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**PALMERSTON NORTH CITY COUNCIL**

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**AGENDA**

**FINANCE AND PERFORMANCE**

**COMMITTEE**

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**9AM, MONDAY 18 MARCH 2019**

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

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## MEMBERSHIP

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**Susan Baty (Chairperson)**

**Jim Jefferies (Deputy Chairperson)**

**Grant Smith (The Mayor)**

**Adrian Broad**

**Gabrielle Bundy-Cooke**

**Vaughan Dennison**

**Lew Findlay QSM**

**Leonie Hapeta**

**Lorna Johnson**

**Karen Naylor**

**Bruno Petrenas**

**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**

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**Heather Shotter**

**Chief Executive, Palmerston North City Council**

**Palmerston North City Council**

**W [pncc.govt.nz](http://pncc.govt.nz) | E [info@pncc.govt.nz](mailto:info@pncc.govt.nz) | P 356 8199**

**Private Bag 11034, 32 The Square, Palmerston North**



## **FINANCE AND PERFORMANCE COMMITTEE MEETING**

18 March 2019

### **ORDER OF BUSINESS**

NOTE: The Finance and Performance Committee meeting coincides with the ordinary meeting of the Council. The meetings will conduct business in the following order:

- Council
- Finance and Performance Committee

#### **1. Apologies**

#### **2. 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.

#### **3. 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.

**4. Public Comment**

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

(NOTE: If the Committee wishes to consider or discuss any issue raised that is not specified on the Agenda, other than to receive the comment made or refer it to the Chief Executive, then a resolution will need to be made in accordance with clause 2 above.)

**5. Deputation - Maruna Engu** Page 7

**6. Confirmation of Minutes** Page 9

“That the minutes of the Finance and Performance Committee meeting of 18 February 2019 Part I Public be confirmed as a true and correct record.”

**7. Palmerston North Airport Ltd - Interim Report for 6 months to 31 December 2018** Page 15

Memorandum, dated 28 February 2019 presented by the Strategy Manager Finance, Steve Paterson.

**8. Palmerston North Airport Ltd - Draft Statement of Intent for 2019/20** Page 33

Memorandum, dated 28 February 2019 presented by the Strategy Manager Finance, Steve Paterson.

**9. Additional Capital Renewal Funding for CAB Works** Page 63

Memorandum, dated 16 January 2019 presented by the Property Manager, Bryce Hosking.

**10. Whakarongo Residential Development** Page 67

Memorandum, dated 26 February 2019 presented by the Property Manager, Bryce Hosking.

**11. Papaioea Place Redevelopment Quarterly Update** Page 71

Memorandum, dated 28 February 2019 presented by the Property Manager, Bryce Hosking.

**12. Aquatic Facilities - Free admission of under five year olds** Page 75

Memorandum, dated 7 March 2019 presented by the Parks and Reserves Manager, Kathy Dever-Tod.

**13. Committee Work Schedule** Page 79

**14. Exclusion of Public**

To be moved:

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

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

General subject of each matter to be considered		Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution
15.	Minutes of the Finance and Performance Committee meeting - Part II Confidential - 18 February 2019	For the reasons setout in the Finance and Performance Committee minutes of 18 February 2019, held in public present.	

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as stated in the above table.

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

Chief Executive (Heather Shotter), Chief Financial Officer (Grant Elliott), Chief Infrastructure Officer (Tom Williams), General Manager – Strategy and Planning (Sheryl Bryant), General Manager - Community (Debbie Duncan), Chief Customer and Operating Officer (Chris Dyhrberg), General Manager - Marketing and Communications (Sacha Haskell), Sandra King (Executive Officer) because of their knowledge and ability to provide the meeting with advice on matters both from an organisation-wide context (being members of the Council's Executive Leadership Team) and also from their specific role within the Council.

Legal Counsel (John Annabell), because of his knowledge and ability to provide the meeting with legal and procedural advice.

Committee Administrators (Penny Odell, Rachel Corser and Courtney Kibby), because of their knowledge and ability to provide the meeting with procedural advice and record the proceedings of the meeting.

*[Add Council Officers]*, because of their knowledge and ability to assist the meeting in speaking to their report and answering questions, noting that such officer will be present at the meeting only for the item that relate to their respective report.

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

## DEPUTATION

**TO:** Finance and Performance Committee

**MEETING DATE:** 18 March 2019

**TITLE:** Deputation - Maruna Engu

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### RECOMMENDATION(S) TO FINANCE AND PERFORMANCE COMMITTEE



1. That the Finance and Performance Committee receive the deputation for information.

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### SUMMARY

Mr Maruna Engu will make a deputation as per the attached document.

### ATTACHMENTS

1. Deputation information  

Date: 18th of March 2019

Attention: PN Council Committee

Speaker: Maruna Engu

Subject: Petition Deputation

Content: Palmerston North Council secretly gave Toyota \$391,000 (plus GST) economic grant to expand their warehouse without public consultation

Demand: Ratepayers and business' views, acknowledgement and have the opportunity to have a say. 'The petition is to demand PN Council to have that grant return from Toyota'

Overview: The deputation is not to point the finger at or have Council explain itself but to seek a unilateral solution opportunity to balance the scale. To give the Ratepayers and business' confident to offer a resolution for the Council to consider.

Topics: The Frog, crossing the Yellow line and the Scale *\*this will be highlighted on the day*

Resolution: Our recommendation is the Scale of \$391,000 grant that was given to Toyota to be tabled and excepted for discussion and be decided in March 2020 for the new elected Council members to decide.

Points: Firstly, \$391,000 (include GST) be include in the Economic budget for the next three years. Dividing the amount in one thirds given the amount of \$130,333 per year to be added.

Secondly, opportunity for review sample Rates, Carparks, Rubbish or administration Cost etc for open discussion next year.



# **PALMERSTON NORTH CITY COUNCIL**

## **Minutes of the Finance and Performance Committee Meeting Part I Public, held in the Council Chamber, First Floor, Civic Administration Building, 32 The Square, Palmerston North on 18 February 2019, commencing at 9.04am**

**Members Present:** Councillor Susan Baty (in the Chair), and Councillors Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Karen Naylor and Bruno Petrenas.

**Non Members:** Councillors Brent Barrett, Rachel Bowen and Duncan McCann.

**Apologies:** The Mayor (Grant Smith) (lateness on Council Business) and Councillors Leonie Hapeta (early departure), Aleisha Rutherford and Tangi Utikere (lateness).

Councillor Leonie Hapeta left the meeting at 9.10am during consideration of clause 3. She was not present for clauses 3 to 8 inclusive.

Councillor Tangi Utikere entered the meeting at 9.40am during consideration of clause 5. He was not present for clauses 1 to 4 inclusive.

### **1-19 Apologies**

Moved Vaughan Dennison, seconded Lorna Johnson.

#### **The COMMITTEE RESOLVED**

1. That the Committee receive the apologies.

Clause 1-19 above was carried 13 votes to 0, the voting being as follows:

#### **For:**

Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor and Bruno Petrenas.

### **2-19 Confirmation of Minutes**

Moved Vaughan Dennison, seconded Lorna Johnson.

#### **The COMMITTEE RESOLVED**

1. That the minutes of the Finance and Performance Committee meeting of 17 December 2018 Part I Public be confirmed as a true and correct record.

Clause 2-19 above was carried 13 votes to 0, the voting being as follows:

**For:**

Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor and Bruno Petrenas.

**3-19**

**Acquisition of Fitzherbert East Road site for Landfill Purposes**

Memorandum, dated 8 January 2019 presented by the Property Manager, Bryce Hosking.

Councillor Leonie Hapeta left the meeting at 9.10am

Moved Susan Baty, seconded Vaughan Dennison.

The **COMMITTEE RECOMMENDS**

1. That Council agrees to enter into the Reverse Sensitivity Encumbrance arrangement as part of the acquisition of the Fitzherbert East Road site for Landfill Purposes.

Clause 3-19 above was carried 12 votes to 0, the voting being as follows:

**For:**

Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor and Bruno Petrenas.

**4-19**

**E-Waste Recycling at Ferguson Street - First Six Months of Reduced Fees**

Memorandum, dated 30 January 2019 presented by the Waste Management Manager, Stewart Hay.

Moved Brent Barrett, seconded Bruno Petrenas.

The **COMMITTEE RESOLVED**

1. That the information provided in the Memorandum dated 30 January 2019 and titled 'E-Waste Recycling at Ferguson Street – First Six Months of Reduced Fees' be received by the Finance and Performance Committee.

Clause 4-19 above was carried 12 votes to 0, the voting being as follows:

**For:**

Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor and Bruno Petrenas.

**5-19**

**Quarterly Performance and Finance Report - Quarter Ending 31 December 2018**

Memorandum, dated 1 February 2019 presented by the Finance Manager, Stuart McKinnon.

Councillor Tangi Utikere entered the meeting at 9.40am

Moved Karen Naylor, seconded Brent Barrett.

The **COMMITTEE RESOLVED**

1. That the Committee receives the December 2018 Quarterly Performance and Financial Report.

Clause 5-19 above was carried 13 votes to 0, the voting being as follows:

**For:**

Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas and Tangi Utikere.

**6-19**

**Treasury Report for 6 months ended 31 December 2018**

Memorandum, dated 25 January 2019 presented by the Strategy Manager Finance, Steve Paterson.

Moved Susan Baty, seconded Lorna Johnson.

The **COMMITTEE RESOLVED**

1. That the performance of the treasury activity for the 6 months ending 31 December 2018 be noted.

Clause 6-19 above was carried 13 votes to 0, the voting being as follows:

**For:**

Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas and Tangi Utikere.

**7-19**

**Committee Work Schedule**

Moved Susan Baty, seconded Karen Naylor.

The **COMMITTEE RESOLVED**

1. That the Finance and Performance Committee receive its Work Schedule dated February 2019.

Clause 7-19 above was carried 13 votes to 0, the voting being as follows:

**For:**

Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas and Tangi Utikere.

**EXCLUSION OF PUBLIC**

**8-19**

**Recommendation to Exclude Public**

Moved Susan Baty, seconded Vaughan Dennison.

# The **COMMITTEE 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
12.	Award of Contract 3696 for Engagement of Legal Advisor for the Wastewater BPO Project	Third Party Commercial	s7(2)(b)(ii)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as stated in the above table.

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

Chief Executive (Heather Shotter), Chief Financial Officer (Grant Elliott), Chief Infrastructure Officer (Tom Williams), General Manager – Strategy and Planning (Sheryl Bryant), General Manager - Community (Debbie Duncan), Chief Customer and Operating Officer (Chris Dyhrberg), Human Resources Manager (Wayne Wilson), General Manager - Marketing and Communications (Sacha Haskell) because of their knowledge and ability to provide the meeting with advice on matters both from an organisation-wide context (being members of the Council’s Management Team) and also from their specific role within the Council.

Legal Counsel (John Annabell), because of his knowledge and ability to provide the meeting with legal and procedural advice.

Committee Administrators (Penny Odell, Rachel Corser and Courtney Kibby), because of their knowledge and ability to provide the meeting with procedural advice and record the proceedings of the meeting.

Transport and Infrastructure Manager (Robert van Bentum) and Commercial Advisory Manager (Fiona Dredge), because of their knowledge and ability to assist the meeting in speaking to their report and answering questions, noting that such officer will be present at the meeting only for the item that relate to their respective report.

Clause 8-19 above was carried 12 votes to 0, with 1 abstention, the voting being as follows:

**For:**

Councillors Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas and Tangi Utikere.

**Abstained:**

Councillor Brent Barrett.

The public part of the meeting finished at 9.58am

Confirmed 18 March 2019

**Chairperson**



## MEMORANDUM

**TO:** Finance and Performance Committee

**MEETING DATE:** 18 March 2019

**TITLE:** Palmerston North Airport Ltd - Interim Report for 6 months to 31 December 2018

**DATE:** 28 February 2019

**PRESENTED BY:** Steve Paterson, Strategy Manager Finance, Finance

**APPROVED BY:** Grant Elliott, Chief Financial Officer

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### RECOMMENDATION(S) TO COUNCIL

1. That the Interim Report and Financial Statements of Palmerston North Airport Ltd for the period ended 31 December 2018 be received.

#### 1. ISSUE

Palmerston North Airport Ltd (PNAL), as a Council-Controlled Organisation, is required to provide a 6 monthly report to the Council. The report for the period ending 31 December 2018 is *attached*.

#### 2. BACKGROUND

PNAL's draft Statement of Intent (SOI) for 2018/19 was considered by the Council in March 2018 and the final SOI was considered by the Council in June 2018.

Performance for the year to date is covered in the report by the Chair and Chief Executive. They outline the key components of what has been another busy period for the airport with increased passenger numbers and better overall financial performance. This outcome is very pleasing.

The Council has been paid a dividend of \$643,650 based on the previous year's results – this compares with the Council's budget for 2018/19 of \$500,000.

PNAL has prepared its draft SOI for the 2019/20 year and this is being considered under a separate report.


### 3. NEXT STEPS

PNAL will prepare and forward an annual report after 30 June 2019.

### 4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	No
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the outcomes of the City Development Strategy	
The recommendations contribute to the achievement of action/actions in the Strategic Transport Plan	
The action is: Work with the airport company to ensure the airport's strategic intent aligns with the City's aspirations	
Contribution to strategic direction	This report outlines progress to date.

