



PALMERSTON NORTH CITY COUNCIL

AGENDA

FINANCE & AUDIT COMMITTEE

9AM, WEDNESDAY 24 MARCH 2021
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
Aleisha Rutherford

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

24 March 2021

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. Presentation - Café Esplanade

Page 7

6. Confirmation of Minutes

Page 9

“That the minutes of the Finance & Audit Committee meeting of 24 February 2021 Part I Public be confirmed as a true and correct record.”

7. Victoria Esplanade - Café Lease Extension Proposal

Page 17

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

8. Palmerston North Airport Ltd - Interim Report for 6 months to 31 December 2020

Page 29

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

9. Palmerston North Airport Ltd - Draft Statement of Intent for 2021/22

Page 47

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

10. Papaioea Place - Stage 3 Options

Page 79

Report, presented by Bryce Hosking, Manager - Property.

11. Fees and Charges Review

Page 117

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

12. Committee Work Schedule

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13. 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
14.	Assurance Report on Review of Information Technology Disaster Recovery Plan	Third Party Commercial, Health Safety and Gain Advantage	s7(2)(b)(ii), s7(2)(d) and s7(2)(j)

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].

PRESENTATION

TO: Finance & Audit Committee

MEETING DATE: 24 March 2021

TITLE: Presentation - Café Esplanade

RECOMMENDATION(S) TO FINANCE & AUDIT COMMITTEE

1. That the Finance & Audit Committee receive the presentation for information.

SUMMARY

Mr Mark Tregoweth, Owner, and Ms Rachel Graham, Duty Manager, will provide an overview of café operations, changes implemented in the six years of Mr Tregoweth's ownership, and future plans for the café.

ATTACHMENTS

Nil

PALMERSTON NORTH CITY COUNCIL

Minutes of the Finance & Audit Committee Meeting Part I Public, held in the Council Chamber, First Floor, Civic Administration Building, 32 The Square, Palmerston North on 24 February 2021, commencing at 9.00am

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

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

Apologies: The Mayor (Grant Smith) (late arrival, on Council business).

Note: Councillor Renee Dingwall attended the meeting via audio visual link.

Councillor Billy Meehan left the meeting at 10.05am during consideration of clause 8. He entered the meeting again at 10.08am during consideration of clause 9. He was not present when the meeting resumed at 4.01pm. He was not present for clause 8 and clauses 11 to 15 inclusive.

The Mayor (Grant Smith) entered the meeting at 10.30am during consideration of clause 9. He was not present when the meeting resumed at 4.01pm. He was not present for clauses 1 to 8 and 11 to 15 inclusive.

Councillor Lew Findlay QSM was not present when the meeting resumed at 4.01pm. He was not present for clauses 11 to 15 inclusive.

1-21 Apologies

Moved Susan Baty, seconded Aleisha Rutherford.

The COMMITTEE RESOLVED

1. That the Committee receive the apologies.

Clause 1-21 above was carried 15 votes to 0, the voting being as follows:

For:

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 and Mr Stephen Armstrong.

2-21 Hearing of Submissions - Proposal to grant a lease to the Pony Club at Otira Park

The following people appeared before the Committee and made oral

statements in support of their submission and replied to questions from Elected Members.

James Good and Rachel Robertson (95 and 34):

Mr James Good and Ms Rachel Robertson spoke to their submissions and made the following additional comments:

- In the 70's and 80's Manawatu Pony Club had a minimum of eight branches in the area with a minimum of 40-50 riders per branch. Today there are four branches in the Manawatu area; one with twenty riders, and the other three are at eight-twelve per branch. Palmerston North branch currently has ten junior riders.
- Palmerston North Pony Club is the only club within the city boundary for children to join. At present riding members are aged between 4 and 13.
- Members are a fabulous bunch who love to get together to share their love of riding and learn skills in a supportive group. Friendships made here last a lifetime; the majority of parents were former pony club riders in their day.
- The club offers grazing and use of the grounds to members so that people living in town can participate in a predominately rural-based sport. Grazing is offered at a reduced rate that affords city owners the ability to buy their own horse and graze without the expense of owning their own land.
- Grazing funds are used solely for continuation of lease expenses, insurances and basic requirements of the club, as well as improvements from time to time where funds permit.
- The club has been operating with a negative balance for several seasons; it is only through the generous work of volunteers that it is able to keep going.
- The club has a great history in the area and is an asset to the city. To lose the lease of the grounds would cause greater financial hardship for the club, heartache to the children and possibly would mean the end of the club if it was unable to secure a new suitable location.

Moved Susan Baty, seconded Karen Naylor.

The **COMMITTEE RESOLVED**

1. That the Finance & Audit Committee hear submissions from presenters who indicated their wish to be heard in support of their submission.
2. That the Committee note the Procedure for Hearing of Submissions, as described in the procedure sheet.

Clause 2-21 above was carried 15 votes to 0, the voting being as follows:

For:

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 and Mr Stephen Armstrong.

3-21 Otira Park - Palmerston North Pony Club Land Lease Proposal - Summary of Submissions

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

Moved Susan Baty, seconded Karen Naylor.

The **COMMITTEE RESOLVED**

1. That the memorandum titled 'Otira Park - Palmerston North Pony Club Land Lease Proposal - Summary of Submissions' presented to the Finance and Audit Committee on 24 February 2021, be received.

Clause 3-21 above was carried 15 votes to 0, the voting being as follows:

For:

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 and Mr Stephen Armstrong.

4-21 Hearing of Submissions - Proposed Scout Hall in Ashhurst Domain

Moved Susan Baty, seconded Karen Naylor.

The **COMMITTEE RESOLVED**

1. That the Finance & Audit Committee hear submissions from presenters who indicated their wish to be heard in support of their submission.
2. That the Committee note the Procedure for Hearing of Submissions, as described in the procedure sheet.

Clause 4-21 above was carried 12 votes to 2, with 1 abstention, the voting being as follows:

For:

Councillors Susan Baty, Brent Barrett, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Bruno Petrenas and Mr Stephen Armstrong.

Against:

Councillors Karen Naylor and Aleisha Rutherford.

Abstained:

Councillor Leonie Hapeta.

5-21 Ashhurst Domain - Scout Land Lease Proposal - Summary of Submissions

Memorandum, presented by Kathy Dever-Tod, Manager - Parks and Reserves; Bryce Hosking, Manager - Property.

Moved Lew Findlay QSM, seconded Karen Naylor.

The **COMMITTEE RESOLVED**

1. That the memorandum titled "Ashhurst Domain - Scout Land Lease Proposal - Summary of Submissions" presented to the Finance and Audit

Committee on 24 February 2021, be received.

Clause 5-21 above was carried 15 votes to 0, the voting being as follows:

For:

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 and Stephen Armstrong.

6-21 Confirmation of Minutes

Moved Susan Baty, seconded Karen Naylor.

The **COMMITTEE RESOLVED**

1. That the minutes of the Finance & Audit Committee meeting of 16 December 2020 Part I Public and Part II Confidential be confirmed as a true and correct record.

Clause 6-21 above was carried 14 votes to 0, with 1 abstention, the voting being as follows:

For:

Councillors Susan Baty, Brent Barrett, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Leonie Hapeta, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Mr Stephen Armstrong.

Abstained:

Councillor Patrick Handcock ONZM.

7-21 Quarterly Performance and Financial Report - Quarter Ending 31 December 2020

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

Moved Susan Baty, seconded Karen Naylor.

The **COMMITTEE RECOMMENDS**

1. That the Quarterly Performance and Financial Report – Quarter Ending 31 December 2020 be received.
2. That Council note the three waters grant funding values, and approve a corresponding change to the 2020/21 revised budget to reflect the revenue and expenditure increase, as outlined in the memorandum titled 'Quarterly Performance and Financial Report – Quarter Ending 31 December 2020', presented to the Finance & Audit Committee on 24 February 2021.

Clause 7-21 above was carried 15 votes to 0, the voting being as follows:

For:

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 and Mr Stephen Armstrong.

8-21 Treasury Report - 6 months ending 31 December 2020

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

Councillor Billy Meehan left the meeting at 10.05am

Moved Karen Naylor, seconded Brent Barrett.

The **COMMITTEE RESOLVED**

1. That the performance of Council's treasury activity for the 6 months ended 31 December 2020 be noted.

Clause 8-21 above was carried 14 votes to 0, the voting being as follows:

For:

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

9-21 Animal Shelter Options

Report, presented by Bryce Hosking, Manager - Property & Kerry-Lee Probert, Head of Environmental Protection Services.

Councillor Billy Meehan entered the meeting at 10.08am.

The Mayor (Grant Smith) entered the meeting at 10.30am.

The meeting adjourned at 10.39am

The meeting resumed at 11.00am

Moved Lorna Johnson, seconded Aleisha Rutherford.

The **COMMITTEE RECOMMENDS**

1. That Council proceeds with Option 1 of the report titled 'Animal Shelter Options' presented to the Finance & Audit Committee on 24 February 2021, and undertakes the construction of the Animal Shelter Base Build only.
2. That the request for the increase of the total budget of Programme 1552 from \$2,750,000 to \$4,173,600, to enable the construction of the Animal Shelter Base Build, be included in the draft 2021-31 LTP for consideration.

This budget will have the following financial year split:

- 2021/22 (Year 1) – \$2,750,000, and
- 2022/23 (Year 2) – \$1,423,600.

Clause 9-21 above was carried 15 votes to 1, 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

PALMERSTON NORTH CITY COUNCIL

Hapeta, Lorna Johnson, Billy Meehan, Bruno Petrenas, Aleisha Rutherford and Mr Stephen Armstrong.

Against:

Councillor Karen Naylor.

10-21

Health, Safety and Wellbeing Report October - December 2020

Memorandum, presented by Alan Downes, Health, Safety and Wellbeing Manager and Wayne Wilson, Human Resources Manager.

Moved Vaughan Dennison, seconded Karen Naylor.

The **COMMITTEE RESOLVED**

1. That the memorandum titled 'Health, Safety and Wellbeing Report October – December 2020', presented to the Finance & Audit Committee on 24 February 2021, be received for information.

Clause 10-21 above was carried 16 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 and Mr Stephen Armstrong.

The meeting adjourned at 11.55am

The meeting resumed at 4.01pm

The Mayor (Grant Smith) and Councillors Lew Findlay QSM, Leonie Hapeta and Billy Meehan were not present when the meeting resumed.

11-21

Manawatu Community Athletics Track - Reviewed Memorandum of Understanding

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

Councillor Leonie Hapeta entered the meeting at 4.03pm.

Moved Susan Baty, seconded Leonie Hapeta.

The **COMMITTEE RECOMMENDS**

1. That Council endorse the proposed 2020 Manawatu Community Athletics Track Memorandum of Understanding, as attached to the memorandum titled 'Manawatu Community Athletics Track - Reviewed Memorandum of Understanding' presented to the Finance and Audit Committee on 24 February 2021, noting that it replaces the 2000 and 2006 Memoranda of Understanding.
2. That Council approve signing of the 2020 Manawatu Community Athletics Track Memorandum of Understanding subject to funding in the 2021/31 Ten Year Plan.

Clause 11-21 above was carried 13 votes to 0, the voting being as follows:

For:

Councillors Susan Baty, 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.

12-21

CET Arena Pedestrian Entrance Bridge LED Display

Memorandum, presented by Bryce Hosking, Manager - Property.

Moved Vaughan Dennison, seconded Leonie Hapeta.

The **COMMITTEE RECOMMENDS**

1. That Council increase the budget of Programme 1534 – Central Energy Trust Arena Manawatu – Embankment Redevelopment by \$130,000 + GST to allow for the additional external funding received to be used for the supply and installation of the LED displays along the pedestrian entrance bridge, and the balance of \$20,000 + GST of the external funding to be used as an operational expense for the initial licensing and content of these LED displays.

Clause 12-21 above was carried 13 votes to 0, the voting being as follows:

For:

Councillors Susan Baty, 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.

13-21

Clearview Reserve - Proposal to Grant an Easement on Reserve Land to Powerco

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

Moved Susan Baty, seconded Vaughan Dennison.

The **COMMITTEE RECOMMENDS**

1. That the Council approves notifying the public of the proposal to grant an easement at Clearview Reserve, Palmerston North to convey electricity, to Powerco, in accordance with Section 48 of the Reserves Act 1977.
2. That the Council notes the land area affected by the easement for Powerco is described as part of Lot 1 DP 69185. The affected area of the easement is shown in the draft LT plan contained in Attachment 1 of the report titled 'Clearview Reserve - Proposal to Grant an Easement on Reserve Land to Powerco' presented to the Finance & Audit Committee on 24 February 2021.

Clause 13-21 above was carried 13 votes to 0, the voting being as follows:

For:

Councillors Susan Baty, 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.

14-21

Assurance Report on Review of Project Management Office

Memorandum, presented by Masooma Akhter, Business Assurance Manager and Geoff Snedden, PMO Manager.

Moved Susan Baty, seconded Karen Naylor.

The **COMMITTEE RESOLVED**

1. That the memorandum titled 'Assurance Report on Review of Project Management Office' and its attachment, presented to the Finance & Audit Committee on 24 February 2021, be received for information.

Clause 14-21 above was carried 13 votes to 0, the voting being as follows:

For:

Councillors Susan Baty, 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.

15-21

Committee Work Schedule

Moved Susan Baty, seconded Karen Naylor.

The **COMMITTEE RESOLVED**

1. That the Finance & Audit Committee receive its Work Schedule dated February 2021.

Clause 15-21 above was carried 13 votes to 0, the voting being as follows:

For:

Councillors Susan Baty, 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.

The meeting finished at 4.35pm

Confirmed 24 March 2021

Chairperson

REPORT

TO: Finance & Audit Committee

MEETING DATE: 24 March 2021

TITLE: Victoria Esplanade - Café Lease Extension Proposal

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

APPROVED BY: Sarah Sinclair, Chief Infrastructure Officer

RECOMMENDATION(S) TO COUNCIL

1. That Council decline the request from the café tenant, Esplanade Enterprises Limited, to extend their lease of the café premises within the Victoria Esplanade.
2. That Council notes that the findings of a strategic review of the provision of hospitality services in the Victoria Esplanade will be reported back to Council before the expiry of the existing café lease.

SUMMARY OF OPTIONS ANALYSIS FOR

ITEM 7

Problem or Opportunity	<p>The tenant of the café premises within the Victoria Esplanade, Esplanade Enterprises Limited, has requested an extension of three (3) years to their existing lease which is due to expire on 4 June 2023.</p> <p>If granted this extension would extend the current lease through to 4 June 2026.</p> <p>There has been considerable change within the Victoria Esplanade since the existing lease was signed in 2015, including the establishment of the Central Energy Trust Wildbase Recovery Centre and the development of the Victoria Esplanade masterplan framework.</p> <p>It is appropriate to review the provision of hospitality services in the Victoria Esplanade to ensure that services meet the changing needs of park users. This strategic review is needed, regardless of the decision to grant an extension to the lease.</p> <p>This report requests a decision on whether to grant or decline the requested lease extension.</p>
OPTION 1:	Approve a 3-year extension to tenant's existing lease
Community Views	<ul style="list-style-type: none"> Community-wide views have not been sought regarding a potential extension to the existing lease. The potential lease extension was raised during the February 2021 Victoria Esplanade User Group meeting. A variety of views were expressed during this meeting ranging from granting the extension through to revising aspects of hospitality provision in the Victoria Esplanade.
Benefits	<ul style="list-style-type: none"> Provides certainty to the existing café tenant and allows their business to plan with security of tenure. Secures an established tenant in the café site within Victoria Esplanade for an extended period. The existing Landlord/ Tenant relationship will continue for an extended period which helps to provide certainty to both parties as well as the other user groups within Victoria Esplanade.
Risks	<ul style="list-style-type: none"> Defers any opportunity to amend or revisit the existing terms and conditions of the current lease until June 2026. Restricts some of Council's ability to implement strategic direction changes regarding the overall hospitality service requirements for the Victoria Esplanade.

Financial	<ul style="list-style-type: none"> No change to current financial arrangements. Council secures rental income beyond 4 June 2023 to 4 June 2026.
OPTION 2:	Decline the tenant's request for a 3-year extension to their existing lease
Community Views	<ul style="list-style-type: none"> Community-wide views have not been sought regarding a potential extension to the existing lease. The potential lease extension was raised during the February 2021 Victoria Esplanade User Group meeting. A variety of views were expressed during this meeting ranging from granting the extension through to revising aspects of hospitality provision in the Victoria Esplanade.
Benefits	<ul style="list-style-type: none"> The existing terms and conditions of the current lease can be reviewed June 2023 and re-negotiated when entering a new lease. Allows for Council to undertake a strategic review of the provision of food and beverage sales in the Victoria Esplanade and report back to Council prior to the end of the current calendar year.
Risks	<ul style="list-style-type: none"> Limited certainty can be provided to the existing café tenant beyond 4 June 2023. Council only has security of a tenant until 2023 when the established tenant's lease expires. As the existing Landlord/ Tenant relationship may end in June 2023, this provides less or limited certainty to both parties as well as the other user groups within Victoria Esplanade.
Financial	<ul style="list-style-type: none"> No change to current financial arrangements.

RATIONALE FOR THE RECOMMENDATIONS

1. OVERVIEW OF THE PROBLEM OR OPPORTUNITY

- 1.1 The tenant of the café premises within the Victoria Esplanade, Esplanade Enterprises Limited, has requested an extension of three (3) years to their existing lease which expires on 4 June 2023.
- 1.2 If granted this extension would extend the current lease through to 4 June 2026.
- 1.3 There has been considerable change within the Victoria Esplanade since the existing lease was signed in 2015 including the development of the Victoria Esplanade Masterplan Framework in 2018.
- 1.4 Given the masterplan was developed after the lease was entered, it has not been considered in the existing lease arrangements.
- 1.5 As such, officers recommend that a strategic review of the provision of the hospitality services in the Victoria Esplanade be completed prior to any changes being made to the current café lease, including an extension to the current lease arrangements.
- 1.6 For clarity, the strategic review is needed regardless of any decision to extend the leases or otherwise, to ensure that hospitality services in the Esplanade meet the changing needs of park users.
- 1.7 The decision to extend a commercial lease is within the delegated authority of the Manager – Property. However, given the strategic nature of the premises and the greater context of the Victoria Esplanade and its masterplan, officers have brought this decision to Council via this report.
- 1.8 This report requests a decision on whether to grant or decline the requested lease extension.

