



---

**PALMERSTON NORTH CITY COUNCIL**

---

**AGENDA**  
**COMMITTEE OF COUNCIL**

---

**9AM, WEDNESDAY 10 JUNE 2020**  
ELWOOD ROOM, CONFERENCE & FUNCTION CENTRE  
354 MAIN STREET, PALMERSTON NORTH

---



---

## MEMBERSHIP

---

**Grant Smith (Chairperson)**

**Tangi Utikere (Deputy Chairperson)**

**Brent Barrett**

**Patrick Handcock ONZM**

**Susan Baty**

**Leonie Hapeta**

**Rachel Bowen**

**Lorna Johnson**

**Zulfiqar Butt**

**Billy Meehan**

**Vaughan Dennison**

**Karen Naylor**

**Renee Dingwall**

**Bruno Petrenas**

**Lew Findlay QSM**

**Aleisha Rutherford**

**Agenda items, if not attached, can be viewed at:**

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

---

**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



## **COMMITTEE OF COUNCIL MEETING**

10 June 2020

### **ORDER OF BUSINESS**

**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. Amended Minutes - 8 May 2020**

Page 7

Memorandum, presented by Hannah White, Democracy and Governance Manager.

**6. Confirmation of Minutes**

Page 21

“That the minutes of the Committee of Council meeting of 20 May 2020 Part I Public be confirmed as a true and correct record.”

**7. Finalising the Annual Budget (Plan) for 2020/21**

Page 27

Memorandum, presented by Stuart McKinnon, Chief Financial Officer.

**8. Exclusion of Public**

To be moved:

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

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be

prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as stated in the above table.



## MEMORANDUM

**TO:** Committee of Council

**MEETING DATE:** 10 June 2020

**TITLE:** Amended Minutes - 8 May 2020

**PRESENTED BY:** Hannah White, Democracy and Governance Manager

**APPROVED BY:** Sheryl Bryant, General Manager - Strategy & Planning

---

### RECOMMENDATION TO COMMITTEE

1. That the amended minutes of the ordinary meeting of 8 May 2020 Part 1 Public be confirmed as a true and accurate record.

A submitter has requested we clarify some of the wording of the previously confirmed minutes. The amendments are made in red to clause 6-20, Dale O'Reilly's submission.

## PALMERSTON NORTH CITY COUNCIL

**Minutes of the Committee of Council Meeting Part I Public, held as an audio visual meeting on 08 May 2020, commencing**

**Friday 8 May 2020 – 9.00am**

**Monday 11 May 2020 – 9.00am and 3.30pm**

**8 May 2020, 9am**

**Members Present:** Councillor Tangi Utikere (in the Chair) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

**Apologies:** The Mayor (Grant Smith) (on Council business).

**11 May 2020, 9am**

**Members Present:** The Mayor (Grant Smith) (in the Chair) and Councillors Tangi Utikere, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas and Aleisha Rutherford.

**11 May 2020, 3.30pm**

**Members Present:** The Mayor (Grant Smith) (in the Chair) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

**4-20 Apologies**

Moved Tangi Utikere, seconded Vaughan Dennison.

**The COMMITTEE RESOLVED**

1. That the Committee receive the apologies.

Clause 4-20 above was carried 15 votes to 0, the voting being as follows:

**For:**

Councillors Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

**5-20 Confirmation of Minutes**

Moved Tangi Utikere, seconded Zulfiqar Butt.

**The COMMITTEE RESOLVED**

1. That the minutes of the Committee of Council meeting of 4 March 2020 Part I Public be confirmed as a true and correct record.

Clause 5-20 above was carried 15 votes to 0, the voting being as follows:

**For:**

Councillors Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.



**6-20 Submissions to Annual Budget 20-21**

The Committee considered submissions on the Annual Budget 2020-21 together with supporting oral statements including additional tabled material.

The following persons appeared before the Committee and made oral statements in support of their submissions and replied to questions from Elected Members.

**9.00am Friday 8 May 2020**

Dale O'Reilly (1):

Dale O'Reilly spoke to her submission and made the following comments:

- Unhappy that an unbudgeted, substantially larger dog pound is included in the draft Annual Budget, when the proposed Bunnythorpe Community Centre is too small will not meet the need of the growing population of Bunnythorpe.
- PNCC did not consult with the Bunnythorpe Community Centre Association **Members** on the proposed plans and **did** not share relevant information with the Association's **Members** or the community.
- PNCC tends to treat Bunnythorpe as part of the city, however Bunnythorpe is a rural community and its needs are different.
- Bunnythorpe's close geographical location to Feilding and Palmerston North has allowed councils to ignore its needs in the past. It has no community centre and often infrastructure funding is diverted or deferred. This has meant children have to cross busy roads to get to school, the Bunnythorpe to Palmerston North cycle pathway never progressed and a proper-sized, fit for purpose plan for a community centre is not included in the Annual Budget.
- The Association rejects the reasons given by Council and other funding agencies to not fund the building of a larger centre.