### ATTACHMENTS

- Interim Report to 31 December 2018 [!\[\]\(0f48f43ebd21f231a458c96216dbf4d1\_img.jpg\)](#) 





**PALMERSTON NORTH AIRPORT LIMITED**

## **INTERIM REPORT**

**TO 31 DECEMBER 2018**

<b>COMPANY DIRECTORY</b>
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<b>PALMERSTON NORTH AIRPORT LIMITED</b>
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**DIRECTORS:**

M A Georgel – Chairman  
 G F Gillespie  
 J E Nichols  
 J M K B Adlam  
 C G Cardwell

**MANAGEMENT:**

D J Lanham	Chief Executive
D J Yorke	Infrastructure Manager
G E Clark	Commercial Manager
V van Gysen	Finance Manager
A C Scott	Visitor Development Manager
J Gutry	Marketing Manager
B D Lawry	Terminal Manager
T B Cooney	Safety and Security Manager
D J Humphreys	Manager Valet and Agency Services
J M van Vuuren	Infrastructure Development Engineer

**REGISTERED OFFICE:**

Palmerston North Airport  
 Terminal Building  
 Airport Drive  
 PALMERSTON NORTH 4442

Phone: +64 6 351 4415  
 Fax: +64 6 355 2262  
 e-mail: [help@pnairport.co.nz](mailto:help@pnairport.co.nz)  
 Web: [www.pnairport.co.nz](http://www.pnairport.co.nz)

**TRADING BANKERS:**

Bank of New Zealand

**LEGAL ADVISORS:**

Cooper Rapley Lawyers

**AUDITORS:**

Audit New Zealand (on behalf of The Auditor-General)

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## JOINT REPORT OF CHAIRMAN & CHIEF EXECUTIVE OFFICER FOR THE SIX MONTHS ENDING 31 DECEMBER 2018

The first six months of the 2018/19 financial year has been busy for the management team with multiple infrastructure projects being completed or in progress, the highlight being the completion of Stage 1 of the \$5 million Massey University School of Aviation training facility.

The Board and Management of Palmerston North Airport Limited (PNAL) continue to implement the Company's strategy and strive to be the leading regional airport in New Zealand. The vision reflects the importance that Palmerston North Airport places on proudly portraying our regional identity and to the range of airport facilities and services offered to regional residents and visitors alike.

The vision also reflects PNAL's desire to work closely with a wide range of stakeholders both from a business and visitor perspective, and our regional communities and iwi.

In the twelve months to December 2018, Palmerston North Airport accommodated 675,867 travellers, an increase of 6.1% on the prior twelve-month calendar year. Auckland – Palmerston North services continue to grow at a double-digit pace and highlight the ongoing investment by our airlines in this important route and gateway to the rest of the world.

During the six-month period \$3.7 million of infrastructure projects were in progress, including reconstruction of the two primary taxiways and the airfreight apron, and construction of a replacement rescue fire facility.

Continuous improvement in the airport experience for travellers and other airport users was again a key driver of infrastructure development and airport operations. The extension of the Long Stay Car Park was commissioned earlier than envisaged due to the unprecedented demand from our regional catchment. The Long Stay Car Park offers the lowest airport car parking prices available at any airport within the lower North Island. The relocation of the rental car park to a larger area and commencement of upgrades to the General Car Park also commenced during the period.

Commercialisation of Ruapehu Business Park continued with construction of Stage 2 of the \$5 million Massey Aviation training facility and the subdivision of land on the corner of Railway Road and Airport Drive commencing. Significant interest is being shown in land adjoining Airport Drive from a range of industry types.

Community engagement activities gathered pace during the period with planning continuing for the PNAL-funded undercover barbecue facility at Rangitāne's Te Rangimarie Marae. In recognition of the airport's role as a gateway to the wider region community, engagement within the region continues to expand.

During the period PNAL undertook further soil, sediment, surface and ground water sampling for historical PFOS contamination. PNAL also managed a comprehensive community engagement exercise which involved liaising with over 100 property owners on the airport's northern, eastern and western boundaries about the testing programme.

Following consultation with private bore owners, ground water samples were taken from properties predominantly located to the north and west of the airport, who have some reliance on bores for drinking water. All samples were found to comply with Ministry of Health drinking water guidelines.

PNAL continues to develop a roadmap to carbon neutrality. During the period, PNAL selected the Airports Council International Airport Carbon Accreditation programme and was close to completing Level One of the four stage programme.

Due to the level of infrastructure development and community engagement activity being undertaken by the management team, two further additions were made including a second civil engineer, and a full-time marketing resource.

Revenue of \$5.206 million was 3.1% ahead of budget and 22.1% ahead of last year. Operating expenditure of \$2.404 million was on budget.

EBITDAE (excludes PFOS related expenditure) of \$2.801 million was 6.1% ahead of budget, and 37% ahead of last year.


Net surplus after taxation of \$1.055 million was on budget, and 25% above last year. PFOS testing related expenditure of \$0.147 million to date was the primary reason the strong EBITDAE performance did not translate into an equally strong net surplus result.

An on-budget EBITDA and Net Profit after tax result remains achievable by financial year-end.

All statutory requirements relating to the Airport have been met during the first six months of the year, including successful completion of independent audits by the Civil Aviation Authority. These were also supported by continuing monthly internal audits and quality control checks, undertaken by an independent body.



Murray Georgel  
**Chairman**



David Lanham  
**Chief Executive**

**STATEMENT OF FINANCIAL PERFORMANCE**  
For the Six Months Ended 31 December 2018

	Note	31-Dec-18 6 Months Unaudited	31-Dec-17 6 Months Unaudited	30-Jun-19 12 Months SOI	30-Jun-18 12 Months Audited
REVENUE	4	5,205,868	4,261,757	9,952,224	8,482,757
OPERATING EXPENSES					
Airfield Services		354,212	354,212	819,364	719,620
Other Operating Expenses	5	768,571	815,668	1,435,213	1,513,154
TOTAL OPERATIONS AND MAINTENANCE		1,122,783	1,169,880	2,254,577	2,232,774
Administration:					
Audit Fees		15,787	16,393	29,988	29,488
Bad Debts Written Off					
Changes in doubtful debt provision		11		10,000	18,816
Directors' Fees		50,350	45,000	90,000	90,000
Employee Expenses	6	615,628	456,207	1,183,413	979,802
Administration	7	489,130	426,801	1,010,292	1,057,981
Market Development		110,913	101,180	205,000	
TOTAL ADMINISTRATION:		1,281,819	1,045,581	2,528,693	2,176,087
TOTAL OPERATING EXPENSES		2,404,602	2,215,461	4,783,270	4,408,861
Extraordinary Items	19	147,077			
Operating Surplus before interest, depreciation & taxation (EBITDA)		2,654,189	2,046,296	5,168,954	4,073,896
Finance Costs & Depreciation:					
Finance costs	8	253,656	132,401	682,794	279,238
Depreciation	15	938,764	741,244	1,832,625	1,582,752
Loss on Sale of Assets					922
TOTAL FINANCE COSTS & DEPRECIATION:		1,192,420	873,645	2,515,419	1,862,912
Operating Surplus before taxation		1,461,769	1,172,651	2,653,535	2,210,984
Taxation Expense on operating surplus	9	406,384	326,706	742,990	601,965
NET SURPLUS AFTER TAXATION		1,055,385	845,945	1,910,545	1,609,019

For and on behalf of the Board

Murray Georgel - Chairman  
Date : 27.2.19.

Jon Nichols - Director  
Date :

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

These financial statements are unaudited.

<b>STATEMENT OF SERVICE PERFORMANCE</b>
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The Company's current Statement of Intent is dated June 2018.

The Company is trading as Palmerston North Airport Limited.

Palmerston North Airport Limited has been maintained as an airport certificated pursuant to Civil Aviation Rule Part 139 and has achieved satisfactory audits during the period.

All obligations under the Resource Management Act and the District Plans of the Palmerston North City Council and Manawatu District Council have been met.

### Performance Measures:

	Dec 2018 6 Months	Dec 2017 6 Months	SOI Target 6 Months
1. Ratio of Net Surplus before interest and tax to Total Assets:	2.1%	1.7%	2.2%
2. Ratio of Net Surplus after interest and tax to consolidated Shareholders funds:	1.7%	1.4%	1.7%
3. Ratio of shareholder funds to total assets (of or above	75.3%	80.4%	72.1%
4. Interest cover ratio of Net Surplus before interest tax and depreciation to interest, at or above 2.5 times:	10.5	15.5	8.9
5. Maintain a tangible net worth (of or above) \$35m	\$61.1M	\$59.9M	\$62.7M
6. Total Passenger Throughput	352,000	327,000	322,000
7. CAA Part 139 Certification	Achieved	Achieved	Achieve
8. Lost time due to injuries of those who work within our airport community	Zero	Zero	Zero

**STATEMENT OF COMPREHENSIVE INCOME**  
For the Six Months Ended 31 December 2018

<i>Note</i>	31-Dec-18 6 Months Unaudited	31-Dec-17 6 Months Unaudited	30-Jun-18 12 Months SOI	30-Jun-18 12 Months Audited
NET SURPLUS AFTER TAXATION	1,055,385	845,945	1,910,545	1,609,019
Gains on revaluation of land and buildings	-	-	-	0
Movement in deferred tax	-	-	-	0
Reversal of valuation surplus on disposal				0
Comprehensive income attributed to the shareholder	1,055,385	845,945	1,910,545	1,609,019

**STATEMENT OF CHANGES IN EQUITY**  
For the Six Months Ended 31 December 2018

<i>Note</i>	31-Dec-18 6 Months Unaudited	31-Dec-17 6 Months Unaudited	30-Jun-18 12 Months SOI	30-Jun-18 12 Months Audited
EQUITY AT THE BEGINNING OF THE YEAR	60,704,107	59,614,743	60,574,210	59,614,744
Total Comprehensive (loss) income	1,055,384	845,947	1,910,545	1,609,019
Movement in Asset Revaluation Reserve				
Distribution to shareholders during the year	(643,650)	(519,653)	(591,515)	(519,656)
EQUITY AT THE END OF THE YEAR	61,115,841	59,941,037	61,893,240	60,704,107

*The accompanying accounting policies and notes form part of and are to be read  
in conjunction with these financial statements*


*These financial statements are unaudited.*



**STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2018

	Note	31-Dec-18 Unaudited	31-Dec-17 Unaudited	30-Jun-19 SOI	30-Jun-18 Audited
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	10	325,025	188,570	109,973	196,233
Trade accounts receivable	11	727,131	509,519	697,677	615,811
Sundry receivables and prepayments		120,098	93,776	1,858	166,949
Assets intended for sale					288,151
<b>TOTAL CURRENT ASSETS</b>		<b>1,172,254</b>	<b>791,865</b>	<b>809,508</b>	<b>1,267,144</b>
<b>Less: CURRENT LIABILITIES</b>					
Income in advance		124,815	97,203	90,000	122,884
Trade accounts payable	12	556,909	822,877	500,000	1,344,788
Other creditors		92,829	121,204	250,000	504,431
Employee benefit liabilities	13	319,604	88,651	135,000	114,742
Tax payable		67,960	48,965	22,501	
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,162,117</b>	<b>1,178,900</b>	<b>997,501</b>	<b>2,086,845</b>
<b>WORKING CAPITAL</b>		<b>10,137</b>	<b>(387,035)</b>	<b>(187,993)</b>	<b>(819,701)</b>
<b>Add: NON CURRENT ASSETS</b>					
Property, Plant & Equipment	15	79,375,226	73,228,798	84,424,068	76,052,004
Investment Property		575,000	575,000	575,000	575,000
<b>TOTAL NON CURRENT ASSETS</b>		<b>79,950,226</b>	<b>73,803,798</b>	<b>84,999,068</b>	<b>76,627,004</b>
<b>Less: NON CURRENT LIABILITIES</b>					
Deferred tax liability	16	7,844,320	8,075,726	8,075,726	7,844,320
Borrowings	14	11,000,202	5,400,000	14,842,108	7,258,876
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>18,844,522</b>	<b>13,475,726</b>	<b>22,917,834</b>	<b>15,103,196</b>
<b>NET ASSETS</b>		<b>61,115,841</b>	<b>59,941,037</b>	<b>61,893,241</b>	<b>60,704,107</b>
<b>Represented by:</b>					
<b>SHAREHOLDERS' EQUITY</b>					
Paid in Capital		9,380,400	9,380,400	9,380,400	9,380,400
Retained earnings		19,800,285	18,625,481	20,577,685	19,388,551
Asset revaluation reserve		31,935,156	31,935,156	31,935,156	31,935,156
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>61,115,841</b>	<b>59,941,037</b>	<b>61,893,241</b>	<b>60,704,107</b>

For and on behalf of the Board

  
Murray George - Chairman  
Date : 27.2.19

  
Jon Nichols - Director  
Date :

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

These financial statements are unaudited.

