



PALMERSTON NORTH CITY COUNCIL

AGENDA

FINANCE & AUDIT COMMITTEE

9AM, WEDNESDAY 21 OCTOBER 2020

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



MEMBERSHIP

Susan Baty (Chairperson)
Karen Naylor (Deputy Chairperson)
Grant Smith (The Mayor)

Stephen Armstrong
Vaughan Dennison
Renee Dingwall
Lew Findlay QSM
Patrick Handcock ONZM

Leonie Hapeta
Lorna Johnson
Bruno Petrenas
Tangi Utikere

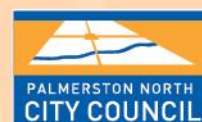
Agenda items, if not attached, can be viewed at:

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

Heather Shotter
Chief Executive, Palmerston North City Council

Palmerston North City Council

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Private Bag 11034, 32 The Square, Palmerston North



FINANCE & AUDIT COMMITTEE MEETING

21 October 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. Confirmation of Minutes

Page 7

“That the minutes of the Finance & Audit Committee meeting of 16 September 2020 Part I Public be confirmed as a true and correct record.”

6. Palmerston North Airport Limited - Annual Report for 12 months ended 30 June 2020 & instructions relating to Annual Meeting

Page 11

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

7. Quarterly Performance and Financial Report - Quarter Ending 30 September 2020

Page 59

Memorandum, presented by Stuart McKinnon, Chief Financial Officer and Andrew Boyle, Head of Community Planning.

8. Massey University Hockey Turf - Agreement for Shared Use

Page 125

Report, presented by Kathy-Dever Tod, Manager - Parks & Reserves.

9. Audit arrangements for small Council Controlled Organisations

Page 161

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

10. Treasury Report - 3 months ending 30 September 2020

Page 167

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

11. Mayor and Deputy Mayor Expenditure 2019/2020 Page 177

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

12. Otira Park - Proposal to grant a lease on reserve land to Palmerston North Pony Club Branch Page 181

Report, presented by Bryce Hosking, Manager – Property and Kathy Dever-Tod, Manager - Parks and Reserves.

13. Ashhurst Domain - Proposal to lease area for Scout hall Page 209

Report, presented by Kathy Dever-Tod, Manager - Parks and Reserves.

14. Committee Work Schedule Page 245

15. 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
16.	Bunnythorpe Community Facility Expansion	Negotiations	s7(2)(i)

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

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

[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].

PALMERSTON NORTH CITY COUNCIL

Minutes of the Finance & Audit Committee Meeting Part I Public, held in the Elwood Room, Conference & Function Centre, 354 Main Street, Palmerston North on 16 September 2020, commencing at 9.00am

Members Present: Councillor Susan Baty (in the Chair), The Mayor (Grant Smith), Mr Stephen Armstrong and Councillors Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Karen Naylor, Bruno Petrenas and Tangi Utikere.

Non Members: Councillors Brent Barrett, Rachel Bowen, Zulfiqar Butt, Billy Meehan and Aleisha Rutherford.

37-20 Confirmation of Minutes

Moved Susan Baty, seconded Patrick Handcock ONZM.

The COMMITTEE RESOLVED

1. That the minutes of the Finance & Audit Committee meeting of 19 August 2020 Part I Public be confirmed as a true and correct record.

Clause 37-20 above was carried 17 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Susan Baty, Brent Barrett, 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, Tangi Utikere and Mr Stephen Armstrong.

38-20 Assurance Report on Review of Business Continuity Planning

Memorandum, presented by Masooma Akhter, Business Assurance Manager and Jason McDowell, Head of Risk & Resilience.

After discussion Elected Members requested a follow-up report assessing progress on the recommendations, action plan and Business Continuity Planning Review.

Moved Lorna Johnson, seconded Susan Baty.

The COMMITTEE RESOLVED

1. That the memorandum entitled 'Assurance Report on Review of Business Continuity Planning' and its appendices, presented to the Finance & Audit

Committee on 16 September 2020, be received for information.

2. That the Chief Executive report back on the recommendations, action plan and progress on the Business Continuity Planning Review to the December 2020 meeting of Finance & Audit Committee.

Clause 38-20 above was carried 17 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Susan Baty, Brent Barrett, 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, Tangi Utikere and Mr Stephen Armstrong.

39-20

Review of Elected Members' Expenses and Allowances Policy

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

After discussion Elected Members were of the opinion that the policy was not yet a finished product and that a workshop would be a more efficient way to raise and discuss issues.

The meeting adjourned at 10.07am

The meeting resumed at 10.33am

Moved Brent Barrett, seconded Lorna Johnson.

The COMMITTEE RESOLVED

1. That the Elected Members' Expenses and Allowance Policy be referred to a workshop.

Clause 39-20 above was carried 11 votes to 6, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Rachel Bowen, Zulfiqar Butt, Renee Dingwall, Lew Findlay QSM, Lorna Johnson, Billy Meehan, Bruno Petrenas, Tangi Utikere and Mr Stephen Armstrong.

Against:

Councillors Susan Baty, Vaughan Dennison, Patrick Handcock ONZM, Leonie Hapeta, Karen Naylor and Aleisha Rutherford.

40-20

Committee Work Schedule

Officers had requested clarity from the Committee regarding what should be included in the report regarding expenses of the Mayor and Deputy Mayor. This was addressed in the additional recommendation.

Moved Susan Baty, seconded Leonie Hapeta.

The COMMITTEE RESOLVED

1. That the Finance & Audit Committee receive its Work Schedule dated

September 2020.

Clause 40.1 above was carried 17 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Susan Baty, Brent Barrett, 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, Tangi Utikere and Mr Stephen Armstrong.

Moved Susan Baty, seconded Leonie Hapeta.

2. That the annual Expenses of the Mayor & Deputy Mayor report address discretionary expenditure and that the expenses of the Mayor and Deputy Mayor be reported separately.

Clause 40.2 above was carried 12 votes to 3, with 2 abstentions, the voting being as follows:

For:

Councillors Brent Barrett, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Mr Stephen Armstrong.

Against:

Councillors Susan Baty, Lew Findlay QSM and Billy Meehan.

Abstained:

The Mayor (Grant Smith) and Councillor Tangi Utikere.

Note:

Moved Brent Barrett, seconded Karen Naylor.

On a motion that the word 'sensitive' be replaced with 'discretionary' in Clause 40.2, the motion was carried 13 votes to 2, with 2 abstentions, the voting being as follows:

For:

Councillors Susan Baty, Brent Barrett, Rachel Bowen, Zulfiqar Butt, Renee Dingwall, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Mr Stephen Armstrong.

Against:

Councillors Vaughan Dennison and Lew Findlay QSM.

Abstained:

The Mayor (Grant Smith) and Councillor Tangi Utikere.

The meeting finished at 10.58am

Confirmed 21 October 2020

Chairperson

MEMORANDUM

TO: Finance & Audit Committee

MEETING DATE: 21 October 2020

TITLE: Palmerston North Airport Limited - Annual Report for 12 months ended 30 June 2020 & instructions relating to Annual Meeting

PRESENTED BY: Steve Paterson, Strategy Manager - Finance

APPROVED BY: Stuart McKinnon, Chief Financial Officer

RECOMMENDATIONS TO COUNCIL

1. That the memorandum entitled 'Palmerston North Airport Limited - Annual Report for 12 months ended 30 June 2020 & Instructions relating to Annual Meeting' presented to the Finance & Audit Committee on 21 October 2020, be received.
2. That the Annual Report and Financial Statements of Palmerston North Airport Limited for the year ended 30 June 2020 be received.
3. That the Council shareholder representative be instructed to support the proposed resolutions to be considered at the Annual Meeting of Palmerston North Airport Limited to be conducted by way of resolution in writing.

1. ISSUE

Palmerston North Airport Ltd (PNAL) as a Council controlled trading organisation has prepared its Annual Report for the year ended 30 June 2020. This report provides a brief commentary on PNAL's results for the year and recommends the Council's shareholder representative be instructed to support the resolutions proposed for the Annual Meeting.

2. BACKGROUND

- 2.1 PNAL's Annual Report for the year ended 30 June 2020 is attached. The report gives a comprehensive assessment of company performance with key matters highlighted in the joint report of the Chairman and Chief Executive. Performance is judged against the Statement of Intent adopted by the Board in May 2019 and endorsed by the Council in June 2019.
- 2.2 PNAL was on track for a very successful year until Covid-19 began to impact on the country and passenger movements in particular. Due to its strong financial position,

PALMERSTON NORTH CITY COUNCIL

and its prompt and effective decision-making PNAL has been able to address the challenges without recourse to the Council as shareholder.

2.3 Operating results are summarised in the following table:

Actual 2017/18	Actual 2018/19		Actual 2019/20	Budget 2019/20 SOI
8,482,757	10,202,063	Revenue	9,137,276	11,221,428
4,408,861	5,176,634	Operating Expenditure (incl. PFAS related extra-ordinary items)	5,057,989	5,671,492
4,073,896	5,025,429	Operating Surplus (before interest, depreciation & tax)	4,079,287	5,549,935
1,582,752	1,821,379	Depreciation	1,854,304	2,141,657
279,238	522,347	Finance Costs	531,078	669,130
922	88,776	Impairment & loss on sale of assets	(993)	
	1,051,349	Revaluation (loss)/gain – Investment properties	(397,523)	
2,210,984	3,644,276	Operating Surplus (before tax)	1,297,376	2,739,148
601,965	879,745	Taxation	(329,232)	766,962
1,609,019	2,764,531	Net Surplus after tax for year	1,626,608	1,972,187

2.4 The Company's results, compared with the targets set in the Statement of Intent are shown in the following table:

Actual 2018/19		Actual 2019/20	SOI Target
3.6%	Surplus, before interest/tax/revaluations to Total Assets	2.6% ⁽¹⁾	
	Surplus, before interest/tax/depreciation/revaluations to Total Assets	4.7%	6.0
4.1%	Surplus, after interest/tax/revaluations to Shareholders' funds	2.4% ⁽¹⁾	3.1%
6.1	Surplus, before interest & tax to Interest \geq 2.25 : 1	3.4 ⁽¹⁾	5.1
\$67.5m	Tangible net worth (total tangible assets less total liabilities) \geq \$50m	\$67.1m	\$63.1m
75%	Ratio of consolidated shareholders' funds to total assets \geq 40%	78%	69%
Achieved	Civil Aviation Rule part 139 certification	Achieved ⁽²⁾	Achieve
40	Maintain a Net Promotor score of 50 or above, measured on an annual basis	30 ⁽³⁾	50
687,142	No. of passengers served through airport terminal	498,422	680,000

12.5 hrs	Achieve zero lost time injuries to those who work within our airport community	Zero	Zero
Completed	Complete roadmap to carbon neutrality	Implemented	Implement
Achieved	Achievement of emission reduction targets	Achieved ⁽⁴⁾	Achieve

⁽¹⁾ Lost aeronautical & ancillary revenue associated with reduced passenger volumes March-June due to Covid-19 has impacted on net surplus performance

⁽²⁾ The 5 yearly CAA audit of PNAL's compliance with Part 139 was completed in July 2019.

⁽³⁾ Net promoter score results were impacted primarily by dissatisfaction with in-terminal WIFI connectivity. A hardware upgrade has subsequently taken place. Net promoter score is based on survey responses received July 2019 to February 2020.

⁽⁴⁾ Total energy consumption for the full year declined 13% on the previous year, however on a per passenger basis for the period (July 2019 to February 2020) energy consumption remained flat. The overall reduction was offset by a corresponding decline in passenger numbers including the loss of Jetstar from December 2019. PNAL is still in the process of gathering and recording 2019/20 data to be used in establishing a baseline. Water consumption based on July 2019 to February 2020 data.

- 2.5 The Company applied \$1.2m during the period to the purchase of fixed assets (\$7.5m in the previous year). This compares with the budgetary provision for capital expenditure of \$11.6m (none of the actual expenditure was funded from asset sales compared with the budget provision of \$1.6m for all of the planned work).
- 2.6 The Annual Report advises that Directors have proposed that based on the year's results no dividend be payable (compared with \$685,238 for the previous year). Although the Statement of Intent for 2019/20 presumed a dividend equivalent to 40% of the net surplus after tax (excluding capital contributions) would be payable, PNAL earlier this year signalled its dividend intentions (in the light of Covid impacts) and the Council subsequently revised its 2020/21 budget assumption to zero.
- 2.7 The Company's debt/equity ratio as at 30 June 2020 was 22:78 (25:75 at 30 June 2019).
- 2.8 The Company's Constitution provides that the shareholders must approve the total remuneration payable to Directors. In October 2018 the Council approved an increase to \$108,000 effective from 1 July 2018. The PNAL Board has determined to allocate this sum as \$33,600 (chairperson) and \$18,000 (remaining four directors) plus \$2,400 for the chair of the Audit and Risk Committee. It is proposed the total remuneration remain at \$108,000 for 2020/21.
- 2.9 The Council is obliged to receive the report but has a choice as to whether or not to support the resolutions proposed for the Annual Meeting. As the Council is the sole shareholder it is planned (as in recent years) to hold the Annual Meeting by way of entry in the minute book rather than to hold a physical meeting. Company representatives will be available at the Finance & Audit Committee meeting to respond to any questions about Company performance over the past twelve months.

2.10 The Annual Meeting (by way of entry in the minute book) will have resolutions (as attached) covering the following:

2.10.1 Receipt of the Annual Report and financial statements for the year ended 30 June 2020

2.10.2 Advise the Directors' propose that no dividend be payable for the year ended 30 June 2020

2.10.3 Approving the total remuneration of directors being \$108,000 p.a.

2.10.4 Recording the reappointment of the Auditor General as auditor and to authorise the Directors to fix the remuneration of the Auditor.

3. NEXT STEPS

PNAL's Annual Report will be published on the Company's and Council's websites and be made available at Council offices and libraries. The resolutions for the Annual meeting will be authorised in writing by the Council's shareholder representative.



In August Council agreed to PNAL's Statement of Intent for 2020/21. At the time it was indicated PNAL would report again in October with an updated version incorporating projections for the following two years. At this stage there is insufficient certainty about the future to make it worthwhile presenting an updated version. However, it is intended PNAL representatives will give a brief update on the current position at the meeting.

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 Economic Development Strategy	
The recommendations contribute to the achievement of action/actions in the Economic Development Plan	
The action is: operating a key gateway for people and freight to and from the city and the	

wider region; grow passenger numbers and freight using the airport.	
Contribution to strategic direction	PNAL is playing an active part in growing the City.

ATTACHMENTS

1. Letter from PNAL including Notice of Annual Meeting [↓](#) 
2. PN Airport Ltd 2020 Annual Report [↓](#) 



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24 September 2020

The Shareholder – Palmerston North Airport Limited

Palmerston North City Council
C/- Heather Shotter
Chief Executive
Palmerston North City Council
Private Bag 11034
PALMERSTON NORTH

Dear Shareholder

2020 ANNUAL MEETING

Please find enclosed a notice of the 2020 Annual Meeting of Palmerston North Airport Limited to be held on 30th October 2020.

With a single shareholder, the Board regards the Annual Meeting as a formality and recommends, as in recent years, that the meeting be conducted by way of a resolution in writing in lieu of meeting in accordance with clause 12.3 of the company's constitution.

In the event that this meets with the shareholder agreement, I have attached a draft resolution that will be entered in the minute book on Friday 30th October 2020. Could you please arrange to have that signed and returned to me in advance of that date if this course is to be followed.

A copy of the Annual Report including the audited financial statements will be forwarded to you separately.

Also attached is a **copy** of the 2019 resolution in lieu of the Annual Meeting for your records.

Yours sincerely

A handwritten signature in blue ink, appearing to read "David Lanham", written over a horizontal line.

David Lanham
Chief Executive
Palmerston North Airport Limited



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c.c.
Directors
M Georgel
J Nichols
S Vining
G Gillespie
C Cardwell

Auditor:
Mr Chris Webby
Audit New Zealand

24 September 2020

PALMERSTON NORTH AIRPORT LIMITED

NOTICE OF 2020 ANNUAL MEETING

The Annual Meeting of Shareholders of Palmerston North Airport Limited will be held on Friday 30th October 2020 and will be conducted by way of a resolution in writing in lieu of meeting in accordance with clause 12.3 of the company's constitution.

BUSINESS

1. To RECEIVE a copy of the minutes of the Annual General Meeting of 23rd October 2019. (attached).
2. To RECEIVE the Financial Statements for the year ended 30 June 2020 together with the reports of the Directors and the Auditors.
3. To RECEIVE advice from the Board of Directors that no dividend will be payable for the year ending 30 June 2020.
4. To RECEIVE advice, if any, from the Palmerston North City Council of the appointment of any Directors.
5. To APPROVE total remuneration of \$108,000 per annum for all Directors pursuant to clause 14.8.1 of the constitution.
6. To RECORD the reappointment of the Auditor-General as Auditor to meet the requirements of s.70 of the Local Government Act 2002 and to authorise the Directors to fix the remuneration of the Auditor for the ensuing year.
7. To TRANSACT any other business that may properly be brought before the meeting in accordance with the Constitution.

=====

PALMERSTON NORTH AIRPORT LIMITED
MINUTES OF THE 2019 ANNUAL MEETING OF SHAREHOLDERS

held on 23rd October 2019

by way of an entry in the Minute Book of the Company
(pursuant to clause 12.3 of the Company's Constitution)

1-16 Receipt of Minutes

RESOLVED:

That the minutes of the Annual General Meeting of 24th October 2018 be received.

2-16 Annual Report for the Year Ending 30 June 2019

RESOLVED:

That the Financial Statements for the year ending 30 June 2019 together with the reports of the Chairman, Chief Executive and Auditor be received.

3-16 Dividend

RESOLVED:

That the Board's advice that a dividend payment of 7.452 cents per dollar of paid up capital at 30 June 2019 (exclusive of any premium on issue) has been approved and paid, being a total dividend of \$685,238 for the year ending 30 June 2019, be received.

4-16 Directors

RESOLVED:

- a) *That total remuneration of \$108,000 per annum for all Directors be approved pursuant to clause 14.8.1 of the constitution.*
- b) *That advice from Palmerston North City Council on appointment of Directors be received.*

5-16 Auditors

RESOLVED:

- a) *That reappointment of the Office of the Auditor-General (delivered through Audit New Zealand) as auditors pursuant to Section 70 of the Local Government (2002) Act be noted.*
- b) *That the Directors be authorised to fix the remuneration of the Auditor for the ensuing year.*

 (signed by Palmerston North City Council representative as 100% shareholder)

Susan Baty (name) 3/10/2019 (date)

Confirmed as a correct and true record of the resolution in lieu of the 2019 Shareholder's Annual Meeting.

THIS DAY OF 2019

CHAIRMAN

PALMERSTON NORTH AIRPORT LIMITED
MINUTES OF THE 2020 ANNUAL MEETING OF SHAREHOLDERS

held on 30th October 2020

by way of an entry in the Minute Book of the Company
(pursuant to clause 12.3 of the Company's Constitution)

1-16 Receipt of Minutes

RESOLVED:

That the minutes of the Annual General Meeting of 23rd October 2019 be received.

2-16 Annual Report for the Year Ending 30 June 2020

RESOLVED:

That the Financial Statements for the year ending 30 June 2020 together with the reports of the Chairman, Chief Executive and Auditor be received.

3-16 Dividend

RESOLVED:

That the Board's advice that no dividend payment be made for the year ending 30 June 2020, be received.

4-16 Directors

RESOLVED:

- a) *That total remuneration of \$108,000 per annum for all Directors be approved pursuant to clause 14.8.1 of the constitution.*
- b) *That advice from Palmerston North City Council on appointment of Directors be received.*

5-16 Auditors

RESOLVED:

- a) *That reappointment of the Office of the Auditor-General (delivered through Audit New Zealand) as auditors pursuant to Section 70 of the Local Government (2002) Act be noted.*
- b) *That the Directors be authorised to fix the remuneration of the Auditor for the ensuing year.*

.....(signed by Palmerston North City Council representative as 100% shareholder)

.....(name).....(date)

Confirmed as a correct and true record of the resolution in lieu of the 2020 Shareholder's Annual Meeting.

THIS DAY OF 2020

CHAIRMAN

2020 ANNUAL REPORT



**PALMERSTON NORTH
AIRPORT LIMITED**

**NOT PRINTED WITH THE
ENVIRONMENT IN MIND**



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JOINT REPORT

The Chairman and Chief Executive's Joint Report

For The Year Ended 30 June 2020

Overview

The Directors and Management Team are pleased to present the 2019/20 Annual Report.

The safety and wellbeing of our people, customers and tenants remains a key focus of the Company with the achievement of zero lost time injury hours this year being a testament to our safety programmes and the support from the airport community. The Company's Safety Management System implementation plan (SMS) as approved by the Civil Aviation Authority (CAA) has been in operation during the year and will be certified by CAA in September 2020.

After nine months of the financial year, and prior to the impact of COVID-19, the Company was 14% ahead of its budgeted Profit After Taxation, despite the loss of aeronautical and other revenue related to the withdrawal of services by Jetstar from 1 December 2019.

The nationwide lockdown that commenced on 25th March, followed by a period of social distancing on aircraft in May, resulted in revenue in the final quarter being \$1.9 million less than budget. The Company completed a full review of its cost base and capital expenditure programme, resulting in a structure that best fits the new environment of lower aeronautical revenue for the foreseeable future. Pleasingly, the uptake in demand for domestic air travel since the return to Level 1 in New Zealand has already exceeded the Company's expectations and its forecast for the 2020/21 year. However, we must remain cautious in our approach to capital investment and expenditure given the possibility of further economic impacts associated with COVID-19.

A surplus after tax of \$1.63 million was achieved during the financial year ended 30 June 2020, being 59% of the prior financial year, and 82% of the Statement of Intent target. The 2019 result was positively impacted by a \$1.0 million revaluation of investment property through the Statement of Comprehensive Revenue and Expense. Due to COVID-19, valuations of all assets were undertaken at 30 June 2020, resulting in a reduction in the value of investment property of \$0.4 million. Excluding the revaluation impacts on both years, the Operating Surplus before Tax of \$1.69 million was 35% below the prior financial year and 38% below the Statement of Intent target. Taxation expense for year ending 30 June 2020 has been significantly impacted by the deferred tax effect on building tax depreciation.

Passenger volumes were impacted by Jetstar's withdrawal in December and the impact of COVID-19 in April. Total passenger movements were 498,000 for 2019/20, with 24,000 passengers in the final three months compared to 171,000 for

the same period last year. The result was 27% below the SOI target of 680,000 passengers.

Capital expenditure during the year was \$1.2 million, with particular emphasis on the planning and design of Ruapehu Business Park and terminal development project, including a further stage of the terminal air conditioning system upgrade. Expenditure that was due to be committed in the final quarter of the year including subdivision activity in Ruapehu Business Park was deferred as a consequence of the national lockdown.

Financial

Revenue of \$9.1 million fell short of the previous financial year by \$1.1 million and \$2.1 million against the Statement of Intent target.

Aeronautical revenue of \$5.2 million was 16% lower than the previous financial year, and 24% behind the Statement of Intent target.

Non-aeronautical revenue of \$4.0 million, including concessionaire's payments, property and land rental, advertising and car parking, was in line with last year.

Total operating expenditure of \$5.1 million was 11% below the Statement of Intent target, and 2.3% below the previous financial year. The Company ceased expenditure on all non-essential items during the final quarter.

Earnings before interest, tax, depreciation, amortisation and the revaluation of investment property was \$4.1 million, 19% below the previous financial year and 26% below the Statement of Intent target.

The deferred tax benefit of the reinstatement of tax depreciation on buildings, totalling \$0.7m, contributed to a Net Surplus After Taxation of \$1.626m, being 18% behind the Statement of Intent target and 41% behind the previous year.

A valuation appraisal of land, building and airside infrastructure was conducted at June 2020. With work on the Company's Asset Management Plan (AMP) during the year focused on all airside pavements and associated infrastructure, for the first time the AMP formed the basis of the valuation of these assets, which have a fair value of \$24.2 million. As a result of the June appraisal, a reduction in value of \$1.8 million has been recorded in the Statement of Comprehensive Revenue and Expense. The valuation of the Company's land and buildings has resulted in a \$0.4 million reduction in the value of Investment Property. This reduction in value has been separately reflected in the Statement of Comprehensive Revenue and Expense.

Despite the impact of COVID-19 on the financial performance for 2019/20, the Company's balance sheet remains satisfactory with shareholder's equity of \$67.1 million and debt of \$11.7 million (\$12.0 last year), while banking covenants continue to be met.

Net cash flow from operating activities was \$2.3 million compared to \$3.3 million last year.

No dividend is proposed for the financial year ended 30 June 2020.

Commercial

Passenger movements of 498,000 were 182,000 or 27% below the Statement of Intent target. The decision by Jetstar to withdraw services from regional airports from 1 December 2019 accounts for approximately 54,000 of this shortfall with the impact of COVID-19 accounting for the remainder.

The first nine months of the year saw passenger volumes on Air New Zealand's routes to Auckland, Christchurch, Hamilton and Wellington all in line or slightly above those recorded in the previous year. Originair resumed flights on the Nelson route in December 2019. Since the country returned to Level 1, Air New Zealand has discontinued flights to and from Hamilton and Wellington.

Airfreight operations continued to operate throughout the first quarter of the financial year and provided a modest buffer in aeronautical revenue. The strategy of ongoing diversification of revenue streams has also assisted to reduce PNAL's exposure to the COVID-19 impacts on revenue.

Compliance

All Civil Aviation Act (CAA) Rule Part 139 requirements relating to the airport and its operations were met during the financial year. These were supported by continuing monthly internal audits and quality control checks undertaken by an independent body.

The Company continued the development of the Asset Management Plan during the year. The plan is now informing decisions around infrastructure service standards, maintenance, asset replacement and capital and operational budgeting.

The implementation of the airport company's safety management system, designed to meet CAA Rule Part 100 requirements continued during the year. As a result of restrictions imposed by COVID-19, the CAA audit has been deferred to September 2020.

Customer

The Company continued to identify and implement programmes that provide a pleasant and enjoyable experience for travellers, tenants and other airport users.

Understanding the level of satisfaction that airport users have with terminal facilities is critical to the Company. The information assessed from customer satisfaction surveys completed by users on the interactive touch screen kiosks in the terminal, allows us to identify any issues and improve service levels to all users. Wi-Fi access issues were identified as a major detractor in terms of Net Promoter Score. These are being addressed.

Demand for airport car parking continued to grow during

the year. The planned relocation of the entrance to the Long Stay Car Park to Airport Drive was deferred to August 2020 due to COVID-19.

The Company's "Fly Palmy" consumer brand continues to connect with our target markets, through local and regional campaigns, as well as sponsorship and community engagement initiatives.

Community

Community engagement and environmental guardianship took centre stage with a number of new initiatives introduced to support these two strategic objectives.

Under the Fly Palmy banner and hashtag #supportingourcommunities, the Company has successfully engaged with the local and regional community through various sponsorship and community events. Our company mascot, Bernie the Saint Bernard, continues to be a key figure making regular appearances at various community events and has a growing online presence. The Company remains committed to increased engagement with local communities where possible. During the year, Fly Palmy has sponsored the following organisations and events; Festival of Cultures, Woodville Motocross, Wildbase Hospital, Centrepoint Theatre, Red Cross, Just Zilch and Manawatu Fiji Football Club.

Continued engagement with local iwi Rangitāne remains important to the airport company. The Airport Company in conjunction with partners has completed the construction of an outdoor BBQ area and contributed outdoor seating to facilitate the Te Rangimarie Marae's desire to increase engagement with regional schools.

The airport company completed Stage 1 of the Airports Council International Airport Carbon Accreditation programme and commenced Stage 2 of the four stage programme as we strive for carbon neutrality. In the meantime, a range of initiatives are in place focusing on energy consumption, water and waste reduction.

Culture

We would like to take this opportunity to express thanks to the members of the Board for their valued expertise and guidance during the year and for the loyalty and commitment of the management team and staff during an exceptionally challenging period.

In September 2019, Josie Adlam retired as a director after eight years' service to the Board, while Sarah Vining was appointed to the Board as Josie's replacement.

Danielle Balmer was appointed as the Marketing and Communications Manager in December 2019. We thank Angela Scott who for the past eight years and until June 2020, has provided consultancy services as our Visitor Development Manager, managing the Company's marketing programmes including the development of the Company's Fly Palmy branding. We wish Angela all the best with her consultancy business.

In January 2020, Ben Parkinson was appointed as the Operations Manager.

The Board and Chief Executive would also like to acknowledge the fortitude of the PNAL team displayed

during the Alert Level 3 and Level 4 mandatory lockdown from March – May 2020. With the exception of skeleton staff required in the terminal, all team members were required to work remotely from their homes during this period.

The PNAL team performed admirably during the COVID-19 lockdown, notwithstanding an organisational restructure process being undertaken at the same time and the obvious pressures associated with operating at Alert Level 3 and 4. Morale remained high with regular updates provided to the team on the airport's status, daily interaction amongst team members ensuring the team remained connected.

The Future Outlook

We approach 2020/21 with a degree of cautious optimism. The \$3 billion plus spend on regional infrastructure projects over the medium term will provide a stimulus to passenger demand. Airlines have responded by signaling a gradual increase in capacity which gives us a degree of confidence to continue cautiously with a modest capex programme. We also continue to stress our ability to progress property development plans on a small scale. The terminal development plan has been placed on hold and other non-essential capex projects have been deferred.

The airport company will continue to invest modestly in community engagement initiatives and will complete the roadmap to carbon neutrality and Stage 2 accreditation.



Murray Georgel
Chairman



David Lanham
Chief Executive

CORPORATE REPORT

For the year ended 30 June 2020

Palmerston North Airport Limited is a 'Council-Controlled Organisation' pursuant to the Local Government Act 2002.

Principal Activities

The principal activities of the Company during the year were:

- To provide airport facilities and services to airlines and airport users (both commercial and non-commercial) through the ownership and operation of Palmerston North Airport.
- The development of non-aeronautical revenue streams including Ruapehu Business Park and other commercial property.

Ownership

Palmerston North Airport Limited (PNAL) is a Limited Liability Company incorporated and registered under the Companies Act 1993 and is 100% owned by the Palmerston North City Council (PNCC).

Financial Report

Here are the financial results for the year under review

Details of these financial results are shown on pages 14 to 17.

	2020 Actual	2020 SOI	2019 Actual
Performance			
Revenue	9,137,276	11,221,428	10,202,063
EBITDA	4,079,287	5,549,935	5,025,429
Net Profit After Tax	1,626,608	1,972,187	2,764,531
Passengers	498,442	680,000	687,142
Financial Position			
Cash & Cash Equivalents	273,080	38,406	126,924
Current Assets	1,070,274	790,986	1,165,703
Property, Plant & Equipment	78,862,898	91,276,305	81,624,924
Shareholder Funds	67,119,563	63,140,191	67,480,663

Company's Affairs

The Directors regard the state of the Company's affairs to be satisfactory. Details of the year under review are included in the joint Chairman's and Chief Executive's Report and the statutory accounts of the Company published herewith.

Directors

Reappointments

During the 2019/20 financial year, Chris Cardwell retired by rotation and was reappointed to the Board by the Shareholder in August 2019.

Appointments

During the 2019/20 financial year, Sarah Vining was appointed to the Board by the Shareholder in September 2019.

Retirements

During the 2019/20 financial year, Josie Adlam retired from the Board in September 2019.

Directors' Remuneration

For the year ended June 2020, the amount of \$99,145 (\$108,000: 2019) for Director Remuneration was paid, or due and payable, to members of the Board as authorised by the shareholder as follows:

	2020	2019
Georgel M	31,920	33,600
Gillespie G F	13,500	18,000
Nichols J	19,278	20,400
Adlam J	4,500	18,000
Cardwell C	17,100	18,000
Vining S	12,847	-
	99,145	108,000

During the 2019/20 financial year there was an additional \$1,892 credit relating to a Prior Period. During the final quarter of the year and due to the impact of COVID-19, directors agreed to a 20% reduction in their fees. G. Gillespie waived the whole fee in the final quarter.

No other remuneration or benefits other than reimbursement of expenses have been paid or given to Directors.

Directors' Indemnity and Insurance

The Company is responsible for the payment of the Directors' indemnity insurance premiums.

Use of Company Information Directors

There were no notices from Directors of the Company requesting to use company information received in their capacity as Directors that would not otherwise have been available to them.

Shareholding by Directors

During the year there were no shareholding transactions involving the Directors.

Directors' Interests

During the course of the financial year to 30 June 2020, Directors declared interest in the following entities:

Interest	Nature of Interest	Relationship to PNAL
Mr J Nichols		
Chair	Centralines Ltd	None
Director	Nichols Consulting Ltd	None
Director	Eastland Group Ltd	None
Director	Eastland Network Ltd	None
Director	Eastland Port Ltd	None
Director	Gisborne Airport Ltd	None
Chair	Hastings District Council Audit Subcommittee	None
Chair	Audit and Risk Committee of Maungahuru Tangitu Trust	None
Mr M Georgel		
Director & Shareholder	NV Enterprises Ltd	None
Director & Shareholder	Xenos Ltd	None
Director	The Factory NZ Ltd (previously BCC Ltd)	None
Director	Manawatu Investment Group Ltd	None
Director	MIG Nominee No.1 Ltd	None
Trustee	Sir Patrick Higgins Charitable Trust	None
Director	Zeddy Ltd (previously Calf Smart Ltd)	None
Director	Aorangi Hospital Ltd	None
Trustee	Arohanui Hospice Service Trust	None
Trustee	Arohanui Hospice Foundation Trust	None
Director	Levno Ltd	None
Director	Crest Hospital Ltd	None
Director & Shareholder	CH Management Ltd	None
Trustee	Central Energy Trust	None
Trustee	PN Theatre Trust (Centre Point Theatre)	Sponsor (\$8,625 commenced 1 July 2018)
Mr C Cardwell		
Director	Waikato District Health Board (ceased April 2020)	None
Director & Shareholder	Australis Property Ltd	None
Director & Shareholder	Laurent Investments Ltd	None
Director	Kaipara Whenua Hoko Holdings Ltd	None
Director	Te Uru Ltd	None
Director	Pitoitoi Ltd	None
Director of Facilities Services	Waitemata District Health Board	None
Mr G Gillespie		
No Interests		
Ms S Vining (appointed 26 Sept 2019)		
Director	Manawatu Rugby Union	None
Senior Executive	Plumbing World	None
Ms J Adlam (ceased 25 Sept 2019)		
Co-Chair	The Sustainability Trust	None
Chair	Tautoko Services	None
Coach	The Ice House	None
Director	Lifeland Developments Ltd	None
Member	Lottery Wellington/Wairarapa Community Committee	None
Director	Magnetism Solutions Ltd	None

All Directors are indemnified under the Directors and Officers Liability Insurance Policy.

Details of the related party transactions made during the year are shown in Note 15 of the Notes to the Financial Statements.

Schedule of Board Meeting Attendances

<i>Director</i>	<i>Number of meetings held</i>	<i>Number of meetings attended</i>
Mr M Georgel	11	11
Mr G F Gillespie	11	9
Mr J Nichols	11	11
Mr C Cardwell	11	8
Ms J Adlam	3	3
Ms S Vining	8	7

Remuneration of Employees

The number of employees, who are not Directors, whose total remuneration and benefits exceeded \$100,000 in the financial year were:

	2020	2019
\$110,000 - \$120,000	1	-
\$130,000 - \$140,000	1	1
\$180,000 - \$190,000	1	-
\$270,000 - \$280,000	-	1
\$280,000 - \$290,000	1	-

Auditors

As provided for by Section 70 of the Local Government Act 2002, Audit New Zealand, on behalf of the Auditor-General, is hereby re-appointed as Auditor to the Company.

Auditor's remuneration of \$44,166 (GST exclusive) for the 2020 annual audit is reflected in the financial statements as due and payable.

Donations

The Company made donations of \$965 this year (2019: \$500).

Audit and Risk Committee

The Company has an Audit and Risk Committee comprised of three directors of the PNAL Board. The committee is responsible for overseeing the financial accounting and audit activities of the Company, including reviewing the adequacy and effectiveness of internal controls, meeting with and reviewing the performance of the external auditors, reviewing the financial statements and making recommendations on financial and accounting policies.

SERVICE PERFORMANCE

For the Year Ended 30 June 2020

STATEMENT OF SERVICE PERFORMANCE

The Company's Statement of Intent, against which performance is judged, is dated June 2019.

The Company is trading as Palmerston North Airport Limited.

The ratio of consolidated shareholder funds to total assets has been maintained above 70%, inclusive of revaluations of land and buildings.

Palmerston North Airport 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.

OUR VISION - WHAT WE ASPIRE TO BE

To be New Zealand's leading regional airport.

OUR PURPOSE

Launching our region into a promising future.

STRATEGIC OBJECTIVES

Commercial

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

Infrastructure and our people objectives are included within the commercial objectives, as both are enablers of a sustainable business platform from which commercial activities can be executed. Revenue growth and revenue diversification, together with prudent cost management are our focus to ensure financial stability and to enable a fair distribution to shareholders.

Compliance

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

Regulatory compliance and a renewed focus on safety and security will provide the necessary environment in which other strategic objectives can be achieved

Customer

We will treat all Airport users as our customers.

Our customers not only include travellers and meeters and greeters but also all other airport users including our tenants, suppliers and transport operators.

Community

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

A strategic focus which captures PNAL's newly developed environmental and community objectives. We will support our regional communities by identifying opportunities to engage with local groups and iwi. We will continue to showcase our sense of place and cultural linkages to our region. We will develop a pathway to achieve our long-term vision of carbon neutrality while immediately activating emission reducing programmes across our business activities.

Culture

We are one team working together to achieve a common goal.

Our people are the key to our success story. We care for each other's well-being, and develop skills, commitment and resourcefulness across our team recognising achievement. Our one-team ethos is supported by five pillars of Leadership, Trust and Respect, Communication, Empowerment, and Celebrating Success.

Impacts of COVID-19 on Service Performance Reporting

COVID-19 has impacted on PNAL's ability to achieve Service Performance targets including those relating to financial performance, and passenger movement related targets.

Financial performance was impacted by the loss of aeronautical revenue and ancillary revenue from carparking and expenditure at the airport's concessions (Café / Relay Bookstore). The loss of revenue was not able to be fully offset through cost rationalisation programmes, consequently Net Surplus results were impacted adversely, with a flow on impact on three Service Performance metrics.

PNAL retained an operational presence at Palmerston North Aerodrome during Alert Level 2, 3 and 4 and maintained compliance with CAA Part 139 and health & safety related targets.

Total passenger volumes of 498,422 for the full year to 30 June were 186,578 passenger movements below the Statement of Intent target upon which a number of Service Performance Metrics were based. In addition to the impact of Jetstar's withdrawal from Palmerston North effective 1 December 2019, which accounted for approximately 54,000 passenger movements, the impact of COVID-19 (late March to 30 June 2020) has been estimated at over 132,000 passenger movements.

Non-financial Service Performance metrics impacted include the Net Promoter Score (fewer surveys completed), emission reduction targets (fewer passenger volumes impacting on per passenger targets), and data collation work associated with waste to landfill targets. Due to financial and operational priorities some work on the carbon management plan was also delayed during the final quarter of 2019/20.

To ensure Service Performance targets including the Net Promoter Score and emission targets remain useful. Actual results are based on data collected for the period 1 July 2019 to 29 February only.

PERFORMANCE MEASURES

For the Year Ended 30 June 2020

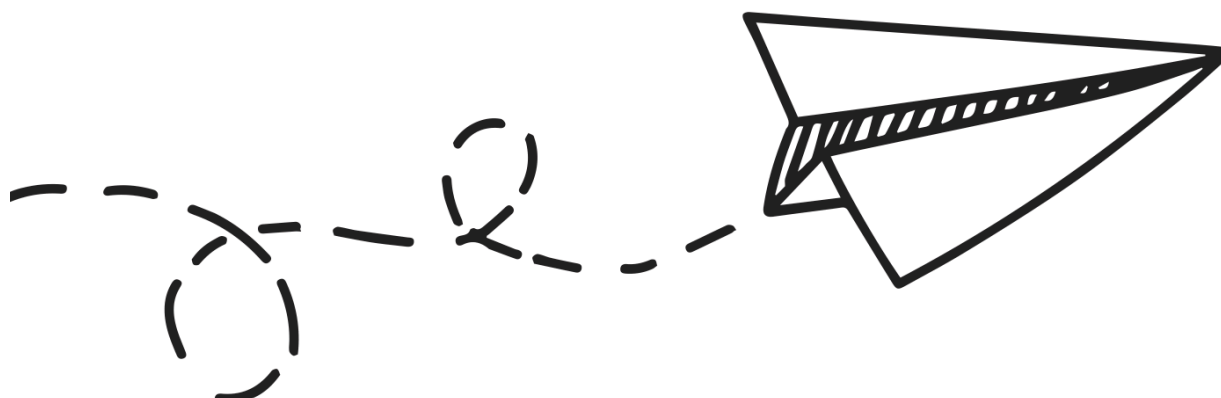
		2020 Actual	2020 SOI	2019 Actual	
1. Ratio of net surplus before interest/ tax depreciation/revaluations to Total Assets	(1)	2.6%	6.0%	3.6%	(1) Lost aeronautical and ancillary revenue associated with reduced passenger volumes March – June due to COVID-19 has impacted on Net Surplus performance.
2. Ratio of net surplus after tax to consolidated shareholders funds inclusive of revaluation reserve	(1)	2.4%	3.1%	4.1%	
3. Maintain a ratio of consolidated shareholders funds to Total Assets of at least 40%		78%	69%	75%	(2) The Five yearly CAA audit of PNAL's compliance with Part139 was completed in July 2019.
4. Interest cover ratio of net surplus before Interest	(1)	3.4	5.1	6.0	
5. Maintain a tangible net worth (total tangible assets after revaluations less total liabilities) above \$50m		\$67.1m	\$63.1m	\$67.5m	(3) Net Promoter Score results were impacted primarily by dissatisfaction with in-terminal WIFI connectivity. A hardware upgrade has subsequently taken place. Net Promoter Score is based on survey responses received July 2019 to February 2020.
6. Maintain Civil Aviation Rule part 139 certification	(2)	Achieved	Achieve	Achieved	
7. Maintain a Net Promoter Score of 50 or above Measured on an annual basis	(3)	30%	50%	40%	
8. Total Passenger Throughput		498,422	680,000	687,142	
9. To achieve zero lost time injuries to those who work within our airport community		Zero	Zero	12.5 Hrs	(4) Total energy consumption for the full year declined 13% on the prior year, however on a per passenger basis for the period (July 2019 to Feb 2020) energy consumption remained flat. The overall reduction was offset by a corresponding decline in passenger numbers including the loss of Jetstar from December 2019.
10. Complete roadmap to carbon neutrality		Implemented	Implement	Completed	
11. Achievement of emission reduction targets		Achieved	Achieve	Achieved	
Energy consumption (KWh/Passengers)	(4)	0%	5%	5%	
Waste to landfill (Kg/1,000 Passengers)	(5)	n/a	10%	n/a	(5) PNAL is still in the process of gathering and recording FY19/20 data to be used in establishing a baseline.
Water consumption (Litres/Passenger)	(6)	6%	10%	n/a	(6) Water consumption based on July 2019 to February 2020 data.

PALMERSTON NORTH AIRPORT LIMITED

FINANCIAL STATEMENTS

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STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the Year Ended 30 June 2020

	Note	30-Jun-20 Actual \$	30-Jun-20 SOI \$	30-Jun-19 Actual \$
Revenue	1	9,137,276	11,221,428	10,202,063
Operating Expenses				
Operations and Maintenance				
Airfield Services		734,097	390,507	708,910
Other Operating Expenses	11	1,596,200	2,147,808	1,571,135
Total Operations and Maintenance		2,330,297	2,538,315	2,280,045
Administration				
Audit Fees	12	44,166	31,703	31,452
Bad Debts Written Off		12,844	3,498	143
Changes in Doubtful Debt Provision		-	7,005	2,174
Directors' Fees		97,253	123,996	104,350
Employee Expenses	7	1,617,093	1,599,504	1,264,902
General Administration		956,336	1,367,473	1,493,568
Total Administration		2,727,692	3,133,177	2,896,589
Total Operating Expenses		5,057,989	5,671,492	5,176,634
Earnings Before Interest, Taxation, Depreciation, Amortisation & Valuation of Investment Properties:		4,079,287	5,549,935	5,025,429
Finance Costs, Depreciation, Amortisation and Loss on Sale				
Finance Costs	9	531,078	669,130	522,347
Depreciation and Amortisation	2 & 3	1,854,304	2,141,657	1,821,379
Impairment and Loss on Sale of Assets		(993)	-	88,776
Total Finance Costs, Depreciation		2,384,388	2,810,787	2,432,502
Revaluation (Loss)/Gain - Investment Properties		(397,523)	-	1,051,349
Operating Surplus Before Taxation		1,297,376	2,739,148	3,644,276
Taxation Expense on Operating Surplus	6a	(329,232)	766,962	879,745
Net Surplus After Taxation Attributable to PNCC		1,626,608	1,972,187	2,764,531

Murray Georgel
Chairman



Jon Nichols
Director



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

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the Year Ended 30 June 2020

	<i>Note</i>	<i>30-Jun-20 Actual \$</i>	<i>30-Jun-20 SOI \$</i>	<i>30-Jun-19 Actual \$</i>
Net Surplus After Taxation Attributable To PNCC		1,626,608	1,972,187	2,764,531
Other Comprehensive Revenue and Expense				
Gains (Losses) on Property, Plant and Equipment Revaluations	13d	(1,808,995)	-	4,910,660
Movement in Deferred Tax at Revaluation	13d	506,518	-	(254,985)
Total Comprehensive Revenue and Expense Attributable to PNCC		324,131	1,972,187	7,420,206

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2020

	<i>Note</i>	<i>30-Jun-20 Actual \$</i>	<i>30-Jun-20 SOI \$</i>	<i>30-Jun-19 Actual \$</i>
Equity at the Beginning of the Year		67,480,663	61,930,888	60,704,107
Total Comprehensive Revenue and Expense for the Year		324,131	1,972,187	7,420,206
Prior Year Adjustment		-	-	-
Distribution to Shareholder During the Year		(685,231)	(762,884)	(643,650)
Equity at the End of the Year Attributable to PNCC		67,119,563	63,140,191	67,480,663

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

STATEMENT OF FINANCIAL POSITION

For the Year Ended 30 June 2020

	Note	30-Jun-20 Actual \$	30-Jun-20 SOI \$	30-Jun-19 Actual \$
Current Assets				
Cash and Cash Equivalents	5	273,080	38,406	126,924
Trade Accounts Receivable	4	507,961	749,498	825,070
Sundry Receivables and Prepayments		113,370	3,082	213,709
Assets Held for Sale		175,863	-	-
Total Current Assets		1,070,274	790,986	1,165,703
Less: Current Liabilities				
Revenue in Advance	14	162,440	100,000	149,316
Trade Accounts Payable	14	683,364	850,000	1,246,301
Other Creditors	14	76,203	531,717	534,898
Employee Benefit Liabilities	7	183,667	135,000	135,377
Borrowings	10	3,700,000	-	3,964,374
Total Current Liabilities		4,805,674	1,616,717	6,030,266
Working Capital		(3,735,400)	(825,731)	(4,864,563)
Add: Non Current Assets				
Property, Plant and Equipment	2	78,862,898	90,694,480	81,624,924
Investment Property	2a	6,525,000	575,000	6,813,357
Intangible Assets	3	9,733	6,825	12,978
Total Non Current Assets		85,397,631	91,276,305	88,451,259
Less: Non Current Liabilities				
Deferred Tax Liability	6b	6,542,668	7,844,320	8,056,033
Borrowings	10	8,000,000	19,466,063	8,050,000
Total Non Current Liabilities		14,542,668	27,310,383	16,106,033
Net Assets		67,119,563	63,140,191	67,480,663
Represented by:				
Shareholders Equity				
Paid in Capital	13a	9,380,400	9,380,400	9,380,400
Retained Earnings	13b	22,450,806	21,824,635	21,509,429
Asset Revaluation Reserve	13d	35,288,357	31,935,156	36,590,834
Total Shareholder's Equity		67,119,563	63,140,191	67,480,663

For and on behalf of the Board

Murray Georgel
Chairman



Jon Nichols
Director



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

STATEMENT OF CASH FLOWS

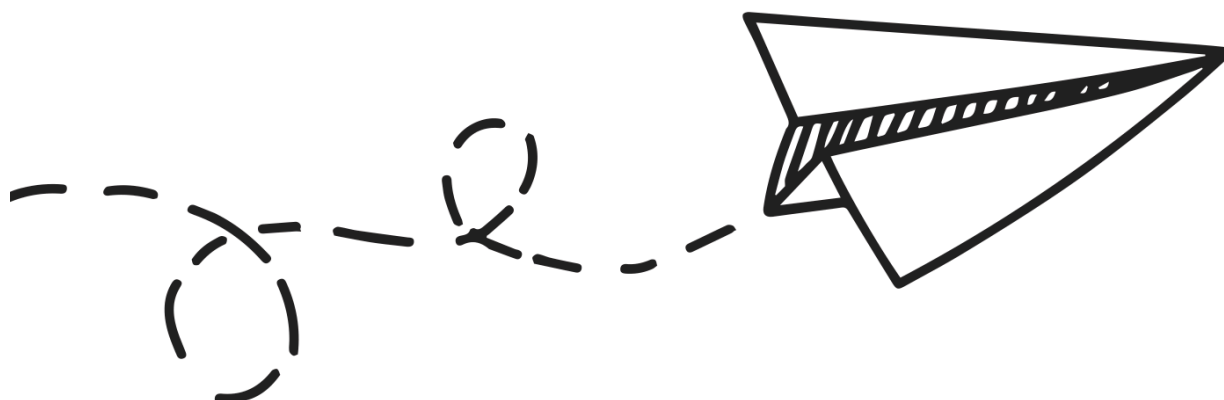
For the Year Ended 30 June 2020

	Note	30-Jun-20 Actual \$	30-Jun-20 SOI \$	30-Jun-19 Actual \$
Cash Flows From Operating Activities				
<i>Cash was provided from:</i>				
Receipts from Customers		9,529,173	11,146,560	9,932,679
Interest Received		-	26	13,365
Tax Refund		-	-	-
		9,529,173	11,146,586	9,946,044
<i>Cash was disbursed to:</i>				
Payment to Suppliers and Employees		5,698,517	5,662,868	5,267,415
Tax Loss Payment to PNCC		-	-	-
Payment of Income Tax		970,755	770,000	853,192
Interest Payments		531,078	669,130	522,347
		7,200,349	7,101,998	6,642,953
Net Cash Flows from Operating Activities		2,328,824	4,044,588	3,303,091
Cash Flows From Investing Activities				
<i>Cash was provided from:</i>				
Sale of Property Plant and Equipment		-	1,559,672	-
<i>Cash was applied to:</i>				
Purchase of Property, Plant and Equipment		1,183,057	11,645,000	7,484,247
Net Cash Flow from Investing Activities		(1,183,057)	(10,085,328)	(7,484,247)
Cash Flow From Financing Activities				
<i>Cash was provided from:</i>				
Borrowing		5,000,000	7,200,000	21,517,443
<i>Cash was applied to:</i>				
Repayment of Borrowings		1,350,000	420,000	19,567,442
Payment of Dividends	13c	685,238	762,884	643,650
Net Cash from Financing Activities		2,964,763	6,017,116	1,306,350
Net Increase/(Decrease) in Cash, Cash Equivalents and Bank Overdrafts		4,110,530	(23,624)	(2,874,807)
Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the Year		(3,837,450)	62,030	(962,643)
Cash, Cash Equivalents and Bank Overdrafts Year End	5	273,080	38,404	(3,837,450)

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

NOTES TO THE

FINANCIAL STATEMENTS



NOTES TO THE FINANCIAL STATEMENTS

Statement of Accounting Policies for the Year ended 30 June 2020

Reporting Entity

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

The Company has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of the Company are for the year ended 30 June 2020. The financial statements were authorised for issue on 24th September 2020 by the Board.