2. BACKGROUND AND PREVIOUS COUNCIL DECISIONS

Existing Lease

- 2.1 The current lease for the café was approved in 2015 with two rights of renewal of three years each. This lease expires on 4 June 2023.
- 2.2 For clarity if the requested lease extension was granted, this would extend the lease expiry date to 4 June 2026.
- 2.3 The current lease provides exclusive rights to the tenant to be the sole food and beverage provider within the boundaries of the Victoria Esplanade.

- 2.4 The exception to this is during specific selected events.

Mobile Vendors within Victoria Esplanade

- 2.5 Council receives numerous requests from mobile vendors every year to trade in the Victoria Esplanade. As the café tenant has exclusive rights to be the sole food and beverage provider within the Victoria Esplanade, these are declined except during specific selected events.
- 2.6 In addition to the general requests from mobile vendors, Council also receives regular requests to allow temporary commercial operators to provide food and beverage for small scale community events in the Esplanade such as an ice-cream truck at a children's birthday party in the playground, etc.
- 2.7 Again, as highlighted in Clause 2.5, these are declined except during specific large-scale selected events.
- 2.8 The lack of flexibility around this creates frustration for some users of the Esplanade.

Masterplan Considerations and Changes to the Victoria Esplanade

- 2.9 The Victoria Esplanade Masterplan states that commercial activities should be allowed on a limited basis in the various zones of the Victoria Esplanade.
- 2.10 This can conflict with, and is currently superseded to a degree by, the current lease provisions which give the tenant's right to be the sole food and beverage provider within the boundaries of the Victoria Esplanade.
- 2.11 Changes within Victoria Esplanade that have occurred since the lease was established in 2015 include:
- Development of the Junior Road Safety Park in 2017; and
 - Development of CET Wildbase Recovery Centre and removal of the education centre in 2019.
- 2.12 More changes are planned for the Esplanade in the coming years including:
- Park Road entrance realignment – 2020/21;
 - Bonsai/Shade House development – 2020/21;
 - Exotic Aviaries development – 2022/23;
 - Mini putt golf – date to be confirmed; and
 - Wayfinding improvements.

- 2.13 It is recommended that Council review the provision of food and beverage in the Victoria Esplanade, to ensure that the needs of users are understood and provided for as the masterplan is implemented.

3. DESCRIPTION OF OPTIONS

- 3.1 There are two options to be considered:
1. Approve the 3-year lease extension request from the existing tenant; or
 2. Decline the 3-year lease extension request from the existing tenant.
- 3.2 Note that any extension to the lease in Option 1 would be under the same terms and conditions of the existing lease.

4. ANALYSIS OF OPTIONS

Option 1: Approve a 3-year lease extension to the tenant's existing lease

- 4.1 As per Clause 2.1 of this report, the existing lease will expire in June 2023. Option 1 would extend the lease for a further 3-years, under the existing lease conditions, with a new expiry date of June 2026.

Community Views

- 4.2 Community-wide views have not been sought regarding a potential extension to the existing lease. The Council does not usually consult with the community on commercial leasing matters.
- 4.3 As provided for in the Victoria Esplanade User Group terms of reference, the potential lease extension was raised with the group as an agenda item at the February 2021 meeting.
- 4.4 A variety of views were expressed during this meeting ranging from granting the extension through to revising aspects of hospitality provision in the Victoria Esplanade. These are expanded upon in Section 9 of this report.

Benefits

- 4.5 Option 1 provides several benefits including:
- Provides certainty to the existing café tenant, allowing their business to plan with more certainty of tenure confidence;
 - Secures an established tenant in the café site within Victoria Esplanade for an extended period; and

- The existing Landlord/ Tenant relationship will continue for an extended period which helps to provide certainty to both parties as well as the other user groups within Victoria Esplanade.

Risks

- 4.6 There are two risks that have been identified with Option 1.
- 4.7 These risks, along with their consequences and potential mitigations are detailed below:
- 4.8 Reputational
- Risk: Council may be criticised for extending the period during which other food and beverage opportunities within the Victoria Esplanade can not be explored.
 - Consequence: Defers any opportunity to amend or revisit the existing terms and conditions of the current lease until the June 2026.
 - Mitigation: Let the existing lease expire in 2023 and negotiate new terms.
- 4.9 Strategic
- Risk: Restricts some of Council's ability to implement strategic direction changes regarding the overall hospitality service requirements for the Victoria Esplanade.
 - Consequence: Defers any opportunity to amend or revisit the existing terms and conditions of the current lease until the June 2026.
 - Mitigation: Let the existing lease expire in 2023 and negotiate new terms.

Financial

- 4.10 There is no change to current financial arrangements. This option enables Council to extend its security of rental income from 4 June 2023 until 4 June 2026

Option 2: Decline the 3-year lease extension request from the existing tenant

- 4.11 As per Clause 2.1 of this report, the existing lease will expire in June 2023. As Option 2 is declining an extension, this expiry date would remain the same.

Community Views

- 4.12 Community-wide views have not been sought regarding a potential extension to the existing lease. The Council does not usually consult with the community on commercial leasing matters.

4.13 As provided for in the Victoria Esplanade User Group terms of reference, the potential lease extension was raised with the group as an agenda item at the February 2021 meeting.

4.14 A variety of views were expressed during this meeting ranging from granting the extension through to revising aspects of hospitality provision in the Victoria Esplanade. These are expanded upon in Section 9 of this report.

Benefits

4.15 Option 1 provide several benefits including:

- The existing terms and conditions of the current lease can be reviewed before June 2023 and can be negotiated when entering a new lease; and
- Allows for Council to implement strategic direction changes regarding the overall hospitality service requirements for the Victoria Esplanade in 2023.

Risks

4.16 There are several risks that have been identified with Option 2.

4.17 These risks, along with their consequences and potential mitigations are detailed below:

4.18 Customer

- Risk: Limited certainty can be provided to the existing café tenant which may impact their ability for future planning.
- Consequence: The tenant is limited in its ability to plan for future investment and may provide uncertainty for its staff.
- Mitigation: Grant a 3-year extension to the existing lease.

4.19 Financial

- Risk: Council only has security of a tenant until 2023 when the established tenant's lease expires.
- Consequence: There is no guarantee a new tenant will be able to be secured in a timely manner in 2023.
- Mitigation: Grant a 3-year extension to the existing lease.

4.20 Reputational

- Risk: Council may be criticised for a lack of certainty for both parties and the other user groups within Victoria Esplanade due to not committing to an extended lease.

- Consequence: There is no guarantee a new tenant will be able to be secured in a timely manner in 2023, causing disruption.
- Mitigation: Grant a 3-year extension to the existing lease.

Financial

- 4.21 There are no immediate financial impacts, however, there is a greater risk of future lost income if a tenancy vacancy resulted.

5. CONCLUSION

- 5.1 The existing tenant has operated the Victoria Esplanade Café for almost 6 years.
- 5.2 Ordinarily the extension of a commercial lease is considered by the Property Manager under delegated authority.
- 5.3 The Victoria Esplanade is going through a period of rejuvenation and development. It is an appropriate time to consider the overall aspirations for the park and council policy relating to food and beverage provision at Council facilities.
- 5.4 Upon review of the of the wider Victoria Esplanade activities and engagement with the User Group, a more strategic view is warranted.
- 5.5 It is recommended that the tenant's request for a 3-year extension to their lease be declined at this time. This will enable any proposed changes resulting from the strategic review of food and beverage provision to be implemented from June 2023 onwards, including any changes to the café lease terms and conditions.

6. NEXT ACTIONS

- 6.1 Decline the tenant's request for an extension of the current lease.
- 6.2 Undertake a strategic review of the provision of food and beverage sales in the Victoria Esplanade and report back to Council prior to the end of the current calendar year.

7. OUTLINE OF COMMUNITY ENGAGEMENT PROCESS

- 7.1 The Victoria Esplanade User Group (the User Group) terms of reference, approved as part of the Victoria Esplanade Masterplan adoption in November 2018, state that the User Group shall provide recommendations to the Council on proposed leases or any informal rights to occupy land for a period longer than 3 days.
- 7.2 The most recent user group meeting was held on 15 February 2021.

ITEM 7

- 7.3 In this meeting the views of the User Group on the proposed new lease for the Lions Mini-putt and the proposed café lease extension were raised at a high-level, as an agenda item.
- 7.4 Council Officers noted to the user group that the current policy was to decline requests of sale of food and beverage other than the café e.g. birthday parties wishing to bring in an ice-cream truck etc., with the exception major events such as Explore Esplanade.
- 7.5 It was also noted that the Lions request to be able to sell ice-creams and soft drinks as part of their original proposal for the mini-putt course had been declined as the café have exclusive rights to permanent sale facilities.
- 7.6 The views of the members of the User group who expressed an opinion varied.
- 7.7 Some of the points raised include:
- The lease extension should be granted, the current provision works well;
 - Commercial food provision, and specifically unhealthy beverages and confectionary, should be limited and avoid areas such as the playground;
 - There is room in the Esplanade for more than one food and drink sale point/provider, especially if it were different from the café offering and positioned far away; and
 - A suggestion that it would be useful to have something available outside of the current trading hours of the café. For example, mobile traders could be allowed to trade outside of the café operational hours, such as in the summer evenings.

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 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: Provide and maintain city reserves, neighbourhood reserves, playgrounds, sportsfields, Arena Manawatū, aquatic facilities, walkways, shared paths, sport and recreation facilities.

Contribution to strategic direction and to social, economic, environmental and cultural well-being

The café forms a key component of the use and enjoyment of the Victoria Esplanade.

ATTACHMENTS

Nil

MEMORANDUM

TO: Finance & Audit Committee

MEETING DATE: 24 March 2021

TITLE: Palmerston North Airport Ltd - Interim Report for 6 months to 31 December 2020

PRESENTED BY: Steve Paterson, Strategy Manager - Finance

APPROVED BY: Stuart McKinnon, Chief Financial Officer

RECOMMENDATION(S) TO COUNCIL

1. That the Interim Report and Financial Statements of Palmerston North Airport Ltd for the period ended 31 December 2020, presented to the Finance & Audit Committee on 24 March 2021, be received.

1. ISSUE

Palmerston North Airport Ltd (PNAL), as a Council-Controlled Organisation, is required to provide a 6-monthly report to the Council. The report for the period ending 31 December 2020 is *attached*.

2. BACKGROUND

PNAL's updated draft Statement of Intent (SOI) for 2020/21, taking into account potential Covid-19 impacts, was considered by the Council in May 2020 and the final SOI was agreed to by the Council in August 2020.

Performance for the year to date is covered in the attached report by the Chair and Chief Executive.

They outline how passenger volumes and financial performance is well down on the same time in the previous year but how on many fronts the assumptions made in drafting the SOI have been exceeded.

Operating in such uncertain times has been a real challenge and PNAL has rearranged its operations and capital programme in a responsible manner so as to be capable of continuing to deliver its core services without exposing the Company to unreasonable financial risk or recourse to Council as shareholder.

It is pleasing to see PNAL is now at the point that it is confident enough to recommence some of its capital programme including the development of its Wairaka Place subdivision and associated reconstruction of Airport Drive.

As earlier agreed with the Council no dividend has been paid in relation to the 2019/20 year.

PNAL has prepared its draft SOI for the 2021/22 year and this is being considered under a separate report.

3. NEXT STEPS

PNAL will prepare and forward an annual report after 30 June 2021.

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?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the outcomes of the City Development Strategy	
The recommendations contribute to the achievement of action/actions in the Strategic Transport Plan	
The action is: Work with the airport company to ensure the airport's strategic intent aligns with the City's aspirations	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	This report outlines progress to date.

ATTACHMENTS

1. PNAL Interim Report to 31 December 2020 [↓](#) 



PALMERSTON NORTH AIRPORT LIMITED

INTERIM REPORT

TO 31 DECEMBER 2020

FINAL

<p>COMPANY DIRECTORY</p>

<p>PALMERSTON NORTH AIRPORT LIMITED</p>
--

DIRECTORS:

M A Georgel – Chair
 J E Nichols – Chair Audit & Risk Committee
 G F Gillespie
 S Vining
 C G Cardwell

MANAGEMENT:

D J Lanham	Chief Executive
G E Clark	Commercial Manager
J A Baker	Finance Manager
D J Yorke	Infrastructure Manager
D Balmer	Marketing & Communications Manager
B D Lawry	Terminal Manager
T B Cooney	Safety and Security Manager
B Parkinson	Airfield Operations Manager

REGISTERED OFFICE:

Palmerston North Airport
 Terminal Building
 Airport Drive
 PALMERSTON NORTH 4442

Phone: +64 6 351 4415
 e-mail: info@pnairport.co.nz
 Web: www.pnairport.co.nz

TRADING BANKERS:

Bank of New Zealand

LEGAL ADVISORS:

CR Law

AUDITORS:

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

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JOINT REPORT OF THE CHAIR & CHIEF EXECUTIVE FOR THE SIX MONTHS ENDING 31 DECEMBER 2020

With a backdrop of the impact of the COVID-19 pandemic on financial performance, the company remained focused on the safety and wellbeing of its people, customers and tenants during the six months to December 2020.

Highlights include zero lost time injuries, the ongoing development of the Company's *OneTeam* Wellness programme, CAA certification of the Company's Safety Management System (SMS), continued compliance with CAA Rule Part 139, and the ability to provide ongoing support to community groups including sponsorships and support of charities albeit on a smaller scale.

Passenger volumes fell by 49.5% versus the same six-month period in 2019, with the impacts of COVID-19 on Air NZ services including the suspension of Hamilton and Wellington services, reductions in Auckland and Christchurch services, and the loss of Jetstar combining. The Originair launch of direct Hamilton – Palmerston North services in October was a highlight of an otherwise bleak period in air service development. Airfreight services continued to operate at planned levels.

The loss in air services resulted in an aeronautical revenue decline to \$2.15 million, 38% below last year, although 45% ahead of the Statement of Intent target (SOI) finalised in May 2020.

A cost review and capex deferral programme completed in June 2020 assisted the Company to preserve vital cash reserves.

Essential capital work programmes to the value of \$4.7 million continued, including planning for a partial runway overlay, completion of a terminal building air-conditioning upgrade, planning for seismic strengthening, and the acquisition of replacement airport rescue fire appliances.

However, in total \$8.7 million of capital works were deferred from the F21 year. This includes the first phases of the \$16 million terminal redevelopment programme. This deferral in particular has had a flow on impact on the customer experience both within the terminal and the terminal – car park interface.

Revenue of \$3.76 million was 34% below last year, but 26% ahead of the Statement of Intent (SOI) finalised in May 2020, with the recovery in air services in line with a July reforecast. Total expenditure of \$2.2 million was 13% below last year, and 3% favourable to the SOI, the result of ongoing cost reduction measures undertaken during the period.

EBITDAE of \$1.52 million was 122% ahead of SOI, but 51% below last year.

The Net Surplus after Taxation achieved of \$0.25 million was \$1.08m below last year, but favourable compared with the SOI loss of \$0.35 million.

PNAL's Pandemic Response Plan, refined during the COVID-19 lockdown, proved successful and will stand PNAL in good stead should future lockdowns be required due to community transmission.

With the improving financial performance and confidence in our response capability, conditional approval was received from the Board in October to re-start the deferred construction of the Wairaka Place subdivision in Ruapehu Business Park, and the reconstruction of an adjacent section of Airport Drive. The Company has now reached agreement with PNCC on the engineering specifications for Airport Drive. Construction of the subdivision will commence in mid-February.

The July forecast for the full year of 395,000 passengers has been reforecast at 406,000 (subject to no further impacts on recovering air services). This is 53% ahead of the SOI, but still 18% below the 498,000-passenger volume achieved last year, and 41% below the record levels achieved in the prior year.

Revenue of \$8.45 million is forecast for the full year, 35% ahead of SOI, and 8% below the prior year. Total year-end expenditure is forecast to decline to \$7.19 million, being 1% unfavourable to the SOI, and 3% favourable to the prior year.

A full year capex spend of \$7.4 million is now projected, including the construction of the Wairaka Place subdivision and the associated reconstruction of Airport Drive.

A full year forecast for net surplus after taxation of \$1.17 million is 246% favourable against the full year SOI loss of \$0.58 million. This excludes the financial impact of accounting for the vesting to Palmerston North City Council of both the Wairaka Place subdivision in Ruapehu Business Park, and the reconstructed adjacent section of Airport Drive.

Notwithstanding the improving short-term conditions, in order to preserve capital for the infrastructure projects highlighted above, and in line with the SOI, the Company reconfirms the suspension of a dividend payment for the 2020/21 financial year.



Murray Georgel
Chair



David Lanham
Chief Executive

STATEMENT OF SERVICE PERFORMANCE

The Company's Statement of Intent is dated 17 June 2020.

The Company is trading as Palmerston North Airport Limited.