**CASH FLOW STATEMENT**  
For the Six months Ended 31 December 2018

	Note	31-Dec-18 6 Months Unaudited	31-Dec-17 6 Months Unaudited	30-Jun-19 12 Months SOI	30-Jun-18 12 Months Audited
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Cash was provided from:					
Receipts from Customers		5,088,120	4,352,745	9,827,002	8,466,891
Refund of Income tax					
Interest Received		1,267	2,095	152	2,183
		<u>5,089,387</u>	<u>4,354,840</u>	<u>9,827,154</u>	<u>8,469,074</u>
Cash was disbursed to:					
Payment to Suppliers and employees		3,321,915	1,849,870	4,780,689	4,192,162
Payment of Income Tax		583,782	562,152	780,000	690,702
Interest Payments		253,662	132,401	682,794	279,238
		<u>4,159,359</u>	<u>2,544,423</u>	<u>6,243,483</u>	<u>5,162,102</u>
Net cash flow from operating activities	17	<u>930,028</u>	<u>1,810,417</u>	<u>3,583,671</u>	<u>3,306,972</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Cash was provided from:					
Sale of Fixed Assets				2,700,000	49,971
				<u>2,700,000</u>	<u>49,971</u>
Cash was applied to:					
Purchase of Fixed Assets		3,898,906	1,940,234	12,620,000	5,337,965
		<u>3,898,906</u>	<u>1,940,234</u>	<u>12,620,000</u>	<u>5,337,965</u>
Net cash flow from investing activities		<u>(3,898,906)</u>	<u>(1,940,234)</u>	<u>(9,920,000)</u>	<u>(5,287,994)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Cash was provided from:					
Borrowing		5,649,807	1,400,000	7,322,000	11,850,000
		<u>5,649,807</u>	<u>1,400,000</u>	<u>7,322,000</u>	<u>11,850,000</u>
Cash was applied to:					
Repayment of borrowings		1,908,488	850,000	600,000	10,600,000
Payment of Dividends		643,650	519,649	591,515	519,649
		<u>2,552,138</u>	<u>1,369,649</u>	<u>1,191,515</u>	<u>11,119,649</u>
Net cash flow from financing activities		<u>3,097,669</u>	<u>30,351</u>	<u>6,130,485</u>	<u>730,351</u>
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		128,791	(99,466)	(205,844)	(1,250,671)
Cash, cash equivalents and bank overdrafts at the beginning of the year		196,233	288,036	315,842	288,028
Cash, cash equivalents and bank overdrafts at the end of the year	10	<u>325,024</u>	<u>188,570</u>	<u>109,998</u>	<u>(962,643)</u>
Made up of:					
Cash and Bank Balance		325,024	188,570	109,998	196,233
Current portion of short term loan					(1,158,876)
CLOSING CASH BALANCE		<u>325,024</u>	<u>188,570</u>	<u>109,998</u>	<u>(962,643)</u>

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements

These financial statements are unaudited.

**Statement of Commitments**  
**For the Six Months Ended 31 December 2018**

**Non-cancellable Commitments - Operating Lessee**

Not more than one year	36,176
One to two years	28,168
Two to five years	23,148
Over five years	
Total	\$ 87,492

**Non-cancellable Commitments - Operating Lessor**

Not more than one year	682,350
One to two years	717,634
Two to five years	958,118
Over five years	470,810
Total	\$ 2,828,913

**NOTES TO THE FINANCIAL STATEMENTS**  
For the six months ended 31 December 2017

**1. REPORTING ENTITY**

Palmerston North Airport Limited is a New Zealand company registered under the Companies Act 1993.

**2. BASIS OF PREPARATION****Statement of Compliance**

The financial statements of Palmerston North Airport Limited have been prepared in accordance with the requirements of the Airport Authorities Act 1966, Airport Authorities Amendment Act 2000, the Local Government Act 2002, Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 the Companies Act 1993, and the Financial Reporting Act 2013. The financial statements have been prepared in accordance with NZ GAAP. They have been prepared in accordance with Tier 2 PBE reporting standards.

The entity is eligible and has elected to report with Tier 2 PBE accounting standards RDR on the basis that the entity has no public accountability and has expenses >\$2m and ≤ \$30m.

**Measurement base**

The financial statements have been prepared on a historical cost basis except where modified by the revaluation of land and buildings and infrastructure assets.

**Functional and presentation currency**

The financial statements are presented in New Zealand Dollars and all values are rounded to the nearest dollar. The functional currency of the company is New Zealand Dollars.

**3. ACCOUNTING POLICIES****Changes in accounting policies**

There were no changes to accounting policies during the period being reported.

**Specific accounting policies**

The accounting policies as published in the Annual Report to 30 June 2018 have been applied consistently to all periods presented in these financial statements.

	<u>31-Dec-18</u>	<u>31-Dec-17</u>	<u>30-Jun-19</u>	<u>30-Jun-18</u>
	<u>6 Months</u>	<u>6 Months</u>	<u>12 Months</u>	<u>12 Months</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>SOI</u>	<u>Audited</u>
<b>4. ANALYSIS OF OPERATING REVENUE:</b>				
Landing, departure & facility fees	3,208,749	2,568,789	5,900,000	5,021,996
Car park, rent and advertising	1,840,946	1,537,702	3,755,427	3,276,917
Other	149,613	155,245	296,645	183,818
Interest	6,560	21	152	26
	<u>5,205,868</u>	<u>4,261,757</u>	<u>9,952,224</u>	<u>8,482,757</u>

**5. OTHER OPERATING EXPENSES**

Rates	186,991	177,566	366,840	357,380
Power and Insurance	174,648	152,767	292,681	310,943
Repairs and maintenance	393,955	485,335	819,364	844,831
	<u>755,594</u>	<u>815,668</u>	<u>1,478,885</u>	<u>1,513,154</u>

## INTERIM REPORT TO 31 DECEMBER 2018

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	<u>31-Dec-18</u> <u>6 Months</u> <u>Unaudited</u>	<u>31-Dec-17</u> <u>6 Months</u> <u>Unaudited</u>	<u>30-Jun-19</u> <u>12 Months</u> <u>SOI</u>	<u>30-Jun-18</u> <u>12 Months</u> <u>Audited</u>
<b>6. EMPLOYEE EXPENSES</b>				
Salaries and wages	581,164	454,304	1,126,301	942,454
Employer Contribution to Kiwi Saver	17,474	12,082	33,623	31,419
Movement in employee entitlements	16,990	(10,179)	23,489	5,929
	<u>615,628</u>	<u>456,207</u>	<u>1,183,413</u>	<u>979,802</u>
<b>7. ADMINISTRATION</b>				
Legal	29,981	56,353	150,000	84,646
Consultancy	68,643	94,405	200,000	169,470
Contactors	143,638	104,738	211,960	216,598
General Administration	188,327	171,305	237,060	247,989
	<u>430,589</u>	<u>426,801</u>	<u>799,020</u>	<u>718,703</u>
<b>8. FINANCE COST</b>				
Interest on term loans	253,656	132,401	682,794	279,238
Interest on overdraft				
	<u>253,656</u>	<u>132,401</u>	<u>682,794</u>	<u>279,238</u>
<b>9. TAXATION:</b>				
Current year tax payable	406,384	326,706	742,990	833,371
Prior year adjustments	-	-	-	-
Movement in deferred tax	-	-	-	(231,406)
Total	<u>406,384</u>	<u>326,706</u>	<u>742,990</u>	<u>601,965</u>
<b>10. CASH &amp; CASH EQUIVALENTS</b>				
BNZ Current account	290,281	172,429	109,973	167,432
Cash on hand	23,896	5,301	0	17,957
Short term deposits	10,848	10,840	0	10,844
Total	<u>325,025</u>	<u>188,570</u>	<u>109,973</u>	<u>196,233</u>
<b>11. TRADE ACCOUNTS AND OTHER RECEIVABLES</b>				
Debtors and other receivables	847,229	820,374	699,535	628,196
Receivables from related party	0	2,503	0	2,431
Provision for impairment	0	0	0	(14,816)
Total	<u>847,229</u>	<u>822,877</u>	<u>699,535</u>	<u>615,811</u>

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms. Therefore, the carrying value of debtors and other receivables approximates their fair value after making provisions for impairment on specific overdue accounts.

	<u>31-Dec-18</u> <u>6 Months</u> <u>Unaudited</u>	<u>31-Dec-17</u> <u>6 Months</u> <u>Unaudited</u>	<u>30-Jun-19</u> <u>12 Months</u> <u>SOI</u>	<u>30-Jun-18</u> <u>12 Months</u> <u>Audited</u>
<b>12. TRADE ACCOUNTS PAYABLE</b>				
Trade accounts payable	1,094,157	820,374	975,000	1,344,788
Payables to related party	0	2,503	591,515	643,650
Total	<u>1,094,157</u>	<u>822,877</u>	<u>1,566,515</u>	<u>1,988,438</u>
<b>13. EMPLOYEE BENEFIT LIABILITIES</b>				
Accrued Pay	124,242	34,287	135,000	51,959
Annual leave		52,312		61,176
Sick leave		2,052		1,607
Total	<u>124,242</u>	<u>88,651</u>	<u>135,000</u>	<u>114,742</u>
<b>14. BORROWINGS</b>				
Borrowings	11,000,197	5,400,000	14,842,108	6,100,000
Current portion of borrowings			-	1,158,876
Total	<u>11,000,197</u>	<u>5,400,000</u>	<u>14,842,108</u>	<u>7,258,876</u>

The Company has a bank facility of \$11.1 million which is secured by a registered first debenture and mortgage from the Bank of New Zealand over assets and property of the Company.

The Company also has an additional facility of \$5m for the construction of the Massey Aviation Training facility.

The carrying value of borrowings is materially consistent with their fair value.

**15. PROPERTY, PLANT AND EQUIPMENT**

	<u>30-Jun-18</u>			<u>Disposals</u>		<u>31-Dec-18</u>
	<u>Carrying Amount</u>	<u>Additions</u>	<u>Disposals</u>	<u>Accum Dpn</u>	<u>Depreciation</u>	<u>Carrying Amount</u>
Land	28,000,000					28,000,000
Buildings	11,629,587	1,457			158,879	11,472,165
Infrastructure	31,713,141	1,138,818			566,313	32,285,646
Plant & Equipment	1,031,567	156,090	84,258	84,258	107,833	1,079,824
Furniture & Fittings	156,823				13,944	142,879
Computer Equipment	48,820	5,730			22,453	32,098
Motor Vehicles	517				221	296
Intangibles	17,304				2,318	14,986
	<u>72,597,759</u>	<u>1,302,095</u>	<u>84,258</u>	<u>84,258</u>	<u>871,961</u>	<u>73,027,893</u>

It is Management's opinion that there is no reason that any of the assets of the Company should be impaired, as at 31 December 2018.

## 16. DEFERRED TAX ASSETS/(LIABILITIES)

	Property, plant and equipment	Employee entitlements	Other provisions	Total
Balance at 30 June 2018	7,874,733	(25,979)	(4,435)	7,844,320
Change to profit and loss				
Balance at 31 December 2018	7,874,733	(25,979)	(4,435)	7,844,320

## 17. CASH FLOW RECONCILIATION

Reconciliation of surplus after taxation with net cash flow from operating activities

	31-Dec-18 6 Months Unaudited	31-Dec-17 6 Months Unaudited	30-Jun-19 12 Months SOI	30-Jun-18 12 Months Audited
Net surplus after tax	1,055,385	845,945	1,330,987	1,609,019
Add Depreciation	938,764	741,244	1,685,551	1,582,752
Add loss of sale of assets	0	0	77,000	922
Net movement in deferred tax	0	0	0	(231,406)
Net movement in working capital	(1,064,121)	223,228	490,133	345,685
Net cash flow from operating activity	930,028	1,810,417	3,583,671	3,306,972

## 18. CONTINGENCIES

Payments made under operating leases are recognised on a straight-line basis over the term of the lease.

## 19. EXTRAORDINARY ITEMS

The Extraordinary Items are soil, sediment, surface and ground water sampling for PFAS at Palmerston North Airport and adjacent sites including the Mangaone Stream resulted in costs of \$0.147 million being incurred during the six months to 31 Dec 2018.





## MEMORANDUM

**TO:** Finance and Performance Committee

**MEETING DATE:** 18 March 2019

**TITLE:** Palmerston North Airport Ltd - Draft Statement of Intent for 2019/20

**DATE:** 28 February 2019

**PRESENTED BY:** Steve Paterson, Strategy Manager Finance, Finance

**APPROVED BY:** Grant Elliott, Chief Financial Officer

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### RECOMMENDATION(S) TO COUNCIL

1. That the Palmerston North Airport Ltd draft Statement of Intent for 2019/20 be received and its assumptions endorsed.
- 

#### 1. ISSUE

To present and provide comment on the draft Statement of Intent for Palmerston North Airport Ltd (PNAL) for 2019/20.

#### 2. BACKGROUND

PNAL is deemed a Council-Controlled Trading organisation (CCTO) under the Local Government Act 2002. A CCTO must deliver a draft Statement of Intent (SOI) to shareholders by 1 March each year and adopt it by 30 June. The Council must, as soon as possible after a draft SOI is delivered to it agree to a CCTO's SOI or, if it does not agree, take all practicable steps under clause 5 of Schedule 8 of the Local Government Act 2002 to require the SOI to be modified.

*Attached* is a letter from PNAL to shareholders explaining the enclosed draft SOI and outlining the key assumptions.

The draft SOI retains the vision from the current year "New Zealand's leading regional airport". The mission (aims and values) and strategic objectives sections are unchanged from the updated version in 2018/19.

It has been assumed the airport will operate as a Tier 2 domestic regional one over the next three years. Further growth in the domestic activity, and as a consequence increased revenue and related operating expenses is forecast.

The capital expenditure programme has two components. Airside and landside infrastructure assets (pavement, Airport Drive, terminal and carpark) are scheduled for on-going upgrades. In addition, commercial development (development of the business park including two rental car facilities, and other light industrial, freight and logistics and accommodation facilities) is scheduled over the next three years.

The draft SOI contains an assumption that capital expenditure of \$19.02m will be phased across the three years, funded in part (\$4.29m) from the sale of non-strategic land and a net increase of \$2.16m in term borrowing.

Shareholders' funds are forecast to be approximately 70% of total assets through the three-year term of the SOI.