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).

These financial statements have been prepared in accordance with Tier 2 PBE accounting standards.

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

These financial statements comply with PBE standards.

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.

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.

1. Analysis Of Operating Revenue

	2020 Actual	2019 Actual
Exchange Revenue		
Aeronautical Charges	5,174,663	6,193,333
Car Park, Rent and Advertising	3,621,321	3,795,528
Government Wage Subsidy*	148,992	-
Other	192,297	199,837
Interest	3	13,365
	9,137,276	10,202,063

Revenue Measurement and Recognition

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

Landing, departure, facility fees and car park revenue are recognised when the facilities are used.

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.

* Government wages subsidies have been recognised at time of receipt of funds.

2. Property, Plant And Equipment

	<i>Land</i>	<i>Buildings</i>	<i>Airside Infrastructure</i>	<i>Landside Infrastructure</i>	<i>Total Infrastructure</i>	<i>Plant and Equipment</i>	<i>Furniture and Fittings</i>	<i>Computer Equipment</i>	<i>Motor Vehicles</i>	<i>Total</i>
Balances 1 July 2019										
Cost / Valuation	32,004,350	13,540,950	28,732,416	10,002,080	38,734,491	2,521,717	308,590	168,260	-	87,278,359
Accumulated Depreciation	-	-	(1,769,767)	(2,423,058)	(4,192,826)	(1,161,201)	(171,551)	(127,858)	-	(5,653,435)
Carrying Amount	32,004,350	13,540,951	26,962,649	7,579,021	34,541,665	1,360,517	137,039	(40,402)	-	81,624,924
Movements for the Year										
Reverse Prior Year Work in Progress	(4,350)	(216,333)	(51,302)	(2,013,055)	(2,064,357)	-	-	-	-	(2,285,040)
Additions & Current Year Work in Progress	4,350	711,659	59,431	2,359,203	2,418,634	153,872	20,900	38,405	13,884	3,361,704
Disposals	-	-	-	-	-	1,573	-	699	-	(2,272)
Abandoned Projects	-	-	-	-	-	-	-	-	-	-
Revaluation Surplus	-	-	(2,669,808)	-	(2,669,808)	-	-	-	-	(2,669,808)
Reclassification	(175,863)	-	-	(3,650)	(3,650)	3,650	-	-	-	(175,863)
Disposals - Accumulated Dep.	-	-	-	-	-	-	-	-	-	-
Depreciation for the Year	-	(346,368)	(956,534)	(251,205)	(1,207,738)	(242,632)	(25,303)	(29,524)	-	(1,851,566)
Dep. Reversal on Revaluation	-	-	860,814	-	860,814	-	-	-	-	860,814
Closing Balances 30 June 2020										
Cost / Revaluation	31,828,487	14,036,276	26,070,737	10,344,578	36,415,315	2,677,666	329,490	205,966	13,884	85,507,085
Accumulated Dep.	-	(346,368)	(1,865,487)	(2,674,263)	(4,539,750)	(1,403,833)	(196,854)	(157,382)	-	(6,644,187)
Carrying Amount	31,828,487	13,689,908	24,205,251	7,670,315	31,875,566	1,273,833	132,636	48,584	13,884	78,862,898
Capital Work in Progress Included at Cost										
30-Jun-20	4,350	700,683	-	1,650,135	-	-	-	-	13,884	2,369,052
	<i>Land</i>	<i>Buildings</i>	<i>Airside Infrastructure</i>	<i>Landside Infrastructure</i>	<i>Total Infrastructure</i>	<i>Plant and Equipment</i>	<i>Furniture and Fittings</i>	<i>Computer Equipment</i>	<i>Motor Vehicles</i>	<i>Total</i>
Balances 1 July 2018										
Cost / Valuation	27,731,545	15,004,122	27,438,558	8,254,128	35,692,687	2,451,849	542,776	256,738	11,676	81,691,394
Accumulated Depreciation	-	(303,565)	(851,878)	(2,485,936)	(3,337,814)	(1,420,283)	(385,953)	(197,918)	(11,162)	(5,656,694)
Carrying Amount	27,731,545	14,700,557	26,586,680	5,768,192	32,354,872	1,031,566	156,824	58,820	515	76,034,700
Movements for the Year										
Reverse Prior Year Work in Progress	(19,696)	(3,070,970)*	(484,337)	(157,390)	(641,727)	-	-	(10,000)	-	(3,742,393)
Additions & Current Year Work in Progress	4,350	1,355,528	1,805,201	2,237,978	4,043,179	586,023	15,442	35,114	-	6,039,637
Disposals	-	-	27,006	332,636	(359,643)	(516,155)	(249,628)	(113,592)	(11,676)	(1,250,694)
Abandoned Projects	-	-	-	-	-	-	-	-	-	-
Revaluation Surplus	4,000,000	252,270	-	-	-	-	-	-	-	4,252,270
Reclassification	288,151	-	-	-	-	-	-	-	-	288,151
Disposals - Accumulated Dep.	-	-	3,268	300,354	303,622	482,870	242,322	113,592	11,542	1,153,948
Depreciation for the Year	-	(362,797)	(921,157)	(237,476)	(1,158,633)	(223,788)	(27,921)	(43,532)	(380)	(1,817,051)
Dep. Reversal on Revaluation	-	666,362**	-	-	-	-	-	-	-	666,362
Closing Balances 30 June 2019										
Cost / Revaluation	32,004,350	13,540,950	28,732,416	10,002,080	38,734,491	2,521,717	308,590	168,260	-	87,278,359
Accumulated Dep.	-	-	(1,769,767)	(2,423,058)	(4,192,826)	(1,161,201)	(171,551)	(127,858)	-	(5,653,435)
Carrying Amount	32,004,350	13,540,951	26,962,649	7,579,021	34,541,665	1,360,517	137,039	40,402	-	81,624,924
Capital Work in Progress Included at Cost										
30-Jun-19	4,350	216,333	51,302	2,013,055	-	-	-	-	-	2,285,040

* Includes \$2.3m of 2017/18 WIP capitalised and reclassified as Investment Property during 2018/19

** The reversal of accumulated depreciation for buildings resulting from the revaluation was higher than the revaluation increase. This has resulted in a net reduction in the Revaluation Surplus component of the Carrying Amount for buildings as at 30 June 2019.

Land, Buildings and Airside Infrastructure Fair Value

Land

Land is valued at fair value.

The most recent fair value assessment was performed by independent registered valuers, Morgans Property Advisors. The valuation is effective as at 30 June 2020 and resulted in a suggested decrease in value of \$0.450m (2%).

As per Commerce Commission guidelines, fair value has been determined using the Market Value Alternative Use Highest and Best Use (MVAU) methodology. A discounted cashflow has been used to determine the Market Value Alternative Use. The impact of COVID-19 has impacted certain assumptions made on determining values. Land inflation rates for the following ten years have been marginally reduced to reflect the effect on land values within the city. The landscape and market conditions are changing. As at the date of the fair value assessment the valuer considered that there is a significant market uncertainty. The valuation is current at the date of the fair value assessment only (30 June 2020). The value assessed may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the valuer could not reasonably have been aware of as at the date of the fair value assessment).

In order to determine MVAU, the airport land has been split into five hypothetical areas based on location. These include Rural, Lifestyle, Residential, Commercial and Industrial to which MVAU valuations have then been applied.

The Company's zones (Airside, Commercial and Rural) have then been overlaid. Valuation of the Company's activity zones are therefore based on the MVAU values applied to the respective underlying hypothetical areas falling within each PNAL zone.

Key Assumptions

The independent valuation advice is based on the following key assumptions:

- The hypothetical areas determined
- Land sales and cost have been spread over a ten-year period
- Annual land inflation has been set at between 0% and 2.5% over the next ten years
- Basic development costs, i.e. servicing, earthworks etc. are estimated to be 20% of the sale price
- Discount rate of 20%

Sensitivity Analysis

Sensitivity analysis has been completed where key changes in key inputs to assumptions would significantly change the fair value. The change to the valuation from changing these inputs has been estimated as follows:

- Decreasing the discount rate to 17.5% would result in an increase of land value of \$2.225 million.
- An increase to the discount rate to 22.5% would result in a reduction of the land value of \$2.256 million.
- If the land inflation rate was increased to 5% this would result in an increase of land value of \$3.000 million.
- No land inflation rate over the 10 years would result in a reduction to land value of \$1.150 million.
- An increase of basis development costs by 10% would result in a reduction of \$1.500 million. (This assumes a change in the Basic Development Costs from 20% to 22%).
- An increase of basis development costs by 10% would result in a reduction of \$6.500 million. (This assumes a change in the Basic Development Costs from 20% to 30%).

Based on the valuation of land by Morgan Property Advisors, the Company has considered their report dated 30 June 2020 and considered that the movement of 2% is not sufficiently material to warrant any revaluation.

Buildings

The most recent fair value assessment was performed by independent registered valuers Morgans Property Advisors. The valuation is effective as at 30 June 2020 and resulted in a suggested decrease of \$0.752m (5%).

Buildings are valued at fair value using depreciated replacement cost. Where appropriate, the value of the improvements have then been reconciled against the investment method which capitalises the actual or potential market rental income having regard for yields as derived from sales of comparable property from which deduct the underlying value.

The impact of COVID-19 on building and associated lease income has been considered in determining values at 30 June 2020. Interest rates on outlays has been reduced from 7.5% to 4.5% to reflect reductions in lending rates over the past twelve months together with lower interest rates forecast by financial institutions including the Reserve Bank. Capitalisation rates have also been amended together with a separate COVID-19 factor being applied.

Based on the valuation by Morgan Property Advisors dated 30 June 2020, the Company has considered their report and considered that the movement of 5% is not sufficiently material to warrant any revaluation.

Airside Infrastructure

The most recent valuation performed by independent consultant engineers and valuers AECOM New Zealand Limited is effective as at 30 June 2020. The previous valuation was completed at 30 June 2017. This year's valuation has resulted in a decrease in the value of Airside Infrastructure of \$1.809million (7%) including assets to be written off.

Revaluations will continue to be undertaken at least three yearly in line with the current revaluation cycle of the Company.

The methodology of the 2020 valuation being the Depreciated Replacement Cost is based on PBE IPSAS 17.

Fair value has been determined calculating the replacement cost of the asset based on current construction costs to recreate the asset with current legislative requirements. Assets have then been adjusted for Physical Obsolescence using a straight-line depreciation approach. From there an estimated percentage of remaining life of the asset is applied based on the condition of the asset to calculate the current replacement cost.

There is uncertainty around the impact of COVID-19 although it is not anticipated that there will be any adjustments to current construction rates prior to 30 June 2020. Some material movement is predicted in the 12-month period post 30 June 2020 as the current Covid impact filters through the industry but the extent is uncertain due to the rapidly changing economic situation both locally and globally, potentially offset to some degree by stimulus packages. In New Zealand, labour is anticipated to remain fairly constant, however materials, transport and equipment may be more heavily impacted.

During the 2019/20 year, the Company has developed a comprehensive Asset Management Plan (AMP) for airside infrastructure. This has been used by AECOM to complete the valuation.

Based on the valuation of Airside Infrastructure by AECOM dated 30 June 2020, the Company has considered their report and considered that the movement of \$1.809million is material. A revaluation of these assets has been provided for in the Statement of Comprehensive Revenue and Expense.

Landside Infrastructure

Landside Infrastructure has been valued at fair value based on cost less depreciation.

Impairment

Impairment for Property, Plant and Equipment for 2019/20 was \$1,808,994 (2019: Nil).

Property, Plant and Equipment Pledged as Security on Borrowings

There is a general Debenture held by the BNZ of the Company assets and undertaking of the airport. Additionally, the BNZ also hold first mortgages over land at 296 and 320 Milson Line, and Railway Road, RD10, Roslyn, Palmerston North.

Assets Held for Sale

As at 30 June 2020 the Company had entered agreements or was in negotiation for the sale of two land lots being a total area of 3,016m². The unimproved carrying value of this land was \$175,863. (2019: Nil)

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

Infrastructure Assets consist of Airside and Landside Infrastructure. Airside Infrastructure assets include runways, aprons, taxiways, and underground reticulated systems and Landside infrastructure assets including pavements, car parking and roading outside the secure areas of the airport.

Measurement of Property, Plant, Equipment and Intangible Assets

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.

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.

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.

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

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.

Depreciation

Depreciation is provided on a straight-line basis on all items of property, plant & 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 and Carparks (Landside Infrastructure)	2 - 99 years
Buildings and Building Services	8 - 99 years
Runway, Taxiways, Aprons (Airside Infrastructure)	2 - 80 years
Plant and Equipment	2 - 50 years
Furniture and 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.

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.

Non-current Assets Held for Sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are held for sale.

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 programmes;
- 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.

2a. Investment Property

	2020 Actual	2019 Actual
Balance as at 1 July	6,813,357	575,000
Massey WIP 1 July	-	2,332,661
Additions and Acquisitions	109,166	2,854,347
Depreciation	-	-
Reclassification from PPE	-	-
Fair Value Gains/(Losses) on Valuation	(397,523)	1,051,349
	6,525,000	6,813,357

3. Intangible Assets

	Website Development	Total
Balances as at 1 July 2019	21,928	21,928
Accumulated Depreciation	(8,950)	(8,950)
Carrying Amount	12,978	12,978

Movement for the Year

Additions	-	-
Disposals	-	-
Re-classification of Renovations	-	-
Disposal - Accumulated Dep.	-	-
Amortisation for the Year	(3,245)	(3,245)
Dep. Reversal on Revaluation	-	-

Closing Balances 30 June 2020

Cost / Revaluation	21,928	21,928
Accumulated Dep.	(12,195)	(12,195)
Carrying Amount	9,733	9,733

Capital Work in Progress Included at Cost

	Website Development	Total
Balances as at 1 July 2018	21,928	21,928
Accumulated Depreciation	(4,624)	(4,624)
Carrying Amount	17,304	17,304

Movements for the Year

Additions	-	-
Disposals	-	-
Re-classification of Renovations	-	-
Disposal - Accumulated Dep.	-	-
Amortisation for the Year	(4,326)	(4,326)
Dep. Reversal on Revaluation	-	-

Closing Balance 30 June 2019

Cost / Revaluation	21,928	21,928
Accumulated Dep.	(8,950)	(8,950)
Carrying Amount	12,978	12,978

Capital Work in Progress Included at Cost**Investment Properties**

Investment Property is valued annually at 30 June at fair value. The valuation was performed by independent valuers Morgans Property Advisors as at 30 June 2020. The valuer holds the recognised and relevant qualifications of MPINZ NZIV BBS (VMP) and has significant valuation experience in the local region and for the category of investment property.

Investment Property consists of one property at 100 Airport Drive, occupied by two tenants, and the recently completed Massey University School of Aviation Facility.

The impact of COVID-19 on building and associated lease income has been considered in determining fair values at 30 June 2020. Capitalisation rates have been amended together with a separate COVID-19 factor being applied.

The Valuer has reported that the real estate market that the investment properties are transacted in is being impacted by the uncertainty that the COVID-19 outbreak has caused. The landscape and market conditions are changing daily at present. As at the date of valuation the Valuer considered that there is a significant market uncertainty. The discount rates applied to the properties valued, based on an income capitalisation approach, have been increased to factor the impact of COVID-19. The valuations are current at the date of valuation only. The value assessed may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer could not reasonably have been aware of as at the date of the valuation).

The valuation resulted in a decrease in value of \$0.400m (5.7%).

Rental income for the year was \$0.488m (2019: \$0.339m). There were no expenses from investment property generating income. No contractual obligations for capital expenditure and no contractual obligations for operating expenditure.

Intangible Assets*Internally Generated Intangible Assets*

Costs 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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4. Trade Accounts and Other Receivables

	2020 Actual	2019 Actual
Exchange Receivables		
Debtors and Other Receivables	506,257	832,534
Receivables from Related Party	1,704	9,526
Provision for Impairment	-	(16,990)
Total	507,961	825,070

Movements in the provision for impairment of Receivables are as follows:

	2020 Actual	2019 Actual
Balance at 1st of June	(16,990)	(14,816)
Additional Provisions	16,990	(2,174)
Provisions Reversed	-	-
Receivables Written Off	-	-
Total	-	(16,990)

Trade and Other Receivables

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

5. Cash and Cash Equivalents

	2020 Actual	2019 Actual
Current Account	231,273	88,689
Cash on Hand	41,807	32,384
Short Term Investment Account	-	5,851
Total	273,080	126,924

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 bank overdrafts.

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

6a. Taxation

	2020 Actual	2019 Actual
Operating Surplus (Deficit) Before Taxation	1,297,376	3,644,276
Tax there on	363,265	1,020,396
<i>plus (less) tax effect of:</i>		
- Permanent differences / non-deductible expenditure	8,524	(299,576)
- Prior year under / (over) provision	-	(411)
- Deferred tax adjustment for the year & deferred tax movement at revaluation	-	159,336
- Deferred tax on buildings, tax depreciation reinstatement	(701,021)	-
Tax Charge for the Year	(329,232)	879,745
<i>Tax expense for the year comprising:</i>		
Current Tax	684,601	923,429
Prior Year Adjustments	-	(411)
Deferred Tax from Current Year Activity	(1,013,832)	(43,273)
	(329,232)	879,745

6b. Deferred Tax (Assets) / Liabilities

	Property, Plant and Equipment	Employee Entitlements	Other Provisions	Total
Balance at 1 July 2019	8,098,953	(37,905)	(5,015)	8,056,033
Charged to Surplus and Deficit - Current Year	(1,007,703)	(3,642)	4,500	(1,006,846)
Charged to Other Comprehensive Income	(506,518)	-	-	(506,518)
Balance at 30 June 2020	6,584,730	(41,547)	(515)	6,542,668
Balance at 1 July 2018	7,874,733	(25,979)	(4,435)	7,844,320
Charged to Surplus and Deficit - Current Year	(30,766)	(11,926)	(580)	(43,272)
Charged to Other Comprehensive Income	254,985	-	-	254,985
Balance at 30 June 2019	8,098,953	(37,905)	(5,015)	8,056,033

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.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly in equity.

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.

7. Employee Benefit Liabilities

	2020 Actual	2019 Actual
Accrued Pay	76,951	48,159
Annual Leave	103,287	84,428
Sick Leave	3,429	2,789
Total	183,667	135,377

7a. Employee Expenses

	2020 Actual	2019 Actual
Salaries and Wages	1,524,817	1,208,593
Employer Contribution to Kiwi Saver	43,986	35,674
Movement in Employee Entitlements	48,290	20,635
Total	1,617,093	1,264,902

8. Commitments

	2020	2019
Operating Commitments as Lessee		
Less than 1 Year	92,847	72,020
Between 1 and 5 Years	140,997	87,707
Over 5 Years	-	-
Total	233,844	159,727
Operating Commitments as Lessor		
Less than 1 Year	1,402,195	1,456,295
Between 1 and 5 Years	3,670,391	4,026,423
Over 5 Years	5,791,264	6,477,730
Total	10,863,850	11,960,448
On-Going Month to Month Leases	15,117	90,296

These commitments are GST exclusive.

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 are 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.

Presentation of employee entitlements
Sick leave and annual leave are classified as a current liability.

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

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 on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Operating Commitments as Lessee

PNAL leases computer and electronic equipment, lift infrastructure, billing software, advertising and two motor vehicles. The unexpired terms of leases as at 30th June 2020 range from 3 to 53 months.

Operating Commitments as Lessor

PNAL leases land, buildings and advertising space in the normal course of its business. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

2020 & 2019 commitments have been calculated until the end of the current right of renewal, or end of the contract, whichever comes first. These commitments relate to property leases, advertising, and rental agency contracts and are GST exclusive.

There are other ongoing leases amounting to \$6970 per annum that are on a month to month basis (2019: \$90,296). There are no contingent rents recognised as revenue in the period.

Rent relief provided to airport tenants as a result of COVID-19 totalled \$23,510 plus GST to 30 June 2020.

9. Finance Costs

	2020 Actual	2019 Actual
Interest on Secured Long Term Loans	531,078	522,347
	531,078	522,347

10. Borrowings

	2020 Actual	2019 Actual
Current Borrowings / Overdraft	3,700,000	3,964,374
Non-Current Borrowings	8,000,000	8,050,000
Total Borrowings	11,700,000	12,014,374

11. Other Operating Expenses

	2020 Actual	2019 Actual
Rates	391,851	373,963
Power and Insurance	375,855	346,787
Repairs and Maintenance	828,494	850,385
Total	1,596,200	1,571,135

12. Audit Fees

	2020 Actual	2019 Actual
Fees are for Audit of Financial Statements Palmerston North Airport Limited	44,166	29,965
Disbursements	-	630
Audit Fees from Other Providers	-	857
Total	44,166	31,452

13. Equity

(a) Share Capital

	2020 Actual	2019 Actual
9,195,000 Ordinary Fully Paid Share Capital at 30 June	9,380,400	9,380,400
Closing Balance	9,380,400	9,380,400

(b) Retained Earnings

	2020 Actual	2019 Actual
Opening Balance	21,509,432	19,388,551
Net Operating Surplus	1,626,608	2,764,531
Dividends Paid During Year	(685,234)	(643,650)
Transfer from Asset Revaluation Reserve for Sale of Asset		
Closing Balance	22,450,806	21,509,432

Capital Commitments

PNAL had capital commitments of \$16,556 as at 30 June 2020 relating to agreements for consultancy services yet to be performed. Commitments at 30 June 2019 were \$340,000.

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 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.

Registered mortgage over property owned by the Company secure the \$11.7m borrowings (2019: \$12.01m) from Bank of New Zealand. This includes existing perfected security interest in all present and after acquired property of Palmerston North Airport Limited. Refer to Note 2 for the carrying value of the secured assets at balance date.

The Company has an approved overdraft facility of \$100,000.

The Company raises long term borrowings predominantly at fixed rates under a Customised Average Rate Loan (CARL) facility. The Company's portfolio of debt is structured with a view to minimising interest rate risk and maximising certainty of the Company's debt servicing costs in the current financial year.

All shares carry equal voting rights and the right to any share in surplus on winding up of the Company. None of the shares carry fixed dividend rights.

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 Reserves

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

(c) Dividends:

No dividend will be declared for the 12 months ending 30 June 2020.

A fully imputed dividend of 7.452 cents per \$1 paid up share capital (exclusive of any premium on issue) representing \$685,234 was declared for the 12 months ending 30 June 2019 and paid on 30 September 2019).

(d) Asset Revaluation Reserve

	2020 Actual	2019 Actual
Opening Balance	36,590,833	31,935,156
<i>Revaluation Movement</i>		
- Land	-	4,000,000
- Buildings	-	663,646
- Airside Infrastructure	(1,808,994)	(7,969)
<i>Less Deferred Taxation</i>		
Movement - Buildings	506,518	-
Closing Balance	35,288,357	36,590,833
<i>Asset Revaluation Reserve Consists of</i>		
- Land	20,211,046	20,211,046
- Buildings	2,760,588	2,254,070
- Airside Infrastructure	12,316,723	14,125,717
	35,288,357	36,590,833

Critical Judgments in Applying Accounting Policies*Classification of Property*

The Company owns a number of properties as a land bank to cover possible future expansion of the runway and safety areas. The receipt of market-based rental from these properties is incidental to this purpose. The properties are held for service delivery objectives as part of the Airport's overall operating strategy. The properties are therefore accounted for as property, plant, and equipment rather than investment property.

14. Trade Accounts Payable

	2020 Actual	2019 Actual
Revenue in Advance from Exchange Transactions	162,440	149,316
Revenue in Advance from Non-Exchange Transactions	-	-
Total	162,440	149,316
Trade Accounts Payable from Exchange Transactions		
Trade Accounts Payable	565,868	839,101
Payables to Related Party	9,481	6,046
Trade Accounts Payable from Non-Exchange Transactions		
Tax Payable	108,015	401,154
Total	683,364	1,246,301
Other Creditors from Exchange Transactions		
Other Creditors	93,140	584,389
Other Creditors from Non-Exchange Transactions		
GST (refundable) / payable	(16,937)	(49,491)
Total	76,203	534,898

15. Related Party Transactions

Palmerston North City Council (PNCC) holds 100% of the issued shares of the Palmerston North Airport Limited (PNAL).

PNAL received services from PNCC during the 12 months ended 30 June 2020 for \$432,176 exclusive of GST (2019: \$439,036 exclusive of GST). In addition, a tax loss offset of \$196,299 resulted in a tax refund of \$54,964 for the 2018/19 tax year. (2019: The tax loss offset for 2017/18 was \$141,629 and resulted in a \$39,656 tax refund). The tax refunds were paid to PNCC.

PNAL pays a dividend to PNCC each year equating to 40% of after-tax surplus. For the year ended 30 June 2020, no dividend is being declared. (A dividend of 7.452 cents per \$1 paid up share capital representing \$685,234 was declared and paid to PNCC for the 12 months ending 30 June 2019).

PNAL provided services to PNCC during the 12 months ended 30 June 2020 for \$46,136 exclusive of GST. (2019: \$78,238).

Other than the tax loss, all transactions were conducted on normal commercial terms.

PNAL owed PNCC \$9,481 inclusive of GST as at 30 June 2020. (The balance owing as at 30 June 2019 was \$6,046).

PNCC owed PNAL \$1,704 inclusive of GST as at 30 June 2020, (the balance owing as at 30 June 2019 was \$9,526).

Key Personnel Remuneration

	2020 Actual	2019 Actual
Directors Remuneration	99,145	108,000
Full Time Equivalents	5	5
Senior Management Team Including the Chief Executive's Remuneration	888,426	723,458
Full Time Equivalents	6	5

Executive remuneration in 2020 includes one full time senior manager previously engaged as a contractor.

Other Significant Policies

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 de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company and group have 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 Receivables

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.

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.

Statement of Cash Flows

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.

16. Major Variances Explained

Account	Actual	Budget/SOI	Variance	Notes
Operating Revenue	9,137,276	11,221,428	(2,084,151)	Impact of COVID-19 and loss of flights and associated aeronautical revenue during April to June 2020, coupled with the withdrawal of services by Jetstar from 1 December 2019.
Operations Expenditure	2,330,297	2,538,315	(208,018)	Careful management of maintenance costs during final quarter of year.
Finance Costs	531,078	669,130	(138,052)	Borrowings were less than budgeted due to the deferment of capital expenditure projects.
Depreciation & Amortisation	1,854,304	2,141,657	(287,353)	Lower than budgeted depreciation expense reflecting deferment of planned capital projects into future years.
Dividends Paid	685,234	762,884	(77,650)	Lower payment than budgeted as a result of the 2018/19 Net Profit after Tax being lower than the SOI, due to abnormal expenditure relating to the PFAS investigations and testing.
Deferred Tax Liability	6,542,668	7,844,320	(1,301,652)	Variance resulted from deferred tax effect of the airside asset revaluation and the change in building depreciation allowances, not projected in the SOI.
Current Assets	1,070,274	790,896	279,378	2020 actual figures include "Assets held for Resale" of \$175,863.
Current Liabilities (excluding bank overdraft and current borrowings)	1,105,674	1,616,717	(511,043)	Trade and other creditors below SOI forecast due to low level of activity in final three months of year including COVID-19 lockdown period.
Property, Plant, Equipment & Intangible Assets & Investment Property	85,397,631	91,276,305	5,878,674	Below SOI reflecting revaluations and deferral of budgeted capital projects due to COVID-19.
Total Borrowings	11,700,000	19,466,063	(7,766,063)	Relates to deferral of budgeted capital projects, particularly Ruapehu Business Park developments.

17. Financial Instruments

The accounting policies for financial instruments have been applied to the line items below.

Financial Assets	Rating*	2020	2019
Cash and Cash Equivalents	AA-	273,080	126,924
Trade Receivables		507,961	825,070
Total Financial Assets		781,041	951,994

*
Standard & Poor's Rating for BNZ

Financial Liabilities	2020	2019
Trade Accounts and Other Payable	759,567	1,781,199
Bank Overdraft	-	3,964,374
Borrowings - Secured Loans	11,700,000	8,050,000
Total Financial Liabilities	12,459,567	13,795,573

18. Events After Balance Date

There have been no other significant events occurring after Balance Date.

19. Contingencies

The New Zealand Environmental Protection Agency commenced a review during 2018 into the use of PFOS foam in firefighting applications, including at airports. Investigations at Palmerston North Airport have since confirmed that this foam was used for firefighting training exercises at the airport up until the late 1980s. All PFOS foam was successfully removed from the fire appliances and storage containers onsite during the 2018/19 financial year. Further testing has been completed during the 2019/20 year at a cost of \$31,031.

HIGHLIGHTS

FINANCIAL HIGHLIGHTS

Year Ending	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Statement of Financial Performance:	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Total Revenue	9,137	10,202	8,483	7,313	5,523	4,943	4,818	4,590	4,480	4,225	3,981
Net Surplus Before Interest, Depn, Taxation	4,079	5,025	4,074	3,534	2,391	2,064	1,847	1,765	1,739	1,821	1,674
Net Surplus Before Taxation & Misc Items (*)	1,695	2,593	2,211	1,849	841	911	756	709	684	748	501
Net Surplus After Taxation Excluding Deferred Tax Adjustments (*)	2,024	1,713	1,609	1,299	805	662	544	492	496	535	327
Earnings Per \$ of Paid Up Share Capital (excl. any Premium on Issue and Deferred Tax Adjustments) (*)	2158c	1826c	1750c	1413c	875c	720c	592c	535c	539c	582c	356c
Dividend Proposed or Paid Per \$ of Paid Up Share Capital (excl. of any Premium on Issue)	0.00c	7.31c	7.00c	5.65c	3.50c	2.88c	2.37c	2.14c	2.10c	2.30c	1.56c
Statement of Financial Position	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Total Assets	86,468	89,617	77,894	73,588	62,946	61,543	44,904	43,727	43,878	44,645	44,664
Shareholders Funds	67,120	67,481	60,704	59,615	49,810	49,305	35,823	35,475	35,177	35,516	35,124
Share Capital Paid Up (excluding of any Premium on Issue)	9,195	9,195	9,195	9,195	9,195	9,195	9,195	9,195	9,195	9,195	9,195
Net Asset Backing Per Share	\$7.30	\$7.34	\$6.60	\$6.48	\$5.42	\$5.36	\$3.90	\$3.86	\$3.83	\$3.86	\$3.82
Return On Shareholder Funds (excluding Deferred Tax Adjustments)*	3.02%	4.10%	2.65%	2.18%	1.62%	1.34%	1.52%	1.39%	1.41%	1.51%	0.93%

* Revaluation Gain on Investment Properties have been removed for comparability purposes.

ANNUAL PASSENGER NUMBERS

Year Ending	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total Passengers	498,442	687,142	657,515	629,400	515,727	466,557	455,166	445,147	449,318	449,090	422,434

INDEPENDENT AUDITOR'S REPORT

To the readers of Palmerston North Airport Limited's and Group' financial statements and performance information

For the year ended 30 June 2020

The Auditor-General is the auditor of Palmerston North Airport Limited (the Company). The Auditor-General has appointed me, Chris Webby, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Company on his behalf.

Opinion

We have audited:

- the financial statements of the Company on pages 14 to 32, that comprise the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Revenue and Expense, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date and the Notes to the Financial Statements that include accounting policies and other explanatory information; and
- the Statement of Service Performance of the Company on pages 10 to 11.

In our opinion:

- the financial statements of the Company on pages 14 to 32:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2020; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards with reduced disclosure requirements; and
- the performance information of the Company on pages 10 to 12 presents fairly, in all material respects, the Company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Company's objectives, for the year ended 30 June 2020.

Our audit was completed on 24 September 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw attention to the impact of Covid-19 on the Company. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the Company as set out in notes 2 and 2a to the financial statements and page 14 of the statement of service performance. We draw specific attention to the following matters due to the significant level of uncertainty caused by Covid-19:

• Land, buildings and airside infrastructure Fair Value

Note 2 on page 23 and 24 describes the significant uncertainties communicated by the valuer, related to estimating the fair values of the Company's land, buildings and airside infrastructure.

• Investment Property

Note 2a on page 28 describes the significant uncertainties communicated by the valuer, related to estimating the fair values of the Company's investment property.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Company for preparing financial statements and performance information that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of the internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Company's framework for reporting performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 3 to 9 and 33 to 34, but does not include the financial statements and performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Company.



Chris Webby
Audit New Zealand

On behalf of the Auditor-General
Palmerston North, New Zealand

COMPANY DIRECTORY

Palmerston North Airport Limited

Directors

As at June 2020

Murray Georgel	Chairman
Jon Nichols	Chairman of Audit & Risk Committee
Sarah Vining	
Gerard Gillespie	
Christopher Cardwell	

Management

As at June 2020

David Lanham	Chief Executive
George Clark	Commercial Manager
David Yorke	Infrastructure Manager
Vernon van Gysen	Finance Manager
Brent Lawry	Terminal Manager
Terry Cooney	Safety and Security Manager

Registered Office

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TRADING BANKERS

Bank of New Zealand

LEGAL ADVISORS

Cooper Rapley Lawyers

AUDITOR

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



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MEMORANDUM

TO: Finance & Audit Committee

MEETING DATE: 21 October 2020

TITLE: Quarterly Performance and Financial Report - Quarter Ending 30 September 2020

PRESENTED BY: Stuart McKinnon, Chief Financial Officer and Andrew Boyle, Head of Community Planning

APPROVED BY: Stuart McKinnon, Chief Financial Officer
David Murphy, Acting General Manager - Strategy and Planning

RECOMMENDATIONS TO FINANCE & AUDIT COMMITTEE

1. That the memorandum entitled 'Quarterly Performance and Financial Report - Quarter Ending 30 September 2020' presented to the Finance & Audit Committee on 21 October 2020, be received.

1. ISSUE

To provide an update on the performance and financial achievements of the Council for the period ending 30 September 2020. This is the second update provided for the year.

2. BACKGROUND

Details of operating and financial performance are included in the following sections. Reports are against the goals as detailed in the 10 Year Plan 2018-28.

3. NEXT STEPS




The next performance and financial report will be provided after the end of the December 2020 quarter.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No

Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 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 a plan under the Driven and Enabling Council Strategy	
The action is: to enable Council to exercise governance by reviewing financial performance and operating performance and provide accountability for these to the public.	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	As above.

ATTACHMENTS

1. September 2020 Performance and Financial Report - CE overview and financial summary [↓](#) 
2. September 2020 Performance and Financial Report - Performance measures [↓](#) 
3. September 2020 Performance and Financial Report - Supplementary materials [↓](#) 

Quarterly Report to Council – September 2020

Chief Executive's Quarterly Report to Council

For September 2020

Introduction

Staff across the organisation have been busy beyond their normal duties to build plans and budgets that inform the 10 Year Plan process, ensure our covid resurgence planning was prepared and tested, prepare applications for additional government funding streams, as well as commencing detailed work streams for our significant Ozone technology replacement project, Te Huringa. Alongside this we are also contributing at a national and regional level with the proposed national 3 Waters Reform programme, our regional spatial planning project, and advocacy work for our city's catalyst projects.

In this first quarter we are now starting to see pressures across the organisation to manage operations and deliver levels of service within our budget constraints. This is at a time where the economic performance of our city and region is leading New Zealand and we are continuing to experience growth. Building inspection pressures are hitting hard on the levels of service we can provide, vacancies in crucial roles across the organisation are putting pressure on existing teams, and unplanned expenditure is surfacing. Going forward I anticipate there will be some tough choices for delivery of services and capacity to take on additional work, as we scrutinise all aspects of our operations to balance delivery against operational spend while ensuring the wellbeing and health of our staff.

Financial

While our financial position at the end of September current reflects a favourable position I am mindful of our unfolding financial reality. The net operating position is \$137k favourable to budget year to date, and \$368k favourable overall including variances on rates and interests. This favourable variance has decreased by \$238K from August due to a catch up in expenditure from moving down alert levels. There was also significantly higher revenue than budgeted in building and planning services, although this increase in revenue has been partly offset with an increase in expenditure.

Over the next couple of months I will be focusing my attention on expenditure across the organisation to identify the changes we need to make to deliver within this year's budget while ensuring the wellbeing, health and safety of staff. You will note that overall staff numbers are down as a result of a large number of vacancies that we are currently holding. This is creating significant pressure on staff and we will need to redress this situation.

On a positive note, our capital programme is progressing well in the early stages of this new financial year. The capital new programme expenditure has seen \$10M (90%) of work completed year to date against a budget of \$11.1M. While, our capital renewal expenditure has delivered \$4.1M (93%) of completed work in the year to date against a budget of \$4.4M.

Catalyst projects

Our Catalyst Projects involve major groups of projects that help enable Palmerston North to achieve its vision of Small city benefits, Big city ambition - He iti rā, he iti pounamu. Achievements over this quarter include:

- Completing a close out report and review of stage 2 of Streets for People. Next steps are to prepare a report to governance on the learnings and carry out design work for the remaining stages of this programme.
- Construction work continues to progress for Central Energy Trust Arena plaza, speedway pits and western embankment. Although weather-related delays to some of these projects mean that temporary pits will now need to be used for the start of the speedway season.
- Undertaking design work for the Park Rd entrance to the Esplanade. Once complete, this project will then go out for tender. Upcoming works along the Manawatu River includes installing riverside exercise equipment, undertaking planning work for the Esplanade River entrance, and construction at the Ruahine St river entrance.
- Ongoing options analysis and engagement with Rangitāne and key stakeholders for the Wastewater Treatment Plant upgrade.
- Ongoing work with NZTA and KiwiRail on the Regional Ringroad and Central New Zealand Freight Hub.
- Planning and other preparatory work for residential growth at Whakarongo, Aokautere, City West and Ashhurst. Ongoing work includes finalising resource and subdivision consents for Whakarongo and preparing Plan Changes for the other areas.
- Improvements to the City's stormwater and water networks. The vital importance of this work was shown with the recent break in the main water pipe between the Turitea water treatment plant and the City. One of the catalyst projects that we are making good progress on is to install a second main water pipe to build resilience into our water network.

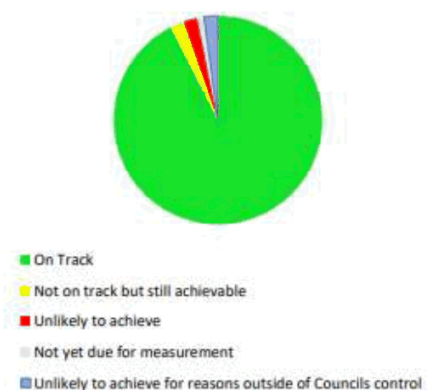
One area where progress has been difficult is completing the Manawātū River Shared Pathway between Ashhurst and the main urban part of the City. We have been unable to progress agreement with one landowner to use some of their land for this project. This is because they feel it raises insurmountable health and safety issues for their business operations. We are now preparing a report outlining options for Council to advance this project.

At the end of July Council signed up to an MOU with central government to investigate what multi-regional models could look like for our water services – water supply, wastewater and possibly stormwater. The MOU was signed in exchange for Council receiving a funding grant of \$9.34M to be spent on water and wastewater projects outside of our Annual Budget over the next 16 months. Our Delivery Plan for this project work was submitted at the end of September, and we are ready to begin this work once initial funding is released.

There is more information on these catalyst projects later in this report.

10 Year Plan KPIs

We are tracking well against our 10 Year Plan Key Performance Indicators (KPIs) over this first quarter. These KPIs monitor our delivery of major services for the city, including safe, reliable and interconnected transport systems; accessible and well-maintained sports facilities; funding and support for arts and culture organisations; and safe drinking water - all of which are relied on by residents and businesses across the City. Full information is attached.



Residents' Survey

We recently received the results of our Annual Residents' Survey. Every year we ask 500 randomly selected residents how they feel about our leadership and services. This feedback is very important because it gives us an independent view of what a wide range of residents think about what we do.

Key findings have highlighted that:

- Around 60% of residents are satisfied with our overall performance, 30% are neutral and 10% are dissatisfied. This is the same result as last year.
- 77% are satisfied with our Services and Facilities, 66% are satisfied with our Governance and Reputation, and 54% are satisfied with our Value for Money (dissatisfaction levels in these areas are 4%, 10% and 13% respectively). There has been a significant increase in the number of people who are satisfied with our Governance and Reputation – 66% compared with 61% last year. Part of the reason for this could be our leadership over the COVID lockdown, although the survey was spread over the year to minimise the impact of major events. The other results are about the same as last year.
- Some of our services have very high levels of resident satisfaction – walkways and shared pathways, parks and reserves, sewerage system, kerbside rubbish and recycling collection, water supply, and libraries with satisfaction levels of 80% or above.

Moving forward a key priority for the organisation is to improve resident's perceptions on how they receive good *Value for Money* in the services and facilities that we provide. The full report can be found on our [website](#).

External Fundraising

Over the months of June/July we prepared and submitted 5 applications, totalling \$1,172,000, the Provincial Development Units additional Provincial Growth Fund (PGF) release. Unfortunately, none of these applications were successful. According to the Regional PGF/MBIE advisors, 60 applications were submitted by Councils across the wider region and of the 60, only 1 was granted funding. This was due to greater responses than predicted from non-Council entities, and the fund running out. The Expression of Interest that was submitted for the Turitea Pa Site Viewing Platform for \$200,000 is still being assessed.

Our external fundraising efforts in other areas has successfully resulted in an additional \$221,800 of revenue for the city:

- Vodafone agreed to sponsor \$10,000 for the Ithaca Event being held at the CET Arena in December.
- In August an application was submitted to Eastern & Central Community Trust for our Libraries 21/22 Winter Warmers, Summer Reading and iRead programmes for \$42,000. This application was successful, with \$40,000 awarded for this programme.
- Also, in August an application was made to the Office of Ethnic Communities for the upcoming Diwali Festival in November 2020, Lunar New Year in February 2021, Holi in March 2021 and Eid-al-Fitr in May 2021. This application was awarded \$20,000 and will support our contribution.
- In September an application was submitted to MBIE for the Responsible Camping Initiative (to provide additional resource over the 20/21 summer to support the influx of campers and visitors to the city). This application was successful with \$31,800 awarded to provide 3 additional City Ambassadors.
- An application was submitted to the Lion Foundation for \$150,000 towards the Splash Pad at Memorial Park. This application was partly successful, with \$120,000 being granted towards this project.

An additional Splash Pad application has also been submitted to another funder for \$50,000 towards this project under their Grassroots programme. Should this be successful, this will leave the balance of \$65,000 to be externally funded.

In August we also ran our first post-Covid "Funding Drop in session" at Hancock House. These are offered to community groups who wish to get some funding advice, and are advertised on our Facebook page. Our staff were supported by a local Community Advisor from the Department of Internal Affairs (DIA), and there were 6 community groups "drop-in" for advice.

Heather Shotter
Chief Executive Officer

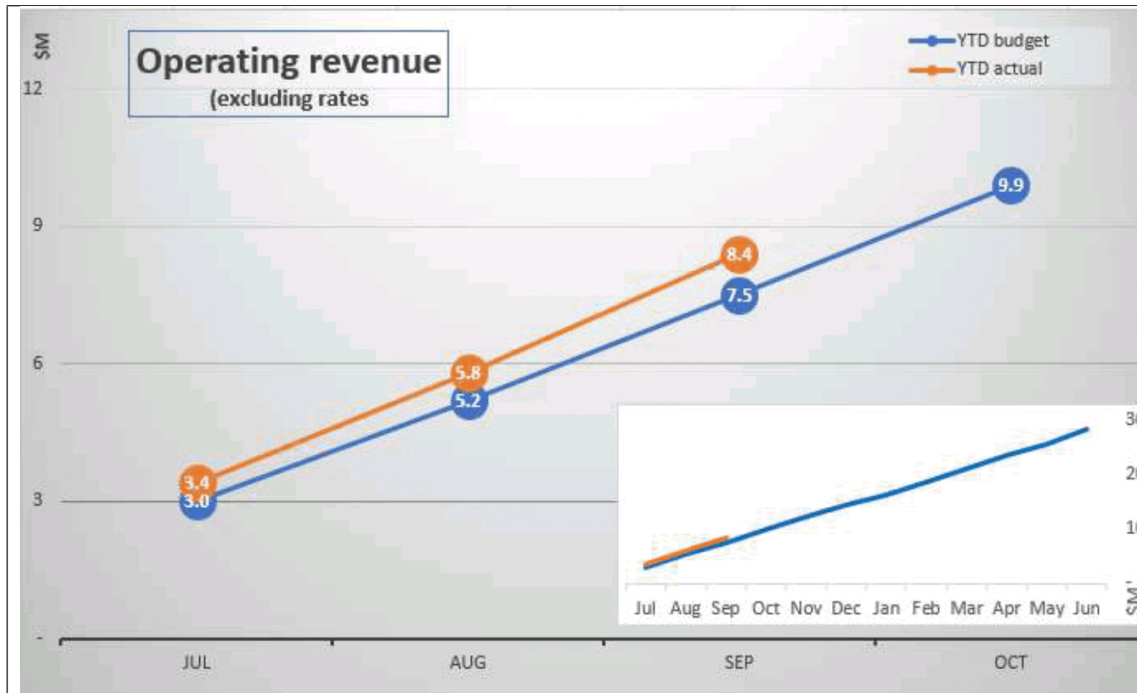
Financial Summary to Budget

The following table of operating financial performance and graphs are compared to revised budget.

Summary of Financial Performance For the period to 30 September 2020	2020/21 \$000's					
	Year to Date		Variance		Full Year	Full Year
	Actual	Budget	\$000's	%	Revised Budget	Annual Budget
Operating revenue	(8,440)	(7,491)	950	12.7%	(28,130)	(28,129)
Rates	(25,452)	(25,295)	158	0.6%	(100,812)	(100,782)
Total Revenue	(33,893)	(32,785)	1,107	3.4%	(128,941)	(128,911)
Operating Expenses	26,490	25,677	(813)	(3.2%)	99,805	99,760
Net Interest	1,208	1,280	73	5.7%	5,540	5,540
Total Expenses	27,697	26,957	(740)	(2.7%)	105,344	105,299
Operating Controllable Surplus / (Deficit)	(6,195)	(5,828)	368	6.3%	(23,597)	(23,612)
Depreciation	10,107	10,107	-		40,428	40,428
Non-operating revenue	(1,908)	(1,955)	(47)		(13,593)	(13,209)
Non-operating expenses	317	-	(317)		-	-
Net Result	2,320	2,324	4		3,239	3,607

Highlights:

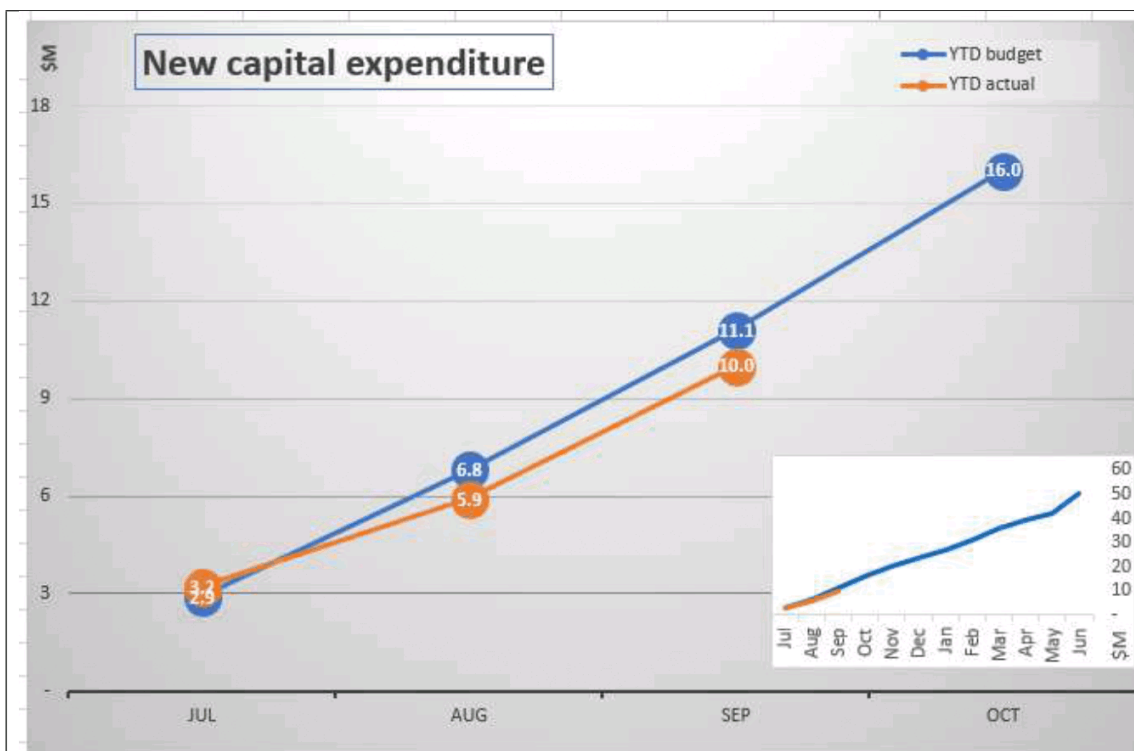
- Overall operating surplus was \$368k favourable against revised budget.
- Excluding rates and interest, the net operating position is a surplus of \$137k, which is down \$238K from August.
- Increased revenue mainly comes from building and planning services, although this has been partly offset by increased expenditure.
- The following contribute to the year to date surplus for September:
 - Dog registration fees \$75k favourable
 - Building and Planning Services \$65k favourable



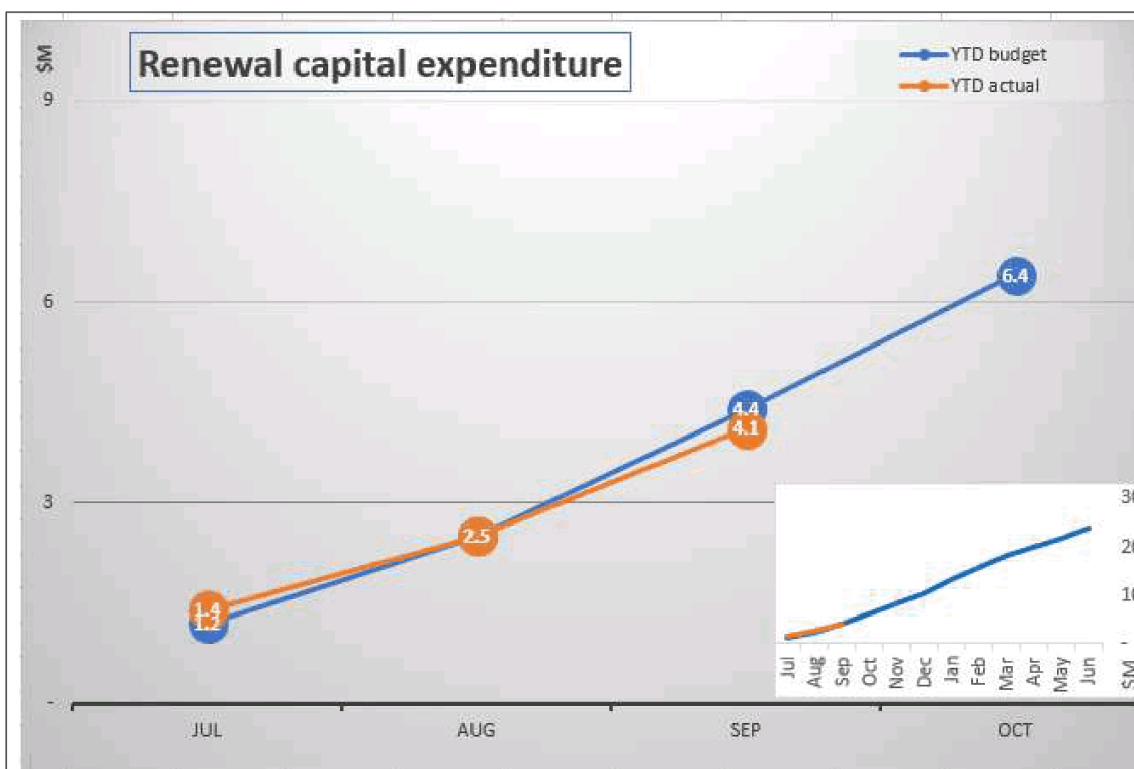
- Higher revenue comes from building services, planning services, dog registration fees and Covid19 welfare related claimable expenditure. Building and planning services increased revenue has additional expenditure attached.