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

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

	PERFORMANCE METRIC	Dec 2020 6 Months	Dec 2019 6 Months	SOI Target 6 Months
I	A ratio of surplus before interest/tax/depreciation to total assets	1.8%	3.5%	0.7%
II	A ratio of net surplus after tax to consolidated shareholders' funds inclusive of revaluation reserve	0.4%	2.0%	-0.5%
III	To maintain a ratio of consolidated shareholders funds to total assets of at least 40%	78.2%	76.4%	75.9%
IV	To maintain an interest coverage ratio of EBITDA to interest of at least 2.5	6.2	11.0	4.8
V	To maintain a tangible net worth (total tangible assets after revaluations less total liabilities) above	\$67.4M	\$68.1M	\$68.1M
VI	Maintain a Net Promoter score of 55 or above	24	30	50
VII	Total passenger movements	176,592	348,659	110,940
VIII	Zero lost time injuries	Zero	Zero	Zero
IX	Maintain CAA Part 139 certification	Maintain	Maintain	Maintain
X	Roadmap to sustainability (carbon neutrality)*	Ongoing	Develop	Ongoing
XI	Safety Management System audited and certified	Certified	Develop	Certify

**Scope of activity extended to include water and waste. Target completion of sustainability roadmap is 30 June 2021.*

STATEMENT OF FINANCIAL PERFORMANCE
For the Six Months Ended 31 December 2020

	Note	31-Dec-20 6 Months Unaudited	31-Dec-19 6 Months Unaudited	30-Jun-21 12 Months SOI	30-Jun-20 12 Months Audited
REVENUE	4	3,760,625	5,683,486	6,253,088	9,137,276
OPERATING EXPENSES					
Airfield Services		364,482	369,615	835,693	734,097
Other Operating Expenses	5	740,685	813,720	1,644,851	1,596,200
TOTAL OPERATIONS AND MAINTENANCE		1,105,167	1,183,335	2,480,544	2,330,297
Administration:					
Audit Fees		24,978	14,808	39,600	44,166
Bad Debts Written Off		33	-	2,411	12,844
Changes in doubtful debt provision		-	-	4,827	-
Directors' Fees		54,000	54,000	123,498	97,253
Employee Expenses	6	684,806	759,141	1,453,000	1,617,093
Administration	7	355,600	429,461	435,831	708,954
Market Development		12,425	130,442	83,082	247,382
TOTAL ADMINISTRATION:		1,131,842	1,387,852	2,142,250	2,727,692
TOTAL OPERATING EXPENSES		2,237,009	2,571,187	4,622,794	5,057,989
Extraordinary Items	18	-	21,774	50,000	-
Operating Surplus before interest, depreciation & taxation (EBITDA)		1,523,616	3,090,525	1,580,295	4,079,287
Finance Costs & Depreciation:					
Finance costs	8	246,970	280,406	309,235	531,078
Depreciation	15	928,156	957,258	2,075,421	1,854,304
Loss on Sale of Assets		(1,054)	-	-	(993)
TOTAL FINANCE COSTS & DEPRECIATION:		1,174,072	1,237,664	2,384,656	2,384,388
Revaluation Gain - Investment Properties		-	-	-	(397,523)
Operating Surplus before taxation		349,544	1,852,861	(804,361)	1,297,376
Taxation Expense on operating surplus	9	97,874	520,202	-	(329,232)
NET SURPLUS AFTER TAXATION		251,670	1,332,659	(804,361)	1,626,608

For and on behalf of the Board

Murray Georgel - Chair
Date : 25.2.21

Jon Nichols - Director
Date : 25/2/21

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

These financial statements are unaudited.

STATEMENT OF COMPREHENSIVE INCOME
For the Six Months Ended 31 December 2020

	<i>Note</i>	31-Dec-20 6 Months Unaudited	31-Dec-19 6 Months Unaudited	30-Jun-21 12 Months SOI	30-Jun-20 12 Months Audited
NET SURPLUS AFTER TAXATION		251,670	1,332,659	(804,361)	1,626,608
Gains on revaluation of land and buildings		-	-	-	(1,808,995)
Movement in deferred tax		-	-	-	506,518
Reversal of valuation surplus on disposal		-	-	-	-
Comprehensive income attributed to the shareholder		251,670	1,332,659	(804,361)	324,131

STATEMENT OF CHANGES IN EQUITY
For the Six Months Ended 31 December 2020

	<i>Note</i>	31-Dec-20 6 Months Unaudited	31-Dec-19 6 Months Unaudited	30-Jun-21 12 Months SOI	30-Jun-20 12 Months Audited
EQUITY AT THE BEGINNING OF THE YEAR		67,119,563	67,480,662	68,471,421	67,480,663
Total Comprehensive (loss) income		251,670	1,332,658	(804,361)	324,131
Movement in Asset Revaluation Reserve		-	(685,238)	-	(685,231)
Distribution to shareholders during the year		-	-	-	-
EQUITY AT THE END OF THE YEAR		67,371,233	68,128,082	67,667,060	67,119,563

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

These financial statements are unaudited.

STATEMENT OF FINANCIAL POSITION
For the Six Months Ended 31 December 2020

	Note	31-Dec-20 Unaudited	31-Dec-19 Unaudited	30-Jun-21 SOI	30-Jun-20 Audited
CURRENT ASSETS					
Cash and Cash Equivalents	10	69,572	169,051	50,000	273,080
Trade accounts receivable	11	757,738	858,248	507,362	507,961
Sundry receivables and prepayments		243,225	140,976	1,173	113,370
Assets intended for sale		175,863	-	-	175,863
TOTAL CURRENT ASSETS		1,246,398	1,168,275	558,536	1,070,274
Less: CURRENT LIABILITIES					
Income in advance		185,514	151,150	85,414	162,440
Trade accounts payable	12	352,186	376,406	418,335	575,349
Other creditors		116,071	139,412	239,980	76,203
Employee benefit liabilities	13	177,203	347,925	175,000	183,667
Short Term Borrowings		4,500,000	4,999,998	-	3,700,000
Tax payable		(84,108)	246,430	(541,654)	108,015
TOTAL CURRENT LIABILITIES		5,246,866	6,261,321	377,076	4,805,674
WORKING CAPITAL		(4,000,468)	(5,093,046)	181,460	(3,735,400)
Add: NON CURRENT ASSETS					
Property, Plant & Equipment	15	78,389,370	87,432,160	83,579,608	78,872,632
Investment Property		6,525,000	575,000	6,813,354	6,525,000
TOTAL NON CURRENT ASSETS		84,914,370	88,007,160	90,392,962	85,397,632
Less: NON CURRENT LIABILITIES					
Deferred tax liability	16	6,542,669	8,056,032	8,056,032	6,542,669
Borrowings	14	7,000,000	6,730,000	14,851,329	8,000,000
TOTAL NON CURRENT LIABILITIES		13,542,669	14,786,032	22,907,361	14,542,669
NET ASSETS		67,371,233	68,128,082	67,667,060	67,119,563
Represented by:					
SHAREHOLDERS' EQUITY					
Paid in Capital		9,380,400	9,380,400	9,380,400	9,380,400
Retained earnings		22,702,476	22,156,849	21,695,827	22,450,806
Asset revaluation reserve		35,288,357	36,590,833	36,590,833	35,288,357
TOTAL SHAREHOLDERS' EQUITY		67,371,233	68,128,082	67,667,060	67,119,563

For and on behalf of the Board

Murray Georgel - Chair

Date : 25.2.21.

Jon Nichols - Director

Date : 25/2/21

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

These financial statements are unaudited.

CASH FLOW STATEMENT
For the Six Months Ended 31 December 2020

	Note	31-Dec-20 6 Months Unaudited	31-Dec-19 6 Months Unaudited	30-Jun-21 12 Months SOI	30-Jun-20 12 Months Audited
CASH FLOW FROM OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from Customers		3,383,948	5,700,177	6,182,794	9,529,173
Refund of Income tax		-	59	-	-
Interest Received		-	-	-	-
		<u>3,383,948</u>	<u>5,700,236</u>	<u>6,182,794</u>	<u>9,529,173</u>
Cash was disbursed to:					
Payment to Suppliers and employees		2,372,697	4,298,004	4,461,420	5,698,517
Payment of Income Tax		289,997	640,430	346,424	970,755
Interest Payments		246,970	280,405	309,235	531,078
		<u>2,909,664</u>	<u>5,218,839</u>	<u>5,117,078</u>	<u>7,200,349</u>
Net cash flow from operating activities		<u>474,284</u>	<u>481,397</u>	<u>1,065,716</u>	<u>2,328,824</u>
CASH FLOW FROM INVESTING ACTIVITIES					
Cash was provided from:					
Sale of Fixed Assets		1,054	34,950	-	-
		<u>1,054</u>	<u>34,950</u>		
Cash was applied to:					
Purchase of Fixed Assets		446,383	505,280	4,715,000	1,183,057
		<u>446,383</u>	<u>505,280</u>	<u>4,715,000</u>	<u>1,183,057</u>
Net cash flow from investing activities		<u>(445,329)</u>	<u>(470,330)</u>	<u>(4,715,000)</u>	<u>(1,183,057)</u>
CASH FLOW FROM FINANCING ACTIVITIES					
Cash was provided from:					
Borrowing		232,858	4,555,627	3,659,584	5,000,000
		<u>232,858</u>	<u>4,555,627</u>	<u>3,659,584</u>	<u>5,000,000</u>
Cash was applied to:					
Repayment of borrowings		465,321	3,285,003	10,299	1,350,000
Payment of Dividends		-	685,238	-	685,238
		<u>465,321</u>	<u>3,970,241</u>	<u>10,299</u>	<u>2,035,238</u>
Net cash flow from financing activities		<u>(232,463)</u>	<u>585,386</u>	<u>3,649,285</u>	<u>2,964,763</u>
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		<u>(203,508)</u>	<u>596,453</u>	<u>1</u>	<u>4,110,530</u>
Cash, cash equivalents and bank overdrafts at the beginning of the year		<u>273,080</u>	<u>(3,837,450)</u>	<u>49,999</u>	<u>(3,837,450)</u>
Cash, cash equivalents and bank overdrafts at the end of the year	10	<u>69,572</u>	<u>(3,240,997)</u>	<u>50,000</u>	<u>273,080</u>

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

These financial statements are unaudited.

Statement of Commitments**For the Six Months Ended 31 December 2020****Non-cancellable Commitments - Operating Lessee**

Not more than one year	117,821	}	10 Commitments, incl Operating Leases, Maintenance Contracts, and Vehicle Leases
One to two years	62,091		
Two to five years	53,594		
Over five years	-		
Total	\$ 233,506		

Non-cancellable Commitments - Operating Lessor

Not more than one year	1,403,974	}	64 Property and Car Park Leases With PNAL as the Lessor
One to two years	1,126,452		
Two to five years	1,927,275		
Over five years	4,664,998		
Total	\$ 9,122,699		

NOTES TO THE FINANCIAL STATEMENTS
For the six months ended 31 December 2020

1. REPORTING ENTITY

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

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

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

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

Measurement base

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

Functional and presentation currency

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

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

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

Specific accounting policies

The accounting policies as published in the Annual Report to 30 June 2020 have been applied consistently to all periods presented in these financial statements.

4. ANALYSIS OF OPERATING REVENUE:

	<u>31-Dec-20</u>	<u>31-Dec-19</u>	<u>30-Jun-21</u>	<u>30-Jun-20</u>
	<u>6 Months</u>	<u>6 Months</u>	<u>12 Months</u>	<u>12 Months</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>SOI</u>	<u>Audited</u>
Aeronautical revenue	2,154,965	3,486,526	3,207,518	5,174,663
Car park, rent and advertising	1,488,370	2,145,229	2,841,583	3,621,321
Other	117,290	50,796	203,988	341,289
Interest	-	935	-	3
	<u>3,760,625</u>	<u>5,683,486</u>	<u>6,253,088</u>	<u>9,137,276</u>

5. OTHER OPERATING EXPENSES

Rates	206,361	195,273	412,173	391,851
Power and Insurance	174,636	194,724	401,838	375,855
Repairs and maintenance	359,688	423,723	830,840	828,494
	<u>740,685</u>	<u>813,720</u>	<u>1,644,851</u>	<u>1,596,200</u>

	<u>31-Dec-20</u> <u>6 Months</u> <u>Unaudited</u>	<u>31-Dec-19</u> <u>6 Months</u> <u>Unaudited</u>	<u>30-Jun-21</u> <u>12 Months</u> <u>SOI</u>	<u>30-Jun-20</u> <u>12 Months</u> <u>Audited</u>
6. EMPLOYEE EXPENSES				
Salaries and wages	671,309	718,910	1,390,010	1,524,817
Employer Contribution to Kiwi Saver	19,961	21,704	42,990	43,986
Movement in employee entitlements	(6,464)	18,528	20,000	48,290
	<u>684,806</u>	<u>759,142</u>	<u>1,453,000</u>	<u>1,617,093</u>
7. ADMINISTRATION				
Legal	17,507	48,015	50,000	118,181
Consultancy	68,253	116,444	78,635	184,530
Contractors	54,000	18,144	-	18,144
General Administration	215,840	246,858	307,197	388,099
	<u>355,600</u>	<u>429,461</u>	<u>435,831</u>	<u>708,954</u>
8. FINANCE COST				
Interest on term loans	246,970	280,406	309,235	531,078
	<u>246,970</u>	<u>280,406</u>	<u>309,235</u>	<u>531,078</u>
9. TAXATION:				
Current year tax payable	97,874	520,202	-	684,601
Prior year adjustments	-	-	-	-
Movement in deferred tax	-	-	-	(1,013,832)
Total	<u>97,874</u>	<u>520,202</u>	<u>-</u>	<u>(329,232)</u>
10. CASH & CASH EQUIVALENTS				
BNZ Current account	63,424	131,386	50,000	231,273
Cash on hand	6,148	37,665	-	41,807
Short term deposits	-	-	-	-
Total	<u>69,572</u>	<u>169,050</u>	<u>50,000</u>	<u>273,080</u>
11. TRADE ACCOUNTS AND OTHER RECEIVABLES				
Debtors and other receivables	757,738	870,671	512,487	506,257
Receivables from related party	-	-	-	1,704
Provision for impairment	-	(12,423)	(5,125)	-
Total	<u>757,738</u>	<u>858,248</u>	<u>507,362</u>	<u>507,961</u>

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

	<u>31-Dec-20</u>	<u>31-Dec-19</u>	<u>30-Jun-21</u>	<u>30-Jun-20</u>
	<u>6 Months</u>	<u>6 Months</u>	<u>12 Months</u>	<u>12 Months</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>SOI</u>	<u>Audited</u>
12. TRADE ACCOUNTS PAYABLE				
Trade accounts payable	352,186	666,968	418,335	565,868
Payables to related party	-	-	-	9,481
Total	352,186	666,968	418,335	575,349
13. EMPLOYEE BENEFIT LIABILITIES				
Accrued Pay	72,818	347,925	175,000	76,951
Annual leave	104,385	-	-	103,287
Sick leave	-	-	-	3,429
Total	177,203	347,925	175,000	183,667
14. BORROWINGS				
Borrowings	7,000,000	6,730,000	14,851,329	8,000,000
Current portion of borrowings	4,500,000	4,999,998	-	3,700,000
Total	11,500,000	11,729,998	14,851,329	11,700,000

The Company has a bank facility of \$16.1 million which is secured by a registered first debenture and mortgage from the Bank of New Zealand over assets and property of the Company. This includes a facility of \$5m used in full for the construction of the Massey Aviation Training facility.

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

	30-Jun-20					31-Dec-20
	Carrying Amount	Additions	Disposals	Disposals Accum Dpn	Depreciation	Carrying Amount
Land	31,828,487	-	-	-	-	31,828,487
Buildings	13,689,908	102,149	-	-	177,052	13,615,006
Infrastructure - Land	7,670,315	91,434	-	-	146,542	7,615,206
Infrastructure - Air	24,205,251	1,035	-	-	459,271	23,747,015
Plant & Equipment	1,273,833	19,101	1,119	1,119	116,381	1,176,554
Furniture & Fittings	132,636	-	-	-	12,858	119,778
Computer Equipment	48,584	-	-	-	14,747	33,837
Motor Vehicles	13,884	231,175	-	-	-	245,059
Intangibles	9,733	-	-	-	1,305	8,428
	78,872,632	444,894	1,119	1,119	928,156	78,389,370

It is Management's opinion that there is no reason that any of the assets of the Company should be impaired, as at 31 December 2020.

16. DEFERRED TAX ASSETS/(LIABILITIES)

	Property, plant and equipment	Employee entitlements	Other provisions	Total
Balance at 30 June 2020	6,584,730	(41,547)	(515)	6,542,669
Change to profit and loss	-	-	-	-
Balance at 31 December 2020	6,584,730	(41,547)	(515)	6,542,669

17. CONTINGENCIES

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

18. EXTRAORDINARY ITEMS

The Extraordinary Items are soil, sediment, surface and ground water sampling for PFAS at Palmerston North Airport and adjacent sites including the Mangaone Stream.

MEMORANDUM

TO: Finance & Audit Committee

MEETING DATE: 24 March 2021

TITLE: Palmerston North Airport Ltd - Draft Statement of Intent for 2021/22

PRESENTED BY: Steve Paterson, Strategy Manager - Finance

APPROVED BY: Stuart McKinnon, Chief Financial Officer

RECOMMENDATION(S) TO COUNCIL

1. That the Palmerston North Airport Ltd (PNAL) draft Statement of Intent for 2021/22, presented to the Finance & Audit Committee on 24 March 2021, be received and PNAL be advised that the Council supports the proposed direction and implementation strategy.

1. ISSUE

To present and provide comment on the draft Statement of Intent for Palmerston North Airport Ltd (PNAL) for 2021/22.

2. BACKGROUND

2.1 Introduction

PNAL is deemed a Council-Controlled Trading Organisation (CCTO) under the Local Government Act 2002. A CCTO must deliver a draft Statement of Intent (SOI) to shareholders by 1 March each year and adopt it by 30 June. The Council must, as soon as possible after a draft SOI is delivered to it, agree to a CCTO's SOI or, if it does not agree, take all practicable steps under clause 6 of Schedule 8 of the Local Government Act 2002 to require the SOI to be modified. The Board of the CCTO must consider any shareholder feedback by 1 May.

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

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

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

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

In December 2020 the Council adopted a Statement of Expectations for PNAL and this was provided to them in advance of their development of the draft SOI.

2.2 Draft SOI - overview

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

The draft SOI retains the vision from the current year 'New Zealand's leading regional airport' and the purpose statement 'Launching our communities into a promising future'.

The five strategic objectives have been retained but have been rephrased to be sharper and more positive.

The SOI addresses all of the matters outlined in Council's Statement of Expectations.

It has been assumed there will be relatively strong passenger growth to 560,000 pa by 2023/24 and that income will return to pre-covid-19 levels during 2021/22.

The key capital-intensive focus is planned to be on:

- Rejuvenation of the airside infrastructure including runway and apron areas
- A continuous improvement in the customer experience with car park improvements and the re-commencement of the terminal development plan
- Investment in the Ruapehu Business Park

The three-year budgets assume capital development (totalling \$28m) will be able to be accomplished by PNAL with additional borrowing but without the need for additional share capital. It is signalled that shareholder support may need to be sought when seeking the additional borrowing.

Shareholders' funds are forecast to reduce marginally to 67% of total assets through the three-year term of the SOI. This is still well above the expectation that it will remain over 40%.

PNAL has subsequently indicated they plan to add the following paragraph (para 7) in the 'Nature and Scope of Activities' section:

'Underpinning these activities PNAL will remain focussed on health & safety of our entire airport community and the ongoing evolution of our CAA certified Safety Management System (SMS).'