Financial performance targets/forecasts are included vis:

	<b>Draft SOI 2019/20 Budget</b>	<b>SOI 2018/19 Budget</b>
NPBIT : Total assets	4.2%	3.9%
NPAIT : Shareholders' funds	3.5%	3.1%
Shareholders' funds: Total assets (>40%)	70%	72%
Interest cover (>2.5)	5.5	4.9
Tangible Net Worth (>\$50m)	\$63.4m	\$60.0m
Dividends - % of NPAT	40%	40%

Non-financial targets relate to:

- Maintaining a customer satisfaction Net Promoter score of 50 or above (measured annually – target 60 for 2019/20)
- Serving 692,000 passengers during the 2019/20 year increasing to 715,000 for the following year and 774,000 in the June 2022 year (684,000 forecast for 2018/19)
- Maintaining Civil Aviation Rule Part 139 certification and having no adverse findings from the annual audit
- Zero lost time injuries to those who work within the airport community
- Complete roadmap to carbon neutrality

- Achievement of emission reduction targets.

Council's 10 Year Plan 2018-28 assumes PNAL will pay the Council shareholder dividends of \$500,000 during 2018/19 increasing by \$50,000 p.a. for the following three years. The SOI assumes a payment of \$744,000 in 2019/20 and payments of \$899,000 and \$1,155,000 in the following two years. These significant increases in dividends will obviously be reliant on achieving the assumed growth and PNAL meeting the appropriate solvency tests.

The Council's reason for its shareholding in PNAL is to ensure that the capacity and image of the City's key transportation gateway is consistent with the Council's economic development objectives. PNAL encapsulates this with specific acknowledgement in clause 12.

As a CCTO PNAL is required under the Local Government Act 2002 to have the following principal objective:

- Achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the Statement of Intent; and
- Be a good employer; and
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- Conduct its affairs in accordance with sound business practice.

The Council's shareholding represents 100% of the issued and paid-up capital.

PNAL's letter outlines the assumptions which have been made in preparing the draft SOI. These appear reasonable.

### 3. NEXT STEPS

The Council can either endorse the SOI as presented or make suggestions for change to a greater or lesser extent. No material recommendations are being made for change other than one in relation to the performance measure for the level of net worth of PNAL.

PNAL is obliged to consider shareholder comments then decide whether or not to make any changes to the draft when adopting the final SOI before 30 June 2019.



### 4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	No
Are the decisions significant?	No

## ITEM 9

If they are significant do they affect land or a body of water?		<b>No</b>
Can this decision only be made through a 10 Year Plan?		<b>No</b>
Does this decision require consultation through the Special Consultative procedure?		<b>No</b>
Is there funding in the current Annual Plan for these actions?		<b>Yes</b>
Are the recommendations inconsistent with any of Council's policies or plans?		<b>No</b>
The recommendations contribute to Goal 1: An Innovative and Growing City		
The recommendations contribute to the outcomes of the City Development Strategy		
The recommendations contribute to the achievement of action/actions in the Strategic Transport Plan		
The action is: Work with the airport company to ensure the airport's strategic intent aligns with the City's aspirations		
Contribution to strategic direction	The draft Statement of Intent includes a direction and specific actions that are designed to continue to improve the airport for customers and stimulate growth	

### ATTACHMENTS

1. Covering Letter from PNAL [!\[\]\(633dd45d48d71eb51a85c6dd83ee51e9\_img.jpg\)](#) 
2. Draft SOI for 2019/20 [!\[\]\(944943bcf87a12c5b9337bf7ed1ef546\_img.jpg\)](#) 



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28 February 2019

The Shareholder  
Palmerston North Airport Limited  
C/- Ms Heather Shotter  
Chief Executive Officer  
Palmerston North City Council  
Private Bag 11034  
PALMERSTON NORTH

Dear Heather

#### 2019/20 DRAFT STATEMENT OF INTENT

Please find enclosed the 2019/20 Draft Statement of Intent for Palmerston North Airport Limited for the three year period to June 2022.

Palmerston North Airport Limited (PNAL) is both a "Council-Controlled Organisation" and a "Council-Controlled Trading Organisation" pursuant to the Local Government Act 2002. This arises through the Palmerston North City Council shareholding in the Company.

This Draft SOI has been prepared in accordance with Schedule 8 of that Act, and is circulated to its Shareholder for comment before it is finalised by the Board of PNAL.

The following assumptions have formed the basis of the Draft SOI:

- The forecast year-end to 30 June 2019 (FY18/19) financial results are an unaudited estimated projection.
- Growth in revenue of 9.55% or \$0.978 million in FY19/20 is driven by improvements in aeronautical and lease income. Other non-aeronautical revenue including car parking receipts also increases based on growth in passenger numbers.
- Passenger movements are predicted to grow from a forecast of 684,000 for the year ending 30 June 2019, to 692,000 year ending June 2020, 715,000 year ending June 2021 and 774,000 year ended June 2022.
- Operating expenditure is forecast to increase 7% or \$0.349 million in FY19/20. Maintenance costs now driven by the Asset Management Plan and additional personnel costs including engineering expertise for our current focus on Ruapehu Business Park are the main contributors to the increase.
- Capital expenditure of \$7.9 million in 2019/20, \$6.8 million in 2020/21 and \$4.3 million in 2021/22 is forecast. Provision for a terminal redevelopment is incorporated in these figures.
- Proceeds from the sale of landholdings are predicted to generate \$1.6 million in FY19/20, and \$1.4 million in FY20/21 and \$1.4 million in FY21/22.
- This SOI assumes a dividend distribution of 40% of the net surplus after tax being \$0.744 million in FY19/20, \$0.899 million in FY20/21, and \$1.154 million in FY21/22.
- Performance measures (clause 10 of the SOI) are represented in the following table and are compared against last year's FY19/20 SOI and also the FY18/19 forecast.
- This budget has been prepared under IPSAS standards.

## PERFORMANCE METRICS

	SOI F20 Last Year	SOI F20 This Year	Forecast Result F19
10.1* A ratio of net surplus before interest/tax/revaluations to total assets.	4.7%	4.2%	3.7%
10.2* A ratio of net surplus after tax to consolidated shareholders' funds inclusive of revaluation reserve.	3.7%	3.5%	3.0%
10.3 To maintain a ratio of consolidated shareholders' funds to total assets of at least 40%	73%	70%	72%
10.4 To maintain an interest coverage ratio of net surplus before interest of at least 2.5 as per BNZ Loan Covenants	5.0	5.5	5.0
10.5 To maintain a tangible net worth (total tangible assets after revaluations less total liabilities) above \$50 million dollars.	\$63.5m	\$63.4m	\$61.9m
10.6 To maintain a Net Promoter Score* of 50 or above. Measured on an annual basis.	65	60	55
10.7 Total passenger movements	668,000	692,000	684,000
10.8 CAA Part 139 certification	Achieve	Achieve	Achieve
10.9 To achieve zero lost time injuries to those who work within our airport community	Zero	Zero	Zero
10.10 Complete roadmap to carbon neutrality	Implement	Implement	Complete
10.11 Achievement of emission reduction targets			
Energy Consumption (Kwh/Passengers)	5%	5%	5%
Waste to Landfill (Kg/1000 Passengers)	15%	10%	15%
Water Consumption (Litres/Passenger)	10%	10%	10%

\* The variance in measures 10.1 and 10.2 in the above comparison relate to changes in projected revenue being greater than the change of our asset base as a percentage.,

Furthermore, the asset revaluation carried out as at 30 June 2017 is currently being tested for any material movement. Any financial impact of a further revaluation will be assessed and included in the final SOI.

Yours sincerely



George Clark  
Acting Chief Executive



**PALMERSTON NORTH AIRPORT LIMITED**

**STATEMENT OF INTENT**

**FOR THE YEAR ENDING 30 JUNE 2020**

**DRAFT**

28 February 2019

## STATEMENT OF INTENT

2019-20

### PALMERSTON NORTH AIRPORT LIMITED

#### 1 INTRODUCTION

- 1.1 This Statement of Intent (SOI) is prepared by the Board of Directors of Palmerston North Airport Limited in accordance with s64 of the Local Government Act 2002. The SOI has been prepared under the new Public Benefit Entity (PBE) Standards based on International Public Sector Accounting (IPSAS) Standards.
- 1.2 Palmerston North Airport Limited ('The Company') falls within the definitions of both a Council-Controlled Organisation and a Council-Controlled Trading Organisation pursuant to s6 of the Local Government Act 2002 as a consequence of the Palmerston North City Council's shareholding.
- 1.3 This Statement declares publicly the activities and intentions of the Company, and provides an opportunity for shareholders to influence the direction of the Company. It also provides a basis for accountability of directors to Shareholders for the Company's performance. It is intended to comply with Schedule 8 of that Act, and be consistent with the Company's Constitution.
- 1.4 The SOI is reviewed annually. This SOI is in respect to the 2019/20 financial year ending 30 June 2020, and the following two financial years ending 30 June 2021 and 30 June 2022.
- 1.5 The Company owns and operates Palmerston North Airport, having purchased the airport business on 30 January 1990. The Company is trading as Palmerston North Airport Limited.
- 1.6 Contact details for both the Chairman and the Chief Executive are:
 

Address:	First Floor, Terminal Building Palmerston North Airport Airport Drive P O Box 4384 Palmerston North 4442
Phone:	+64 6 351 4415
Email:	<a href="mailto:info@pnairport.co.nz">info@pnairport.co.nz</a>
Web:	<a href="http://www.pnairport.co.nz">www.pnairport.co.nz</a>



**2 GOVERNANCE**

- 2.1 The Board's approach to governance of the Company is to preserve and enhance Shareholder value.
- 2.2 The Board is responsible for the proper direction and control of the Company's activities and is accountable to the shareholder within the framework of the vision, mission and objectives set out in this Statement of Intent, the Constitution, and the provisions of The Companies Act 1993.
- 2.3 The Board comprises five Directors appointed by the Shareholder in accordance with the Constitution.
- 2.4 Fees for the Board are reviewed annually. The Board recommends fee levels to the Shareholder based on commercial or near-commercial rates.

**3 SHAREHOLDERS EQUITY**

- 3.1 The Company's land, building, and infrastructure assets were revalued as at 30 June 2017, in line with the Company's three-yearly asset revaluation policy. Shareholder equity as shown in the Statement of Financial Position as at 30 June 2018 is \$60.7 million. The Directors consider that this represents a reasonable estimate of the commercial value of the Company.
- 3.2 The ratio of consolidated shareholder's equity to total assets will be maintained at no less than 40%. For the purposes of this ratio 'consolidated shareholder's equity' is total shareholder funds inclusive of retained earnings and revaluation surplus, and 'total assets' are current assets plus net book value of fixed assets plus future tax benefit (if any).

**4 OUR VISION – WHAT WE ASPIRE TO BE**

New Zealand's leading regional airport.

**5 OUR MISSION – OUR AIMS AND VALUES****5.1 Commercial**

We will operate a sustainable business to ensure long-term success.

**5.2 Compliance**

We will maintain a safe and secure operation and ensure ongoing compliance with all standards and regulations.

**5.3 Customer**

We will treat all Airport users as our customers.

**5.4 Community**

We will be a leader for regional environmental guardianship and engagement with iwi and communities.

## 6 OUR STRATEGIC OBJECTIVES – WHAT WE WANT TO ACHIEVE

### 6.1 Commercial

- 6.1.1 Our People are the key to our success. We will develop skills, commitment and resourcefulness across our team recognising achievement.
- 6.1.2 We will maintain and develop core infrastructure that is business critical.
- 6.1.3 We will diversify and grow revenue streams through a focus on both aeronautical and non-aeronautical revenue sources.
- 6.1.4 We will operate a successful enterprise that enables us to distribute shareholder funds surplus to our on-going investment and operating requirements.

### 6.2 Compliance

- 6.2.1 The safety and security of all airport users is our critical concern. We have a Zero Harm approach to those who visit and work within our airport community.
- 6.2.2 We will continue to meet our regulatory and statutory obligations including Civil Aviation Rule Part 139, Resource Management Act, Palmerston North and Manawatu District Plans.

### 6.3 Customer

- 6.3.1 We will deliver a high quality and efficient regional airport experience.
- 6.3.2 We will promote Palmerston North Airport as the gateway and lower North Island commercial hub to our 90-minute drive market.
- 6.3.3 We will facilitate regional economic development by growing passenger and airfreight volumes.

### 6.4 Community

- 6.4.1 We will be a guardian for the environment by operating in a sustainable manner in all of our business activities.
- 6.4.2 We will be actively engaged with and supportive of the region's communities and iwi.

## 7 COMPLIANCE

### Nature and scope of activities:

- 7.1 The Company's core business is to operate an airport located in Palmerston North for commercial aviation users providing both scheduled and chartered passenger services and airfreight services.
- 7.2 The Company will maintain certification pursuant to Civil Aviation Rule Part 139.
- 7.3 The Company will ensure that all operational and commercial aspects of Palmerston North Airport are undertaken safely in accordance with all statutory requirements and generally accepted best practice.
- 7.4 The Company maintains a detailed 'Exposition' setting out its responsibilities for the 'airside' of the airport operation and how they will be achieved.
- 7.5 The Company is committed to an environmentally responsible attitude to the operation of the business, including sustainable management of natural and physical resources, energy efficiency, managed storm water runoff, noise management, and border biosecurity.
- 7.6 The Company is committed to prudent cost management ensuring our operating budget meets the needs of the business to support development opportunities.
- 7.7 The Company will continue to meet its obligations under the Resource Management Act and the Palmerston North City and Manawatu District Plans.
- 7.8 The Company may undertake such activities as are necessary to protect the long-term interests of the airport business. In particular, the Company will pursue planning requirements that protect airport business activities from the reverse sensitivity effects of neighbouring development, and to enable expansion of the airport business opportunities.