- Higher expenses mainly associated with additional revenues noted above.



- Year to date progress against full year budget is 19.8%, and currently is \$1.1M under budget.
- Streets for people – designing and tender is taking longer than anticipated
- Duplicate pipeline – delays mostly due to weather



- Year to date progress against full year budget is 17.3%, and currently is \$0.3m under budget.

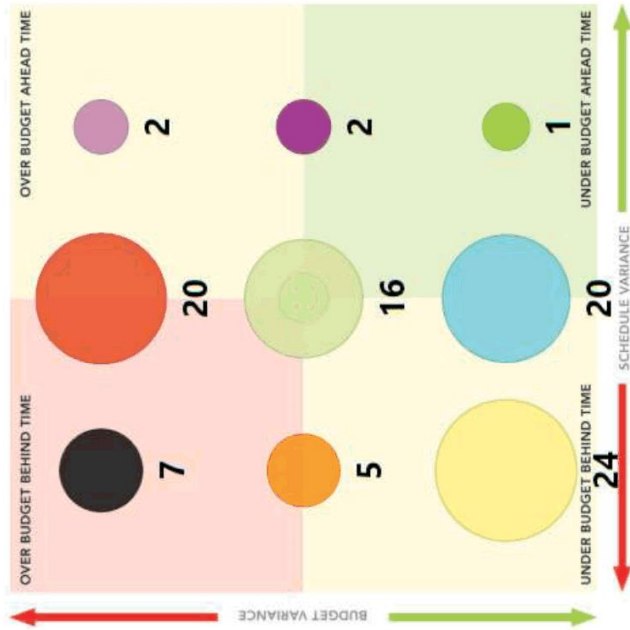
Capital New Work Summary for SEPTEMBER 2020/21

Financial Period

SEPTEMBER 2020/21



Capital Work Progress and Budget Summary



Description	Programme Count	Budget Health	Schedule Health	YTD Actuals	YTD Budget	Variance	Total Budget
Not Started	16			\$0	\$0	\$0	\$1,695,341
On Budget Ahead of Schedule	2	●	●	\$77,593	\$81,745	\$4,153	\$211,260
On Budget Behind Schedule	5	●	●	\$589,966	\$599,255	\$9,289	\$2,209,792
On Track	16	●	●	\$6,356,836	\$5,665,770	(\$691,066)	\$23,473,724
Over Budget Ahead of Schedule	2	●	●	\$95,654	\$6,539	(\$89,115)	\$23,339
Over Budget Behind Schedule	7	●	●	\$385,751	\$218,560	(\$167,191)	\$1,231,185
Over Budget On Schedule	20	●	●	\$616,832	\$435,039	(\$181,793)	\$3,979,272
Under Budget Ahead of Schedule	1	●	●	\$960	\$9,600	\$8,640	\$76,654
Under Budget Behind Schedule	24	●	●	\$923,511	\$2,459,161	\$1,535,650	\$7,081,172
Under Budget On Schedule	19	●	●	\$985,926	\$1,694,012	\$708,086	\$10,564,490
Total	112			\$10,033,028	\$11,169,681	\$1,136,653	\$50,546,229

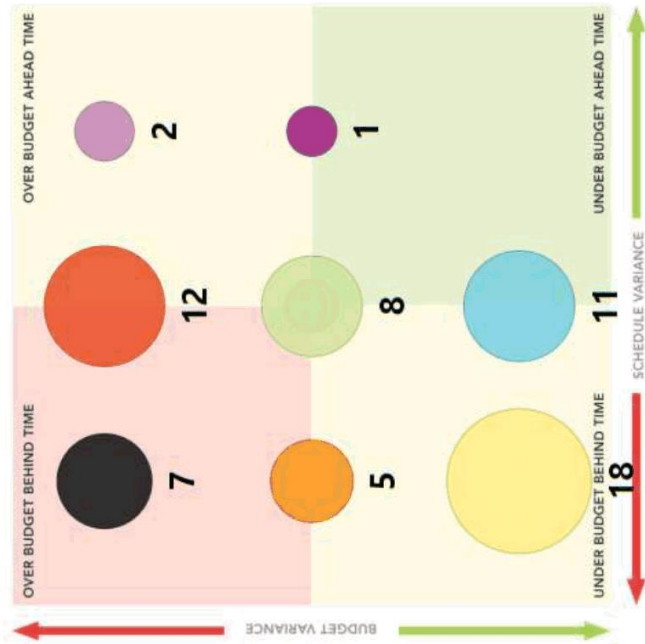
Description	JULY	AUGUST	SEPTEMBER
Not Started	36	21	16
On Budget Ahead of Schedule	2		2
On Budget Behind Schedule	5	7	5
On Track	29	14	16
Over Budget Ahead of Schedule	1	2	2
Over Budget Behind Schedule	1	10	7
Over Budget On Schedule	18	22	20
Under Budget Ahead of Schedule			1
Under Budget Behind Schedule	1	23	24
Under Budget On Schedule	19	13	19
Total	112	112	112

Capital Renewal Work Summary for SEPTEMBER 2020/21

Financial Period

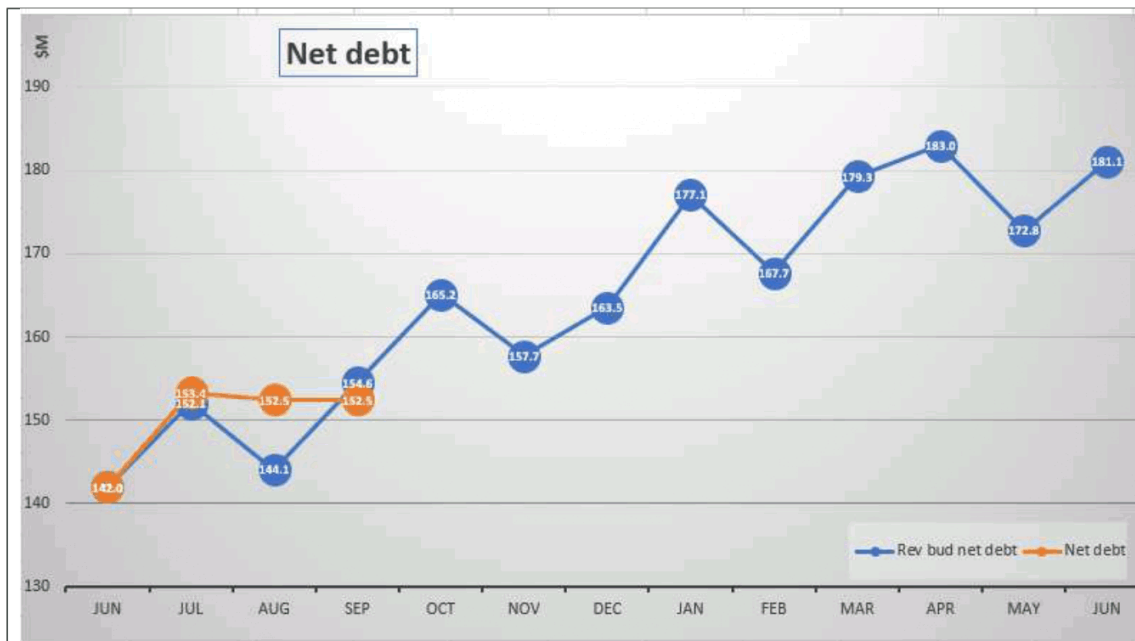
SEPTEMBER 2020/21

Capital Work Progress and Budget Summary



Description	Programme Count	Budget Health	Schedule Health	YTD Actuals	YTD Budget	Variance	Total Budget
Not Started	17			\$0	\$0	\$0	\$923,647
On Budget Ahead of Schedule	1	●	●	\$674,850	\$646,955	(\$27,895)	\$1,064,689
On Budget Behind Schedule	5	●	●	\$58,424	\$59,390	\$966	\$1,637,406
On Track	8	●	●	\$782,173	\$816,240	\$34,067	\$3,005,293
Over Budget Ahead of Schedule	2	●	●	\$97,355	\$48,965	(\$48,390)	\$222,770
Over Budget Behind Schedule	7	●	●	\$617,857	\$337,626	(\$280,231)	\$1,594,464
Over Budget On Schedule	12	●	●	\$947,884	\$463,240	(\$484,644)	\$4,025,387
Under Budget Behind Schedule	18	●	●	\$434,533	\$1,045,919	\$611,386	\$7,104,057
Under Budget On Schedule	10	●	●	\$537,263	\$910,794	\$373,531	\$4,190,619
Total	80			\$4,150,338	\$4,329,129	\$178,791	\$23,768,332

Description	JULY	AUGUST	SEPTEMBER
Not Started	30	21	17
On Budget Ahead of Schedule	1		1
On Budget Behind Schedule	3		5
On Track	21	11	8
Over Budget Ahead of Schedule	1		2
Over Budget Behind Schedule	2	4	7
Over Budget On Schedule	15	15	12
Under Budget Behind Schedule		12	18
Under Budget On Schedule	10	14	10
Total	80	80	80



- Actual \$152.5M compared to revised budget of \$154.6.

Borrowing	2020/21		\$M			
	Year to Date		Variance		Full Year	Full Year
For the period to 30 September 2020	Actual	Budget	\$M	%	Revised Budget	Annual Budget
Gross debt	172.0	154.6	(17.4)	(11.3%)	181.1	177.6
Cash investments	19.5	-	19.5		-	-
Net Debt	152.5	154.6	2.1	1.3%	181.1	177.6

- Weighted average cost of borrowing estimated at 3.1% (budget cost of borrowing 3.4%).

10 Year Plan Catalyst Projects Quarterly Update (as at 30 September 2020)

City Centre Transformation Catalyst Projects			
	What happened in July - Sept	Alerts (if any)	What's Next
'Streets for People' (City Centre Streetscape Plan and Redesign)	<p>Work on the Close Out and Review Report on Stage 2 commenced with one on one meetings with the retailers and Contractor and Design Team.</p> <p>The Request for Proposal for the design element for the remaining stages close on 4 September and the evaluation of the proposal has commenced.</p>		<p>Close Out and Review Report to be prepared in October with the view of presenting this to Council in November.</p> <p>Completion of the evaluation, engagement of the design team and commencement of the design for the remaining stages of the Programme.</p>
Te Manawa 2025 Redevelopment/ Central Library	Briefing held with Elected Members on the scope of work required to progress options for Te Manawa and the Library within the Civic and Cultural Precinct and how any such developments can contribute to the rejuvenation of the CBD.		Expressions of Interest are being sought from consultants to progress the Master Plan work in November.
Central Energy Trust Arena Masterplan and projects	<p>Entrance Plaza, Pits Relocation, and Southern & Western Embankment: Work is progressing well with these projects, although running slightly behind schedule due to some adverse weather. Ground works are essentially completed with in-ground services nearly fully installed. All of the new speedway pits area has been poured and the area is starting to take its final shape with lighting poles, fencing and ground works well advanced.</p> <p>Grandstand: The concept design of the grandstand is still at design freeze stage.</p> <p>Administration/ Commercial Building: This project is no longer for consideration in the LTP.</p> <p>Culture and Heritage input: This project is nearing completion with engagement with stakeholders having taken place and a final determination around what imagery and stories will be told nearing decision.</p> <p>Resource Consent for Embankment: Consent alterations are still being worked through in relation to the embankment project and urban planning design</p>	<p>Resource Consent for Embankment: (Minor Risk) Change to resource consent required but changes are very minor.</p> <p>Grandstand Funding: Potential future grandstand trust funding sources continue to be identified. This project is reliant on external funding and will be considered as part of the next LTP process.</p> <p>The speedway pits area will not be operational for the start of the 2020 season on 24 October to ensure ground areas have time to settle and stabilise with grass and to allow the asphalt to cure prior to vehicle movement. Temporary speedway pit areas will be in operation for the first few meetings. The new ablution block and Entrance Plaza will be fully completed in March 2021.</p>	<p>Entrance Plaza, Pits Relocation, and Southern & Western Embankment: Continuation of construction works in line with programme identified. Monitoring and working through variations to ensure alignment with approved budget.</p> <p>Culture and Heritage input: Further work will continue to finalise Story-telling aspects of the design.</p> <p>Embankment Resource Consent: Continue to work through Resource Consent items.</p> <p>Fly Palmy Arena (Arena 2): Works will continue during available windows, as the venue is required for events of significance in next couple of months.</p>

	<p>considerations. There are no concerns in this area.</p> <p>Fly Palmy Arena (Arena 2): Work on the two projects associated with Fly Palmy Arena, the installation of new ceiling, LED lighting and enhanced sprinkler protection system as well as the replacement of cladding on the front and back of the venue, is nearly complete. Some minor work will occur early next year. This does not stop the venue being used.</p>	<p>Fly Palmy Arena (Arena 2): Cost overruns are anticipated, associated with significant unexpected repairs uncovered once the work started.</p>	
Heritage Protection Package	Continue to assess applications for grants.		Continue to promote the fund.

Manawatu River Network Catalyst Projects			
	What happened in July - Sept	Alerts (if any)	What's Next
Victoria Esplanade Masterplan and projects	<p>Park Road entrance: Base intersection survey and design completed. Planning to report to Council in December on tender award.</p> <p>Bonsai/Lath House: Detailed design completed. Resource consent approved. Tender documentation prepared. Building consent prepared. Did not receive Provincial Growth Funding.</p> <p>Rose Garden/Camellia signage: Main sign boards awaiting filigree design completion and fabrication.</p> <p>Wayfinding strategy: First draft report received from consultants.</p> <p>Exotic aviary replacement design: Concept options developed with Massey University Wildbase. Options included in draft AMP and draft 10 Year Plan for decision.</p> <p>Exotic aviary temporary improvements: Aviary steelwork and mesh remediation due to start early October. Delays due to Covid and contractor key staff surgery.</p>	<p>Park Road entrance: As per Council report some risk of cost overrun vs budget. Tender stage will confirm cost.</p> <p>Bonsai/Lath: Progress will depend on achieving 3rd party funding.</p> <p>Exotic aviary temporary improvements: Work was unbudgeted and will cost \$20,000</p>	<p>Park Road entrance: completing detailed design and tendering. Report to Council for tender approval.</p> <p>Bonsai/Lath House: Apply for further funds. Complete tender documents and tender with proviso of 3rd party funding achieved.</p> <p>Rose Garden/Camellia signage: Complete install of main orientation sign boards.</p> <p>Wayfinding strategy: Review draft strategy.</p> <p>Exotic aviary replacement design: Await Council decision on options and funding in 10 Year Plan.</p> <p>Exotic aviary temporary improvements: Complete steel and netting repairs.</p> <p>User Forum: Next quarterly meeting October.</p>
Manawatu River Shared Pathway (Ashhurst to City)	Detailed engineering designs are in development to determine detailed costs for each section.	Negotiations have been ongoing with the remaining	A report outlining the available options to advance the project will be presented to Council in

	<p>An easement agreement remains outstanding with a minor landowner and is conditional on their approval of completed designs for the adjacent shared pathway.</p> <p>The western-most quarry owner has sold their land back to the previous owner voiding an Overseas Investment Office condition of the original sale. One landowner has not given permission to use their land to complete the river pathway to Ashhurst from the end of the Te Matai Road shared path. This landowner now owns both quarries between Te Matai Road and Raukawa Road, and all the land in-between. This accounts for approximately 5.6 kilometres of the 6.6-kilometre configuration of the river-aligned pathway that has been proposed.</p> <p>Design development, tender documentation and resource consent applications are on hold pending a resolution of the negotiations with the major landowner.</p>	landowner. However, we cannot reach agreement because they feel the project raises insurmountable health and safety issues for their business operations.	the next two months for their consideration and direction.
Te Apiti Biodiversity and Recreation	<p>In order to move planning work along faster to keep up with NZTA Te Ahu a Turanga processes an officer level working group was established and first meeting held in June. The final drafting work is taking place on the Masterplan.</p>		<p>Stakeholder and public engagement prior to the next Governance Group meeting in Dec.</p> <p>The intention is to finalise the Masterplan by March 2021 and that a working group be established on using the old Gorge Rd.</p>
Manawatu River Framework (incl Ahimate Park)	<p>Cultural: Marae Tarata – the old Higgins Gravel extraction is currently being set up to accommodate the Rangitāne Artists. Electrical should be back on at the site this week</p> <p>Riverside Cycle activities: Currently about 50% of the way through this year's build. Starting at Ruahine River entrance through towards Riverside Drive.</p> <p>Exercise Equipment: Working on design at present.</p>		<p>Riverside Cycle activities: Build should be complete in approximately three weeks.</p> <p>Exercise Equipment: looking to complete design by end of year.</p> <p>Victoria Esplanade River Entranceway: Build new entranceway with October – November start date. Currently milling timber for entrance and should begin construction early/mid-October.</p> <p>Working with Iwi and Fire Dept. To establish protocols, etc.</p>

	<p>Victoria Esplanade River Entranceway: Detailed plans are developed, and the resource consent application has been accepted. Quotes are now in and budgets will be met.</p> <p>New trial fire pit set up at Ahimate Reserve.</p> <p>Turitea Pa site: Now working with engineers and geotech to develop the require foundations for the structure.</p> <p>Spring Koanga – planning is now complete – currently booking everything in.</p>		<p>Turitea Pa site: Final design by end of October and will be ready for quotes on the foundations and steel work.</p>
Te Motu o Poutoa	<p>Rangitāne Working Party established on October 3, and 1st workshop held at TMI. This Working Party will make recommendations on Rangitāne aspirations for the site.</p>		<p>November Rangitāne Co-Management Committee meeting – will work with Working Party to set up workshop content.</p>

Sustainable Growth Projects Catalyst Projects			
	What happened in July - Sept	Alerts (if any)	What's Next
Wastewater Treatment Plant Upgrade	<p>Project Steering Group (PSG) meetings occurred.</p> <p>Completed detailed options summary report and treatment options reports.</p> <p>Project Team Technical workshops.</p> <p>Briefing of experts for the Multi-Criteria Assessment (MCA) process. Commencement of comparative assessments.</p> <p>Briefing and engagement of stakeholders attending the MCA process. Confirmed MCA workshop dates.</p> <p>Scope of testing to determine emerging contaminants completed and analysis underway and initial results reported.</p> <p>Engagement with Iwi.</p>		<p>Preparing comparative assessments by experts.</p> <p>Stakeholder Engagement. with Iwi.</p> <p>MCA Briefings and workshops in November.</p> <p>Stakeholder briefings.</p> <p>Planning Assessment, Objectives Assessment, BPO Assessment, Cultural Assessment, Eco-Strategy Assessment.</p> <p>Plan Change 2 Hearings</p> <p>Trade waste testing and assessment of results.</p>

Sustainable Growth Projects Catalyst Projects			
	What happened in July - Sept	Alerts (if any)	What's Next
Regional Ringroad, Rail, Airport and multi-modal infrastructure to enable Longburn and NEIZ industrial growth	<p>NZTA has shared with Council a draft network options report detailing the preferred package of works for the ring road. If the NZTA Board approve this the next stage is a detailed business case. We are also working on coordinated advocacy to the Government to fast track the funding outside of the business case process.</p> <p>KiwiRail has announced the preferred site for the Freight Hub and is undertaking general consultation. The Notice of Requirement is expected to be lodged in the third quarter of 2020.</p>	Some landowners concerned about the impact of the Freight Hub.	Continue to work with NZTA and KiwiRail. Prepare to advocate for the ring road outside of the business case process.
Infrastructure for Residential Growth: Whakarongo, Aokautere, City West Urban Intensification, Ashhurst	<p>Whakarongo: Resource and subdivision consent were submitted, and Officers continue to work through this process.</p> <p>The subdivision within the Whakarongo Growth Area has been given the name Tamakuku Terrace to reflect and distinguish it as a development within Whakarongo, not the development of Whakarongo as a whole.</p> <p>A competitive closed tender process was undertaken for the head contractor undertaking the civil construction, and a preferred tenderer has been determined. Approval to enter a contract with this tenderer will be presented to Council in October.</p> <p>Kikiwhenua: The Environment Court has issued a consent notice for this plan change, after successful mediation. The plan change will go to Council for final approval in December. This is an administrative task.</p> <p>Aokautere: Finalising structure plan and preparing for hearing on designation to secure Abbey Road connection to Johnstone Drive.</p> <p>Kakatangiata: Technical analysis to inform District Plan Change.</p>	<p>Whakarongo: The resource and subdivision consent processes are well past expected timeframes and are now causing delays in the project.</p> <p>Council's stormwater team is working with Horizons to obtain a global consent for stormwater for the entire Whakarongo growth area.</p>	<p>Whakarongo: Obtain resource and subdivision consents.</p> <p>Enter a contract for the head contractor for the civil construction works.</p> <p>Begin presales process.</p> <p>Kikiwhenua: Plan Change final approval to Council in December.</p> <p>Aokautere: Finalise Plan Change and report to Council.</p> <p>Kakatangiata: Technical analysis to inform District Plan Change.</p> <p>Ashhurst: Technical analysis to inform District Plan Change.</p> <p>Roxburgh Crescent: Finalise Plan Change and report to Council by Dec.</p> <p>Napier Road: Prepare for hearing (19/20 Oct).</p>

Sustainable Growth Projects Catalyst Projects			
	What happened in July - Sept	Alerts (if any)	What's Next
	<p>Ashhurst: Technical analysis to inform District Plan Change.</p> <p>Roxburgh Crescent: Technical analysis to inform District Plan Change.</p> <p>Napier Road: Preparing for hearing on 19/20 October.</p>		
City-wide Stormwater Management	<p>Hai Manga Oranga Towards Healthy Waterways (HMO): The monitoring programme and scope has been discussed with Horizons potentially contracting the work from PNCC. Budgets and programme of works allocated in the LTP. Project to start in 20/21.</p> <p>Open Channel Cleaning and Maintenance: Planting has started for the first 450m along McGregor stretch. Community planting day scheduled for the 10th of Oct. Channel cleaning works is in-progress as the weather is more conducive now.</p> <p>Whakarongo: Soil investigation works completed mid-September. Concept design of the pond is being revised due to changes in the design criteria requiring no hydraulic neutrality. This revision was driven by one of the developers, and Horizons approved of it. Hydraulic analysis is underway to finalise the latest option.</p> <p>Stormwater Management Framework: GHD (engineering consultants) completed the Final Draft of the Framework early May. The draft is with Officers for review prior to a final Consultation Workshop.</p> <p>Stormwater Capital and Renewal: Kent Cres improvement work is completed. Churchill St network renewal is starting on 9th October.</p>	<p>Whakarongo: Further delay of 2 months in the overall programme and date for submission and lodgement of consent due to latest development in the design criteria.</p>	<p>HMO: A suitable reporting platform and the specific parameters to be monitored to be confirmed.</p> <p>Open Channel Cleaning and Maintenance: Continue planning the remaining stretches to be cleaned and maintained this year.</p> <p>Whakarongo: Progress with the detailed design of the pond. Engage with landowners to confirm the final stormwater management solution to be consented. Proceed with landowner consultations for the upgrading of the rural stream off Napier Rd.</p> <p>Stormwater Management Framework: Review and finalise the draft document and proceed with stakeholder consultation.</p> <p>Stormwater Capital and Renewal: Complete the rest of the design works for this year's projects. To start with Gasworks drain improvement project.</p>
City-wide Water Supply, Source and Storage Development	<p>Turitea Duplicate Water Main: Trenching and laying of pipe to the lower bridge (just outside the Water Treatment Plant gates).</p>		<p>Turitea Duplicate Water Main: Installation of cross connection and valves between the existing main and duplicate main, starting</p>

Sustainable Growth Projects Catalyst Projects			
	What happened in July - Sept	Alerts (if any)	What's Next
	<p>Welding of the next section of pipe ready for installation.</p> <p>Papaioea Park Bore: Installation and "cold commissioning" of the UV is complete.</p> <p>Keith Street Bore Site Reservoir: Construction of a reservoir at this site is dependent on the adjacent landowner being willing to sell at a reasonable price. Work is on hold as the issue of excessive sand production by the new bore is resolved.</p> <p>Ashhurst Mains: Stage 2 of the Ashhurst rising main renewal has been completed, and the main commissioned.</p> <p>Railway Road Bore: The final stage comprising construction of the chemical treatment works including the building has been tendered. KiwiRail have been advised about the work undertaken to construct a bore on the corner of Railway Rd and Roberts Line as well as a reservoir, and the associated work that is out to tender. A more detailed plan has been provided by KiwiRail. They may need a portion of our existing site but will offer a parcel the same size along the Roberts Line edge of our site. Currently the tender award is on hold while potential funding from the Three Waters Reform budget is considered.</p>		<p>at the Water Treatment Plant and ending just past the lower bridge. Connecting in the pipes that cross under the bridges, and pressure testing.</p> <p>Papaioea Park Bore: Reporting is being built to enable data to be collected and sent to the Drinking Water Assessor so that Bore 3 can be put into service through the new UV. The UV will be "hot commissioned" by running using Bore 2.</p> <p>Keith Street Bore Reservoir: Develop solution to sand issue and consider future of bores and planned reservoir.</p> <p>Ashhurst Mains: Surfacing and re-grassing to be completed when weather favourable. Look ahead to Stage 3 of rising main renewal, dependent on allocation of Three Waters Reform budget.</p> <p>Railway Road Bore: Continue discussions with KiwiRail about this site, including what offsets may be made if they require some or all of this land. Await approval of funding from Three Waters Reform.</p>

Major Internal Projects			
	What happened in July - Sept	Alerts (if any)	What's Next
Digital Transformation	<p>The Te Huringa (Ozone Replacement Project) project team and relevant business personnel have been involved in workshops with the vendor (Civica) of the new ERP system (Authority/Altitude) relating to module configuration, data migration and data mapping.</p> <p>The draft Information Management Strategic Plan (IMSP) was developed by Corum consulting through engagement with IM and</p>	<p>Te Huringa: The return to stable business activity has enabled the opportunity to recognise a growing awareness of the full impacts of Covid19 and that there is a significant risk for the timeframe and content of the Phase 1 implementation.</p>	<p>The Te Huringa project team is completing business process documentation to provide a basis for liaising with Civica to enable an assessment of the alignments or gaps within the new system modules and implementation impacts.</p> <p>Further to the draft IMSP, a Technology Investment Plan will be developed, outlining technology investments over the</p>

	<p>business units. The IMSP considered PNCC's Current State Architecture, Data Stocktake, and IM's Engagement and Operating Model. The purpose of IMSP is to align our technology investment with Council's strategic direction. In summary the IMSP recommends strong governance of technology and a change in direction from having lots of siloed tools to having fewer, multi-use platforms.</p>		<p>next 3 years. This will provide a financial framework for the delivery of the proposed technology initiatives.</p> <p>The Raising the Bar on Data project team will engage with stakeholders to develop a data strategy and data governance model. The purpose of data strategy and governance is to ensure that we collect and manage data that can be put into action for better decisions and operations.</p> <p>The data strategy work will be followed by refreshed policies on data security, data privacy and open data.</p>
Three Waters Model	<p>The central/local government joint steering committee held a workshop in Palmerston North on the 4th August to discuss the first tranche in the reform programme. This included details on an offer to sign up to an MOU to investigate multi-regional models, alongside a funding agreement and delivery plan to enable councils to construct 3 water infrastructure improvements over the next 16 months.</p> <p>A total of \$4.67M of grant funding has been allocated to Palmerston North City Council (PNCC), plus a regional allocation, upon signing up to the MOU. On the 13th August, Councils in the Region subsequently agreed to the regional allocation being allocated on the individual Council allocation. This means PNCC total funding allocation will be \$9.34M.</p> <p>PNCC subsequently confirmed its participation and agreement to the MOU and funding allocation on 26th August 2020.</p> <p>A Delivery Plan and Funding Agreement for expenditure of the \$9.34M grant was submitted for approval on 29th September 2020. The Delivery Plan focuses on water supply and wastewater maintenance, renewal and improvement work that are able to be delivered by 31 March 2022.</p>		<p>Prepare PNCC data for a Central Government Request for Information (RFI), due out in October, utilising regional resourcing to assist in the process.</p> <p>Pivot the Manawatu-Wanganui Regional Service Delivery Review work to assist with the MOU RFI process, and government's intention of publicly owned multi-regional models for water service delivery. Co-funding of this work is still on the table with DIA, in addition to the reform funding allocations.</p>

Quarterly Performance and Financial Report - September 2020

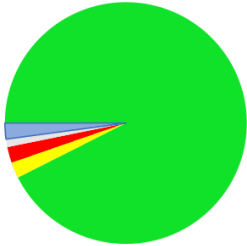
10 Year Plan KPIs

This part of the report looks at how well the Council is delivering on the performance measures, and whether services and projects are being provided within budget.

The report is organised by Activities. Each Activity page has "traffic lights" to show progress towards the 10 Year Plan:

	W	G	Y	R	B
Not yet due for measurement					
On track					
Not on track but still achievable					
Unlikely to achieve					
Unlikely to achieve for reasons outside of Councils control					

Annual Budget Performance Measure Summary



- On Track
- Not on track but still achievable
- Unlikely to achieve
- Not yet due for measurement
- Unlikely to achieve for reasons outside of Councils control

Performance Measure Summary by Activity										Total
	G	Y	R	W	B					
Goal 1 - An Innovative & Growing City										
City Development	6	1	-	-	1	8				
Strategic Transport (Roading)	6	-	2	-	-	8				
Economic Development	2	-	-	-	-	2				
Goal 2 - Creative & Exciting City										
Active Public Space	6	-	-	-	-	6				
Arts, Culture and Heritage	4	-	-	1	-	5				
Active Community	5	-	-	-	-	5				
Goal 3 - Connected & Safe Community										
Connected Communities	16	-	-	-	1	17				
Safe Communities	7	-	-	-	-	7				
Goal 4 - Eco-City										
Rubbish and Recycling	4	-	-	-	-	4				
Biodiversity and Sustainable Practices	4	-	-	-	-	4				
Stormwater	7	-	-	-	-	7				
Wastewater	6	1	-	-	-	7				
Water Supply	11	-	-	-	-	11				
Goal 5 - Driven & Enabling Council										
Leadership	3	-	-	-	-	3				
Total Measures										
% of measures able to be measured	87	2	2	1	2	94				
	92.6%	2.1%	2.1%	1.1%	2.1%					

Goal 1: An Innovative and Growing City

City Development Activity

Performance Measures (Page 44 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
01. There is a continual supply of land for at least 1,900 greenfield residential sections.	The decision on the proposed rezoning of land for housing at Te Wanaka Road (Plan Change C: Kikiwhenua) was appealed to the Environment Court. Mediation through the Court has resulted in agreement between the Council and appellants. The rezoning of Kikiwhenua will be able to proceed. Council will be able to approve the plan change in November 2020. This will increase the greenfield landbank by 220 sections, which ensures there is land for in excess of 2500 sections available.	G			
02. Ratio of lower quartile home price to median household income. (This measures whether a household that is renting can afford to buy a home. It is part of the MBIE set of indicators and will allow comparisons with other Councils. It is a new measure so Council has no target set yet.)	In the year to December 2018 67.5% of PN households had equivalised incomes below the estimated national median equivalised income. This is an increase from the 65% share in December 2017, showing a decline in affordability. (Figures based on equivalised income after estimated mortgage, home insurance and rates for a similar-sized lower quartile house.)	B			
03. At least 95% of resource consent applications are processed within statutory timeframes.	77% of consents (82 of 106) have been processed within timeframes. Although we are still a Senior Planner down this is an improvement on last year. The main reasons for going overtime are complexity of consents and delays in receiving expert comments. To get back on track the team are developing and implementing a more efficient follow up system with the experts they require feedback from.	Y			
04. At least 95% of building consent applications are processed within statutory timeframes.	Of the 375 building consent applications processed for the quarter, 366 (98%) were processed within the statutory timeframe.	G			
05. Council keeps its status as an accredited building consent authority.	PNCC was re-accredited as a Building Consent Authority on 28 August 2019. The next reassessment will be undertaken in approximately April 2021.	G			
06. At least three years of housing and business land with services is immediately available.	Rezoning of Kikiwhenua helps contribute to increasing housing supply. Additional small and medium scale industrial land will need to be rezoned by 2024 to meet projected demand. In the meantime, there is sufficient capacity to meet housing and business needs.	G			

07. Council development projects reflect principles of good urban design. (Narrative measure)	The Arena Development is giving effect to the Arena Master Plan objectives, which are driven by Urban Design principles. Papaioea Housing is supplying additional social housing, which achieves positive urban design outcomes. The Whakarongo subdivision consent for Council's land has incorporated urban design thinking into the streetscape design and layout of the subdivision.	G			
08. Major services and projects are provided within budget.	On track for major services and projects to be provided within budget.	G			

Strategic Transport (Roading) Activity

Performance Measures (Page 48 of the 10 Year Plan)		Comments	Sept	Dec	Mar	June
01. Percentage of requests for service relating to roads and footpaths responded to (with at least an initial formal response) within three working days. (greater than 95%)		1086 of the 1347 requests for service received (80.6%) were responded to within the 3 working days time frame in the first quarter. Achievement of this target is not considered achievable given most of RFSs relate to non-urgent work requests. Activity Managers will identify the subset of all RFSs which should be responded to in three days based on urgency and criticality and seek an amendment to the KPI to reflect this.	R			
02. The average quality of ride on the sealed local road network, measured by smooth travel exposure. (STE greater than 80%)		Smooth travel exposure is currently calculated to be 82% and above the target.	G			
03. The change in the number of fatal and serious injury crashes from the previous financial year on the city's local roading network. (Decline)		A total of 37 fatal and serious injury crashes have occurred in the 12 months to 30 Sept 2020, compared to 43 recorded in the 12 month period to 30 June 2020.	G			
04. A decline in the five-year rolling average number of fatal and serious injury accidents.		A total of 32 fatal and serious injuries on average per year were recorded for the 5 year period ending 30 Sept 2020, compared with 32.6 fatal and serious injuries per annum for the 5 year period ending 30 June 2020.	G			
05. Percentage of sealed roads that are resurfaced each year. (Greater than 3.5%)		Percentage of sealed roads to be resurfaced will be reported in Q2 when the programme of works and budget is finally confirmed. However given the current level of approved budget the target is unlikely to be met.	R			
06. The percentage of footpaths that meet Council standard. (Note: Council is developing an improved system for monitoring footpath standards. It is based on IPWEA (Institute of Public Works Engineering Australasia). Footpath Condition Rating Standard, and will be a much more robust way of measuring and prioritizing footpath maintenance and renewals. The results in the first year of its use will be used to set new targets for subsequent years.)		A detailed footpath condition survey is currently underway and will be completed, analysed and loaded into RAMM by the start of Quarter 3. In the meantime work will focus on addressing the faults and defects identified during the 2018/19 survey. Given that in excess of 700 of the previously identified level 4 and 5 faults have been remedied, it is expected that in excess of 93% of footpaths will meet the minimum standard (Condition Grade 1 to 3). Approximately 1500 grade 5 and 4 faults remain in RAMM to be addressed.	G			

07. A 30-year Asset Management Plan is in place for strategic transport and roading, and major AMP projects approved in the 10 Year Plan are achieved. [Specific projects will be listed in the Plan] (Renewals as a group: see note in 10 Year Plan pg. 48)	The Roading Asset Management Plan was completed and adopted by Council prior to adoption of the current 2018-28 LTP. The 2020 AMP is currently in preparation with a draft of the plan ready for internal review during Quarter 2.	G			
08. Strategic Transport (Roading) and Active and Public Transport: Major services and projects provided within budget.	Active and Public Transport; on track to provide major services and projects within budget.Strategic Transport; slightly ahead of budget with maintenance (sealed pavements, markings) but expect to be on track to deliver within budgets. Capital projects are on track.	G			

Economic Development Activity

Performance Measures (Page 58 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
01. Funding is distributed and the contract deliverables achieved with the funding will be described. (Narrative measure)	The current focus is a review of CEDA under s17A of the LG Act. Such a review is a legal requirement as CEDA's contract with PNCC and MDC expires on 30 June 2021.	G			
02. Major services and projects are provided within budget.	Operating expenditure is on budget. Capital renewal - Holiday Park cabin refurbishments is tracking behind schedule.	G			

Goal 2: Creative and Exciting City

Active Public Space Activity

Performance Measures (Pages 65-66 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
01. Projects from the City Centre Streetscape Plan are implemented on time and budget. (Narrative measure)	Streets for People Square East Stage 2 project was successfully completed and opened during quarter 1, with significant positive community and business feedback. The next stage of the Cuba Streetscape Upgrade is in final scoping and will be shared with businesses and Council prior to proceeding to detailed design and procurement. Delivery is scheduled to be in early 2021. The NZTA 90% funding Innovating Streets programme trialing temporary cycling and walking improvements close to and within the CBD is in the preliminary design and optioneering phase prior to engagement with affected property owners.	G			
02. Projects from the Manawātū River Framework are implemented on time and budget. (Narrative measure)	The Urban Eels Platform is now open to public after being opened with an official dawn blessing. New gyms platforms have been installed along the river. Construction has commenced on a play fort in the Pine Forest at the end of Albert Street. Elected Members have indicated their support for the Manawātū River Park programme of works to include projects at Marae Tarata and Hokowhitu Lagoon. To be confirmed through the Long term Plan.	G			
03. Description of the range of public space projects and their outcomes. (Narrative measure)	Innovating Streets project has commenced. Tactical urbanism approaches will be taken to make George Street, Main Street, Ruha Street, Square Edge and Hokowhitu Village safer for pedestrians and cyclists and create a greater sense of place and community ownership.	G			

Performance Measures (Pages 65-66 of the 10 Year Plan)		Comments	Sept	Dec	Mar	June
04. Description of the range of community events and initiatives. (Narrative measure)		The first quarter of the financial year is traditionally a planning period with minimal community events and initiatives taking place. Covid19 restrictions on gathering sizes have impacted community events and initiatives. Palmy Unleashed relaunched "Passport to Play". The Facebook Video campaign had high levels of engagement and the electronic direct mail to schools was received positively. "Downtown Winter Market" has been postponed to November due to Covid19. The Events team supported the following Council events, opening of the Urban Eels project, Streets for People Party, the civic event to commemorate Victory in the Pacific (VJ Day) was observed under COVID Alert Level 2 requirements. The Events team also provided non-financial support and guidance to Manawatu Multicultural Council's Eid celebrations. Funding and event management support was provided to the Chinese Language Week, including Mid-Autumn Moon Festival.	G			
05. Funding for economic events is distributed and the contract deliverables achieved with the funding are described. (Narrative measure)		The contestable process for FY20/21 has been reviewed and communicated to the significant economic events partners. With the challenges being faced by the wider events environment such as Covid19, issues regarding the use of public funds within New Zealand events playing out in the media, and issues with Ticket Rocket, Council has to ensure everything is in place to ensure transparency of the financial contributions the city is making to events. One of those measures is the formal Funding Agreement. Council's lawyers have been progressively working through and updating all of our Event-related Funding Agreements. These templates will form the basis of all funding for Major (economic) events going forward. There were no funded events delivered during the period. The first funded event is anticipated by Q3 20/21.	G			
06. Major services and projects are provided within budget.		Operating expenditure is on budget. Capital project is on track.	G			

Arts, Culture & Heritage Activity

Performance Measures (Page 71 of the 10 Year Plan)		Comments	Sept	Dec	Mar	June
01. Funding is distributed and the key objectives achieved with the funding are described. (Narrative measure)		Arts Initiative funding supported the production of three local shows between July and December 2020. The team included local and regional artists unable to leave New Zealand to take up contracts overseas. Square Edge Community Arts also received support for a new one-year pilot programme to mentor and extend artists' skills, connectivity, confidence, and concepts. These artists are expected to go on to mentor others. The Creative Communities Scheme had 18 applications with 15 being successful. A total of \$54,615.84 has been distributed in round one. The next round will be taking place in February 2021.	G			
02. Sites of significance to Rangitāne are identified, protected or acknowledged. (Narrative measure)		The former Kikiwhenua pa site has been protected through Plan Change C: Kikiwhenua, by setting aside the site as a future reserve.	G			
03. Increase in the number of scheduled heritage features contained in the District Plan. (Current numbers are 7 Sites of Significance to Tangata Whenua, 89 Buildings & Objects, 2 Heritage Areas, 117 Notable Tree and Groups of Tree, and 15 Habitats of Local Significance).		This work will be progressed via a District Plan change, scheduled to commence in the last quarter of 2020/21	W			
04. Increase in investment in earthquake-prone heritage buildings. (Narrative measure)		Funding for \$20,000 has been granted to assist with physical works to strengthen the Innes-Dean (former NZI) Building.	G			
05. Major services and projects are provided within budget.		On track for major services and projects to be provided within budget	G			

Active Community Activity

Performance Measures (Page 76 of the 10 Year Plan)		Comments	Sept	Dec	Mar	June
01. A 30-year Asset Management Plan is in place for sports facilities and major AMP projects approved in the 10 Year Plan are achieved. [Specific projects will be listed in the Plan.] (Renewals as a group and Central Energy Trust Arena projects.)		Asset Management Plans were adopted by Council in June 2018 and are being implemented as per 2018-2028 10 Year Plan. A programme is currently being developed for the review of the AMP.	G			
02. Sports fields are available for weekend organised use. (At least 85%)		Last financial quarter the sports fields were 100% available for weekend organized use.	G			
03. Swimming pool annual usage: Lido - more than 330,000 people; Freyberg - more than 110,000 people. Include figures on under 5s, plus comparative to when free swimming under 5s was implemented (last financial year)		The number of users of the Freyberg for July/August was 25,724 and 741 under 5's. The number using the Lido 48,679 and 1,375 under 5's and Splashhurst pool recorded 4,152 with 122 under 5's users.	G			
04. Funding is distributed (for external recreation organisations to help increase levels of participation in sport and active recreation) and the key objectives achieved with the funding are described. (Narrative measure)		Sport Manawatu receives Council funds to assist the community's participation in play, active recreation and sport through various activities, programmes and by allocating funds on Council's behalf (such as the Active Communities Fund). The new funding agreement and strategic partnership plan has been in effect for one year and Sport Manawatu's Annual Report will be presented to the October 2020 meeting of the Play, Recreation and Sport Committee. In the first quarter Sport Manawatu have been assisting the local sport and recreation sector to recover from the effects of Covid-19 restrictions. Staff have been working on what the priorities should be for year two of the funding agreement/partnership. Sport Manawatu's six month report will provide more detail on the activities undertaken in the July-Sept 2020 period.	G			
05. Major services and projects are provided within budget.		Operating expenditure is tracking behind the budget. Capital spending is on budget however behind the schedule mainly due to Memorial Park Playground. We are expecting projects to get back on schedule.	G			

Goal 3: Connected & Safe Community

Connected Communities Activity

Performance Measures (Pages 93-94 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
01. Library visitor numbers. (More than 800,000 connections a year)	Visitor numbers have been impacted by changes in Covid-19 alert levels this first quarter. There were 210,736 physical visits to the 8 Library locations. (A decrease of 27,540 people over same period last year due to Blueprint being closed and the Mobile being off the road under Alert Level 2). School Holidays are split across Sept/Oct this year and this will impact circulation and visitor numbers for both months. There were 51,784 Library website sessions. 20,059 Manawatū Heritage website sessions. 15,870 PC sessions. 47,413 Wi-Fi sessions.	G			
02. Use of physical collections. (Average use per item per year is at least 4)	On Track. Physical item use has declined slightly due to the impact of Covid19 and Alert Level changes. Items are used an average of 4.18 times per year. For comparison, the national average is 3.42 times per year.	G			
03. Use of digital collections. (Narrative measure)	Ebook and eaudiobook use continues to increase year on year - use has increased 26.5% over same period last year. Use of digital databases, eResources and streaming services (Beamafilm and Kanopy) continue to increase.	G			

04. Description of the range of programmes and events. (Narrative measure)	The delivery of programmes has been significantly impacted by Covid19. Some key programmes that were held this quarter include: digital support on one sessions; Matariki and Te Wiki o te Reo Maori programming; Chinese Language Week; and the celebration of 21 years of First Voice. Central Library partnered with Volunteer Central to host the Volunteering Expo. The Heritage team worked with IPU on an event commemorating Hiroshima, and offered advice and support for digitising images for Manawatu Heritage. Youth Space kept rangatahi engaged in education/employability. The Youth Council developed a "Why you should vote" video for the young people of the city. The video was shared on the Vote.nz Instagram channel and received 1500 views on Facebook. There has been interest this quarter from Whanganui, Manawatu District, Invercargill and Tauranga councils all wanting to create youth hubs and youth participation initiatives utilising the youth space model.	B		
05. Public toilets are accessible, appropriately located and gender neutral. (Narrative measure)	The upgrade work to the Ladies Rest and Square public toilets is completed. The planned public toilet refurbishments and any new toilet builds are determined by the area of most need. When undertaking these works it is ensured toilets are accessible and gender neutral if appropriate.	G		
06. A 30-year Asset Management Plan is in place for community centres and hubs and major AMP projects approved in the 10 Year Plan are achieved. (Renewals as a group)	Asset Management Plans were adopted by Council in June 2018 and are being implemented as per 2018-2028 10 Year Plan.	G		
07. Levels of community centre use. (Narrative measure, including use of at least 1400 hours per centre per year)	Most of our community centres are moving towards the new online booking system, with 4 already actively using it and 2 more in development. The centres are showing a good cross section of users, and are not reporting any significant fall in patronage due to Covid19.	G		
08. A 30-year Asset Management Plan is in place for the cemeteries and major AMP projects approved in the 10 Year Plan are achieved. (Renewals as a group)	Asset Management Plans were adopted by Council in June 2018 and are being implemented as per the 2018-2028 10 Year Plan. Preparation of the 2020 - 2050 AMP is underway.	G		
09. Cemetery provision meets legislative requirements.	The Council has operated the cremator in full compliance with the conditions of its consent. The cemetery has been administered in accordance with the provisions of the Burial and Cremation Act.	G		
10. Council housing is tenanted. (At least 95%, excluding units not available due to renovations)	As at the end of August the occupancy rate was 97% and housing is consistently over the 95% mark.	G		
11. Council tenants are satisfied with the standard of housing (two-yearly survey). (At least 90%)	Tenant satisfaction survey results show 96% of our tenants are satisfied with the standard of council housing.	G		

12. Units meet the Otago Medical School He Kainga Oranga Rental Warrant of Fitness Standard.	On track and meeting requirements of the WOF standards. Planned works are in place to address any components that no longer meet these standards.	G			
13. A 30-year Asset Management Plan is in place for community housing and major AMP projects approved in the 10 Year Plan are achieved. (Renewals as a group, see note in 10 Year Plan, pg 94)	Asset Management Plans were adopted by Council in June 2018 and are being implemented as per 2018-2028 10 Year Plan.	G			
14. Funding is distributed according to Council's Community Funding Policy and the key objectives achieved with the funding are described. (Narrative measure)	Year two of the Strategic Priority Grants are under way with the first years reporting now complete. \$36,816 of Celebrating Communities funding has been allocated YTD to 9 successful applicants.	G			
15. Positive feedback from residents on Council's community engagement. (Narrative measure)	The 2020 Residents Survey (of 500 randomly selected residents) shows that 44% are satisfied with the opportunities for them to have a say in Council decisions, 42% are neutral and 13% are dissatisfied. The corresponding figures for the ease of having a say are 34%, 46% and 19%. These levels are similar to the 2019 Survey. Council is aiming to increase satisfaction, including by getting people in the neutral grouping more actively involved in Council decisions.	G			
16. Description of the range of engagement techniques used by Council. (Narrative measure)	Council's main focus is on online engagement, as this is how most people say they would like to be involved in Council decision making. Hence we use methods like Social Pinpoint and online submissions. These are all coordinated through the "Have Your Say" Engagement Hub on our website. Council also uses more traditional methods, such as community meetings and Elected Member drop-in sessions for those who prefer face to face contact.	G			
17. Major services and projects are provided within budget.	On track to provide major services and projects within budget. Operating expenditure is on budget. Capital expenditure is on schedule and on budget.	G			

