAS establishment



- The RAS Steering Group has comprised LGNZ, Auckland Council, Hamilton City Council, Tauranga City Council, Wellington City Council, Christchurch City Council, LGFA and RA
- The Steering Group has been supported by a suite of advisors who have each undertaken significant work to date, including:
 - Cameron Partners which has led development / business case analysis indicating that a break-even position could be reached in a short timeframe and commercial returns could be strong
 - Russell McVeagh which envisages the RAS being implemented through its own legislation (using similar principles and mechanics to the LGFA and IFFA)
 - PWC (accounting and tax) and S&P who have reviewed the RAS structure and raised no red flags regarding ‘off-balance sheet’ / ‘off-credit’ treatment for LAs
- Given the significant development already undertaken, with the requisite local government support it is anticipated that the RAS could be established within a 12-18 month timeframe
- In outlining his support, the Minister for Local Government has recommended that, to enable his officials to move quickly in August 2025, the Steering Group undertakes significant further development
- The proposed workstreams through the remainder of 2025 are as follows:



8. Support and funding commitment required

In order to undertake final development in conjunction with government officials, support and additional funding commitment from local government is required

- As outlined, RAS would be a national service available to all LAs and ratepayers, providing services that will enhance LA funding and financing options and delivery of a range of desirable policy outcomes for ratepayers. In addition, analysis indicates RAS could provide very strong commercial returns to its shareholders
- \$2.5 million (incl. 20% contingency) in “at risk” development funding is estimated through until a “stop/go” decision in Q4 25
- Assuming a “go” decision – it is estimated ~\$30 million in total equity will be required (including the \$2.5m in development funding), covering commercial, legal, accounting, tax, IT and recruitment advice during the development and establishment phase (~\$10m) + the IT system and allowance to cover operating deficits while RAS reaches scale and financial breakeven (~\$20m). This equity requirement will be confirmed during final development
- All development funding will qualify as equity and is included in the estimated total equity requirement
- The opportunity for councils is to be part of the group of funding councils:
 - Sufficient funding is required to move forward, without it the RAS will not proceed, but no funding will be spent until commitments from councils are received for the total estimated funding costs
 - A number of councils are intending to put the RAS proposal to their elected members in May / June 2025 seeking a decision regarding support and funding commitment – Auckland Council has already confirmed its support to provide \$600k of the required development funding
 - It is intended that funding councils will make meaningful funding contributions and provide an in-principle indication of their willingness to use RAS and subscribe for equity at its establishment
- To encourage early participation and to minimise free-riding, governance arrangements have been proposed outlining decision rights for the funding councils – the “RAS Governance Group” (see Appendix). The RAS Governance Group may receive advantageous subscription terms based on the timing of funding provided – e.g.:
 - All funds provided by members of the RAS Governance Group during the development and establishment stages will be recognised in their RAS shareholding when the entity is established (including any funding already provided to enable the RAS development to date)
 - An incentive arrangement may be applied for the funding provided at earlier stages of the process – e.g. 2 shares for every \$1 early funding provided



17

9. What to do next if you are interested

Timing is critical, local government funding needs to be confirmed by the end of June in order to undertake the development work to be ready to engage with officials in August – without funding, the RAS will not proceed

- If you are interested in understanding more about the RAS and deciding whether your council wishes to support RAS and potentially provide funding, please contact:

Hugo Ellis
Partner
Cameron Partners
hugo.ellis@cam.co.nz
021 608 346

Scott Necklen
Deputy CE
LGNZ
Scott.Necklen@lgnz.co.nz
029 924 1210

Mark Butcher
Chief Executive
LGFA
mark.butcher@lgfa.co.nz
021 223 6573

- The RAS team is available to work with you as required, including presenting to elected members and executives
- In addition, significant development work has already been completed, and extensive analysis and materials are available including the original comprehensive business case completed in late 2022 (which will be updated during the next stage) and a generic council paper outlining the RAS opportunity

This presentation has been prepared by LGNZ, LGFA, RA and Cameron Partners ("the Presentation Preparers"). The information contained in this presentation is professional opinion only and is given in good faith. It is supplied to the Recipient on the condition that it keeps all information private and confidential. Information in this document has been derived from the Presentation Preparers and third parties and though the Presentation Preparers believes it to be reliable as at the date of this document, the Presentation Preparers make no representation or warranty as to the accuracy, reliability or completeness of information in this document or for updating any information or correcting any error or omission which may become apparent after the document has been issued. To the extent permitted by law, the Presentation Preparers and its officers, employees, related bodies corporate and agents ("Agents") disclaim all liability, direct, indirect or consequential (and whether or not arising out of the negligence, default or lack of care of the Presentation Preparers and/or any of its Agents) for any loss or damage suffered by a Recipient, a purchaser or other persons arising out of, or in connection with, any use or reliance on this presentation or information. The Recipient agrees that it shall not seek to sue or hold the Presentation Preparers or its Agents liable in any such respect for the provision of this presentation or any other information



Appendix – Proposed governance during development



1. Members of the RAS Governance Group will comprise:
 - Local Government New Zealand (LGNZ)
 - Local Government Funding Agency (LGFA)
 - Rewiring Aotearoa (RA)
 - Local Authorities (LAs) who are funding the development of the RAS
2. It is possible that the Governance Group may expand overtime - eg:
 - Additional LAs may wish to join as funding LAs (the LGFA establishment process commenced with five funding LAs and at establishment this had increased to 18 LAs + central government)
 - Central government provides funding
 - Potentially other stakeholders may provide funding
3. It is expected that LGFA and LA members of the RAS Governance Group will form some or all of the shareholders of the RAS at its establishment (central government and other LAs that are not members of the RAS Governance Group may also be invited to be shareholders)
4. To encourage early participation in the RAS Governance Group and to minimise free-riding, members of the RAS Governance Group may receive advantageous subscription terms based on the timing of funding provided. For example:
 - All funds provided by members of the RAS Governance Group during the development and establishment stages will be recognised in their RAS shareholding when the entity is established (including any funding already provided to enable the RAS development to date)
 - An incentive arrangement may be applied for the funding provided at earlier stages of the process
5. A subset of the RAS Governance Group will be known as the Steering Group
6. The rationale for the Steering Group is to ensure a small group of Governance Group members are able to make day-to-day decisions required to ensure the process can advance in an efficient manner
7. The Governance Group will:
 - Work together to make strategic decisions relating to the development, establishment and ongoing operations of the RAS and the policies and policy criteria that the RAS will support (for example the economic and decision rights attached to RAS shareholdings and the qualifying criteria for various RAS products such as rates postponement)
 - Collectively make stop-go decisions (although individual members may also decide not to proceed)
 - Delegate authority to the Steering Group to make day-to-day decisions including committing to costs to be borne by the RAS Governance Group within a pre-agreed budget
 - Make decisions by way of a simple majority
8. The Steering Group will comprise a smaller group of personnel appointed by the Governance Group and will:
 - Have responsibility for day-to-day oversight of the development and establishment process
 - Meet on a regular basis (e.g. weekly) and as required with Cameron Partners (the Lead Advisor) and other advisors to make day-to-day decisions
 - Update the Governance Group and other stakeholders, such as central government (e.g. the minister and / or officials) on a regular basis (e.g. every 4 to 6 weeks) and more often as appropriate
 - Seek decisions on strategic matters from the Governance Group
 - In the first instance, represent the RAS Governance Group in its engagement with other parties
 - Comprise representatives from no more than two LAs, LGNZ, LGFA and RA
9. At this stage, in order to progress the establishment of the RAS Governance Group a Steering Group has been formed comprising LGNZ, LGFA and RA

RAS

LOCAL GOVERNMENT
Ratepayer Assistance Scheme



MEMORANDUM

TO: Council

MEETING DATE: 6 August 2025

TITLE: Continuation of appointment of Plan Change I Commissioners

PRESENTED BY: Desiree Viggars, Manager Legal, Risk and Assurance/Legal Counsel

APPROVED BY: Cameron McKay, General Manager Corporate Services

RECOMMENDATION(S) TO COUNCIL

1. That the assignment of Lorna Johnson, Kaydee Zabelin and Orphée Mickalad to hear Proposed District Plan Change I apply until the decision of the Panel is issued, regardless of whether or not the members listed are re-elected to the Palmerston North City Council at the 2025 local government elections.

