

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 03 June 2026, commencing at 9.06am

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

Members Present online: Councillor Bonnie Kuru

Apologies: Mayor Grant Smith (for lateness on Council Business)

74-26 **Apologies**

Moved Debi Marshall-Lobb, seconded Vaughan Dennison.

RESOLVED

1. That Council receive the apologies.

Clause 74-26 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, Hayden Fitzgerald, Leonie Hapeta, Lorna Johnson, Bonnie Kuru, Billy Meehan, Orphée Mickalad, Karen Naylor, William Wood and Kaydee Zabelin.

75-26 **Waters Debt Transfer to Central Districts Water - Guiding Principles, Transfer Method and Guarantees**

Report, presented by Chris Dyhrberg - Executive Director, Cameron McKay - GM Corporate Services, Jacinta Straker - Finance Workstream Lead, Central Districts Water Establishment Team and Zelda Gower, Simpson Grierson (online)

Mayor Grant Smith entered the meeting at 9:14am

Moved Debi Marshall-Lobb, seconded Grant Smith.

RESOLVED

1. That Council approve the guiding principles for the water debt transfer from Palmerston North City Council to Central Districts Water as part of the preparation of the transfer agreement:

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- a. Fairness and Equity
 - b. Transparent Documentation
 - c. Sustainability and flexibility
 - d. Clarity and simplicity
2. That Council notes that the guiding principles for the water debt transfer were approved by the Central Districts Water Board on 29 April 2026.
 3. That Council approve the use of novation as the water debt transfer method from each Shareholding Council to Central Districts Water.
 4. That the Council notes that novation as the water debt transfer method was approved by the Central Districts Water Board on 29 April and the same approval will be requested from each other Shareholding Council by the end of June 2026.
 5. That Council approves provision of the following guarantees in support of debt facilities to be entered into by Central Districts Water:
 - a. a bilateral joint and several guarantee from each Shareholding Council in favour of LGFA (LGFA Guarantee); and
 - b. a separate guarantee in favour of approved financiers (other than LGFA) who participate in Central Districts Water's financing from time to time (Global Guarantee),

Subject to:

- a. the final funding structure and LGFA Guarantee and Global Guarantee (together the Guarantees) documentation being satisfactory to Council;
 - b. approval of the Guarantees by each other Shareholding Council; and
 - c. compliance with the requirements of the Local Government Act 2002 and all other applicable legislation.
6. That Council delegate agreement and final approval of the Guarantees to the Chief Executive.
 7. That Council notes that the approval for the provision of the deed of support to be provided by the Shareholding Councils in favour of Central Districts Water in order to ensure Central Districts Water can meet its obligations in relation to any pre-establishment funding (Deed of Support), will be included in a paper to Councils to approve on 24 June.

Clause 75-26 above was carried 15 votes to 1, the voting being as follows:

For:

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

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Against:

Councillor Leonie Hapeta.

Moved Debi Marshall-Lobb, seconded Grant Smith.

RESOLVED

8. That Council approve the execution of the LGFA Guarantee and Global Guarantee, and all such other ancillary documentation as required in relation to the implementation of the Guarantees, on behalf of Council by:
- a. in the case of deeds, including the Guarantees and Deed of Support, the Mayor and one elected member; and
 - b. in the case of any other documents, the Chief Executive.

Clause 75-26 above was carried 14 votes to 2, the voting being as follows:

For:

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

Against:

Councillors Leonie Hapeta and Billy Meehan.

Moved Vaughan Dennison, seconded Karen Naylor.

On an amendment: that Council approve the execution of the LGFA Guarantee and Global Guarantee, and all such other ancillary documentation as required in relation to the implementation of the Guarantees, on behalf of Council by:

- a. in the case of deeds, including the Guarantees and Deed of Support, ~~the Mayor and one~~ ~~two~~ elected members; and
- b. in the case of any other documents, the Chief Executive

The amendment above was carried 14 votes to 2, the voting being as follows:

For:

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

Against:

Councillors Leonie Hapeta and Orphée Mickalad.

The Mayor took the chair.

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76-26 2026/27 Annual Budget - Adoption

Memorandum, presented by Cameron McKay, GM Corporate Services and Scott Mancer, Manager - Finance.

Moved Grant Smith, seconded Debi Marshall-Lobb.