2.3 Draft SOI – Performance targets

The following financial performance targets are included:

	Draft SOI 2021/22 Budget	SOI 2020/21 Budget	SOI 2019/20 Budget
NPBIT: Total assets	5.0%	1.8%	6.0%
NPAIT: Shareholders' funds	2.6%	-0.9%	3.1%
Shareholders' funds: Total assets (>40%)	73%	78%	69%
Interest cover (>2.5)	8.0	-1.4	8.3
Tangible Net Worth (>\$50m)	\$71.6m	\$67.6m	\$68.4m
Dividends - % of NPAT	Nil	Nil	40%

There are non-financial measures of performance for each of the strategic areas – compliance, customer, community, culture and commercial.

Examples include:

- Maintaining a customer satisfaction Net Promoter score of 30 or above
- Serving 480,000 passengers during the 2021/22 year increasing to 540,000 for the following year and 560,000 in the June 2024 year
- Maintaining Civil Aviation Rule Part 139 certification
- Zero lost time injuries to those who work within the airport community

- Achieving Airport Carbon Accreditation level 2 by June 2023
- Completion of physical works:
 - terminal seismic and air conditioning upgrades (August 2021)
 - carpark upgrade (pick up & drop off forecourt and covered walkways) (December 2021)
 - Wairaka Place subdivision stage 2 (June 2022) and stage 3 (June 2024)
 - Terminal development (June 2023)

2.4 Draft SOI – Dividend policy

Council's Letter of Expectation outlined the expectation that *"PNAL is required to have a commitment to retaining and growing long-term shareholder value. This is partly reflected in the on-going delivery of dividends to the shareholder. The Council recognises that significant future capital investment and the on-going impacts of Covid-19 may impact on this in any given year but continues to have an expectation that the Company will deliver a prudent annual dividend to its shareholder on a long-term on-going basis. This will be a matter of review annually."*

The draft SOI contains the following dividend policy:

"Investment by PNAL in major capital projects for the long-term benefit of the airport and region is critical over the next three years. This includes airside infrastructure, terminal and carpark redevelopment and progression with the development and commercialisation of Ruapehu Business park. While it remains PNAL's long-term intention to pay 40% of NPAT as a dividend, due to the recent disruption caused by Covid-19 and the level of upcoming capital expenditure projects, PNAL will therefore suspend payment of dividends over the three years until 2024/25 and utilise equivalent funds for these major projects."

Prior to the outbreak of Covid-19 the Council was prepared to consider the suspension of dividend payments for a period to support the planned capital development. The proposed dividend policy is consistent with this and the indication given in the Statement of Expectation.

Council's draft 10 Year Plan 2021-31 assumes there will be no dividend payable for the time being and also assumes the Council will not be required to make any further capital injections during that time.

Directors of companies have an obligation to undertake appropriate solvency tests each year before declaring a dividend. A dividend in any year is therefore subject to successfully completing this test.

It is suggested that for the time being the proposed dividend policy is appropriate but as outlined in the Statement of Expectation this will be subject to review each year.

2.5 Draft SOI – vesting of assets to the Council

The draft SOI draws attention to the requirement for PNAL to vest a portion of Airport Drive and associated infrastructure to the Council as part of the process of the Wairaka Place subdivision and the potential tax and accounting issues associated with this.

Council staff will be working with PNAL to understand these implications and to provide further updates to the Council if necessary.

3. NEXT STEPS

The Council can either endorse the SOI as presented or make suggestions for change to a greater or lesser extent.

PNAL is obliged to consider shareholder comments by 1 May then decide whether or not to make any changes to the draft when adopting the final SOI before 30 June 2021.

4. COMPLIANCE AND ADMINISTRATION

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

environmental and cultural well- being	
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ATTACHMENTS

1. PNAL Cover letter - Draft SOI for year ended 30 June 2022 [↓](#) 
2. PNAL Draft SOI 2021-22 [↓](#) 



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26th February 2021

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

Dear Heather,

DRAFT STATEMENT OF INTENT 2022-2024

Please find enclosed Palmerston North Airport Limited's (PNAL) Draft Statement of Intent (SOI) for 2021/22 through to 2023/24.

Palmerston North City Council (PNCC) expectations as outlined in the Statement of Expectations for 2021-23 dated 5 February 2021, and Shareholder strategic goals are reflected in this SOI.

The SOI has been reviewed and approved by the PNAL Board of Directors.

A presentation will be made to the Finance and Audit Committee on Wednesday 24th March 2021. What follows are key highlights of the SOI.

- A gradual recovery of passenger volumes over the SOI period to 480,000 passengers in 2021/22, 540,000 in 2022/23 and 560,000 in 2023/24 (402,000 forecast for 2020/21 compared to 687,000 in 2019/20). This highlights the anticipated recovery in passenger numbers post-Covid-19 on the Auckland and Christchurch routes, while reflecting the impact of the loss of Jetstar flights and Air New Zealand's cancellation of the Wellington and Hamilton routes.
- Rejuvenation of airside infrastructure, including runway and apron areas is PNAL's highest priority during the SOI period and is our focus for ongoing investment. Airside infrastructure investment is anticipated at \$1.7m-\$1.8m per annum over the three-year SOI period.
- Customer experience is also a key priority area for PNAL.
 - Recent consultation with community and business groups has resulted in valuable feedback regarding the terminal forecourt area and car parking. Improvements in this area are already underway, with further investment anticipated during the first year of the SOI period.
 - The SOI period includes the significant capital investment of approximately \$16 million on the Terminal Development Plan (TDP) to enhance the airport user experience, plan for future growth in passenger numbers (including larger aircraft types) and to ensure the airport is ready to respond to the increasingly likelihood that passenger and hold bag screening becomes mandatory.
 - Additional resource has also been secured to ensure PNAL can provide an ongoing focus on improving the customer experience.
- PNAL is now adhering to a structured approach to the development of Ruapehu Business Park. The three-year SOI period anticipates PNAL fully developing the infrastructure for Stages 1-3 of Zone B/C. PNAL is

also in the process of selecting a strategic alliance partner to accelerate development plans. This is a key area of focus for PNAL in order to ensure revenue diversification objectives are achieved, further future proofing PNAL in the event of economic shocks similar to Covid-19.

- The requirement to vest sections of Airport Drive, the subdivision road and associated infrastructure to Council as part of the Ruapehu Business Park will have accounting and tax implications on both PNAL and Palmerston North City Council. the accounting impact of vesting these assets has not been reflected in the SOI, pending the receipt of formal accounting and tax advice. When actual costs are incurred, these will be reflected appropriately in PNAL's financial statements in line with accounting standards.
- PNAL is focused on key sustainability initiatives, including achievement of the Airports Carbon Accreditation Level 2 during the SOI period. PNAL is also extending its sustainability focus beyond carbon to also look at waste and water management and has already made significant enhancements to its HVAC system and installed LED lighting throughout the terminal to reduce its environmental footprint.
- PNAL is predicting income to reach pre-Covid-19 levels during the first year of the SOI, with modest growth predicted in years 2 & 3 of the SOI period. This recovery is largely the result of aeronautical revenue increases associated with pricing resets and a modest recovery in passenger volumes.
- Relative to revenue, total expenditure is anticipated to remain at pre-Covid levels.
- For the SOI period, PNAL is anticipating Net Operating Surpluses of \$1.9 million in 2021/22, \$2.1 million 2022/23, and \$2.1 million in 2023/24.
- Shareholder related financial performance metrics have been numbered as I. to V in the SOI.
- Non-financial performance metrics have been included in the new 'Key Objectives section of the SOI. These include passenger, compliance, health and safety, and environmental targets for the SOI period.


The TDP and Ruapehu Business Park development are major projects that have significant positive economic and social benefits for Palmerston North Airport, Palmerston North City and the wider region over many years to come.

While PNAL is committed to undertaking these projects, the opportunity costs associated with diverting scarce capital away from other critical infrastructure and commercial projects are high, particularly during a time where passenger numbers have been reduced due to Covid-19.

Largely as a result of undertaking the TDP, year-end debt is projected to reach \$30.1m by 2023/24 (compared to \$11.5m at 31 December 2020). While this level of debt is manageable, with all existing bank covenants and Shareholder performance metrics achievable, PNAL has suspended payment of dividends over the three-year SOI period and will utilise the equivalent funds for major investment projects. It is PNAL's intention to return to paying 40% of NPAT as a dividend after this three-year SOI period. PNAL may also seek Shareholder support for the additional bank lending.

We look forward to the opportunity to discuss the SOI further with you.

Yours sincerely



David Lanham
Chief Executive Officer



STATEMENT OF INTENT

FOR THE YEAR ENDING 30 JUNE 2022

DRAFT

26 February 2021

INTRODUCTION

This Statement of Intent is presented by the Directors of Palmerston North Airport Limited ("PNAL") in accordance with section 64 of the Local Government Act 2002.

PNAL falls within the definitions of both a Council-Controlled Organisation and a Council-Controlled Trading Organisation pursuant to section 6 of the Local Government Act 2002 as a consequence of the Palmerston North City Council's (PNCC) shareholding.

The purpose of the Statement of Intent is to publicly declare the activities and intentions of PNAL, and provide an opportunity for shareholders to influence its direction.

It also provides a basis for accountability of Directors of PNAL to the Shareholder for performance. It is intended to comply with Schedule 8 of the Local Government Act, and be consistent with PNAL's Constitution.

This Statement of Intent has been informed by PNCC's Statement of Expectation dated 22 December 2020.

The Statement of Intent has been prepared under the Public Benefit Entity (PBE) Standards based on International Public Sector Accounting (IPSAS) Standards.

Directors and team members of PNAL continue to acknowledge local iwi Rangitāne and their customary relationship to this region. PNAL appreciates their manaakitanga shown towards the airport and all airport users. PNAL looks forward to further enriching its partnership with Rangitāne, mana whenua and other local iwi over the coming years.

CONTACT DETAILS

Contact details for both the Chair and the Chief Executive are:

Palmerston North Airport Limited
First Floor, Terminal Building
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Airport Drive
P O Box 4384
Palmerston North 4442

Phone: +64 6 351 4415
Email: info@pnairport.co.nz
Web: www.pnairport.co.nz

NATURE AND SCOPE OF ACTIVITIES

Palmerston North Airport Limited (PNAL) owns and operates Palmerston North Airport, having purchased the airport business on 30 January 1990.

Palmerston North Airport is an asset of regional and national importance managed by PNAL. PMR services a regional catchment which includes Ruapehu District in the north, Whanganui, Rangitikei, Manawatu, and Horowhenua in the south, and across to Wairarapa, Tararua and Southern Hawkes Bay. A population base of close to one million live within two hours' drive of the airport.

With the impact of COVID-19 on the airport diminishing faster than anticipated and in the absence of any further material resurgence of the virus across New Zealand, the regional economy is set to benefit from multi-billion dollar investment in infrastructure.

The relocation of the KiwiRail hub to an area adjacent to the airport, growth within the North Eastern Industrial Zone and the Ahu a Turanga (Manawatu: Tararua Highway) are just three projects predicted to stimulate further demand for both passengers and airfreight.

As such, after a period of rapid contraction in passenger volumes, the company remains cautiously optimistic about growth prospects over the three-year SOI period. Relatively strong growth is predicted with recovery to 560,000 passengers by 2023/24. Passenger growth is triggered primarily by Air New Zealand responding to the anticipated demand on both the Auckland and Christchurch routes.

PNAL's ability to continue to play an enabling role within our regional economy is contingent upon the company keeping pace with growing passenger and airfreight demands, remaining competitive, maintaining regulatory compliance, and as highlighted by the Covid-19 pandemic, weathering the storm of further cyclical downturns in the aviation industry.

The Board and Management have recognised these challenges and are focussed on three key capital-intensive areas.

The rejuvenation of airside infrastructure including runway and apron areas is PNAL's highest priority during the SOI period and is our focus for ongoing investment. A continuous improvement in customer experience with car park improvements and the re-commencement of the Terminal Development Plan, and investment in Ruapehu Business Park are also areas of priority.

In addition, we remain aware of our role within the community in terms of driving the sustainability message, supporting our community where possible and underpinning this with a focus on the wellbeing of our small but highly skilled team at PNAL.

Within the SOI period, PNAL will continue on its sustainability journey, guided by achievement of Level 2 of the Airport Carbon Accreditation programme, and including waste management and water consumption initiatives.

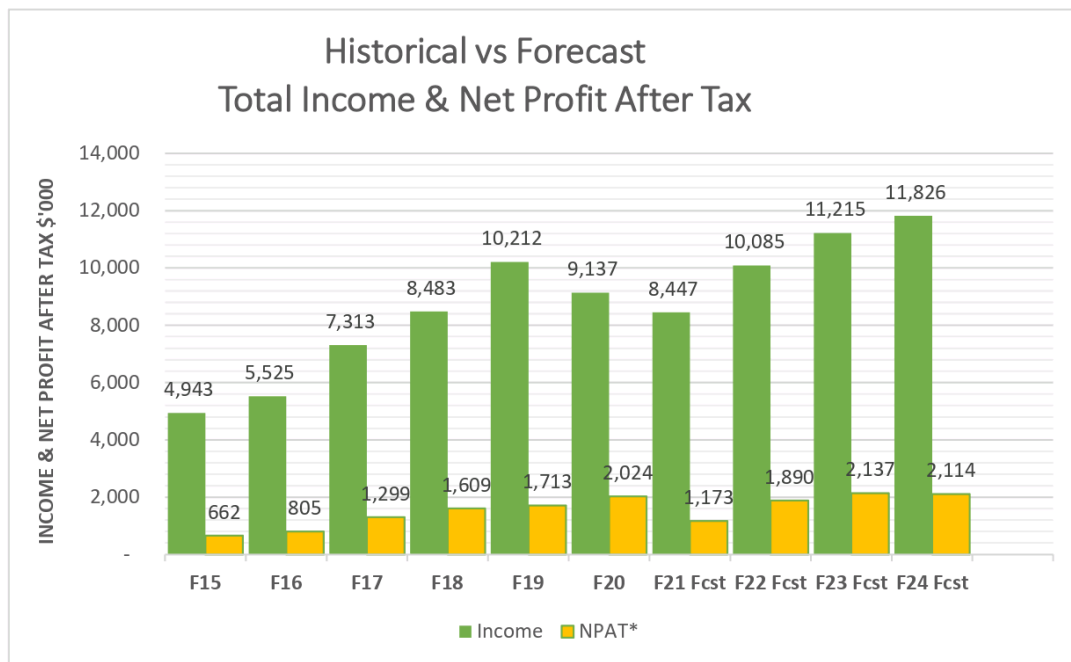
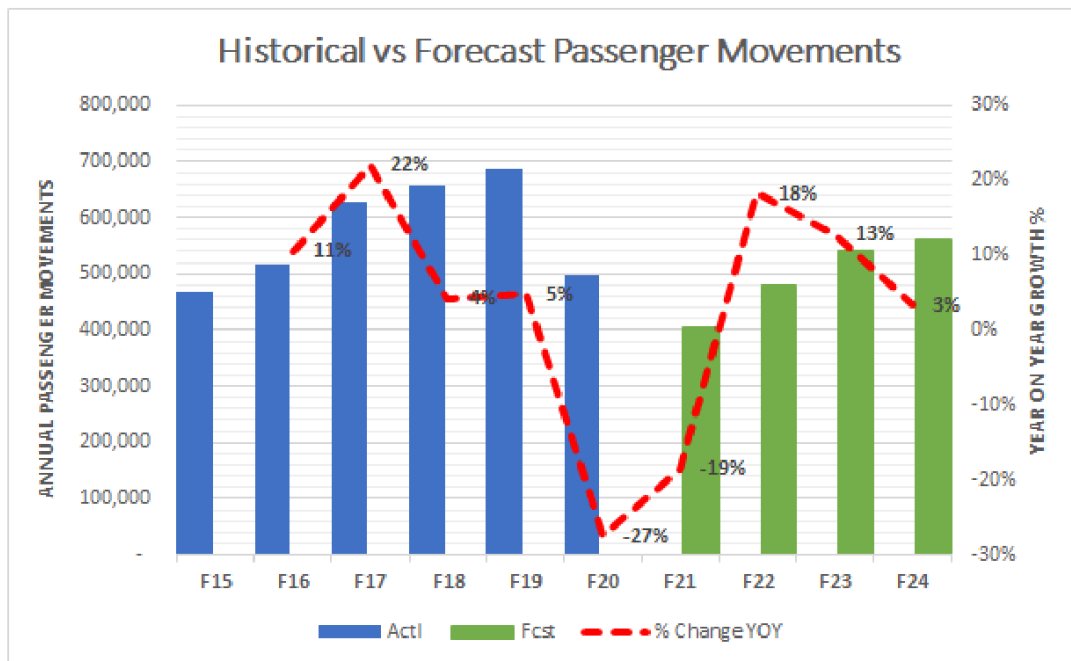
We will grow our focus in our community with increased levels of engagement by connecting from a grass roots level to increase and grow brand awareness, strengthen our sponsorship partnerships, and allow us to connect with our customers and better understand how we can improve their journey with us.

Implementation of PNAL's One Team wellness programme will gather pace with the recruitment of an HR Advisor who joins the PNAL team from late February 2021.

The graphs below show that PNAL is predicting income to reach pre-COVID-19 levels during the first year of the SOI (\$10.1 million) with modest growth predicted in years 2 & 3 of the SOI period.

The recovery is largely the result of aeronautical revenue increases associated with pricing and passenger volumes.

Net profit after tax recovery occurs by Year 2 of the SOI due to ongoing revenue growth.



* Revaluation gains / losses removed for comparative purposes

STRATEGIC FRAMEWORK

The aspirational vision of being New Zealand's leading regional airport emphasises our airport's leadership amongst regional peers in terms of many aspects of our business. These include asset management, our focus on safety, environmental sustainability, customer experience, community engagement, freight & logistics, aviation tertiary training, property development and team work.

In addition, our purpose statement "*Launching our communities into a promising future*" reflects our true reason for being and references our role as facilitating regional growth in social, economic, and environmental terms. It also reflects our service to a number of diverse communities whether defined by geographical location, ethnicity or socially and also includes mana whenua, Rangitāne and other local iwi.

Our Vision

New Zealand's leading regional airport.

Our Purpose

Launching our communities into a promising future.

Commercial

We are a financially sustainable business enabling long-term success.

- We maintain and develop core infrastructure that is business critical.
- We diversify and grow revenue streams through a focus on both aeronautical and non-aeronautical income activities.
- We operate a successful enterprise that enables us to provide a return to our shareholder when we have surplus to our on-going investment and operating requirements.
- We facilitate regional economic development by growing passenger and airfreight volumes.