1. ISSUE

- 1.1 Three elected members have been appointed under delegation to the hearings panel for Proposed District Plan Change I - Increasing Housing Supply and Choice ("**Plan Change**"). The final decision is not scheduled to be completed until after the 2025 local elections ("**the elections**").
- 1.2 To enable the appointed elected members to deliver their decision, their appointment needs to extend past the date of the current triennium until the Plan Change decision is finalised. This is not expressly allowed for under delegation and thus the decision is brought to Council for approval.

2. BACKGROUND

- 2.1 Councillors Lorna Johnson, Kaydee Zabelin and Orphée Mickalad (observer) were appointed under delegation on 6 June 2025 to sit on the hearings panel for the Plan Change ("**appointed members**"). Mr David McMahon, an independent hearings commissioner, was appointed as the Chair (together, "**the Panel**"). Mr McMahon's term expires in 2026.
- 2.2 The Plan Change hearing is now scheduled for the week of 1 September 2025. A decision by the Panel is expected to be delivered after the elections.
- 2.3 To facilitate the decision, the appointed members need to be able to continue to sit on the panel for the Plan Change even if they are not re-elected in the elections.

- 2.4 Palmerston North City Council uses a mix of elected members and external consultants make up our panels to hear these matters (See Delegations Manual 3.4.10).
- 2.5 External commissioners may be engaged to hear matters and/or make decisions (or recommendations) when the Council itself is an applicant or the application is one in which the Council has a significant and/or pecuniary interest, or to consider matters which are highly complex or technical, or if parties involved request hearings to be run by external commissioners. External appointments are made from a list of suitably qualified individuals agreed by the Council through an open application process (the RMA Commissioner Schedule). This list expires on 30 November 2026.
- 2.6 The Delegations Manual sets out that Elected Members who hold the Ministry for the Environment Making Good Decisions accreditation are deemed Hearings Commissioners (See 3.4.3 and 3.6.1) for this purpose.
- 2.7 Delegations Manual 3.4.12 sets out that where an appointment is to be made from outside this list, the authority to do so sits with Council.

3. NEXT STEPS

- 3.1 If the recommendation is adopted, the assigned members will continue to sit on the panel after the elections until the Plan Change decision is finalised.
- 3.2 Officers are currently working through the implications of the Government's recent announcement suspending district plan reviews. We expect that Proposed District Plan Change I will be an exception to the new framework and thus expect to progress with this hearing at this stage.

4. COMPLIANCE AND ADMINISTRATION

Does the Council have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these objectives?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to: Whāinga 1: He tāone auaha, he tāone tiputipu Goal 1: An innovative and growing city	
The recommendations contribute to this plan:	
14. Mahere mana urungi, kirirautanga hihiri	

<p>14. Governance and Active Citizenship Plan</p> <p>The objective is: Provide clear and accesible information and opportunities for community input into Council decisions</p>	
<p>Contribution to strategic direction and to social, economic, environmental and cultural well-being</p>	<p>The continuing appointment of elected members to hear Plan Change I will ensure consistency and efficient administration.</p>

ATTACHMENTS

Nil

REPORT

TO: Council

MEETING DATE: 6 August 2025

TITLE: Atawhai Park and Walkway - Land Exchange with Massey University

PRESENTED BY: Kathy Dever-Tod, Manager Parks and Reserves, and Perene Green, Property Officer

APPROVED BY: Glen O'Connor, Acting General Manager Infrastructure

RECOMMENDATION(S) TO COUNCIL

1. That Council proceed with the public consultation on the proposed land exchange with Massey University noting that:
 - a. The land being exchanged to Massey University from Council would be approximately 564m² of Lot 1 DP 48076
 - b. The land being exchanged to Council from Massey University would be approximately 541m² of Part Section 208 TN of Fitzherbert.
 - c. Council would receive easements:
 - i. over Lot 11 DP 18880 (91 Atawhai Road) legalising the existing walking path access to Atawhai Park
 - ii. over Part Section 208 TN of Fitzherbert retaining legal access of the existing walkway from Atawhai Park to Bledisloe Park
 - iii. a new easement over Part Section 208 TN of Fitzherbert allowing for a future walkway to be developed from Springdale Park to Bledisloe Park

SUMMARY OF OPTIONS ANALYSIS

Problem or Opportunity	<p>Massey University wish to subdivide a portion of land off Atawhai Road that was inadvertently landlocked when Atawhai Park was transferred to Council in 1981.</p> <p>Council has the opportunity to undertake a land exchange that would rectify discrepancies in land ownership and occupation, including securing easements for future public walkways and enhance the overall functionality and accessibility of Atawhai Park.</p> <p>Council is required to seek community feedback on the proposed exchange of recreation reserve land in accordance with the Local Government Act 2002 Section 138.</p>
OPTION 1:	Consult on the proposed land exchange with Massey University
Community Views	<ul style="list-style-type: none"> Community view will be sought during the consultation process.
Benefits	<ul style="list-style-type: none"> The land exchange will secure the existing walkways and allow mature trees to be retained in Atawhai Park Easements secured through the exchange reduce the need for Council to negotiate or purchase access rights later when planning walkway infrastructure. The land exchange allows Massey to subdivide their landlocked parcel.
Risks	<ul style="list-style-type: none"> There is a reputational risk that Council may be criticised for exchanging recreation reserve. Officers consider this a low risk as the net outcome of the exchange is greater walkway security and provision. The community may expect the Council to develop the new walkway easement promptly. Development would depend on a future budget provision. To mitigate this risk, communication around this would be required. There is a small risk that Massey may not proceed with their subdivision.
Financial	<ul style="list-style-type: none"> Each party will pay their respective legal costs for the transaction, however, the land itself is being exchanged for no purchase price. Council's costs for the transaction will be approximately \$10,000, which could be accommodated in existing Parks budget provisions.
OPTION 2:	Do not proceed with the public consultation on the proposed

	land exchange with Massey University
Community Views	<ul style="list-style-type: none"> No community views will be sought.
Benefits	<ul style="list-style-type: none"> No costs incurred in the exchange process.
Risks	<ul style="list-style-type: none"> There is a reputational risk that Council may be criticised for not supporting Massey to enable the subdivision of their land. This risk cannot be mitigated. Reduces Council's flexibility to deliver long-term strategic improvements to the walkway arrangements.
Financial	<ul style="list-style-type: none"> None.

RATIONALE FOR THE RECOMMENDATIONS

1. OVERVIEW OF THE PROBLEM OR OPPORTUNITY

- 1.1 Massey University (Massey) wish to subdivide a portion of land they own accessed at 91 Atawhai Road and rectify the legal access to the land so that it is no longer landlocked.
- 1.2 That land was inadvertently landlocked when Massey transferred Lot DP 41653, commonly known as Atawhai Park (Figure 1), to Council in 1981. Shortly after the transfer, and periodically since, Massey staff and Council officers have acknowledged that this was an error that would need to be corrected in future.
- 1.3 Council is currently using a portion of land that belongs to Massey as part of Atawhai Park. This area contains several mature trees. The proposed land exchange would help clarify and formalise the boundary.
- 1.4 The proposed exchange would secure easements for the existing walkway and a future public walkway and enhance the overall functionality and accessibility of Atawhai Park. It would also enable Massey to subdivide their landlocked site.
- 1.5 Figures 1 show the landholdings:
 - Area 1, in red, is the land being exchanged from Massey to Council. This is approximately 541m².
 - Area 2, in orange, is the land being exchanged from Council to Massey University. This is approximately 564m².



Figure 1: Existing landholdings and landlock by walkway

1.6 Figure 2 shows the proposed easements for walkways, in favour of Council to be received as part of the exchange.

- Easement 1 – easement across 91 Atawhai Road to formalise access to Atawhai Park.
- Easement 2 – easement over the existing walkway to Bledisloe Park to Atawhai Park, which will be dissolved after the construction of the future walkway being easement 3.
- Easement 3 - easement from Springdale Park through to Bledisloe Park for a future walkway track.



Figure 2: Proposed easements

- 1.7 This report seeks approval to proceed with public consultation on the proposed land exchange in accordance with the LGA Section 138.