Annette Nixon and Rev Susan Blaikie - Presbyterian New Church (28):

Annette Nixon and Rev Susan Blaikie spoke to the Presbyterian New Church submission and made the following comments:

- They welcomed the opportunity to engage with Council and updated Councillors on the community work being done by the Presbyterian New Church. The Presbyterian New Church was formed by the merging of St David's and St Marks Parishes.

- The Church continues to meet with council planners to explore the opportunities that exist with the vacant Awapuni land.
- During the Covid-19 lockdown the Church has been operating a free food delivery service for the vulnerable and elderly in the community.
- The Church has been encouraging information technology take-up and has been running a training service to support people to learn new technology. The service relies on donated devices; tablets are especially useful as they can access the internet by mobile hot-spots. A lot of people are taking up this offer.
- The Presbyterian New Church would like to be involved in the City Council's recovery plan.
- In terms of the rate increase, the Church would like to see a smaller rate increase than the proposed 4% but council services that focus on people's wellbeing should be retained.
- There are no plans yet for the building at St David's, the Church's focus is on the needs of the community at the moment.

Beth Tolley – Extinction Rebellion Manawatū (29):

Beth Tolley spoke to the Extinction Rebellion Manawatū submission and made the following comments:

- Really liked Council's strategic goal of eco-city and actions to reduce carbon footprint, the signed climate change MOU with Horizons Regional Council, established climate change portfolio and Environmental Sustainability Committee.
- The Annual Budget lacks urgency in regard to mitigating climate change. The Budget needs to be more ambitious in regard to climate change because CO<sup>2</sup> emissions continue to increase.
- Disagreed with the term 'sustainable growth' as growth is not sustainable, we can't have infinite growth on a finite planet. Concerned with the balance between economic growth and protecting the environment.
- The Covid 19 lockdown offers hope that we can change our behaviour to improve the environment. Climate change is an environmental emergency that we need to address now.
- Actions we would like Council to consider:
  - Remove the term 'sustainable growth' from 10 Year Plan/ Council plans and what you mean by it.
  - Investigate alternatives to growth based economy. For example the donut economic model requires meeting peoples' basic needs within the limits of the economy. The model requires economies to operate between an outer limit of destroying the planet and the inner limit of causing suffering to people.

- Be more ambitious with the reducing carbon dioxide goal – for example 0% net carbon emission by 2025
  - Encourage more Iwi input into climate change issues.
  - Empower people to want to live sustainably by telling the truth about the climate emergency. Authorities overseas use environmental dashboards to show the daily level of pollution in river, drinking water being used etc.
  - Enable or support interest free loans for households to install solar panels and rainwater collection tanks on existing houses and make it a requirement for new builds.
  - Encourage the reuse, and repair of goods.
  - Council should start collecting food waste.
  - Proposed Council project should outline whether they reduce carbon emissions, increase environment sustainability or biodiversity and help the poorest in the city.
  - Look at local currency to encourage money to stay in the local economy.
- In regard to helping the poorest people in the city, we believe the Council should be careful with a rate increase. Council could encourage community gardens, and use resources we already have rather than create new ones.

Karen Adams (34):

Karen Adams spoke to her submission and made the following comments:

- To reflect the effects of Covid-19, Council expenditure should be transparent, necessary and the budget should be rewritten depending on needs and wants.
- She thanked the officers on the Council helpdesk for answering her queries promptly or connecting her through to the right person to assist her.
- The overflowing rubbish bins at He Aha Kotahi had been collected, however there needs to be more rubbish bins there, or the coffee carts located there should provide their own bins to take away the rubbish they create.
- The footpath on College St needs to be repaired from Cook street to Maxwell Line as it is uneven, lifting and cracked. It's a real danger for the elderly.
- Council should re-prioritise its expenditure and focus on its core business but with an environmental lens. For example, rubbish should be collected in an environmentally friendly way, diverting more recyclables from landfill and reducing the city's carbon emissions.
- Money could be saved by having more regionally focussed waste collection services. She would like to see a regional incinerator built to stop waste

going to landfill. The incinerator could be run on the electricity it produced.