RESOLVED

1. That Council

- a) adopt the Annual Budget (Plan) for 2026/27, as attached, noting a total rates requirement increase of 3.9%,
- b) delegate authority to the Chief Executive to authorise payments to council-controlled organisation and other external organisations in accordance with their respective service level agreements
- c) note that the confirmed remuneration budget has reduced from \$65.9M to \$65.6M.
- d) confirm the adoption of the Annual Budget (Plan) 2026/27 is a significant decision within the parameters of the Local Government Act 2002 and that Council is satisfied that all submissions have been considered and that there has been compliance with the decision-making and consultation requirements of the Act.

Clause 76-26 above was carried 12 votes to 4, the voting being as follows:

For:

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

Against:

Councillors Mark Arnott, Hayden Fitzgerald, Karen Naylor and William Wood.

The meeting adjourned at 10.25am.

The meeting resumed 10.46am.

Councillor Bonnie Kuru was not present when the meeting resumed at 10:46am.

77-26 Setting Rates for 2026/27

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

The resolution to set rates for 2026-27 is attached to these minutes.

Councillor Bonnie Kuru returned to the meeting at 10:51am

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Moved Grant Smith, seconded Debi Marshall-Lobb.

RESOLVED

1. That Council adopt the resolution to set the rates for the 2026/27 year (Attachment 1).
2. That Council note that the setting of rates is a significant decision within the parameters of the Local Government Act 2002 and that it is satisfied there has been compliance with the decision-making and consultation requirements of the Act.

Clause 77-26 above was carried 11 votes to 5, the voting being as follows:

For:

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

Against:

Councillors Mark Arnott, Hayden Fitzgerald, Bonnie Kuru, Billy Meehan and Karen Naylor.

78-26

Resolutions to Authorise Borrowing

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

Moved Grant Smith, seconded Debi Marshall-Lobb.

RESOLVED

1. That Council authorise the Chief Executive to borrow up to \$35 million ("the Borrowing") of additional term debt by way of bank loan or loans or credit facilities or other facilities or the issue of stock for the Borrowing secured by the Debenture Trust Deed.
2. That Council note that the purpose of the Borrowing is the carrying out or continuing of programmes identified in the 2026/27 Annual Budget.
3. That Council note that any sums raised and subsequently on-lent to Palmerston North Airport Limited pursuant to the loan agreement between the Council and the Company will be in addition to the sums to be raised for the Council's own funding purposes as authorised above.
4. That Council note that the security for the Borrowing may be the charge over rates under the Debenture Trust Deed if the Chief Executive considers appropriate.
5. That Council approve that having regard to the Council's financial strategy, it is prudent and reasonable to enter into the proposed borrowing for the reasons set out in this report.
6. That Council note that the raising of the Borrowing will comply with the Council's Liability Management Policy.

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7. That Council note that the decision to borrow up to \$35 million is a significant decision within the parameters of the Local Government Act 2002 and is satisfied that there has been compliance with the decision-making and consultation requirements of the Act.

Clause 78-26 above was carried 11 votes to 5, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Debi Marshall-Lobb, Brent Barrett, Rachel Bowen, Vaughan Dennison, Lew Findlay, Leonie Hapeta, Lorna Johnson, Bonnie Kuru, William Wood and Kaydee Zabelin.

Against:

Councillors Mark Arnott, Hayden Fitzgerald, Billy Meehan, Orphée Mickalad and Karen Naylor.

The meeting finished at 11.04am

Confirmed 24 June 2026

Mayor

UNCONFIRMED

Palmerston North City Council

Resolution to Set Rates for the 2026/2027 year

The Palmerston North City Council resolves to set rates for the financial year commencing on 1 July 2026 and ending on 30 June 2027 in accordance with the Rating Policies and Funding Impact Statement contained in its Annual Budget (Plan) 2026/27 as follows:

1 Details of rates to be set

Notes

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

1.1 Uniform Annual General Charge

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

1.2 General Rate (based on land value)

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

Differential Group		Differential Factor (expressed as % of Group Code MS)	Rate (cents in \$ of LV)
Code	Brief Description		
R1	Single unit residential	Balance (approx.80)	0.3306
R2	Two unit residential	110	0.4554
R3	Three unit residential	120	0.4968
R4	Four unit residential	130	0.5382
R5	Five unit residential	140	0.5796