Safe Communities Activity

Performance Measures (Page 101 of the 10 Year Plan)		Comments		Sept	Dec	Mar	June
01. The range of SAB initiatives and the outcomes they achieve. (Narrative measure)		The Safety Advisory Board has continued to meet 6 weekly. Additional workshops have resulted in the Outcomes Framework being completed, Terms of Reference reviewed and a 'Turn The Curve' workshop was held with 30 attendees from agencies and community organisations working in the Board's new focus areas.		G			
02. Palmerston North retains its accreditation as a Safe City.		Palmerston North has retained its Safe City accreditation and has now addressed all areas for improvement recommended in the accreditation assessment.		G			
03. Council works with local communities to get people prepared for emergencies. (Narrative measure)		Council has met with community groups seeking a better understanding of emergencies and preparedness. Covid19 2.0 resurgence planning has involved community groups and agencies to ensure each group understands how to seek government funding, they understand the Government's plan and the funding constraints that the Emergency Operations Centre will have from a CDEM point of view.		G			
04. Three dog education campaigns and / or community events attended.		Due to Covid-19 and the fact that public events generally occur in the summer months, the team have not attended any events in the first quarter. It is anticipated that we will achieve the target by the end of the year.		G			
05. Council is an accredited Food Act verifier. (99% of verifications are conducted within statutory timeframes)		Council has maintained accreditation as a Food Act verifier. Due to impact of Covid19 non-essential food business verifications in the first quarter have been delayed, however MPI have provided a 6 month extension and the team are on track to complete/catch up within that period.		G			
06. Description of healthy lifestyle initiatives. (Narrative measure)		Sun Protection Policy - the Events team has purchased 8 dual sunscreen and sanitiser stands for use during Council events (previously hired from Cancer Society). Smokefree Outdoors Policy - dual-language Smokefree signage is available for use at all Council events. Sugar Sweetened Beverages Policy - actively encouraging food and beverage vendors to make available non-sugary drinks at Council events.		G			

07. Major services and projects are provided within budget.	On track for major services and projects to be provided within budget.	G			
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Goal 4: Eco-City

Rubbish & Recycling Activity

Performance Measures (Page 108 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
01. Rubbish and recycling placed in Council's official bags or bins are collected on the stated day. (At least 98%)	99.98% of rubbish and recycling placed in Council's official bags and bins were collected on the stated day. There were a total of 50 missed recycling bins and crates, and 34 total missed rubbish bags.	G			
02. Compliance with resource consents for the Rubbish and Recycling Activity measures by the number of:- Abatement notices (zero)- Infringement notices (zero)- Enforcement orders (zero)- Convictions (zero)	Complete compliance with resource consent conditions during the period.	G			
03. A 30-year Asset Management Plan is in place for rubbish and recycling and major AMP projects approved in the 10 Year Plan are achieved. (Renewals as a group)	AMP in place for Rubbish and Recycling service and major AMP projects approved in the 10 Year Plan are on schedule.	G			
04. Major services and projects are provided within budget.	Operating expenditure is on budget.Capital projects are on budget but ahead of schedule.	G			

Biodiversity and Sustainable Practices Activity

Performance Measures (Page 113 of the 10 Year Plan)		Comments		Sept	Dec	Mar	June
01. 15,000 green corridors trees planted per year. (at least 15,000 on average over three years)		This year's planting season has been significantly affected by COVID-19 restrictions. No public planting days have been able to progress. Instead, planting has had to be carried out by contractors. This has not compromised the ability to meet the 15,000 plants being planted. Contract planting is likely to lead to a greater survival success rate.		G			
02. Number and description of sustainable practices campaigns. (Narrative measure)		Key achievements during the quarter include: 1. PNCC organised hazardous household waste drop-off event diverted 750 kgs of household chemicals for proper treatment and disposal. 2. An initial meeting to discuss the establishment of a zero waste action group held with Rangitāne, community groups, academia, and business sector. 3. PNCC signed up as a member of Sustainable Living Education Trust providing Palmerston residents with online access to the Future Living Skills programme (https://sustainableliving.org.nz/). Council has collaborated with Rangitāne on several clean-up projects along the urban streams (e.g. Kāwau Stream) to support waterway restoration and biodiversity enhancement. Next steps are to work with Rangitāne and community groups to do riparian planting along the recently cleared urban drains and streams.		G			
03. Number and description of Eco Design home consultations. (Narrative measure)		This first quarter has seen 44 in-home consultations taking place. In addition, there were eight community/service provider workshop/meetings. There were two media activities.		G			
04. Major services and projects provided within budget.		On track to provide major services and projects within budget.		G			

Stormwater Activity

Performance Measures (Page 117 of the 10 Year Plan)		Comments		Sept	Dec	Mar	June
01. The number of flood events per year resulting in stormwater from Council's stormwater system entering a habitable floor in an urban area. (No more than 5)		There have been no recorded flood events resulting in stormwater entering a habitable floor in the first quarter of 2020/2021.		G			
02. The number of habitable floors per 1,000 properties within urban stormwater service areas affected by a flood event. (No more than 2)		There have been no recorded flood events resulting in stormwater entering a habitable floor in the first quarter of 2020/2021.		G			
03. Median time to attend a flooding event. (Less than 2 hours) (Note: A flooding event is one resulting in stormwater entering a habitable building.)		There have been no recorded flood events resulting in stormwater entering a habitable floor in the first quarter of 2020/2021.		G			
04. The number of complaints received about the performance of Council's stormwater system per 1,000 properties connected. (No more than 15)		To date, a total of 142 complaints have been received for the year or 4.2 complaints per 1000 properties connected. The complaints to date include 8 related to sump/grate problems, 24 associated with pipe/underground services damage, 8 cases of on-property flooding or drainage problems, 89 cases of roadside ponding and 3 complaints related to waterway or open drain problems.		G			
05. Compliance with resource consents for discharge from Council's stormwater system measured by the number of:- Abatement notices (zero)- Infringement notices (zero)- Enforcement orders (zero)- Convictions (zero) in relation to stormwater resource consents		All stormwater consent conditions have been fully complied with, such that no convictions, abatement, infringement or enforcement orders have been received.		G			

Performance Measures (Page 117 of the 10 Year Plan)		Comments	Sept	Dec	Mar	June
06. A 30-year Asset Management Plan is in place for stormwater and major AMP projects approved in the 10 Year Plan are achieved. (Renewals as a group. City-wide Stormwater Improvement Works (programme 1060))		An Asset Management Plan was adopted by Council in June 2018 following approval of the 2018-28 LTP. The 2020 AMP is currently in preparation and scheduled for internal review during quarter 2.	G			
07. Major services and projects are provided within budget.		On track to provide major services and projects within budget.	G			

Wastewater Activity

Performance Measures (Page 123 of the 10 Year Plan)		Comments				Sept	Dec	Mar	June
01. Number of dry weather wastewater overflows from Council's wastewater system per 1,000 connections per year. (No more than 1)		There were 2 recorded incidents of a dry weather wastewater overflow so far during the 2020/21 financial year, which is equivalent to 0.06 overflows per 1000 connections.				G			
02. Complaints per 1,000 connections about:- Wastewater odour (No more than 1)- Wastewater system faults (No more than 3)- Wastewater system blockages (No more than 10)- Council's response to issues with the wastewater system. (No more than 1). (total target: no more than 15)		134 complaints or RFS were received during quarter 1 of 2020/21 or an average of 4 complaints per 1000 connections. Of these 134 complaints, 88 (60%) were attributable to service issues and resulted in a work order being issued and work being undertaken. Complaints included 4 for wastewater odour (0.1 per 1000 connections), 21 manhole faults (0.6 per 1000 connections) and 109 relating to network blockages or wastewater leaks (3.3 per 1000 connections). Complaints attributable to the performance of Council assets and systems are tracking at around 60% of total complaints and well below the target.				G			
03. Median time for attending to overflows resulting from blockages or other faults. (Less than 1.5 hours)		Median time for attending to an overflow resulting from a blockage is 0.9 hours. Maximum time for attending to an overflow resulting from a blockage is 190 hours.				G			
04. Median time for resolution of overflows resulting from blockages or other faults. (Less than 8 hours) (Attendance and resolution is less than 9.5 in total)		The median time for resolution of an overflow resulting from blockages or other faults is 4.5 hours. The maximum time for resolution of overflows resulting from blockages or other faults 254.7 hours.				G			
05. Compliance with resource consents for discharge from Council's wastewater system as measured by the number of:- Abatement notices (zero)- Infringement notices (zero)- Enforcement notices (zero)- Convictions received by Council in relation to resource consents (zero)		All wastewater consents have been fully complied with such that no convictions, abatement, infringement or enforcement orders have been received during the year. There is risk of a notified non-compliance for the 2019-20 year for the Ashhurst Oxidation Pond due to non-provision of wastewater flow data. The data submission has been resolved but a final compliance report has yet to be received.				G			
06. A 30-year Asset Management Plan is in place for wastewater and major AMP projects approved in the 10 Year Plan are achieved. (Renewals as a group)		A 30 year Asset Management Plan was adopted by Council in June 2018 ahead of approval of the 2018-28 LTP. The 2020 AMP is currently in preparation and a draft plan is scheduled for internal review during quarter 2.				G			

07. Major services and projects are provided within budget.	All capital new and renewal projects have been programmed and are within budget. Several projects are on hold pending approval of the funding from Tranche 1 of DIA's Three Waters reform grant. Achievement will depend heavily on external contractor capability and resources. Operational costs are ahead of budget as a result of additional work on consent renewals and additional chemical treatment at the wastewater treatment plant due to low winter river flows	Y			
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Water Supply Activity

Performance Measures (Pages 130-131 of the 10 Year Plan)		Comments		Sept	Dec	Mar	June
01. Compliance with Part 4 (bacteria compliance criteria) of the Public Health Act 1956 (as amended by the Health (Drinking Water) Amendment Act 2007). (100%)		All monitoring data received to date indicates full compliance with bacterial compliance criteria included in the New Zealand Drinking Water Standards. The compliance assessment report for the 2019/20 year is not due to be received until Q2 of the 2020/21 year.		G			
02. Compliance with Part 5 (protozoal compliance criteria) of the Public Health Act 1956 (as amended by the Health (Drinking Water) Amendment Act 2007). (100%)		All monitoring data received to date indicates full compliance with protozoal compliance criteria included in the New Zealand Drinking Water Standards. The compliance assessment report for the 2019/20 year is not due to be received until Q2 of the 2020/21 year.		G			
03. The number of complaints per 1,000 connections relating to clarity, taste, odour, continuity of water supply, drinking water pressure or flow, and Council's response to any of these issues (no more than 40).		A total of 376 complaints were received for the last twelve months or 11.58 complaints per 1000 connections. The 376 complaints included 15 mains bursts, 16 low pressure issues, 24 issues associated with continuity of supply, 15 for meter faults, 163 toby faults, 2 for bad smell, 16 for discoloured water. While currently it is still able to meet the target if complaints continue at current levels the target will not be achieved.		G			
04. Average consumption of drinking water per day per resident. (no more than 360 litres per person per day)		Average consumption of drinking water per day per resident is estimated at 197L, well below the 360 litre target.		G			
05. Median response time for urgent call-out attendance. (2 hours or less)		The median response time for the 6 of the 24 urgent call-outs during the quarter for which a response time is recorded was 0.485 hours. The maximum response time was 1.02 hours.		G			

Performance Measures (Pages 130-131 of the 10 Year Plan)		Comments	Sept	Dec	Mar	June
06. Median response time for resolution of urgent call-outs. (7 hours or less)		The median resolution time for the 18 of the 24 urgent call-outs during the quarter for which resolution time is recorded was 1.27 hours. The maximum resolution time for the call outs was 16.72 hours.	G			
07. Median response time for non-urgent call-out attendance. (10 hours or less)		The median response time for the 200 of the 352 non-urgent call-outs during the quarter for which response time is recorded was 2.31 hours. The maximum response time was 103 hours.	G			
08. Median response time for resolution of non-urgent call-outs. (75 hours or less)		The median resolution time for the 306 of the 352 non-urgent call-outs received during the quarter for which the resolution time is recorded was 4.7 hours. The maximum resolution time was 374 hours.	G			
09. Percentage of real water loss from the water reticulation network. (Less than 20%)		For the 2019/20 financial year real water loss from the water reticulation network was calculated at 18.2%, less than the targeted 20% but slightly higher than the real water loss during 2018/19 which was calculated at 18%. Real water losses for 2020/21 will be calculated during the 4th quarter.	G			
10. A 30-year Asset Management Plan is in place for water and major AMP projects approved in the 10 Year Plan are achieved. (Renewals as a group)		An Asset Management Plan was adopted by Council in June 2018 following approval of the 2018-28 LTP. The 2020 AMP is currently in preparation and a draft is scheduled for internal review during quarter 2.	G			
11. Major services and projects are provided within budget.		On track to provide major services and projects within budget.	G			

Goal 5: Driven & Enabling Council

Leadership Activity

Performance Measures (Page 138 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
01. Positive feedback from residents on Council's community engagement. (Narrative measure)	The 2020 Residents Survey (of 500 randomly selected residents) shows that 44% are satisfied with the opportunities for them to have a say in Council decisions, 42% are neutral and 13% are dissatisfied. The corresponding figures for the ease of having a say are 34%, 46% and 19%. These levels are similar to the 2019 Survey. Council is aiming to increase satisfaction, including by getting people in the neutral grouping more actively involved in Council decisions.	G			
02. Description of the range of engagement techniques used by Council. (Narrative measure)	Council's main focus is on online engagement, as this is how most people say they would like to be involved in Council decision making. Hence we use methods like Social Pinpoint and online submissions. These are all co-ordinated through the "Have Your Say" Engagement Hub on our website. Council also uses more traditional methods, such as community meetings and Elected Member drop-in sessions for those who prefer face to face contact.	G			
03. Strategies, Plans and Policies are in place, monitored and reviewed. (Narrative measure)	The strategic direction is now measured and monitored as part of the overall 10-Year Plan development process. All plans and policies within the strategic framework are in place or being reviewed as planned. Part of the 10-Year Plan process is to consider how each of the Council-adopted policies (including bylaws) contribute to the overall achievement of Council's strategic direction.	G			

Supplementary Material for September 2020 Quarterly Report

1. Groups of activities net result statement
2. Capital expenditure by funding source and Group of Activities
3. Capital expenditure by Programme (Programmes over \$200,000)
4. Capital expenditure by Programme (Programmes under \$200,000)
5. Financial Statements
 - a. Summary of financial performance
 - b. Statement of financial position
 - c. Statement of cash flows
6. Approved variations to Annual Budget
7. Personnel

Attachment 1 – Groups of Activities Net Result Statement

Group of Activities Net Result Statement	2020/21		\$000's			
	Year to Date Actual	Budget	Bud. Var. \$000's %		Full Year Revised Budget	Full Year Annual Budget
For the period to 30 September 2020						
Operating Result by Group of Activities						
<i>Innovative & Growing City</i>	1,493	1,657	164	10%	6,273	6,273
Revenue	(1,722)	(1,255)	467	37%	(4,815)	(4,815)
Expenses	3,215	2,912	(303)	-10%	11,088	11,088
<i>Creative & Exciting City</i>	5,758	5,837	79	1%	20,705	20,704
Revenue	(512)	(340)	172	51%	(1,529)	(1,529)
Expenses	6,270	6,176	(93)	-2%	22,233	22,233
<i>Connected & Safe Community</i>	3,200	3,250	50	2%	12,565	12,565
Revenue	(1,923)	(1,809)	114	6%	(5,176)	(5,176)
Expenses	5,123	5,059	(64)	-1%	17,740	17,740
<i>Eco-City</i>	1,193	1,189	(4)	0%	4,676	4,676
Revenue	(742)	(674)	68	10%	(2,697)	(2,697)
Expenses	1,936	1,864	(72)	-4%	7,373	7,373
<i>Transport</i>	1,256	1,314	59	4%	7,674	7,990
Revenue	(1,940)	(1,793)	147	8%	(7,045)	(6,737)
Expenses	3,196	3,108	(88)	-3%	14,719	14,727
<i>Water</i>	1,033	1,020	(13)	-1%	4,097	4,097
Revenue	(13)	(9)	4	41%	(37)	(37)
Expenses	1,046	1,030	(16)	-2%	4,134	4,134
<i>Wastewater</i>	1,333	1,036	(296)	-29%	4,581	4,580
Revenue	(365)	(376)	(11)	-3%	(1,336)	(1,336)
Expenses	1,697	1,413	(285)	-20%	5,917	5,917
<i>Stormwater</i>	457	449	(8)	-2%	1,937	1,930
Revenue	(6)	(1)	5	888%	(2)	(2)
Expenses	463	450	(13)	-3%	1,939	1,932
<i>Driven & Enabling Council</i>	2,327	2,433	106	4%	9,169	8,816
Revenue	(1,217)	(1,234)	(16)	-1%	(5,493)	(5,800)
Expenses	3,544	3,667	123	3%	14,661	14,617
Group of Activities Controllable Surplus/ (Deficit)	18,049	18,187	137	1%	71,675	71,630
Rates	(25,452)	(25,295)	158	1%	(100,812)	(100,782)
Net Interest	1,208	1,280	73	6%	5,540	5,540
Operating Controllable Surplus / (Deficit)	(6,195)	(5,828)	368	6%	(23,597)	(23,612)
Depreciation	10,107	10,107	0	0%	40,428	40,428
Non-operating revenue	(1,908)	(1,955)	(47)	-2%	(13,593)	(13,209)
Non-operating expenses	317	0	(317)	-100%	0	0
Net Result	2,320	2,324	4	0%	3,239	3,607

Group of Activities Budget variance explanations (net \$200k or more)

- Wastewater has increased expenditure due to additional work required on consent renewals. Low winter river flows caused chemical treatment expenditure to increase.

Group of Activities Budget variance explanations (revenue and expenses \$200k or more)

- Innovative & Growing City has increased revenue and expenses mainly due to higher activity than anticipated in building and planning services

Attachment 2 – Capital expenditure by funding source and Group of Activities

Capital Expenditure For the period to 30 September 2020	2020/21		\$000's		Full Year Revised Budget	Full Year Annual Budget
	YTD Actual	Budget	Variance \$000's	%		
Capital New	9,994	11,110	(1,116)	(10.0%)	50,546	46,754
Funded by:						
Borrowing	8,323	9,650	(1,327)	(13.8%)	43,656	40,247
External revenue	1,671	1,460	212	14.5%	6,891	6,507
Capital Renewal	4,137	4,389	(252)	(5.7%)	23,768	23,711
Funded by:						
Rates	3,900	4,236	(336)	(7.9%)	19,955	19,955
External revenue	237	153	84	55.1%	2,705	2,705
Three year averaging					1,051	1,051
Borrowing					57	
TOTAL CAPITAL	14,131	15,499	(1,368)		74,315	70,466

Group of Activities - Capital Expenditure For the period to 30 September 2020	2020/21		\$000's		Full Year Revised Budget	Full Year Annual Budget
	Year to Date Actual	Budget	Variance \$000's	%		
Capital New	9,994	11,110	(1,116)	(10.0%)	50,546	46,754
Innovative & Growing City	-	-	-	-	-	-
Creative & Exciting City	5,207	5,197	11	0.2%	20,371	20,040
Connected & Safe Community	798	855	(57)	(6.6%)	6,754	6,451
Eco-City	83	70	14	19.7%	459	328
Transport	2,254	2,883	(629)	(21.8%)	11,487	9,100
Water	937	1,309	(372)	(28.5%)	6,334	5,906
Wastewater	205	172	33	19.4%	3,025	2,813
Stormwater	378	555	(178)	(32.0%)	1,811	1,761
Driven & Enabling Council	133	70	63	89.3%	306	356
Capital Renewal	4,137	4,389	(252)	(5.7%)	23,768	23,711
Innovative & Growing City	24	111	(87)	(78.7%)	300	300
Creative & Exciting City	1,052	1,470	(418)	(28.4%)	4,102	3,815
Connected & Safe Community	323	333	(10)	(3.0%)	2,100	2,276
Eco-City	44	36	8	23.6%	176	176
Transport	617	392	224	57.1%	5,613	5,613
Water	821	936	(115)	(12.3%)	3,273	3,277
Wastewater	573	447	126	28.3%	3,754	3,642
Stormwater	76	82	(6)	(7.3%)	860	860
Driven & Enabling Council	607	582	25	4.3%	3,590	3,752

Attachment 3 –Capital expenditure by Programme (programmes over \$200,000)

The following table highlights the spending of the programmes with budgets in excess of \$200,000 with commentary.

Description	
Not Started	
On Budget Ahead of Schedule	
On Budget Behind Schedule	
On Track	
Over Budget Behind Schedule	
Over Budget On Schedule	
Under Budget Behind Schedule	
Under Budget On Schedule	

Activity-Programme Name	YTD Actuals	YTD Budget	Variance	Total Budget	Status	Comments
CAPITAL NEW						
Active and Public Transport						
636-Aokautere Drive Pedestrian Cycle Improvements(1631-C/fwd - Aokautere Drive Pedestrian)	\$27	\$35	\$8	\$564		Subject to LTP outcome, Aokautere project may be deferred to commence construction 2027. Due to design complexity and high cost.
732-Summerhill Drive - Pedestrian and Cycle Improvements(1657-C/fwd - Summerhill Drive - Pedestri)	\$15	\$12	(\$3)	\$248		Consultation ran for 4 weeks. During this period held 2 drop in sessions with more than 50 attending and had over 140 online submissions. Currently collating results.
1358-Footpath extensions city wide(1605-C/fwd - Footpath extensions city wi)	\$265	\$261	(\$4)	\$741		Alternative proposal to reduce the extent of retaining wall has been discussed with NZTA and preliminary agreed. Will work out the cost effect of this alternative proposal.
1444-Shared path resilience improvements - Limestone to concrete(1648-C/fwd - Shared path resilience impr)	\$169	\$179	\$10	\$314		Currently reviewing the available sections of limestone path to select the next piece to be re-sealed.
1559-Urban Cycle Network Development(1633-C/fwd - Urban Cycle Network Develo)	\$11	\$20	\$9	\$1,000		Featherston Street - Concept designs almost completed, Council workshop October and community consultation in November. Main Street West - forms part of "Innovating Streets". Maxwells Line - will follow Featherston Street as part of the Urban Network Cycle Masterplan.
Active Community						

94-Walkways and Shared Path - Purchase of Land to Extend Network(1584-C/fwd - Walkways and Shared Path -)	\$0	\$114	\$114	\$529	Chamove Land Purchase - agreement reached with landowner and Property processing the Sale and Purchase agreement. Other purchases still under negotiation.
140-Neighbourhood Reserves- Aokautere - Peace Tree Reserve Development	\$0	-	(\$0)	\$310	Designs completed, contractors awaiting improved ground conditions prior to commencing work.
144-Urban Growth - Whakarongo - Reserves Land Purchases	-	\$165	\$165	\$659	This programme is development dependant.
752-City Reserves - Manawatu River - Framework Implementation	\$350	\$291	(\$60)	\$1,078	Designs underway or completed for the various projects, 2 new mobile gyms planned.
1081-City Reserves -Victoria Esplanade - Park Road Entrance and Parking Reconfiguration	\$20	\$46	\$26	\$746	GHD completing detailed design and procurement documents integrated with project 324 - Park Road/Cook St Intersection Upgrade. Test pits booked in coming weeks to determine condition of existing road and a road safety audit will be completed once we have the design. Plan to tender at end of October
1534-Central Energy Trust Arena Manawatu - Embankment Redevelopment(1650-C/fwd - Central Energy Trust Arena)	\$4,662	\$3,999	(\$662)	\$13,170	The contractor is working hard to try mitigate "rain days" needed within the updated programme where possible. Contingency has been flagged as a risk due to a number of pending variations although we are also expecting reduced costs in some other areas which could help to balance this out.
Active Public Space					
1473-City Centre Lighting and Projection Demonstration Project(1638-C/fwd - City Centre Lighting and Pr)	-	\$37	\$37	\$201	Project stalled due to undefined scope and non-confirmed external funding from Meridian Energy. The programme was requested to be deferred to the LTP. It has now been moved back to 20/21.3 x quotes for projectors have been gained and a procurement plan developed for the projector purchase and integration into the events team.
Arts, Culture and Heritage					
902-Property - Seismic Strengthening of Council Owned Buildings(1016-C/fwd - Seismic Strengthening of Co)	\$90	\$169	\$79	\$2,157	Designs well underway. Councillor workshop scheduled for November.
Connected Communities					
161-Public Toilets - Citywide programme	\$6	\$6	(\$0)	\$202	Work is still in the planning stages.
1219-Social Housing - Papaioea Stage 2(1639-C/fwd - Social Housing - Papaioea S)	\$717	\$658	(\$59)	\$5,086	Work continues to proceed well and we are currently 2 weeks ahead of programme
1413-Bunnythorpe Community Facility(1581-C/fwd - Bunnythorpe Community Facil)	\$40	\$42	\$1	\$894	Changes to design are complete. Report to Council at end of October to determine way forward.

Roadway						
244-City Centre Streetscape Plan - Square East (Plaza to ANZ) 900-C/fwd - The Square East Side - Street)	\$823	\$1,253	\$430	\$1,929		Practical Completion was achieved in August. Working on defects list and close out report. There are some issues around performance of the pavers with staining. Planning sessions with retailers in October to obtain lessons learnt and opportunity to improve going forward. Close out review workshop to be held with development team thereafter. Final procurement evaluations are underway for design of remaining stages.
279-City-wide - Minor transport improvements(1656-C/fwd - City-wide - Minor Road Proj)	\$214	\$219	\$5	\$1,101		Te Awe Awe/ Albert design is underway. Wood Street design complete and due to commence construction next calendar year. Turitea Shoulder widening design in progress. James Line Pedestrian Improvements was completed in September.
324-Park Road / Cook Street - Intersection Upgrade	\$17	\$82	\$65	\$668		The design is currently being developed. The consultants will prepare the tender documents to go to market in October.
1362-Roberts/Railway Road North Intersection Safety Realignment(1595-C/fwd - Roberts/Railway Road North)	\$16	\$19	\$3	\$293		Topographical land survey completed and data is being processed.
1367-Street Light Infill Improvements	\$339	\$333	(\$5)	\$918		Package 4 work is complete, package 5 work is under construction, package 6 has had the tender awarded, with designs and pricing commencing on packages 7 and 8.
1440-Cuba Street urban streetscape improvements - Rangitikei to George Street(1643-C/fwd - Cuba Street urban streetsca)	\$35	\$20	(\$15)	\$620		The concept design is being developed and will be distributed to the affected businesses in early October. Procurement and tender documentation are being prepared.
1488-Seal extension Rural Unsealed Road	\$11	\$4	(\$7)	\$511		4 Projects (Worcester St, Davis Road, School Rd and Sangsters Rd) have been bundled together to achieve a more competitive tender process. Tender documentation preparation is underway.
1578-Monrad Pencarrow Roundabout installation(1655-C/fwd - Monrad Pencarrow Roundabout)	\$81	\$151	\$70	\$834		Project will be a part of the "Junction and Road Safety Improvements" contract. A road safety audit was completed in late September, and is being reviewed. The main contract tender process was postponed to October 2020 due to this audit.
1623-College Street Upgrade Parking Mitigation(1644-C/fwd - College Street Upgrade Park)	\$60	\$137	\$77	\$353		Construction of Stage 1 complete. Stage 2 is underway. Where required, upgrade of sewer laterals is being undertaken at the same time as the construction of the indented parking bays.
Safe Communities						
1552-Council Pound Development	\$1	\$102	\$100	\$300		Preferred tenderer has been selected and preliminary conversations have occurred to refine scope.
Stormwater						
1060-City-wide - Stormwater Improvement Works	\$314	\$334	\$21	\$1,300		Kent Street and Linklater improvement works are complete. Other projects in design.
1372-City-Wide SW Pump Stations	-	\$153	\$153	\$310		Physical works to commence in January 2021.

Wastewater							Design complete, project on hold until decision on BPO requirements made. Likely no further work will commence in 20/21.
1043-Totara Road Wastewater Treatment Plant - Inlet Main Duplication(1624-C/fwd - Totara Road Wastewater Trea)	-	-	-	\$500			
1074-Totara Road Wastewater Treatment Plant - Earthquake Strengthening of Civil Structures(1626-C/fwd - Totara Road Wastewater Trea)	\$22	\$46	\$24	\$600			
1579-WWTP - Health and Safety Upgrades	\$23	\$11	(\$12)	\$379			
1618-Totara Road Wastewater Treatment Plant - High Voltage Power resilience upgrades	\$53	\$35	(\$18)	\$400			
1619-Totara Road Wastewater Treatment Plant - Inlet Screens	\$27	\$54	\$26	\$500			Design complete, project on hold until decision on BPO requirements made. Likely no further work will commence in 20/21.
Water							
91-Turitea Water Treatment Plant - Construction of Duplicate Water Pipeline from Lower Dam to Harts Road Reservoirs(1544-C/fwd - Turitea Water Treatment Pla)	\$765	\$1,168	\$403	\$4,440			Separable portion B approximately 90% pipe laid. Cross connections and bridge connections to be completed in the next month (October), followed by testing. Project due for completion April 2021.
246-City-wide - Water Subdivision Contributions	-	-	-	\$205			Programme is development dependant
651-City-wide - Seismic Strengthening of Water Structures(1289-C/fwd - City-wide - Seismic Strengt)	\$42	\$48	\$6	\$779			Designs underway. Finalising fire report which will determine pricing of entire programme.
1384-Citywide - New water supply reservoirs to replace an earthquake prone reservoir and enhance supply storage through out the city(1608-C/fwd - Citywide - New water supply)	\$31	\$33	\$2	\$300			Issue with Keith Street bore of flooding is currently being addressed.
1388-Citywide Water Conservation Management - New pressure zone and District Meter Area Implementation(1663-C/fwd - Citywide Water Conservation)	\$12	\$24	\$11	\$262			Pre work continuing with a view to provide to design team to begin work prior to field testing.
CAPITAL RENEWAL							
Active and Public Transport							
64-City-wide - Footpath Renewals and Replacements	\$440	\$244	(\$196)	\$1,023			40% through scheduled work as at the end of September.

Active Community						
98-Citywide Reserves - Renewals (Victoria Esplanade, Memorial Park, Ashhurst Domain and The Square)	\$128	\$242	\$114	\$526		Bonsai and Lath How's still awaiting external funding. Insurance approved for glass brick replacement on clock tower - the final cost is still to be determined. Works continue at Memorial Park Playground.
173-Citywide - Playground Renewals	\$68	\$154	\$86	\$354		Minor work underway. Savage Crescent Playground upgrade to be undertaken later in financial year.
234-Sportsfields and Outdoor Courts - Changing Room Refurbishments(1577-C/fwd - Sportsfields and Outdoor Co)	-	-	-	\$258		Forms part of programme 1413 - Bunnythorpe Community Centre
596-Aquatics - Lido Pool - Asset Renewals	-	\$30	\$30	\$469		Currently designing the changing rooms refurbishment, and awaiting prices for the Air Handling Unit replacement and UV Filter work. Contractor engaged and awaiting suitable timeframe to install until slip flooring.
1051-Central Energy Trust Arena Manawatu - Combined Asset Refurbishment	\$675	\$647	(\$28)	\$1,065		Exterior cladding work is almost complete. Arena 2 internal work to be completed in next available window starting late December.
Arts, Culture and Heritage						
213-Cultural Facilities - Replacement of Structures, Internal Fit Out and Services(1645-C/fwd - Cultural Facilities - Repla)	\$152	\$211	\$59	\$650		Square Edge Fire Safety upgrade - Fire report completed and peer reviewed to prioritise wide and complex scope with limited budget. Internal architect engaged to complete design of fire door schedule and lodge for consent by November 20. Te Manawa Air Con unit installed September. Consent applications lodged for Caccia Birch carport.
Commercial or Strategic Investments						
63-Council's Plant and Vehicles - Replacements	\$40	\$40	-	\$1,492		2 new Rubbish trucks due to arrive early October.
Connected Communities						
178-Central Library Replacement of Shelving, Furniture and equipment(1671-C/fwd - Central Library Replacement)	\$14	-	(\$14)	\$220		Spending occurred earlier than anticipated. At this stage it is not anticipated that the programme will run over full year budget.
188-City Library Replacement and Purchase of Library Materials	\$204	\$220	\$16	\$725		On track
202-Central Library Interior Design Renewals(1591-C/fwd - Central Library Interior De)	\$9	\$10	\$1	\$257		On track
Corporate Support						
53-Computer Replacement - Rolling Replacements	\$33	-	(\$33)	\$273		Spending occurred earlier than anticipated. At this stage it is not anticipated that the programme will run over full year budget.

281-CAB - Renewals(1673-C/fwd - Operational Property -Civi)		\$467	\$486	\$19	\$1,130		CAB Fire Safety Upgrade - Council Chambers/ Linkspan and Missoula room now open. Reception area outside building services is currently underway. Chiller replacement and commissioning complete. Awaiting branded panels to complete accessibility ramp.
Roading							
115-City-wide - Sealed Pavement Renewals		-	\$12	\$12	\$1,937		Work scheduled for summer months as weather dictates.
122-City-wide - Road Drainage Replacements		\$4	\$5	\$0	\$358		Moheke Avenue construction due to commence October. Remaining work scheduled for later in summer months.
139-City-wide - Sealed Road Resurfacing		\$3	\$4	\$1	\$1,844		Work scheduled for summer months as weather dictates.
Stormwater							
20-City-wide - Stormwater Pump Station Renewals		\$7	\$25	\$18	\$230		Physical work due to commence in summer months.
1062-City-wide - Stormwater Renewal Works		\$69	\$57	(\$12)	\$630		Design work in progress on all projects except Hospital Line renewal in which design is completed and construction expected to commence in November.
Wastewater							
54-City-wide - Wastewater Pipe Renewal		\$456	\$234	(\$223)	\$2,101		Mains Renewals Reline contract has been awarded. Kingswood to Featherston renewal to begin and be completed by December.
65-City-wide - Wastewater Pump Station Renewal		\$11	\$50	\$38	\$367		Designs underway for Roy Street pump station renewal. Electrical work in other projects to be bundled together so a more competitive pricing option can be sort from the market.
179-Totara Road Wastewater Treatment Plant - Minor Equipment Renewals		\$46	\$49	\$2	\$260		Structural repair work on aerator 3 commenced. Because of more extensive corrosion than anticipated, only aerator 3 can be renewed in 20/21.
1059-Totara Road Wastewater Treatment Plant - Replacement of Grit Removal Systems(1630-C/fwd - Totara Road Wastewater Trea)		\$4	\$15	\$11	\$315		Funding will be utilised to renew the grit renewal equipment at the WWTP.
1068-Totara Road Wastewater Treatment Plant - Replacement of Inlet Pumps(1665-C/fwd - Totara Road Wastewater Trea)		\$50	\$36	(\$14)	\$268		Extreme risk project due to complex structural and mechanical work to be completed within a limited construction window and constrained by operational plant. Construction must occur Feb-March 2021 during low flow period. Funding is not yet confirmed.
1620-Totara Road Wastewater Treatment Plant - High Voltage Power renewals		\$1	\$4	\$3	\$300		Review of draft design of electrical upgrade is underway. Input from plant operations on actual power future requirements required, as PowerCo has stated that with an increase of transformer size, existing high voltage infrastructure lines will need to be upgraded.
Water							
199-City-wide - Water Bore Headworks and stations Renewal		\$30	\$77	\$47	\$201		Documentation being prepared as contract awarded.

207-Turitea Water Treatment Plant - Equipment and Facility Renewals(1646-C/fwd - Turitea Water Treatment Pla)	\$8	\$33	\$25	\$335		Tender review underway.
214-City-wide - Water Toby and Meter Replacements	\$60	\$75	\$15	\$350		Several large connections identified in need of major or complete replacement. Currently costing prior to physical works being carried out.
218-City-wide - Water Pipe Replacements	\$420	\$618	\$198	\$2,117		Design work underway on a number of projects.

Attachment 4 –Capital expenditure by Programme (programmes under \$200,000)

The following table highlights spend against budget of the programmes with budgets less than \$200,000.

Activity-Programme Name	YTD Actuals(\$000)	YTD Budget(\$000)	Variance(\$000)	Total Budget(\$000)
CAPITAL NEW				
Active and Public Transport				
114-City-wide - New Cycle Stands and Shelters	\$1	\$0	(\$1)	\$18
148-City-wide - Bus Stop Improvements	\$1	\$15	\$13	\$64
235-Manawatu River (Ashhurst to Riverside Drive) - Cycle/Pedestrian Pathway(1225-C/fwd - Manawatu River (Ashhurst to)	\$30	\$25	(\$5)	\$150
1039-Shared Path Connection - Riverside Drive to Railway Road	-	-	-	\$33
1095-Palmerston North to Bunnythorpe - Cycle/Pedestrian Pathway	-	-	-	\$102
1125-Park Road (from Fitzherbert Avenue to Katene Street) - Cycle/Pedestrian Improvements	-	-	-	\$53
1155-City-wide - Street Seats	-	-	-	\$11
1216-City-wide - Additional Cycle Lanes(1652-C/fwd - City-wide - Additional Cycl)	\$2	\$10	\$8	\$104
1257-City-wide - Cycle Phases at Intersections(1653-C/fwd - City-wide - Cycle Phases at)	-	\$3	\$3	\$42
1361-Turitea Road - Pedestrian Path/Steps(1647-C/fwd - Turitea Road - Pedestrian P)	\$82	\$49	(\$34)	\$49
Active Community				
93-City Reserves - Memorial Park Reserve Development Plan Implementation(1583-C/fwd - City Reserves - Memorial Pa)	-	\$50	\$50	\$149
95-Walkways and Shared Path - Construction	\$0	\$5	\$5	\$72
111-Neighbourhood Reserves - Roslyn - Edwards Pit Park Development	\$18	\$31	\$13	\$31
158-Citywide - Safety Improvements to Reserves	-	\$20	\$20	\$35
160-Citywide - Improved Access to Reserves for Persons with Disabilities	-	\$20	\$20	\$38
165-Outdoor Adventure Reserves - Arapuke Forest Park/Kahuterawa Development	\$20	\$32	\$12	\$65
196-Caccia Birch - Lagoon Embankment Upgrade(1649-C/fwd - Caccia Birch - Lagoon Emban)	\$7	\$2	(\$5)	\$88
558-Neighbourhood Reserves - Takaro - Oriana Reserve Development(1634-C/fwd - Neighbourhood Reserves - Ta)	-	\$20	\$20	\$80
560-Cultural/Heritage Reserves - Te Motu o Poutoa / Anzac Park Reserve Development(925-C/fwd - Cultural/Heritage Reserves -)	-	-	-	\$60
587-Neighbourhood Reserves - Kelvin Grove - Linklater Reserve Development	\$54	\$30	(\$24)	\$113
697-Clearview Reserve Development(761-C/fwd - Clearview Reserve Developmen)	-	\$8	\$8	\$31
708-Urban Growth - Aokautere - Reserves Land Purchase	-	\$8	\$8	\$34
716-Urban Growth - Whakarongo - Walkways Land Purchases	-	\$38	\$38	\$150
967-Citywide - Edibles Planting	\$0	-	(\$0)	\$5
1097-Sportsfields - Drainage to Increased Capacity	\$18	-	(\$18)	\$89
1099-Parks and Reserves - Shade Development	-	-	-	\$28
1127-City Reserves - Victoria Esplanade - Bonsai House	\$2	\$21	\$19	\$80

1175-Citywide - Shade Trees	-	-	-	\$10
1182-Citywide - Recreation spaces - Improved Lighting	-	\$21	\$21	\$21
1407-Sports fields - Vacated Bowling Club Land Conversion to Other Uses	-	\$3	\$3	\$10
1439-Culture/Heritage - Urban Eels Project Contribution	-	-	-	\$0
1454-City Reserves - Victoria Esplanade Development Plan	\$20	\$21	\$1	\$61
1523-Ashhurst Pool Enhancements	\$2	-	(\$2)	\$85
1622-Central Energy Trust Arena Manawatu - New Truss	\$49	\$47	(\$2)	\$100
Active Public Space				
1330-Placemaking Co-created Project	\$14	-	(\$14)	\$15
1476-City Centre Laneways Programme	-	-	-	\$70
Biodiversity and Sustainable Practices				
1077-Citywide - Biodiversity Enhancement Through Native Planting	\$5	\$9	\$4	\$21
1451-Council Facilities LED Lighting Upgrades	\$22	\$22	(\$0)	\$61
Commercial or Strategic Investments				
99-Council's Service Development - New Technology and Programmes	\$135	\$70	(\$65)	\$185
Connected Communities				
107-Cemeteries - Kelvin Grove - Ash Plot developments and Childrens area extension	\$12	\$5	(\$7)	\$68
133-Cemeteries - Kelvin Grove - New Burial Sections Footpaths and Roding Extension	\$5	\$2	(\$3)	\$44
147-Cemeteries - Kelvin Grove, Ashhurst and Bunnythorpe - New Burial Berms	\$10	\$8	(\$2)	\$125
1196-Cemeteries - Kelvin Grove - New Staff Facility	-	\$2	\$2	\$5
Corporate Support				
60-Information Management Strategic Plan Project - New Software Applications	-	-	-	\$16
1187-PNCC Website Customisation	-	-	-	\$25
Leadership				
1676-Improve participation in Council and Committee meetings	\$1	-	(\$1)	\$80
Roading				
163-City-wide - New Street Tree Planting	\$8	\$8	(\$0)	\$90
167-Urban Growth - Whakarongo - James Line Upgrade - Stage 4(1651-C/fwd - Urban Growth - Whakarongo -)	\$11	\$11	(\$1)	\$119
201-City-wide - Roding Subdivision Contributions	-	-	-	\$170
719-College Street - Implementation Plan for Transport Upgrade	\$1	\$10	\$9	\$77
910-Ferguson Street (Linton Street to Pitt Street) - Road Widening and Traffic Signal Installation	-	\$1	\$1	\$150
1003-Urban Growth - Whakarongo - Intersection Upgrades(1641-C/fwd - Urban Growth - Whakarongo -)	-	-	-	\$100
1183-Stoney Creek Road (School) Safety Upgrade(1658-C/fwd - Stoney Creek Road (School))	\$22	\$24	\$2	\$24
1615-City Wide - Parking and Traffic Signs and Marking(1674-C/fwd - City Wide - Parking and Tra)	\$3	\$2	(\$1)	\$40
Rubbish and Recycling				
506-City Wide Public Space Rubbish & Recycling Bins	\$24	\$2	(\$21)	\$40
657-Recycling - City Wide Wheelie Bins and Crates to Additional Properties	\$15	\$14	(\$1)	\$57
721-Awapuni Landfill - Landscaping	-	\$7	\$7	\$17

1371-Closed Landfills and Transfer Stations - Site Infrastructure	\$3	\$1	(\$2)	\$151
1373-City Wide Public Recycling Facilities	\$4	\$6	\$2	\$78
1410-Recycling - Recycling Bins and Crates to Non Residential Properties	\$11	\$8	(\$3)	\$32
Safe Communities				
1513-New emergency operations centre (EOC) Fit Out	\$6	\$30	\$24	\$30
Stormwater				
51-City-wide - Stormwater Subdivision Contributions	\$8	\$8	(\$0)	\$51
1001-Urban Growth - Whakarongo - Installation of Stormwater Systems(1284-C/fwd - Urban Growth - Whakarongo -)	\$56	\$60	\$4	\$150
Wastewater				
73-City-wide - Wastewater Subdivision Contributions	-	-	-	\$103
1000-Urban Growth - Whakarongo - Installation of Wastewater Systems(1659-C/fwd - Urban Growth - Whakarongo -)	-	-	-	\$0
1048-Totara Road Wastewater Treatment Plant - Construction of New Food Waste Facilities(1660-C/fwd - Totara Road Wastewater Trea)	\$109	\$73	(\$35)	\$73
1055-Urban Growth - City West - Installation of Wastewater Systems(1597-C/fwd - Urban Growth - City West -)	-	-	-	\$50
1412-Urban Growth - Ashhurst - Wastewater - North St Network Upgrade(1627-C/fwd - Urban Growth - Ashhurst - W)	-	-	-	\$20
1616-City Wide Wastewater Pump Station - Capacity Upgrade	\$3	-	(\$3)	\$100
1617-Totara Road Wastewater Treatment Plant - Biogas System Improvements	\$7	\$13	\$6	\$150
1621-Totara Road Wastewater Treatment Plant - New Storage Shed for critical equipment.	-	-	-	\$150
Water				
124-Turitea Water Treatment Plant - Upgrade to Respond to Review of Drinking Water Standards	-	\$5	\$5	\$50
1004-Urban Growth - Whakarongo - Installation of Water Supply Systems(1285-C/fwd - Urban Growth - Whakarongo -)	-	-	-	\$100
1385-Water Telemetry Disaster Resilience Additional Microwave Link(1662-C/fwd - Water Telemetry Disaster Re)	\$5	\$3	(\$2)	\$129
1386-Ashhurst water supply upgrade to address fire fighting shortfalls and cater for growth	\$82	\$7	(\$75)	\$8
1607-Water Safety and Security Mitigation	\$0	\$22	\$22	\$60
CAPITAL RENEWAL				
Active and Public Transport				
648-City-wide - Replacement of Deteriorating Cycle Stands	\$1	\$1	\$0	\$11
Active Community				
174-Citywide - Replacement of Furniture on Reserves	\$13	\$32	\$19	\$126
177-Citywide - Replacement of Gardens on Reserves	\$1	\$8	\$7	\$32
182-City Wide - Restoration of Waterways on Reserves	-	-	-	\$10
184-Walkways and Shared Paths - Refurbishments and Replacements	\$8	\$2	(\$6)	\$47
190-Citywide - Replacement of Trees on Reserves	-	-	-	\$13
195-Citywide - Renewal of Hardsurface Areas on Reserves	\$11	\$100	\$89	\$142
257-Sportsfields and Outdoor courts - Fitzherbert/Manawaroa/Ongley Parks - Cricket Block Replacements	-	-	-	\$32

258-Citywide - Refurbishment and Replacement of Boundary Fences on Reserves	\$1	\$12	\$11	\$47
267-Sportsfields and Outdoor Courts - Fitzherbert/Manawaroa/Ongley Parks - Cricket Wicket Renovations	\$2	-	(\$2)	\$13
269-Sportsfields and Outdoor Courts - Vautier Park - Synthetic Court Refurbishments (Plexipave)	-	-	-	\$46
598-Aquatics - Freyberg Community Pool - Asset Renewals	\$1	-	(\$1)	\$20
819-Central Energy Trust Arena - Replacement of Equipment	\$9	\$15	\$6	\$45
1108-Cultural/Heritage Reserve - Hokowhitu Lagoon - Bank Renewal(1531-C/fwd - Cultural/Heritage Reserve -)	-	\$18	\$18	\$158
1474-City-wide - Renewal of park buildings and structures	-	-	-	\$51
1490-I-Site LED screen renewal	-	-	-	\$0
Commercial or Strategic Investments				
80-Council's Plant and Equipment - Replacement	-	-	-	\$174
85-Council's Depot Buildings and Structures	\$3	\$4	\$1	\$90
Connected Communities				
37-Cemeteries - Terrace End - Site Enhancements	\$17	\$9	(\$8)	\$19
180-Social Housing - Citywide - Community Housing Refurbishments	\$35	\$22	(\$14)	\$148
186-Public Toilets - Refurbishments and Replacements	\$3	\$66	\$62	\$121
203-Interior Design of Community Libraries, Youth Space, and Mobile Library(1670-C/fwd - Interior Design of Communit)	-	-	-	\$62
278-Cemeteries - Kelvin Grove - Roading and Footpath Refurbishment	-	-	-	\$38
567-Crematorium - Chapel Interior Renewals	-	-	-	\$66
1138-Digital Technology to Support 21st Century Citizens and Service (Renewal)	-	-	-	\$15
1151-City Libraries - Building Security System Renewal	-	-	-	\$31
1575-Seismically brace the HVAC piping(1667-C/fwd - Seismically brace the HVAC)	\$35	\$7	(\$29)	\$161
Corporate Support				
58-Network Additions and Upgrades	\$33	\$33	-	\$42
68-Aerial Photography	-	-	-	\$28
86-Council Wide - Furniture Replacements	\$18	-	(\$18)	\$138
272-Staff Cafeteria - Replacement of Equipment	-	-	-	\$6
318-Telecommunications Replacement - Council Buildings	\$13	\$19	\$6	\$156
784-Replacement of Council's Photocopiers/Printers(1672-C/fwd - Replacement of Council's Ph)	-	-	-	\$61
Economic Development				
251-Conference & Function Centre - Replacement of Equipment	\$1	\$10	\$9	\$36
270-Investment Properties - Holiday Park - Renewals	\$1	\$84	\$82	\$180
664-Conference & Function Centre - Renewals	-	-	-	\$13
1166-Conference & Function Centre - Equipment Purchases	\$22	\$18	(\$4)	\$71
Roading				
74-City-wide - Street Light Replacements	\$17	\$35	\$18	\$141
82-City-wide - Off Street Parking Resurfacing, Remarking and Signage Replacement	\$0	\$4	\$4	\$15
155-City-wide - Street Tree Replacements	\$62	\$42	(\$20)	\$61
162-City-wide - Vehicle Crossing Replacements	\$70	\$32	(\$37)	\$100
1443-City-wide - Road Drainage Replacements (Unsubsidised)	\$24	\$13	(\$11)	\$123

Rubbish and Recycling				
185-Closed Landfills and Transfer Stations - Site Infrastructure Renewals	\$18	\$19	\$1	\$92
612-Recycling - City Wide Wheelie Bin and Crate Renewals	\$16	\$15	(\$1)	\$60
1368-City Wide Public Space Rubbish & Recycling Bins Renewals	\$10	\$1	(\$8)	\$15
1374-City Wide Public Recycling Facilities Renewals	-	-	-	\$8
Safe Communities				
1269-Bylaw Signage - Replacement	-	-	-	\$6
1512-CCTV replacements	-	-	-	\$31
Wastewater				
1351-Eastern Trunk Main - Hokowhitu Campus Renewal	-	-	-	\$142
Water				
663-Ashhurst - Bore to Reservoir Pipe Replacement(1664-C/fwd - Ashhurst - Bore to Reservoir)	\$277	\$124	(\$153)	\$124
1058-City-wide - Groundwater Bores Renewal	-	-	-	\$60
1063-Turitea Water Treatment Plant - Replacement of SCADA System Hardware and Software	\$14	\$9	(\$5)	\$86

Attachment 5 – Financial Statements

Palmerston North City Council
Summary of Financial Performance
For the period to 30 September 2020

	Year to Date			Full Year	
	Actual	Budget	Actual Prior Year	Revised Budget	Annual Budget
	\$000	\$000	\$000	\$000	\$000
OPERATING REVENUE					
Rates revenue	25,452	25,295	24,755	100,812	100,782
Interest and dividends	49	4	994	17	17
Other revenue	7,661	6,714	7,601	26,785	26,784
Operating subsidies and grants	776	777	745	3,343	3,343
TOTAL OPERATING REVENUE	33,938	32,790	34,095	130,956	130,926
CAPITAL REVENUE					
Capital subsidies and grants	1,598	982	435	7,704	7,321
Development contributions	310	473	1,042	1,891	1,891
Vested assets	-	500	268	2,000	2,000
TOTAL CAPITAL REVENUE	1,908	1,955	1,745	11,595	11,212
TOTAL REVENUE	35,847	34,745	35,840	142,551	142,137
EXPENSES					
Employee remuneration	12,261	12,172	11,624	48,274	48,076
Elected member remuneration	257	256	259	1,022	1,022
Depreciation and amortisation	10,107	10,107	9,086	40,428	40,428
Interest	1,253	1,284	1,422	5,557	5,557
Professional service costs	2,813	1,836	2,233	11,612	9,516
Other expenses	11,475	11,413	13,374	38,896	41,145
TOTAL EXPENSES	38,167	37,069	37,997	145,790	145,745
NET SURPLUS/(DEFICIT) BEFORE TAX	(2,320)	(2,324)	(2,156)	(3,239)	(3,607)

Palmerston North City Council
Statement of Financial Position
For the period to 30 September 2020

	2020/21			As at 30 June 2020
	as at 30 September 2020		Full Year	
	Actual \$000s	YTD Rev Budget \$000s	Rev Budget \$000s	
Current Assets				
Cash & Short Term Deposits	22,114	2,039	2,039	2,039
Trade and other receivables	10,859	13,512	12,944	12,981
Inventory	286	386	386	386
Total Current Assets	33,259	15,937	15,369	15,405
Non-Current Assets				
Property, plant and equipment	1,844,627	1,846,560	1,876,554	1,840,669
Inventory-Non-current	5,367	5,203	5,104	5,104
Intangible Assets	1,246	1,246	1,246	1,246
Biological Assets	1,419	1,419	1,419	1,419
Investment Properties	5,335	5,335	5,335	5,335
Investments & Advance	13,891	13,141	13,141	13,141
Total Non-Current Assets	1,871,885	1,872,905	1,902,799	1,866,914
Total Assets	1,905,144	1,888,842	1,918,168	1,882,320
Current Liabilities				
Trade and other payables	18,452	19,557	23,407	23,407
Provisions	790	755	755	755
Current Employee Entitlements	6,265	6,662	6,521	6,521
Current Portion - Term Liab	20,000	20,000	20,000	20,000
Derivative financial instruments	2,923	2,925	2,925	2,925
Total Current Liabilities	48,430	49,900	53,608	53,608
Non-Current Liabilities				
Provisions	631	631	631	631
Term Employee Entitlements	1,303	1,298	1,298	1,298
Term Liabilities	152,000	134,556	161,086	122,000
Derivative financial instruments	11,955	11,636	11,636	11,636
Total Non-Current Liabilities	165,888	148,120	174,651	135,565
Total Liabilities	214,318	198,020	228,260	189,173
Assets less Liabilities	1,690,826	1,690,821	1,689,908	1,693,146
Public Equity				
Retained earnings	1,043,181	1,043,177	1,042,263	1,045,501
Other reserves	647,645	647,645	647,645	647,645
Total Public Equity	1,690,826	1,690,822	1,689,908	1,693,146

Palmerston North City Council
Statement of Cash Flows
For the period to 30 September 2020

	Year to Date		Full Year	
	Actual	Revised Budget	Revised Budget	Annual Budget
Cash Flows From Operating Activities				
Receipts from rates revenues	26,966	23,757	100,812	100,782
Interest received	46	4	17	17
Dividends received	4	-	-	-
Operating subsidies and grants	776	777	3,343	3,343
Receipts from other revenue	9,142	7,015	26,785	26,784
Capital subsidies and grants	1,598	982	7,704	7,321
Development contributions	310	473	1,891	1,891
Receipts from tax losses	-	-	-	-
Interest paid	(1,253)	(1,284)	(5,557)	(5,557)
Payments to suppliers and employees	(32,192)	(28,689)	(99,768)	(99,760)
Goods and Services Tax (net)	648	(93)	-	-
Net Cash From Operating Activities	6,045	2,942	35,227	34,821
Cash Flows From Investing Activities				
Proceeds from sale of property	-	-	-	-
Proceeds from sale of biological assets	-	-	-	-
Purchase of property, plant and equipment - new	(11,400)	(11,110)	(53,512)	(49,663)
Purchase of property, plant and equipment - renev	(4,137)	(4,389)	(20,803)	(20,803)
Net other advances repayment received/(made)	(750)	-	-	-
Net increase in investments	(2)	-	-	-
Net Cash From Investing Activities	(16,289)	(15,499)	(74,315)	(70,466)
Cash Flows From Financing Activities				
Investment fund reductions	-	-	-	-
Net borrowing proceeds/(repaid)	10,819	12,556	39,086	35,643
Repayment of borrowings	-	-	-	-
Repayment of leases	-	-	-	-
Net Cash From Financing Activities	10,819	12,556	39,086	35,643
Net Increase/(decrease)	575	(1)	(2)	(2)
Cash at beginning of year	2,039	2,039	2,039	2,039
Cash at Month End	2,614	2,038	2,037	2,037

Attachment 7 – Approved variations to Annual Budget

After the 2019/20 Annual Budget was approved, the following changes were authorised by Council. These also impacted the debt levels.