- Should make rain water collection mandatory on all new builds. Council could reduce development costs if developers include elements to their designs that produce less strain on the infrastructure
- Have a minimum permeable area for all subdivisions (including in-fill housing), to enable effective ground water run-off and to reduce the threat of flooding.
- Ensuring the quality of construction and ongoing maintenance needs of Council's capital projects. The poor quality of work at He Ara Kotahi meant there were cracks in the pathway leading to Ahimate Park one week after it was completed. Council needs to have better oversight of the design of these projects and the materials used.

**Note:**

Councillor Lew Findlay declared a conflict of interest in the above submission and withdrew from discussion.

Jo Erkens (4):

Jo Erkens chose not to address the Committee and instead provided a verbal report to be presented. The Democracy and Governance Manager read his verbal submission to the Committee and the following comments were made:

- Concerned about the ability of many, particularly elderly to pay.
- Feels lack of understanding from Councillors and CEO of what some residents are struggling with.
- Requests a 0% rates increase.
- Requests reschedule of priorities to wastewater treatment plant, wastewater systems, stormwater, water.
- Understands that Council costs will decrease as a result of COVID-19.

The meeting adjourned at 10.00am.

**9am Monday 11 May 2020**

Jean Hera, Women's Health Collective (5):

Jean Hera spoke on behalf of the Women's Health Collective's submission and made the following comments:

- Women's Health Collective advocates for women and most vulnerable people, Covid-19 will affect funding for these people.
- Thanked PNCC for their continued support and assistance.

- Ongoing support for community groups is needed. Post Covid-19, the funding pool for community groups will be smaller, need to consider backup plan for support.

Russell Hallam (16):

Russell Hallam spoke to his submission and made the following comments:

- The city's footpaths need to be widened and should be better maintained to encourage people to walk.
- Footpaths should be for pedestrians only, Council should be encouraging people to walk by making sure cyclists stay off the footpaths. Cyclists should ride on the roads/ cycleways as bikes on footpaths can be dangerous.
- Council should build more cycleways to alleviate the need for people to cycle on footpaths.
- Concerned with both the speed of the bike on footpaths and the volume of cyclists using footpaths.
- More people have been using the cycleways during the lockdown. Council should create dedicated spaces for pedestrians, cyclists and motorists to ensure the safety of all users and to encourage people to walk and bike.
- Speed Limit Concern on College St. between Victoria Ave and Albert St. It is a busy, narrow road and he would like to see the speed limit lowered to reduce the high density of traffic. He was informed by council officers that because the road is an arterial route, speed bumps are not allowed.
- Mr Hallam was informed that the Council is in the middle of a multi-stage speed limit review, so it would be possible to review the speed limit during this review.

Stewart Harrex, Environment Network Manawatū (17):

Stewart Harrex spoke on behalf of the Environment Network Manawatū submission and made the following comments:

- Would like to see Council support the creation of a re-generative economy to build the resilience in the city.
- Have drafted a post Covid-19 discussion paper which includes immediate actions for waste minimisation and biodiversity enhancement and there are opportunities for co-funding in the waste minimisation fund and predator free 2050 funds.
- Environment Network Manawatū has been working on the following initiatives:
  - Working with Enviro Hub Aotearoa to create a central city hub for the Environment sector

- Creating a city-wide register of businesses working in regenerative actions
  - Developing a register for locally grown food initiatives
  - Creating a city wide planting and weed control programme
- The City wide plan around food availability includes all food, not just foodbanks. We're aiming to reduce food waste and are working with existing groups for example churches and Just Zilch to assist them in their work and help them with any problems they face.
  - Would like Council assistance to co-ordinate volunteer groups for pest control.
  - It would be great if more council officers had sustainability/climate change qualifications to deliver on the Council's eco city plan.
  - Would like to see more public discussions around the effects of climate change on everyday life. We need to increase public understanding and knowledge in the wider community, in order to improve public engagement.

Emma Ochei and Kim Penny, Palmerston North Community Services Council (38):

Emma Ochei and Kim Penny spoke on behalf of the Palmerston North Community Services Council submission, they made the following comments:

- Supports the continued contracted funding of \$60,000 for administration and \$5,000 for furniture for Hancock House. Palmerston North Community Services appreciates its close relationship with Council.
- Council funding allows for a reception service at Hancock Community House which provides a point of contact for tenants and clients and Council support officers. It has opened up the possibilities for further shared services in the future. Provides structure to look at benefits for all users of Hancock House.
- Due to Covid-19 demand for social services will increase, unsure when or what services will be required, but know there is a need for continued support of the community sector. Council support is vital financially and for championing the work of the community sector.
- The reception service has the potential to expand and take on more administrative responsibilities to allow social services to focus on their clients. There is also an opportunity for further shared services in the future.
- Elements of the work done during the lockdown can continue. The collaboration between organisations was fantastic and the urgency of

assisting those in need should continue. The sector is looking forward to seeing their clients face to face and will be once government guidelines are released.