## 8 COMMERCIAL

### Nature and scope of activities:

- 8.1 The Company will seek to grow the scale and scope of the business consistent with the Company Objectives, including the following activities:
  - a) Pursuing increased utilisation of airside and non-airside land by encouraging commercial development including aviation maintenance and training, commercial, logistics, retail, accommodation or light industrial development;
  - b) Having an appropriate number of concessions within the terminal to meet traveller and visitor demand and to maximise financial return;
  - c) Promoting Palmerston North Airport as the gateway and central distribution commercial hub for our region which extends from Ruapehu in the North, through Whanganui and Rangitikei, Manawatu,

south to Horowhenua and across the ranges to Tararua and the Wairarapa;

- d) Working collaboratively with organisations whose strategic objectives support regional economic development;
- e) Seek viable opportunities to integrate air transport with other transport modes in support of the regional economy;
- f) Work collaboratively with airline operators to consider additional routes and increased frequency of air services while providing enhanced levels of services.

## 8.2 Infrastructure Development

This Statement of Intent assumes that the Airport will operate as a Tier 2 domestic regional airport in the three years to 30 June 2022. The planned three-year capital expenditure on both airside and landside infrastructure assets including pavement, Airport Drive, terminal and carpark upgrades is \$3.92 million, \$1.94 million, and \$1.275 million respectively. (Total \$7.135m).

## 8.3 Commercial Development

The SOI reflects the continued commercialisation of Ruapehu Business Park in line with with PNAL's Property Masterplan. Stage 2 of the Massey University School of Aviation building due is for completion by June 2019. The focus shifts in the 2019/20 year to the construction of the two rental car facilities and working with other interested parties for development in the Business Park, including a number of light industrial businesses, freight & logistics and an accommodation facility.

The planned three-year capital expenditure on commercial developments is \$2.5 million, \$4.87 million, and \$3.05 million, respectively. (Total \$10.42m).

Revenue from commercial projects with a high degree of certainty of proceeding have been incorporated into the financials.

Land within the core airport precinct (airside areas) will not be sold, however may be developed on a leasehold basis.

Land within the airport environs precinct (landside areas) may be developed on a leasehold basis or considered for sale as part of a bona-fide building development that complies with District Plan provisions for the "Airport Zone", is considered non-strategic, and does not impact on airside operational performance and activities.

Any proceeds from such land sales will be used to reduce debt and/or fund other infrastructure or commercial development projects.

For the three years to 2021//2022, land and property sales of \$4.3 million have been assumed.

#### 8.4 Funding

To fund commercial development opportunities and infrastructure development, the SOI also reflects the Company's requirement to increase borrowings from \$11.0 million to a projected \$19.3 million during 2021/22. On the basis that budgeted land sales over the three years occur as planned, then loan facilities in place at June 2019 will be sufficient to cover any borrowing peaks during this period of time.

#### 8.5 Asset revaluation

The Company's policy is to undertake a valuation of land, building and infrastructure assets every three years with any changes in value recorded in the financial statements. An annual test is undertaken to establish whether there has been a material movement in asset values, if so an asset revaluation is triggered. The last valuation was undertaken at 30 June 2017 with the next valuation due June 2020.

The company has determined that a full valuation of all assets may be required at year end due to material changes in market values. No allowance has been made in the forecast financial statements for any change in asset values that may result from a revaluation. Any financial impact of a revaluation will be included in the final SOI.

### 9 CUSTOMER

#### 9.1 Market Development

The Company intends continuing to invest in market development over the next three years with the objective of ultimately assisting airlines to sustainably grow the number of travellers using Palmerston North Airport. Key activities to be undertaken include the ongoing collaboration with regional economic development agencies, Regional Tourism Organisations, and other stakeholders, and leveraging of our "Fly Palmy" consumer brand to stimulate both inbound and outbound air travel.

Passenger numbers are projected to exceed 692,000 in 2019/20 and grow to over 774,000 by 2021/22. A further surge in passenger demand at Palmerston North Airport is expected over the next 2-5 years as major regional development projects commence including the Gorge replacement project, the regional freight ring road, and the recently announced regional rail freight hub. Growth initiatives within the wider region will add further passenger demand.

We will work with regional economic development agencies and other stakeholders to expand viable freight and logistics activities undertaken at the airport.

## 10 COMMUNITY

### Nature and scope of activities:

A refreshed strategic focus which captures the Company's environmental and community aspirations.

#### 10.1 Community

The Company will support regional communities by identifying opportunities to engage with local groups and Iwi. This will include the Company continuing to showcase our sense of place and cultural linkages to our wider region.

#### 10.2 Environment

During the financial year 2019/20 the Company will implement the pathway developed during 2018/19 to achieve the long-term vision of carbon neutrality. From the second half of financial year 2018/19, PNAL in conjunction with major airport tenants, has commenced benchmarking existing consumption levels, the development of energy, water consumption and waste to landfill reduction targets, and in some cases already commenced programmes of work.

## 11 PERFORMANCE MEASURES

The Company has a variety of performance measures including financial, compliance, customer appreciation and compliance. Full details are included on Page 14.

## 12 COMPENSATION SOUGHT FROM THE SHAREHOLDER

12.1 The Company acknowledges that the Palmerston North City Council holds shares in the Company for strategic reasons and that the Company needs to lead in the development and promotion of both aeronautical and non-aeronautical business activities. As well as direct benefit to the Company this impacts through to the economic development of the city and region.

12.2 At the request of the shareholder, the Company may undertake activities that are not consistent with normal commercial objectives subject to the Shareholder providing a specific subsidy to meet the full commercial cost for providing such activities.

## 13 INFORMATION TO BE PROVIDED TO THE SHAREHOLDER

The Company will deliver to the shareholder:

13.1 Within two months of the end of the first half of the financial year the following unaudited statements:

- (a) A Statement of financial performance
- (b) A Statement of movements in equity
- (c) A Statement of financial position
- (d) A Statement of cash flows

- (e) A Statement of service performance.

13.2 Within three months of the end of the financial year:

- (a) The following audited statements:
  - (i) A Statement of financial performance
  - (ii) A Statement of movements in equity
  - (iii) A Statement of financial position
  - (iv) A Statement of cash flows
  - (v) A Statement of service performance.
- (b) A summary of how the Company has gone about achieving the strategic objectives set out in Section 6 of this Statement and specifically, how well it has performed against the performance targets set out on page 14 of this Statement.
- (c) A report on the Company's medium to long term plans.
- (d) It is recognised that the timeframes mentioned in 13.1 and 13.2 are legislative maxima and as the Company is a subsidiary of Palmerston North City Council, both the Company and Palmerston North City Council will need to work proactively together to meet the reporting and governance requirements of both parties.

**PALMERSTON NORTH AIRPORT LIMITED**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**For the 12 Months to 30 June**

	2017/18 Actual	2018/19 Budget	2018/19 Forecast	2019/20 Budget	2020/21 Budget	2021/22 Budget
<b>REVENUE</b>	<b>8,482,757</b>	<b>9,952,224</b>	<b>10,243,355</b>	<b>11,221,428</b>	<b>12,623,181</b>	<b>14,036,138</b>
Less						
OPERATING EXPENDITURE	2,232,774	2,254,577	2,253,406	2,413,103	2,551,800	2,639,949
ADMINISTRATION & EMPLOYMENT COSTS	2,176,087	2,528,693	2,646,763	2,836,260	2,957,771	3,085,513
<b>TOTAL OPERATING EXPENDITURE:</b>	<b>4,408,861</b>	<b>4,783,270</b>	<b>4,900,169</b>	<b>5,249,363</b>	<b>5,509,571</b>	<b>5,725,461</b>
EXTRAORDINARY ITEMS (PFAS related)*	-	-	198,563	100,000	50,000	25,000
<b>SURPLUS BEFORE INT, DEPN, &amp; TAX</b>	<b>4,073,896</b>	<b>5,168,954</b>	<b>5,144,623</b>	<b>5,872,065</b>	<b>7,063,611</b>	<b>8,285,677</b>
Less						
DEPRECIATION	1,582,752	1,832,625	1,923,115	2,065,007	2,246,496	2,453,390
FINANCE COSTS	279,238	682,794	645,006	686,033	808,363	839,071
LOSS ON SALE OF ASSET	922	-	-	-	-	-
	1,862,912	2,515,419	2,568,121	2,751,040	3,054,859	3,292,461
<b>SURPLUS BEFORE TAXATION</b>	<b>2,210,984</b>	<b>2,653,535</b>	<b>2,576,502</b>	<b>3,121,024</b>	<b>4,008,752</b>	<b>4,993,216</b>
INCOME TAX	601,965	742,990	715,985	873,887	1,122,451	1,398,100
<b>NET OPERATING SURPLUS</b>	<b>1,609,019</b>	<b>1,910,545</b>	<b>1,860,517</b>	<b>2,247,137</b>	<b>2,886,301</b>	<b>3,595,115</b>

\* The Extraordinary Items are soil, sediment, surface and ground water sampling for PFAS at Palmerston North Airport and adjacent sites including the Mangaone Stream resulted in costs of \$0.147 million being incurred during the six months to 31 Dec 2018.

The accompanying accounting policies and notes form part of and  
are to be read in conjunction with these financial statements



**PALMERSTON NORTH AIRPORT LIMITED  
STATEMENT OF FINANCIAL POSITION**

**For the 12 months to 30 June**

	2017/18 Actual	2018/19 Budget	Forecast	2019/20 Budget	2020/21 Budget	2021/22 Budget
<b>CURRENT ASSETS</b>						
BANK & SHORT TERM DEPOSITS	196,233	109,973	853,592	982,717	1,200,445	1,337,388
TRADE DEBTORS	630,627	697,677	699,457	764,325	875,178	982,556
DOUBTFUL DEBT PROVISION	(14,816)	-	(14,827)	(14,827)	(14,827)	(14,827)
ACCRUED INCOME	(5,000)	-	-	-	-	-
PREPAID EXPENDITURE	171,949	1,858	77,702	32,526	13,615	5,699
ASSETS HELD FOR SALE	288,151	-	0	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>1,267,144</b>	<b>809,508</b>	<b>1,615,925</b>	<b>1,764,740</b>	<b>2,074,411</b>	<b>2,310,816</b>
Less						
<b>CURRENT LIABILITIES</b>						
TRADE CREDITORS	1,009,224	500,000	850,000	850,000	850,000	850,000
INCOME RECEIVED IN ADVANCE	122,884	90,000	100,000	100,000	100,000	100,000
ACCRUED EXPENDITURE	435,835	250,000	400,000	400,000	400,000	400,000
TAXATION	335,564	22,501	121,066	224,953	487,403	705,504
OTHER PROVISIONS	183,338	135,000	135,000	135,000	135,000	135,000
SHORT TERM PORTION OF LOAN	1,158,876	-	-	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,245,721</b>	<b>997,501</b>	<b>1,606,066</b>	<b>1,709,953</b>	<b>1,972,403</b>	<b>2,190,504</b>
<b>WORKING CAPITAL</b>	<b>(1,978,577)</b>	<b>(187,993)</b>	<b>9,859</b>	<b>54,787</b>	<b>102,008</b>	<b>120,313</b>
<b>NON CURRENT ASSETS</b>						
<b>NET FIXED ASSETS</b>						
LAND	27,731,545	25,317,626	28,019,696	26,460,024	25,080,424	23,730,424
BUILDINGS	14,700,557	21,440,720	18,694,250	20,820,150	25,246,243	27,755,221
INFRASTRUCTURAL - LAND	32,354,869	36,020,496	8,218,335	7,841,656	7,412,929	6,939,629
INFRASTRUCTURAL - AIR	-	-	28,026,843	31,009,513	31,996,960	32,239,212
PLANT & EQUIPMENT	1,031,566	1,365,263	991,248	2,130,871	1,763,779	1,396,687
FURNITURE & FITTINGS	156,827	215,187	142,759	125,907	87,795	49,683
COMPUTERS	58,820	52,826	25,131	3,963	0	0
MOTOR VEHICLES	516	587	296	296	296	296
INVESTMENT PROPERTY	575,000	575,000	575,000	575,000	575,000	575,000
INTANGIBLE ASSETS	17,304	11,363	12,076	6,256	436	-
<b>TOTAL FIXED ASSETS</b>	<b>76,627,004</b>	<b>84,999,068</b>	<b>84,705,634</b>	<b>88,973,636</b>	<b>92,163,862</b>	<b>92,686,152</b>
<b>TOTAL NON CURRENT ASSETS</b>	<b>76,627,004</b>	<b>84,999,068</b>	<b>84,705,634</b>	<b>88,973,636</b>	<b>92,163,862</b>	<b>92,686,152</b>
<b>NON CURRENT LIABILITIES</b>						
TERM LOAN	6,100,000	14,842,108	14,950,197	17,760,197	19,010,197	17,110,197
DEFERRED TAX	7,844,320	8,075,726	7,844,320	7,844,320	7,844,320	7,844,320
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>13,944,320</b>	<b>22,917,834</b>	<b>22,794,517</b>	<b>25,604,517</b>	<b>26,854,517</b>	<b>24,954,517</b>
<b>NET ASSETS</b>	<b>60,704,107</b>	<b>61,893,239</b>	<b>61,920,975</b>	<b>63,423,906</b>	<b>65,411,353</b>	<b>67,851,947</b>
Represented by:						
<b>SHAREHOLDERS' FUNDS</b>						
PAID UP SHARE CAPITAL	9,380,400	9,380,400	9,380,400	9,380,400	9,380,400	9,380,400
ASSET REVALUATION RESERVE	31,935,156	31,935,156	31,935,156	31,935,156	31,935,156	31,935,156
RETAINED EARNINGS	17,779,539	19,258,654	19,388,551	20,605,418	22,108,349	24,095,796
SHAREHOLDERS DIVIDEND	-	(591,515)	(643,650)	(744,207)	(898,855)	(1,154,521)
CURRENT YEAR SURPLUS	1,609,021	1,910,545	1,860,517	2,247,137	2,886,301	3,595,115
	<b>60,704,107</b>	<b>61,893,239</b>	<b>61,920,975</b>	<b>63,423,906</b>	<b>65,411,353</b>	<b>67,851,947</b>