2. BACKGROUND AND NEGOTIATIONS

- 2.1 In 1981 Massey University transferred Lot DP 41653, commonly known as Atawhai Park (Figure 1) to Council.
- 2.2 Following the completion of the transfer, Massey staff and Council officers identified that a landlocked parcel remained. It was acknowledged that this matter would be addressed in due course.
- 2.3 During discussions with Massey regarding the process to formalise access to their land, several additional issues were identified. These have now been addressed through the proposed land exchange and easements. The issues are:
- a. Council has no legal access across 91 Atawhai Road. While Massey has allowed Council to operate this section as if it were part of Atawhai Park, it is in fact Massey owned land. Easement 1 outlined in Figure 2 will provide Council with legal access through 91 Atawhai Road.
 - b. Council officers also identified that it would be useful to secure the longer-term future of the mature trees in Massey land on the corner

of the park by extending the park shown as 'Area 1' in red of Figure 1.

- c. There is a very steep section of the existing walking track as it descends into Bledisloe Park. This section is part of the Te Araroa Trail and has suffered significant erosion and slips, which has resulted in periodic closures and high maintenance costs. This section also has steep stairs and is difficult for some members of the public to navigate. If the cliff continues to erode, it will be necessary to close this short section of the walkway permanently. Establishing an alternate walkway link from Atawhai Park into Bledisloe Park will mitigate this risk. The proposed alternate route follows a better contour and would also have lower maintenance costs. The possible change is shown in Figure 3.
- d. The land (area 2 of figure 1) to be exchanged is part of the existing walkway from Bledisloe Park to Atawhai Park. An easement will be registered on the title to ensure that Council will have the ability to access the current walkway. Noting that the easement will be dissolved in future, as it will no longer be required if part of the Bledisloe Park track is closed off.



Figure 3: Possible future walkway replacement

Reserve status

- 2.4 Council was in the process of declaring and classifying many of its reserves over the last 12 months. Atawhai Park was put on hold pending the outcome of negotiations with Massey.

- 2.5 Atawhai Park meets the definition of a Park under the Local Government Act 2002 (LGA) Section 138, being land principally acquired for recreational and environmental purposes but not held under the Reserves Act.

Legal Descriptions

- 2.6 The legal descriptions for both parcels that are proposed to be exchanged are:
- The land being exchanged to Massey from Council is approximately 564m² and would be subdivided from Lot 1 DP 48076. The current zoning is recreation reserve.
 - The land proposed to be exchanged to Council from Massey is approximately 541m² and will be subdivided from the property with the legal description of Part Section 208 TN OF Fitzherbert. The current zoning is rural.

Exchange value

- 2.7 While not subject to the Reserves Act 1977 land exchange requirements, officers have applied the Reserves Act direction in considering the exchange. Section 15AA(5)(b) requires an administering body to not grant an application for an exchange unless

"it considers that the exchange would result in a net benefit for recreation opportunities for the community that uses, benefits from, or enjoys the reserve"

- 2.8 Officers are of the opinion that the exchange clearly provides a net benefit.

3. DESCRIPTION OF OPTIONS

- 3.1 Council has two options: proceed with consultation on the proposed exchange or not.
- 3.2 The land identified for the exchange has been negotiated between officers and Massey to best achieve the aspirations of both parties as described in Section 2.

Rangitāne o Manawatū views

- 3.3 The proposed land exchange was raised with Rangitāne during the Te Whiri Kōkō Hui on 11 July. Rangitāne were comfortable with the proposed exchange.

4. CONCLUSION

- 4.1 Proceeding with the proposed land exchange offers a valuable opportunity to enhance the long-term functionality, accessibility and public value of Atawhai Park and secure critical easements for existing and future walkways.

- 4.2 The exchange frees up Massey to subdivide a portion of land they own and rectify the legal access to the land so that it is no longer landlocked.
- 4.3 While the disposal of a portion of reserve land requires consideration and public consultation, the benefits of improved and legalised connectivity, amenity, and community access strongly support progressing to consultation.
- 4.4 Initiating the consultation process will enable Council to fully assess community views and ensure that any decision reflects the broader public interest.

5. NEXT ACTIONS

- 5.1 To seek public feedback of the proposed land exchange, seeking submissions and objections.
- 5.2 Provide the opportunity for any submitters that wish to be heard to speak to Council.
- 5.3 Consider the objections and submissions and provide advice to Council on the proposal.

6. OUTLINE OF COMMUNITY ENGAGEMENT PROCESS

- 6.1 Public consultation will commence on 18 August and will include the following:
- Notice in the Manawatu Standard
 - Sign on site
 - Letter drop to neighbouring residents
 - Consultation with Te Araroa Trust

7. COMPLIANCE AND ADMINISTRATION

Does the Council have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these objectives?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to: Whāinga 1: He tāone auaha, he tāone	

tiputipu	
Goal 1: An innovative and growing city	
The recommendations contribute to this plan:	
6. Mahere rēhia	
6. Recreation and Play Plan	
The objective is: Provide city, suburb and local parks and reserves, including sports fields, courts, tracks, changing rooms and facilities, and walkways.	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	<p>The land exchange and easements enable Council to improve the resilience of a length of the Te Araroa Trail and formalise existing access into Atawhai Park.</p> <p>The new walkway easement would secure public walking access into Massey University and walking through the arboretum will add a new experience to the walkway network.</p> <p>The new walkway between Bledisloe Park and Atawhai Park will provide greater access for the community due to the improved gradient.</p> <p>The land exchange unlocks the potential for underutilised Massey land to be used for another purpose contributing to the wellbeing of the city.</p>

ATTACHMENTS

Nil

REPORT

TO: Council

MEETING DATE: 6 August 2025

TITLE: Local Water Done Well - Treatment of Stormwater and General Updates

PRESENTED BY: Julie Keane - Transition Manager, Chris Dyhrberg - Executive Director WSCCO, Scott Mancer - Finance Manager

APPROVED BY: Glen O'Connor, Acting General Manager Infrastructure
Cameron McKay, General Manager Corporate Services
Waid Crockett, Chief Executive Officer

RECOMMENDATION(S) TO COUNCIL

1. That Council agree to Option 1 - Council transfers ownership and responsibility for stormwater assets and services to the Water Services Council Controlled Organisation:
 - a. on the basis that the ownership of Palmerston North City primary stormwater infrastructure will transfer to the Water Services Council Controlled Organisation set up by Palmerston North City, Horowhenua District and Rangitikei District Councils agreed by resolution 90-25; and
 - b. that the responsibility for delivering Palmerston North City stormwater services will transfer to the same Water Services Council Controlled Organisation.
2. That Council note that the responsibility remains with Council to ensure provision of water services is provided to the district.
3. That Council instruct the Chief Executive to prepare a Water Services Delivery Plan that incorporates the resolutions above.
4. That Council note that this matter or decision is recognised as of high significance in accordance with the Council's Significance and Engagement Policy.

SUMMARY OF OPTIONS ANALYSIS FOR

Problem or Opportunity	The current information regarding the treatment of stormwater under the Local Water Done Well reform has provided additional clarity around the treatment of these assets regarding transfer to a Water Services Council Controlled Organisation (WS-CCO).
OPTION 1: Recommended	Council transfers ownership and responsibility for stormwater assets and services to the WS-CCO.
Community Views	Community views were sought during the consultation for Local Water Done Well in February/March 2025. During this consultation, it was indicated that a decision would be made in the future regarding the treatment of stormwater assets. At the time, the consultation document was prepared on the basis that a decision around stormwater was yet to be made due to uncertainty in legislation.
Benefits	<ul style="list-style-type: none"> • Council would not be a 'Water Services Provider' and will not incur additional compliance, regulation and reporting costs. • Consolidating assets and delivery in a single, larger water organisation owned by multiple Councils may allow the WS-CCO to achieve greater efficiency and economies of scale with respect to its asset management planning and operations, providing better outcomes to the community. • Where a Council elects to transfer assets to a WS-CCO, that WS-CCO can access an increased level of borrowing when the WS-CCO owns the assets. Access to higher levels of funding may help spread the increased investment costs of water infrastructure over a longer period. • Council will not have to collect rates (or other revenue in lieu of rates) or loan fund for stormwater activities, and the consumer will only receive one invoice for services. • Council will not require the current level of engineering expertise to be retained internally. • Stormwater infrastructure would not be constrained by Councils current and future funding limitations. • Transferring both stormwater assets and services delivery to a WS-CCO may free up Council resources and funding to focus on other Council responsibilities and services. • Keeping all water assets and delivery together will likely achieve the best delivery experience for the community. • Would provide the lowest level of stranded overheads post transfer to the WS-CCO.