- Believe the \$5000 furniture grant is in addition to the \$60,000 grant in the proposed Annual Budget. The \$5000 furniture allowance was agreed by Council in December 2018 as an annual payment.

Noel Beavers & Steve Yanko, The Order of St John (39):

Noel Beavers and Steve Yanko spoke on behalf of The Order of St John submission and made the following comments:

- Currently fundraising for a second Ambulance station on Willis Street to allow for better response times on the east side of city. Already have a site and can provide a minimal service during the day but it doesn't have adequate facilities to be manned 24/7.
- Building target is \$650,000, St John did have 50% of it but some funding previously earmarked for the building had to be used for Covid-19 response.
- Asking for Council funding of \$200,000, as St John's needs to get two thirds of the money before national body will consider topping it up.
- Infrastructure and buildings are not government funded. There are ongoing discussions with government to improve national funding for St John, and for the government to fund infrastructure.
- Territorial Authorities are starting to assist St Johns, mostly in rural communities – with gifts of land and assistance, no formula for council support and it's not taken for granted by St John.
- National arm of St John provides grants and support with fund raising.
- St John would consider a different site if PNCC had suitable land available. Would also consider hubs for services and have investigated co-location with other emergency services, but nothing suitable.
- St John would like to get the project started by the end of the year as there is an urgency to get this building build.

Alastair Cole, Manawatū River Source to Sea (44):

Alastair Cole spoke on behalf of the Manawatū River Source to Sea submission and made the following comments:

- Manawatū River Source to Sea is a branch of Environment Manawatū,

it focuses on biodiversity along the Manawatu river catchment.

- There are post Covid-19 co-funding opportunities to rebuild the economy into a green economy. Mr Cole has been in discussion with PNCC, Horizons Regional Council, Ministry for Environment (MfE), Department for Conservation (DOC) and Ministry for Primary Industries (MPI) about a proposed environmental work programme for the Manawatū catchment. He still has other Territorial Authorities to speak with.
- Could make a pitch with Councils for funding for projects around unallocated Crown land in river corridors in region for planting and enhancement, pest and weed control, and constructing predator free areas.
- Know 10-year plan are happening next year and this is an opportunity to discuss the options available to improve the waterways in the Manawatū .
- Speak to all councils in the Manawatu region, PNCC's leadership in the environment sector has allowed Manawatū River Source to Sea to have more fruitful conversations with the other councils.
- Opportunities to partner up for projects around predator- free zones and waste minimisation.
- Manawatū River Source to Sea can act as conduit to get other groups involved in projects.

Amanda Linsley, Manawatū Chamber of Commerce (49):

Amanda Linsley spoke on behalf of the Manawatū Chamber of Commerce submission and made the following comments:

- Manawatū Chamber of Commerce does not agree with a rate freeze as it could lead to job losses and economic downturn. Instead, Council should reprioritise spending and review the proposed rate increase.
- PNCC encouraged to apply for central government funding to support businesses emerging from Covid-19.
- Council should fund projects that support local skills and talents for example the "Choose Manawatu" campaign, and look at long term environmentally sustainable projects, such as waste minimisation, environmental space, recycling, up-cycling and using resources we have in city.
- For businesses facing severe hardship, PNCC should consider rates relief or a rates deferral/payment option. However, this rates relief need to be passed onto commercial tenants.
- There are redundancies in the hospitality sector, numbers likely to increase



as time goes by.

The meeting adjourned at 10.27am.

**3.30pm, Monday 11 May 2020**

**Ben Schmidt (Co-ordinator) Manawatū Tenants Union (30):**

Ben Schmidt spoke on behalf of the Manawatū Tenants Union submission and made the following comments:

- Thanked the staff for their work during the Covid 19 response, especially the Welfare team.
- Council needs to retain its capability to assist the community in the future, it should not make rates cuts that will restrict its future capabilities.
- The housing crisis remains, and we need more council housing to alleviate it. The Council needs to continue to build social housing and keep it affordable for the vulnerable people in society.
- Homelessness continues to grow in the city, and we have expanded our services to meet the additional need.
- During the lockdown, we experienced a lull in the number of people accessing our services, this might have been because of the laws put in place to protect tenants from eviction during covid-19, however we expect this to change as the wage subsidy stops.