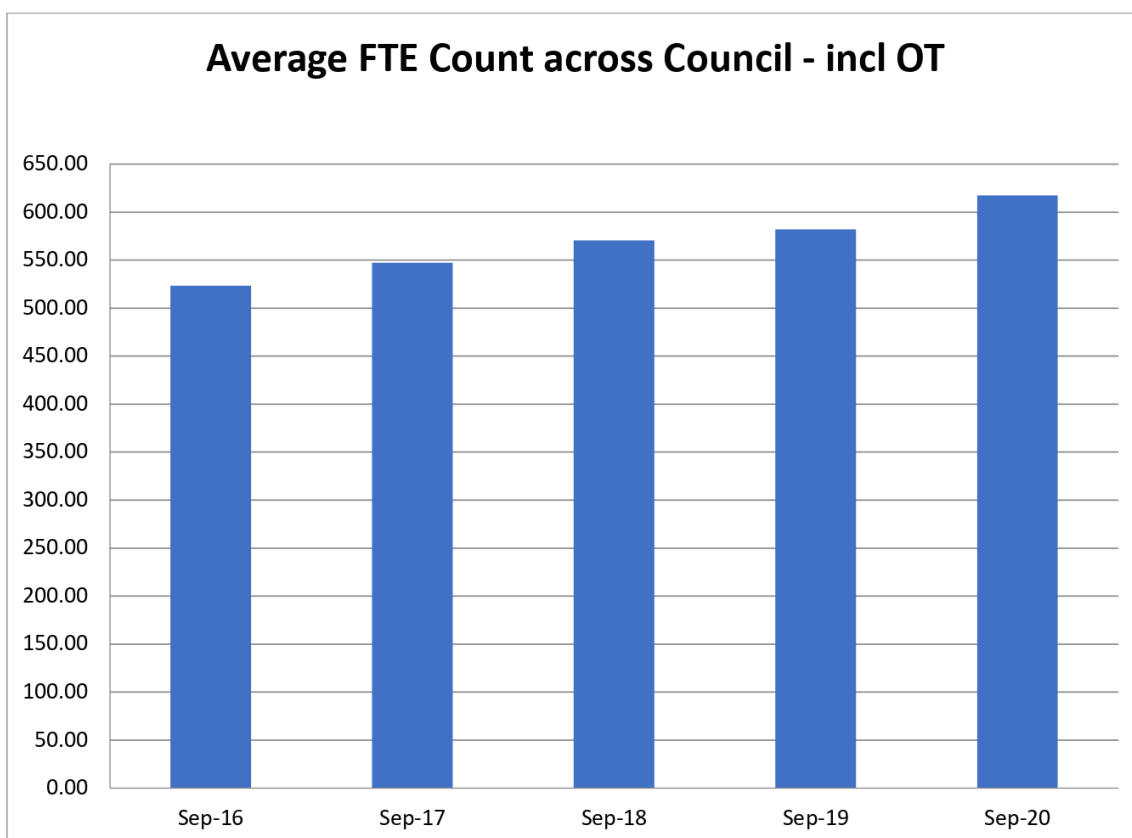
Operating	\$000
Annual Budget Net Surplus/(Deficit) Before Tax	(3,607)
Changes authorised by Council:	
Adjust budget for capital revenue as a result of carry forwards	384
S17A Review of Economic Development	(15)
Revised Budget Net Surplus/(Deficit) Before Tax	(3,239)

Capital Expenditure	Programme	\$000
Annual Budget total capital expenditure		70,465
Changes authorised by Council:		
Adjust budget carry forwards to actual		3,822
Greens Road land acquisition	94 Walkways and Shared Path - Purchase of Land to Extend Network	27
Annual Budget total capital expenditure		74,315

Variations to Annual Budgets approved by Chief Executive

The Delegations Manual provides that the Chief Executive may approve transfers of budgets where this will best achieve the outcome intended and savings can be made to offset the authorised increase. Where the amounts authorised cross activities, these are required to be reported quarterly to the Finance and Performance Committee.

Operating Activity	Budget change \$000
Corporate Support offsetting increase in both revenue and expenses due to Warm up Palmy	Corporate Support: 30 Revenue Corporate Support: (30) Expense
Movement of NZTA revenue budget from commercial or Strategic Investments to Rooding to align with nature of revenue	Commercial or Strategic Investments (308) Revenue Rooding 308 Revenue

Attachment 8 – Personnel**FTE Count Across Council – As at September 2020**

Over the last 2 years, we have embarked on a major transformation programme, positioning the organisation to realise Council's vision of "Small City Benefits, Big City Ambition".

We have introduced new talent and capability across all areas of our organisation to meet the Council's goal as a driven and enabling Council. Consequently, we are delivering more infrastructure projects to achieve our vision, important and significant events and new communication initiatives to enhance our reputation as a City, and meeting the increased demand in our regulatory and building services.

The average FTE count across council has decreased from 634 in June 2020 to 622 in September 2020.

REPORT

TO: Finance & Audit Committee

MEETING DATE: 21 October 2020

TITLE: Massey University Hockey Turf - Agreement for Shared Use

PRESENTED BY: Kathy-Dever Tod, Manager - Parks & Reserves

APPROVED BY: Sheryl Bryant, Acting Chief Infrastructure Officer

RECOMMENDATIONS TO COUNCIL

1. That the report entitled 'Massey University Hockey Turf – Agreement for Shared Use', presented to the Finance & Audit Committee on 21 October 2020, be received.
2. That the Council approves the Agreement for Shared Use for the Massey University Hockey Turf.
3. That the Council decides whether to appoint a Councillor to the Massey University Hockey Turf Steering Group, and if so, make an appropriate resolution.

SUMMARY OF OPTIONS ANALYSIS FOR

ITEM 8

Problem or Opportunity	<p>Council entered into a Memorandum of Understanding in 2017 with Massey University for the development of a new artificial hockey turf following a partner and location selection process.</p> <p>The turf was opened in 2020.</p> <p>This report requests Council approves an Agreement for Shared Use, to replace the 2017 Memorandum of Understanding, detailing the understandings and policies between Hockey Manawatu, Massey University and the Council for the ongoing operation of the new artificial hockey turf.</p>
OPTION 1:	Approve the Agreement for Shared Use for the Massey University Hockey Turf
Community Views	Hockey Manawatu has contributed to the development of the Shared User agreement.
Benefits	The Agreement for Shared Use ensures community use of the hockey turf in exchange for Council's contribution towards the cost of construction, operations and renewal.
Risks	<p>The Agreement for Shared Use reduces Council's risk of a turf operating outside the parameters under which it was established.</p> <p>Risks are managed through a Steering Group and dispute resolution process.</p>
Financial	Council is committing \$3,000 per year (adjusted by 5% annually) towards maintenance, and \$260,000 in 2029 for renewals. These amounts are consistent with the commitments by Council recorded in the 2017 MOU.
OPTION 2:	Request changes to the Agreement for Shared Use for the Massey University Hockey Turf
Community Views	Hockey Manawatu has contributed to the development of the Shared User agreement.
Benefits	Council may identify amendments which add value to the Agreement for Shared Use.
Risks	Any variation to the understanding set out in the 2017 MOU will require negotiation with both Massey University and Hockey Manawatu. Both have already signed the Agreement for Shared Use.

Financial	There are no financial implications to requesting changes.
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RATIONALE FOR THE RECOMMENDATIONS

1. OVERVIEW OF THE PROBLEM OR OPPORTUNITY

- 1.1 Council entered into a partnership with Hockey Manawatu and Massey University to develop a new artificial hockey turf at Massey University in 2017.
- 1.2 The Memorandum of Understanding (2017 MOU) term has ended and is being rolled over pending approval of a replacement agreement. The 2017 MOU was focused on the funding and construction process.
- 1.3 The 2017 MOU also set out principles for operation of the turf, once constructed, with a licence and stakeholder agreement to be formed.
- 1.4 An Agreement for Shared Use has been developed to detail operational processes and responsibilities of the three parties. This report considers the expectations set out in the 2017 MOU and requests approval of the Agreement for Shared Use.

2. BACKGROUND AND PREVIOUS COUNCIL DECISIONS

- 2.1 In 2015 Council received a number of submissions to its Ten Year Plan advocating for an additional hockey turf in Palmerston North.
- 2.2 After considering the New Zealand Hockey National Facilities Strategy and a demand assessment Council allocated \$500,000 towards a hockey turf in the 2015/25 Ten Year Plan and completed a process to consider potential partners and locations.
- 2.3 In 2016 the decision was made to proceed with a turf at Massey University.
- 2.4 In 2017 a Memorandum of Understanding (2017 MOU) was signed to fundraise and build the turf – refer Attachment One.
- 2.5 In 2019 fundraising was completed and construction started.
- 2.6 The turf was opened in July 2020 after some construction delays due to the Covid pandemic.
- 2.7 This report presents an Agreement for Shared Use (Attachment Two) to replace the 2017 MOU, setting out the operational and governance arrangements for the new hockey turf.

3. DESCRIPTION OF OPTIONS

3.1 Option One: Approve the Agreement for Shared Use for the Massey University Hockey Turf

The Agreement for Shared Use sets out the governance, fees, maintenance, renewal and record keeping expected of the parties for the operation of the new artificial hockey turf at Massey University.

3.2 Option Two: Request Changes to the Agreement for Shared Use for the Massey University Hockey Turf

Council could request amendments to the Agreement for Shared Use, before signing.

4. ANALYSIS OF OPTIONS

4.1 Option One: Approve the Agreement for Shared Use for the Massey University Hockey Turf

4.2 The 2017 MOU set out expectations around community access, through Hockey Manawatu. The Agreement for Shared Use is consistent with the 2017 expectations.

4.3 Hockey Manawatu has negotiated the detail of the Agreement for Shared Use and is satisfied with, and has signed, the Agreement for Shared Use.

4.4 The User Agreement has been reviewed by Council's Legal Counsel. It has been confirmed as being in order for signing by Council.

4.5 The points of note are:

- Hockey Manawatu will operate the booking system and collect fees for the turf and pay those fees to Massey University.
- Hockey Manawatu will schedule games equitably between the three turfs.
- A Steering Group will be established with one Council officer and one Councillor (if Council chooses to appoint a representative), two Hockey Manawatu Representatives and two Massey University representatives. Schedule B of the Agreement sets out the Terms of Reference for the Steering Group.
- The Steering Group will seek external funding for 10% of the renewal costs.
- Hockey Manawatu will meet 10% of the turf renewal costs (after grant funding).
- Massey University will own, maintain the facility, take out and cover insurance costs, and meet 100% of any toilet, fencing and carparking costs and 30% of the turf renewal costs.

- Council will contribute \$3,000 per year, adjusted by 5% per year, towards maintenance and 70% of the turf renewal costs.
- Dispute resolution is included and initially elevates issues to the Chief Executive of Council, Hockey Manawatu Chair and University Vice-Chancellor.
- Schedule A sets out details of operations including the turf fees.

4.6 **Option Two: Request Changes to the Agreement for Shared Use for the Massey University Hockey Turf**

- 4.7 Council officers have reviewed the agreement and believe it fairly represents the intentions of the 2017 MOU.
- 4.8 Regardless, Councillors may have identified amendments they wish to request be made to the Agreement for Shared Use.

5. **COUNCILLOR REPRESENTATION ON STEERING GROUP**

- 5.1 Under clause 4.2.2 of the User Agreement Council has the option of appointing a Councillor to the Steering Committee.
- 5.2 Council may wish to initiate a process to appoint a Councillor.

6. **FINANCIAL**

- 6.1 Council's \$3,000 per year contribution to maintenance is consistent with its contribution made to the maintenance at the twin turfs at Fitzherbert Park, eg. for condition and maintenance reports, reactive maintenance and vandalism. An allowance of \$3,000 per annum has been made within the draft Ten Year Plan to maintain service level budgets.
- 6.2 The 5% annual adjustment was not contemplated in the 2017 MOU. Council officers consider it is reasonable considering experiences with maintenance costs at other facilities and the scale of costs. Compounding 5% per year will see the annual contribution rise to \$4,887 per year in 10 years' time.
- 6.3 Council's renewals commitment is provided for in Programme 1356. The allowance is currently estimated at \$260,000 in 2029.
- 6.4 The twin turfs at Fitzherbert Park are forecast for renewal in 2028 and 2030 under Programme 1829.

7. **CONCLUSION**

- 7.1 The Agreement for Shared Use has been thoroughly considered by Hockey Manawatu.

ITEM 8

- 7.2 The Agreement is consistent with the expectations Council set when it allocated its contribution of \$500,000 towards construction of a new artificial hockey turf.
- 7.3 The Agreement for Shared Use has been reviewed and confirmed as in order for signing by Council.
- 7.4 It is recommended that Council approves signing of the Agreement for Shared Use and determines whether it wishes to appoint a Councillor to the Steering Group.

8. NEXT ACTIONS

- 8.1 Complete signing of the Agreement for Shared Use.
- 8.2 Contribute to the facility governance through the Steering Group.

9. OUTLINE OF COMMUNITY ENGAGEMENT PROCESS



- 9.1 Community engagement on the hockey turf establishment occurred through the 2015/25 and 2018/28 Ten Year Plan processes.
- 9.2 Hockey Manawatu has assisted with and signed off the Agreement for Shared Use.

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? Funding is also in the in the 2018 Ten Year Plan for the renewals contribution under Programme 1356.	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
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: Facilitate sports code-led developments where there is a demonstrated community benefit.	

Contribution to strategic direction and to social, economic, environmental and cultural well-being	The hockey turf provides opportunities for active recreation and provides the opportunity for significant tournaments, having three water based turfs within a few minutes' drive of each other.
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ATTACHMENTS

1. Appendix One: Artificial Hockey Turf Memorandum of Understanding 2017 [↓](#) 
2. Appendix Two: Hockey Turf at Massey University - Shared Use Agreement 2020 [↓](#) 

MEMORANDUM OF UNDERSTANDING

Artificial Hockey Turf

This agreement is made on the 11 day of December 2017.

1. Parties

PALMERSTON NORTH CITY COUNCIL, hereafter known as "the Council"

HOCKEY MANAWATU INCORPORATED, hereafter known as "HMI"

MASSEY UNIVERSITY, hereafter known as "Massey"

And referred to collectively as "the parties"

- A HMI is an incorporated society established to foster and lead the sport of hockey in the Manawātū region, including Palmerston North.
- B The Council is the Territorial Authority at Palmerston North.
- C Massey is a world ranked university with a major university presence and activities at its Manawātū campus at Palmerston North.
- D HMI currently leases from the Council certain hockey turf facilities, being the Twin Turfs facility at Fitzherbert Park.
- E HMI has through its efforts successfully achieved a significant participation growth in the number of Manawātū residents playing hockey.
- F The existing Twin Turfs facility at Fitzherbert Park is at maximum capacity.
- G The Council and Massey as key regional stakeholders recognise that participation in healthy sport activities such as hockey is an important contribution to the health and well-being of Manawātū residents, including Massey personnel and students.
- H The Council, Massey, and HMI have entered into this MoU to provide a pathway by which they can collaborate to investigate, identify, and endeavour to agree on key terms for the construction of the turf (see definition in clause 2(a)) (such as design, costing, feasibility, funding, procurement, and ongoing operation and maintenance), develop the terms of a stakeholder agreement and licence for the use, management, operation and maintenance of the turf, and seek requisite approvals to enable them to implement the same ("the project").

2. Purpose of the Memorandum of Understanding

The Council and Massey acknowledge and agree that their objectives in entering into this MoU are:

- (a) to facilitate the creation on Massey land at Palmerston North of an artificial hockey turf to Federation of International Hockey (FIH) Tier 1 playing standards, including lighting, irrigation, drainage, and changing facilities (referred to in this MOU as the "turf"), and to provide access to related infrastructure for the benefit of Hockey in the Manawātū for Massey personnel and students, the community and wider region, to the specifications attached as Schedule B;

- (b) to facilitate that the turf will be reasonably affordable (in each party's sole discretion), reasonably accessible, and so far as practicable, its use and the use of the HMI Twin Turfs facility at Fitzherbert Park can be coordinated; and
- (c) to identify whether the turf can be lawfully and reasonably operated upon the agreed part of Massey's Manawatū Campus without causing or resulting in any interference with or detriment to Massey's operations, educational facilities and/or Massey's local, national, or international reputation.

HMI acknowledges and agrees that its objectives in entering into this MoU are:

- (a) to facilitate the establishment of a new turf reasonably proximate to the Twin Turfs facility at Fitzherbert Park;
- (b) to adopt and support the Council's and Massey's objectives above; and
- (c) to enable HMI to continue to carry on its hockey-related activities and continue to promote the participation growth in the number of Manawatū residents playing hockey.

A number of steps need to be achieved in order for construction of the turf to proceed and the parties wish to work together to endeavour to achieve these steps. This document serves to bind the parties in pursuit of the construction, development and management of the turf in accordance with the objectives outlined above and the provisions of this MOU.

3. Term

The term of this MoU means the period from the date this MoU is signed by all parties until the earlier of:

- (a) 31 December 2019 or such later date as all three parties may agree in writing from time to time; or
- (b) the date on which the parties enter into the Licence and Stakeholder Agreement as contemplated by this MoU; or
- (c) the date this MoU is terminated by the mutual consent of the parties.

4. Conditions

Massey, HMI and the Council recognise that there are a number of critical approval points which need to be met in order for construction of the turf to proceed.

This MoU is conditional upon:

- Step 1(a): Massey drafting and preparing a brief for the project and nominating a design consultant for the project by way of a nomination process run by Massey (at Massey's sole discretion), by [31 December] 2017;
- Step 1(b): Massey and the Council, on or before 31 December 2017, approving the nomination of the selected design consultant and, if approved, appointing the design consultant for the project;
- Step 2: The appointed design consultant producing initial concept designs and build costing on or before 31 March 2018;

- Step 3: All parties to this MoU agreeing to the initial concept design and costings prepared by the approved design consultant on or before 31 March 2018;
- Step 4: All parties, after having used their best endeavours to do so, agreeing:
 - that sufficient third party funds have been raised for the project to proceed; or
 - if insufficient funds have been raised for the project, what alternative actions are pursued relating to the building of the turf and, if all parties agree, the alternative actions are sufficient for the project to proceed, then in either case;
 - the terms and conditions of:
 - (a) the Licence based on the principles and intent set out in Appendix A; and
 - (b) the Stakeholder Agreement based on the principles and intent set out in Appendix C,
- Step 5: Massey, following satisfaction of the conditions of Step 4 and, on or before 31 June 2018, being able to appoint a suitable Construction Contractor for the turf for a sum within the limits of the funding raised and on terms and conditions reasonably satisfactory to Massey.

to make building of the turf, as currently agreed, viable by the end of 2019, or such earlier date as the parties may agree.

If approval of any of the conditions above is not met by the dates specified above or such later date(s) as the parties may agree, then either Massey or the Council may give 21 days' notice in writing of its intention to cancel this MoU to the other parties to this MoU and unless the relevant condition is satisfied within that time or such additional time as the parties may agree, then the party giving the notice may cancel the MoU. In the event of cancellation, the parties shall cooperate to wind up arrangements between them in an orderly manner including completing any appropriate and reasonable financial reconciliation payments for agreed contributions to any approved cost that has been properly incurred prior to cancellation.

5. Intention/Vision for the Artificial Hockey Turf

The parties wish to provide an additional artificial hockey turf for the benefit of the communities of the Manawatu and surrounding regions, particularly hockey and other sporting clubs and associations, learning institutions, and the general public. The turf will be available to Massey University for teaching and research and use by Massey teams, to HMI for Hockey events, and to the community for community use via the booking process pursuant to the licence described in Step 4 of clause 4.

6. Ownership and Management

Massey shall retain ownership of the turf and all associated facilities, and shall be responsible for insurance and security of the turf. Massey shall manage and operate the turf on a day-to-day basis, and a Steering Group shall be established to govern the management and operation of the turf, in accordance with the terms of the licence described in Schedule A and the Stakeholder Agreement referred to in Step 4 of clause 4.

7. Contributions

a. *Palmerston North City Council*

The Council agrees to:

- Allocate, and contribute as and when reasonably required for the purposes of Steps 1-4 in clause 4, development funding of up to \$500,000 (plus GST) or 1/3rd of the turf cost, whichever is the lesser, towards the cost of the project which includes the initial development work, concept design, and construction costs (with initial design and management costs to be shared with Massey on a 50/50 basis).
- Take a lead party position when submitting funding applications to major Community and Funding Trusts (including but not limited to those entities set out at clause 8) where it is most beneficial to the project for the Council to be the lead party (depending on which entity the funding is being sought from), with support from the other parties.
- Support the Steering Group, Massey and HMI in their efforts to raise additional funding for the project.
- Nominate appointees to the Steering Group who will contribute to the development of an operating policy and monitor the operation of the facility.
- Cover any of Council's costs associated with the development and review of this MoU and the documents contemplated by it.

b. *Massey*

Massey agrees to:

- Allocate, and contribute as and when reasonably required for the purposes of Steps 1-4 in clause 4, development funding of up to \$500,000 (plus GST) towards the cost of the project which includes the initial development work, concept design, and construction costs (with initial design and management costs to be shared with Council on a 50/50 basis).
- Take a lead party position when submitting funding applications to major Community and Funding Trusts (including but not limited to those entities set out at clause 8) where it is most beneficial to the project for Massey to be the lead party (depending on which entity the funding is being sought from), with support from the other parties.
- Support the Steering Group and the Council and HMI in their efforts to raise additional funding for the project.
- Nominate appointees to the Steering Group who will contribute to the development of an operating policy and monitor the operation of the facility.
- Liaise with HMI for the efficient operation of the facility.
- Cover any of Massey's costs associated with the development and review of this MoU and the documents contemplated by it.

c. *Hockey Manawatu Incorporated*

HMI agrees to:

- Support the Steering Group, Massey and the Council in their efforts to raise funding for the project.
- Nominate appointees to the Steering Group who will contribute to the development of an operating policy and monitor the operation of the facility.
- Take a lead party position when submitting funding applications to major Community and Funding Trusts (including but not limited to those entities set out at clause 8) where it is most beneficial to the project for HMI to be the lead party (depending on which entity the funding is being sought from), with support from the other parties.
- Cover any of HMI's costs associated with the development and review of this MoU and the documents contemplated by it.

Subject to satisfaction of all of the conditions in clause 4, Massey agrees to:

- Use appropriately qualified management consultants (as assessed solely by Massey) to project manage the construction of the turf and associated facilities.
- Provide the necessary day-to-day facility administration, management and maintenance including security, and insurance in accordance with the licence referred to in Step 4 of clause 4.
- Commit to the primary provision of the turf being for hockey related use. Any change of use or purpose for the facilities will only be agreed through the Steering Group.

Subject to satisfaction of all of the conditions in clause 4, HMI agrees to:

- Fund 10% of any turf renewal costs (after grant funding has been applied).
- Schedule hockey competition matches and training sessions at the Twin Turfs facility at Fitzherbert Park and the new turf on an equitable basis and in accordance with the Stakeholder Agreement.
- Provide advice to Massey, as subject matter experts, on the efficient operation and management of the turf.
- Promote the turf to the wider hockey community.
- Liaise with Massey for the efficient operation of the turf.

8. Facility Funding

A Capital Fundraising Campaign will be developed to raise funds for the project and run by the parties. The funding may be sought from (but not limited to):

- Council funds;
- Massey funds;
- Charitable and Gaming Trusts;

- Central Energy Trust;
- Lotteries Commission; or
- Community partners and fundraising.

Any funding received from the Capital Fundraising Campaign, or any other fundraising initiative for the project, will be solely attributed to the development of the project.

9. Construction Process

Subject to satisfaction of the conditions in clause 4, and within the limits of the funding raised and made available to Massey, Massey will be responsible for contracting the preferred construction company of the turf, and the management of the construction with the appointed project management personnel and providing regular updates to the Steering Group. Any construction contract for the turf will be entered into by Massey and the preferred construction company. The Council and HMI will not be party to the construction contract and will not be liable for any reason whatsoever under any construction contract between Massey and the preferred construction company for the construction of the turf.

Massey agrees that it will use reasonable endeavours to engage and contract with the preferred construction company to commence the construction of the turf as soon as reasonably practical after the conditions in clause 4 Steps 1-4 inclusive are satisfied, and bearing in mind the intention of the parties to make building of the turf, as currently agreed, viable by the end of 2019, or such earlier date as the parties may agree.

10. Conflicts of Interest

The members of the Steering Group must maintain a clear separation between their personal interests and their duties as a member of the Steering Group. In particular, members may not participate in the discussion or consideration of any matter placed before the Steering Group when they have a personal or pecuniary interest other than an interest in common with the general public. Members are also required to make a declaration of interests at the time they are appointed and to update this declaration if and when there are changes to those interests.

11. Dispute Resolution

Should disagreement arise in relation to the interpretation, application or operation of this MoU, it will be initially discussed at the lowest management level to see if the issue can be resolved.

If the issues cannot be resolved then the matter should be immediately escalated to the Chief Executive of the Council, Chair of the HMI Board and Assistant Vice Chancellor - Operations, International and University Registrar, Massey University for consideration.

Where the matter is unresolved to the satisfaction of the parties, any party may refer the matter to a mediator that is acceptable to all parties. Where the parties are unable to agree on a mediator, or where resolution has not been achieved through mediation, the parties may refer the matter arbitration in accordance with the provisions of the Arbitration Act 1996.

Unless the mediator or arbitrator will determine otherwise, then the cost of the mediation or arbitration will be borne equally by the parties involved in the dispute.

Nothing in this clause will prevent any party from seeking urgent interlocutory relief.

12. Liaison

The Chief Executive of the Council, Chair of the HMI Board and Vice Chancellor of Massey University will each appoint a person to act as agent of their respective bodies and that person will be the liaison person for that body in regard to all matters pertaining to this MoU, the Licence, the Stakeholder Agreement and the turf.

13. Review

The parties acknowledge that they will meet during the term of the MoU to discuss and review their progress under this MoU not fewer than every six months from the date this MoU is signed.

The parties may agree to vary the terms and obligations of this MoU provided that:

- Such variation does not depart from the true intent and purpose of this MoU; and
- Such variation is not inconsistent with the terms of this MoU; and
- Each and every party unanimously agrees in writing to such variation.

14 Parties' Good Faith Intentions

This MoU records the parties' respective good faith intentions, subject always to agreeing unresolved items to enable the Licence and the Stakeholder Agreement to be agreed, finalised and signed.

The parties agree to:

- (a) Collaborate in good faith and attempt to agree the matters in clause 4 and the terms and detail of the Licence and Stakeholder Agreement; and
- (b) implement the Licence and Stakeholder Agreement according to their terms.

15 Media Statements and Releases

No party shall make any statement or release to any media outlet relating to the turf or the project without the prior written consent of all other parties to this MoU to the making of such statement or release and the wording of such statement or release, such consent not to be unreasonably withheld.

16 No Partnership or Agency

No partnership or agency relationship shall exist as a consequence of the parties entering into this MoU and no party shall hold itself out to the public as being an agent, partner, representative or spokesperson of any of the other parties.

Signed for and on behalf of **PALMERSTON
NORTH CITY COUNCIL:**

.....
Mayor

.....
Legal Counsel



Signed for and on behalf of **Hockey
Manawatu Incorporated:**

.....
Chair

.....
Operations Manager

Signed for and on behalf of **Massey University:**

.....
Prof Jan Thomas
Vice-Chancellor

.....
.....

SCHEDULE A

PRINCIPLES FOR AGREEMENT FOR LICENCE OF THE HOCKEY TURF

As part of Step 4, Massey, the Council and HMI will use reasonable endeavours to negotiate and agree the nature, scope, and extent of a licence, having regard to all relevant matters and based on the following principles and intent:

1. Parties

The parties to the licence shall be Massey as Licensor, HMI as Licensee, and Council as Key Stakeholder.

2. Normal Hours of Use

Standard use to be Monday-Sunday from 6.00am to 10.00pm.¹

3. Licence for Use

Users of the turf are expected to include:

a. Community

Any community group or organisation, including schools, will be able to use the all-weather facility offered by the artificial hockey turf.

A range of days and times will be available to the wider community to book and use the turf during the normal window of operation. Booking methods and arrangements will be developed and advised as part of the operating plan.

- HMI to administer bookings and scheduling of practice and games Monday-Friday from 6am-10pm, Weekends 8am-8pm. (Requests for access outside of these hours at weekends are to be negotiated with HMI and Massey)
- Booking arrangements to be web based and availability of the turf to be visible from the web site administered by HMI.
- HMI to issue invoices for fees payable for the use of the turf and collect fees from users of the turf.
- Clubs, associations and visiting regional teams are required to have public liability insurance in order to use the turf.

b. Massey University

Massey anticipates using the turf within a range of hours based on the number of Massey teams requiring practice times on weekdays.

Total training required for Massey University Hockey Club is up to seven hours a week. Training times are likely to be between 5-10pm Monday to Thursday.

Any increase or decrease in time to be negotiated between Massey University and HMI annually dependent on the number of teams in the Massey Hockey Club.

¹ Hours of use may be subject to resource consent stipulation if consent is required

- Massey users are to have pre-emptive rights [for up to seven hours a week] to book on-going practice times between 6am-4pm Monday to Friday, subject to a booking fee in line with the HMI fee structure. Weekend access and bookings are to be made through the on-line web booking system.
- Recurring Massey teaching or research use of the turf is limited to weekday and daytime hours and is to be booked through the on-line web booking system
- Social/casual use of the turf during the hours of 6am-4pm, Monday to Friday, if it is available, is free to the community (including Massey staff and students).

c. **Hockey Manawatū Incorporated**

HMI to administer bookings and scheduling of practice and games Monday-Sunday. The parties will jointly agree a minimum number of fixtures/games per annum to be booked for the turf.

The weekends will be primarily used for scheduling hockey matches and club training.

The turf will be available for tournament use as HMI will benefit from being able to consider three turfs for scheduling matches within the city.

- HMI to provide Massey regular (weekly) updates on any events that are scheduled for the turf.

4. **Ownership and use**

Massey shall retain ownership of the turf and all facilities on the land, and shall be responsible for insurance and security. HMI and the Council shall have no right to make any additions or alterations to the turf or install any fixture or fitting or building on the land.

All users of the turf shall agree to use the turf at that group's risk and to the fullest extent permitted by law, Massey shall be released from all claims and demands of any kind and from all liability that may arise in respect of any accident, damage, or injury occurring to any person or property in or about the turf.

All users of the turf will comply with Massey's and any relevant authority's security and safety arrangements, procedures, and rules for access to the turf from time to time.

Massey retains the right to reasonably refuse entry to any user or member of the turf at any time.

5. **Shared Use**

Where possible the facility will be able to accommodate shared use if the requirements are for less than full pitch use. This will be coordinated as part of the booking process.

6. **Booking Arrangements**

HMI will be the booking authority and manage the booking processes. These will be advised as part of the operating policy to be prepared by the Steering Group.

7. **Total or partial destruction**

In the event of total or partial destruction, Massey will use reasonable endeavours to reinstate the turf and the facilities, subject to Massey receiving sufficient insurance moneys in respect of such damage.

SCHEDULE B

Turf and Facilities specifications – Stage 1

Turf Specifications

One (1) appropriately fenced and lit FIH Tier 1 playing standard artificial turf of approximately 99m x 66m, constructed in accordance with the most recent Federation of International Hockey "Hockey and Turf Standards" as at the date of this MOU.

Space to accommodate rented tiered spectator seating.

Changing room specifications

Four (4) newly constructed changing rooms with showers and toilets.

Car parking provisions

Access to car parking.

Access will be provided to additional existing car parking infrastructure for the larger events.



SCHEDULE C

PRINCIPLES FOR STAKEHOLDER AGREEMENT

As part of Step 4, Massey, the Council and HMI will use reasonable endeavours to negotiate and agree the nature, scope, and extent of a stakeholder agreement, having regard to all relevant matters and based on the following principles and intent:

1. Expectations of Stakeholders

It is expected that the wider regional community will be major users of the turf and that community use will be affordable, accessible and appropriately prioritised and complimentary to the use of the HMI Twin Turfs at Fitzherbert Park.

Community usage is regarded as including the hockey participants, Sport Manawātū, sports clubs, Massey University, schools and other learning institutions, as well as casual use by members of the wider community.

The turf will be under the operational management of Massey. Arrangements for use will be agreed between Massey and HMI with and approved by the Steering Group as described below.

2. Governance

A Steering Group will be established by the parties to oversee management policy and practice to ensure stakeholder interests are being met as below.

The principles and intent of the Steering Group are:

a. Terms of Reference

- To establish policy relating to the use of the turf (including fees and charges) consistent with the purposes for which the turf has been constructed and in accordance with the principles and intent outlined in Schedule A.
- To provide overview of management practices.
- To ensure proper use is made of the turf and due regard is given to the purpose for which the turf has been constructed.
- Use reasonable endeavours to mitigate any nuisance or disturbance to adjoining neighbours.
- To ensure continued regional community access and participation and contributes to the growth of hockey and associated sport in the community.
- To provide annual reports to Massey, HMI and the Council on policy and usage of the turf.

b. Expectation

The Steering Group will prepare and distribute to the Council, HMI and Massey three (3) months prior to the opening the turf, a detailed operating policy for use of the turf to include use of the facilities by HMI, schools and learning institutions, clubs and groups, and members of the community. The operating policy is to reflect the requirements of the principles espoused in the Licence.

The policy will be reviewed annually by the Steering Group and any revisions will be notified to Massey, HMI and Council.

c. *Reporting*

The Steering Group will report annually to the Council, HMI Board and Massey on the governance of the turf, policy, usage and any other matters the parties consider relevant.

d. *Composition of the Steering Group*

The Steering Group will consist of:

- Council representatives: A nominee of the Chief Executive Officer of Palmerston North City Council and one elected Councillor if Council chooses.
- HMI representatives: Hockey Manawatu General Manager and a Hockey Manawatu Board Member
- Massey representatives: Two members, one of whom will be Chair, as nominated by the Vice Chancellor Massey University.

The Stakeholder Agreement shall include reference to how a party may change its appointed representative/s to the Steering Group and the process of doing so.

Procedure for the Steering Group:

- The Steering Group will seek to make decisions on a consensus basis. If the Steering Group is unable to agree then such disagreement will be resolved by way of a dispute resolution procedure to be agreed and shall form part of the Stakeholder Agreement.
- In the event that the Steering Group seeks to make a decision that would result in any breach of Massey policies, interference with or detriment to Massey operations, educational facilities and/or Massey's local, national, or international reputation, or threaten the financial viability of the turf as a facility, then Massey will be able to veto such decision.
- A quorum of the Steering Group will be a minimum of one representative from each party.
- Decisions of the Steering Group, and policies prepared and agreed by the Steering Group, shall bind the parties.

3. **Review**

The Steering Group will meet every six months to discuss and review their progress under the Stakeholder Agreement and the Licence.

A review of the operating policy will form the basis of discussion at such meetings and the parties may agree to vary the terms and obligations of the Stakeholder Agreement and the Licence provided that:

- Such variation does not depart from the true intent and purpose of the Stakeholder Agreement and the Licence; and
- Such variation is not inconsistent with the terms of the Stakeholder Agreement and the Licence; and
- Each and every party unanimously agrees in writing to such variation.

4. Fee Structure

The Steering Group will develop a fee structure for use of the turf and it will be administered by HMI and reviewed annually by the Steering Group.

It is agreed by HMI, Massey and the Council that the fee structure for hockey related use will be consistent with the fees at the Fitzherbert Park Twin Turfs.

HMI will be responsible for administering fee collection from users scheduled to practice or play competition matches and fees collected for use of the turf will be transferred to a nominated Massey bank account on a monthly basis, together with reasonable supporting documentation.

The Massey Hockey Club will have access to the turf for practice purposes up to seven hours a week. This is in line with the other Massey sport clubs (MUSA affiliated) and their use of Massey facilities on the Manawatū campus.

5. Renewals

Massey will be responsible for 100% of the reasonable costs of the renewal of the changing facilities, fencing and car parking as they relate to Stage 1 of this facility (as set out in Schedule B).

If and when the turf carpet and other renewals for the turf (excluding the changing rooms, fences and car parking) are required, the cost will be underwritten by the Council and Massey and shared as follows:

- The Steering Group will seek to recoup or apply for grant funding to cover a minimum of 10% of the major turf renewal costs.
- HMI will fund 10% of turf renewal costs (after grant funding has been applied).
- Massey and the Council covering the remaining turf renewal costs on a 30:70 basis.

6. Maintenance

A maintenance and operating budget shall be approved by the Steering Group for the ongoing maintenance and operation of the turf and associated facilities. As a Massey owned asset, reasonable ongoing maintenance in accordance with Massey's campus maintenance schedule from time to time and operating costs will be met by Massey, with HMI passing fees collected on Massey's behalf for bookings on the turf, to Massey on a monthly basis as HMI's contribution to ongoing maintenance and operating costs. There will be an annual wash up assessment made to assess if each party's contribution to maintenance and operating expenses has been exceeded/not met and the necessary transfers made accordingly. The Council will contribute between \$2,000 and \$3,000 plus GST per annum towards ongoing maintenance and operating costs of the turf.

Future renewal requirements for items including, but not limited to, turf renewal, irrigation and lighting systems as well as ongoing maintenance costs will be considered annually through the Steering Group. Massey will annually assess the turf to provide a report to the Steering Group regarding maintenance and renewal requirements.

Massey will be responsible for the management of the maintenance and operating budget for the turf and for the maintenance of changing facilities, fencing and car parking areas. Massey shall report to the Steering Group regarding the use of the maintenance and operating budget and shall, subject to safety, security or property damage imperative or statutory compliance, have reasonable regard to the views of the Steering Group as to how funds from the maintenance and operation budget are applied.

Date 1 April 2020

BETWEEN

MASSEY UNIVERSITY

and

PALMERSTON NORTH CITY COUNCIL

and

HOCKEY MANAWATU INCORPORATED

Agreement

for the Shared Use of the Massey Hockey Turf

for Sporting and Recreational Purposes

AND

For the Governance and maintenance of the Massey Hockey Turf

THIS AGREEMENT is made on the 1 day of April 2020

PARTIES

1. **MASSEY UNIVERSITY** ("Massey")
2. **PALMERSTON NORTH CITY COUNCIL** ("PNCC")
3. **HOCKEY MANAWATU INCORPORATED** ("HMI")

BACKGROUND

- A. Massey, PNCC and HMI enter into this Agreement relating to the use, maintenance and management of the hockey turf, changing shed, goal posts, fencing and anything else agreed between the parties to be located and constructed on Massey land in accordance with the attached area plan("the Facility").

IT IS HEREBY AGREED:

1. Definitions and Interpretation In this Agreement unless the contrary intention appears:
 - 1.1 **Definitions**
 - **"Community"** includes, but is not limited to HMI, Sport Manawatu, sports clubs and teams, Massey, Schools, other learning institutes and organisations, hockey participants, other sports codes and spectators and supporters and people generally.
 - **"Commencement Date"** means that date this Agreement begins specified in item 4 of **Schedule A**.
 - **"Costings"** means the fee structure used for both the use of the Facility and the use of the Twin Turfs, which is to be the same, and is to be set by HMI in consultation with the Steering Group. The Costings for the 2020 year are set out in Item 6 of Schedule A.
 - **"CPI"** means the Consumer Price Index, All Groups, compiled and published by Statistics New Zealand.
 - **"Facility"** means the Facility specified in the Background.
 - **"Further Term"** means the period of an additional 10 years from the date the Term expires.
 - **"GST"** has the same meaning and usage as that contained in the Goods and Services Tax Act 1985.
 - **"HMI Use"** means the terms of use of the Facility by HMI specified in item 2 of **Schedule A**

- **“HMI Visitors”** means all officers, employees, agents, contractors, licensees, invitees or representatives of HMI including spectators and supporters and any person lawfully on the Facility.
- **“Licence”** means the licence given from Massey to HMI pursuant to clause 2.1.
- **“Loss”** means loss, damage, liability, lawsuit, action, writ, claim, demand, proceeding, cost or expense arising from or in connection with:
 - a) any aspect of this Agreement (including the Licence and the Facility); or
 - b) any damage to the Facilities or other property of any person whatsoever; or
 - c) the death of, or injury or illness to, any person whatsoever.
- **“Massey’s Use”** means the allocated use of the Facility by Massey specified in item 3 of **Schedule A** during the Times of Use.
- **“Massey Users”** means any party associated to Massey including any staff member or student, invitee of Massey.
- **“Other Users”** means any user other than Massey Users including the Community, HMI and HMI visitors.
- **“Party” or “Parties”** depending on the context means Massey, PNCC and/or HMI.
- **“Payment”** means any payment by PNCC and HMI under this Agreement.
- **“Persons”** includes an individual, a group of persons or an entity.
- **“Review Date”** means each anniversary of the Commencement Date.
- **“Routine Maintenance”** includes all minor maintenance of the Facility that would be expected on a year to year basis however excludes major capital maintenance of the Facility that includes any maintenance project that would exceed \$5,000.00 in any given year with the exception of the renewal of the changing facilities, fencing and car parking.
- **“Social Use”** means irregular and infrequent use by members of the Community including Massey Users that are unbooked and subject to exclusion for booked use.
- **“Steering Group”** means the governance board established pursuant to clause 4.
- **“Times of Use”** means the times of use of the Facility by HMI specified in item 1 of **Schedule A**.
- **“Term”** means the period of 10 years from the Commencement Date.
- **“Twin Turfs”** means the Hockey Turfs situated at Manawaroa St, West End, Palmerston North.
- **“Vice Chancellor”** means the Massey Vice Chancellor.

1.2 Interpretation

Words importing any gender include the other genders.

2. Grant of licence

2.1 Massey grants to HMI a licence to use the Facility for sporting and recreational use during the Times of Use pursuant to the HMI Use and during the Term.

2.2 HMI's Licence to use the Facility is subject to Massey's Use.

2.3 Nothing expressed or implied in this Agreement shall confer a right of exclusive occupation of the Facility to HMI and Massey may at any time exercise all of its rights in respect of the Facility except where such rights shall:

2.3.1. prevent the operation of the Licence and rights with respect to the Facilities granted pursuant to this Agreement; and

2.3.2. be inconsistent with the express provisions of this Agreement.

2.4 HMI's use of the Facility will endeavour to be on an equitable basis with each of the Twin Turfs for each yearly period commencing on 1 January each year with the exception of the 2020 year which will be prorated from the date the Facility is opened.

3. Fee

3.1 HMI shall make the Facility available to the Community and shall charge, using the Costings, Other Users and Massey Users for the use of the Facility however shall only charge Massey where Massey Users' use is above Massey Users' free use pursuant to item 3 of Schedule A.

3.2 Persons wishing to use the Facility for Social Use shall have access to the Facility free of charge during the hours of 8am and 3pm however that use is subject to booked users which shall have priority and Social Users cannot exceed 10 individuals. If HMI or Massey consider the use of the Facility by Persons falls outside the definition of Social Use, the Parties will mutually determine whether the Persons should be charged pursuant to clause 3.1.

3.3 HMI shall pay a monthly fee to Massey's nominated bank account calculated based on all payments received by HMI from Other Users and Massey Users pursuant to this Agreement. For the avoidance of doubt this includes all required payments from HMI for HMI's own use.

3.4 HMI must keep and provide Massey with records in support of the payments made by HMI.

3.5 The Costings will be reviewed on an annual basis by the Steering Group.

3.6 HMI's use the Facility will endeavour to be on an equitable basis with each of the Twin Turfs for each yearly period commencing on 1 January each year with the exception of the 2020 year which will be prorated from the date the Facility is opened.

4. **Facility Governance**

4.1 A Steering Group will be established by the parties to oversee the management of the Facility to ensure the Parties' interests are being met.

4.2 The Steering Group shall be made up of:

PNCC's Representatives

4.2.1. An individual appointed by the Chief Executive Officer of PNCC;

4.2.2. One PNCC Councillor if PNCC chooses to appoint a Councillor to sit on the Steering Committee;

HMI's Representatives

4.2.3. HMI's General Manager or that person's nominee;

4.2.4. An HMI Board member; and

Massey's Representatives

4.2.5. Two Individuals appointed by the Vice Chancellor.

4.3 The Vice Chancellor will appoint the Chair of the Steering Group from one of the individuals appointed pursuant to clause 4.2.5.

4.4 The members of the Steering Group may be replaced as follows:

4.4.1. The person appointed pursuant to Clause 4.2.1 by the Chief Executive Officer of PNCC;

4.4.2. The person appointed pursuant to Clause 4.2.2 by PNCC;

4.4.3. The person appointed pursuant to Clause 4.2.3 by the General Manager of HMI;

4.4.4. The person appointed pursuant to Clause 4.2.4 by HMI's Board; and

4.4.5. The persons appointed pursuant to Clause 5.2.5 by the Vice Chancellor.

4.5 The Steering Group must meet for the purposes and principles outlined in **Schedule B**.

4.6 The Steering Group shall meet no less than every 6 months from the Commencement Date.

4.7 A quorum will be a minimum of one representative from each Party.

4.8 The Steering Group's decisions will be made by unanimous vote.

- 4.9 Notwithstanding any decision made pursuant to clause 4.8, any decision made by the Steering Group that is in breach of any parties' governing regulations, policies or bylaws will be advised to all parties in writing and the Steering Group will reconsider the decision in good faith and agree to an alternative decision that ensures there is no breach of the parties' governing regulations, policies or bylaws.

5. **Facilities' Maintenance**

Routine Maintenance

- 5.1 Massey shall at all times and in all things keep and ensure Routine Maintenance is completed in accordance with its campus maintenance policies.
- 5.2 Except in the case of an emergency, Massey will carry out any maintenance to the Facility at times mutually agreed between the parties..
- 5.3 All Parties shall leave the Facility in a clean sanitary and tidy condition free from litter waste and rubbish and ready for immediate use by other Persons duly permitted to use the Facility.