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R6	Six unit residential	150	0.6210
R7	Seven unit residential	160	0.6624
R8	Eight or more unit residential	170	0.7038
MS	Miscellaneous	100	0.4140
CI	Non-residential (Commercial/Industrial)	250	1.0350
FL	Rural & Semi-serviced (5 hectares or more)	25	0.1035
FS	Rural & Semi-serviced (0.2 hectares or less)	75	0.3105
FM	Rural & Semi-serviced (between 0.2 & 5 hectares)	55	0.2277

1.3 Capital Value targeted rate

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

Differential Group		Differential Factor (expressed as % of Group Code MS)	Rate (cents in \$ of CV)
Code	Brief Description		
R1	Single unit residential	Balance (approx. 77)	0.1634
R2	Two unit residential	120	0.2558
R3	Three unit residential	120	0.2558
R4	Four unit residential	120	0.2558
R5	Five unit residential	120	0.2558
R6	Six unit residential	120	0.2558
R7	Seven unit residential	120	0.2558

¹ Note – for the purposes of this targeted rate vacant serviced property where non-residential use is a permitted activity under the city’s District Plan will be categorised as non-residential, whereas it is categorised as miscellaneous for the purposes of the general rate.

Differential Group		Differential Factor (expressed as % of Group Code MS)	Rate (cents in \$ of CV)
Code	Brief Description		
R8	Eight or more unit residential	120	0.2558
MS	Miscellaneous	100	0.2132
CI	Non-residential (Commercial/Industrial)	200	0.4264
FL	Rural/Semi-serviced (5 hectares or more)	35	0.0746
FS	Rural/Semi-serviced (0.2 hectares or less)	75	0.1599
FM	Rural/Semi-serviced (between 0.2 & 5 hectares)	55	0.1173

1.4 Water Supply Rates

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

- \$449 per separately used or inhabited part of a residential rating unit which is connected to a Council operated waterworks system. This charge is not made where water supply is invoiced on the basis of water consumed.
- \$449 per rating unit for all other rating units which are connected to a Council operated waterworks system. This charge is not made where water supply is invoiced on the basis of water consumed.
- \$224.50 per rating unit which is not connected to a Council operated waterworks system but which is serviceable (i.e. within 100 metres of such waterworks system) and the Council would allow a connection.

Instead of the above targeted rates for metered water supply, targeted rates set under sections 16 and 19 of the Act, of \$2.04194 per cubic metre of water supplied to any rating unit that is invoiced on the basis of water supplied plus a fixed amount of \$260 per metered connection for connections of 25mm or less and \$560 for connections greater than 25mm.

1.5 Wastewater Disposal Rates

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

- \$446 per separately used or inhabited part of a residential rating unit which is connected to a public wastewater drain.
- \$446 per rating unit for all other rating units which are connected to a public wastewater drain.
- \$446 per pan (i.e. water closet or urinal) for all pans in excess of three for non-residential rating units connected to a public wastewater drain.
- \$223 per separately used or inhabited part of a residential rating unit which is not connected to a public wastewater drain but which is serviceable (i.e. within 30 metres of such a drain) and the Council would allow the connection.
- \$223 per rating unit for all other rating units which are not connected to a public wastewater drain but which is serviceable (i.e. within 30 metres of such a drain) and the Council would allow the connection.

1.6 Rubbish and Recycling Rates

1.6.1 Kerbside Recycling

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

- \$141 per separately used or inhabited part of a rating unit for residential properties receiving the Council's kerbside collection service.
- \$141 per rating unit for non-residential and rural/semi-serviced properties receiving the Council's kerbside collection service.

Where ratepayers elect, and the Council agrees, additional levels of service may be provided. These additional services could be by way of provision of more recycling bins or more frequent service. Each additional level of service will be charged a rate of \$141. This may include charges to non-rateable rating units where the service is provided.