**David Chapple, Menzshed Manawatū (11):**

David Chapple spoke on behalf of the Menzshed Manawatū submission and made the following comments:

- Menzshed is a community group which encourages the sharing of ideas, being creative, giving back to the community through community projects and supporting each other. During the lockdown we have been meeting via zoom. There have been lots of enquiries during the lockdown from men who have lost their job or are planning to retire early.
- He updated the Council on the plans to renovate the Menzshed building (council owned building). We have detailed plans to renovate the building both internally and to build an external addition to the building.
- Due to the Covid-19 lockdown we now plan to split the work into two stages. Stage 1 is the interior and Stage 2 the external extension. We hope to have stage 1 completed this year and stage 2 completed by end of 2021.
- The Council's 10 year plan made a commitment towards this project and

we would like Council to cover the cost of the resource consent, this will allow our own funding to go towards the building work.

- Mr Chapple was informed that the Finance and Audit Committee has a fund available which grants relief for resource consent.

Stephen Berg and Wayne Edwards New Zealand Rugby Museum (7):

Stephen Berg spoke on behalf of the New Zealand Rugby Museum submission and made the following comments:

- David Kirk will be the new patron of the museum following the passing of Graham Lochore.
- Would like to receive an annual grant from the Arts, Culture and Heritage Committee to help them guarantee their annual budget.
- In the long term, the Rugby Museum would like a long-term assured tenure and would like to stay with Te Manawa museum.
- Due to Covid-19 the museum is currently shut and it has lost its NZRU grant for the year.
- The museum was mostly reliant on international visitors; however, it is working with CEDA to market itself to domestic tourists.
- The PNCC arts grant to the museum remains for the next 3 years.

Trevor Shailer (CEO) and Nolan King (Chair) Sport Manawatū (32):

Trevor Shailer (CEO) and Nolan King (Chair) spoke on behalf of the Sport Manawatū submission and made the following comments:

- Sport Manawatū supports the work being done by Council, especially with the work to improve the walkway network, sports field renovations and funding around sports fields.
- Believes that play, active recreation and sport is going to be very important in the next few weeks.
- The planning for the fit for purpose Sports House recreation centre is continuing. Sport Manawatū is keen to keep things going during Covid-19 and want to keep the allocation for the project in the LTP. The landowner of the site is providing the land but no additional financial support. The Sports House project is reliant on a strong partnerships approach with all partners including PNCC.
- The Sports NZ Relief fund is offering grants to regional sport organisations and clubs to support the sector. The funds available are for fixed costs. Sport Manawatu has processed 12 applications today and decisions are being made in 10 days' time to get the money to the sector quickly.

- Sport Manawatū is working hard to keep their sports afloat and will provide ongoing support as the wage subsidy is removed. It is important that we have a sector to rebuild.
- Relationship with council fundamental for providing the facilities for people to use.
- The use of facilities and how sports are going to apply the measures of level 2 is still being worked out. The message to sport clubs is to make sure the planning is done to keep people safe before we start sport again.
- We expect the use of facilities to be around 50% (of previous use) for structured sports and slightly more than 50% for unstructured sports.
- We are still waiting for confirmation around secondary school sports and when they will start.
- We have given our support to Basketball NZ and Volleyball NZ for them to re-start competitions in Manawatū.
- Sport Manawatū continues to fund and encourage active transport programmes which are assisted by the great work being done by other groups. Council maintaining and building cycleways and pathways is equally important.

Cliff Wilson (Chair) Hoffman Kiln Trust (18):

Mr Wilson was unable to connect to the meeting. If Mr Wilson has anything he wishes to share with the Councillors he is welcome to contact the Democracy and Governance Manager, who will pass his comments on.

**Note:**

Councillor Bruno Petrenas declared a conflict of interest in the above submission.

Moved Grant Smith, seconded Tangi Utikere.

**The COMMITTEE RESOLVED**

1. That all material be referred to the Committee of Council meeting on 20 May 2020 for its consideration in the first instance.

Clause 6-20 above was carried 16 votes to 0, the voting being as follows:

**For:**

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

The meeting finished at 4.26pm.

Confirmed 10 June 2020

**Chairperson**

**ATTACHMENTS**

Nil

# PALMERSTON NORTH CITY COUNCIL

## Minutes of the Committee of Council Meeting Part I Public, held in the Council Chamber, First Floor, Civic Administration Building, 32 The Square, Palmerston North on 20 May 2020, commencing at 9.00am

**Members Present:** The Mayor (Grant Smith) (in the Chair) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

### 8-20 Notification of Additional Item

Moved Grant Smith, seconded Tangi Utikere.

The **COMMITTEE RESOLVED**

1. That the Committee receive the Supplementary Item titled "Annual Budget 2020/21 – Appendices 2 & 3".

Clause 8-20 above was carried 16 votes to 0, the voting being as follows:

**For:**

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

### 9-20 Confirmation of Minutes

Moved Grant Smith, seconded Tangi Utikere.