Risks	<ul style="list-style-type: none"> Legislative requirement for Council as a transport corridor manager to keep road corridor stormwater infrastructure will require some ongoing co-ordination with any WS-CCO. Adds some complexity due to interaction of primary stormwater assets with other assets that will remain with Council. Council will have to ensure it maintains some expertise to effectively do business with the WS-CCO and ensure that Council's legislative requirements are still able to be met. By removing direct control of critical stormwater assets, there may be implications on other infrastructure and private property within the city.
Financial	<ul style="list-style-type: none"> If the stormwater assets and debt were transferred to the WS-CCO, there would be a debt capacity benefit to Council of \$295M over the 10-year Long Term Plan period. The total debt capacity by all three waters activities transferring would increase from \$645M to \$940M, when compared to two waters activities transferring. Likely to have the lowest level of stranded overheads remaining for Council.
OPTION 2:	Council contracts the new WS-CCO to deliver stormwater services, whilst retaining ownership of stormwater assets.
Community Views	Community views were sought during the consultation for Local Water Done Well in February/March 2025. During this consultation, it was indicated that a decision would be made in the future regarding the treatment of stormwater assets. At the time, the consultation document was prepared on the basis that a decision around stormwater was yet to be made due to uncertainty in legislation.
Benefits	<ul style="list-style-type: none"> Council would not be considered a 'Water Services Provider' under this option, where the transfer agreement transfers responsibility for the delivery of stormwater services is clear. Keeping ownership of stormwater assets within Council may allow for more cohesive planning and decision-making regarding stormwater and other non-waters infrastructure and/or processes. Allows a more prescriptive approach to stormwater management by service level agreement contract between the Council and the WS-CCO. Lower stranded overhead cost than Option 3.
Risks	<ul style="list-style-type: none"> Council would not be able to access the bespoke LGFA

	<p>financial covenants for funding stormwater assets, and will continue to be subject to the current Council borrowing limit of 280% (noting that Council has a self-imposed limit of 250%).</p> <ul style="list-style-type: none"> • Council will need to rate for stormwater and fund capital expenditure on renewals/new & growth asset investment. • Unknown impact of Central Government rates capping and Councils ability to fund the expenditure on stormwater assets. • Legislative requirement for Council as a transport corridor manager to keep road corridor stormwater infrastructure will require some ongoing coordination with any WS-CCO. • Ensuring there is a clear contract in place with the WS-CCO to minimise the risk of not maintaining levels of services for the whole of life responsibility of stormwater assets. • Council would be subject to financial ring-fencing and reporting for water services, which is expected to be complex and would bring additional costs. • More coordination with the WS-CCO to ensure there is integrated planning with the other Council services e.g. parks and planning. • Higher stranded overhead cost than Option 1. • More uncertainty with this option until the Government has considered the recommendations from the Select Committee.
Financial	<ul style="list-style-type: none"> • If the stormwater assets and debt were continued to be owned by Council, the debt capacity benefit to Council would remain at \$645M over the 10-year Long Term Plan period. This is the benefit of transferring the Water and Wastewater assets and debt to the WS-CCO. • Option 2 is likely to have a higher level of stranded overheads than Option 1, as a result of needing to maintain in-house expertise relating to stormwater, as well as additional compliance, reporting and regulatory costs.
OPTION 3:	Council continues to own stormwater assets and be responsible for delivering stormwater services.
Community Views	<p>Community views were sought during the consultation for Local Water Done Well in February/March 2025. During this consultation, it was indicated that a decision would be made in the future regarding the treatment of stormwater assets. At the time, the consultation document was prepared on the basis that a decision around stormwater was yet to be made due to uncertainty in legislation.</p>

Benefits	<ul style="list-style-type: none"> • Little to no transition planning and implementation required in relation to stormwater. • Responsibilities very clear for delivering strategic direction and stormwater operations. • Growth planning would be easier in relation to stormwater and its interactions with other non-waters infrastructure. • Ability to maintain and integrate improved stormwater outcomes into other projects – e.g. reserve development.
Risks	<ul style="list-style-type: none"> • No benefits from scale if left inhouse. • Likely to be difficult to attract skilled staff to manage only stormwater, will also have an effect on the current synergy between operational delivery teams who work on both wastewater and stormwater networks. • Council would be deemed a Water Services Provider under the legislation and financial ring-fencing and reporting for water services is expected to be complex and would bring additional costs. • Inability to access increased borrowing from LGFA. • Council will need to rate for all stormwater services, including operational and the repayment of loan funding for capital expenditure. • Unknown impact of Central Government rates capping and Councils ability to fund the expenditure on stormwater assets. • Separating out the stormwater team from the existing structure will duplicate costs, reduce efficiencies, lower productivity and may result in a level of service reduction. An example of this may be the lack of integration of the Inflow and Infiltration Strategy currently managed across both wastewater and stormwater activities.
Financial	<ul style="list-style-type: none"> • If the stormwater assets and debt were continued to be owned by Council, the debt capacity benefit to Council would remain at \$645M over the 10-year Long Term Plan period. This is the benefit of transferring the Water and Wastewater assets and debt to the WS-CCO. • Option 3 is likely to have the highest level of stranded overheads remaining, as a result of needing to maintain in-house expertise relating to Stormwater, as well as additional compliance, reporting and regulatory costs due to Council being a Water Services Provider.

OVERVIEW OF THE PROBLEM OR OPPORTUNITY

1. STORMWATER

- 1.1 Under the Local Government (Water Services) Bill, (the Bill), Council has the flexibility to choose the arrangements for stormwater that best suit their circumstances. These arrangements must be included in the adopted Water Services Delivery Plan (WSDP). Council must decide on its preferred approach in order to finalise its WSDP.

2. BACKGROUND AND PREVIOUS COUNCIL DECISIONS

- 2.1 On 4 June 2025, Council resolved to establish a joint Water Services Council Controlled Organisation (WS-CCO).
- 2.2 The Chief Executive was instructed to prepare a Joint Water Services Delivery Plan to be brought back to Council in August 2025 for approval prior to its submission to the Department of Internal Affairs (DIA), which includes further information relating to the management of stormwater.
- 2.3 The Bill (the third and final of the Government's water reforms) is currently being considered in Parliament. There are three options available to Councils under the Bill for the management of stormwater:
- Transfer aspects of stormwater service delivery to a water organisation (this might include stormwater network assets); or
 - Contract a new water organisation to deliver aspects of those stormwater services; or
 - Continue to deliver stormwater services in-house.

3. OTHER CONTEXTUAL INFORMATION

- 3.1 At the time of writing, officers understanding of our WS-CCO partner councils' approach to stormwater is:
- Horowhenua District Council – to transfer ownership and responsibility for service delivery, including dedicated stormwater assets, i.e. those whose sole or primary purpose related to stormwater, to the new Water Services Organisation
 - Rangitikei District Council - it is understood that their intention is to transfer ownership and responsibility for stormwater services.
- 3.2 Council will maintain the ability to influence the strategic direction for stormwater through the Palmerston North City District Plan and Future Development Strategy. Central Government is proposing changes to the Resource Management Act 1991 and the impact of this is not currently known, but is a consideration for all three options. Council will still be able to

influence future planning for stormwater through the Statement of Expectations, regardless of any other changes.

- 3.3 Current proposals by Central Government to introduce rates capping in relation to core services to be delivered by Councils are very likely to have implications on Council's ability to invest in other non-waters infrastructure and services. Stormwater is considered a core service so would have to be prioritised if the ownership remains with Council.