Costs

- 5.4 The cost of Routine Maintenance of the Facilities shall be met by Massey however PNCC shall pay to Massey a contribution of \$3,000.00 per annum for use towards Massey's Routine Maintenance. PNCC's annual contribution shall be adjusted by the greater of the CPI increase for the corresponding year and five percent (5%).
- 5.5 In consideration of HMI's payment to Massey pursuant to clause 3, no further fee is required from HMI for routine maintenance.

Renewals and Other Maintenance

- 5.6 Renewals of the turf (being the turf carpet and other renewals of the Facility excluding the changing rooms, fences and car parking) and maintenance other than Routine Maintenance, will be determined by the Steering Group and the costs, unless otherwise agreed between all parties, shall be met as follows:
- 5.6.1. The Steering Group will use its best endeavours to meet not less than 10% of the costs by way of applying for grant funding and community funding;
- 5.6.2. HMI will meet 10% of the turf renewal costs; (after grant funding has been applied) and
- 5.6.3. Massey and PNCC will share the remaining costs on a 30:70 (Massey:PNCC) basis.
- 5.7 Massey will be responsible for 100% of the reasonable costs of the renewal of the changing facilities, fencing and car parking as they relate to the Facility.

6. **Records and Audited Accounts**

- 6.1 HMI shall keep true, accurate and up-to-date records of its receipts and expenditure in respect of the Facility and shall allow Massey to inspect and/or take copies of those records at any time and from time to time provided that reasonable notice is first given by Massey on each occasion. HMI shall, at intervals of no greater than twelve (12) months during the currency of this Agreement, provide Massey with properly audited accounts of its receipts and expenditure in respect of the Facility.
- 6.2 HMI shall, by the end of January in each year, present to Massey and the Steering Group, records of the use of the Twin Turfs and the Facility for the preceding year.
- 6.3 Massey shall keep accurate records of expenditure on routine and other maintenance and renewal for the Facility as part of the financial report to the Steering Group.

7. **Booking of Facility**

- 7.1 HMI is responsible for the supervision and management of bookings for Community using the Facility during the Times of Use and will implement an online web booking system that is user friendly and easily accessible to the Community. Bookings will endeavour to ensure equitable allocation of turf use between the Twin Turfs and the Facility.

8. **Assignment**

- 8.1 HMI shall not without the prior written consent of Massey and PNCC (which consent may be arbitrarily withheld) assign, transfer, encumber or otherwise dispose of the rights or authorities granted by Massey under this Agreement.

9. **Waiver**

- 9.1 No right or obligation of any Party under this Agreement shall be deemed to be waived except where such a waiver is in writing signed by all Parties.

10. **Variation**

- 10.1 This Agreement may only be varied by agreement signed in writing by all Parties.

11. **Option to Renew**

- 11.1 This Agreement shall be extended for the Further Term (on the same terms and conditions as this Agreement with the exception of this clause 11) if:
- 11.1.1. prior to the expiration of the Term this Agreement has not been terminated; and
- 11.1.2. all Parties desire to extend this Agreement for the Further Term; and
- 11.1.3. HMI gives to Massey written notice of its desire such notice being received by Massey not more than 6 or less than 3 months prior to the expiration of the Term; and

11.1.4. during the Term there had been no breach of any term of this Agreement by HMI which was not rectified strictly in accordance with a notice of breach being given by Massey.

11.1.5. HMI has met the expectation set out in clause 3.6.

12. Termination

12.1 If any party breaches or fails to comply with any term of this Agreement; and after having been served with a written notice:

12.1.1. specifying the breach or failure; and

12.1.2. requiring that breach or failure, if capable of remedy, to be rectified within a reasonable period specified in the notice (being not less than fourteen (14) days), fails or refuses to so rectify that breach or failure within that period, then any party shall be entitled to terminate this Agreement and such termination shall take effect immediately upon HMI being served with notice of termination.

13. Notices

13.1 Notices that may or must be sent under or in connection with this Agreement shall be in writing, signed by the Party or representative of the Party giving notice, and may be delivered to the other Party at the relevant address or email contained in item 5 of **Schedule A**.

13.2 Notices shall be deemed to be received:

13.2.1. (in the case of delivery by pre-paid post) five (5) working days after deposit in the mail;

13.2.2. Immediately upon delivery by hand; or

13.2.3. immediately upon an apparently successful email being noted by the sender's email provider.

14. Report Damage

14.1 All parties shall promptly report any theft of, damage to, deficiency in, destruction of, or other fault in relation to the Facility to the other parties upon the happening of the same and must do all things and take all steps that are reasonable so as to minimise and mitigate any loss caused or occasioned thereby.

15. Debts

15.1 If under this Agreement a Party is claiming money owing as a debt from the other Party, the claiming Party will provide the other Party with an invoice and true copies of all documentation in support of the debt being claimed.

16. **Signs**

- 16.1 HMI shall not affix or cause or permit to be affixed or exhibited anywhere in or on the Facility any poster signboard neon sign or advertisement except as shall be first approved in writing by the Steering Group.

17. **Alcohol and Organised Catering**

- 17.1 The Steering Group shall not permit the consumption of alcoholic beverages on the Facility unless a specific event requests a specific licence for the consumption of alcohol in which case the Steering Group may allow the consumption of alcoholic beverages provided all the required consents and licences have been obtained.
- 17.2 All organised catering and any alcohol must be provided by Massey's nominated caterer. In the event Massey's nominated caterer cannot provide catering for an event, the Steering Group may, on application, consider suitable alternatives.

18. **Promoting Community Awareness**

- 18.1 The Steering Group shall, at its own cost and expense, advertise the Facility and promote Community awareness of and interest in the Facility.
- 18.2 HMI will promote the Facility on an equal basis to the Twin Turfs at Fitzherbert Park and must not prioritise the promotion of or use of the Twin Turfs at Fitzherbert Park over the Facility.

19. **Insurance**

- 19.1 HMI shall at its own expense during the Term (and the Further Term if applicable) effect, maintain and keep current with an insurer to conduct insurance business in NZ in an amount of not less than two million dollars (\$2,000,000.00) in respect of any one occurrence, unlimited in the aggregate or such amount as shall be determined at the reasonable discretion of the other Party from time to time to reflect prudent commercial practices
- 19.2 HMI shall not amend its insurance policy or insurer without first notifying Massey and receiving Massey's consent.
- 19.3 With the exception of non-hockey-based tournaments, HMI's public liability insurance must cover Community users of the Facility however HMI may charge Community users a reasonable fee in addition to the Costings to cover the cost of HMI's Public Liability Insurance.
- 19.4 In the event a member of the Community books the use of the Facility for a non-hockey-based tournament, event or use, HMI will obtain proof from the booking party that it has its own public liability insurance for the tournament, event or use.
- 19.5 Massey shall keep property insurance covering loss of or damage to the Facility for its full replacement value.

- 19.6 All insurances required pursuant to this clause 19 shall be reviewed annually by the Steering Group.

20. Indemnity

- 20.1 Each Party shall indemnify and keep indemnified the other Party (including its officers, employees, agents, contractors, licensees or representatives) from and against all Loss incurred or suffered by or brought against any of those indemnified to the extent that the same was caused or contributed to by any tortious or other unlawful act or omission (including breach of a contractual term, condition or warranty) by the first mentioned Party or any of its officers, employees, agents, contractors, licensees, invitees or representatives.

21. Costs

- 21.1 Each Party shall pay its own legal costs in connection with the negotiation and preparation of this Agreement.
- 21.2 There will be an annual washup assessment made to assess each party's contribution to maintenance and operating expenses has been exceed/not met and the necessary transfers made accordingly.

22. GST

- 22.1 The amount of all Payments specified in this Agreement are exclusive of GST except where stated otherwise.
- 22.2 If GST is payable by HMI in respect of a Payment or any part in connection with a Taxable Supply provided under this Agreement:
- 22.2.1. the Payment is increased by an amount equal to the applicable GST; and
- 22.2.2. HMI must pay the amount of the increase in the same manner and on the same date as HMI is required to pay the Payment.

23. Dispute Resolution

- 23.1 If any dispute or difference arises between the Parties in connection with any aspect of this Agreement, the Parties will refer the matter to the Vice Chancellor, PNCC's Chief Executive and HMI Board Chair who will try to negotiate and to settle the dispute between the parties.
- 23.2 If the Vice Chancellor of Massey, PNCC's Chief Executive Officer and HMI Board Chair cannot settle the dispute within twenty-eight (28) days of the matter being referred to them then the dispute or difference shall be referred to and determined by arbitration under and in accordance with the provisions of the Arbitration Act 1996 and any party may be represented by a duly qualified legal practitioner or other representative.

24. **Miscellaneous**

- 24.1 The Parties must do everything reasonably necessary, including signing further documents, to give full effect to this Agreement.
- 24.2 Whenever the consent of Massey is required under this Agreement:
- 24.2.1. that consent may be given or withheld by Massey as Massey may determine; and
- 24.2.2. Massey is not required to provide a reason or reasons for giving or refusing its consent.
- 24.3 The rights, powers and remedies in this Agreement are in addition to, and not exclusive of, the rights, powers and remedies existing at law or in equity.
- 24.4 This Agreement supersedes all prior negotiations, understandings and agreements between the Parties relating to the matters covered by this Agreement and constitutes the full and complete agreement between the Parties relating to the matters covered by this Agreement.
- 24.5 This Agreement is governed by the laws of New Zealand.

EXECUTED by the Parties.

SIGNED for and on behalf of MASSEY by:)




 Authorised Signatory

Tere McGonagle-Daly
 Deputy Vice-Chancellor, Students and Alumni

 Full Name and Position Held

SIGNED for and on behalf of HML by:)



 Authorised Signatory

Mark William Cleaver

 Full Name and Position Held

SIGNED for and on behalf of PNCC by:)

 Authorised Signatory

 Full Name and Position Held

SCHEDULE A: Massey Artificial Hockey Turf Operations

Item 1 – Times of Use (Definition Times of Use)	Monday-Friday from 6am-10pm and Weekends from 8am-8pm.
Item 2 – HMI Use (Definition HMI Use)	<ol style="list-style-type: none"> 1. HMI will ensure any Community group or organisation, including schools, will be able to use the Facility. 2. HMI must ensure a range of days and times will be available to the wider community to book and use the Facility during the Times of Use. 3. Booking and payment methods and arrangements will be developed by HMI prior to the opening of the Facility and must be approved by the Steering Group. The methods developed must, at a minimum, use the following processes: <ol style="list-style-type: none"> i. Booking arrangements are to be web based and availability of the Facility is to be visible from the web site administered by HMI. ii. HMI is to issue invoices for fees payable for the use of the Facility and is to collect fees from users of the Facility. iii. Clubs, associations and visiting regional teams may be charged an additional fee if they are not covered by their own public liability insurance. 4. Requests for access outside of the Times of Use are to be jointly agreed by Massey and HMI.
Item 3 - Massey's Use (Definition Massey's Use)	<ol style="list-style-type: none"> 1. Massey will require a minimum of seven hours per week during the Times of Use to use the Facility free of charge. The hours of use by Massey will count towards the hours of bookable time that HMI will endeavour to achieve annually. 2. Massey will endeavour to elect hours between 5-10pm Monday to Thursday however Massey may book at any time during the Times of Use provided Massey does not disrupt any event previously booked on the HMI online web booking system. 3. Notwithstanding, Massey's seven hours per week, Massey may require additional hours of use. HMI and Massey will negotiate any increase or decrease in time annually dependent on the number of teams in the Massey Hockey Club. 4. In addition to the above Massey is to have pre-emptive rights to book an additional seven hours a week for on-going practice times between 6am-4pm Monday to Friday, subject

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	<p>to a booking fee in line with the HMI fee structure which will be met by way of offset against the minimum fee to be paid by HMI to Massey referred to in clause 3.</p> <p>5. Massey teaching or research use of the Facility is to be booked through the HMI on-line web booking system providing the times requested by Massey have not been pre-booked on the HMI online web based booking system. This use will also be subject to a booking fee in line with the HMI fee structure which will be met by way of offset against the minimum fee to be paid by HMI to Massey referred to in clause 3.</p>
Item 4 Commencement Date (Definition Commencement Date)	The Commencement Date is: 1 April 2020
Item 5 Notices Massey (Clause 13.1)	<p>Massey' addresses for notice: DVC Students & Alumni Massey University Te Kunenga ki Pūrehuroa Private Bag 102 904, North Shore, Auckland 0745</p> <p>HMI addresses for notice: General Manager Hockey Manawatu PO Box 1357 Palmerston North 4440</p> <p>PNCC addresses for notice: Chief Executive Palmerston North City Council Private Bag 11034 Manawātū Mail Centre Palmerston North 4442</p>
Item 6 2020 Costings (Definition Costings)	<p>"Costings" means the fee structure used for both the use of the Facility and the use of the Twin Turfs, which is to be the same, and is to be set by HMI and the Steering Group. The Costings for the 2020 year are set out in Appendix A.</p>

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Appendix A: Costings for Booking Massey Artificial Hockey Turf 2020

(To be up-dated annually by the Steering Committee)

	Half Turf		Full Turf	
Club Practice	With Lights	Without Lights	With Lights	Without Lights
	82.50	55.00	148.50	93.50
Secondary School Practice Fees	With Lights	Without Lights	With Lights	Without Lights
	82.50	44.00	143.00	71.50
Primary/Intermediate School Practice Fees	With Lights	Without Lights	With Lights	Without Lights
	38.50	22.00	77.00	55.00
Non Local Practice Fees (including tournament practice fees)	With Lights	Without Lights	With Lights	Without Lights
	93.50	55.00	159.50	93.50
Primary/Intermediate/Secondary Interscholar Game Fees (Played outside of normal competition)			With Lights	Without Lights
(per team, per game)			143.00	88.00
Day time Bookings (9am-3pm)	With Lights	Without Lights	With Lights	Without Lights
Tournament per day (schools) 1 Turf and Changing Rooms				250.00
Tournament per day (other) 1 Turf and Changing Rooms				550.00
Public School Activities (PE class etc)	With Lights	Without Lights	With Lights	Without Lights
School Activities (for non-Hockey Teams)	27.50 per session (1 hr) or \$440 for calendar year booking (March-Nov)			
Winter Competition Game Fees				
Club Competition	Per Team, Per Game			143.00
Secondary School Competition	Per Team, Per Game			88.00
Intermediate School Competition 11 aside)				650.00 per team
Intermediate School Competition 7 a side				330.00 per team
Primary School Competition	Year 5/6			280.00 per team
	Year 3/4			190.00 per team
	Year 0/2			170.00 per team

RMK-019572-698-120-V1

SCHEDULE B**(Clause 4.5)***Steering Group Principles*

The purpose and principles and intent of the Steering Group are:

- To prepare and distribute a detailed operating policy prior to the opening of the Facility which will include Costings for the initial year.
- To review the operating policy annually and to notify the parties of any reviewed policy.
- To ensure that the wider regional community will be major users of the Facility.
- To ensure that Community use of the Facility will be affordable, accessible and appropriately prioritised and complimentary to the use of the Twin Turfs.
- To establish policy relating to the use of the Facility (including fees and charges) consistent with the purposes for which the Facility has been constructed and in accordance with the principles and intent outlined in this Agreement.
- To develop management practices.
- To ensure proper use is made of the Facility and due regard is given to the purpose for which the Facility has been constructed.
- To use reasonable endeavours to mitigate any nuisance or disturbance to Persons on Massey's campus or to adjoining neighbours.
- To ensure continued regional community access and participation and contributes to the growth of hockey and sport in the community.
- To provide annual reports to Massey, HMI and the Council on policy and use of the Facility.

MEMORANDUM

TO: Finance & Audit Committee

MEETING DATE: 21 October 2020

TITLE: Audit arrangements for small Council Controlled Organisations

PRESENTED BY: Steve Paterson, Strategy Manager - Finance

APPROVED BY: Stuart McKinnon, Chief Financial Officer

RECOMMENDATIONS TO COUNCIL

1. That the memorandum entitled 'Audit arrangements for small Council Controlled Organisations' presented to the Finance & Audit Committee on 21 October 2020, be received.
2. That the Council liaise with the Boards of the Caccia Birch Trust and Palmerston North Performing Arts Trust to amend the respective trust deeds to modify the requirements for audited financial statements.
3. That with respect to the Caccia Birch Trust the change be either:
 - a. Option one – require a review rather than an audit; or
 - b. Option two – remove the requirement for an audit or a review
4. That with respect to the Palmerston North Performing Arts Trust the requirement for an audit of the annual financial statements be removed as outlined in Option two.

1. ISSUE

In September 2018 following consideration of the 2018-28 Statements of Intent for Council Controlled Organisations (CCOs) the Council resolved "The Chief Executive be instructed to provide an issues and options report on the audit issues facing Palmerston North City Council Controlled Organisations."

2. BACKGROUND

2.1 Overview

Council controlled organisations include the following:

- Palmerston North Airport Ltd
- Te Manawa Museums Trust

- Central Economic Development Agency Ltd (CEDA)
- Regent Theatre Trust
- Globe Theatre Trust
- Caccia Birch Trust
- Palmerston North Performing Arts Trust
- Manawatu-Wanganui Regional Disaster Relief Fund Trust

Council can exempt small CCOs from the planning and reporting requirements of the Local Government Act (LGA) and has currently exempted the Palmerston North Performing Arts Trust and Manawatu-Wanganui Regional Disaster Relief Fund Trust.

As public entities performing functions on behalf of the Council it is important that these entities have appropriate checks and balances in place. Usually this would involve some form of independent audit or review. Such audits or reviews are part of the way directors, trustees, the Council, and sometimes external funders gain an assurance that what they have in place is appropriate and that the financial statements fairly reflect their financial operations and position. This is important in larger entities but also in smaller ones when adequate separation of duties is difficult.

2.2 Council considerations so far

In August 2017 the Council was presented with a report that addressed the possibility of both the Caccia Birch Trust and the Globe Theatre Trust being exempted as CCOs pursuant to section 7(3) of the LGA. Council resolved to do this and in the case of the Globe Theatre Trust this was subject to receipt of a formal request to do so from the Trust Board. The Trust Board subsequently advised it did not wish to be exempted.

Although it was resolved to exempt the Caccia Birch Trust the intention was always that the Trust Board would continue to be required, as a condition of receiving Council funding, to prepare a Statement of Intent and an Annual Report. It was thought it would be possible to reduce audit costs by changing from an annual audit to what is termed an annual review – a review is a lower level of assurance engagement and is now a common approach for smaller organisations. A review is a less intensive process involving a lower level of testing which results in the reviewer being able to declare that nothing has come to their attention that would indicate the accounts are not true and fair.

Although the Charities Act provides that charities with operating expenditure less than \$500,000 pa are not required to have an audit or a review, previous Council discussions have indicated it is appropriate for organisations associated with the Council to be subject to some form of independent review of the financial statements each year.

In December 2017 a further report was provided to the Council addressing the issue and recommending that the trust deeds for both the Caccia Birch Trust and the Palmerston North Performing Arts Trust be amended to replace the requirement for an audit of the

financial statements to a requirement they be subject to a review. The Boards of both trusts had resolved they wished these changes to be made in the hope the review process would be less costly.

The **changes to the deeds approved by the Council in December 2017** are shown as follows (deletions by strikethrough, additions marked in yellow):

Caccia Birch Trust

“Rule 7.3 Annual General Meeting

(a) The ~~audited~~ **reviewed** accounts of the Trust.

Rule 13.2 ~~Audit~~ **Review**

The Board shall, as soon as practicable after the end of every financial year of the ~~Board Trust~~, cause the accounts of the ~~Board Trust~~ for that financial year to be ~~audited~~ **reviewed** by the auditor for the time being who audits the accounts of the Council, unless the Council shall approve of some other ~~auditor~~ **reviewer**. The ~~audited~~ **reviewed** accounts shall be available for the Annual General Meeting and shall be presented to Council by 30th September each year.

Rule 18 Trust to be a Council-controlled organisation

Unless exempted by the Council pursuant to the Local Government Act 2002 the Trust shall be a Council-controlled organisation for the purposes of the Local Government Act 2002 and the Board shall ensure that the Trust carries out all obligations imposed on the Trust by the Local Government Act 2002.”

Palmerston North Performing Arts Trust

“Clause 8.2 ~~Audit~~ **Review**

The Board shall as soon as practicable after the end of every financial year of the Trust, cause the accounts of the Trust for that financial year to be ~~audited~~ **reviewed** by the auditor for the time being of the accounts of the Palmerston North City Council, **unless the Council shall approve some other reviewer.** ~~and the audited~~ **The reviewed** accounts shall be made available to the Palmerston North City Council and then, by extension, to the public.”

The **changes to the trust deeds have not been formally actioned** as subsequent discussions with representatives from Audit NZ and Office of the Auditor General have made it unclear as to whether the proposed changes would actually result in the reductions in costs that had been assumed.

This report now focuses on the position for the Caccia Birch Trust and the Palmerston North Performing Arts Trust.

2.3 Options for Caccia Birch Trust

In late 2018 Council's then audit director from Audit NZ advised that the Auditor-General is required to be the auditor of the Trust if the trust deed requires either an audit or a review. They also advised that as Caccia Birch is a subsidiary of the Council if Audit NZ is not the Trust's auditor they still have obligations in relation to the Trust as the Council group auditor. This would be achieved either through the audit team servicing the Council doing the work or requesting it be done by the Trust's auditor.

The two options therefore now seem to be:

2.3.1 Option One

Continue to revise the trust deed as agreed in 2017 to require a review and recognise the Auditor-General will continue to appoint the trust's reviewer – although this could be Audit NZ, it could be someone else. The consequential reduction in audit fees may be minimal. In addition to the changes highlighted above it would be necessary to revise Rule 7.3 (f) of the deed as follows:

"(f) the appointment of ~~auditors~~ reviewers in accordance with Rule 13.2"; or

2.3.2 Option Two

Revise the trust deed to remove the need to appoint an auditor and to present audited accounts to the annual general meeting. This would involve making the following changes to the deed:

"Rule 7.3 Annual General Meeting

(a) the ~~audited~~ annual accounts of the Trust

(f) ~~the appointment of auditors in accordance with Rule 13.2~~"

Rule 13.1 True and fair accounts

The Board shall keep true and fair accounts of all monies received and expended for each financial year and prepare a set of financial accounts as at with the balance date of 30th June in each year. They shall be available for the Annual General Meeting and be presented to the Council by 30th September each year.

~~Rule 13.2 Audit~~

~~The Board shall, as soon as practicable after the end of every financial year of the Board, cause the accounts of the Board for that financial year to be audited by the auditor for the time being who audits the accounts of the Council, unless the Council shall approve of some other auditor. The audited~~

~~accounts shall be available for the Annual General Meeting and shall be presented to Council by 30th September each year.~~

Rule 18 Trust to be a Council-controlled organisation

Unless exempted by the Council pursuant to the Local Government Act 2002 the Trust shall be a Council-controlled organisation for the purposes of the Local Government Act 2002 and the Board shall ensure that the Trust carries out all obligations imposed on the Trust by the Local Government Act 2002.”

Under this option it would still be possible for the Board to appoint a reviewer should they desire to do so. As mentioned earlier, because Caccia Birch is part of the Council group, the Council’s auditor will still have obligations in relation to the Trust and would be looking to gain assurances that will involve them in some additional work.

2.4 Options for Palmerston North Performing Arts Trust

At the present time the Trust is administered by Council staff and these staff keep the financial records and prepare annual financial statements. The Trust has no staff and its financial activities are relatively simple.

In this context it does seem unnecessary to engage any external audit or review capability.

The two options therefore now seem to be:

2.4.1 Option One

Continue to revise the trust deed as agreed in 2017 to require a review and recognise the Auditor-General will continue to appoint the trust’s reviewer – although this could be Audit NZ, it could be someone else. The consequential reduction in audit fees may be minimal.

2.4.2 Option Two

Revise the trust deed to remove the need to appoint an auditor. This would involve making the following changes to the deed:

“Clause 8.1 True and fair accounts

The Board shall keep true and fair accounts of all money received and expended and of the funds of the Trust, and will prepare a set of financial accounts as at the balance date that shall be made available to the Palmerston North City Council and then, by extension, to the public.”

~~Clause 8.2 Audit~~

~~The Board shall as soon as practicable after the end of every financial year of the Trust, cause the accounts of the Trust for that financial year to be audited~~

~~by the auditor for the time being of the accounts of the Palmerston North City Council and the audited accounts shall be made available to the Palmerston North City Council and then, by extension, to the public."~~

3. NEXT STEPS

Proposed changes to the Trust Deeds for the Caccia Birch Trust and the Palmerston North Performing Arts Trust will be discussed with the respective Boards and assuming they agree with what is proposed, the changes will be initiated. Otherwise there will be a further report back to the Council. The intention would be that the changes would be effective for the 2020/21 year.

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? But the costs should not be significant	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
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 Culture and Heritage Plan	
The action is: Support CCOs to achieve objectives	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Council has strategic partnerships with council-controlled organisations – these recommendations are designed to try to reduce the cost of operations for the two entities.

ATTACHMENTS

Nil

MEMORANDUM

TO: Finance & Audit Committee

MEETING DATE: 21 October 2020

TITLE: Treasury Report - 3 months ending 30 September 2020

PRESENTED BY: Steve Paterson, Strategy Manager - Finance

APPROVED BY: Stuart McKinnon, Chief Financial Officer

RECOMMENDATIONS TO FINANCE & AUDIT COMMITTEE

1. That the memorandum entitled 'Treasury Report – 3 months ending 30 September 2020' presented to the Finance & Audit Committee on 21 October 2020, be received.
2. That the performance of Council's treasury activity for the 3 months ended 30 September 2020 be noted.

1. ISSUE

To provide an update on the Council's treasury activity for the 3 months ending 30 September 2020.

2. BACKGROUND

The Council's Annual Budget for 2020/21 forecast additional debt of \$35.643m would need to be raised during the year to fund the \$46.754m of new capital expenditure programmes (including assumed carry forwards from 2019/20). In June 2020 the Council resolved to specifically authorise the raising of up to \$36m of additional debt. In August 2020 the Council approved increasing the new capital expenditure programme for the year by a further \$3.8m due to a revised assessment of the level of carry forwards from 2019/20. There was no change to the additional debt that was authorised. Progress against the approved capital expenditure programme will be monitored during the year and authorisation for additional debt will be sought if required.

Council's Financial Strategy (updated version adopted 25 June 2018) contains the following ratios which the Council has determined to be prudent maxima:

- Net debt as a percentage of total assets not exceeding 20%
- Net debt as a percentage of total revenue not exceeding 200%

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

An updated version of the Treasury Policy (embracing the Liability Management and Investment Policy), adopted by the Council in August 2020, also contains a number of other criteria regarding debt management.

3. PERFORMANCE

Following the latest annual review published on 20 April 2020 Council's S&P Global Rating's credit rating remained unchanged at AA / A-1+, although the outlook was revised from positive to stable.

Schedule 1 attached shows the details of Council's debt as at 30 September 2020. Debt levels were within the policy parameters outlined in section 2 of this report.

The summarised gross term debt movements are shown in the following table:

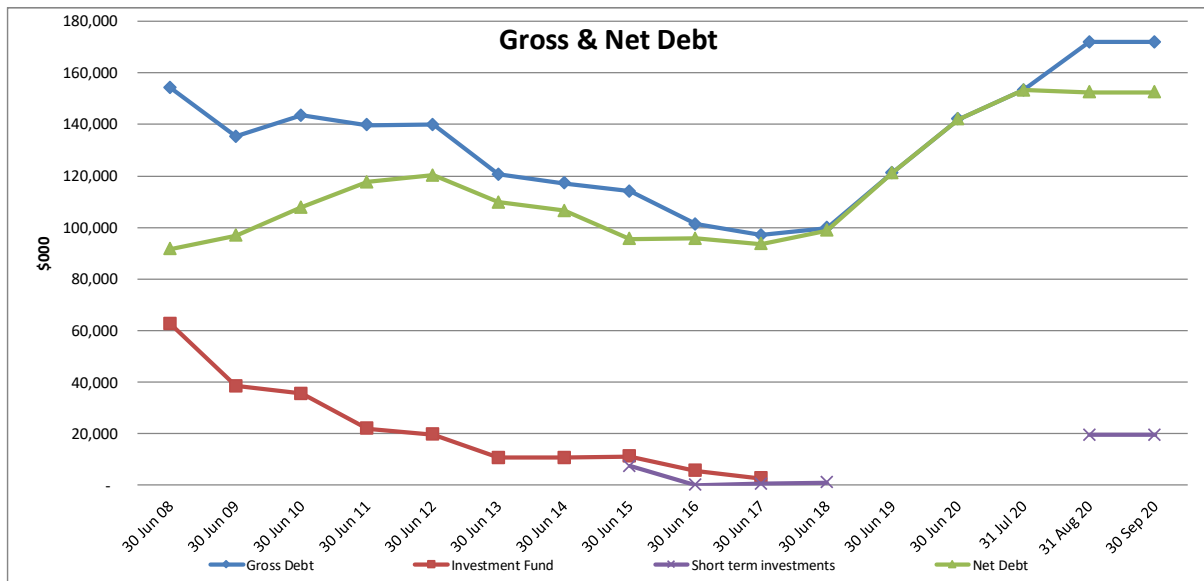
	Annual Budget for year (2020/21) \$000	Actual – 3 months (2020/21) \$000
Debt Balance at 1 July 2020	142,597	142,000
New Debt #	35,643	30,000
Debt repayments #		
Closing Balance	178,240	172,000
<u>Comprising:</u>		
Bank advance (on call)		
LGFA short term advance		
LGFA & Council stock		172,000

A portion of the Council's debt is drawn on a daily basis – daily drawdowns & repayments are not included in these figures but the net draw or repayment for the year to date is shown as part of new debt or debt repayment as appropriate.

Gross debt at 30 September 2020 was \$172m compared with \$142m at 1 July 2020. \$20m of this was raised in advance to refinance debt maturing in May 2021. The sum raised in advance has been invested short term at rates that more than cover the borrowing costs.

Movements in recent years are shown in the following graph:

PALMERSTON NORTH CITY COUNCIL



Actual finance costs incurred during the 3 months (including interest, line fees & the effects of payments relating to swaps) amounted to \$1.253m compared with the budget for the year of \$5.557m. The effective average interest rate for the quarter was 3.13% compared with the budgetary assumption of 3.4% and this translated to a saving of approximately \$50k.

The Council has entered financial instruments related to its debt portfolio utilising swap trading lines established with Westpac, ANZ and BNZ. The details of these are shown in **Schedule 2 attached**.

The value of these instruments is measured in terms of its “mark-to-market”, ie. the difference between the value at which the interest rate was fixed and the current market value of the transaction. Each of these transactions was valued at the date they were fixed and again at the reporting date. Financial reporting standards require the movement in values to be recorded through the Council’s Statement of Comprehensive Income (Profit & Loss Account). They have been revalued as at 30 September 2020 and show a decrease in book value of \$264k for the quarter.

The Council’s Treasury Policy contains guidelines regarding the measurement of treasury risk as follows:

- Funding and liquidity risk is managed by the Council maintaining a pre-set portion of its debt in a range of maturity periods, eg. < 3 years, 3 - 7 years, 7 years +.
- Interest rate risk is managed by the Council maintaining the ratio of debt that is subject to floating versus fixed interest rates within pre-set limits.

The position compared to the policy is illustrated in the graphs in **Schedule 3**.

The funding & liquidity risk position can be summarised as follows:

- Council's liquid position complies with policy and debt maturing in May 2021 is covered through sums raised in advance and temporarily invested.

The interest risk position is more complex to explain but is basically about the portion of the overall forecast debt that is fixed versus floating and can be summarised as follows:

- Changes to the Treasury Policy adopted in August mean the calculations are no longer based on the rolling debt forecast for the next 12 months but rather the rolling debt forecasts for up to 11 years plus.
- There is significant uncertainty about forecast levels of future debt – this very much depends on a number of factors including future Council decisions on the proposed capital expenditure programme and Government decisions on the future structure of the provision of 3 waters.
- For the purposes of this report we have assumed debt will increase from \$142m at 1 July 2020 to \$388m at 30 June 2028 – the 2018-28 10 Year Plan assumes \$367m by this date. These figures significantly understate the likely debt especially if the latest forecasts for the wastewater project are included.
- In the current economic environment we expect to fix interest rates at or near policy minimums based on the debt forecasts mentioned above and that is the position as at 30 September.

As at 30 September 2020 all policy targets had been met.

Council's credit lines with the banks include a \$18m four-year credit facility with Westpac Bank (maturing 31 July 2022) and a revolving \$25m three-year facility with ANZ Bank (maturing 31 March 2023).

4. CONCLUSION & NEXT STEPS

Finance costs for the quarter (including interest, line fees & the effect of swaps) was \$1.253m compared with budget for the year of \$5.557m. This was slightly lower than the year to date budget principally due to lower average interest rates.

In conjunction with Council's treasury advisors hedging instruments are regularly reviewed in an effort to ensure the instruments are being utilised to best advantage as market conditions change. The level of hedging cover is also reviewed as the forecasts of future debt levels are revised.

Council's borrowing strategy is continually reviewed, in conjunction with Council's treasury advisors, to ensure best advantage is taken of Council's quality credit rating.

A further performance report will be provided after the end of the December 2020 quarter.

5. COMPLIANCE AND ADMINISTRATION

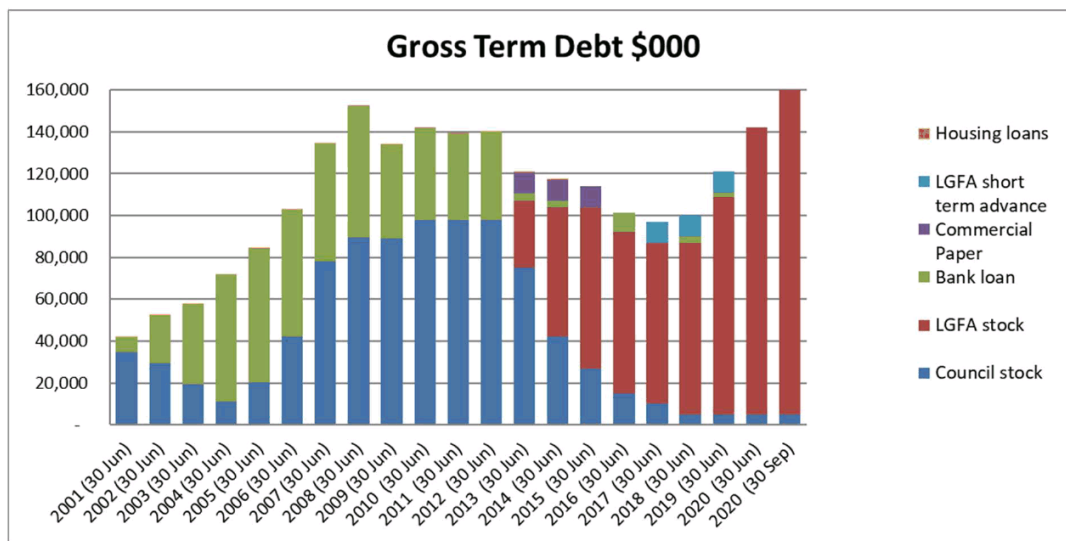
Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
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	
This report outlines the outcomes of a fundamental administrative activity of the Council.	
Contribution to strategic direction	Managing the Council's treasury activity is a fundamental component of day to day administration of the Council.

ATTACHMENTS

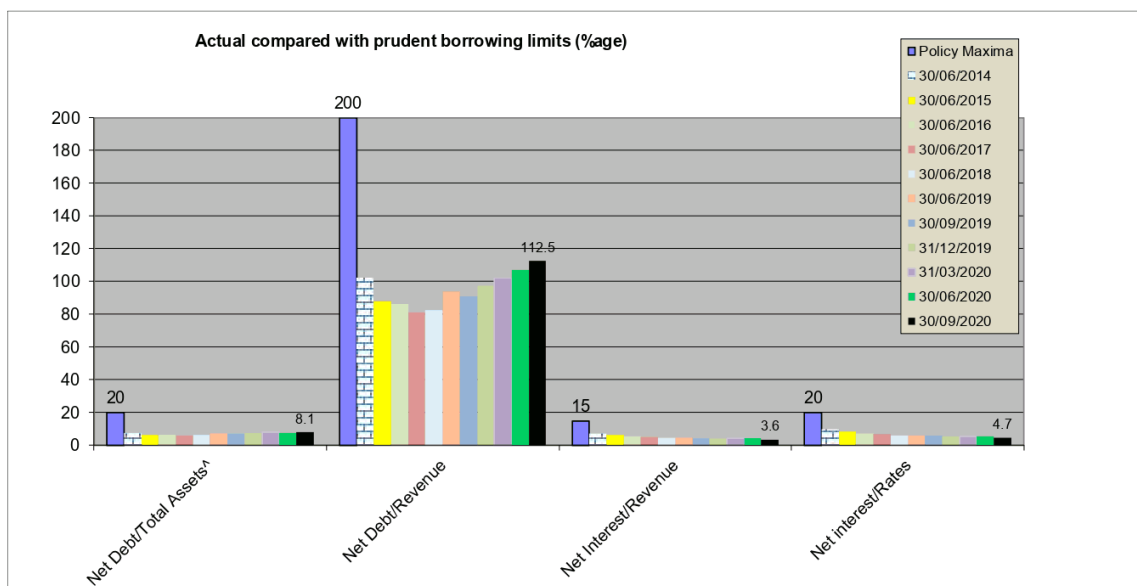
- Schedules 1 to 3 [↓](#) 

**Schedule 1 - Debt levels & Prudent Borrowing Ratios**

Palmerston North City Council								
Term Debt as at 30 September 2020								
1. Loan Stock on Issue - Council debentures						Current		
Issue Date	Term	Principal	Margin over BKBM	Interest Rate	Maturity Date	as at 30/09/2020	Interest Rate	Reset Date
FRN 5 Aug 16	6	5,000,000	0.6300%	0.8950%	5-Aug-2022		Floating Qtrly	5-Aug-20
		5,000,000						
2. Loan Stock on Issue - Borrowed from LGFA								
LGFA 20 May 13	8	5,000,000	0.6425%	0.9225%	15-May-2021	5,000,000	Floating Qtrly	16-Nov-20
LGFA 24 Feb 14	7	10,000,000	0.5525%	0.8325%	15-May-2021	10,000,000	Floating Qtrly	16-Nov-20
LGFA 19 May 14	7	5,000,000	0.6000%	0.8800%	15-May-2021	5,000,000	Floating Qtrly	16-Nov-20
LGFA 13 Apr 15	7	10,000,000	0.3300%	0.6350%	5-Apr-2022		Floating Qtrly	5-Oct-20
LGFA 18 Aug 14	9	10,000,000	0.6325%	0.9425%	15-Apr-2023		Floating Qtrly	15-Oct-20
LGFA 15 Apr 20	3	10,000,000	0.7350%	1.0450%	17-Apr-2023		Floating Qtrly	15-Oct-20
LGFA 23 Jul 18	6	15,000,000	0.5525%	0.8625%	15-Apr-2024		Floating Qtrly	15-Oct-20
LGFA 15 Apr 20	4	5,000,000	0.7850%	1.0950%	15-Apr-2024		Floating Qtrly	15-Oct-20
LGFA 6 Sep 17	7	6,000,000	0.6000%	0.9000%	15-Sep-2024		Floating Qtrly	15-Dec-20
LGFA 6 Sep 17	8	6,000,000	0.6600%	0.9700%	15-Apr-2025		Floating Qtrly	15-Oct-20
LGFA 28 Jan 20	5	8,000,000	0.5400%	0.8500%	15-Apr-2025		Floating Qtrly	15-Oct-20
LGFA 13 Jul 20	5	5,000,000	0.6700%	0.9804%	15-Apr-2025		Floating Qtrly	15-Oct-20
LGFA 22 Mar 18	8	5,000,000	0.7250%	1.0350%	15-Apr-2026		Floating Qtrly	15-Oct-20
LGFA 17 Jun 19	7	7,000,000	0.6525%	0.9625%	15-Apr-2026		Floating Qtrly	15-Oct-20
LGFA 11 May 20	6	5,000,000	0.6600%	0.9700%	15-Apr-2026		Floating Qtrly	15-Oct-20
LGFA 13 Jul 20	6	5,000,000	0.7225%	1.0329%	15-Apr-2026		Floating Qtrly	15-Oct-20
LGFA 16 Mar 15	12	5,000,000	0.4575%	0.7675%	15-Apr-2027		Floating Qtrly	15-Oct-20
LGFA 8 Jun 15	12	5,000,000	0.4525%	0.7625%	15-Apr-2027		Floating Qtrly	15-Oct-20
LGFA 11 Aug 20	7	10,000,000		1.1200%	15-Apr-2027		Fixed	
LGFA 17 Dec 18	10	5,000,000	0.7875%	1.0975%	15-Apr-2028		Floating Qtrly	15-Oct-20
LGFA 7 Oct 19	9	5,000,000	0.7100%	1.0200%	18-Apr-2028		Floating Qtrly	15-Oct-20
LGFA 11 Aug 20	8	10,000,000	0.8300%	0.2810%	15-Apr-2028		Floating Qtrly	15-Oct-20
LGFA 17 Dec 18	11	10,000,000	0.8225%	1.1325%	15-Apr-2029		Floating Qtrly	15-Oct-20
		167,000,000						
3. Bank facilities								
ANZ (\$25m)		-			31-Mar-2023		Reset at any time	
Westpac (\$18m)	On call			* plus line fee of 0.22%	31-Jul-2022		Reset at any time	
				1.330%				
				* plus line fee of 0.27%				
4. Short term facility from LGFA								
		-						
Total as at 30 September 2020								
		172,000,000				20,000,000		



The Financial Strategy contains a series of ratios that the Council has determined to be prudent maxima. The chart below shows the actual results for since 2013/14 compared to those ratios.



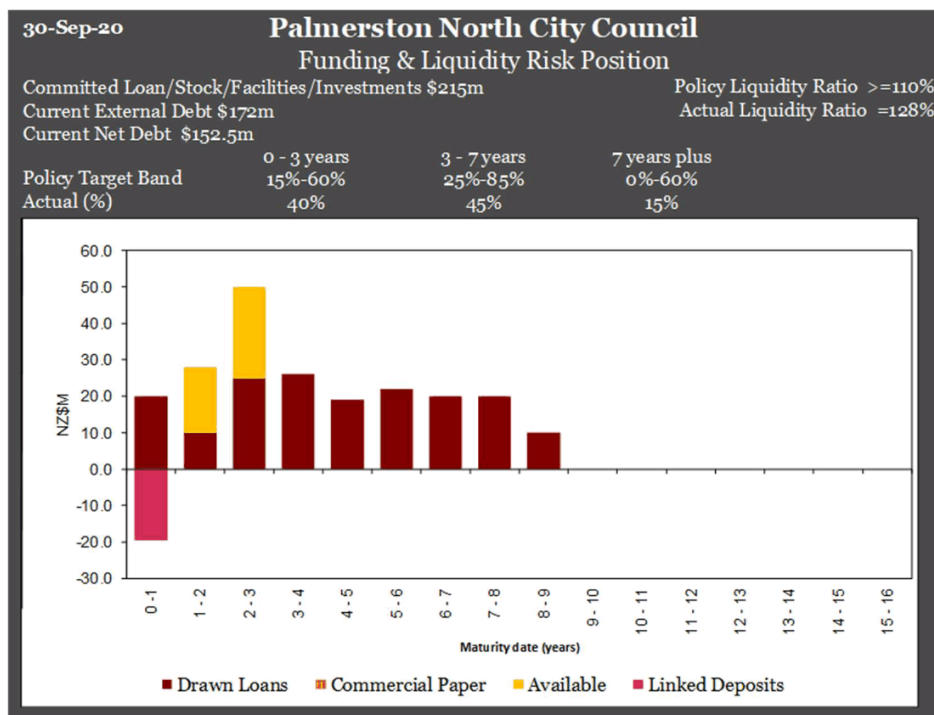
[^] The Net Debt/Total Assets ratio became effective from 1 July 2015. Previously the ratio used was Net Debt/Equity and the actuals for the previous ratio are shown in this report for information.

**Schedule 2 – Interest Rate Swaps**

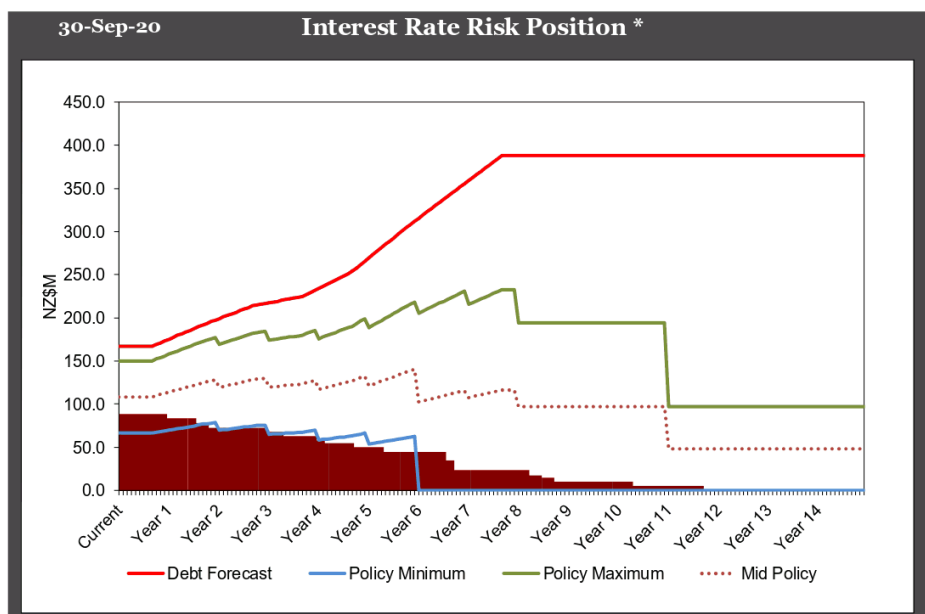
Palmerston North City Council									
Interest Rate Swaps as at 30 September 2020									
Council pays fixed & receives floating on a monthly basis							Current		Hedgebook
Bank	Trade Date	Deal No	Amount	Start Date	Maturity	Fixed Interest	Floating	Reset date	Value at
			\$m			rate	rate		30-Sep-20
Westpac	12-Feb-13	2882838	5.0	11-Mar-13	9-Dec-20	4.61%	0.270%	9-Oct-20	(53,735)
Active total at 30 Sep 20			5.0						(53,735)
								Current	0
								Term	(53,735)
Council pays fixed & receives floating on a quarterly basis							Current		Value at
Bank	Trade Date	Deal No	Amount	Start Date	Maturity	Fixed Interest	Floating	Reset date	30-Sep-20
			\$m			rate	rate		
Westpac	10-Sep-09	1329748	6.0	21-Oct-09	22-Jul-19	5.8675%		Matured 22 July 19	
Westpac	19-Aug-10	1656930	5.0	10-Oct-10	10-Jan-20	5.9375%		Matured 10 Jan 20	
Westpac	19-Aug-10	1656928	5.0	10-Oct-10	10-Jul-20	5.9350%		Matured 10 Jul 20	
Westpac	12-Feb-13	2882863	7.0	8-Mar-13	8-Jun-20	5.35%		Matured 8 Jun 20	
ANZ	17-Dec-13	8539285	3.0	17-Feb-14	15-Nov-20	4.92%	0.280%	16-Nov-20	(34,690)
Westpac	21-Feb-14	3540565	5.0	7-Mar-14	7-Sep-20	6.295%		Matured 7 Sep 20	
Westpac	8-May-14	3673014	5.0	9-Jun-14	7-Sep-21	6.060%	0.300%	7-Dec-20	(295,066)
Westpac	8-May-14	3672892	5.0	10-Jul-14	11-Apr-22	5.690%	0.310%	12-Oct-20	(487,294)
Westpac	8-May-14	3672895	5.0	6-Jun-14	8-Jun-21	5.820%	0.300%	7-Dec-20	(209,345)
ANZ	20-Jun-14	9572093	5.0	15-Dec-14	15-Jun-23	4.840%	0.300%	15-Dec-20	(656,939)
Westpac	18-Jul-14	3787822	6.0	29-Sep-15	29-Sep-23	4.850%	0.305%	29-Dec-20	(862,513)
Westpac	20-Feb-15	4211117	5.0	8-Mar-17	6-Mar-20	3.810%		Matured 6 Mar 20	
ANZ	28-Nov-14	10730910	5.0	15-Dec-17	15-Jun-24	4.500%	0.300%	15-Dec-20	(830,452)
ANZ	28-Nov-14	10730993	5.0	10-Apr-18	10-Oct-24	4.515%	0.310%	12-Oct-20	(939,214)
Westpac	20-Feb-15	4211119	5.0	6-Dec-18	6-Dec-19	3.875%		Matured 6 Dec 19	
ANZ	3-May-17	15995740	6.0	22-Jul-19	21-Apr-22	3.350%	0.300%	21-Oct-20	(341,637)
BNZ	10-Jul-19	384538896	5.0	31-Jul-19	21-Jul-22	1.345%	0.300%	21-Oct-20	(126,189)
ANZ	29-Nov-18	18984011	5.0	6-Dec-19	6-Sep-23	2.555%	0.300%	7-Dec-20	(373,877)
Westpac	28-Nov-14	4040149	5.0	10-Jan-20	10-Jan-24	4.585%	0.310%	12-Oct-20	(789,247)
ANZ	29-Nov-18	18984258	2.0	6-Mar-20	6-Mar-29	3.095%	0.300%	7-Dec-20	(454,721)
Westpac	28-Nov-14	4040489	7.0	8-Jun-20	8-Dec-22	4.5675%	0.300%	8-Dec-20	(709,396)
Westpac	25-Feb-15	4218128	5.0	7-Sep-20	9-Sep-24	3.990%	0.300%	7-Dec-20	(781,176)
Active total at 30 Sep 20			86.0						(7,891,756)
Westpac	25-Feb-15	4218131	5.0	8-Jun-21	10-Jun-24	3.990%	0	8-Jun-21	(593,666)
ANZ	25-Feb-15	11281075	3.0	16-Nov-20	15-Nov-24	3.990%	0	16-Nov-20	(468,574)
Westpac	18-Jan-16	4910927	5.0	9-Dec-20	9-Jun-25	3.970%	0	9-Dec-20	(868,282)
Westpac	26-Feb-16	5013577	5.0	11-Apr-22	12-Jan-26	3.635%	0	11-Apr-22	(647,008)
ANZ	27-Nov-17	17029213	5.0	15-Jun-23	15-Jun-27	3.7675%	0	15-Jun-23	(669,148)
ANZ	27-Nov-17	17029223	6.0	29-Sep-23	29-Jun-27	3.7875%	0	29-Sep-23	(749,998)
ANZ	27-Mar-18	17670250	5.0	15-Jun-24	15-Jun-29	3.840%	0	15-Jun-24	(777,314)
ANZ	27-Mar-18	17670276	5.0	10-Oct-24	10-Jan-31	3.920%	0	10-Oct-24	(944,916)
ANZ	27-Mar-18	17670295	5.0	10-Jun-24	10-Jun-32	3.935%	0	10-Jun-24	(1,185,753)
BNZ	27-Feb-20	384575543	7.0	8-Dec-22	8-Dec-28	1.3375%		8-Dec-22	(348,980)
Forward start total at 30 Sep 20			51.0						(7,253,639)
								Current	(15,145,395)
								Term	(3,244,586)
									(11,900,809)
									(15,199,130)

Schedule 3 - Risk Exposure Position

Funding & Liquidity Risk Position – proportions of Debt within pre-set maturity bands



Interest Rate Risk Position – proportions of Debt subject to floating versus fixed interest rates within pre-set policy limits



*Based on trimmed forecast of requirements – see report

MEMORANDUM

TO: Finance & Audit Committee

MEETING DATE: 21 October 2020

TITLE: Mayor and Deputy Mayor Expenditure 2019/2020

PRESENTED BY: Hannah White, Democracy & Governance Manager

APPROVED BY: Stuart McKinnon, Chief Financial Officer

RECOMMENDATION TO FINANCE & AUDIT COMMITTEE

1. That the memorandum entitled 'Mayor and Deputy Mayor Expenditure 2019/2020', presented to the Finance & Audit Committee on 21 October 2020, be received.
-

1. ISSUE

This report is a response to the resolution of 13 November 2019 which amended *the Elected Member Expenses Policy* to require that:

"The expenses of the Mayor and Deputy Mayor be reported annually to the Finance & Audit Committee."