The **COMMITTEE RESOLVED**

1. That the minutes of the Committee of Council meeting of 8 May 2020 Part I Public be confirmed as a true and correct record.

Clause 9-20 above was carried 16 votes to 0, the voting being as follows:

**For:**

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

### 10-20 Annual Budget 2020/21 - Moving Forward

Memorandum, presented by Stuart McKinnon, Chief Financial Officer.

In discussion it was pointed out that local businesses and the residential community were struggling financially with the result of COVID-19 so it was suggested that the Chief Executive look for savings in Appendix 4 and report

back to the Committee with the reductions at the June meeting.

An issue was also raised with regards to public participation in meetings and it was suggested that a budget be allocated to enable this to occur in the Council Chamber via visual audio link.

Moved Grant Smith, seconded Tangi Utikere.

The **COMMITTEE RESOLVED**

1. That the written submissions from the consultation process on the proposed Annual Budget 2020/21 be received.

Clause 10.1 above was carried 16 votes to 0, the voting being as follows:

**For:**

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

The meeting adjourned at 11.12am.

The meeting resumed at 11.41am.

Moved Susan Baty, seconded Grant Smith.

The **COMMITTEE RESOLVED**

2. That the Chief Executive be instructed to make a \$550k reduction in the Op Ex Budget in addition to Appendix 4 of the Council's Activities. The Chief Executive is to report such proposed Op Ex reductions to the Committee of Council meeting on 10 June 2020. This will reduce the rate rise to 1.95%.

Clause 10.2 above was carried 9 votes to 7, the voting being as follows:

**For:**

The Mayor (Grant Smith) and Councillors Susan Baty, Renee Dingwall, Lew Findlay QSM, Leonie Hapeta, Billy Meehan, Karen Naylor, Bruno Petrenas and Tangi Utikere.

**Against:**

Councillors Brent Barrett, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Patrick Handcock ONZM, Lorna Johnson and Aleisha Rutherford.

Moved Tangi Utikere, seconded Karen Naylor.

On a motion that an amendment be made to clause 10.2 to delete the word 'further', add '\$550K', delete '\$1.4 reduction' and add 'in addition to Appendix 4'. The motion was carried 9 votes to 7, the voting being as follows:

**For:**

The Mayor (Grant Smith) and Councillors Rachel Bowen, Renee Dingwall, Lew Findlay QSM, Leonie Hapeta, Billy Meehan, Karen Naylor, Bruno Petrenas and Tangi Utikere.

**Against:**

Councillors Brent Barrett, Susan Baty, Zulfiqar Butt, Vaughan Dennison, Patrick Handcock ONZM, Lorna Johnson and Aleisha Rutherford.

Moved Karen Naylor, seconded Billy Meehan.

**Note:**

On a motion that an amendment be made to clause 10.2 to replace '\$1.4m' with '\$1.9m' and replace '1.95%' with '1.4%'. The motion was lost 2 votes to 14, the voting being as follows:

**For:**

Councillors Billy Meehan and Karen Naylor.

**Against:**

The Mayor (Grant Smith) and Councillors, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

Moved Grant Smith, seconded Tangi Utikere.

The **COMMITTEE RESOLVED**

3. That the Chief Executive be instructed to prepare a draft of the final Annual Budget document for consideration by the Committee of Council at its meeting on 10 June 2020 and that it incorporate:
  - a. Proposed budget changes entitled "Annual Budget 2020/21 Schedule of Proposed Budget Changes" (attached as Appendix 1);
  - b. The proposed programme carry forwards entitled "Annual Budget 2020/21 – Schedule of Proposed Carry Forward Capital Programmes" (attached as Appendix 2);
  - c. The proposed amendments to the capital expenditure programme entitled "Annual Budget 2020/21 - Schedule of Proposed Amendments to Capital Expenditure Programmes" (attached as Appendix 3);
  - d. Establishment of an operating programme of \$200,000 to provide support for community relief efforts post COVID-19 with the support to be subject to criteria yet to be developed and approved by Council.

Clause 10.3 above was carried 16 votes to 0, the voting being as follows:

**For:**

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

Moved Aleisha Rutherford, seconded Leonie Hapeta.

The **COMMITTEE RESOLVED**

4. That a new budget of \$80k be allocated to enable participation in the Council Chamber.

Clause 10-20 above was carried 14 votes to 2, the voting being as follows:

**For:**

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie

Hapeta, Lorna Johnson, Billy Meehan, Aleisha Rutherford and Tangi Utikere.