**The accompanying accounting policies and notes form part of and  
are to be read in conjunction with these financial statements**

Palmerston North Airport Limited

**PALMERSTON NORTH AIRPORT LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
For the 12 months to 30 June

	2017/18	2018/19		2019/20	2020/21	2021/22
	Actual	Budget	Forecast	Budget	Budget	Budget
EQUITY AT THE BEGINNING OF THE YEAR	59,614,744	60,574,209	60,704,107	61,920,975	63,423,906	65,411,353
ASSET REVALUATION RESERVE MOVEMENT	-	-	-	-	-	-
TOTAL COMPREHENSIVE (LOSS) INCOME	1,609,021	1,910,545	1,860,517	2,247,137	2,886,301	3,595,115
DIVIDENDS PAID	(519,649)	(591,515)	(643,650)	(744,207)	(898,855)	(1,154,521)
EQUITY AT THE END OF THE YEAR	60,704,107	61,893,239	61,920,975	63,423,906	65,411,353	67,851,947

The accompanying accounting policies and notes form part of and  
are to be read in conjunction with these financial statements

**PALMERSTON NORTH AIRPORT LIMITED**  
**STATEMENT OF CASHFLOWS**  
**For the 12 Months to 30 June**

	2018/19 Budget	2018/19 Forecast	2019/20 Budget	2020/21 Budget	2021/22 Budget
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>CASH WAS PROVIDED FROM</b>					
RECEIPTS FROM CUSTOMERS	9,946,422	10,133,009	11,146,560	12,502,328	13,918,760
Tax Refund					
INTEREST RECEIVED	1,447	1,600	913	1,104	1,236
	9,947,869	10,134,609	11,147,473	12,503,431	13,919,996
<b>CASH WAS DISBURSED TO</b>					
PAYMENT TO SUPPLIERS	5,554,908	5,453,627	5,300,731	5,538,086	5,739,461
PAYMENT OF TAX	843,782	843,782	770,000	860,000	1,180,000
INTEREST PAYMENTS	554,947	645,006	686,033	808,363	839,071
	6,953,637	6,942,415	6,756,764	7,206,448	7,758,532
<b>NET CASHFLOW FROM OPERATING ACTIVITIES</b>	<b>2,994,232</b>	<b>3,192,194</b>	<b>4,390,709</b>	<b>5,296,983</b>	<b>6,161,464</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
<b>CASH WAS PROVIDED FROM</b>					
	1,262,100	0	1,559,672	1,379,600	1,350,000
PROPERTY, PLANT & EQUIPMENT SALES	1,262,100	0	1,559,672	1,379,600	1,350,000
<b>CASH WAS APPLIED TO</b>					
Land and Developments	0	0	0	0	0
Buildings	5,288,585	4,079,960	2,497,050	4,870,000	3,045,000
Infrastructure - AIR	1,705,918	2,354,025	3,920,000	1,940,000	1,275,000
Infrastructure - LAND	3,999,055	2,674,595	0	0	0
Plant and Equipment	421,270	426,427	1,420,000	0	0
Furniture and Fittings	17,496	17,496	20,000	0	0
Computers	30,000	30,000	30,000	0	0
	11,462,324	9,582,504	7,887,050	6,810,000	4,320,000
PROPERTY, PLANT & EQUIPMENT PURCHASES	11,462,324	9,582,504	7,887,050	6,810,000	4,320,000
<b>NET CASHFLOW FROM INVESTING ACTIVITIES</b>	<b>(10,200,224)</b>	<b>(9,582,504)</b>	<b>(6,327,378)</b>	<b>(5,430,400)</b>	<b>(2,970,000)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
<b>CASH WAS PROVIDED FROM</b>					
LOAN DRAWDOWNS	10,576,455	9,849,807	3,980,000	2,700,000	1,400,000
<b>CASH WAS APPLIED TO</b>					
LOAN REPAYMENTS	2,658,488	2,158,488	1,170,000	1,450,000	3,300,000
Additional Loan Repayments					
PAYMENT OF DIVIDENDS	643,650	643,650	744,207	898,855	1,154,521
	3,302,138	2,802,138	1,914,207	2,348,855	4,454,521
<b>NET CASHFLOW FROM FINANCING ACTIVITIES</b>	<b>7,274,317</b>	<b>7,047,670</b>	<b>2,065,793</b>	<b>351,145</b>	<b>(3,054,521)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>68,325</b>	<b>657,360</b>	<b>129,124</b>	<b>217,728</b>	<b>136,943</b>
ADD OPENING CASH BALANCE	191,360	196,257	853,592	982,714	1,200,444
<b>CLOSING OPERATING CASH BALANCE</b>	<b>259,685</b>	<b>853,592</b>	<b>982,715</b>	<b>1,200,445</b>	<b>1,337,390</b>

The accompanying accounting policies and notes form part of and  
are to be read in conjunction with these financial statements

Palmerston North Airport Limited

**PALMERSTON NORTH AIRPORT LIMITED  
CAPITAL EXPENDITURE PROGRAMME  
For the 12 months to 30 June**

**CAPITAL EXPENDITURE PROGRAMME**

	2017/18	2018/19	2019/20	2020/21	2021/22
	<b>Actual</b>	<b>Forecast</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
Land and Developments	6,467	-	-	-	-
Buildings	3,343,014	4,079,960	2,497,050	4,870,000	3,045,000
Airside Infrastructure	1,563,079	2,354,025	720,000	315,000	250,000
Landside Infrastructure	437,950	2,674,595	3,200,000	1,625,000	1,025,000
Plant and Equipment	414,902	426,427	1,420,000	-	-
Furniture and Fittings	15,445	17,496	20,000	-	-
Computers	25,195	30,000	30,000	-	-
<b>Total Fixed Asset Purchases :</b>	<b>5,806,052</b>	<b>9,582,504</b>	<b>7,887,050</b>	<b>6,810,000</b>	<b>4,320,000</b>

**CAPITAL SALES PROGRAMME**

Total Sales of Zone A, B & C land	-	-	1,559,672	1,379,600	1,350,000
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**PALMERSTON NORTH AIRPORT LIMITED**  
**PERFORMANCE METRICS TARGETS**  
For the 12 months to 30 June

PERFORMANCE METRICS		2018/19	2019/20	2020/21	2021/22
		Forecast	Forecast	Forecast	Forecast
10.1	A ratio of net surplus before interest/tax/revaluations to total assets.	3.7%	4.2%	5.1%	6.1%
10.2	A ratio of net surplus after tax to consolidated shareholders' funds inclusive of revaluation reserve.	3.0%	3.5%	4.4%	5.3%
10.3	To maintain a ratio of consolidated shareholders funds to total assets of at least 40%	72%	70%	69%	71%
10.4	To maintain an interest coverage ratio of net surplus before interest of at least 2.5 as per BNZ Loan Covenants	5.0	5.5	6.0	7.0
10.5	To maintain a tangible net worth (total tangible assets after revaluations less total liabilities) above \$50 million dollars.	\$61.9m	\$63.4m	\$65.4m	\$67.9m
10.6	To maintain a Net Promoter Score* of 50 or above. Measured on an annual basis.	55	60	65	70
10.7	Total passenger movements	684,000	692,000	715,000	774,000
10.8	CAA Part 139 certification	Achieve	Achieve	Achieve	Achieve
10.9	To achieve zero lost time injuries to those who work within our airport community	Zero	Zero	Zero	Zero
10.10	Complete roadmap to carbon neutrality	Complete	Implement	Implement	Implement
10.11	Achievement of emission reduction targets				
	Energy Consumption (KwH/Passengers)	5%	5%	5%	5%
	Waste to Landfill (Kg/1000 Passengers)	15%	10%	5%	5%
	Water Consumption (Litres/Passenger)	10%	10%	5%	5%

\* The Net Promoter Score (NPS) is an indicator of a Company's health and customer loyalty as it focuses on how existing customers feel about your services. PNAL is intending to measure NPS on a monthly basis. An annual average NPS will be measured against the proposed NPS targets included within this SOI. An NPS may range from -100 to + 100. A score within the 0 to 50 range is considered good, 50 to 70 excellent, and above 70 world class.

## 13 ACCOUNTING POLICY STATEMENTS

### 13.1 REPORTING ENTITY

Palmerston North Airport Limited is a New Zealand Company registered under the Companies Act 1993.

The Company has designated itself and the group as a Public Benefit Entities (PBE) for financial reporting purposes.

#### 13.1.1 BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

##### Statement of compliance

The financial statements of Palmerston North Airport Limited have been prepared in accordance with the requirements of the Airport Authorities Act 1966, Airport Authorities Amendment Act 2000, the Local Government Act 2002, Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 the Companies Act 1993, and the Financial Reporting Act 2013. This includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The entity is eligible and has elected to report in accordance with Tier 2 Public Benefit Entity (PBE) Standards Reduced Disclosure Regime (RDR) on the basis that the entity has no public accountability and has Expenses >\$2m and ≤ \$30m.

##### Presentation Currency and Rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of Palmerston North Airport Limited is New Zealand dollars.

#### 13.1.2 SIGNIFICANT ACCOUNTING POLICIES

##### Measurement Basis

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, and infrastructure assets.

##### (a) Revenue Measurement and Recognition

Revenue is measured at the fair value of consideration received or receivable.

Interest received is recognised as it accrues using the effective interest rate method.

Lease revenue from operating leases is recognised as revenue on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which benefits derived from the leased asset is diminished.

##### (b) Property Plant and Equipment

Property Plant and Equipment consists of:

*Operational Assets*

These include land, buildings, furniture and fittings, computer equipment, motor vehicles and various plant and equipment.

*Infrastructure Assets*

These assets are composed of Airside Infrastructure (runways, aprons, taxiways, and underground reticulated systems) and Landside infrastructure. (pavements, car parking and roading outside the secure areas of the airport).

**Measurement**

Property plant and equipment are measured at cost less accumulated depreciation and impairment losses with the following exception:

- Land is measured at fair value
- Buildings and airside infrastructure are measured at fair value less accumulated depreciation.

*Revaluations*

Land, buildings and airside infrastructure are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and are revalued at least every three years. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value. If there is a material difference, then the off-cycle asset classes are revalued.

*Infrastructure assets*

Infrastructure assets have been valued at fair value determined on a depreciated replacement cost basis by an independent registered valuer and will be carried out on a three-yearly cycle.

*Accounting for Revaluations*

Palmerston North Airport Limited accounts for revaluations on a class of assets basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Work in progress is recognised at cost less impairment and is not depreciated.

*Additions*

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefit or service potential associated with the item will flow to the Company and the cost can be measured reliably.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

*Disposals*

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the surplus and deficit account.

When revalued assets are sold, the amount included in revaluation reserve in respect of those assets is transferred to retained earnings.

*Subsequent cost*

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the company and the cost of the item can be measured reliably.

The costs of day to day servicing of property, plant and equipment are recognised in the surplus and deficit account as they are incurred.

*Investment Property*

Investment property is measured initially at its cost, including transaction costs. After initial recognition, all investment property is measured at fair value at 30 June.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

**Depreciation**

Depreciation is provided on a straight-line basis on all items of property, plant and equipment other than land at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of the major categories have been estimated as follows:

Land Improvements	99 years
Roading & Carparks (Landside Infrastructure)	2 - 99 years
Buildings & Building services	8 - 99 years
Runway, Taxiways, Aprons (Airside Infrastructure)	2 - 99 years
Plant and Equipment	2 - 50 years
Furniture & Fittings	3 - 99 years
Computer Equipment	3 - 6 years
Motor Vehicles	5 years

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

**(c) Intangible Assets**

*Internally generated intangible assets*

Cost associated with the development of the company's web-site are recognised as an intangible asset and are capitalised on the basis of the cost incurred to bring to use the intangible asset. The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Website Development	4 years 25%
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**(d) Trade and Other Receivables**



Accounts receivable are stated at face value less any provision for impairment.

**(e) Impairment of property, plant, equipment and intangible assets**

Property, plant, and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount.

The total impairment loss is recognised in the surplus and deficit account.

*Value in use for non-cash-generating assets*

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

*Value in use for cash-generating assets*

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

**(f) Cash, Cash Equivalents and Bank Overdrafts**

Cash, Cash Equivalents and Bank Overdrafts includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and a bank overdraft.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

**(g) Income Tax**

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax

reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

**(h) Goods and Services Tax**

All items in the financial statements are stated exclusive of Goods and Services Tax (GST) with the exception of receivables and payables, which are stated, with GST included. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are stated exclusive of GST.

**(i) Employee Entitlements**

Employee benefits that the Company expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

The Company recognises a liability for sick leave to the extent that compensated absences in the coming year is expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent the company anticipates it will be used by staff to cover those future absences.

The Company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

The Company does not provide for long service or retirement leave entitlements.

*Superannuation schemes*

Obligations for contributions to KiwiSaver are accounted for as contributions to defined Superannuation schemes and are recognised as an expense in the surplus and deficit account when incurred.

**(j) Leases**

*Operating Leases*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are charged as expenses. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

**(k) Other Financial Assets**

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Company and group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company and group has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- fair value through surplus or deficit;
- loans and receivables;
- held-to-maturity investments; and
- fair value through other comprehensive revenue and expense.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

The company has the following relevant category:

*Loans and receivable*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus and deficit account.