4. LEGISLATIVE CONTEXT FOR STORMWATER DECISION

- 4.1 Council is responsible for ensuring that water services are provided in its district in accordance with the Bill.
- 4.2 The Bill has been progressing through the parliamentary process and the Select Committee has prepared a report for the House [Local Government \(Water Services\) Bill](#). This Bill has provided additional clarity on stormwater and the implications for Councils.
- 4.3 DIA sought legal advice from Russell McVeagh (Attachment 1) about the interpretation of the Bill to understand the implications of transferring assets from a legal and governance perspective. Key points of this advice are summarised below:
 - 4.3.1 Council has flexibility to choose which stormwater assets and infrastructure transfer to a WS-CCO; however, Councils are not permitted to transfer ownership or control of any transport corridor stormwater infrastructure.
 - 4.3.2 If the responsibility for providing stormwater services **delivery** is transferred from a Council to a WS-CCO (regardless of whether ownership of assets is transferred or not), this means that the WS-CCO becomes the 'Water Services Provider' for those services.
 - 4.3.3 Regardless of ownership, where the WS-CCO has the responsibility for delivering stormwater services, then the WS-CCO may set and collect charges for stormwater services. Considerations relevant to charging are set out in the Bill. If the WS-CCO sets a charge for providing stormwater services to a property, then Council must not set a charge or rate for the same services being provided to the same property.
 - 4.3.4 If the ownership of stormwater assets is transferred to the WS-CCO, then any development contribution or financial contribution received in respect of that stormwater infrastructure must be transferred to the WS-CCO and used for the purpose for which it was collected.
 - 4.3.5 LGFA funding for stormwater is likely to be more accessible if stormwater assets are transferred to the WS-CCO. Additionally, the debt associated with these assets will transfer with these assets.
 - 4.3.6 Regardless of ownership, the WS-CCO must enter into a service agreement with the transport corridor manager to support the integrated management

of stormwater infrastructure including management, operation and maintenance.

5. CONSIDERATIONS ON STORMWATER

5.1 Stormwater has been considered by Council officers as part of Local Water Done Well Policy for some time. This includes:

5.1.1 September 2024 – Workshop 1 with Council subject matter experts (SMEs) to consider pros and cons of anticipated legislative changes to the treatment of stormwater flagged to be included in Bill 3.

5.1.2 December 2024 - Bill 3 introduced included draft treatment of stormwater.

5.1.3 Up to end of December 2024 - Worked closely with the seven Manawatū-Whanganui Councils to understand the benefits and implications of this option.

5.1.4 4 June 2025, Council resolved: That the 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 the submission to the DIA which includes further information relating to the management of stormwater.

5.1.5 6 June 2025 - request to Russell McVeagh and DIA to give guidance on legal and governance implications under each model – final response received 29 July 25.

5.1.6 June 2025 – Workshop 2 with Council SMEs to:

- Establish reasons why each of the options may or may not work for Council.
- Consider the advantages and disadvantages of each option in terms of Council's specialist areas i.e. Finance, Strategy, Assets.

5.1.7 July 2025 – Select Committee report on Bill 3 released.

5.1.8 Recommendations by Council officers to date have been to retain ownership of stormwater assets with a view to contracting the WS-CCO for services.

5.1.9 All financial modelling presented to Council to date has included all three waters services being undertaken by the proposed WS-CCO.

5.1.10 The current draft of the Joint Water Services Delivery Plan has been prepared on the basis that stormwater assets and services would transfer to the WS-CCO.

6. ANALYSIS OF OPTIONS

Option 1 – Council transfers ownership and responsibility for all stormwater asset and services to the WS-CCO.

- 6.1 This option shifts ownership of primary stormwater assets and responsibility for the delivery of stormwater services and operations to the new WS-CCO. In line with the select committee's recommendations on the Bill, stormwater assets relating to the transport corridor must remain with Council. The debt associated with the transferred stormwater assets would also transfer to the WS-CCO.
- 6.2 This option recommends the transfer of assets that have the sole and primary purpose of stormwater, such as pump stations, pipes and some primary green space areas, for example the new Whakarongo attenuation area. It does not relate to parks and reserves that serve a secondary stormwater purpose, such as overland flow path, attenuation area, wetland, sediment trap. Some examples include Colquhoun Park, Memorial Park and Pit Park. These assets will remain in Council ownership. The detail of individual assets to be transferred will be incorporated into the transfer agreement.
- 6.3 Council would not be a Water Services Provider under this option where the delivery of the services is transferred to the WS-CCO. It would not need to meet regulatory requirements relating to water services provision or have to fund stormwater services.
- 6.4 Shareholding Councils would set the Statement of Expectation for the delivery of stormwater services and the WS-CCO would be responsible for developing the Water Services Strategy and other legal requirements in relation to managing the stormwater services.
- 6.5 The WS-CCO would be in a better position to access the increased levels of LGFA borrowing. The current LGFA debt covenants allow councils to borrow up to 280% of operating revenue. The WS-CCO has an increased level of borrowing available in comparison, dependent on the size of the organisation. The WS-CCO covenant is a Free Funds from Operations (FFO) ratio, rather than a debt to revenue ratio. An FFO ratio of 8% is equivalent to a debt to revenue ratio of approximately 500%. Council current self-imposed limit is 250% of operating revenue. The increased level of funding available to the WS-CCO will likely lead to better outcomes for both the community and environment.
- 6.6 This option would avoid duplicating/replacing technical waters expertise inside Council to manage just one water, reducing costs. This would mean that existing technical waters staff are expected to transfer with assets, as would asset management expertise.
- 6.7 It would also likely achieve better management and alignment of the intersections of stormwater and wastewater, particularly in relation to managing capacity and environmental effects on the wastewater network from inflow and infiltration of stormwater.
- 6.8 Operational alignment with the wastewater and water supply activities will continue to give benefits and efficiencies of a system-wide approach e.g. inflow/infiltration issues.

- 6.9 It would likely result in a simpler customer experience than retaining stormwater only in-house as all waters would be managed in one organisation. There would be opportunity for standardisation within the region over time, leading to greater efficiencies.
- 6.10 If all three waters were the responsibility of the WS-CCO, we could expect stronger community outcomes when dealing with external agencies, as a single organisation would be communicating its preferences and strategies as a whole water services operation.
- 6.11 If stormwater was to transfer, Council would no longer be required to manage consent conditions or future applications enabling staff to focus on other Council services.

Risks of Option 1

- 6.12 As a transport corridor manager, Council must enter into a service agreement with the WS-CCO agreement to support the integrated management of stormwater infrastructure including management, operation and maintenance.
- 6.13 The Transfer Agreement will go some way to mitigating risks of Option 1. This agreement will clearly identify assets to be transferred and will provide clarity on mixed use assets. This agreement will also define the responsibilities of both organisations in the management of these assets.
- 6.14 If the WS-CCO does not appropriately manage or maintain the critical stormwater assets, there is an increased risk to other Council assets and private property within the city. This risk can be mitigated through the Statement of Expectations and Water Services Strategy.

Financial considerations

- 6.15 The transfer of stormwater assets will create additional debt capacity of \$295m over the 10 years of the LTP period, and this will create capacity for Council to invest in other non-waters services. This would take the total benefit to Council's debt headroom over the same period from \$645M to \$940M.
- 6.16 With the current understanding of future legislation on rates capping, Councils funding capacity could be constrained even further.
- 6.17 While waters transferring to a new organisation will result in stranded overheads for Council, transferring stormwater as well will have the least impact on Council. If stormwater was to remain in Council, there would be a duplication in overhead costs for both organisations such as digital and payroll for the associated stormwater staff that would remain with Council.

Option 2 – Council retains ownership of stormwater assets, and transfers responsibility for delivery of stormwater services to the new WS-CCO.

- 6.18 This option sees Council contract the WS-CCO to deliver stormwater services, but Council retains ownership of all stormwater assets.
- 6.19 Council would not be a 'Water Services Provider' for the delivery of the services transferred to the WS-CCO. The obligations associated with the water service provider would sit with the WS-CCO. Contracts covering the delivery of stormwater services would need to be developed with the WS-CCO. The WS-CCO would also be responsible for completing the Water Services Strategy in respect to stormwater.
- 6.20 This option provides more flexibility for Council than option 1, through a service level agreement contract with the WS-CCO, allowing for those arrangements to change over time more easily as requirements and regulations shift.
- 6.21 Operational alignment with the wastewater and water supply activities will continue to give benefits and efficiencies of a system-wide approach e.g. inflow/infiltration issues.
- 6.22 Customer experience would be similar to Option 1, as the WS-CCO would be responsible for delivery across all waters.