**Against:**

Councillors Karen Naylor and Bruno Petrenas.

The meeting finished at 12.55pm.

Confirmed 10 June 2020

**Chairperson**







## MEMORANDUM

**TO:** Committee of Council

**MEETING DATE:** 10 June 2020

**TITLE:** Finalising the Annual Budget (Plan) for 2020/21

**PRESENTED BY:** Stuart McKinnon, Chief Financial Officer

**APPROVED BY:** Stuart McKinnon, Chief Financial Officer

---

### RECOMMENDATIONS

The COMMITTEE recommends that COUNCIL

1. Adopt the Annual Budget 2020/21 as circulated with the report titled “Finalising the Annual Budget (Plan) 2020/21”.
  2. Acknowledge that the Prospective Statement of Comprehensive Revenue and Expense for the Annual Budget shows a budgeted deficit of \$3.94m for the 2020/21 year, and that using the calculation required by the Local Government (Financial Reporting and Prudence) Regulations 2014, projects a deficit of \$6.83m. For the reasons outlined in the memorandum the Council resolves this outcome is financially prudent having regard for the matters contained in Section 100 of the Local Government Act 2002.
  3. Delegate Authority to the Mayor and Chief Executive to approve the final Annual Budget (Plan) document for publication.
  4. Acknowledge that the adoption of the Annual Budget (Plan) 2020/21 be confirmed as a significant decision within the parameters of the Local Government Act 2002 and that the Council is satisfied that all submissions have been considered and that there has been compliance with the decision-making and consultation requirements of the Act.
  5. Delegate Authority to the Chief Executive to authorise payments to Council-controlled organisations and other external organisations in accordance with their respective service level agreements.
- 

### 1. ISSUE

To seek approval to the proposed contents of the final Annual Budget (Plan) 2020/21, so it can be formally adopted on 24 June 2020.

The information that was in the proposed Annual Budget Consultation Document and supporting information has been updated to incorporate the decisions of the Committee of Council meeting on 20 May following consultation with the community.

## 2. BACKGROUND

### 2.1 Process to date

The Council decided to consult on the Annual Budget and in doing so sought feedback on the direction, budget and programmes proposed and specifically the proposal to fund an additional \$500,000 in debt repayment. In addition, feedback was sought on what Council should be considering for the upcoming 10 Year Plan.

The Consultation Document and public messaging also indicated the Council would be reviewing the proposed budget given the implications of the COVID-19 pandemic were becoming more obvious and would require changes to a number of underlying assumptions. The Consultation Document and supporting information highlighted the key proposed budget changes from year three of the 10 Year Plan 2018-28.

The report to the Committee of Council meeting on 20 May provided an outline of the consultation process used for community engagement. It summarised the nature of submissions received and provided officer advice to assist determining the way forward. It also recommended estimated sums to be carried forward for those 2019/20 programmes forecast to be incomplete at 30 June 2020. In addition, a series of other budget changes were recommended to reflect updated assumptions and changed circumstances.

The meeting also considered the minutes of the hearings.

The Committee determined what changes it considered needed to be made to the provisional Annual Budget as a consequence of the submissions and the updated information provided by officers.

### 2.2 Updated position

A draft of the Annual Budget is circulated with this report. The draft includes changes recommended by the Committee at its 20 May meeting including those making up the additional \$550k of **further operating expense reductions** sought by the Committee (and outlined in **Table 1 below**) that culminated in a budget which required an increase in the total rates of 1.95%.

Because of the mix of uniform annual charges, targeted rates for services and the different land value based general rates for different types of land use, the percentage increase will vary for each property. No change is planned to either the structure of the rating system or the valuations used as the base for the general rate. The examples shown in the budget document indicate increases of between 0.8% and 1.3% for residential rates and 2.5% to 3.1% for non-residential rates.

**Table 1: Changes included to meet target maximum total rates increase of 1.95%**

Item	\$000	Comment
Increased net revenue assumption: Venues (CET Arena & Conference Centre)	64	Reduce revenue loss assumption from 50% to 45% - move from level 2 gathering restrictions faster than originally assumed
Building consents	69	Revised assessment of possible impacts on net revenue for building & environmental health
Environmental health	25	
Adjustments to salary & wage provisions	102	Further opportunities for efficiency savings explored
Reduce budget for environmental protection MPI surveillance	25	Actual costs now known – previous budget was an estimate
Reduce budget for legal costs for parking enforcement	58	Assume less parking infringements will be lodged in Court so less costs incurred
Reduce sportsfield maintenance budget	40	Further adjustment to maintenance funding that had been proposed to be increased then partially reduced at Committee meeting
Delete provision for grant to Massey in relation to Sports & Rugby Institute	50	Existing contract has ended – budget no longer required.
Reduce Te Apiti Gorge development budget – prog 1486	52	50% reduction for 2020/21 as six months away from having final plan
Reduce Te Motu o Poutoa tree removal budget – prog 1355	40	Work now scheduled & costed – savings recognised
Reduce regional sports facility funding – prog 1527	5	Removed due to funding being insufficient for purpose
Reduce provision for Sports Event funding administered by Sport Manawatu	20	Assumes portion of Sports Event Fund will not be spent in 2019/20 so propose 2020/21 budget be reduced to reflect this
<b>TOTAL</b>	<b>\$550</b>	