Community

We contribute to regional prosperity.

- We are kaitiaki for the environment by operating in a sustainable manner in all of our business activities.
- We recognise our community is multi-cultural and will engage with mana whenua and all ethnic groups.

Customer

We continue to improve the customer experience for all airport users.

- Our customers include all airport users; contractors, tenants, staff, passengers, meeters and greeters, and other airport visitors.
- We lead the way in terms of delivering a high quality and efficient regional airport experience.

- We promote Palmerston North Airport as the gateway and lower North Island commercial hub to our 90-minute drive market.

Compliance

We maintain a safe and secure operation.

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

Culture

We empower our team members and work as one-team.

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



OUR VISION

New Zealand's leading regional airport

OUR PURPOSE

Launching our communities into a promising future

STRATEGIC OBJECTIVES

CULTURE

We empower our team members and work as one-team.

COMPLIANCE

We maintain a safe and secure operation.

COMMUNITY

We contribute to regional prosperity.

CUSTOMER

We continue to improve the customer experience for all airport users.

COMMERCIAL

We are a financially sustainable business enabling long-term success.



PALMERSTON NORTH
AIRPORT LIMITED

Terminal Development Plan

The programme of continuous improvement in customer experience within the airport terminal building commenced in 2017 with the opening of the expanded arrivals hall (previously the international arrivals and border agencies area), and the construction of the enclosed arrivals and departures lobby. This included the adoption of the Legend of Haunui-a-Nanaia to symbolise the airport's sense of place within the wider region.



Exterior of passenger wind lobbies



Wind lobby arrivals entrance

Planning for a major redevelopment of the terminal building commenced in 2018 to accommodate growth in passenger numbers, future-proofing the terminal for passenger and hold baggage screening if mandated by central government and enabling the reintroduction of jet services by Air NZ on the Auckland route. Whilst COVID-19 impacts on PNAL's financial performance resulted in the project being suspended, the project is now being progressed with the plans to ensure that the building proudly represents the air gateway to our region for visitors and residents alike.

Recent consultation with community and business groups has resulted in valuable feedback regarding the terminal forecourt area and car parking. Plans for improvements are already being advanced, thus further improving the customer experience at the airport.

Estimated costs of \$16m for the building, include a new terminal frontage, new 1550m² baggage make-up hall, office accommodation for airlines and Aviation Security, infrastructure and terminal forecourt. The project also provides for an enlarged retail area, relocation of the escalator, new and extended passenger departure lounge and a dedicated cargo acceptance area. To complement the current arrivals hall, the legend of Haunui theming will be woven throughout the development.

The expenditure for this project is provided for over the three-year period of the 2021 Statement of Intent, with a project timeline of 30 months anticipated.

Ruapehu Business Park – Income Diversification Strategy



The cyclical nature of aviation and the potential catastrophic impact on airlines and airports has been highlighted in the past few years. During this period PNAL experienced record growth in passenger volumes, with close to 700,000 passengers reached in 2018/19, followed by the withdrawal of Jetstar and the impact of COVID-19 which has seen forecast passenger numbers drop to just over 400,000 passengers in the 2020/21 year.

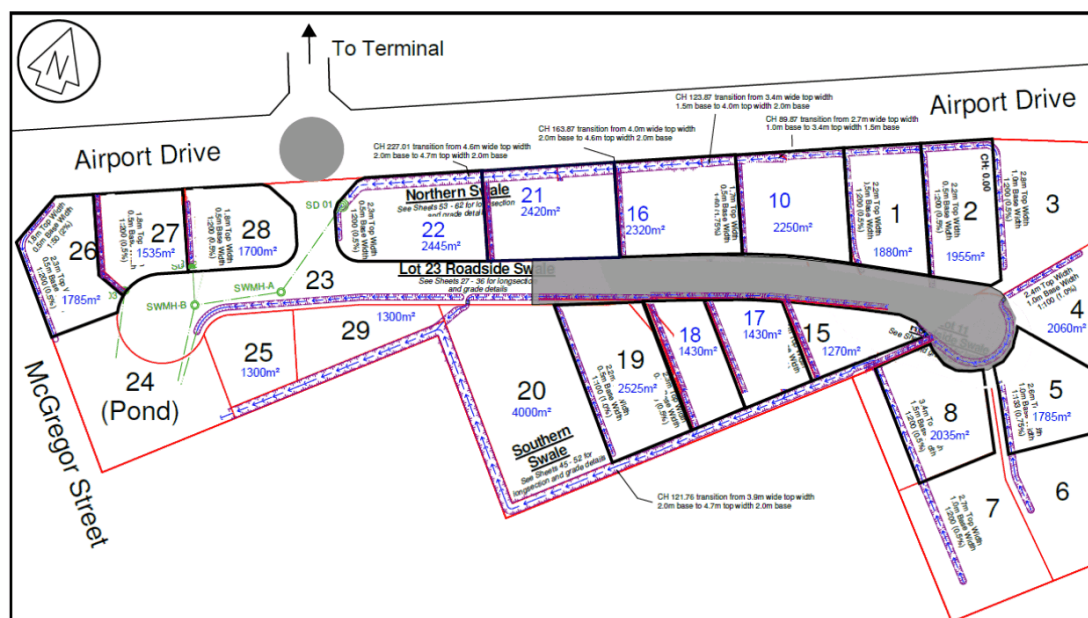
The reality of aviation cycles is well understood by modern airports with many embarking on projects to diversify income away from reliance on passenger volumes. These risks were a major driver of PNAL's decision to invest in the \$5.5 million Massey School of Aviation facility, providing a vital source of income during the COVID-19 lockdown period in 2020. The development of airfreight operations has also assisted to provide some diversification.

In addition to the School of Aviation investment, in 2017 PNAL completed a property masterplan which provided for the staged commercialisation of airport landholdings adjacent to Airport Drive. The precinct was named Ruapehu Business Park.

The concept of creating a business park on PNAL's land was developed with the types of business activities for each area of the park identified. This has provided PNAL with the opportunity to develop over the medium / long-term an asset with the potential to generate cashflow and value accretion and which can assist in achieving the income diversification sought.

PNAL is now adhering to a structured approach to the development of Ruapehu Business Park. This approach involves the selection of a strategic alliance partner to accelerate development plans.

Stage 1 of the development is an industrial subdivision of 8 lots on Wairaka Place, opposite the entrance to the airport. Lots range from 1300m² to 4,000m², being sizes that are in increasing demand in Palmerston North City.



Scheme Plan of Wairaka Place Subdivision

The three-year 2021 Statement of Intent provides for capital expenditure of \$2.6m for further stages of the development of Wairaka Place as shown shaded in the above plan. This opens up another 16 lots. These developments necessitate the upgrade of Airport Drive to the Council's engineering standards. \$1 million is to be spent in H2 of 2020/21 and a further \$2 million is provided in 2023/24.

Vesting of Airport assets to Palmerston North City Council

As part of the Ruapehu Business Park development outlined above, PNAL is required to vest a section of Airport Drive and the subdivision road and associated infrastructure to Palmerston North City Council. This will have accounting and tax implications for both PNAL and Palmerston North City Council.

The full impact of this vesting on the affordability of our development programme is presently being reviewed.

The accounting impact of vesting these assets is yet to be reflected in this Statement of Intent, pending the receipt of formal accounting and tax advice on how to account for the vesting. When actual costs and treatments are known/incurred, these will be reflected appropriately in PNAL's financial statements in line with accounting standards.

Our Sustainability Journey



PNAL embarked on its sustainability journey in 2017/18, with the first stage involving the benchmarking and the establishment of energy, water and waste reduction targets. PNAL subsequently selected the Airport Council International (ACI) Airport Carbon Accreditation (ACA) programme.

ACI is the only institutionally-endorsed, global carbon management certification programme for airports. It independently assesses and recognises the efforts of airports to manage and reduce their carbon emissions through 6 levels of certification: 'Mapping', 'Reduction', 'Optimisation', 'Neutrality', 'Transformation' and 'Transition'.

Currently, PNAL is working towards the achievement of Level 2 Reduction. In order to achieve this, we must fulfil all the requirements of 'Mapping', provide evidence of effective carbon management procedures including target setting, and show that a reduction in the carbon footprint has occurred by comparing its latest carbon footprint to the emissions of the previous years.

PNAL has also undertaken a range of measures to reduce its waste and water consumption as well as taking a range of initiatives to reduce its carbon footprint by installing an HVAC system, a Building Management System and LED lighting throughout the Terminal.

We have established a Carbon Committee and are also in the process of completing our Sustainability Plan that describes in detail, the journey we are undertaking as an airport.

One Team



The Company's strategic review process in 2019 resulted in the Fifth C – Culture being introduced as a strategic objective. The culture objective recognised that our people and their wellbeing are critical enablers of our ability to be successful.

From this objective the OneTeam wellness programme has been launched, with the objective of the programme being to improve the wellbeing of all PNAL team members with associated positive flow-on benefits in physical and mental health, improved employee retention and productivity. A range of initiatives are in place or being developed.

The recruitment of a Human Resources advisor occurred in early 2021. With a dedicated resource, the depth of OneTeam programme initiatives will increase.

KEY OBJECTIVES

Compliance	Strategic Project	Measure	Completion
	Capital Expenditure Airside Infrastructure	<ul style="list-style-type: none"> • Complete runway 07 end overlay • Complete Taxiway upgrades 	Ongoing
	CAA Part 139 Compliance	<ul style="list-style-type: none"> • Maintained 	Ongoing
	Ongoing SMS development	<ul style="list-style-type: none"> • Operational & effective 	Ongoing
	Terminal Seismic Upgrade	<ul style="list-style-type: none"> • Completed 	August 2021
	Statutory and Regulatory compliance	<ul style="list-style-type: none"> • Maintained 	Ongoing
	Noise Management (Air and Ops) compliance	<ul style="list-style-type: none"> • Maintained 	Ongoing
	Asset Management Plan	<ul style="list-style-type: none"> • Landside infrastructure completed 	Ongoing
Customer	IT Network and Storage Upgrade	<ul style="list-style-type: none"> • Server upgraded and document storage solution developed and in use 	March 2022

Customer	Strategic Project	Measure	Completion
	Terminal Development Plan	<ul style="list-style-type: none"> • Terminal Development completed 	June 2023
	Car park upgrade	<ul style="list-style-type: none"> • Airport Pick Up & Drop Off forecourt completed • Covered walkways completed 	December 2021
	Terminal Air Conditioning Upgrade	<ul style="list-style-type: none"> • Completed 	August 2021
	Maintain a Net Promoter Score of 30 or above (more platforms to complete the survey, structured response approach)	<ul style="list-style-type: none"> • Achieve a Net Promoter Score of 30 or above* 	Ongoing

Community	Strategic Project	Measure	Completion
	Achievement of ACA Level 2 and other sustainability initiatives	<ul style="list-style-type: none"> • ACA Level 2 Achieved 	June 2023
	PFAS Management	<ul style="list-style-type: none"> • Monitoring regime in place 	Ongoing
Community	Implement Community Engagement Plan	<ul style="list-style-type: none"> • Community Engagement Plan implemented yearly 	June 2021

Culture	Strategic Project	Measure	Completion
	Continual improvement of safety culture	• Zero lost time injuries	Ongoing
	Wellness Plan Implementation	• Employee engagement improvement	Ongoing
Commercial	Strategic Project	Measure	Completion
	Construction of Wairaka Place	• Stage 2 completed • Stage 3 completed	June 2022 June 2024
	Commercial Partnership strategy	• Implemented	December 2021
	Air Service Development	• 480,000 pax • 540,000 pax • 560,000 pax	June 2022 June 2023 June 2024

* An audit of Net Promoter Score data undertaken in mid 2020 highlighted a material level of invalid survey submissions e.g. children repeatedly entering submissions. A subsequent program of cleansing data prior to reporting has been developed. In addition lower passenger volumes have impacted on the number of monthly submissions, with increased variability in scores now occurring. An audit of historical data was then undertaken and revealed that in general scores were found to be overinflated due to invalid entries. A new benchmark has been established based on cleansed data and benchmarks for the aviation and tourism industries.

Performance Metric targets 12 Months to 30 June

PERFORMANCE METRIC		2020/21 Forecast	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast
I	A ratio of surplus before interest/tax/depreciation to total assets	4%	5%	5%	6%
II	A ratio of net surplus after tax to consolidated shareholders' funds inclusive of revaluation reserve	2%	3%	3%	3%
III	To maintain a ratio of consolidated shareholders funds to total assets of at least 40%	73%	73%	67%	67%
IV	To maintain an interest coverage ratio of EBITDA to interest of at least 2.5 as per BNZ Loan Covenants	6.2	8.0	6.7	5.5
V	To maintain a tangible net worth (total tangible assets after revaluations less total liabilities) above \$50 million	\$70.1 m	\$71.6 m	\$73.7 m	\$75.8 m

GOVERNANCE

Governance Objectives

The Board's approach to governance of PNAL is to preserve and enhance shareholder value. The Board is committed to ensuring a high level of governance of company processes and policies, including health and safety and encouraging ethical and responsible decision making to ensure Management effectively achieve the Company's goals.

Due to the ever changing commercial environment of the aviation and airport industry, the Board is committed to ensuring regular reviews of all aspects of the business and the implementation of best practice.

Regulatory Framework and Statement of Expectations

The Board is responsible for the proper direction and control of PNAL's activities and is accountable to the shareholder within the strategic framework set out in this Statement of Intent, PNAL's Constitution, and the provisions of the Local Government Act 2002 (LGA), and the Companies Act 1993.

Shareholder Statement of Expectation

The Board is also responsible for ensuring it meets the requirements of the shareholder's Statement of Expectations dated 22 December 2020 for the three-year period of the Statement of Intent, with particular reference to Schedule 8, Part 2 LGA, Section 64B (1) and 64B (2). Importantly the Board will ensure alignment of the Company's objectives with the Shareholder's vision, goals and key strategies and the District Plan.

Board Composition and Fees

The Board comprises five Directors appointed by the Shareholder in accordance with PNAL's Constitution. Director appointments are for a period of three years with retiring directors able to be reappointed by the Shareholder.

The Board normally meets eleven times per year with intervening meetings in person or by other means as required. To enhance efficiency, the Board may formally document and delegate some of its powers and authorities to the Chief Executive or other senior executives.

At the request of the Shareholder, the Board will engage a director intern in 2021 as part of the Shareholder's Governance Internship Programme.

PNAL has an Audit & Risk Committee comprised of three directors of the PNAL Board. The Committee has a board-approved Charter, outlining its membership, authority, primary and secondary roles and reporting procedures.

The Committee meets a minimum of four times each year and is responsible for overseeing the financial accounting, financial statements and audit activities of PNAL. This includes the adequacy and effectiveness of internal controls, external auditor performance, insurances, risk management and financial and accounting policies.

Fees for the Board are reviewed annually. The Board recommends fee levels to the Shareholder for approval based on commercial or near-commercial rates.

SHAREHOLDERS EQUITY IN PNAL

PNAL's land, building, and infrastructure assets were revalued as at 30 June 2020, following a Board request due to COVID-19. Shareholder equity as shown in the Statement of Financial Position as at 30 June 2020 is \$67.1 million.

The ratio of consolidated shareholder's equity to total assets will be maintained at no less than 40%. For the purposes of this ratio, 'consolidated shareholder's equity' is total shareholder funds inclusive of retained earnings and revaluation surplus, and 'total assets' are current assets plus net book value of fixed assets plus future tax benefit (if any).

INFORMATION TO BE PROVIDED TO THE SHAREHOLDER

The Shareholder will receive:

- ➔ An Annual Report including audited financial statements within 3 months of balance date.
- ➔ A summary of PNAL's achievements of the Key Objectives and its performance against the metric targets as outlined in this SOI.
- ➔ An Interim Report including non-audited financial statements within 2 months of the end of the first half of the financial year.
- ➔ A Statement of Intent submitted for shareholder consideration in accordance with the Local Government Act 2002.
- ➔ Other interim reports as agreed with the Shareholder.

Timeframes for the Interim and Annual Reports are legislative maxima. However, PNAL will meet the reporting and governance requirements of the Shareholder.

ACCOUNTING POLICIES

The accounting policies adopted by PNAL are consistent with New Zealand's Financial Reporting Standards, with PNAL designated as a Public Benefit Entity (PBE) for financial reporting purposes.

The policies are included in PNAL's Annual Report which is available on PNAL's website: www.pnairport.co.nz/corporate/corporate-profile.

FORECAST FINANCIAL STATEMENTS

The financial information contained in the SOI is a forecast for the purposes of the PBE financial reporting standard (FRS) 42. This information may not be appropriate for purposes other than those described. It has been prepared on the basis of assumptions as to future events that PNAL reasonably expects to occur, associated with the actions it reasonably expects to take, as at the date the forecast was prepared. The actual results are likely to vary from the information presented and may vary materially depending on the circumstances that arise during the period.

COMPENSATION SOUGHT FROM THE SHAREHOLDER

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

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

PNAL anticipates significant future capital investment within this SOI period. PNAL will be seeking additional bank lending and may seek Shareholder support for this.

DIVIDEND POLICY

Investment by PNAL in major capital projects for the long-term benefit of the airport and region is critical over the next three years. This includes airside infrastructure, terminal and car park redevelopment and progression with the development and commercialisation of Ruapehu Business Park. While it remains PNAL's long-term intention to pay 40% of NPAT as a dividend, due to the recent disruption caused by COVID-19 and the level of upcoming capital expenditure projects, PNAL will therefore suspend payment of dividends over the three years until 2024/25 and utilise equivalent funds for these major projects.

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

	2020/21 Budget	2020/21 Forecast	2021/22 SOI	2022/23 SOI	2023/24 SOI
REVENUE	6,253,088	8,447,290	10,085,863	11,215,759	11,826,093
Less					
OPERATING EXPENDITURE	2,480,544	2,540,176	2,604,119	2,687,813	2,774,988
ADMINISTRATION & EMPLOYMENT COSTS	2,142,250	2,244,691	2,499,613	2,580,873	2,667,438
TOTAL OPERATING EXPENDITURE	4,622,794	4,784,867	5,103,732	5,268,686	5,442,427
EXTRAORDINARY ITEMS (PFAS related)*	50,000	20,833	20,833	10,000	10,000
SURPLUS BEFORE INT, DEPN & TAX	1,580,294	3,641,590	4,961,298	5,937,073	6,373,666
Less					
DEPRECIATION	2,075,421	1,792,722	1,824,036	2,086,141	2,286,825
FINANCE COSTS	309,235	588,508	623,732	882,631	1,150,154
LOSS/(GAIN) ON SALE OF ASSET	-	(369,310)	(112,127)	-	-
	2,384,656	2,011,921	2,335,640	2,968,772	3,436,979
SURPLUS BEFORE TAXATION	(804,361)	1,629,669	2,625,658	2,968,301	2,936,687
INCOME TAX	-	456,309	735,464	831,404	822,552
NET OPERATING SURPLUS	(804,361)	1,173,361	1,890,194	2,136,897	2,114,135

* The Extraordinary Items are soil, sediment, surface and ground water sampling for PFAS at Palmerston North Airport and adjacent sites including the Mangaone Stream.