Other risks and financial implications

- 6.23 Option 2 would see an increased level of stranded overheads in comparison to Option 1. This is as a result of requiring some supporting functions (like Asset Management, Finance & Digital) to support the asset lifecycle from Council's perspective. This would increase the cost to the end consumer and ratepayers as it would also need to be duplicated within the WS-CCO to support the operational requirements of stormwater services and the relationship with Wastewater and Water Supply services.
- 6.24 Council will still be required to rate for the investment on stormwater assets. Council would be required to maintain all the data to support these processes.
- 6.25 Borrowing for stormwater would be subject to Council's debt covenants, which are lower than the WS-CCOs, so more challenging to affordably invest in required infrastructure, and will reduce capacity for other non-three waters investment.
- 6.26 As Council would retain stormwater assets, we would be subject to ringfencing and other legislative reporting requirement relating to water services. These costs and requirements are expected to be complex and expensive.

- 6.27 There is a risk that stormwater expertise remaining in Council departments would need to be increased to be able to effectively do business with the WS-CCO and manage the contract for service delivery.
- 6.28 As a transport corridor manager, Council must enter into a service agreement with the WS-CCO to support the integrated management of stormwater infrastructure, including management, operation and maintenance.

Option 3 - Council continues to own stormwater assets and be responsible for delivering stormwater services.

- 6.29 This option sees stormwater service delivery and assets remain in-house at Council, similar to current arrangements, but with any necessary changes to meet the new ring-fencing and other requirements under legislation.
- 6.30 This option retains linkages, co-ordination and relationships between stormwater, parks and roading, which together all contribute to good stormwater management. There would be some benefits at a planning level in keeping these functions together.
- 6.31 Council would be required to retain stormwater capability and technical support under this option. This could help give Council more direct influence over stormwater delivery.

Other risks and financial implications

- 6.32 Council would not be able to access increased levels of LGFA borrowing, instead, borrowing for stormwater would be subject to Council's debt covenants, which are lower than the WS-CCOs, so more challenging to affordably invest in required infrastructure, and will reduce capacity for other non-three waters investment.
- 6.33 Currently, the stormwater network is managed and operated by a joint team of Council operators who predominantly work on the wastewater network, including maintenance and reticulation teams. On creation of the WS-CCO, it is expected that the majority (if not all) of these staff and plant will move to the WS-CCO.
- 6.34 Separating stormwater from other waters provision will lead to a loss of easy co-ordination and natural alignment of wastewater and stormwater. It will be challenging to manage wastewater and inflow and infiltration issues; and a lack of clarity on responsibilities and ownership of issues may result in poor community outcomes.
- 6.35 Delivering Stormwater services is likely to have an impact for Council with regards to the upcoming rates capping legislation that is currently under development through Parliament. This is likely to impact the ability for Council to invest in other services and activities e.g. roading and waste management.

- 6.36 The Development Contributions regime may become more complex as a result, with both the Council and the WS-CCO charging Development Contributions, albeit for different elements of the water network.
- 6.37 If stormwater is retained inhouse, any future increase in standards leaves the Council vulnerable to increased risk and costs to be borne alone.
- 6.38 Council will be the 'Water Services Provider' for stormwater and will have to meet requirements of financial ringfencing and economic regulation for stormwater, as will the WS-CCO for the other two waters, duplicating work and overheads.
- 6.39 This option necessitates separate Council asset management, system costs and technical experts to manage one water, essentially duplicating some overhead costs that the WS-CCO will also have.
- 6.40 Council will still be required to rate for the stormwater activity. Council would be required to maintain all the data to support these processes.

7. RELATED LOCAL WATER DONE WELL UPDATES

Legislation update

- 7.1 The Select Committee report to the Finance and Expenditure Committee has examined the Local Government (Water Services) Bill and recommends by majority that it be passed with amendments incorporated.
- 7.2 The Select Committee proposes extensive amendments to the bill: more than 360. Most are technical in nature, reflecting the technical nature of the bill and the submissions received.
- 7.3 At the time of writing this report, the Committee of the Whole House was deliberating on the Bill, which could result in further changes or clarification.

8. OTHER DISTRICT COUNCIL DECISIONS

- 8.1 On 9 July Ruapehu District Council confirmed their intention to establish a joint WS-CCO with Whanganui District Council.
- 8.2 On 9 July Whanganui District Council confirmed their intention to establish a WS-CCO with Ruapehu District Council.
- 8.3 These decisions have confirmed our joint WS-CCO partners to be Horowhenua District Council and Rangitikei District Council and work activity has pivoted to this final option.

9. APPOINTMENT OF WS-CCO EXECUTIVE DIRECTOR

- 9.1 On 26 June, the Chief Executives of Palmerston North City, Horowhenua District and Rangitikei District Councils announced the appointment of an Executive Director to lead the next phase of work. Chris Dyhrberg has been

seconded to this role and will collaborate with all member Councils to progress the stand-up of the new WS-CCO.

9.2 The duties for the role will include (but are not limited to):

- Coordinating the development of a joint Water Services Delivery Plan for submission to DIA by 3 September 2025.
- Establishing the WS-CCO and associated governance arrangements.
- Develop and lead the process to have all Councils agree to a Commitment Agreement.
- Develop and lead the negotiation process to form a Shareholding Agreement and any other associated governance arrangements including the establishment of a transition board.
- Develop a plan and mechanisms to ensure financing for the WS-CCO.
- Ensure a coordinated and efficient response from participating councils on their inputs to this work.

9.3 The DIA have provided financial support to progress this implementation phase. The contract has been signed and agreed by Horowhenua District Council, as the 'lead Council', for management and reporting purposes.

10. CONCLUSION

10.1 Council officers have undertaken detailed analysis of the legislative context, operational implications, financial impacts and future strategic positioning associated with the treatment of stormwater assets under the Local Water Done Well reforms. This included consideration of the benefit and risks associated with all three proposed options.

10.2 Having considered this analysis, officers recommend that Council adopt Option 1. This approach enables Council to consolidate all water services within a single, jointly owned and governed WS-CCO, promoting greater efficiency and resilience in water services delivery.

10.3 The transfer of stormwater assets would allow the WS-CCO to access significantly higher levels of borrowing, enhancing investment in the stormwater network and improving environmental outcomes over of the long term, while leaving Council with significantly higher borrowing capacity with the transfer of the stormwater related debt.

10.4 This option would also remove the need for Council to retain in-house technical expertise for only one water activity, avoiding duplication of systems and reducing stranded overhead costs for the community and consumers.

10.5 The operational alignment of stormwater with wastewater and drinking water functions within the WS-CCO will further strengthen system-wide planning and delivery.

- 10.6 While it is acknowledged that Council will retain ownership of green spaces and transport corridor stormwater infrastructure, the risks associated with this arrangement are manageable through a clear Transfer Agreement.
- 10.7 This option provides the lowest financial burden to ratepayers by enabling the WS-CCO to levy charges directly and relieving Council of future compliance and reporting obligations.
- 10.8 In light of these factors, Option 1 provides the most financially prudent and strategically aligned pathway for the future management of stormwater services in the City.

11. NEXT ACTIONS

- 11.1 Officers across the three councils are working collaboratively to develop the joint Water Services Delivery Plan that will be brought to Council for adoption on 13 August 2025.
- 11.2 Horowhenua District Council will adopt the WSDP on 6 August 2025.
- 11.3 Rangitikei District Council will adopt the WSDP on 14 August 2025.