**2.3 Balanced budget requirements & disclosure statement**

Section 100 of the Local Government Act 2002 requires Councils to ensure that each year's projected operating revenues are set at a level sufficient to meet that year's operating expenses.

If a council determines it is prudent not to have a 'balanced budget' (i.e. an operating surplus is not required), it must make a formal decision to that effect. The decision must be a prudent one and have included consideration of levels of service and useful lifespan of assets. There are grounds for not having a surplus every year to avoid building up unnecessary cash reserves.

The Council's Prospective Statement of Comprehensive Revenue and Expense (as in the Annual Budget) projects a deficit of \$3.94m for the year. This is after taking into account capital revenue of \$10.88m.

The Annual Budget includes a Disclosure Statement as required by the Local Government (Financial Reporting and Prudence) Regulations 2014. One of the benchmarks required to be shown is a balanced budget benchmark. Using the calculation methodology required by the regulations a different deficit figure of \$6.83m is obtained. This calculation excludes forecast revenue from development contributions and vested assets. As a result the planned outcome for the year is 94.7% against a benchmark of 100%.

Key reasons for the projected deficit are:

- A significant increase in the depreciation provision flowing on from the latest asset revaluations
- The decision to spread the cost of the planned enterprise resource planning (ERP) system over seven years (reflecting its projected life) rather than it all being funded from rates in a single year.

Council's policy is not to fund depreciation but rather the three year rolling average of the projected level of renewals.

Council's asset management plans ensure the Council is appropriately planning for renewals and its financial strategy is to make adequate provision to fund renewals from rates revenue and as well to fund the repayment of debt over the estimated useful life of assets (with a maximum of 30 years) funded from debt. The 2020/21 Annual Budget has been prepared using these principles.

Asset management plans are reviewed in detail every three years and new approaches and better information about asset condition make these plans more reliable for longer term financial planning. This work is under way now for the 2021-31 ten year plan and in some areas early indications are there will be requests for significant increases in renewal funding. Once this information becomes available we will then be in a position to reassess the funding approach as part of the review of the financial strategy.

The decision to fund the ERP system from rates over seven years rather than all in one year is a pragmatic one. In the past such systems were able to be treated as capital expenditure, funded from debt and repaid over the expected life. Nowadays these are cloud based systems that must be treated as an operating expense. As the cost of the system is significant funding it from rates over a short period would unduly impact on the level of rates required. It is therefore considered fair and reasonable to fund it from rates over the projected life.

**2.4 Revenue assumptions & risks**

The budget assumes that revenue from a number of activities will be lower than in the past due to the impacts on business of COVID-19. The estimates of revenue were based on an assumption that alert level 2 restrictions would continue through until December this year. There is some risk revenue will be lower than projected but there are indications now that restrictions may be relaxed earlier than assumed. It has been assumed all rates revenue will be received.

Based on the present information available the level of income sought for 2020/21 by comparison with planned operating expenses is considered to be appropriate and financially prudent.

**3. NEXT STEPS**

Any changes made at the meeting will be incorporated in the final version to be adopted by the Council at its normal monthly meeting on 24 June 2020.

After the Council adopts the final Annual Budget all submitters will receive a personalised letter outlining the Council’s response to the points raised in their submissions.

Separate reports will be provided directly to the Council meeting on 24 June recommending the formal setting of the rates for 2020/21 and seeking approval to raising the additional borrowing assumed in the budget.

**4. COMPLIANCE AND ADMINISTRATION**

Does the Committee have delegated authority to decide?	<b>No</b>
Are the decisions significant?	<b>Yes</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	<b>No</b>

plans?	
The recommendations contribute to Goal 5: A Driven and Enabling Council	
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions in Not Applicable The action is: The achievement of all Plans is dependent on the Council approving the Annual Budget for the year	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Adopting the Annual Budget is an essential precursor to the achievement of the Council's strategic direction.

### **ATTACHMENTS**

1. Draft Annual Budget (Plan) for 2020/21 