**(l) Impairment of financial assets**

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

*Loans and receivables*

Impairment is established when there is evidence that the company and group will not be able to collect amounts due according to the original terms of the receivable.

Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits are recognised directly against the instrument's carrying amount.

**(m) Statement of Cash Flows**

*Cash and Cash Equivalents* means cash balances on hand, held in bank accounts and demand deposits / investments in which the company invests as part of its day-to-day cash management, with a maturity of less than three months.

*Operating activities* include cash received from all revenue sources of the company and records the cash payments made for the supply of goods and services.

*Investing activities* are those activities relating to the acquisition and disposal of non-current assets.

*Financing activities* comprise the change in equity and debt capital structure of the company.

**(n) Borrowings and borrowing costs**

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Company/Council or group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

All borrowing costs are recognised as an expense in the period in which they are incurred.

**(o) Critical accounting estimates and assumptions**

In preparing these financial statements the Company has made estimates and assumptions concerning the future. These estimates and assumptions may differ from subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

*Property, plant and equipment useful lives and residual values*

At each balance date the Company reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the company to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the company, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the statement of comprehensive revenue and expense, and carrying amount of the asset in the statement of financial position. The company minimises the risk of this estimation uncertainty by:

- Physical inspection of assets;
- Asset replacement programs;
- Review of second hand market prices for similar assets; and
- Analysis of prior asset sales.

The Company has not made significant changes to past assumptions concerning useful lives and residual values.

**(p) Provisions**

Provisions for future expenditure, as a result of past event, and of uncertain amount or timing are only recognised when it is probable that the obligation will materialise and the extent of the obligation can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure to be required to settle the obligation using a pre-tax discount that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in provision due to passage of time is recognised as a finance cost.

Short-term creditors and other payables are recorded at their face value.

**(q) Equity**

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- Retained Earnings;
- Paid in Capital;
- Asset revaluation reserve;

*Asset revaluation reserve*

This reserve relates to the revaluation of land, buildings and Airside Infrastructure to fair value.

13.2 In accordance with the Public Audit Act 2001 and the Local Government Act 2002, the Office of the Auditor General shall be responsible for the audit of the financial statements of the Company.

13.3 The level of dividend will be reviewed at the end of each financial year in consultation with the Shareholder. Any dividend will be subject to the Board being satisfied that the solvency requirements of the Companies Act 1993 will be met, and will take into account the Company's prevailing financial circumstances, and any covenants contracted to the Company's bankers as a condition of borrowing.

13.4 A budget summary report is included with this Statement of Intent. The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Company.

The budget is a financial plan of the Company's intentions based on factors known at the date of preparation. While it will form the basis of the Statement of Intent, circumstances and the Company's responses will change during the year. All capital expenditure will be subject to consideration of impact on the Company's performance targets. Capital expenditure, other than for conservation of capacity or compliance, will generally be approved where the anticipated return meets or exceeds the Company's cost of capital, or a strategic investment is being made in the best long-term interests of both the Company and Shareholders.



## MEMORANDUM

**TO:** Finance and Performance Committee

**MEETING DATE:** 18 March 2019

**TITLE:** Additional Capital Renewal Funding for CAB Works

**DATE:** 16 January 2019

**PRESENTED BY:** Bryce Hosking, Property Manager, Infrastructure

**APPROVED BY:** Tom Williams, Chief Infrastructure Officer

### RECOMMENDATION(S) TO COUNCIL

1. That Council approve an additional \$145,000 of capital renewal funding for the 2018/19 year to complete stage 2 of the CAB fire upgrade work.
2. That Council approve an additional \$35,000 of capital renewal funding for the 2018/19 year for the designing/ consenting work for stage 3 of the CAB fire upgrade work.
3. That Council approve an additional \$30,000 of capital renewal funding for the 2018/19 year for the construction of a kitchenette on the 5<sup>th</sup> floor of the CAB.
4. That Council approve an additional \$50,000 of capital renewal funding for the 2018/19 year for the replacement of the carpet in the ground floor office of the CAB.

### 1. ISSUE

1.1 There are several important works that need to be completed in the CAB in the current 2018/19 year. These works are, with indicative costings:

- Stage 2 of the fire safety upgrade work – \$952,388 (shortfall \$145,000);
- Designing and consenting for stage 3 of the fire safety upgrade work – \$35,000;
- The installation of a kitchenette on the 5<sup>th</sup> floor office wing – \$30,000; and
- The replacement of the carpet in the ground floor offices – \$50,000.

Additional funding required for these works total \$260,000 + GST.

1.2 Funding for renewal works in the CAB is held within the capital renewal Programme 281 – Operational Property – Civic Administration Building – Refurbishments. This programme has \$807,244 available in the current 2018/19 year and is fully committed for the Stage 2 fire safety upgrade work.

- 1.3 With the 2018/19 budget being fully committed already, this has not allowed for any other important works to be completed within the existing budgets.
- 1.4 The budgets in the future years within Programme 281 are also fully committed. Council Officers do not feel it is prudent or feasible to bring monies forward from future years to get the other works underway or to cover the shortfall in the stage 2 works. Doing so would simply push the problem into the budgets in future years of this programme.
- 1.5 Council Officers have investigated opportunities for savings from other programmes but unfortunately, have been unable to find any.

## **2. FURTHER DETAIL OF WORKS TO BE COMPLETED**

### Stage 2 – Fire Safety Upgrade Work

- 2.1 Funding for the fire safety upgrade work began in the 2015/16 year. This was for the planning, staging, consenting and pricing of the project.
- 2.2 Stage 1 of the physical works began in the 2017/18 year and were completed in the same year as scheduled.
- 2.3 Stage 2 of the fire safety upgrade work began in the current 2018/19 year and is on track to be completed in March 2019 as planned.
- 2.4 Stage 2 has cost significantly more than budgeted for primarily due to increased labour costs, and the fire doors required increasing significantly in cost.
- 2.5 \$145,000 of additional funding in the current 2018/19 year is required to meet the contract cost obligations of this work.

### Stage 3 – Fire Safety Upgrade Work

- 2.6 Stage 3 of the fire safety upgrade work is essential and must also be completed. There is funding provision in next year's 2019/20 financial year budgets for the stage 3 physical works to be completed.
- 2.7 To ensure the project works can be completed in the 2019/20 year, it is essential the detailed design and consenting phase of the project be completed this year, so contractors can be secured and physical works can begin as early as possible in the new financial year.
- 2.8 \$35,000 of additional funding is requested so this work can be undertaken in the current 2018/19 year.
- 2.9 The stage 3 fire safety upgrade work must be completed prior to beginning earthquake strengthening work in the CAB core. For clarity, planning, detailed design and consenting work for CAB strengthening is being completed in the 2019/20 year,



with the physical strengthening works planned to begin in the following 2020/21 year.

#### 5<sup>th</sup> Floor Kitchenette

- 2.10 The 5<sup>th</sup> floor upgrade was completed in the 2017/18 year. This allowed for the office to be taken back to a basic office shell so it could be occupied in the future. Works included new carpet, new seismically safe ceiling tiles, lighting, and wall painting.
- 2.11 At the time the upgrades were completed, there was no immediate plan for the 5th floor to be occupied. To keep the layout options open for the wing, no kitchenette was installed.
- 2.12 Early in the current 2018/19 year the Communications and Marketing unit was created, and due to space restrictions were placed in the 5<sup>th</sup> floor office wing. Adding to this, an additional 10-15 people are moving in February 2019 from the 3<sup>rd</sup> floor of the library building to the 5<sup>th</sup> floor to improve the evacuation speed in the library. This will result in the floor now being fully occupied.
- 2.13 Currently all staff in this wing are required to go to other floors or over to the cafeteria if it is open, for their access to water and tea and coffee facilities. Given the wing is now full, and the location of the cafeteria within the CAB is uncertain, this is not an appropriate solution moving forward.
- 2.14 For clarity, even if the 5<sup>th</sup> floor space was leased to an external tenant, installing a kitchenette would need to be installed by Council anyway.
- 2.15 The kitchenette will be purchased and installed by Council's building trades team to ensure this is completed in a timely manner.
- 2.16 \$30,000 of additional funding is requested so this work can be undertaken in the current 2018/19 year.

#### Replacement of Ground Floor Carpet

- 2.17 Most of the carpet throughout the CAB has been replaced as required over the past 10 years. This is generally scheduled into the then current 10-year plan.
- 2.18 The carpet in the areas occupied as offices by council staff is in a state of disrepair and needs to be replaced. As the carpet is beginning to tread and lift in places it is now becoming a health and safety issue by creating trip hazards.
- 2.19 As the carpet will be commercial grade carpet tiles as opposed to long-run carpet, this allows for future options of the space to be considered rather than just the current layout.

- 2.20 \$50,000 of additional funding is requested so the carpet can be purchased and laid in the current 2018/19 year.

### 3. NEXT STEPS

- 3.1 Stage 2 of the fire safety upgrades will be completed as scheduled in March 2019.
- 3.2 Appropriate Council Officers and a qualified fire engineer will be engaged in March 2019 to complete the detailed design, planning, consenting of stage 3 of the fire safety upgrade work ahead of the 2019/20 year.
- 3.3 The kitchenette materials will be ordered in March 2019, with the kitchenette being installed in April 2019.
- 3.4 Carpet tiles for the ground floor will be ordered in March 2019 and laid as soon as practically and logistically possible.

### 4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual <Enter clause>		<b>No</b>
Are the decisions significant?		<b>No</b>
If they are significant do they affect land or a body of water?		<b>No</b>
Can this decision only be made through a 10 Year Plan?		<b>No</b>
Does this decision require consultation through the Special Consultative procedure?		<b>No</b>
Is there funding in the current Annual Plan for these actions?		<b>No</b>
Are the recommendations inconsistent with any of Council's policies or plans?		<b>No</b>
The recommendations contribute to Goal 5: A Driven and Enabling Council		
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy		
The recommendations contribute to the achievement of action/actions is Not Applicable		
Contribution to strategic direction	Works in this report are internal works improving the safety for occupation of the CAB. This is good governance.	

### ATTACHMENTS

Nil

## MEMORANDUM

**TO:** Finance and Performance Committee

**MEETING DATE:** 18 March 2019

**TITLE:** Whakarongo Residential Development

**DATE:** 26 February 2019

**PRESENTED BY:** Bryce Hosking, Property Manager, Infrastructure

**APPROVED BY:** Tom Williams, Chief Infrastructure Officer

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### RECOMMENDATION(S) TO COUNCIL

1. That Council approves the sale of the Council-owned land within the Whakarongo residential growth area as residential sections and delegates to the Chief Executive the authority to negotiate the terms and conditions of sale.

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#### 1. ISSUE

- 1.1 The Local Government Act 2002 does not allow Council to delegate the power to dispose of assets, other than in accordance with their Long-Term Plan.
- 1.2 However, our Council goes further, and has retained the authority to dispose of, or sell, any real property. For clarity, this means Council has not delegated the authority to dispose of, or sell, any land or buildings even if it is signalled in the 10-Year Plan.
- 1.3 This means that despite the current Long-Term Plan anticipating that Council will develop the land it owns within the Whakarongo Residential Area, and includes the appropriate budgets to do so, any decision to sell the land at Whakarongo must be made by Council, and thus report from Council Officers would be required each time.
- 1.4 As the land is being developed into a large number of residential sections and the intention is to sell these individually within the property marketplace, Council Officers do not believe it is not practical to bring a separate report up to Council for each section being sold.
- 1.5 To ensure a smooth process and ease of purchase experience for the individual purchasers, Council Officers are seeking for the Chief Executive to be given the delegated authority to negotiate the terms and conditions of sale, and by extension sell the sections, within this residential development.

## 2. BACKGROUND

- 2.1 Palmerston North City Council owns an area of 9.63ha within the upper terrace of the Whakarongo residential growth area off James Line.



- 2.2 The land was acquired by Council for cemetery purposes but was no longer required. As obliged under the public works process the land was offered back to the previous owners to purchase, but no offer was received.
- 2.3 Given no offer was received, the parcel of land was subsequently rezoned for residential use.
- 2.4 The Long-Term Plan anticipates that Council will develop this land and funding has been allocated to begin in the 2018/19 financial year through Programme 1485.

### District Plan

- 2.5 The District Plan includes a specific Structure Plan and suite of planning provisions for the Whakarongo Residential Area that will direct the subdivision design and development.
- 2.6 Palmerston North City Council views this as an opportunity to initiate development at Whakarongo and deliver a subdivision consistent with the requirements of the recently reviewed District Plan.

### Overview of the Development

- 2.7 Once developed the site will create around 115 residential sections. Sections will be of a variety of sizes so to appeal to a wide variety of purchasers by giving options regarding design, build type and purchase price.
- 2.8 In a broad sense, the project can be split into 3 phases:
  1. Design, Planning and Consenting;
  2. Project Management and Delivery of Physical Works; and
  3. Marketing and Selling of Sections.
- 2.9 It is anticipated that the resource consent application for the development will be submitted in Mid-late March 2019. For clarity, an independent commissioner will make the decision on the resource consent application for this development.

## **3. NEXT STEPS**

- 3.1 Submit the resource consent application for approval by the independent commissioner and Council's regulatory team.
- 3.2 Begin procurement of contractors and start physical works on the site once resource consent is granted. Works can begin as soon as practically possible.
- 3.3 Sell the sections in the property marketplace.