PALMERSTON NORTH AIRPORT LIMITED
STATEMENT OF FINANCIAL POSITION
For the 12 months to 30 June

	2020/21 Budget	2020/21 Forecast	2021/22 SOI	2022/23 SOI	2023/24 SOI
CURRENT ASSETS					
BANK & SHORT TERM DEPOSITS	50,000	2,047,502	50,000	50,000	50,000
TRADE DEBTORS	512,487	768,006	882,073	984,832	997,046
DOUBTFUL DEBT PROVISION	(5,125)	(7,680)	(8,821)	(9,848)	(9,970)
ACCRUED INCOME	1,173	1,159	1,430	1,572	1,768
PREPAID EXPENDITURE	-	-	-	-	-
ASSETS HELD FOR SALE	-	-	-	-	-
TOTAL CURRENT ASSETS	558,536	2,808,987	924,682	1,026,555	1,038,844
CURRENT LIABILITIES					
TRADE CREDITORS	418,335	530,380	1,135,288	1,149,140	554,138
INCOME RECEIVED IN ADVANCE	85,414	128,001	147,012	164,139	166,174
ACCRUED EXPENDITURE	89,980	83,005	102,130	105,397	108,852
TAXATION	(541,654)	109,834	250,961	252,119	107,295
OTHER PROVISIONS	325,000	325,000	325,000	325,000	325,000
SHORT TERM LOAN	-	-	-	-	-
TOTAL CURRENT LIABILITIES	377,076	1,176,220	1,960,391	1,995,795	1,261,460
WORKING CAPITAL	181,460	1,632,767	(1,035,709)	(969,239)	(222,615)
NON CURRENT ASSETS					
LAND	32,004,350	31,856,418	31,426,906	31,426,906	31,426,906
BUILDINGS	13,589,760	13,576,879	17,729,236	28,458,741	27,772,548
INFRASTRUCTURAL - LAND	7,728,290	11,183,709	11,216,095	11,100,475	15,041,026
INFRASTRUCTURAL - AIR	27,774,541	26,331,243	27,099,801	27,857,532	28,638,188
PLANT & EQUIPMENT	1,590,105	1,807,919	1,899,043	2,140,841	2,054,746
FURNITURE & FITTINGS	102,845	111,232	122,154	132,253	141,591
COMPUTERS	59,237	38,708	47,027	54,133	60,201
FIRE APPLIANCES	725,805	1,034,439	947,072	856,587	774,747
INVESTMENT PROPERTY	6,813,354	6,813,357	6,813,357	6,813,357	6,813,357
INTANGIBLE ASSETS	4,673	26,878	23,748	20,982	18,538
TOTAL NON CURRENT ASSETS	90,392,962	92,780,781	97,324,440	108,861,806	112,741,848
NON CURRENT LIABILITIES					
TERM LOAN	14,851,329	17,742,788	18,157,288	27,624,227	30,136,758
DEFERRED TAX	8,056,032	6,542,668	6,542,668	6,542,668	6,542,668
TOTAL NON CURRENT LIABILITIES	22,907,361	24,285,456	24,699,956	34,166,895	36,679,426
NET ASSETS	67,667,060	70,128,092	71,588,775	73,725,672	75,839,806
SHAREHOLDERS' FUNDS					
PAID UP SHARE CAPITAL	9,380,400	9,380,400	9,380,400	9,380,400	9,380,400
ASSET REVALUATION RESERVE	36,590,833	36,442,901	36,013,389	36,013,389	36,013,389
RETAINED EARNINGS	22,500,188	23,131,431	24,304,792	26,194,985	28,331,882
SHAREHOLDERS DIVIDEND	-	-	-	-	-
CURRENT YEAR SURPLUS	(804,361)	1,173,361	1,890,194	2,136,897	2,114,135
TOTAL SHAREHOLDERS' FUNDS	67,667,060	70,128,092	71,588,775	73,725,672	75,839,806

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

	2020/21	2020/21	2021/22	2022/23	2023/24
	Budget	Forecast	SOI	SOI	SOI
EQUITY AT THE BEGINNING OF THE YEAR	68,471,421	67,119,563	70,128,092	71,588,775	73,725,672
ASSET REVALUATION RESERVE MOVEMENT	-	1,154,543	-	-	-
TOTAL COMPREHENSIVE (LOSS) INCOME	(804,361)	1,173,361	1,890,194	2,136,897	2,114,135
DIVIDENDS PAID	-	-	-	-	-
EQUITY AT THE END OF THE YEAR	67,667,060	70,128,092	71,588,775	73,725,672	75,839,806

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

	2020/21 Budget	2020/21 Forecast	2021/22 SOI	2022/23 SOI	2023/24 SOI
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>					
<i>Cash Was Provided From</i>					
Receipts from Customers	6,182,794	8,307,155	9,972,723	11,113,886	11,813,804
Tax Refund	-	6	-	-	-
Interest Received	-	-	-	-	-
<i>Cash Was Disbursed To</i>					
Payment to Suppliers	4,461,420	5,493,960	4,802,146	5,251,288	6,286,815
Payment of Tax	346,424	(71,513)	432,095	823,398	722,498
Interest Payments	309,235	588,508	623,732	882,631	1,150,154
<i>Net Cash Flow From Operating Activities</i>	1,065,716	2,296,206	4,114,749	4,156,568	3,654,337
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>					
<i>Cash Was Provided From</i>					
Sale of Fixed Assets	-	691,967	1,670,859	-	-
<i>Cash Was Applied To</i>					
Land and Developments	-	-	-	-	-
Buildings	545,000	556,555	4,529,728	11,318,507	45,000
Infrastructure - Land	620,000	4,216,949	1,670,883	125,000	4,211,867
Infrastructure - Air	2,285,000	1,043,001	1,700,000	1,725,000	1,775,000
Plant and Equipment	455,000	416,862	250,000	420,000	100,000
Investment Property	-	1,335	-	-	-
Furniture and Fittings	20,000	20,000	20,000	20,000	20,000
Computers	15,000	4,250	15,000	15,000	15,000
Fire Appliances	775,000	1,054,200	12,000	-	-
Intangible Assets	-	21,502	-	-	-
PNCC Contribution	-	-	-	-	-
<i>Net Cash Flow From Investing Activities</i>	(4,715,000)	(6,642,687)	(6,526,752)	(13,623,507)	(6,166,867)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>					
<i>Cash Was Provided From</i>					
Term Loan Draw Downs	3,659,584	7,059,652	3,903,595	9,470,870	3,533,551
<i>Cash Was Applied To</i>					
Term Loan Repayments and Dividend Payment	10,299	931,030	3,489,095	3,931	1,021,020
<i>Net Cash Flow From Financing Activities</i>	3,649,285	6,128,622	414,500	9,466,939	2,512,531
NET INCREASE/(DECREASE) IN CASH HELD	1	1,782,141	(1,997,502)	-	-
Opening Cash Balance	49,999	262,850	2,044,991	47,488	47,488
Closing Cash Balance	50,000	2,044,991	47,488	47,488	47,489

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

	2020/21 Budget	2020/21 Forecast	2021/22 SOI	2022/23 SOI	2023/24 SOI
CAPITAL EXPENDITURE PROGRAMME					
Land	-	-	-	-	-
Buildings	545,000	195,000	395,000	345,000	45,000
Terminal Development		250,000	4,134,728	11,293,507	-
Infrastructure - Landside	620,000	681,984	635,000	125,000	625,000
Infrastructure - Airside	2,285,000	1,085,000	1,700,000	1,725,000	1,775,000
Plant & Equipment	455,000	533,150	250,000	100,000	100,000
Furniture and Fittings	20,000	20,000	20,000	20,000	20,000
Computers	15,000	4,250	15,000	15,000	15,000
Fire Appliances	775,000	1,050,000	12,000	-	-
Ruapehu Business Park and Airport Dr development	-	3,509,088	1,035,883	-	3,586,867
Intangible Assets	-	21,500	-	-	-
	4,715,000	7,349,972	8,197,611	13,623,507	6,166,867
CAPITAL SALES PROGRAMME					
Total Sales Proceeds of Zone A, B & C land	-	540,000	1,856,510	-	-

REPORT

TO: Finance & Audit Committee

MEETING DATE: 24 March 2021

TITLE: Papaioea Place - Stage 3 Options

PRESENTED BY: Bryce Hosking, Manager - Property

APPROVED BY: Sarah Sinclair, Chief Infrastructure Officer

RECOMMENDATION(S) TO COUNCIL

1. That Council considers the report titled 'Papaioea Place – Stage 3 Options' presented to the Finance & Audit Committee on 24 March 2021 and amends the associated current budget provision of \$5,000,000 incl. GST in Programme 1743 in the 2021-31 LTP, to proceed with either:

a) Option 2

- Build 7 Additional Units and a Tenant Lounge within the complex; and
- Reduce the capital new budget to \$3,688,965 incl. GST with a financial year split of \$2,000,000 incl. GST in 2021/22 (Year 1) and \$1,688,965 incl. GST (plus inflation) in 2022/23 (Year 2).

Or

b) Option 3

- Build 10 Additional Units within the complex and convert the adjacent Papaioea Park Pavilion to include a Tenant Lounge;
- Reduce the capital new budget to \$3,843,070 incl. GST with a financial year split of \$2,000,000 incl. GST in 2021/22 (Year 1) and \$1,843,070 incl. GST (plus inflation) in 2022/23 (Year 2);
- Create an additional capital renewal budget of \$530,000 (excl. GST) in 2021/22 (Year 1); and
- Increase the social housing maintenance budget by \$17,250 incl. GST per annum from Year 2 onwards.

SUMMARY OF OPTIONS ANALYSIS FOR

ITEM 10

Problem or Opportunity	<p>Papaioea Place – Stage 2 is achieving its intensification objectives by providing an additional 28 new units within the complex, taking the total to 78.</p> <p>Once Papaioea Place – Stage 2 is complete, Council can commence the third and final stage of this development.</p> <p>Council has a \$5,000,000 incl. GST provision in the draft 2021-31 LTP for third and final stage of this development; Papaioea Place – Stage 3. Stage 3 will be utilising the undeveloped green space in the centre of the complex.</p> <p>There is a lack of clarity regarding the Council’s desired objectives for Option 3. Council Officers are not clear as to whether Council’s objective is to maximise the number of units on site, provide a solution that meets tenant feedback, or reach a compromise position which can achieve both.</p> <p>Considering this uncertainty, this report explores the options above and provides recommendations based on Council Officers’ assessment of the options. This assessment and recommendations can then help to guide Council’s decision-making towards a preferred option.</p>
OPTION 1:	Build 10 Additional Units within the complex
Community Views	<ul style="list-style-type: none"> Any development of additional social housing is widely viewed as a positive outcome. Council actively building social housing to help address the growing need is also viewed positively. The Papaioea Place Redevelopment is widely considered a success by the public. The demand for social housing is consistently increasing. Many of the existing residents within the Papaioea Place Redevelopment have expressed their support for a tenant lounge being created. If one was not created as part of Stage 3, this may be viewed as a missed opportunity.
Benefits	<ul style="list-style-type: none"> Developing further units within the Papaioea Place complex will be consistent with the Safe and Connected Communities Strategy and will help give effect to the Social Housing, Housing and Future Development, Safe Community, and the Urban Design Plans. Council can help meet some of the consistently increasing demand for social housing within the city. The maximum number of units will be created on the site

	<p>whilst still achieving positive urban design outcomes.</p> <ul style="list-style-type: none"> • Stage 3 will help complete the development rather than leaving an undeveloped green space in the centre of the development. • Cost efficiencies will be gained through rolling on contractors from Stage 2 development. • Moving straight into Stage 3 will ensure contractor availability.
Risks	<ul style="list-style-type: none"> • The total project costs may increase either once the designs are progressed to the final design phase, or due to rising material costs. • Council may be criticised for not delivering a tenant lounge facility to support the community within the complex. • Minor design changes occur as the project proceeds to detailed design and during construction. • Some building materials may not be available or will require long lead-in times. • Appropriate sub-contractors may not be able to be secured in a timely manner. • The project may be delayed due to weather, contractor availability or delays in materials.
Financial	<ul style="list-style-type: none"> • The total programme cost for Option 1 is \$3,843,070 incl. GST. • This cost is a decrease of \$1,156,930 incl. GST from the current placeholder budget in the draft 2021-31 LTP. • A provision has been made in Year 2 onwards in the draft 2021-31 LTP to increase the annual social housing maintenance budgets by \$62,830 to allow for the ongoing maintenance and upkeep of the additional 10 units.
OPTION 2:	Build 7 Additional Units and a Tenant Lounge within the complex
Community Views	<ul style="list-style-type: none"> • Any development of additional social housing is widely viewed as a positive outcome. • Council actively building social housing to help address the growing need is also viewed positively. • The Papaioea Place Redevelopment is widely considered a success by the public. • The demand for social housing is consistently increasing. • Many of the existing residents within the Papaioea Place Redevelopment have expressed their support for a tenant lounge being created. If one was not created as part of Stage 3, this may be viewed as a missed opportunity.

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Benefits	<ul style="list-style-type: none"> Developing further units within the Papaioea Place complex will be consistent with the Safe and Connected Communities Strategy and will help give effect to the Social Housing, Housing and Future Development, Safe Community, and the Urban Design Plans. Council can help meet some of the consistently increasing demand for social housing within the city. The tenant lounge provides an enhanced community outcome for the complex. Option 2 can be considered to provide the optimum urban design outcomes of the options considered and creates the best overall enduring layout for the complex. Stage 3 will help complete the development rather than leaving an undeveloped green space in the centre of the development. Cost efficiencies will be gained through rolling on contractors from Stage 2 development. Moving straight into Stage 3 will ensure contractor availability.
Risks	<ul style="list-style-type: none"> The total project costs may increase either once the designs are progressed to the final design phase, or due to rising materials cost. Council may be criticised as the actual tenant lounge use does not meet expectations. Council may be criticised for not delivering as many additional units as possible to help address the high demand for social housing. Minor design changes occur as the project proceeds to detailed design and during construction. Some building materials may not be available or will require long lead-in times. Appropriate sub-contractors may not be able to be secured in a timely manner. The project may be delayed due to weather, contractor availability or delays in materials.
Financial	<ul style="list-style-type: none"> The total programme cost for Option 2 is: \$3,688,965 incl. GST. This cost is a decrease of \$1,311,035 incl. GST from the current placeholder budget in the draft 2021-31 LTP. A provision has been made in Year 2 onwards in the draft 2021-31 LTP to increase the annual social housing

	<p>maintenance budgets by \$62,830 to allow for the ongoing maintenance and upkeep of the additional 7 units and the tenant lounge.</p> <ul style="list-style-type: none"> • Council Officers have assessed the ongoing maintenance costs between options 1 and 2 to be very similar, hence the operational provision figure being the same for both options.
OPTION 3:	Build 10 Additional Units within the complex and convert the adjacent Papaioea Park Pavilion to include a Tenant Lounge
Community Views	<ul style="list-style-type: none"> • Any development of additional social housing is widely viewed as a positive outcome. • Council actively building social housing to help address the growing need is also viewed positively. • The Papaioea Place Redevelopment is widely considered a success by the public. • The demand for social housing is consistently increasing. • Many of the existing residents within the Papaioea Place Redevelopment have expressed their support for a tenant lounge being created. If one was not created as part of Stage 3, this may be viewed as a missed opportunity.
Benefits	<ul style="list-style-type: none"> • Developing further units within the Papaioea Place complex will be consistent with the Safe and Connected Communities Strategy and will help give effect to the Social Housing, Housing and Future Development, Safe Community, and the Urban Design Plans. • Council can help meet some of the consistently increasing demand for social housing within the city. • The maximum number of units will be created on the site whilst still achieving positive urban design outcomes as well as catering for the need for a tenant lounge. • Stage 3 will help complete the development rather than leaving an undeveloped green space in the centre of the development. • Cost efficiencies will be gained through rolling on contractors from Stage 2 development. • Moving straight into Stage 3 will ensure contractor availability. • The refurbishment of the Papaioea Pavilion improves an existing building that is in poor condition and will create a solution which caters for both the recreational users of the Park and the tenants of Papaioea Place.