12. 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?	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 objective is: Plan, develop, maintain, upgrade and provide stormwater infrastructure to manage capacity and accommodate growth	
Contribution to strategic direction and to social,	Water services have undergone significant reform in the past few years. The National-led Government has

economic, environmental and cultural well-being	repealed the previous Governments three water programme and replaced it with Local Water Done Well. The Government is currently considering the Third Bill which is expected to be passed into law very soon. Council has resolved to form a joint WS-CCO which will be able to borrow funds without affecting Councils balance sheet
-------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

ATTACHMENTS

1. Russell McVeagh advice to Department of Internal Affairs (DIA) [↓](#)



29 July 2025

To: Department of Internal Affairs
From: Russell McVeagh

Subject: LWDW | Legal and governance considerations in respect of retaining or transferring ownership of stormwater assets

Background

1. You have asked us for an analysis of the legal and governance implications of different stormwater services delivery models under the Local Government (Water Services) Bill ("**Bill**"). In particular, you have asked us to consider the implications of:
 - (a) a stormwater delivery model in which a council retains ownership of stormwater assets as part of an in-house business unit but transfers or contracts the responsibility for delivering stormwater services out to a joint water organisation (specifically a multi-council council-controlled organisation ("**CCO**") ("**Council Asset Approach**"); and
 - (b) a stormwater delivery model in which a council transfers both stormwater assets *and* stormwater delivery responsibility out to the multi-council CCO ("**CCO Asset Approach**").
2. As the multi-council CCO would be responsible for the delivery of stormwater services in both cases, this advice focuses on the implications of retaining ownership of stormwater assets or transferring the stormwater assets to the multi-council CCO.
3. We note that under the Bill, a council would have the flexibility to choose which stormwater assets and infrastructure might transfer to a CCO (for example, a council may choose to transfer stormwater pipes while retaining other stormwater assets which are also green spaces). However, councils are not permitted to transfer ownership or control of any transport corridor stormwater infrastructure.¹
4. We note also that there is no single correct or "best" approach for any council; the most optimal model will depend on several considerations in relation to a particular council, such as:
 - (a) the council's ultimate objectives in the delivery of stormwater;
 - (b) the councils' plans regarding intended future stormwater delivery arrangements; and
 - (c) practical matters such as access to funding arrangements, technical capabilities, level of integration of a council's stormwater assets with other council assets and services etc.
5. Importantly, councils should be aware that *transfer of the responsibility* for providing stormwater services delivery (regardless of whether assets are transferred or not) from a council to a CCO would mean that the CCO becomes the "water service provider" ("**WSP**") for those services, *regardless* of whether stormwater asset ownership is transferred.²

¹ Bill, s 10(2).

² Bill, cl 12(2).

6. In other words, if responsibility for stormwater service delivery is transferred to the CCO, irrespective of who owns the stormwater assets, the following will apply:
- (a) Council cannot transfer ownership or control of any transport corridor stormwater infrastructure to the CCO.
 - (b) The CCO may set and collect charges for stormwater services (but must not collect a charge for stormwater services from a transport corridor manager).³ If the CCO sets a charge for providing a stormwater service to a property, council must not set a charge or rate for the providing the same service to the same property.
 - (c) The CCO will have operational powers to enter land to construct and maintain stormwater infrastructure.⁴
 - (d) Whichever entity has responsibility for "managing a stormwater network" (which must be set out in the transfer agreement) must develop a stormwater network risk management plan.⁵
 - (e) The CCO must enter into a service agreement with the transport corridor manager to support the integrated management of stormwater infrastructure.⁶
 - (f) The CCO will be responsible for preparing and adopting a water services strategy and reports in respect of stormwater.⁷
 - (g) The council must prepare the statement of expectations to inform and guide the preparation of the water services strategy. The CCO must give effect to the statement of expectation provided by its shareholders.⁸
 - (h) Bylaw making powers will remain with council (CCO may propose making, amending or revoking bylaws).⁹
 - (i) Compliance and enforcement powers to protect stormwater infrastructure will apply.
7. If stormwater assets are transferred to the CCO, the primary implications are:
- (a) The CCO must include information about its infrastructure assets in its water services strategy and reports (which includes financial reporting).
 - (b) The council must transfer any development contribution or financial contribution received in respect of that stormwater infrastructure to the CCO.¹⁰ The CCO must use that contribution only for the purpose for which it was collected.¹¹
 - (c) LGFA funding for stormwater may be more accessible.

³ Bill, cl 61.

⁴ Bill, Part 3, subpart 4.

⁵ Bill, cl 165.

⁶ Bill, cl 176.

⁷ Bill, cl 190.

⁸ Bill, cl 186.

⁹ Bill, Part 6, subpart 1.

¹⁰ Bill, proposed cl 93A (as reported from the Finance and Expenditure Committee).

¹¹ Bill, proposed cl 93B (as reported from the Finance and Expenditure Committee).

8. The table below sets out several key considerations that may help inform a council's decision regarding whether to retain ownership of stormwater assets in-house or transfer stormwater assets to a water services CCO.
9. Note also that while initially only applicable to water supply and wastewater services, the Bill provides the flexibility for stormwater to be included in the new economic regulation regime (to be administered by the Commerce Commission) at a later date via designation.¹² It is unclear at this stage what the impact of economic regulation of stormwater would be for either approach to stormwater assets.

¹² Bill, Part 5, subpart 2.

Key considerations informing council decision-making regarding whether to retain ownership of stormwater assets

KEY CONSIDERATION	COUNCIL ASSET APPROACH	CCO ASSET APPROACH
Integration of stormwater assets with other council assets and services	Unlike drinking water and wastewater, stormwater assets and infrastructure can be highly integrated with other council assets and activities (e.g. transportation, parks and reserves, flood management, land drainage etc). Retaining stormwater assets and infrastructure within council would allow a council to more easily manage these overlapping activities and services. This approach also accords with the prohibition in the Bill restricting councils from transferring ownership or control of any transport corridor stormwater infrastructure. ¹³	Transferring assets that are currently or potentially critical for non-stormwater purposes to a water CCO could be inconsistent with the council's functions in other areas i.e. management of reserves (however, this could be managed through service level agreements). The process of separating out stormwater assets and infrastructure for the purposes of transferring those assets into a CCO might be complicated.
Local Government Funding Agency ("LGFA") funding	Councils who retain stormwater assets in-house may not be able to access the bespoke LGFA financial covenants for funding stormwater services. The council will continue to be subject to the council borrowing limit of 280% (or 350% in certain cases). ¹⁴	The LGFA has proposed bespoke financial covenants for water CCOs. LGFA requires the CCO to hold the relevant assets; it will not lend to a water CCO that is a management company only. ¹⁵ Where a council elects to transfer assets to a CCO, that CCO can borrow up to 500% of operating revenue from the LGFA. ¹⁶ Access to higher rates of funding may help spread the increased investment costs of water infrastructure over a longer period.
Charging / rating	Councils can continue to collect revenue for stormwater services through rates from residents, while a water CCO may set and collect charges for stormwater services (i.e. to recover the costs of initial connections, serviceability, and other costs incurred under the Bill). ¹⁷ A water CCO can collect charges regardless of	As discussed (left), a water CCO may set charges to recover for stormwater services related costs, provided there is no double-up with any rates set by the shareholding council in relation to stormwater services and the CCO complies with the Bill's financial principles and ring-fencing rules. Where the CCO holds stormwater assets as well as responsibility for delivery, the CCO may wish to collect charges

¹³ Bill, cl 10.

¹⁴ [LGFA Lending to Water CCOs - April 2025 Update.pdf](#), page 3.

¹⁵ [LGFA Lending to Water CCO December 2024 Update.pdf](#), page 6.

¹⁶ [02. Factsheet - Financing for councils and water organisations.pdf](#)

¹⁷ Bill, cl 60.

KEY CONSIDERATION	COUNCIL ASSET APPROACH	CCO ASSET APPROACH
	<p>whether it holds assets or not, but note that this may impact what the CCO can charge for.</p> <p>Note that a council and water CCO must not both charge or rate for the same water service in a year (unless responsibility for providing the services transfers within the year).¹⁸</p>	<p>itself directly (rather than the council collecting rates and allocating to the CCO).¹⁹</p>
Development contributions	<p>A council may charge development contributions for capital expenditure in relation to assets (under the LGA 02 regime).</p>	<p>The Bill provides for CCOs to require development contributions to recover costs of the capital expenditure required due to increased demand on water services infrastructure.²⁰ Our view is that as development contributions relate to capital expenditure in relation to assets, it makes sense for the CCO to hold such assets in order to charge development contributions under the Bill. Alternatively, the Bill provides for a council to extend its development contributions policy to include a water organisation.²¹</p> <p>The Bill provides that, where responsibility for providing water services is transferred to a CCO, a council must transfer any development contribution or financial contribution received in respect of already-consented infrastructure to the CCO.²² The CCO must use that contribution only for the purpose for which it was collected.²³</p>
Management and oversight	<p>Keeping assets within council may provide a council with more day-to-day control and oversight, allow for more cohesive planning and decision-making regarding stormwater assets and other council infrastructure. Retaining ownership would mean a council</p>	<p>Transferring both stormwater assets and services delivery to a CCO may free up council resources to focus on other responsibilities and services, while allowing the CCO to build up technical capacity and expertise in all aspects of stormwater services.</p>

¹⁸ Bill, cl 65.