#### 4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?		<b>No</b>
If Yes quote relevant clause(s) from Delegations Manual <Enter clause>		
Are the decisions significant?		<b>No</b>
If they are significant do they affect land or a body of water?		<b>No</b>
Can this decision only be made through a 10 Year Plan?		<b>No</b>
Does this decision require consultation through the Special Consultative procedure?		<b>No</b>
Is there funding in the current Annual Plan for these actions?		<b>Yes</b>
Are the recommendations inconsistent with any of Council's policies or plans?		<b>No</b>
The recommendations contribute to Goal 1: An Innovative and Growing City		
The recommendations contribute to the outcomes of the City Development Strategy		
The recommendations contribute to the achievement of action/actions in the Housing and Future Development Plan		
The action is: Housing development is initiated at Whakarongo.		
Contribution to strategic direction	Progressing a Council-led housing development at Whakarongo (2018/19 onwards).	

#### ATTACHMENTS

Nil

## MEMORANDUM

**TO:** Finance and Performance Committee

**MEETING DATE:** 18 March 2019

**TITLE:** Papaioea Place Redevelopment Quarterly Update

**DATE:** 28 February 2019

**PRESENTED BY:** Bryce Hosking, Property Manager, Infrastructure

**APPROVED BY:** Tom Williams, Chief Infrastructure Officer

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### RECOMMENDATION(S) TO FINANCE AND PERFORMANCE COMMITTEE

1. That the memorandum dated 28 February 2019 and titled 'Papaioea Place Redevelopment Quarterly Update' be received for information.
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#### 1. ISSUE

- 1.1 Stage 1 of the Papaioea Place housing project is funded through Programmes 357 and 1277 – C/fwd of the 2018 10-Year Plan.
- 1.2 The Finance and Performance Committee Chairperson has requested a quarterly update to be brought back to the Finance and Performance meeting for the duration of the construction period.
- 1.3 The Construction Programme was received from Latitude Homes in June and presented to Finance and Performance at the 18 June 2018 meeting for information.

#### 2. BACKGROUND

- 2.1 The Papaioea Place project form of contract is a design and build contract between Palmerston North City Council (Principal) and Latitude Homes (Contractor) of New Plymouth.
- 2.2 The overall project management is being provided by WT Partnership Advisory. The day-to-day project management is being carried out by Council Officers.

- 2.3 Site meetings and Project Control Group meetings are held on the last Thursday of each month. The most recent meetings being 27 February 2019.

### **3. SUMMARY – PROJECT CONTROL GROUP MEETING 9: 27 FEBRUARY 2019**

#### Health and Safety

- 3.1 There have been no health and safety incidents reported since the last update to Council dated 17 December 2018.

#### Programme

- 3.2 Blocks 1 and 2 of Stage 1 were completed by 28 February 2019 as planned. A blessing of the units occurred on 1 March 2019, followed by a civic ceremony on 4 March 2019. The tenants then moved in to the units from 5 March 2019.
- 3.3 With the change in legislation occurring regarding fixed heating being installed in all rental properties; electric wall-mounted heaters will be retrospectively installed in all units of Blocks 1 and 2. At the time of writing this report, the heating solution was still being priced, however, this can be accommodated within the project budget contingency.
- 3.4 For clarity, the same heating solution provided in Clause 3.3 will be installed in all future units of the development for consistency.
- 3.5 Works have now commenced for Part 2 of Stage 1: Blocks 3 and 4. Blocks 3 and 4 are due for completion in December 2019.
- 3.6 Immediate works commencing on the site include temporary fencing around Blocks 3 and 4, asbestos removal in the old units, before the removal and demolition of the 4 old blocks.

#### Regulatory

- 3.7 Landscape design has been approved by Council. Landscape planting will commence in April 2019, while all grass areas have already been laid and are being maintained.
- 3.8 All Council final inspections have occurred for Blocks 1 and 2, and all units have passed.



3.9 Code of Compliance Certificates have been issued for Blocks 1 and 2.

#### Design

3.10 There are currently no design items outstanding.

#### Financial

3.11 Variations to date:

Description	Amount (\$)
Excavation of soft spots/ Asbestos removal	\$37,854
Provision for Sky TV connections	\$4,760
Additional light switches	\$5,040
Renewal extension of contractor's professional indemnity insurance (1yr given need to extend contract period)	\$9,311
Bond in lieu of retentions	\$3,500
Curtains	\$67,500
Chorus Connections	\$60,000
Landscaping	\$18,000
<b>Total</b>	<b>\$205,965</b>

3.12 These variations have been accommodated within the project contingency. For clarity, the heating solution discussed in Clause 3.3 is not yet accounted for in either the above or below tables.

3.13 An overview of the Project Budget Status is in the table below:

Description	Project Budget	Budget Variance	Final Forecast
Construction	\$6,646,031	\$205,965	\$6,851,996
Professional Fees	\$265,400	\$0	\$265,400
Authorities Fees	\$55,000	\$0	\$55,000
Construction Contingency	\$332,561	\$205,965	\$126,596
Project Contingency	\$333,000	\$0	\$333,000
<b>Total</b>	<b>\$7,631,992</b>	<b>\$0</b>	<b>\$7,631,992</b>

**4. NEXT STEPS**

- 4.1 Continue the construction programme to complete Stage 1 as per the budget and timeline.

**5. COMPLIANCE AND ADMINISTRATION**

Does the Committee have delegated authority to decide?		<b>Yes</b>
If Yes quote relevant clause(s) from Delegations Manual <Enter clause>		
Are the decisions significant?		<b>No</b>
If they are significant do they affect land or a body of water?		<b>No</b>
Can this decision only be made through a 10 Year Plan?		<b>No</b>
Does this decision require consultation through the Special Consultative procedure?		<b>No</b>
Is there funding in the current Annual Plan for these actions?		<b>Yes</b>
Are the recommendations inconsistent with any of Council's policies or plans?		<b>No</b>
The recommendations contribute to Goal 3: A Connected and Safe Community		
The recommendations contribute to the outcomes of the Connected Community Strategy		
The recommendations contribute to the achievement of action/actions in the Social Housing Plan		
The action is: Upgrade the Papaioea housing complex (by end of 2018/2019).		
Contribution to strategic direction	Programme 357 is stage 1 of the Papaioea Place Redevelopment project – to demolish 32 existing units and create 50 new units in their place which will be suitable for tenants to age in place.	

**ATTACHMENTS**

Nil

## MEMORANDUM

**TO:** Finance and Performance Committee

**MEETING DATE:** 18 March 2019

**TITLE:** Aquatic Facilities - Free admission of under five year olds

**DATE:** 7 March 2019

**PRESENTED BY:** Kathy Dever-Tod, Parks and Reserves Manager, Infrastructure

**APPROVED BY:** Tom Williams, Chief Infrastructure Officer

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### RECOMMENDATION(S) TO COUNCIL

1. That the Council notes that the cost to implement free swimming for under five-year olds, is estimated to be \$28,971 per annum, based on an assumption of current numbers
  2. That the Council notes that more analysis is needed to obtain a better picture of future use, including a survey of potential users and contractual obligations, and a full paper with recommendations will come to the Finance and Performance Committee in August 2019.
- 

### 1. ISSUE

- 1.1 Council instructed the Chief Executive to report back on the cost of providing free swimming for children under 5 years old at the Lido and Freyberg Aquatic Facilities.
- 1.2 Council has monthly admission records dating back to 2003 however these records do not provide information on pre-school admissions.
- 1.3 It is not possible to report back to Councillors on the actual cost of a policy of free swimming for pre-school children with the current information available.

### 2. BACKGROUND

- 2.1 CLM manage the Lido and Freyberg Pools under a long-term Aquatic Facilities Management Contract with Council. Council sets the maximum admission and concession charges and CLM collects the revenue.
- 2.2 As part of their monthly reporting, CLM provides a report on admission numbers, as recorded through their electronic point of sales system. This enables Council to

understand the number of people entering the pools as part of a family or school group, on a concession card, or as individuals. Pre-schoolers are currently recorded as part of the child admission category.

- 2.3 Since the beginning of January 2019, CLM have been recording the number of children five years and under entering the pools. These numbers are presented below:

	Pool	January	February
5 years and under	Lido	446	454
	Freyberg	155	207
		<b>601</b>	<b>661</b>
6 – 15 years	Lido	8,813	3,780
	Freyberg	1,307	646
		<b>10,120</b>	<b>4,426</b>
<b>Total Number of Child visits</b>		<b>10,721</b>	<b>5,087</b>

- 2.4 The survey figures show that the total number of children entering the pools in February was 53% less than in January. This reduction corresponds with the end of the school holidays. This trend is consistent with the same period in previous years.
- 2.5 By contrast, the number of children five years and under entering the pools was 2% higher at the Lido and 34% higher at the Freyberg in February, compared to January. The figures suggest that visitations by this young age group are inversely related to school holidays – when the school holidays end, visits increase. Possible factors may include more mid-week trips by carers and children whilst older children are at school, young children accompanying carers whilst older siblings attend swimming classes etc.
- 2.6 During the survey period the total number of visits by children five years and under was 1,262. If this figure is extrapolated, the estimated annual pool entry is 7,572.
- 2.7 The increase in the number of visits, when the school holidays end, suggests most of the survey group were less than five years in age, and therefore the survey data

represents pre-schoolers. It should be noted, however that this is an assumption, not a conclusion.

- 2.8 The current entry fee for children is \$4.00. This is due to increase to \$4.40 on 1<sup>st</sup> July 2019. Using the new price, and the assumption that the survey data can be used to estimate the number of pre-schoolers likely to enter the pools each year, the cost to Council of providing free entry to pre-schoolers is estimated to be \$33,317 including GST, and \$28,971 excluding GST.
- 2.9 The above estimate is based purely on the loss of entry fees for children under five years old. There are several other factors Council needs to consider including:
  - The impact of a free entry policy on the number of times pre-schoolers and their families visit the pool – is cost a barrier to demand, or are there other barriers?
  - The seasonal pattern of pre-school entry into the pool is largely unknown - estimates may under or over represent actual entry figures
  - The impact of an increase in demand on current operating costs – for the operator and subsequently Council
  - The impact of a free entry policy for pre-schoolers on other pool entry categories, for example will it reduce the number of family concessions sold?
  - Which party will carry the contractual risk associated with free entry when the impacts of the policy may not be known for some time.
- 2.10 To establish the a more reliable estimate of the cost of a policy of free swimming for pre-schoolers, more information is required. This includes admission data over a longer period, and user intercept survey information collected at the facilities to assess price sensitivity, frequency and timing of pre-school visits. This would enable officers to better understand the likely impact of a free pre-school swimming policy on demand, and enable the preparation of policy options for Council's consideration, including free entry and reduced-price entry, with or without limitations on visitation times.

### 3. NEXT STEPS

- 3.1 Officers will continue to analyse admission data at the pools, and request that CLM collect data for children under five going forward, rather than children five years and under. This will enable Council to track usage of the pools by pre-schoolers.
- 3.2 Officers will come back to the Committee with a policy recommendation for pre-school admission to swimming pools in August 2019

## 2. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual <Enter clause>	<b>No</b>
Are the decisions significant?	<b>No</b>
If they are significant do they affect land or a body of water?	<b>No</b>
Can this decision only be made through a 10 Year Plan?	<b>No</b>
Does this decision require consultation through the Special Consultative procedure?	<b>No</b>
Is there funding in the current Annual Plan for these actions?	<b>Yes</b>
Are the recommendations inconsistent with any of Council's policies or plans?	<b>No</b>
The recommendations contribute to Goal 2: A Creative and Exciting City	
The recommendations contribute to the outcomes of the Creative and Liveable Strategy	
The recommendations contribute to the achievement of action/actions in the Active Community Plan	
The action is: Through contract and facility management, and discussions with facility managers, optimise the use of Council aquatic facilities and the Central Energy Trust Arena.	
Contribution to strategic direction	<p>Removing financial barriers to accessing Aquatic facilities enables citizens to remain connected and active</p> <p>Ensuring that facilities are profitable, enables them to continue to be run at a high standard and offer a range of services, without impacting on other services of Council.</p>

### ATTACHMENTS

Nil

## COMMITTEE WORK SCHEDULE

**TO:** Finance and Performance Committee

**MEETING DATE:** 18 March 2019

**TITLE:** Committee Work Schedule

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### RECOMMENDATION(S) TO FINANCE AND PERFORMANCE COMMITTEE

1. That the Finance and Performance Committee receive its Work Schedule dated March 2019.

### ATTACHMENTS

1. Committee Work Schedule  

## FINANCE AND PERFORMANCE COMMITTEE

### PART I

#### COMMITTEE WORK SCHEDULE – MARCH 2019

Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
1	February 2019	Results on the first 6 months of reduced E-Waste Recovery fees	Chief Infrastructure Officer		19 November 2018 Clause 92.1
2	February March 2019	Cost of free swimming for children under 5 years old at the Lido and Freyberg Aquatic Facilities	Chief Infrastructure Officer	Awaiting further information from CLM	19 November 2018 Clause 85.4
3	TBA March 2019	Lobby Central Government to introduce a mandatory product stewardship for e-waste diversion	General Manager – Strategy and Planning	To be reported as part of the Remit report to Planning and Strategy	19 November 2018 Clause 92.2
4	TBA April 2019	Property Portfolio	Chief Infrastructure Officer	Workshop scheduled for 11 February 2019	21 February 2011 Clause 10-11
5	April 2019	Quarterly Performance and Finance Report	Chief Financial Officer		
6	April 2019	Report back on current status of external fundraising	Chief Financial Officer	On track	18 February 2019 (No formal resolution made)
7	May 2019	Investigate a buy local policy	Chief Financial Officer		18 February 2019 clause 9.2 (Part II, subsequently transferred to Part I)
8	August 2019	Update on infill lighting required to achieve compliance in P and V categories	Chief Infrastructure Officer	On track	19 November 2018
9	August 2019	E-Waste recycling reduced fees update	Chief Infrastructure Officer		18 February 2019 (No formal resolution made)