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Risks	<ul style="list-style-type: none"> • The total project costs may increase either once the designs are progressed to the final design phase, or due to rising material costs. • The refurbishment of the Papaioea Pavilion would need a separate capital renewal budget which currently is not provided for in the draft 2021-31 LTP. • The refurbishment costs of the Pavilion are an estimate only and exclude any significant structural work or significant unexpected works that may become apparent. • The tenant lounge use may not meet expectations, due to its more remote location, which will impact on perceived value of investment. • Minor design changes are more likely to occur as the project proceeds to detailed design and during construction. • The Pavilion has not had a seismic assessment completed. It is unknown whether any seismic strengthening would be required. • Some building materials may not be available or will require long lead-in times. • Appropriate sub-contractors may not be able to be secured in a timely manner. • The project may be delayed due to weather, contractor availability or delays in materials. • The spaces created within the Pavilion will be restricted and will not allow for multiple bookings at one time or allow for future growth.
Financial	<ul style="list-style-type: none"> • The total cost of Option 3 will need to be split into 3 programmes; a capital new budget, a capital renewal budget, and additional operational budgets. • The total capital new programme cost for Option 3 is: \$3,843,070 incl. GST. • This cost is a decrease of \$1,156,930 incl. GST from the current capital new placeholder budget in the draft 2021-31 LTP. • A capital renewal programme will need to be created in the LTP for the refurbishment of the Pavilion for \$609,500 incl. GST (\$530,000 + GST). • The total combined capital project cost for Option 3 is \$4,452, 570 incl. GST. • A provision has been made in Year 2 onwards in the draft 2021-31 LTP to increase the annual social housing

	<p>maintenance budgets by \$62,830 to allow for the ongoing maintenance and upkeep of the additional 10 units.</p> <ul style="list-style-type: none"> In addition, the following operational budgets also need to be created in the LTP: <ul style="list-style-type: none"> The social housing maintenance budget would need to be further increased by \$17,250 incl. GST (\$15,000 + GST) a year, from year 2, to allow for the additional maintenance and upkeep of the improved pavilion which would be used more regularly and need to be kept at a higher standard than in its current state. Considering the above the combined cost of Option 3 is \$4,452,570 incl. GST, plus the ongoing maintenance costs of the units and pavilion of \$80,080 incl. GST.
OPTION 4:	Build no additional units and retain undeveloped green space within the complex
Community Views	<ul style="list-style-type: none"> Any development of additional social housing is widely viewed as a positive outcome. Council actively building social housing to help address the growing need is also viewed positively. The Papaioea Place Redevelopment is widely considered a success by the public. The demand for social housing is consistently increasing. Many of the existing residents within the Papaioea Place Redevelopment have expressed their support for a tenant lounge being created. If one was not created as part of Stage 3, this may be viewed as a missed opportunity. Not developing the green space within the complex into housing or a tenant lounge will be very likely to be viewed as a poor outcome and a missed opportunity.
Benefits	<ul style="list-style-type: none"> Programme 1743 can be removed from the 2021-31 LTP and the green space can simply be tidied up and restored back to a clear green space as part of the Stage 2 budgets. The opportunity to develop the space remains an option for Council in the future.
Risks	<ul style="list-style-type: none"> An opportunity is missed to further add to the site and the overall complex development may be perceived as being unfinished. Costs will increase should Council decide to build units on the site in the future. Cost efficiencies from retaining the current contractor on-site

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	<p>are lost.</p> <ul style="list-style-type: none"> • Appropriate contractors and sub-contractors may not be able to be secured in a timely manner in the future. • Council may be criticised for not delivering more additional social housing units despite the high demand for social housing. • The complex would have a poor urban design outcome.
Financial	<ul style="list-style-type: none"> • Very limited financial impact. • Existing Stage 2 budgets will be used to tidy up and restore the green space. • The entire \$5,000,000 placeholder budget in the draft 2021-31 LTP can be removed in this option, as a saving.

RATIONALE FOR THE RECOMMENDATIONS

1. OVERVIEW OF THE PROBLEM OR OPPORTUNITY

- 1.1 Once Papaioea Place – Stage 2 is complete, Council can commence the third and final stage of the Papaioea Place Social Housing Redevelopment.
- 1.2 Budget provision for Papaioea Place – Stage 3 has been allowed for in years 1 and 2 of the draft 2021-31 LTP through *Programme 1743 – Papaioea Place – Stage 3*.
- 1.3 Stage 3 will be utilising the undeveloped green space in the centre of the complex.
- 1.4 There are four options for Council to consider for Papaioea Place – Stage 3:
 1. Build 10 additional units within the complex;
 2. Build 7 additional units within the complex and a tenant lounge;
 3. Build 10 additional units within the complex and convert the adjacent Papaioea Park Pavilion to include a tenant lounge; and
 4. Build no additional units and retain undeveloped green space within the complex.
- 1.5 There is a lack of clarity regarding the Council's desired objectives for Option 3. Council Officers are not clear as to whether Council's objective is to maximise the number of units on site, provide a solution that meets tenant feedback, or reach a compromise position which can achieve both.
- 1.6 Considering this uncertainty, this report explores the options above and provides recommendations based on Council Officers' assessment of the options. This

assessment and recommendations can then help to guide Council's decision-making towards a preferred option.

1.7 Please note:

- Unlike most Council projects, this programme budget is required to reflect figures including GST rather than excluding as it is a social housing development.
- All figures within this report do not include inflation. Inflation will need to be added accordingly for any budgets in Year 2 of the 2021-31 LTP.

2. **BACKGROUND AND PREVIOUS COUNCIL DECISIONS**

Papaioea Place Development Overview (Stages 1 and 2)

2.1 The Papaioea Place project is a design and build contract between Palmerston North City Council (Principal) and Latitude Homes (Contractor) of New Plymouth, with project management being provided by WT Partnership.

2.2 The Stages 1 and 2 of the development are delivered in the following format:

- Stage 1
 - Part 1 – demolition of old units, 30 new replacement units
 - Part 2 – demolition of old units, 20 new replacement units
- Stage 2
 - Part 1 – demolition of old units, 18 new replacement units
 - Part 2 – demolition of old units, 10 new replacement units

2.3 Note: Stage 1 was completed in March 2020 and Stage 2 is due to be completed August 2021.

Previous Council Decisions

2.4 The report titled '*Papaioea Place – Stage 2*' was presented to the September 2019 Finance and Performance Committee exploring expanded options for Stage 2 of the redevelopment.

2.5 For clarity, the September 2019 report explored options for Stage 2 that included the scope of the green space area discussed in this report.

2.6 It was resolved by the Committee to proceed with the 28 units in Stage 2 only and defer the development of the green space to the 2021-31 LTP to form a future Stage 3 of the development.

Draft Budget Provision – 2021-31 LTP

- 2.7 As highlighted in Clause 1.2, budget provision for Papaioea Place – Stage 3 has been allowed for in years 1 and 2 of the draft 2021-31 LTP through *Programme 1743 – Papaioea Place – Stage 3*.
- 2.8 The placeholder budget in the draft LTP is currently \$5,000,000 incl. GST.

Tenant Survey

- 2.9 A tenant survey was carried out in early December 2020 with the existing Papaioea Place residents to help inform future Stage 3 decision making.
- 2.10 This survey focused on exploring the demand and usage of a potential tenant lounge should one be created.
- 2.11 Of the 50 current residents, 37 responded to the survey. The results of this survey are as below:
- Total responses: 37
 - Yes, the tenant supports a lounge facility: 34
 - No, they do not support a lounge facility: 3
- 2.12 Of the 34 residents who supported the concept of a lounge, 16 said they would use this weekly, 8 said monthly and 10 weren't sure of their frequency of use.
- 2.13 Whilst this survey shows a general support by the residents, Council Officers suggest this be used as supporting information for the end decision and not be treated as a definitive gauge of use especially given 13 out of the 50 current residents did not respond.

3. DESCRIPTION OF OPTIONS

- 3.1 There are four options for Council to consider for Papaioea Place – Stage 3:
1. Build 10 additional units within the complex:
 - The 10 units will be made up of 6 standard units as seen in the rest of the complex, and 4 fully accessible units;
 - This option maximises the number of units within the site.
 2. Build 7 additional units within the complex and a tenant lounge:
 - The 7 units will be made up of 3 standard units as seen in the rest of the complex, and 4 fully accessible units;

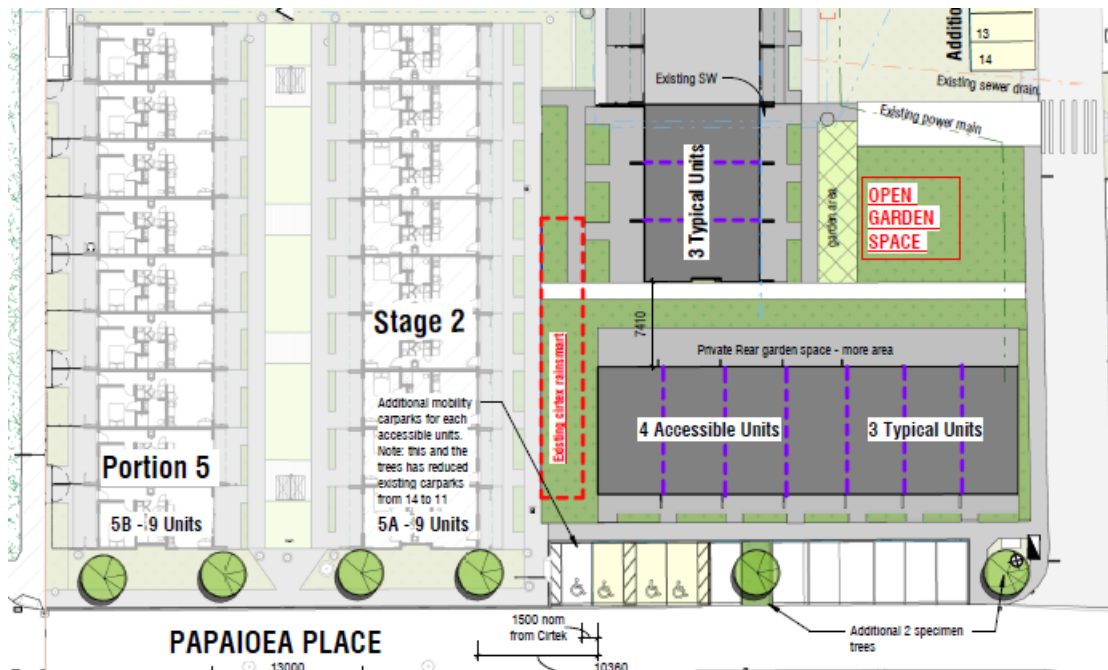
- This option best meets the existing tenant's feedback; however, the trade-off is it reduces the number of units built;
3. Build 10 additional units within the complex and convert the adjacent Papaioea Park Pavilion to include a tenant lounge:
 - Build 10 new units as per Option 1;
 - Refurbish the existing sports pavilion in Papaioea Park which is adjacent to the complex;
 - This option both maximises the number of units built and offers a solution to meet the tenant's feedback. However, it utilises an additional space outside the complex and adds considerable risk.
 4. Retain undeveloped green space within the complex – leave the green space in the centre of the complex undeveloped:
 - This option neither increases the number of units on the site nor meets the needs of the tenants.

4. ANALYSIS OF OPTIONS

Option 1 – Build 10 additional units within the complex

- 4.1 Option 1 sees the development of the unused green space in the centre of the complex into 10 new social housing units, taking the total number of units on the site to 88.
- 4.2 Of the 10 units, 6 are standard units in line with the units created in Stages 1 and 2, and 4 are fully accessible units, as required to obtain building consent.

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- 4.3 In order to maintain a cohesive look within the Papaioea Place complex, these units will maintain the same design elements found throughout the rest of the development including the spatial improvements made between the units that are being constructed in Stage 2.

Need for Fully Accessible Units

- 4.4 Whilst the existing units in Stages 1 and 2 have been designed and built with accessibility in mind they are not considered fully accessible.
- 4.5 The fully accessible units will meet all mobility requirements under the Building Act as some of these requirements exceed the accessibility provisions in the standard units.

Retained Small Green Space

- 4.6 Option 1 retains a small shared green space to help with the overall outlook, flow and sense of community within the complex.
- 4.7 Council Officers explored whether further additional units could be accommodated within the green space that is retained in the centre of Option 1. However, this was not pursued as it had significant negative impacts including:
- Any additional dwellings in this area would create a visual barrier between the buildings and a poor outlook;
 - Potential sunlight barriers; and

- Will disrupt the flow and layout of the complex by creating 2 units out on their own which would create a disjointed outcome.

Community Views

- 4.8 Whilst no specific public consultation or community views have been sought in relation to proceeding with Stage 3 of the Papaioea Place Redevelopment, the development of additional social housing by Council is generally well received and seen as a positive outcome by the community.
- 4.9 In addition to the above the Papaioea Place redevelopment project itself has been widely considered a success by the public.
- 4.10 In respect to the existing tenants within the Papaioea Place complex, they have expressed their support for the creation of a tenant lounge. If one is not created, then this may be viewed as a missed opportunity.

Urban Designs and Resource Consent Considerations

- 4.11 The 10 additional units design is generally supported by the urban design and resource consent teams.
- 4.12 The 3 standard units on the southern end of the existing building and the 4 accessible units help to frame the western end of the remaining site, with the units lining Papaioea Place providing a positive frontage to the primary street.
- 4.13 For clarity, the 4 fully accessible units are required in order to obtain building consent.
- 4.14 Without a community lounge there is a risk of the central shared space being perceived as private space for the units that immediately surround it. This could lead to the space being used as a thoroughfare rather than a communal space, leading to poor community engagement.
- 4.15 Positioning of all the new units allow for adequate solar gain (minimal shading caused by the surrounding buildings).
- 4.16 The open spaces between the groups of units gives a visual and physical connection to the open shared space from a previous stage of the development.

Benefits

- 4.17 Development of additional units within the Papaioea Place complex is consistent with the Safe and Connected Communities Strategy and will help give effect to the Social Housing, Housing and Future Development, Safe Community, and the Urban Design Plans.

4.18 In addition to Option 1 being strategically aligned to Council's Plans, there are several benefits including:

- Council can help meet some of the increasing demand for social housing;
- The maximum number of units will be created on the site (10) whilst still achieving positive urban design outcomes;
- Stage 3 will help to achieve a complete development of the site rather than leaving an undeveloped green space in the centre of the complex;
- Cost efficiency will be gained through rolling on contractor from the Papaioea Place – Stage 2 development; and
- Moving straight into Stage 3 will help ensure contractor availability.

Risk Identification

4.19 There are several risks identified for Option 1. The key risks, consequences and their potential mitigations have been outlined below:

4.20 Financial

- Risk: The total project costs may increase either once the detailed designs are progressed or due to rising material costs.
- Consequence: The project budget will be exceeded, and more budget will be required to complete the project.
- Mitigation: A 10% contingency is being allowed for to allow for minor movements; this will be addressed as part of the tender award report to Council.

4.21 Reputational

- Risk: Council may be criticised for not delivering a tenant lounge to support the community within the complex.
- Consequence: There will be limited options for tenants to socialise or host visitors.
- Mitigation: Tenant lounge facilities can be explored at other locations such as the pavilion in the adjacent Papaioea Park either now or in the future (see Option 3).

4.22 Changing Scope

- Risk: Minor design changes may occur as the project progresses through detailed design and during construction.
- Consequence: There is a shift in the construction costs.

- Mitigation: A 10% contingency is being allowed for to allow for minor movements.

4.23 Supplier

- Risk: Some building materials may not be available or will require long lead-in times.
- Consequence: The scope of the project will change as alternative materials will need to be used and the project may be delayed.
- Mitigation: Stage 3 will be directly awarded to the existing contractor. All long lead-in items will then be able to be ordered as soon as possible.

4.24 Contractor Availability

- Risk: The appropriate sub-contractors may not be able to be secured in a timely manner.
- Consequence: The project will be delayed.
- Mitigation: Stage 3 will be directly awarded to the existing contractor. This will allow all sub-contractors to be secured in a timely manner.

4.25 Timeline

- Risk: The project may be delayed due to weather, contractor availability or delays in materials.
- Consequence: Construction cannot begin or is halted.
- Mitigation: Stage 3 will be directly awarded to the existing contractor. All long lead-in items will be ordered as soon as possible, and sub-contractors can be secured in a timely manner. Reasonable allowances will be made in the project programme for any additional delays.

Risk Assessment

- 4.26 To help inform decision making Council Officers have considered these risks, consequences and mitigations and their effectiveness.
- 4.27 Option 1 has 6 risks that have been identified over a broad range of risks categories.
- 4.28 Council Officers consider the mitigation actions effective in addressing the various risks. As such the residual risk rating for Option 1 overall can be considered as 'low'.
- 4.29 In the case of reputational risk, it is realistic to note that no project will ever fully meet all the expectations of all parties, however, this does not mean it is a poor decision. The reputational risk in Clause 4.21 is a good example of this.

Financial

- 4.30 The total capital programme cost for Option 1 is \$3,843,070 incl. GST.
- 4.31 This cost is a decrease of \$1,156,930 incl. GST from the current placeholder budget in the draft 2021-31 LTP.
- 4.32 Note the above costs are a capital new expense and inclusive of GST.
- 4.33 The total project budget for Option 1 can be summarised in the table below:

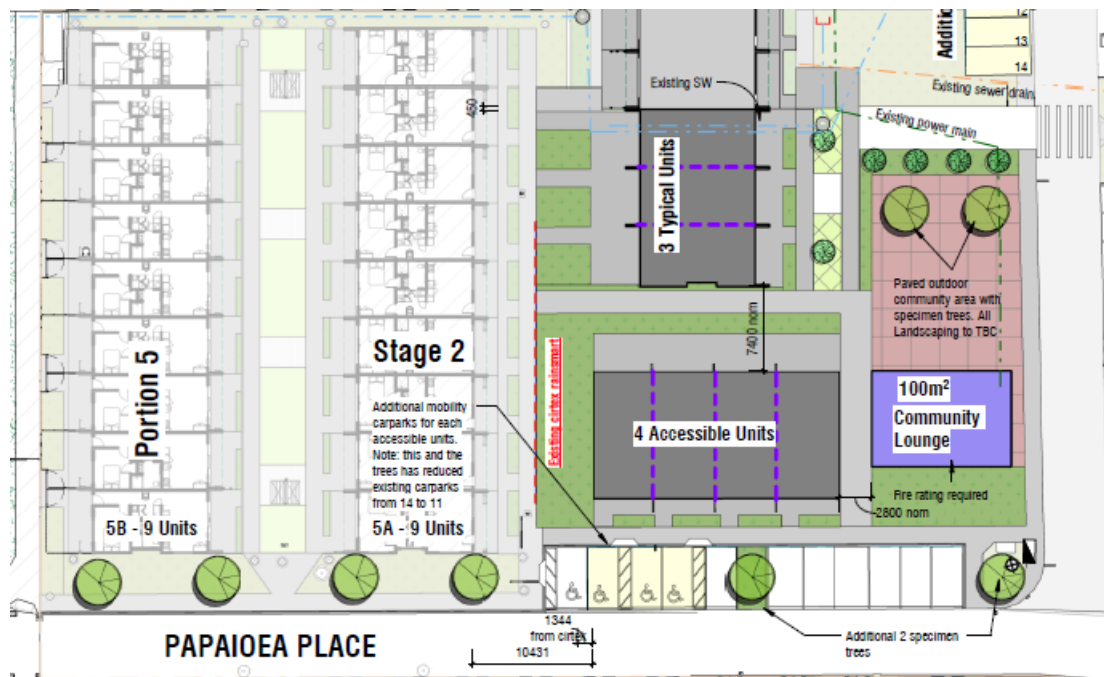
Description	Cost
Site Works and Establishment	\$318,133
Unit Construction	\$1,833,363
Council Procured Items	\$135,000
Professional Fees	\$380,758
Authority Fees	\$135,000
Contingency	\$539,546
Total	\$3,341,800
GST	\$501,270
Total Project Budget	\$3,843,070

- 4.34 The above figures have been provided from Latitude Homes and WT Partnership and have been confirmed by a Quantity Surveyor to help ensure they are as accurate as possible.
- 4.35 A provision has been made in Year 2 onwards in the draft 2021-31 LTP to increase the annual social housing maintenance budgets by \$62,830 to allow for the ongoing maintenance and upkeep of the additional 10 units.