Further direction was sought from the Finance and Audit Committee in September 2020 to ensure that the level of reporting met the expectations of the resolution.

2. BACKGROUND

Delegation 193A, also introduced on 13 November 2019, gives the Chairperson of the Finance & Audit Committee and the independent non-elected member appointed to that Committee each the power to approve expenses (all invoices and credit card transactions) incurred by the Mayor, retrospectively.

Furthermore, the expenditure reported here is subject to audit undertaken by Audit NZ through the audit of the annual report. Their scope includes reviewing the effectiveness and efficiency, waste, and testing for a lack of probity or financial prudence. Findings are then reported to the Finance & Audit Committee.

This report, therefore, adds a level of good practice by providing a summary of the expenses of the Mayor and Deputy Mayor to the Finance & Audit Committee in a regular and timely manner.

3. SENSITIVE EXPENDITURE

Below is a summary of sensitive expenditure across the Mayoral Office, Mayor's Discretionary and Mayor's Relief Fund. The summary presents only a part of these budget lines. Total expenditure for the 2019/20 Financial Year was \$133,902.10, from a budget of \$209,780.

Type	19/20 Actual	19/20 Budget	18/19 Actual
Hospitality	\$28,821	\$31,872	\$36,727
Training	\$2,554	\$8,076	\$9,752
Travel/ Accommodation	\$26,966	\$21,852	\$32,545
Other grants/Donations	\$12,548	\$10,632	\$25,757
Relief Fund	\$2,988	\$1,092	\$5,010
Donations to Relief Fund			(\$7,000)
Miscellaneous:			
Gifts	\$5,015	**	**
Hospitality	\$6,274	**	**
Travel/ Accommodation	\$1,380	**	**

** Note that 1) 2019/20 miscellaneous spending was also reviewed for sensitive expenditure. A limited number of transactions were identified and are recorded here. A similar review has not been completed for the prior year; 2) the reported expenses are only a portion of the miscellaneous budget.

4. CREDIT CARD USE

Below is a summary of all credit card transactions by the Mayor and Deputy Mayor for the 2019/20 financial year. There is overlap with the expenses above.

Credit Card	
Mayor	\$4,180.36
Advertising	\$212.82
Hospitality	\$2,203.62
Gifts/Donations	\$652.00
Miscellaneous (other)	\$263.66
Travel/ Accommodation	\$848.26
Deputy Mayor	\$638.89
Hospitality	\$72.96
Training	\$91.30
Travel/ Accommodation	\$474.63

5. REIMBURSEMENTS

The Mayor received a total of \$117.66 for reimbursements in the 2019/20 financial year.

6. NEXT STEPS

Coding work will be undertaken to ensure clarity of reporting, including setting up new codes where appropriate for regular expenses.

7. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual 193A		Yes
Are the decisions significant?		No
If they are significant do they affect land or a body of water?		No
Can this decision only be made through a 10 Year Plan?		No
Does this decision require consultation through the Special Consultative procedure?		No
Is there funding in the current Annual Plan for these actions?		Yes
Are the recommendations inconsistent with any of Council's policies or plans?		No
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		
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Open and transparent governance contributes to trust and reputation of the Council.	

ATTACHMENTS

NIL

REPORT

TO: Finance & Audit Committee

MEETING DATE: 21 October 2020

TITLE: Otira Park - Proposal to grant a lease on reserve land to Palmerston North Pony Club Branch

PRESENTED BY: Bryce Hosking, Manager - Property; Kathy Dever-Tod, Manager - Parks and Reserves

APPROVED BY: Sheryl Bryant, Acting Chief Infrastructure Officer

RECOMMENDATIONS TO COUNCIL

1. That the report entitled 'Otira Park - Proposal to grant a lease on reserve land to Palmerston North Pony Club Branch' presented to the Finance & Audit Committee on 21 October 2020, be received.
2. That the Council approves notifying the public of the proposal to grant a lease at Otira Park, 22 Totara Road to Palmerston North Pony Club Branch Incorporated, in accordance with Section 54 of the Reserves Act 1977.
3. That the Council notes the land area affected by the lease for Palmerston North Pony Club Branch Incorporated is described as part of Section 1732 TN of Palmerston North, part of Section 1737 TN of Palmerston North, part of Section 1 SO 27741 and Part Lot 1 DP 3063. The lease area is shown in the draft proposal lease contained in Attachment 1 of the report titled 'Otira Park – Proposal to grant a lease on reserve land to Palmerston North Pony Club Branch' presented to the Finance & Audit Committee on 21 October 2020.

SUMMARY OF OPTIONS ANALYSIS

ITEM 12

Problem or Opportunity	<p>Palmerston North Pony Club Branch has been operating their club activities at Otira Park, 22 Totara Road, on a month to month tenancy since 1990.</p> <p>Palmerston North Pony Club Branch approached Council and requested a lease for the current occupied land as existing use.</p> <p>This report requests approval to notify the public of Council's intention to grant a new lease in accordance with Section 54 of the Reserves Act 1977.</p>
OPTION 1:	Notify the public of Council's intention to approve the proposal to grant a lease to the existing tenant at Otira Park, 22 Totara Road, in accordance with Section 54 of the Reserves Act 1977.
Community Views	Community views will be sought during the public notification period.
Benefits	The community views will be understood to inform the decision, and any objections considered as required under the Reserves Act 1977.
Risks	No risks are identified.
Financial	Cost of public notification will be minor.
OPTION 2:	Decline the proposal to grant a lease to the existing tenant at Otira Park, 22 Totara Road.
Community Views	Community views will not be sought.
Benefits	Not applicable.
Risks	Not applicable.
Financial	No further costs would be incurred.

RATIONALE FOR THE RECOMMENDATIONS

1. OVERVIEW OF THE PROBLEM OR OPPORTUNITY

- 1.1 The Palmerston North Branch of the New Zealand Pony Club ("the Pony Club") has been operating on the land at 22 Totara Road, Palmerston North since the 1970s.
- 1.2 The last tenancy agreement with the Palmerston North Branch of the New Zealand Pony Club was signed in 1990 on a month-by-month basis.

- 1.3 Council Officers had been communicating with the Pony Club to enter a lease based on Council's Recreation and Community Asset Rental Policy. However, the lease was never executed.
- 1.4 The Pony Club has recently obtained their legal status and requested a lease for the land at 22 Totara Road, Palmerston North.
- 1.5 As the land is a part of reserve under the Reserves Act 1977, a new lease requires approval from the Local Authority on behalf of the Minister of Conservation.

2. BACKGROUND AND PREVIOUS COUNCIL DECISIONS

- 2.1 The Pony Club submitted a 3-year term lease proposal to Council in 1997. However, the proposal was rejected due to a possible wetland project on the land occupied by the Pony Club. The wetland project did not proceed.
- 2.2 In 2006, Council officers prepared a draft lease; however, it was never executed as the Pony Club was not a legal entity at that time.
- 2.3 In 2009, the Pony Club was notified that Council would continue with the month-by-month tenancy following consultation with Iwi.
- 2.4 In 2013 and 2017, Council Officers communicated with the Pony Club to set up the new lease; however, the Pony Club had not become an incorporated society.
- 2.5 The Pony Club recently obtained its Certificate of Incorporation, and as such, has again requested a lease for the land at 22 Totara Road, Palmerston North.

3. STRATEGIC FIT

3.1 Policy for the Use of Public Space:

- 3.1.1 The Policy for the Use of Public Space (page 6) contains several criteria for assessment of applications to use public space:

"In considering an application to use public space, and particularly where there are competing applications for the use of public space or high demand for a public space, the Council will consider whether the event or activity":

Criteria	Assessment
Supports the achievement of the Council's goals	The Pony Club activities are consistent with council's active community plan under the Creative and Exciting City goal. The Pony Club provides community recreation and community development opportunities.
Is accessible to the wider community	The Pony Club seeks and supports

	community membership, with the membership age range between ages 5 to 25.
Adds to the variety of events or activities available in Palmerston North	The Pony Club provides activities for rallies based around games, jumping, dressage and theory.
Enhances any precinct identities (eg. Broadway as a hospitality precinct)	The Pony Club provides recreation activities on the site, which being horse-related, compliments the nearby activities within the Awapuni Racing Centre.
Provides an experience (rather than a simple commercial exchange)	The community has the opportunity to observe the horse-riding activities being undertaken on the site both from the roadside and from the walkway path at Otira Park.
Does not significantly limit the availability of space for general community use	The pony club has been operating on the proposed location since 1970s. There are no serious objections or complaints received from the public.

Table One: Assessment against Policy for the Use of Public Space

4. LAND STATUS

- 4.1 The land that would be subject to the proposed lease is contained in Section 1732 TN of Palmerston North, Section 1737 TN of Palmerston North, Section 1 SO 27741 and Part Lot 1 DP 3063.

Title	Reserve Status	Comment
WN10B/1328 – Section 1732 Town of Palmerston North	Recreation Reserve	Held by Council in trust for the Crown, as a reserve for recreation purpose, subject to Reserves and Domains Act 1953. Land vested in Council by this Act is, by virtue of section 16 Reserves Act 1977, deemed to be held as reserve for the purpose for which it was originally held, pending classification. No evidence that Section 1732 Town of Palmerston North has been classified under the Reserve Act 1977.
WN9B/931 (part) – Section 1737 Town of	Held for Public Work	Not a reserve – Held by Council for a Public Work (Drainage)

Palmerston North	(Drainage)	
No title – Section 1 SO 27741	Closed Street	This land was previously legal road. Proclamation 894500, registered in 1971, proclaimed this parcel of street to be closed. Title has not been issued for this parcel. The gazette notice does not state who the closed street is vested in, however, as the street would not have been part of the State Highway network, and lies within the Palmerston North City boundaries, it is assumed ownership sits with the Palmerston North City Council.

5. THE PROPOSAL

- 5.1 The proposed lease area is about 43,951 square metres situated at Otira Park, 22 Totara Road, as shown in Figure One.
- 5.2 The annual rent is \$1,000 plus GST and outgoings, in line with Council's Recreation and Community Asset Rental Policy.
- 5.3 Council typically leases its land/building for periods of 5 years, and in some cases 10 years, where there is sufficient reason to do so. Prior to this report being written, Council Officers consulted with Iwi on the request from the Pony Club and it was confirmed that a 3-year lease with a termination clause would be acceptable.
- 5.4 If a new lease were entered into, the use of the site will remain the same as the existing use of the site.

ITEM 12



Figure One: Proposed lease area

6. LEASING POWERS UNDER RESERVES ACT

6.1 Section 54 (1) (b) of the Reserves Act 1977 allows for an administering body to:

“lease to any voluntary organisation part of the reserve for the erection of stands, pavilions, gymnasiums, and, subject to sections 44 and 45, other buildings and structures associated with and necessary for the use of the reserve for outdoor sports, games, or other recreational activities, ... which lease shall be subject to the further provisions set out in Schedule 1 relating to leases of recreation reserves issued pursuant to this paragraph:

provided that a lease granted by the administering body may, with the prior consent of the Minister given on the ground that he or she considers it to be in the public interest, permit the erection of buildings and structures for sports, games, or public recreation not directly associated with outdoor recreation.”

- 6.2 “Necessary” has not been interpreted as requiring that all or even most visitors or users of the reserve need/want to use the service or activity provided under the lease. Reserves often have activities on them that only some of the visitors to the reserve use.
- 6.3 The proposal would see the continued use of the reserve by the Pony Club. The location does not reduce the current user’s experience or impact the capacity for other future activities currently foreseen.

7. IMPACT ON THE LOCALITY AND PARK OPERATIONS

Aesthetics

- 7.1 The primary use of the lease area is as a rally ground for the Pony Club, and the encouragement of riding and horse care in the city area. Grazing of the lease area is carried out to keep the grounds in good condition for running the event.

Security

- 7.2 The Pony Club is responsible for their building security.

Cleaning and offensive litter

- 7.3 The Pony Club is responsible for managing litter within their leased area.

Vegetation

- 7.4 No trees or shrubs would be required to be removed.

Car parking

- 7.5 There are no sealed car parks nearby the lease area to the Pony Club.
- 7.6 However, grass off-street carpark is available along Totara Roadside of the lease area.

Affected parties

- 7.7 Parties identified include:
- Neighbouring residents;

- Awapuni community;
- Park users; and
- Rangitāne o Manawatū – have indicated comfort with the proposal.

8. RESERVE ACT 1977 CONSIDERATIONS

8.1 Section 17(1) of the Reserves Act 1977 defines the purpose of recreation reserves as:

“recreation reserves, for the purpose of providing areas for the recreation and sporting activities and the physical welfare and enjoyment of the public, and for the protection of the natural environment and beauty of the countryside, with emphasis on the retention of open spaces and on outdoor recreational activities, including recreational tracks in the countryside.”

8.1.1 Officer comment: The Pony Club provides a variety of rallies based around games, jumping, dressage and theory for members from age 5 to 25 and welcomes all new members with the opportunity to come to test rallies before joining.

8.2 Section 17(2) requires:

(a) The public shall have **freedom of entry and access to the reserve, with the exception of the ability to lease areas** under Section 54 which covers the leasing powers.

8.2.1 Officer comment: The lease area is approximately 43,951 square metres. There is a walkway path neighbouring the lease area for public access to and through Otira Park.

(b) Where scenic, historic, archaeological, biological, geological, or other scientific features or indigenous flora or fauna or wildlife are present on the reserve, those features or that **flora or fauna or wildlife shall be managed and protected to the extent compatible with the principal or primary purpose of the reserve.**

8.2.2 Officer comment: No trees or vegetation are required to be removed by the proposal.

(c) Those **qualities of the reserve which contribute to the pleasantness, harmony, and cohesion of the natural environment and to the better use and enjoyment of the reserve shall be conserved.**

8.2.3 Officer comment: Part of the lease land consists of road stopping land and public drainage. During the wintertime, the lease land floods. The Pony Club has minimal impact on the pleasantness of the reserve considering the above facts.

- (d) to the extent compatible with the principal or primary purpose of the reserve, its value as a **soil, water, and forest conservation area shall be maintained.**

- 8.2.4 Officer comment: The Biodiversity Plan 2018/21 includes an aspiration that the Mauri at urban streams is enhanced, and native aquatic life is thriving.

Otira Reserve includes a stormwater channel that acts as a minor tributary to the Mangaone Stream. In the longer-term, consideration may be given to the appropriateness of grazing animals in this area. Rangitāne have also expressed a desire to see other uses in the future.

9. GIVING EFFECT TO THE PRINCIPLES OF THE TREATY OF WAITANGI

- 9.1 The Reserves Act 1977 is subject to Section 4 of the Conservation Act and requires that administering bodies under the Reserves Act 1977 give effect to the principles of the Treaty of Waitangi.
- 9.2 Rangitāne o Manawatū representatives have considered the proposal. Rangitāne are comfortable with the proposal on the provision that a relatively short lease is granted to allow for the possible future use.

10. DESCRIPTION OF OPTIONS

Option One: Notify the public of Council's intention to approve the proposal to grant a lease to the existing tenant at Otira Park, 22 Totara Road, in accordance with Section 54 of the Reserves Act 1977.

- 10.1 Under Option One Council would publicly notify the community on the proposed lease area and seek views and objections to the proposal. The draft lease is contained in attachment Appendix One.

Option Two: Decline the proposal to grant a lease to the existing tenant at Otira Park, 22 Totara Road.

- 10.2 Council could choose to decline the proposal, and not proceed with consultation.

11. ANALYSIS OF OPTIONS

Option One: Notify the public of Council's intention to approve the proposal of a lease to the existing tenant at Otira Park, 22 Totara Road, in accordance with Section 54 of the Reserves Act 1977.

- 11.1 Council must give people the opportunity to object and be heard before deciding to grant a lease as per Sections 119 & 120 of the Reserves Act 1977.

Option Two: Decline the proposal of a lease to the existing tenant at Otira Park, 22 Totara Road.

- 11.2 Council may decide the proposal is not to its satisfaction and decline the proposal. This option does not enable the community to express their views on the proposed lease.

12. CONCLUSION

- 12.1 The proposal is consistent with the purposes of recreation reserves as the Pony Club is a recreation group and would host and support recreation activities.
- 12.2 Public notification on the proposal will provide the opportunities for submissions and objections to be made before a decision is made, fulfilling the requirements of the Reserves Act.
- 12.3 It is recommended Council proceed to public notification.

13. NEXT ACTIONS

- 13.1 Public notification of the proposal to grant the lease, seeking submissions and objections.
- 13.2 Provide the opportunity for any submitters that wish to be heard to speak to Council.
- 13.3 Consider the objections and submissions and provide advice to Council on whether to accept, modify or decline the lease proposal.

14. OUTLINE OF COMMUNITY ENGAGEMENT PROCESS

- 14.1 The proposal is relatively modest and unlikely to engender strong public interest. As such the proposed consultation is:
- Meet the public notification requirements on the Reserves Act – minimum of one-month period advertised in the Manawatu Standard.

COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	No
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 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: To carry out recreation and reserves planning functions under the Reserves Act 1977 and Local Government Act including the preparation of Reserve Management and Development Plans and Master Plans.	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	

ATTACHMENTS

1. Draft Lease [↓](#) 

DEED OF LEASE OF PALMERSTON NORTH CITY COUNCIL LAND

DATED:

20

PARTIES

1. **THE PALMERSTON NORTH CITY COUNCIL** ("the Landlord")
2. **PALMERSTON NORTH PONY CLUB BRANCH INCORPORATED** ("the Tenant")
3. ("the Guarantor")

BACKGROUND

- A The Landlord is the owner of the property described in the First Schedule hereto and more particularly shown on the plan attached hereto ("the property").
- B The Landlord has agreed to lease to the Tenant the property subject to the covenants, conditions and restrictions contained herein.

NOW THIS DEED RECORDS

1. The Landlord leases to the Tenant and the Tenant takes on the property described in the First Schedule for the term from the commencement date and at the annual rent (subject to review if applicable as set out in the First Schedule).
2. The Landlord and Tenant covenant as set out in the said Second Schedule.
3. The Guarantor covenants with the Landlord as set out in clause 36 herein.

The Common Seal of the **PALMERSTON**)
NORTH CITY COUNCIL was hereto)
 affixed as Landlord in the presence of:)

 Mayor

 Legal Counsel

THE COMMON SEAL of)
PALMERSTON NORTH PONY CLUB BRANCH INCORPORATED)
was hereto affixed as Tenant in the)
presence of:)

Signed by)
PALMERSTON NORTH PONY CLUB BRANCH INCORPORATED)
as Tenant in the presence of:)

SIGNED by)
as Guarantor in the presence of:)

FIRST SCHEDULE

PROPERTY:	Part of Section 1732 Town of Palmerston North, part of Section 1737 Town of Palmerston North and part of Section 1 SO 27741; being part of the land contained and comprised in Certificate of Title WN10B/1328 and WN9B/931 as more particularly shown on the plan attached hereto		
TERM:	Three (3) Years		
COMMENCEMENT DATE:	Subject to Council approval date		
RIGHT OF RENEWAL:	No right of renewal		
RENEWAL DATE:	TBD		
FINAL EXPIRY DATE: (in the event any right of renewal is exercised)	TBD		
ANNUAL RENT: (Subject to review if applicable)	\$1,000.00 plus GST		
RENT PAYMENT DATES:	The	day of	20
	commencing on the	day of	20
DEFAULT INTEREST RATE:	15 % per annum		
PRESCRIBED USE:	Pony club grounds and grazing		



PNCC Map



AJM-132940-1077-4-V1

SECOND SCHEDULE**TENANTS' PAYMENTS****Rent**

- 1.1 The Tenant shall pay the rent annually plus Goods and Services Tax in advance on the rent payment dates. The first annual payment (together with rent calculated on a daily basis for any period from the commencement date of the term to the first rent payment date) shall be payable on the first rent payment date.
- 1.2 All rent shall be paid without any deduction by direct payment to the Landlord or as the Landlord may direct and the Tenant shall not advance as a reason for non payment of rental any right of set off.

Rental Increases

2. The Landlord and the Tenant acknowledge that the annual rental has been determined on the basis of the Palmerston North City Council's Recreation and Community Asset Rental Policy. The Landlord may, at the Landlord's sole discretion, and by giving no less than three (3) month's written notice to the Tenant, increase the annual rental in accordance with any review or amendment of the Palmerston North City Council's Recreation and Community Asset Rental Policy. The Tenant shall pay the increased annual rental on the date which is three (3) months from the date of the Landlord's notice under this clause.

Outgoings

- 3.1 The Tenant shall pay the outgoing in respect of the property which are specified in the Third Schedule attached hereto. Where any outgoing is not separately assessed the Tenant shall pay such a fair proportion as shall be agreed upon or failing agreement determined by arbitration.
- 3.2 The outgoing shall be payable by the Tenant on demand.
- 3.3 The Tenant shall still be liable to pay an outgoing where the outgoing is levied by the Landlord in its capacity as territorial authority.

GST

- 4.1 The Tenant shall pay to the Landlord or as the Landlord shall direct the GST payable by the Landlord in respect of the rental and other payments payable by the Tenant under this lease. The GST in respect of the rental shall be payable on each occasion when any rental payment falls due for payment and in respect of any other payment shall be payable upon demand.
- 4.2 If the Tenant shall make default in payment of the rental or other moneys payable under this lease and the Landlord becomes liable to pay default GST then the Tenant shall on demand pay to the Landlord the default GST in addition to interest payable on the unpaid GST under clause 5.

Interest on unpaid money

5. If the Tenant defaults in payment of the rent or other monies payable hereunder for ten (10) working days then the Tenant shall pay on demand interest at the default interest rate on the monies unpaid from the due date for payment down to the date of payment.

Costs

6. Each party will pay their own costs of the negotiation and preparation of this lease and any deed recording a rent review or renewal. The Tenant shall also pay the Landlord's reasonable costs incurred in considering any request by the Tenant for the Landlord's consent to any matter contemplated by this Lease and the Landlord's legal costs (as between Solicitor and client) of and incidental to the enforcement or attempted enforcement of the Landlord's rights remedies and powers under this Lease.

Indemnity

7. The Tenant shall indemnify the Landlord against all damage or loss resulting from any act or omission on the part of the Tenant or the Tenant's employees, agents, invitees or contractors. The Tenant shall recompense the Landlord for all expenses incurred by the Landlord in making good any damage to the property resulting from any such act or omission. The Tenant shall be liable to indemnify only to the extent that the Landlord is not fully indemnified under any policy of insurance.

Insurance

- 8.1 The Tenant shall at all times during the term keep and maintain any buildings on the property owned by the Tenant insured under a full replacement policy and if required by the Landlord provide evidence to the Landlord that such insurance's are in place.
- 8.2 The Landlord and Tenant expressly acknowledge that the Landlord has not insured any of the buildings or improvements on the property. The Landlord and Tenant expressly agree that the Tenant will meet the cost of making good any destruction or damage to the buildings and improvements on the property or will indemnify the Landlord against the cost of making good the destruction or damage of any buildings or improvements on the property caused by fire, flood, explosion, lightning, storm, earthquake or volcanic activity.

Prescribed Use Of The Property

- 9.1 The Tenant will use the property solely for the purposes of the Tenant and its general activities as set out under the heading "Prescribed Use" in the First Schedule and for no other purposes including however not limited to any commercial purpose. For the purpose of clarification a commercial purpose, for the purpose of this clause, shall be deemed the sale of any goods and services except for the sale of any food or beverages to be consumed on the property.
- 9.2 If the Landlord after making such enquiries as it thinks fit and giving the Tenant the opportunity of explaining the usage of the property is satisfied that the property is not being used or being sufficiently used for the Prescribed Use then the Landlord may terminate this lease on such terms as it thinks fit but without prejudice to any antecedent right or action which the Landlord may have against the Tenant however it arose.

- 9.3 Notwithstanding clauses 9.1 and 9.2 above the Landlord may at the entire discretion of the Landlord consent to the property being used for a use other than the prescribed use.

Tenant's Obligations

- 10.1 The Tenant shall keep and maintain any buildings or improvements on the property in good order and repair and shall comply with any reasonable requirements of the Landlord in respect to any such buildings or improvements.
- 10.2 Without in any way limiting the Landlord's rights pursuant to clause 10.1 above the Tenant shall comply with any reasonable requirement of the Landlord to repair all glass breakage's and any electrical fittings, paint and decorate any part of the exterior of any buildings or improvements on the property and repair and keep in good order any storm or wastewater drainage system.
- 10.3 The Tenant shall in a proper and workmanlike manner and to the reasonable requirements of the Landlord:
- (a) **Maintain Yards**
Keep and maintain any carpark, pavings and other sealed or surface areas in good order and repair.
 - (b) **Care of Grounds**
Keep any grounds, yards and surfaced areas in a tidy condition and maintain any garden or lawn areas in a tidy and cared for condition.
 - (c) **Other Works**
Carry out such works to the property as the Landlord may require in respect of which outgoings are payable by the Tenant.

Rubbish Removal

11. The Tenant shall regularly remove to an appropriate disposal site all rubbish and garbage generated from the property and will keep any rubbish bins or containers in a clean and tidy condition. The Tenant will also at the Tenant's own expense cause to be removed all trade waste boxes and other goods or rubbish not removable in the ordinary course by the local authority.

Landlord's Right of Inspection

12. The Landlord and its employees, agents and contractors may at all reasonable times during business hours enter upon the property to view the condition of any buildings or improvements on the property to view the condition thereof and may give notice in writing to the Tenant of all defects and wants of repair and the Tenant will with all reasonable despatch after receipt of such notice repair and make good the same according to such matters so far as the Tenant is liable so to do.

Landlord May Repair

- 13.1 If default is made by the Tenant in the due and punctual compliance with any notice given by the Landlord relating to repair or maintenance pursuant to clause 10.1 or clause 12 herein, the Landlord without prejudice to the Landlord's other rights and remedies shall at the Landlord's option without suit or further notice be entitled by its employees, agents and contractors with all necessary equipment and material at all reasonable times to enter upon the property to execute any works as may be specified in the notice.
- 13.2 All moneys expended by the Landlord by reason of the Tenant's default shall be payable by the Tenant to the Landlord upon demand together with interest at the default interest from the date of expenditure down to the date of payment.

Access for Repair

14. The Tenant shall permit the Landlord and the Landlord's employees, agents and contractors at all reasonable times to enter the property to carry out repairs pursuant to clause 13 hereof to the property and to install inspect repair renew or replace any services where the same are not the responsibility of the Tenant all such repairs. All such repairs and work shall be carried out as far as reasonably possible with the least inconvenience to the Tenant.

Signs and Painting

- 15.1 The Tenant will not erect or display or permit to be erected or displayed either on the outside of any building on the property or upon any part of the property any advertising matter of any description or any sign displaying the name of the Tenant without the prior consent of the Landlord who may grant its consent subject to such reasonable conditions as the Landlord may decide, which shall include compliance with the Local Authority's district plan.
- 15.2 The Tenant will not paint or repaint the exterior of any building or improvements on the property without the written consent of the Landlord to any colour scheme and the type of paint intended to be used.

Building Work and Alterations

- 16.1 The parties acknowledge that the Tenant intends to carry out certain building work on the property, however, the Tenant shall not carry out any such building work nor make any alterations or additions to any buildings or improvements erected on the property without first producing to the Landlord on every occasion plans and specifications and obtaining the written consent of the Landlord (not to be unreasonably or arbitrarily withheld or delayed) for that purpose.
- 16.2 The Tenant will at all times including when undertaking any "building work" on the property (as that term is defined in the Building Act 2004), comply with all statutory requirements including the obtaining of building consents and code compliance certificates pursuant to the Act and agrees to indemnify the Landlord for any claims made against the Landlord arising under the Building Act by virtue of the Tenant failing to comply with the Act.

Compliance with Statutes and Regulations

- 17.1 The Tenant shall comply with the provisions of all statutes, ordinances, regulations and by-laws relating to the use of the property by the Tenant or other occupant and will also comply

with the provisions of all licences, requisitions and notices issued by any competent authority in respect of the property or their use by the Tenant or other occupant.

- 17.2 In the event that the Tenant shall not comply with the provisions of all statutes, ordinances, regulations and by-laws relating to the use of the property by the Tenant as required by clause 17.1 herein the Landlord may without limiting its powers pursuant to clause 13 herein enter upon the property to execute such works to provide that all statutes, ordinances, regulations and by-laws are complied with and any monies expended by the Landlord in executing such works shall be payable by the Tenant to the Landlord upon demand together with interest thereon at the default interest rate from the date of expenditure down to the date of payment.
- 17.3 The Tenant shall not allow any building or structure owned or constructed on the property by the Tenant to be open to members of the public or allow the use of any such building or structure by members of the public if that would be in breach of section 363 of the Building Act 2004.

No Noxious Use

18. The Tenant shall not:
- (a) Bring upon or store within the property nor allow to be brought upon or stored nor allowed to be brought upon the property or stored within any building on the property any machinery goods or things of an offensive noxious illegal or dangerous nature, or of such weight size or shape as is likely to cause damage to the building or any surfaced area.
 - (b) Contaminate the property and shall undertake all works necessary to remove any contamination of the property other than contamination not caused by the Tenant or which took place prior to the commencement date of the lease term. Contamination means any change to the physical, chemical or biological condition of the property by a "contaminant" as that word is defined in the Resource Management Act 1991.
 - (b) Use the property or allow them to be used for any noisome noxious illegal or offensive trade or business.
 - (c) Allow any act or thing to be done which may be or grow to be a nuisance disturbance or annoyance to the Landlord, other tenants of the Landlord, or any other person, and generally the Tenant shall conduct the Tenant's business upon the property in a clean quiet and orderly manner free from damage nuisance disturbance or annoyance to any such persons but the carrying on by the Tenant in a reasonable manner of the Prescribed Use or any use to which the Landlord has consented shall be deemed not to be a breach of this clause.

Cancellation

19. The Landlord may (in addition to the Landlord's right to apply to the Court for an order for possession) cancel this Lease by re-entering the property at the time or at any time thereafter:
- (a) if the rent shall be in arrears for not less than ten working days after any of the rent payment dates and the Tenant has failed to remedy that breach within 10 working

days after service on the Tenant of a notice in accordance with section 245 of the Property Law Act 2007.

- (b) in case of breach by the Tenant of any Covenant or agreement on the Tenant's part herein expressed or implied (other than the covenant to pay rent) after the Tenant has failed to remedy that breach within the period specified in a notice served on the Tenant in accordance with section 246 of the Property Law Act 2007.
- (c) if the Tenant shall make or enter into or attempt to make or enter into any composition assignment or other arrangement with or for the benefit of the Tenant's creditors;
- (d) in the event of the insolvency bankruptcy or liquidation of the Tenant; or
- (e) if the Tenant shall suffer distress or execution to issue against the Tenant's property goods or effects under any judgement against the Tenant in any Court for a sum in excess of five thousand dollars (\$5,000.00):

and the term shall terminate on such cancellation but without prejudice to the rights of either party against the other.

Loss on Cancellation

- 20. Upon cancellation the Landlord may remove from the property or any buildings or improvements erected thereon any chattels in the apparent possession of the Tenant and place them outside the property and the Landlord shall not be answerable for any loss resulting from the exercise of the power of re-entry.

Essentiality of Payments

- 21.1 Failure to pay rent or other moneys payable hereunder on the due date shall be a breach going to the essence of the Tenant's obligations under the Lease. The Tenant shall compensate the Landlord and the Landlord shall be entitled to recover damages from the Tenant for such breach. Such entitlement shall subsist notwithstanding any determination of the lease and shall be in addition to any other right or remedy which the Landlord may have.
- 21.2 The acceptance by the Landlord of arrears of rent or other moneys shall not constitute a waiver of the essentiality of the Tenant's continuing obligation to pay rent and other moneys.

Repudiation

- 22. The Tenant shall compensate the Landlord and the Landlord shall be entitled to recover damages for any loss or damage suffered by reason of any acts or omissions of the Tenant constituting a repudiation of the lease or the Tenant's obligations under the lease. Such entitlement shall subsist notwithstanding any determination of the lease and shall be in addition to any other right or remedy which the Landlord may have.

Quiet Enjoyment

- 23. The Tenant paying the rent and performing and observing all the covenants and agreements herein expressed and implied shall quietly hold and enjoy the property throughout the term without any interruption by the Landlord or any person claiming under the Landlord.

Renewal of Lease

24. If the Tenant has given to the Landlord written notice to renew the Lease at least three (3) calendar months before the end of the term and it is not at the date of the giving of such notice in breach of this Lease then the Landlord will grant a new lease for a further term from the renewal date as follows:
- (a) The new lease shall be upon and subject to the covenants and agreements herein expressed and implied except that the term of this Lease plus all further terms shall expire on or before the final expiry date; and
 - (d) The Landlord, as a condition of granting a new lease shall be entitled to have the new lease guaranteed by any guarantor who has guaranteed this Lease on behalf of the Tenant who has given notice.

Assignment or Subletting

25. The Tenant shall not assign sublet or otherwise part with the possession of the property or any part thereof without first obtaining the written consent of the Landlord.

Holding Over

26. If the Landlord permits the Tenant to remain in occupation of the property after the expiration or sooner determination of the term, such occupation shall be a monthly tenancy only terminable by twenty (20) working days written notice at the rent then payable and otherwise on the same covenants and agreements (so far as applicable to a monthly tenancy) as herein expressed or implied.

Access for Re-letting

27. The Tenant will at all reasonable times during the period of three months immediately preceding expiration of the term permit intending tenants and others with written authority from the Landlord or the Landlord's agents at all reasonable times to view the property.

Suitability

28. No warranty or representation expressed or implied has been or is made by the Landlord that the property is now suitable or will remain suitable or adequate for use by the Tenant or that any use of the property by the Tenant will comply with the by-laws or ordinances or other requirements of any authority having jurisdiction.

Waiver

29. No waiver or failure to act by the Landlord in respect of any breach by the Tenant shall operate as a waiver of another breach.

Tenant to Indemnify the Landlord

30. The parties acknowledge that the Landlord shall not be liable for any claims including but not limited in respect of accident, injury or damage suffered by any person or property as a result of the Tenant's use of the property, and the Tenant shall indemnify the Landlord for any such claims.

Health and Safety

- 31.1 The Tenant voluntarily accepts all risks, known and unknown of entering onto the property and releases the Landlord from all liability arising from the Tenant's use of the property and the Tenant shall indemnify the Lessor against all damage, loss and liability arising from the Tenant's use of the property including, but not limited to, any liability, fine or penalty imposed pursuant to the Health and Safety at Work Act 2015. Any damage, loss and liability referred to in this clause shall also include any damage, loss or liability arising due to any harm suffered to any employee, invitee, occupier, contractor or agent of the Tenant which occurs on the property.
- 31.2 The Tenant shall ensure that the provisions and obligations imposed on an employer or on an occupier of a place of work by the Health and Safety at Work Act 2015 are fully complied with and if required by law or by the Landlord shall have its own health and safety plan which must be consistent with the Landlord's and be approved by the Landlord.

Notices

- 32.1 All notices must be in writing and must be served by one of the following means:
- (a) In the case of a notice under sections 245 or 246 of the Property Law Act 2007 in accordance with the requirements of section 353 of that Act; and
 - (b) In all other cases, unless otherwise required by sections 352 to 361 of the Property Law Act 2007;
 - (i) using the procedure outlined in sections 354 to 361 of the Property Law Act 2007, or
 - (ii) by personal delivery, or by posting by registered or ordinary mail, or by facsimile, or by email.
- 32.2 In respect of the means of service specified in clause 32.1(b)(ii), a notice is deemed to have been served:
- (a) in the case of personal delivery, when received by the addressee;
 - (b) in the case of posting by mail, on the second working day following the date of posting to the addressee's last known address in New Zealand;
 - (c) in the case of facsimile transmission, when sent to the addressee's facsimile number; or
 - (d) in the case of email, when acknowledged by the addressee by return email or otherwise in writing.
- 33.3 In the case of a notice to be served on the Tenant, if the Landlord is unaware of the Tenant's last known address in New Zealand or the Tenant's facsimile number, any notice affixed conspicuously on any part of the property shall be deemed to have been served on the Tenant on the day on which it is affixed.
- 33.4 A notice shall be valid if given by any director, general manager, solicitor or other authorised representative of the party giving the notice.

Arbitration

34. If any dispute as to the terms or interpretation of this Deed or any part of it arises or as to the obligations of any party to this Deed then the parties at dispute shall enter into negotiations in good faith to resolve such dispute. If the dispute is not resolved within one (1) month of the date on which the parties begin their negotiations the parties shall submit their dispute to the arbitration of an independent arbitrator appointed jointly by the parties and if one cannot be agreed upon within ten (10) working days, to an independent arbitrator appointed by the representative for the time being of the Manawatu District Solicitors on the Board of the New Zealand Law Society, or to the President for the time being of the Manawatu District Lawyers Standards Committee, or in either case their nominee and such arbitration shall be carried out in accordance with the Arbitration Act 1996 or any then statutory provisions relating to arbitration.

Interpretation

35. In this lease
- (a) the Landlord and the Tenant means where appropriate the executors, administrators, successors and permitted assigns of the Landlord and the Tenant.
 - (b) "the property" means the land leased by the Tenant pursuant to this Deed of Lease and where the context requires or admits means any buildings or improvements erected on the property.
 - (c) "working day" means a day of the week other than:
 - (i) Saturday, Sunday, Waitangi Day, Good Friday, Easter Monday, Anzac Day, The Sovereign's Birthday and Labour Day and;
 - (ii) A day in the period commencing with 25th December and ending with 2nd January in the following year and;
 - (iii) The day observed as the anniversary of any province in which an act is to be done.
 - (d) whenever words appear in this lease that also appear in the First Schedule then those words shall mean and include the details supplied after them in the First Schedule.
 - (e) Where the context requires or admits, words importing the singular shall import the plural and vice versa.

Guarantee

36. In consideration of the Landlord entering into the Lease at the Guarantor's request the Guarantor:
- (a) Guarantees payment of the rent and the performance by the Tenant of the covenants in the Lease; and
 - (b) Indemnifies the Landlord against any loss the Landlord might suffer should the Lease be lawfully disclaimed or abandoned by any liquidator, receiver or other person.
 - (c) Covenants with the Landlord that:

- (i) No release, delay or other indulgence given by the Landlord to the Tenant or to the Tenant's successors or assigns or any other thing whereby the Guarantor would have been released had the Guarantor been merely a surety shall release, prejudice or affect the liability of the Guarantor as a guarantor or indemnifier;
- (ii) As between the Guarantor and the Landlord the Guarantor may for all purposes be treated as the Tenant and the Landlord shall be under no obligation to take proceedings against the Tenant before taking proceedings against the Guarantor.
- (d) The Guarantee is for the benefit of and may be enforced by any person entitled for the time being to receive the rent.
- (e) Any assignment of the Lease and any rent review in accordance with this Lease shall not release the Guarantor from liability.
- (f) Should there be more than one Guarantor their liability under this Guarantee shall be joint and several.
- (g) The Guarantee shall extend to any holding over by the Tenant.

FURTHER TERMS

Sale of Alcohol

37. In the event that the Tenant wishes to sell alcohol on the property, or from any building or improvement erected on the property, permission must first be obtained in writing from the Recreation and Community Development Manager of the Landlord before a licence may be applied for from the Liquor Licensing Agency.

Early Childhood Care

38. ~~In the event that the Tenant wishes to use the property for the purposes of early childhood education the Tenant shall be required to comply with all requirements in respect to the property as determined by the Ministry of Education.~~

Tenant May Make Rules

- 39.1 The Tenant may make rules for management and control of the property and for the conduct of persons using them which are necessary and not inconsistent with this lease.
- 39.2 Before any rules come into force they must have the written consent of the Landlord.
- 39.3 All such rules when approved and adopted shall be displayed in a conspicuous place on the property for the information and guidance of all persons entering upon the property.

Fences

40. In the event that the Landlord requires fencing to be erected upon the property then the Landlord may provide instructions to the Tenant requiring the fence to be so erected including

the location and type of fence required and the Tenant shall erect such fence at the sole cost of the Tenant forthwith.

Tenant's Acknowledgement

41. The Tenant acknowledges that the Tenant will preserve and protect any natural, scientific, historical, cultural, archaeological, biological, geographical or other scientific feature or indigenous flora or fauna on the property.

Landlord's Option to Purchase Buildings or Improvements

42. At the expiration or sooner determination of the within lease then the following shall apply:
- (a) The Landlord shall be entitled within three months of the date of expiration or sooner determination of the lease by notice in writing to the Tenant, to purchase any buildings or improvements on the property, at a price to be agreed upon between the parties or failing agreement to be determined by arbitration in accordance with clause 34 hereof and the purchase price so agreed upon or determined by arbitration shall be paid in cash by the Landlord to the Tenant within twenty (20) working days of the date of such determination or the day after the end of the term of the Lease whichever date shall be the earlier.
 - (b) If the Landlord shall not exercise the right to purchase within the period specified above, or shall give notice that it does not desire to exercise the right of purchase, then the Tenant shall within three months of the date of expiration of the period of option to purchase or within three months of the date of the Landlord giving notice that it does not desire to exercise the option to purchase, whichever date shall first occur, be entitled to remove from the property all buildings and improvements erected on the property by the Tenant and shall leave the property in a clean and tidy condition.
 - (c) If the Tenant fails or neglects to remove any buildings or improvements on the property within the period described above then such buildings or improvements shall be deemed to have been abandoned and then become the property of the Landlord, which shall be under no liability in such case to account to the Tenant for any payment by way of compensation, damages or otherwise.
 - (d) Notwithstanding clause 42(c) above if the Landlord shall not exercise the right to purchase any buildings or improvements on the property as provided in clause 42(a) above the Landlord shall be entitled within three (3) months of the date of expiration or sooner determination of the Lease by notice in writing to the Tenant to require the Tenant to remove at the cost of the Tenant any buildings or improvements on the property by the Tenant as directed by the Landlord. In the event that the Tenant is requested by the Landlord to remove any buildings or improvements erected on the property in accordance with this clause 42(d) then the Tenant shall do so and leave the property in a good tidy condition within two (2) months of the Landlord giving the Tenant notice in accordance with this clause 42(d). In the event the Tenant does not remove such buildings or improvements on the property within such time period then the Landlord may:
 - (i) arrange for the removal of the buildings and improvements on the property together with their disposal; and

- (ii) arrange for the property to be left in a clean and tidy condition; and
- (iii) charge the Tenant for the cost of doing so which shall be payable upon demand together with interest thereon at the default interest rate as provided in this Lease.

Third Party's Use of the Property

43. The Tenant shall be entitled to allow third persons to utilise the property from time to time, however, in the event that the Tenant enters into an arrangement to allow a third party to utilise the property on an ongoing basis, the Tenant shall first notify the Landlord of the proposal. The Tenant shall provide such information in respect to the proposal as the Landlord requires, including but not limited to the amount of any sum to be paid to the Tenant by the third party for the right to use the property and in the event that the Landlord is not satisfied with the proposal the Landlord may require it to be terminated or require the terms of it to be amended in which case the Tenant shall strictly comply with the Landlord's request.

Graffiti

44. If during the term of the Lease any graffiti occurs on the exterior of any building or improvements on the property then the Tenant shall forthwith remove the graffiti at the sole cost of the Tenant and, if required by the Landlord, repaint the affected area in keeping with the balance of such buildings or improvements to a standard acceptable to the Landlord.

No Overnight Occupation

45. The Tenant shall not permit any person or persons to reside on the property overnight or reside in any building or improvement on the property overnight.

Reporting Standard

46. The Tenant, when requested by the Landlord, shall provide to the Landlord a report in relation to the Tenant's occupation of the property in accordance with this Lease with such information to contain information and to be in a format as required by the Landlord.

Termination by Notice

47. Notwithstanding any other provision in this Lease the Landlord may terminate this Lease by giving three (3) months notice in writing to the Tenant. Termination pursuant to this clause shall not give the Tenant any right or claim whatsoever against the Landlord.

Reserves Act 1977

48. It is agreed that this lease has been entered into pursuant to section [54(1)(a), (b), (c), or (d) / 56(1)(a) or (b) / 58A(1) / 61(2) or (2A)] of the Reserves Act 1977.

THIRD SCHEDULE

1. Rates or levies payable to any local or territorial authority.
2. Charges for water gas electricity telephones and other utilities or services, including line charges.
3. Rubbish collection charges.
4. New Zealand Fire Service charges and the maintenance charges in respect of all fire detection and fire fighting equipment.
5. Service contract charges for air conditioning, lifts, other building services and security services.
6. Cleaning maintenance and repair charges including charges for repainting, decorative repairs and the maintenance and repair of building services to the extent that such charges do not comprise part of the cost of a service maintenance contract, but excluding charges for structural repairs to the building (minor repairs to the roof of the building shall not be a structural repair).
7. The provisioning of toilets and other shared facilities.
8. The cost of ground maintenance i.e. lawns, gardens and planted areas including plant hire and replacement, and the cost of repair of fences.
9. Yard and car parking area maintenance and repair charges but excluding charges for structural repairs to any car parking area of the building.
- ~~10. Body Corporate charges for insurance premiums and related valuation fees and management administration expenses.~~
- ~~11. Management expenses.~~
12. The costs incurred and payable by the Landlord in supplying to the territorial authority a building warrant of fitness and obtaining reports as required by Section 45 of the Building Act 2004.

REPORT

TO: Finance & Audit Committee

MEETING DATE: 21 October 2020

TITLE: Ashhurst Domain - Proposal to lease area for Scout hall

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

APPROVED BY: Sheryl Bryant, Acting Chief Infrastructure Officer

RECOMMENDATIONS TO COUNCIL

1. That the report entitled 'Ashhurst Domain – Proposal to lease area for Scout hall' presented to the Finance & Audit Committee on 21 October 2020, be received.
2. That Council approves Option One in the report titled 'Ashhurst Domain - Proposal to lease area for Scout hall' presented to the Finance & Audit Committee on 21 October 2020 and proceeds to public notification on the proposal to grant a lease for a Scout hall at the Ashhurst Domain, meeting the requirements of Section 54 of the Reserves Act 1977.
3. That Council notes the recreation reserve on which the lease is proposed is part of Lot 1 DP 52268; the lease area and the draft lease are contained in Attachment One of the report titled 'Ashhurst Domain – Proposal to lease area for a Scout hall' presented to the Finance & Audit Committee on 21 October 2020.

SUMMARY OF OPTIONS ANALYSIS FOR

Problem or Opportunity	<p>Council has received a proposal to lease a portion of the Ashhurst Domain to enable the construction and operation of a Scout hall to serve the Ashhurst Scouts.</p> <p>Policy 9.15.3 of the Ashhurst Domain Development and Management Plan 1997 requires Council to “Ensure that all the present and future leases and commercial activities are managed in terms of the provisions of the Reserves Act 1977, and current Council leasing and licencing regulations, and in conjunction with other policies contained in this Management Plan.”</p> <p>A decision is required from Council to either consult with the community on the proposal, before making a final decision, or decline the proposal.</p> <p>This report requests approval to consult the community to obtain their views in accordance with Section 54 of the Reserves Act 1977.</p>
OPTION 1:	Option One: Publicly notify the proposal to grant a lease for a Scout hall at the Ashhurst Domain, meeting the requirements of Section 54 of the Reserves Act 1977.
Community Views	Community views will be sought during the consultation period.
Benefits	The community views will be understood, and any objections considered as required by the Reserves Act 1977.
Risks	No risks are identified.
Financial	Cost of public notification will be modest. There will be some advertising costs, some signage costs and there may be the need for a hearing, which would require Councillor and staff time.
OPTION 2:	Option Two: Decline the proposal for the land lease for a Scout hall at the Ashhurst Domain
Community Views	Community views would not be sought.
Benefits	No further work required.
Risks	The community may have some expectation that their views will be sought, so declining the proposal presents the risk of community dissatisfaction from those that support the proposal.
Financial	No further costs would be incurred.

RATIONALE FOR THE RECOMMENDATIONS

1. OVERVIEW OF THE PROBLEM OR OPPORTUNITY

- 1.1 Council has received a proposal to develop a Scout hall on Council land.
- 1.2 Officers reviewed possible locations for the Scout hall with Scout officials.
- 1.3 The Scouts would like to lease the portion of the Ashhurst Domain currently used as a grass overflow car park for the sports fields.
- 1.4 Recreational leases are contemplated in the Ashhurst Domain Development and Management Plan 1997 (the Management Plan). Section 9.14 and 9.15 of the Management Plan cover Buildings and Facilities, and Leases generally.
- 1.5 This report assesses the proposal against the objectives and policies of Council's Policy on the Use of Public Space and Management Plan and seeks a Council resolution on whether to proceed to consultation on the proposed lease or decline the request.

2. BACKGROUND AND PREVIOUS COUNCIL DECISIONS

- 2.1 Council received a deputation from the Ashhurst Scouts, outlining their desire for a new hall on parks and reserve land in Ashhurst, at the Sport and Recreation Committee meeting on 16 September 2019. The Committee resolved to receive the deputation for information.
- 2.2 Officers met with the Ashhurst Scouts, initially considering the possibility of the Works Pit, then expanded to look at other possible locations.

3. STRATEGIC FIT

3.1 Policy for the Use of Public Space:

- 3.1.1 The Policy for the Use of Public Space (page 6) contains several criteria for assessment of applications to use public space.