¹⁹ Note that the Select Committee's report on the Bill recommends including a new cl 61(2) that provides "a water organisation must determine the recoverable cost of stormwater services on the basis of whether the property is located within a stormwater service zone of the organisation's service area that is specified in a transfer agreement with a territorial authority; or the organisation's water services strategy".

²⁰ Bill, Part 3, subpart 2.

²¹ Bill, cl 93.

²² Bill, proposed cl 93A (as reported from the Finance and Expenditure Committee).

²³ Bill, proposed cl 93B (as reported from the Finance and Expenditure Committee).

KEY CONSIDERATION	COUNCIL ASSET APPROACH	CCO ASSET APPROACH
	<p>could more easily access and manage stormwater assets, as needed for other purposes.</p> <p>Separation between assets and delivery (particularly across multiple councils) could create operational efficiency issues for the CCO. This could be addressed through contractual and statutory arrangements (e.g. the transfer agreement, and statements of expectation from councils to CCOs).</p>	<p>Keeping assets and delivery together may be advantageous for CCO oversight and control, with less points of external engagement for the CCO in everyday operations.</p>
Responsibility for planning and accountability documents²⁴	<p>Councils are required prepare and issue to a water CCO a Statement of Expectations setting out the strategic expectations for the CCO for at least the next 10 years.²⁵ Councils must also determine the nature of their involvement in preparing and finalising the Water Services Strategy (e.g. providing comments on a draft, approving the final document etc).²⁶</p> <p>Regardless of who owns the assets, the WSP for stormwater services is required to:</p> <ul style="list-style-type: none"> • prepare and adopt a Water Services Strategy which outlines how the WSP is planning to meet statutory objectives and regulatory requirements and respond to local expectations and priorities (over a period of at least 10 years);²⁷ and • prepare annual reports (including financial reporting) on the WSP's performance against the Statement of Expectations and Water Services Strategy.²⁸ 	<p>Transfer (or not) of assets does not alter who is responsible for planning and accountability obligations (but transfer would mean the CCO must include information about those infrastructure assets in it Water Services Strategy and reports).</p>

²⁴ The Bill provides for a new planning and accountability framework which requires both councils and CCOs to prepare various documents. This new framework replaces the equivalent reporting framework under the Local Government Act 2002. See Bill, cl 181.

²⁵ Bill, cl 184.

²⁶ Bill, cl 196(2).

²⁷ Bill, cl 190.

²⁸ Bill, cl 203.

KEY CONSIDERATION	COUNCIL ASSET APPROACH	CCO ASSET APPROACH
Stormwater risk management plan ²⁹	If councils retain management of some stormwater assets but transfer ownership of others, councils and CCOs must work collaboratively to prepare separate compatible risk management plans, or a joint risk management plan that they will implement collaboratively.	The WSP who has responsibility for "managing a stormwater network" must develop the stormwater network risk management plan. This must be set out in the transfer agreement. Asset ownership is not required.
Set up costs / ease	Keeping stormwater assets in council may be a simpler arrangement to set up and manage as there are fewer implementation costs (e.g. of separating and transferring assets). However, note that a transfer agreement would be required regardless in order to transfer services delivery responsibility to the CCO, and the agreement must specify the infrastructure and related assets that will continue to be owned by the council. ³⁰	The time and expense required to set up a water services CCO that delivers all water services may not be significantly affected by the transfer (or not) of stormwater assets.
Economies of scale and efficiency gains	Where multiple councils are transferring the responsibility of stormwater services delivery to a joint CCO, it may generally be less practical and efficient to not provide the CCO with the relevant assets i.e. the CCO would be required to coordinate engagement on asset management across the asset-owning councils.	Consolidating assets and delivery in a single, larger water organisation owned by multiple councils may allow the CCO to achieve greater efficiency and economies of scale with respect to its asset management planning and operations.

²⁹ Bill, cl 165.

³⁰ Bill, cl 4, Sch 2.

COMMITTEE WORK SCHEDULE

TO: Council

MEETING DATE: 6 August 2025

TITLE: Council Work Schedule

RECOMMENDATION TO COUNCIL

1. That Council receive its Work Schedule dated 6 August 2025.

COUNCIL WORK SCHEDULE 6 AUGUST 2025

#	Report Date	Subject	Officer Responsible	Current Position	Date of Instruction & Clause
1	6 Aug 2025	Options for property on Ruahine Street	GM Infrastructure		5 February Clause 14-25
2	Feb 2026	Public Spaces: policy and bylaw options	GM Strategic Planning	Will go to relevant committee work schedule.	
3	6 Aug 2025	Report back on Investment Options for PN Airport.	GM Corporate Services		6 December 2023 Clause 197-23
4	6 Aug 2025	Appointment of Trustees on Council Controlled Organisations	GM Corporate Services		Terms of Reference
5	13 Aug 2025	Approve LWDW - Water Services Delivery Plan	Chief Executive		12 Feb 2025 Clause 18-25
6	3 Sept 2025	Civic and Cultural Precinct Master Plan Steering Group – 6-monthly update	GM Strategic Planning		Terms of Reference
9	3 Sept 2025	Review of CEDA Directors Policy	GM Corporate Services	Steering group meeting in August	2 Oct 2024 Clause 172
10	8 Oct 3 Sept 2025	Low Carbon Fund Allocations 2024/25	GM Strategic Planning	Moved from Sustainability Committee	21 August 2024 Clause 24-24
11	8 Oct 2025	Waste Management and Minimisation plan	GM Infrastructure	Moved from Sustainability	9 Sept 2020 Clause 17-20

#	Report Date	Subject	Officer Responsible	Current Position	Date of Instruction & Clause
		2019 - annual progress for 2024/25 FY		Committee	
12	8 Oct 2025	Dog Policy/ Bylaw – Deliberations	GM Strategic Planning	Moved from Strategy & Finance Committee	
13	8 Oct 2025	Citywide Emissions Inventory 2024 Annual Report	GM Strategic Planning	Moved from Sustainability Committee	Climate Change Plan Action 3
14	8 Oct 2025	PNCC Organisational Emissions Inventory 2024/25 Annual Report	GM Strategic Planning	Moved from Sustainability Committee	Climate Change Plan Action 1
15	8 Oct 2025	Review of PNCC Appointment of Directors Policy.	GM Corporate Services	To align with CEDA Appointment Policy Review	2 Oct 2024 Clause 172
16	8 Oct 2025	Residents Survey – Action Plan	GM Strategic Planning		Terms of Reference
17	8 Oct 2025	Adopt Annual Report 2024-25	Chief Executive		Terms of Reference
18	8 Oct 2025	Quarter 4 – Economic Update	GM Strategic Planning	Moved from Economic Growth	
19	8 Oct 2025	Deliberation and Adoption – Kahutarawa Reserve Management Plan	GM Infrastructure	Moved from Culture and Sport Committee	
20	TBC	Summerhays Reports – Partnership Models Expressions of Interest	GM Infrastructure	Lying on the Table	1 May 2024 Clause 66-24 and 74 -24

RECOMMENDATIONS FROM COMMITTEE

TO: Council

MEETING DATE: 6 August 2025

TITLE: Presentation of the Part I Public Sustainability Committee Recommendations from its 18 June 2025 Meeting

Set out below are the recommendations only from the Sustainability Committee meeting Part I Public held on 18 June 2025. The Council may resolve to adopt, amend, receive, note or not adopt any such recommendations. (SO 2.18.1)

18-25 Options of new indicators to include in the 2026 Sustainability Review
Report, presented by Olivia Wix, Communications Manager and David Watson, Senior Climate Change and Sustainability Advisor.

The **COMMITTEE RECOMMENDS**

1. That the Chief Executive continue using existing data, include additional data already collected, and draw on data from other organisations to support the 2026 Sustainability Review (Option 3).