1.6.2 Rubbish and Public Recycling

A targeted rate for rubbish and public recycling set under section 16 of the Act of \$129 per separately used or inhabited part of each residential rating unit and \$129

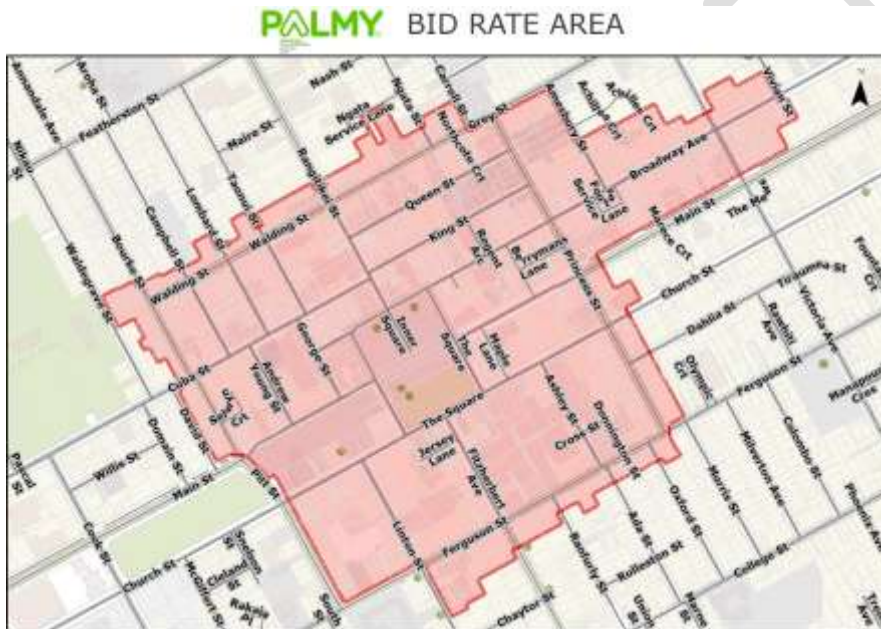
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per rating unit for all other rating units. Rating units which are vacant land will not be liable for these rates.

1.7 Palmy BID

Targeted rates set under section 16 of the Act on all properties within the central city Palmy BID area as shown on the following map that are categorised as non-residential for the Council’s general rate calculated as follows:

- A fixed amount of \$346 per rating unit; and
- A variable amount of 0.0142 cents in the dollar of capital value of the rating unit.



2. Due Dates for Payment of Rates

Rates (other than metered water targeted rates) will be payable at the offices or agencies of the Council in four quarterly instalments on 1 August 2026, 1 November 2026, 1 February 2027 and 1 May 2027.

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

Instalment One	28 August 2026
Instalment Two	27 November 2026
Instalment Three	26 February 2027
Instalment Four	28 May 2027

3. Due Dates for Payment of Metered Water Targeted Rates

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

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

Monthly invoicing					
Instalment	Date meter read & invoice issued	Due date	Instalment	Date meter read & invoice issued	Due date
1	June 2026	20 July 2026	7	December 2026	20 January 2027
2	July 2026	20 August 2026	8	January 2027	20 February 2027
3	August 2026	20 September 2026	9	February 2027	20 March 2027
4	September 2026	20 October 2026	10	March 2027	20 April 2027
5	October 2026	20 November 2026	11	April 2027	20 May 2027
6	November 2026	20 December 2026	12	May 2027	20 June 2027

Two monthly invoicing					
Linton, East & North Rounds			Ashhurst, South West, PNCC & Central Rounds		
Instalment	Date meter read & invoice issued	Due date	Instalment	Date meter read & invoice issued	Due date
1	June 2026	20 July 2026	1	July 2026	20 August 2026
2	August 2026	20 September 2026	2	September 2026	20 October 2026
3	October 2026	20 November 2026	3	November 2026	20 December 2026
4	December 2026	20 January 2027	4	January 2027	20 February 2027
5	February 2027	20 March 2027	5	March 2027	20 April 2027
6	April 2027	20 May 2027	6	May 2027	20 June 2027

4. Penalties on Unpaid Rates (excluding metered water)

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

Instalment One	2 September 2026
Instalment Two	2 December 2026
Instalment Three	3 March 2027
Instalment Four	2 June 2027

Any penalty charge imposed on the outstanding first instalment will be automatically remitted provided payment of the full year's rates is made by 27 November 2026.

A penalty charge of 10% will be added to any outstanding rates (including penalties) assessed in previous years and remaining outstanding at 2 July 2026 (penalty applied on 3 July 2026) and again on 4 January 2027 (penalty applied on 5 January 2027).

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

3 June 2026