"In considering an application to use public space, and particularly where there are competing applications for the use of public space or high demand for a public space, the Council will consider whether the event or activity":

Criteria	Assessment
Supports the achievement of the Council's goals	Scout activities are consistent with Council's Creative and Active Community goal. Scouts provide community recreation and community development opportunities.
Is accessible to the wider community	Scouts groups activity seek and support community membership and are active in the Ashhurst area.
Adds to the variety of events or activities available in Palmerston North	Scouting provides activities for youth. They take part in wider community events as well as running and supporting events and activities of their own.
Enhances any precinct identities (eg. Broadway as a hospitality precinct)	A Scout hall supports and enhances the range of recreation activities at the Ashhurst Domain.
Provides an experience (rather than a simple commercial exchange)	Scouts is an ongoing programme of recreation and community development related activities. They are not a commercial activity.
Does not significantly limit the availability of space for general community use	The Ashhurst Domain is a large reserve, totalling 54.6 hectares. The Scout hall proposal would take up 300 to 500 square metres in building area, with up to another 500 square metres in gravel car park. This represents less than 0.25% of the total reserve area. 5.7 hectares of land currently grazed is also available for other play, recreation and sport facilities should the need arise.

Table One: Assessment against Policy for the Use of Public Space

4. LAND STATUS

- 4.1 The land that would be subject to the proposed new lease is contained in Lot 1 DP 55676.

Title	Reserve Status	Comment
WN14A/25 – Lot 1 DP 52268	Recreation Reserve	Transferred from the Ashhurst Pohangina Racing Club to the Oroua County Council in 1979 and declared to be a recreation reserve in 1985 (Gazette 792817.1). Application 9431700.1 vested the land in the Palmerston North City Council.

5. THE PROPOSAL

- 5.1 The proposal is for a land lease. The Ashhurst Scouts would fundraise for, construct and own a new Scout hall on the land lease.
- 5.2 The proposal is described by the Ashhurst Scouts (the Scouts) as “... a purpose built facility that meets the needs of the Ashhurst Scouting Group to educate, develop, and inspire our youth in the scouting way.”
- 5.3 The building footprint proposed is in the order of 300 square metres, roughly described as being 15 x 20 metres. An associated service access and minor car parking next to the building would be required. A total lease area of up to 1,000 square metres is proposed.
- 5.4 The building would contain a combination of open plan activity space, meeting rooms, storage and a kitchen.
- 5.5 The proposal includes consideration of sustainable practices in the building design such as renewable energy and rainwater collection.
- 5.6 The Scouts support designing the building to fit the character of the reserve but need the lease in place in order to initiate fundraising that would allow design work to be undertaken.
- 5.7 The lease area of up to 1,000 square metres is situated in the grass overflow car park for the sports fields in the north-western corner of the Domain as shown in Figure One.



Figure One: Scout lease proposal location and extent

6. ASHHURST DOMAIN DEVELOPMENT AND MANAGEMENT PLAN

- 6.1 Section 54 of the Reserves Act requires that Council assesses any proposal for conformity with the Management Plan.
- 6.2 The proposal must be assessed against the objectives and policies of the Management Plan 1997.
- 6.3 The Management Plan is being reviewed in 2020/21. The timing for this review complements the review of the Te Apiti (Manawatu Gorge) Masterplan and Te Ahu a Turanga: Manawatū Gorge Replacement Route Project.
- 6.4 Table Two assesses the proposal against the relevant objectives and policies of the existing Management Plan.

RELEVANT POLICIES	OFFICER ASSESSMENT
9.2 ADMINISTRATION AND MANAGEMENT	
Policy 9.1.1 <i>To manage the Domain under the Reserves Act 1977 while recognising and giving effect to the status and the position of tangata whenua</i>	<p>This report and the associated processes are giving effect to the policy.</p> <p>Rangitāne o Manawatū have advised they are comfortable with the proposal.</p>
9.2 LANDSCAPE	
Policy 9.2.2 <i>To manage the landscape of the Domain in accordance with the policies shown on ... - Landscape Identity Areas.</i> Modification Policy: <i>Management and public use activities may dominate the original landscape character.</i>	<p>The proposed site is on the Upper River Terrace which falls under the “Modification Policy” area of the Domain. Management and use can modify the original landscape character in this area.</p> <p>The existing site is an overflow grass car park. Council’s Urban Designer reviewed the general proposal and was satisfied that a Scout hall fits within the landscape identity area.</p>
9.3 VEGETATION	
Policy 9.3.1 <i>To manage and maintain the vegetation within the Domain to enhance the natural character of the environment, facilitate opportunities for ecological habitats and wildlife, and for visual amenity.</i>	<p>The proposal would benefit from selective pruning and shrub removal in order to provide some visibility of the building from Cambridge Avenue and the sports field car park.</p> <p>The extent of this vegetation management would be assessed at the time the design for the building and its orientation on the site is finalised. Any vegetation removal would require Manager, Parks and Reserves approval as a condition of the lease.</p>
9.6 RECREATION	
Policy 9.6.1 <i>To maintain and encourage informal and casual unstructured recreational use of Ashhurst Domain</i>	<p>Additional recreational use of the Domain will occur.</p> <p>Rangitāne have indicated their comfort with</p>

<i>compatible with its cultural heritage and landscape values.</i>	the proposal. The Council's Urban Designer and Policy Planner who are leading the Reserve Development and Management Plan are satisfied that the proposed location can be managed to fit the landscape values.
Policy 9.6.3 <i>To ensure that recreational activities do not adversely impact on the experience of the casual user and that they are compatible with the natural rural landscape of the Domain.</i>	The space proposed for lease for the Scout hall is currently used for grazing and occasional overflow car parking for large events on the sports fields. The existing overflow car park capacity could be retained by shifting a fence. This would require approximately 80m of new fencing, removal of 40m of fencing, and a new gate.
9.13 INTERPRETATION AND EDUCATION	
Policy 9.13.1 <i>To promote the Domain as a valuable cultural and natural resource.</i>	<p>Nothing in the proposal adds value to the promotion of the cultural and natural resources of the Domain.</p> <p>Rangitāne o Manawatū advise they are comfortable with the proposal.</p>
9.14 BUILDINGS AND FACILITIES	
Policy 9.14.1 <i>To ensure that only those buildings and facilities essential for the convenience, comfort and safety of the users are sited within the Domain.</i> <i>Implementation:</i> <i>Assess all future proposals ... against the following criteria:</i> <i>-the need for the structure to be within the Domain;</i> <i>-the need for the structure to be sited in the location identified;</i>	<p>The Scouts are users of the Domain.</p> <p>The proposal will make the Domain the core venue for their activities.</p> <p>Council Senior Parks Planner, in conjunction with Ashhurst Scout's representatives, considered 17 possible locations throughout Ashhurst.</p> <p>The strengths, weaknesses, threats and opportunities of 10 sites were considered in a desktop exercise.</p> <p>Ashhurst Scouts shortlisted the Ashhurst Domain with 4 possible locations:</p> <ul style="list-style-type: none"> - Sportsfields South – adjacent to the Pony Club within the sport field curtilage area - Sportsfields Central – next to the changing rooms

<p><i>-the maintenance of the park's character;</i></p> <p><i>-the particular design and its relationship to the park character;</i></p> <p><i>-the contribution of the structure to the quality and experience of the park;</i></p> <p><i>-the public benefit to be obtained from the structure;</i></p>	<ul style="list-style-type: none"> - Sportsfields – overflow car park - Terrace – former café site <p>The Ashhurst Scouts considered the possible locations and identified their preferred location as the sports fields overflow car park.</p> <p>This preference is because:</p> <ul style="list-style-type: none"> - The location allows the Scouts access independent of the opening and closing hours of the Domain. - The existing sports fields car parking in the road reserve can be used as the Scouts operate largely in weekday evenings, meaning only service access and limited parking is required within the lease area. - The location is close to the village, enabling easy walking access. <p>The Scout building is proposed to be designed to fit the character of the park. This would be managed through a condition in the lease requiring the design to be submitted to the Manager, Parks and Reserves and Urban Designer for approval under the Reserve Management Plan prior to application for building consent.</p> <p>Provision of a Scout hall in the Domain provides recreation opportunities to the Ashhurst community through scouting activities and opportunities.</p> <p>The Ashhurst Scouts envision using the facility to run small scale provision of food and beverage as fundraisers and business skills development for the Scouts, for example, coffee and food provision for sports tournaments utilising their kitchen. Such provision will add to the recreation benefits of the Domain. Council and community aspirations of a viable café in the Domain have been discussed with the Scouts and</p>
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<p><i>-the impact on the immediate locality;</i></p> <p><i>-the ability to meet the objectives and policies of this Management Plan:</i></p> <p><i>8.1.1 To maintain, facilitate and further promote the informal and organised outdoor recreational use of the Domain by the general public.</i></p> <p><i>8.1.2 To balance the interest of present and future recreational users with that of local residents, lessees and others with vested or sectional interests in the Domain.</i></p> <p><i>8.1.3 To encourage use of the Domain as an educational resource.</i></p> <p><i>8.1.4 To ensure that the use of the Domain is consistent with the variety of relevant regulations to enable safe and appropriate recreational</i></p>	<p>they are aware that if a café were developed there may be some restrictions on their food and beverage activities. A condition in the lease is proposed to manage food and beverage sale and activities.</p> <p>The impact on the immediate locality is minor:</p> <ul style="list-style-type: none"> - a minor impact on overflow car park provision. This can be easily offset with some minor farm fencing adjustments. - Some minor tree pruning and shrub removal. <p>The Scout hall would provide further recreation activity in the Domain, both directly through the Scouts themselves and indirectly through facility provision, for example other groups using the hall (eg. sports tournaments).</p> <p>Consultation on this proposal will gather the views of locals and others with interests in the Domain.</p> <p>The Scout Method – Te Tikanaga Scout includes Adventure -Te Mātātoa and Learning by Doing – Te Ako mā te Mahi.</p> <p>The Scouts will be required to operate in accordance with relevant regulations as conditions of the lease.</p> <p>Scouts programme planning encourages support of the UN Sustainable Development Goals.</p>
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<p><i>opportunities.</i></p> <p><i>8.1.5 To protect and enhance the natural environment and character of the Domain.</i></p> <p><i>8.1.6 To encourage the integrated management and development of the Domain.</i></p> <p><i>5. Ensure that the following is achieved in relation to all future buildings and/or structures:</i></p> <p><i>-a design which is appropriate to the site and consistent with both the character of the Domain and all other existing structures and buildings;</i></p> <p><i>-locations appropriate to the function of the structure.</i></p>	<p>The revision of the Ashhurst Domain Development and Management Plan 1997 is underway. During scoping of the draft lease document, the Strategy and Planning Staff leading that work have been consulted. They advise nothing in their research to date indicates the proposed lease location would have negative effects on the plan revision underway or the proposals relating to the review of the Te Apiti (Manawatu Gorge) Masterplan and Te Ahu a Turanga: Manawatū Gorge Replacement Route Project.</p> <p>The proposed Scout building would be designed to fit the character of the park. This can be managed through a condition of the draft lease requiring the design to be submitted to the Manager, Parks and Reserves and Council's Urban Designer for approval prior to application for building consent.</p>
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Table Two: Assessment against Management Plan

7. LEASING POWERS UNDER THE RESERVES ACT 1977

7.1 Section 54 (1) (b) of the Reserves Act 1977 allows for an administering body to:

lease to any voluntary organisation part of the reserve for the erection of stands, pavilions, gymnasiums, and, subject to sections 44 and 45, other buildings and structures associated with and necessary for the use of the reserve for outdoor sports, games, or other recreational activities, ... which lease shall be subject to the further provisions set out in Schedule 1 relating to leases of recreation reserves issued pursuant to this paragraph:

provided that a lease granted by the administering body may, with the prior consent of the Minister given on the ground that he or she considers it to be in the public interest, permit the erection of buildings and structures for sports, games, or public recreation not directly associated with outdoor recreation:

7.2 "Necessary" has not interpreted as requiring that all or even most visitors or users of the reserve need/want to use the service or activity provided under the lease.

Reserves often have activities on them that only some of the visitors to the reserve use.

- 7.3 The proposal would increase the use of the reserve by the Scouts. The location does not reduce the experience of current users or impact on the capacity of the reserve for other activities.

8. TERM OF THE PROPOSED LEASE

- 8.1 Council typically awards leases of a 5 year term with a right of renewal of 5 years. Exceptions have been made where the works proposed by the lessee are substantial and a shorter lease would jeopardise the ability to raise the funds for the activities.
- 8.2 The proposed lease for the Ashhurst Scouts is 10 years plus a 10 year right of renewal in recognition of the level of investment in a new Scout hall and the need for certainty of tenure to support fundraising.

9. IMPACT ON LOCALITY AND PARK OPERATIONS

9.1 Aesthetics:

- 9.1.1 The proposed Scout hall would have very minor aesthetic impacts on the locality. The building would be situated behind existing shelter belt trees and positioned in an area marginally visible from the sports fields.



Figure Two: Indicative Scout hall scale and size as viewed from Cambridge Avenue

- 9.1.2 Some selective tree and shrub pruning may be undertaken to improve the visibility of the building from the road and sports fields, supporting security and wayfinding.

This is proposed to be managed at the time of construction and requires the approval of the Manager, Parks and Reserves.

9.2 Security:

9.2.1 The Scouts will be responsible for their building security.

9.2.2 Council security contractors lock the Domain and other parks and facilities in Ashhurst. This service could be available to the Scouts if they wanted to procure it.

9.3 Cleaning and offensive litter

9.3.1 The Scouts would be responsible for managing litter within their leased area.

9.4 Vegetation:

9.4.1 The area proposed is a grass overflow car park. No trees or shrubs would be required to be removed. As per section 9.1.2 some vegetation management for security and visibility may be useful.

9.5 Car parking:

9.5.1 As shown in Figure Three, there are 74 sealed car parks, plus bus parking, currently provided and 2000 square metres of grass overflow car park which could cater to 40 – 60 cars depending on the efficiency of parking.



Figure Three: Existing car parking

- 9.5.2 The Scouts' activities are typically run on a week night when the demand for sports fields car parking is low.
- 9.5.3 The Scouts anticipate using the existing sports fields sealed car parks along Cambridge Avenue with service vehicle and staff parking associated with the building.
- 9.5.4 To retain the existing overflow car park capacity the fence on the eastern end could be shifted in the order of 25 metres to the east with a minor impact on the grazing lease as shown in Figure Four.



Figure Four: Fence relocation to retain overflow car park capacity

9.6 Affected parties:

Affected parties would be interviewed or invited to submit during the consultation period. Parties identified include:

- Sports fields user grounds – Central Football use the fields near the proposed Scout hall year-round. Their Chief Operations Manager suggests it would be a positive addition for football.
- Grazing lease – the leaseholder indicated no particular issue with the proposal. He noted the vandalism in the Domain and that they operate a certified organic operation. He requested no use of sprays by the Scouts anywhere near the grazing lease boundary.
- Ashhurst community – would be consulted on the proposed lease.
- Park users – would be consulted on the proposed lease.
- Rangitāne o Manawatū – have indicated their comfort with the current proposal.

10. RESERVES ACT 1977 CONSIDERATIONS

10.1 Section 17(1) of the Reserves Act 1977 defines the purpose of recreation reserves as:

“for the purpose of providing areas for the recreation and sporting activities and the physical welfare and enjoyment of the public, and for the protection of the natural environment and beauty of the countryside, with emphasis on the retention of open spaces and on outdoor recreational activities, including recreational tracks in the countryside.”

10.2 Officer comment: The proposed Scout hall would provide a venue for recreation activities both in terms of the Scouts’ activities directly and potentially other community recreation groups or Domain users, eg. football use during tournaments.

10.3 Section 17(2) (a): *The public shall have freedom of entry and access to the reserve, with the exception of the ability to lease areas under Section 54 which covers the leasing powers.*

10.4 Officer comment: The lease area is approximately 1,000 square metres on a reserve of over 50 hectares. The lease area is currently used for overflow car parking for large events on the sports fields. This use can be retained with a small modification to the grazing lease area. No currently publicly accessed reserve area will be affected.

10.5 Section 17(2) (b): *Where scenic, historic, archaeological, biological, geological, or other scientific features or indigenous flora or fauna or wildlife are present on the reserve, those features or that flora or fauna or wildlife shall be managed and protected to the extent compatible with the principal or primary purpose of the reserve:*

10.6 Officer comment: No trees or vegetation is required to be removed by the proposal.

10.7 Section 17(2) (c): *Those qualities of the reserve which contribute to the pleasantness, harmony, and cohesion of the natural environment and to the better use and enjoyment of the reserve shall be conserved:*

10.8 Officer comment: The Scout hall will have minimal impact on the pleasantness of the reserve. The building design will be required to fit the landscape and character of the reserve via design approval clauses in the draft lease.

10.9 Section 17(2) (d): *to the extent compatible with the principal or primary purpose of the reserve, its value as a soil, water, and forest conservation area shall be maintained.*

10.10 Officer comment: the proposal is compatible with soil, water or forest conservation.

11. GIVING EFFECT TO THE PRINCIPLES OF THE TREATY OF WAITANGI

- 11.1 The Reserves Act 1977 is subject to Section 4 of the Conservation Act and requires that administering bodies under the Reserves Act 1977 give effect to the principles of the Treaty of Waitangi.
- 11.2 Rangitāne o Manawatū representatives have considered the proposal. Rangitāne are comfortable with the proposal.

12. PLANNING ASSESSMENT

- 12.1 The Scouts will need to obtain resource and building consents.
- 12.2 The part of Ashhurst Domain subject to this proposal is zoned recreation in the District Plan. The proposed Scout hall meets the definition of a community and leisure facility (meaning land and/or buildings used for public or private recreation, entertainment, meetings or social events).
- 12.3 A preliminary scoping of the District Plan requirements indicates that generally the Scout hall should not present any significant resource consenting issues.
- 12.4 Overnight stay in the Scout hall is identified as an important part of scouting activities by the Ashhurst Scouts. Section 15.4.3.1 (e) of the District Plan limits the hours of operation for the recreation zone to between 7am and 10.30pm Sunday to Thursday and 7am to 12midnight on Fridays and Saturdays. The Scouts would be required to apply for a resource consent for overnight stay activities.

13. DESCRIPTION OF OPTIONS

- 13.1 Option One: Publicly notify the proposal to grant a lease for a Scout hall at the Ashhurst Domain, meeting the requirements of Section 54 of the Reserves Act 1977

Under this option Council would seek community input to inform its decision on the proposed lease. As required by the Reserves Act 1977, Council must give people the opportunity to make submission and objections and be heard before deciding to grant the lease.

The draft lease is contained in Attachment One.

- 13.2 Option Two: Decline the proposal for the land lease for a Scout hall at the Ashhurst Domain

If Council considers the effects of the proposal on the reserve to be too significant it can decline the proposal without having first heard community views on the lease.

14. ANALYSIS OF OPTIONS

14.1 Option One: Publicly notify the proposal to grant a lease for a Scout hall at the Ashhurst Domain, meeting the requirements of Section 54 of the Reserves Act 1977

Council can proceed to publicly notifying the proposal to grant the Scouts lease meeting the requirements of Section 119 of the Reserves Act 1977.

If Council chooses to publicly notify the proposed lease it must give consideration to the submissions and objections received, including the opportunity to be heard, as required under Section 120 of the Reserves Act.

14.2 Option Two: Decline the proposal for the land lease for a Scout hall at the Ashhurst Domain

Council could choose to decline the proposal, without consulting the community to ascertain their views on the proposal.

15. CONCLUSION

- 15.1 The proposal is consistent with the purposes of recreation reserves as the Scouts are a recreation group and would host and support recreation activities.
- 15.2 Consultation on the proposed lease will provide the Council with community feedback, which could be considered before a decision is made. The consultation process would also fulfil the requirements of the Reserves Act.
- 15.3 It is recommended Council proceed to community consultation.

16. NEXT ACTIONS

- 16.1 Publicly notify the proposal to grant the land lease, seeking feedback.
- 16.2 Provide the opportunity for any submitters that wish to be heard to speak to Council.
- 16.3 Consider the objections and submissions and provide advice to Council on whether to accept, modify or decline the lease proposal.

17. OUTLINE OF COMMUNITY ENGAGEMENT PROCESS

- 17.1 The proposed consultation is:
 - Public notification period requirements of the Reserves Act – advertise in the local newspaper from 1 November until 1 December 2019.
 - Letter drop to residential properties in the section of Cambridge Avenue between Napier Road and York Street

- Signage at the sports fields.
- Article in the Ashhurst Village Voice.
- Display and social media through the Ashhurst Library.

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?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
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: Carry out recreation and reserves planning functions under the Reserves Act 1977 and LGA including the preparation of Reserve Management and Development Plans and Master Plans.	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	This report assesses the proposal against the Ashhurst Domain Reserve Management Plan and Reserves Act.

ATTACHMENTS

1. Ashhurst Scouts draft lease [!\[\]\(00454fbbe8db418db0de5eebfa916a08_img.jpg\)](#) 

DEED OF LEASE OF PALMERSTON NORTH CITY COUNCIL LAND

DATED:

20

PARTIES

1. THE PALMERSTON NORTH CITY COUNCIL ("the Landlord")
2. THE SCOUNT ASSOCIATION OF NEW ZEALAND ("the Tenant")
3. ("the Guarantor")

BACKGROUND

- A The Landlord is the owner of the property described in the First Schedule hereto and more particularly shown on the plan attached hereto ("the property").
- B The Landlord has agreed to lease to the Tenant the property subject to the covenants, conditions and restrictions contained herein.

NOW THIS DEED RECORDS

1. The Landlord leases to the Tenant and the Tenant takes on the property described in the First Schedule for the term from the commencement date and at the annual rent (subject to review if applicable as set out in the First Schedule).
2. The Landlord and Tenant covenant as set out in the said Second Schedule.
3. The Guarantor covenants with the Landlord as set out in clause 36 herein.

The Common Seal of the **PALMERSTON**)
NORTH CITY COUNCIL was hereto)
 affixed as Landlord in the presence of:)

 Mayor

 Legal Counsel

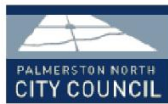
THE COMMON SEAL of)
THE SCOUT ASSOCIATION OF NEW ZEALD)
was hereto affixed as Tenant in the)
presence of:)

Signed by THE SCOUT ASSOCIATION OF NEW ZEALD)
as Tenant in the presence of:)

SIGNED by)
as Guarantor in the presence of:)

FIRST SCHEDULE

PROPERTY:	Part Lot 1 on Deposited Plan 55676 and being part of the land contained and comprised in Certificate of Title WN14A/25 as more particularly shown on the plan attached hereto		
TERM:	Ten (10) Years		
COMMENCEMENT DATE:	Subject to Council approval date		
RIGHT OF RENEWAL:	One (1) right of renewal of ten (10) years		
RENEWAL DATE:	TBD		
FINAL EXPIRY DATE: (in the event any right of renewal is exercised)	TBD		
ANNUAL RENT: (Subject to review if applicable)	\$100.00 plus GST		
RENT PAYMENT DATES:	The	day of	20
	commencing on the	day of	20
DEFAULT INTEREST RATE:	15 % per annum		
PRESCRIBED USE:	Scouting related activities		



PNCC Map



AJM-132940-1077-4-V1

SECOND SCHEDULE**TENANTS' PAYMENTS****Rent**

- 1.1 The Tenant shall pay the rent annually plus Goods and Services Tax in advance on the rent payment dates. The first annual payment (together with rent calculated on a daily basis for any period from the commencement date of the term to the first rent payment date) shall be payable on the first rent payment date.
- 1.2 All rent shall be paid without any deduction by direct payment to the Landlord or as the Landlord may direct and the Tenant shall not advance as a reason for non payment of rental any right of set off.

Rental Increases

2. The Landlord and the Tenant acknowledge that the annual rental has been determined on the basis of the Palmerston North City Council's Recreation and Community Asset Rental Policy. The Landlord may, at the Landlord's sole discretion, and by giving no less than three (3) month's written notice to the Tenant, increase the annual rental in accordance with any review or amendment of the Palmerston North City Council's Recreation and Community Asset Rental Policy. The Tenant shall pay the increased annual rental on the date which is three (3) months from the date of the Landlord's notice under this clause.

Outgoings

- 3.1 The Tenant shall pay the outgoing in respect of the property which are specified in the Third Schedule attached hereto. Where any outgoing is not separately assessed the Tenant shall pay such a fair proportion as shall be agreed upon or failing agreement determined by arbitration.
- 3.2 The outgoing shall be payable by the Tenant on demand.
- 3.3 The Tenant shall still be liable to pay an outgoing where the outgoing is levied by the Landlord in its capacity as territorial authority.

GST

- 4.1 The Tenant shall pay to the Landlord or as the Landlord shall direct the GST payable by the Landlord in respect of the rental and other payments payable by the Tenant under this lease. The GST in respect of the rental shall be payable on each occasion when any rental payment falls due for payment and in respect of any other payment shall be payable upon demand.
- 4.2 If the Tenant shall make default in payment of the rental or other moneys payable under this lease and the Landlord becomes liable to pay default GST then the Tenant shall on demand pay to the Landlord the default GST in addition to interest payable on the unpaid GST under clause 5.

Interest on unpaid money

5. If the Tenant defaults in payment of the rent or other monies payable hereunder for ten (10) working days then the Tenant shall pay on demand interest at the default interest rate on the monies unpaid from the due date for payment down to the date of payment.

Costs

6. Each party will pay their own costs of the negotiation and preparation of this lease and any deed recording a rent review or renewal. The Tenant shall also pay the Landlord's reasonable costs incurred in considering any request by the Tenant for the Landlord's consent to any matter contemplated by this Lease and the Landlord's legal costs (as between Solicitor and client) of and incidental to the enforcement or attempted enforcement of the Landlord's rights remedies and powers under this Lease.

Indemnity

7. The Tenant shall indemnify the Landlord against all damage or loss resulting from any act or omission on the part of the Tenant or the Tenant's employees, agents, invitees or contractors. The Tenant shall recompense the Landlord for all expenses incurred by the Landlord in making good any damage to the property resulting from any such act or omission. The Tenant shall be liable to indemnify only to the extent that the Landlord is not fully indemnified under any policy of insurance.

Insurance

- 8.1 The Tenant shall at all times during the term keep and maintain any buildings on the property owned by the Tenant insured under a full replacement policy and if required by the Landlord provide evidence to the Landlord that such insurance's are in place.
- 8.2 The Landlord and Tenant expressly acknowledge that the Landlord has not insured any of the buildings or improvements on the property. The Landlord and Tenant expressly agree that the Tenant will meet the cost of making good any destruction or damage to the buildings and improvements on the property or will indemnify the Landlord against the cost of making good the destruction or damage of any buildings or improvements on the property caused by fire, flood, explosion, lightning, storm, earthquake or volcanic activity.

Prescribed Use Of The Property

- 9.1 The Tenant will use the property solely for the purposes of the Tenant and its general activities as set out under the heading "Prescribed Use" in the First Schedule and for no other purposes including however not limited to any commercial purpose. For the purpose of clarification a commercial purpose, for the purpose of this clause, shall be deemed the sale of any goods and services except for minor commercial activities to support scout education and development.
- 9.2 If the Landlord after making such enquiries as it thinks fit and giving the Tenant the opportunity of explaining the usage of the property is satisfied that the property is not being used or being sufficiently used for the Prescribed Use then the Landlord may terminate this lease on such terms as it thinks fit but without prejudice to any antecedent right or action which the Landlord may have against the Tenant however it arose.

- 9.3 Notwithstanding clauses 9.1 and 9.2 above the Landlord may at the entire discretion of the Landlord consent to the property being used for a use other than the prescribed use.

Tenant's Obligations

- 10.1 The Tenant shall keep and maintain any buildings or improvements on the property in good order and repair and shall comply with any reasonable requirements of the Landlord in respect to any such buildings or improvements.
- 10.2 Without in any way limiting the Landlord's rights pursuant to clause 10.1 above the Tenant shall comply with any reasonable requirement of the Landlord to repair all glass breakage's and any electrical fittings, paint and decorate any part of the exterior of any buildings or improvements on the property and repair and keep in good order any storm or wastewater drainage system.
- 10.3 The Tenant shall in a proper and workmanlike manner and to the reasonable requirements of the Landlord:
- (a) **Maintain Yards**
Keep and maintain any carparks, pavings and other sealed or surface areas in good order and repair.
 - (b) **Care of Grounds**
Keep any grounds, yards and surfaced areas in a tidy condition and maintain any garden or lawn areas in a tidy and cared for condition.
 - (c) **Other Works**
Carry out such works to the property as the Landlord may require in respect of which outgoings are payable by the Tenant.

Rubbish Removal

11. The Tenant shall regularly remove to an appropriate disposal site all rubbish and garbage generated from the property and will keep any rubbish bins or containers in a clean and tidy condition. The Tenant will also at the Tenant's own expense cause to be removed all trade waste boxes and other goods or rubbish not removable in the ordinary course by the local authority.

Landlord's Right of Inspection

12. The Landlord and its employees, agents and contractors may at all reasonable times during business hours enter upon the property to view the condition of any buildings or improvements on the property to view the condition thereof and may give notice in writing to the Tenant of all defects and wants of repair and the Tenant will with all reasonable despatch after receipt of such notice repair and make good the same according to such matters so far as the Tenant is liable so to do.

Landlord May Repair

- 13.1 If default is made by the Tenant in the due and punctual compliance with any notice given by the Landlord relating to repair or maintenance pursuant to clause 10.1 or clause 12 herein, the Landlord without prejudice to the Landlord's other rights and remedies shall at the Landlord's option without suit or further notice be entitled by its employees, agents and contractors with all necessary equipment and material at all reasonable times to enter upon the property to execute any works as may be specified in the notice.
- 13.2 All moneys expended by the Landlord by reason of the Tenant's default shall be payable by the Tenant to the Landlord upon demand together with interest at the default interest from the date of expenditure down to the date of payment.

Access for Repair

14. The Tenant shall permit the Landlord and the Landlord's employees, agents and contractors at all reasonable times to enter the property to carry out repairs pursuant to clause 13 hereof to the property and to install inspect repair renew or replace any services where the same are not the responsibility of the Tenant all such repairs. All such repairs and work shall be carried out as far as reasonably possible with the least inconvenience to the Tenant.

Signs and Painting

- 15.1 The Tenant will not erect or display or permit to be erected or displayed either on the outside of any building on the property or upon any part of the property any advertising matter of any description or any sign displaying the name of the Tenant without the prior consent of the Landlord who may grant its consent subject to such reasonable conditions as the Landlord may decide, which shall include compliance with the Local Authority's district plan.
- 15.2 The Tenant will not paint or repaint the exterior of any building or improvements on the property without the written consent of the Landlord to any colour scheme and the type of paint intended to be used.

Building Work and Alterations

- 16.1 The parties acknowledge that the Tenant intends to carry out certain building work on the property, however, the Tenant shall not carry out any such building work nor make any alterations or additions to any buildings or improvements erected on the property without first producing to the Landlord on every occasion plans and specifications and obtaining the written consent of the Landlord (not to be unreasonably or arbitrarily withheld or delayed) for that purpose.
- 16.2 The Tenant will at all times including when undertaking any "building work" on the property (as that term is defined in the Building Act 2004), comply with all statutory requirements including the obtaining of building consents and code compliance certificates pursuant to the Act and agrees to indemnify the Landlord for any claims made against the Landlord arising under the Building Act by virtue of the Tenant failing to comply with the Act.

Compliance with Statutes and Regulations

- 17.1 The Tenant shall comply with the provisions of all statutes, ordinances, regulations and by-laws relating to the use of the property by the Tenant or other occupant and will also comply

with the provisions of all licences, requisitions and notices issued by any competent authority in respect of the property or their use by the Tenant or other occupant.

- 17.2 In the event that the Tenant shall not comply with the provisions of all statutes, ordinances, regulations and by-laws relating to the use of the property by the Tenant as required by clause 17.1 herein the Landlord may without limiting its powers pursuant to clause 13 herein enter upon the property to execute such works to provide that all statutes, ordinances, regulations and by-laws are complied with and any monies expended by the Landlord in executing such works shall be payable by the Tenant to the Landlord upon demand together with interest thereon at the default interest rate from the date of expenditure down to the date of payment.
- 17.3 The Tenant shall not allow any building or structure owned or constructed on the property by the Tenant to be open to members of the public or allow the use of any such building or structure by members of the public if that would be in breach of section 363 of the Building Act 2004.

No Noxious Use

18. The Tenant shall not:
- (a) Bring upon or store within the property nor allow to be brought upon or stored nor allowed to be brought upon the property or stored within any building on the property any machinery goods or things of an offensive noxious illegal or dangerous nature, or of such weight size or shape as is likely to cause damage to the building or any surfaced area.
 - (b) Contaminate the property and shall undertake all works necessary to remove any contamination of the property other than contamination not caused by the Tenant or which took place prior to the commencement date of the lease term. Contamination means any change to the physical, chemical or biological condition of the property by a "contaminant" as that word is defined in the Resource Management Act 1991.
 - (b) Use the property or allow them to be used for any noisome noxious illegal or offensive trade or business.
 - (c) Allow any act or thing to be done which may be or grow to be a nuisance disturbance or annoyance to the Landlord, other tenants of the Landlord, or any other person, and generally the Tenant shall conduct the Tenant's business upon the property in a clean quiet and orderly manner free from damage nuisance disturbance or annoyance to any such persons but the carrying on by the Tenant in a reasonable manner of the Prescribed Use or any use to which the Landlord has consented shall be deemed not to be a breach of this clause.

Cancellation

19. The Landlord may (in addition to the Landlord's right to apply to the Court for an order for possession) cancel this Lease by re-entering the property at the time or at any time thereafter:
- (a) if the rent shall be in arrears for not less than ten working days after any of the rent payment dates and the Tenant has failed to remedy that breach within 10 working

days after service on the Tenant of a notice in accordance with section 245 of the Property Law Act 2007.

- (b) in case of breach by the Tenant of any Covenant or agreement on the Tenant's part herein expressed or implied (other than the covenant to pay rent) after the Tenant has failed to remedy that breach within the period specified in a notice served on the Tenant in accordance with section 246 of the Property Law Act 2007.
- (c) if the Tenant shall make or enter into or attempt to make or enter into any composition assignment or other arrangement with or for the benefit of the Tenant's creditors;
- (d) in the event of the insolvency bankruptcy or liquidation of the Tenant; or
- (e) if the Tenant shall suffer distress or execution to issue against the Tenant's property goods or effects under any judgement against the Tenant in any Court for a sum in excess of five thousand dollars (\$5,000.00):

and the term shall terminate on such cancellation but without prejudice to the rights of either party against the other.

Loss on Cancellation

- 20. Upon cancellation the Landlord may remove from the property or any buildings or improvements erected thereon any chattels in the apparent possession of the Tenant and place them outside the property and the Landlord shall not be answerable for any loss resulting from the exercise of the power of re-entry.

Essentiality of Payments

- 21.1 Failure to pay rent or other moneys payable hereunder on the due date shall be a breach going to the essence of the Tenant's obligations under the Lease. The Tenant shall compensate the Landlord and the Landlord shall be entitled to recover damages from the Tenant for such breach. Such entitlement shall subsist notwithstanding any determination of the lease and shall be in addition to any other right or remedy which the Landlord may have.
- 21.2 The acceptance by the Landlord of arrears of rent or other moneys shall not constitute a waiver of the essentiality of the Tenant's continuing obligation to pay rent and other moneys.

Repudiation

- 22. The Tenant shall compensate the Landlord and the Landlord shall be entitled to recover damages for any loss or damage suffered by reason of any acts or omissions of the Tenant constituting a repudiation of the lease or the Tenant's obligations under the lease. Such entitlement shall subsist notwithstanding any determination of the lease and shall be in addition to any other right or remedy which the Landlord may have.

Quiet Enjoyment

- 23. The Tenant paying the rent and performing and observing all the covenants and agreements herein expressed and implied shall quietly hold and enjoy the property throughout the term without any interruption by the Landlord or any person claiming under the Landlord.

Renewal of Lease

24. If the Tenant has given to the Landlord written notice to renew the Lease at least three (3) calendar months before the end of the term and it is not at the date of the giving of such notice in breach of this Lease then the Landlord will grant a new lease for a further term from the renewal date as follows:
- (a) The new lease shall be upon and subject to the covenants and agreements herein expressed and implied except that the term of this Lease plus all further terms shall expire on or before the final expiry date; and
 - (d) The Landlord, as a condition of granting a new lease shall be entitled to have the new lease guaranteed by any guarantor who has guaranteed this Lease on behalf of the Tenant who has given notice.

Assignment or Subletting

25. The Tenant shall not assign sublet or otherwise part with the possession of the property or any part thereof without first obtaining the written consent of the Landlord.

Holding Over

26. If the Landlord permits the Tenant to remain in occupation of the property after the expiration or sooner determination of the term, such occupation shall be a monthly tenancy only terminable by twenty (20) working days written notice at the rent then payable and otherwise on the same covenants and agreements (so far as applicable to a monthly tenancy) as herein expressed or implied.

Access for Re-letting

27. The Tenant will at all reasonable times during the period of three months immediately preceding expiration of the term permit intending tenants and others with written authority from the Landlord or the Landlord's agents at all reasonable times to view the property.

Suitability

28. No warranty or representation expressed or implied has been or is made by the Landlord that the property is now suitable or will remain suitable or adequate for use by the Tenant or that any use of the property by the Tenant will comply with the by-laws or ordinances or other requirements of any authority having jurisdiction.

Waiver

29. No waiver or failure to act by the Landlord in respect of any breach by the Tenant shall operate as a waiver of another breach.

Tenant to Indemnify the Landlord

30. The parties acknowledge that the Landlord shall not be liable for any claims including but not limited in respect of accident, injury or damage suffered by any person or property as a result of the Tenant's use of the property, and the Tenant shall indemnify the Landlord for any such claims.

Health and Safety

- 31.1 The Tenant voluntarily accepts all risks, known and unknown of entering onto the property and releases the Landlord from all liability arising from the Tenant's use of the property and the Tenant shall indemnify the Lessor against all damage, loss and liability arising from the Tenant's use of the property including, but not limited to, any liability, fine or penalty imposed pursuant to the Health and Safety at Work Act 2015. Any damage, loss and liability referred to in this clause shall also include any damage, loss or liability arising due to any harm suffered to any employee, invitee, occupier, contractor or agent of the Tenant which occurs on the property.
- 31.2 The Tenant shall ensure that the provisions and obligations imposed on an employer or on an occupier of a place of work by the Health and Safety at Work Act 2015 are fully complied with and if required by law or by the Landlord shall have its own health and safety plan which must be consistent with the Landlord's and be approved by the Landlord.

Notices

- 32.1 All notices must be in writing and must be served by one of the following means:
- (a) In the case of a notice under sections 245 or 246 of the Property Law Act 2007 in accordance with the requirements of section 353 of that Act; and
 - (b) In all other cases, unless otherwise required by sections 352 to 361 of the Property Law Act 2007;
 - (i) using the procedure outlined in sections 354 to 361 of the Property Law Act 2007, or
 - (ii) by personal delivery, or by posting by registered or ordinary mail, or by facsimile, or by email.
- 32.2 In respect of the means of service specified in clause 32.1(b)(ii), a notice is deemed to have been served:
- (a) in the case of personal delivery, when received by the addressee;
 - (b) in the case of posting by mail, on the second working day following the date of posting to the addressee's last known address in New Zealand;
 - (c) in the case of facsimile transmission, when sent to the addressee's facsimile number; or
 - (d) in the case of email, when acknowledged by the addressee by return email or otherwise in writing.
- 33.3 In the case of a notice to be served on the Tenant, if the Landlord is unaware of the Tenant's last known address in New Zealand or the Tenant's facsimile number, any notice affixed conspicuously on any part of the property shall be deemed to have been served on the Tenant on the day on which it is affixed.
- 33.4 A notice shall be valid if given by any director, general manager, solicitor or other authorised representative of the party giving the notice.

Arbitration

34. If any dispute as to the terms or interpretation of this Deed or any part of it arises or as to the obligations of any party to this Deed then the parties at dispute shall enter into negotiations in good faith to resolve such dispute. If the dispute is not resolved within one (1) month of the date on which the parties begin their negotiations the parties shall submit their dispute to the arbitration of an independent arbitrator appointed jointly by the parties and if one cannot be agreed upon within ten (10) working days, to an independent arbitrator appointed by the representative for the time being of the Manawatu District Solicitors on the Board of the New Zealand Law Society, or to the President for the time being of the Manawatu District Lawyers Standards Committee, or in either case their nominee and such arbitration shall be carried out in accordance with the Arbitration Act 1996 or any then statutory provisions relating to arbitration.

Interpretation

35. In this lease
- (a) the Landlord and the Tenant means where appropriate the executors, administrators, successors and permitted assigns of the Landlord and the Tenant.
 - (b) "the property" means the land leased by the Tenant pursuant to this Deed of Lease and where the context requires or admits means any buildings or improvements erected on the property.
 - (c) "working day" means a day of the week other than:
 - (i) Saturday, Sunday, Waitangi Day, Good Friday, Easter Monday, Anzac Day, The Sovereign's Birthday and Labour Day and;
 - (ii) A day in the period commencing with 25th December and ending with 2nd January in the following year and;
 - (iii) The day observed as the anniversary of any province in which an act is to be done.
 - (d) whenever words appear in this lease that also appear in the First Schedule then those words shall mean and include the details supplied after them in the First Schedule.
 - (e) Where the context requires or admits, words importing the singular shall import the plural and vice versa.

Guarantee

36. In consideration of the Landlord entering into the Lease at the Guarantor's request the Guarantor:
- (a) Guarantees payment of the rent and the performance by the Tenant of the covenants in the Lease; and
 - (b) Indemnifies the Landlord against any loss the Landlord might suffer should the Lease be lawfully disclaimed or abandoned by any liquidator, receiver or other person.
 - (c) Covenants with the Landlord that:

- (i) No release, delay or other indulgence given by the Landlord to the Tenant or to the Tenant's successors or assigns or any other thing whereby the Guarantor would have been released had the Guarantor been merely a surety shall release, prejudice or affect the liability of the Guarantor as a guarantor or indemnifier;
- (ii) As between the Guarantor and the Landlord the Guarantor may for all purposes be treated as the Tenant and the Landlord shall be under no obligation to take proceedings against the Tenant before taking proceedings against the Guarantor.
- (d) The Guarantee is for the benefit of and may be enforced by any person entitled for the time being to receive the rent.
- (e) Any assignment of the Lease and any rent review in accordance with this Lease shall not release the Guarantor from liability.
- (f) Should there be more than one Guarantor their liability under this Guarantee shall be joint and several.
- (g) The Guarantee shall extend to any holding over by the Tenant.

FURTHER TERMS

Sale of Alcohol

37. In the event that the Tenant wishes to sell alcohol on the property, or from any building or improvement erected on the property, permission must first be obtained in writing from the Recreation and Community Development Manager of the Landlord before a licence may be applied for from the Liquor Licensing Agency.

Early Childhood Care

38. ~~In the event that the Tenant wishes to use the property for the purposes of early childhood education the Tenant shall be required to comply with all requirements in respect to the property as determined by the Ministry of Education.~~

Tenant May Make Rules

- 39.1 The Tenant may make rules for management and control of the property and for the conduct of persons using them which are necessary and not inconsistent with this lease.
- 39.2 Before any rules come into force they must have the written consent of the Landlord.
- 39.3 All such rules when approved and adopted shall be displayed in a conspicuous place on the property for the information and guidance of all persons entering upon the property.

Fences

40. In the event that the Landlord requires fencing to be erected upon the property then the Landlord may provide instructions to the Tenant requiring the fence to be so erected including

the location and type of fence required and the Tenant shall erect such fence at the sole cost of the Tenant forthwith.

Tenant's Acknowledgement

41. The Tenant acknowledges that the Tenant will preserve and protect any natural, scientific, historical, cultural, archaeological, biological, geographical or other scientific feature or indigenous flora or fauna on the property.

Landlord's Option to Purchase Buildings or Improvements

42. At the expiration or sooner determination of the within lease then the following shall apply:
- (a) The Landlord shall be entitled within three months of the date of expiration or sooner determination of the lease by notice in writing to the Tenant, to purchase any buildings or improvements on the property, at a price to be agreed upon between the parties or failing agreement to be determined by arbitration in accordance with clause 34 hereof and the purchase price so agreed upon or determined by arbitration shall be paid in cash by the Landlord to the Tenant within twenty (20) working days of the date of such determination or the day after the end of the term of the Lease whichever date shall be the earlier.
 - (b) If the Landlord shall not exercise the right to purchase within the period specified above, or shall give notice that it does not desire to exercise the right of purchase, then the Tenant shall within three months of the date of expiration of the period of option to purchase or within three months of the date of the Landlord giving notice that it does not desire to exercise the option to purchase, whichever date shall first occur, be entitled to remove from the property all buildings and improvements erected on the property by the Tenant and shall leave the property in a clean and tidy condition.
 - (c) If the Tenant fails or neglects to remove any buildings or improvements on the property within the period described above then such buildings or improvements shall be deemed to have been abandoned and then become the property of the Landlord, which shall be under no liability in such case to account to the Tenant for any payment by way of compensation, damages or otherwise.
 - (d) Notwithstanding clause 42(c) above if the Landlord shall not exercise the right to purchase any buildings or improvements on the property as provided in clause 42(a) above the Landlord shall be entitled within three (3) months of the date of expiration or sooner determination of the Lease by notice in writing to the Tenant to require the Tenant to remove at the cost of the Tenant any buildings or improvements on the property by the Tenant as directed by the Landlord. In the event that the Tenant is requested by the Landlord to remove any buildings or improvements erected on the property in accordance with this clause 42(d) then the Tenant shall do so and leave the property in a good tidy condition within two (2) months of the Landlord giving the Tenant notice in accordance with this clause 42(d). In the event the Tenant does not remove such buildings or improvements on the property within such time period then the Landlord may:
 - (i) arrange for the removal of the buildings and improvements on the property together with their disposal; and

- (ii) arrange for the property to be left in a clean and tidy condition; and
- (iii) charge the Tenant for the cost of doing so which shall be payable upon demand together with interest thereon at the default interest rate as provided in this Lease.

Third Party's Use of the Property

43. The Tenant shall be entitled to allow third persons to utilise the property from time to time, however, in the event that the Tenant enters into an arrangement to allow a third party to utilise the property on an ongoing basis, the Tenant shall first notify the Landlord of the proposal. The Tenant shall provide such information in respect to the proposal as the Landlord requires, including but not limited to the amount of any sum to be paid to the Tenant by the third party for the right to use the property and in the event that the Landlord is not satisfied with the proposal the Landlord may require it to be terminated or require the terms of it to be amended in which case the Tenant shall strictly comply with the Landlord's request.

Graffiti

44. If during the term of the Lease any graffiti occurs on the exterior of any building or improvements on the property then the Tenant shall forthwith remove the graffiti at the sole cost of the Tenant and, if required by the Landlord, repaint the affected area in keeping with the balance of such buildings or improvements to a standard acceptable to the Landlord.

Overnight Occupation

45. The Tenant shall only permit any person or persons to reside on the property overnight or reside in any building or improvement on the property overnight for the purpose as set out under the heading "Prescribed Use" in the First Schedule if all statutes, ordinances, regulations and by-laws are complied with.

Reporting Standard

46. The Tenant, when requested by the Landlord, shall provide to the Landlord a report in relation to the Tenant's occupation of the property in accordance with this Lease with such information to contain information and to be in a format as required by the Landlord.

Termination by Notice

47. Notwithstanding any other provision in this Lease the Landlord may terminate this Lease by giving three (3) months notice in writing to the Tenant. Termination pursuant to this clause shall not give the Tenant any right or claim whatsoever against the Landlord.

Reserves Act 1977

48. It is agreed that this lease has been entered into pursuant to section [54(1)(a), (b), (c), or (d) / 56(1)(a) or (b) / 58A(1) / 61(2) or (2A)] of the Reserves Act 1977.

THIRD SCHEDULE

1. Rates or levies payable to any local or territorial authority.
2. Charges for water gas electricity telephones and other utilities or services, including line charges.
3. Rubbish collection charges.
4. New Zealand Fire Service charges and the maintenance charges in respect of all fire detection and fire fighting equipment.
5. Service contract charges for air conditioning, lifts, other building services and security services.
6. Cleaning maintenance and repair charges including charges for repainting, decorative repairs and the maintenance and repair of building services to the extent that such charges do not comprise part of the cost of a service maintenance contract, but excluding charges for structural repairs to the building (minor repairs to the roof of the building shall not be a structural repair).
7. The provisioning of toilets and other shared facilities.
8. The cost of ground maintenance i.e. lawns, gardens and planted areas including plant hire and replacement, and the cost of repair of fences.
9. Yard and car parking area maintenance and repair charges but excluding charges for structural repairs to any car parking area of the building.
- ~~10. Body Corporate charges for insurance premiums and related valuation fees and management administration expenses.~~
- ~~11. Management expenses.~~
12. The costs incurred and payable by the Landlord in supplying to the territorial authority a building warrant of fitness and obtaining reports as required by Section 45 of the Building Act 2004.

COMMITTEE WORK SCHEDULE

TO: Finance & Audit Committee

MEETING DATE: 21 October 2020

TITLE: Committee Work Schedule

RECOMMENDATION(S) TO FINANCE & AUDIT COMMITTEE

1. That the Finance & Audit Committee receive its Work Schedule dated October 2020.

ATTACHMENTS

1. Committee Work Schedule - October 2020 [↓](#) 

FINANCE & AUDIT COMMITTEE

COMMITTEE WORK SCHEDULE – OCTOBER 2020

Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
1.	October 2020	Expenses of the Mayor and Deputy Mayor	General Manager – Strategy and Planning	<ul style="list-style-type: none"> Report to address discretionary expenditure Expenses of the Mayor and Deputy Mayor to be reported separately 	Council 13 November 2019 Clause 148.6 16 September 2020 Clause 40.2
2.	October 2020	Issues and options report on the audit issues facing Council Controlled Organisations	Chief Financial Officer	Discussions with Audit NZ and CCO's have not yet been finalised; this will be reported to the October meeting	10 September 2018 Clause 27.6
3.	October 2020	Quarterly Performance and Finance Report	Chief Financial Officer		
4.	October 2020	Energy and environmental efficiency options report for any public housing opportunities	Chief Infrastructure Officer	To be removed as requested by the Chair/Mover	17 June 2020 Clause 23-20 (3)
5.	November 2020	Health and Safety quarterly update	Health, Safety & Wellbeing Manager		
6.	December 2020	Report back re recommendations, action plan and progress on the Business Continuity Planning Review	Business Assurance Manager		16 September 2020 Clause 38.2
7.	December 2020	Annual Report	Chief Financial Officer		