Option 2 – Build 7 Additional Units and a Tenant Lounge within the complex

- 4.36 Option 2 sees the development of the unused green space in the centre of the complex into 7 new units and a tenant lounge in the development taking the total number of units on the site to 85.

- 4.37 Of the 7 units, 3 are standard units in line with the units created in Stages 1 and 2, and 4 are fully accessible units, as required to obtain building consent.
- 4.38 Please refer to Clause 4.4 and 4.5 for detail for the need for the fully accessible units.
- 4.39 As in Option 1, in order to ensure a cohesive look within the Papaioea Place complex, these units and tenant lounge will maintain the same design elements found throughout the rest of the development.



Tenant Lounge

- 4.40 The tenant lounge will be an open-plan communal space for the tenants within the complex to use and includes a patio area in front of the tenant lounge which gives a reasonable area outdoors which tenants can use for social purposes.
- 4.41 The lounge booking and usage would be managed by the tenants. This is consistent with tenant lounges in Council's other complexes.

Community Views

- 4.42 Whilst no specific public consultation or community views have been sought in relation to proceeding with Stage 3 of the Papaioea Place Redevelopment, the development of additional social housing by Council is generally well received and seen as a positive outcome by the community.
- 4.43 In addition to the above the Papaioea Place redevelopment project itself has been widely considered a success by the public.

- 4.44 In respect to the existing tenants within the Papaioea Place complex, they have expressed their support for the creation of a tenant lounge. If one is not created, then this may be viewed as a missed opportunity.

Urban Planning and Resource Consent Considerations

- 4.45 Option 2 provides the best overall outcomes from an urban design standpoint.
- 4.46 Inclusion of the community lounge and shared open space to the centre of the site is viewed as a positive to the overall complex.
- 4.47 The 3 standard units on the south end of the existing building and the 4 accessible units help to frame the western end of the remaining site, with the units lining Papaioea Place providing a positive frontage to the primary street.
- 4.48 The 4 accessible units are required in order to obtain building consent.
- 4.49 Positioning of all the new units allow for adequate solar gain (minimal shading caused by the surrounding buildings).
- 4.50 The open spaces between the groups of units gives a visual and physical connection to the open shared space from previous stages of the development.

Benefits

- 4.51 Development of additional units within the Papaioea Place complex is consistent with the Safe and Connected Communities Strategy and will help give effect to the Social Housing, Housing and Future Development, Safe Community, and the Urban Design Plans.
- 4.52 In addition to Option 2 being strategically aligned to Council's Plans, there are several benefits including:
- Council can help meet some of the increasing demand for social housing;
 - The maximum number of units will be created on the site whilst still achieving positive urban design outcomes;
 - The tenant lounge provides an enhanced community outcome for the complex;
 - Option 2 can be considered to provide the best design outcomes of the options considered and creates the best overall enduring layout for the complex;
 - Stage 3 will help to achieve a complete development of the site rather than leaving an undeveloped green space in the centre of the complex;

- Cost efficiency will be gained through rolling on contractors from the Papaioea Place – Stage 2 development; and
- Moving straight into Stage 3 will help ensure contractor availability.

Risk Identification

4.53 There are several risks identified for Option 2. The key risks, consequences and their potential mitigations have been outlined below:

4.54 Financial

- Risk: The total project costs may increase either once the designs are progressed to the final design phase, or due to rising material costs.
- Consequence: The project budget will be exceeded, and more budget will be required to complete the project.
- Mitigation: A 10% contingency is being allowed for to allow for minor movements; this will be addressed as part of the tender award report to Council.

4.55 Reputational – Tenant Lounge

- Risk: Council may be criticised as the actual tenant lounge use does not meet expectations.
- Consequence: The tenant lounge sits unused for periods of time and is not used frequently or to the level Council was expecting.
- Mitigation: Council could explore repurposing the lounge into more social housing.

4.56 Reputational – Housing Units

- Risk: Council may be criticised for not delivering as many additional units as possible despite the high demand for social housing.
- Consequence: There are less houses available for tenants.
- Mitigation: Additional housing can be explored at other locations.

4.57 Changing Scope

- Risk: Minor design changes may occur as the project progresses through detailed design and during construction.
- Consequence: There is a shift in the construction costs.
- Mitigation: A 10% contingency is being allowed for to allow for minor movements.

4.58 Supplier

- Risk: Some building materials may not be available or will require long lead-in times.
- Consequence: The scope of the project will change as alternative materials will need to be used and the project may be delayed.
- Mitigation: Stage 3 will be directly awarded to the existing contractor. All long lead-in items will be ordered as soon as possible.

4.59 Contractor Availability

- Risk: The appropriate sub-contractors may not be able to be secured in a timely manner.
- Consequence: The project will be delayed.
- Mitigation: Stage 3 will be directly awarded to the existing contractor. This will allow all sub-contractors to be secured in a timely manner.

4.60 Timeline

- Risk: The project may be delayed due to weather, contractor availability or delays in materials.
- Consequence: Construction cannot begin or is halted.
- Mitigation: Stage 3 will be directly awarded to the existing contractor. All long lead-in items will be ordered as soon as possible, and sub-contractors can be secured in a timely manner. Reasonable allowances will be made in the project programme for any additional delays.

Risk Assessment

- 4.61 Option 2 has 7 risks that have been identified over a broad range of risks categories.
- 4.62 Council Officers consider the mitigation actions effective in addressing the various risks. As such the residual risk rating for Option 2 overall can be considered as 'low'.
- 4.63 Officers note there is an additional reputational risk of the tenant lounge not being used to the levels expected. The mitigation action of repurposing this facility in the future if required is considered very effective.
- 4.64 For clarity, the overall risk of proceeding with Options 1 or 2 are deemed to be equally low and there is no added risk of proceeding between either of these Options.

Financial

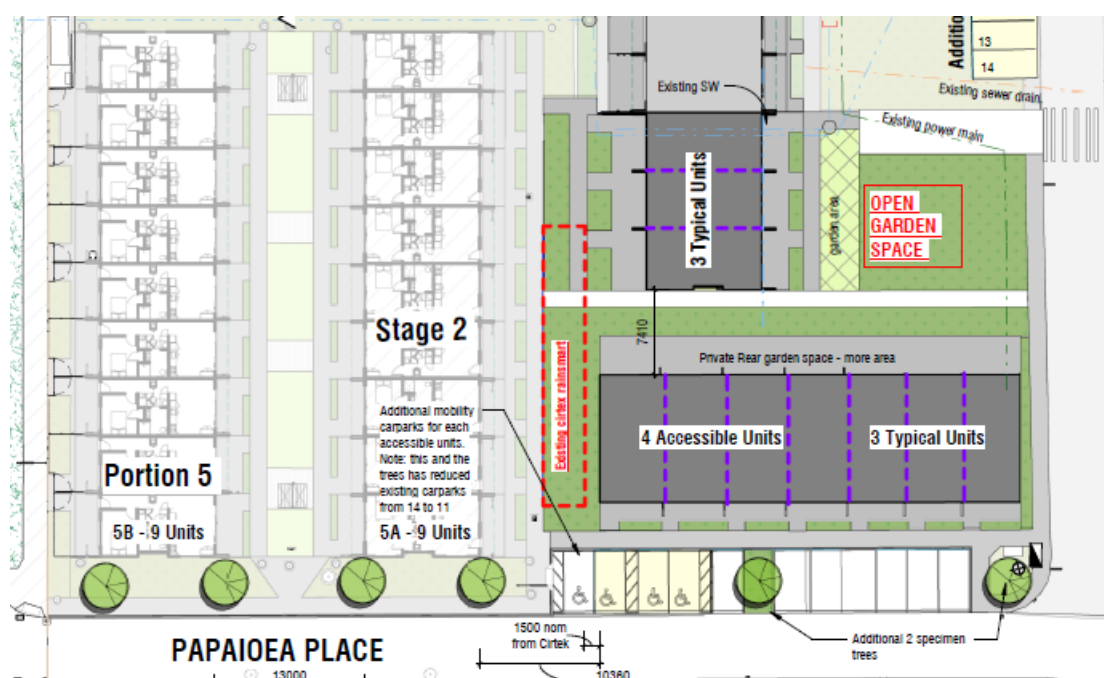
- 4.65 The total programme cost for Option 2 is: \$3,688,965 incl. GST.
- 4.66 This cost is a decrease of \$1,311,035 incl. GST from the current placeholder budget in the draft 2021-31 LTP.
- 4.67 Note the above costs are a capital new expense and inclusive of GST.
- 4.68 The total project budget for Option 2 can be summarised in the table below:

Description	Cost
Site Works and Establishment	\$320,988
Unit Construction	\$1,359,987
Tenant Lounge Construction	\$402,518
Council Procured Items	\$115,000
Professional Fees	\$385,758
Authority Fees	\$135,000
Contingency	\$623,544
Total	\$3,207,795
GST	\$481,169
Total Project Budget	\$3,688,965

- 4.69 The above figures have been provided from Latitude Homes and WT Partnership and have been confirmed by a Quantity Surveyor to help ensure they are as accurate as possible.
- 4.70 A provision has been made in Year 2 onwards in the draft 2021-31 LTP to increase the annual social housing maintenance budgets by \$62,830 to allow for the ongoing maintenance and upkeep of the additional 7 units and the tenant lounge. Council Officers have assessed the ongoing maintenance costs between options 1 and 2 to be very similar, hence the operational provision figure being the same for both options.

Option 3 – Build 10 Additional Units within the complex and convert the adjacent Papaioea Park Pavilion to include a Tenant Lounge

- 4.71 Within the complex Option 3 has the same layout as Option 1. However, Option 3 also sees the adjacent Papaioea Park Pavilion be redeveloped and refurbished to become a dual-use facility which will serve both the Park's sports users and serve as a tenant lounge for the tenants of Papaioea Place.
- 4.72 Option 3 sees the development of the unused green space in the centre of the complex into 10 new social housing units, taking the total number of units on the site to 88.
- 4.73 Of the 10 units, 6 are standard units in line with the units created in Stages 1 and 2, and 4 are fully accessible units, as required to obtain building consent.



- 4.74 Option 3 retains a small shared green space to help with the overall outlook, flow and sense of community within the complex.
- 4.75 Please refer to Clauses 4.4 and 4.5 for detail on the need for fully accessible units, and Clauses 4.6 and 4.7 for the reasons for retaining the small green space.

Papaioea Pavilion

- 4.76 For context below is an aerial plan of indicating the location of the pavilion (indicated in red) in respect to the housing complex (indicated in blue).
- 4.77 Note for clarity, the aerial shows an old photo of the development prior to the completion of Stage 1.



- 4.78 The opportunity to use the Papaioea Park Pavilion for a tenant lounge was reported to the Community Development Committee in August 2020 as a result of a deputation being given from some of the existing Papaioea Place residents.
- 4.79 A summary of this report is given below.
- 4.80 Overall, the pavilion building has been assessed by Council officers to be in a poor condition.
- 4.81 Whilst there are no reported issues with the building structure itself, there are multiple issues that would need to be addressed if it were to meet the requirements of the housing residents including:
- The facilities within the building are aged and run down;
 - The building is not considered to meet accessibility standards of the housing residents;
 - Whilst the building is compliant for its current use, works triggering a building consent will require several upgrades in this area; and

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- The building has poor heating and cooling provision and is not insulated.

- 4.82 It is important to note that the pavilion is meeting the current needs of the sports users especially given the infrequent use rate, however, it would require considerable renovation if it were to be considered fit-for-purpose as a multi-use space accommodating a tenant lounge.
- 4.83 As a general strategy the works to be completed within the pavilion facility need to enable multi-use, both from the existing users of the facility, but also converting it to act as a tenant lounge.
- 4.84 It has been assessed that the best way to achieve this is to redesign and improve the internal layout of the building to create a separated sports pavilion area and a secure tenant lounge area. This will help mitigate the risk of conflicting use and ensure the security of the assets within the individual spaces.
- 4.85 A summary of the proposed new layout:
- The building will continue to be accessed through the main entrance in the centre of the building facing the park.
 - There will be a shared accessible toilet in the main foyer.
 - The left side of the building will house the sports pavilion facility and feature its own kitchenette, toilet, changing and shower facilities.
 - The right side of the building will be the newly created tenant lounge. This will also feature its own kitchenette, and toilet and bathroom facilities.
 - The actual lounge area will be approximately 40m² (5m x 8m) and should comfortably sit 20 people at a time.
- 4.86 The concept layout is below:



Note: the main entrance common lobby is shown in blue, the tenant lounge and facilities are shown in red.

Zoning Considerations for the Pavilion

- 4.87 The purpose of Papaioea Park is for sports and general recreation. If the Papaioea housing tenants were to occupy a section of the pavilion, this would be considered consistent with the purpose of general recreation and social interaction. Therefore, this activity is considered consistent with Council's legal position on this reserve.
- 4.88 In addition, as this is considered a consistent activity, and it is not a new lease for the pavilion (the housing residents will just be users of the facility), no public consultation will be required regarding it being used as a tenant lounge.
- 4.89 In the August 2020 report a total refurbishment project cost was identified as \$350,000 + GST. This is to be considered Capital Renewal.
- 4.90 Council Officers suggest this project cost now needs to be updated to reflect escalation of costs of materials and construction, new information since the time of the original report, along with an increased contingency.
- 4.91 The overall project costs are detailed in the financial section of Option 3 below.
- 4.92 As a side point, like the new tenant lounge in Option 2, the pavilion booking and usage would be managed by the tenants. This is consistent with tenant lounges in Council's other complexes.

Community Views

- 4.93 Whilst no specific public consultation or community views have been sought in relation to proceeding with Stage 3 of the Papaioea Place Redevelopment, the development of additional social housing by Council is generally well received and seen as a positive outcome by the community.
- 4.94 In addition to the above the Papaioea Place redevelopment project itself has been widely considered a success by the public.
- 4.95 In respect to the existing tenants within the Papaioea Place complex, they have expressed their support for the creation of a tenant lounge. If one is not created, then this may be viewed as a missed opportunity.
- 4.96 Refurbishment of the existing Papaioea Park Pavilion would be seen in a positive light by sports users, provided they could retain access to the building as they will benefit from the facility being substantially renovated.

Urban Planning and Resource Consent considerations

- 4.97 The 10 additional units design is generally supported by the urban design and resource consent teams.
- 4.98 The 3 standard units on the southern end of the existing building and the 4 accessible units help to frame the western end of the remaining site, with the units lining Papaioea Place providing a positive frontage to the primary street.
- 4.99 For clarity, the 4 fully accessible units are required in order to obtain building consent.
- 4.100 Without a community lounge there is a risk of the central shared space being perceived as private space for the units that immediately surround it. This could lead to the space being used as a thoroughfare rather than a communal space, leading to poor community engagement.
- 4.101 Positioning of all the new units allow for adequate solar gain (minimal shading caused by the surrounding buildings).
- 4.102 The open spaces between the groups of units gives a visual and physical connection to the open shared space from a previous stage of the development.

Benefits

- 4.103 Development of additional units within the Papaioea Place complex is consistent with the Safe and Connected Communities Strategy and will help give effect to the Social Housing, Housing and Future Development, Safe Community, and the Urban Design Plans.
- 4.104 In addition to Option 3 being strategically aligned to Council's Plans, there are several benefits including:
- Council can help meet some of the increasing demand for social housing;
 - The maximum number of units will be created on the site whilst still achieving positive urban design outcomes;
 - Stage 3 will help to achieve a complete development of the site rather than leaving an undeveloped green space in the centre of the complex;
 - Cost efficiency will be gained through rolling on contractors from the Papaioea Place – Stage 2 development;
 - Moving straight into Stage 3 will help ensure contractor availability; and
 - The refurbishment of the Papaioea Pavilion improves an existing building that is in poor condition and will create a solution which caters for both the recreational users of the Park and the tenants of Papaioea Place.

Risk Identification

4.105 There are several risks identified for Option 3. The key risks, consequences and their potential mitigations have been outlined below:

4.106 Financial

- Risk: The total project costs may increase either once the designs are progressed to the final design phase, or due to rising material costs.
- Consequence: The project budget will be exceeded, and more budget will be required to complete the project.
- Mitigation: A 10% contingency is being allowed for the new units portion to allow for minor movements; this will be addressed as part of the tender award report to Council.

4.107 Financial – Pavilion Renewal Budget

- Risk: The refurbishment of the Papaioea Pavilion would need a separate Capital Renewal budget which currently is not provided for in the draft 2021-31 LTP.
- Consequence: There is no appropriate funding to undertake the pavilion refurbishment.
- Mitigation: A Capital Renewal budget would need to be added to the 2021-31 LTP.

4.108 Financial – Pavilion Refurbishment

- Risk: The refurbishment costs of the Pavilion are detailed estimates only and exclude any significant structural work or significant unexpected works that may become apparent during renovation.
- Consequence: The project budget will be exceeded, and more budget will be required to complete the project.
- Mitigation: An increased 25% contingency is being allowed for to allow for unexpected items and minor movements; this will be addressed as part of the tender award report to Council, however, may not be enough should any significant items or significant structural work be required.

4.109 Reputational

- Risk: Council may be criticised as the actual tenant lounge use does not meet expectations.
- Consequence: The tenant lounge sits unused for periods of time and is not used frequently or to the level Council was expecting.
- Mitigation: Council could explore repurposing the lounge for another recreational purpose.

4.110 Changing Scope

- Risk: Minor design changes may occur as the project progresses through detailed design and during construction.
- Consequence: There is a shift in the construction costs.
- Mitigation: An increased 10% contingency is being allowed for to allow for unexpected items and minor movements.

4.111 Changing Scope – Pavilion

- Risk: The pavilion is currently in a poor condition and due to its age significant structural work or significant unexpected works may become apparent during renovation. This extends to any seismic considerations or seismic strengthening works required.
- Consequence: The project budget will be exceeded, and more budget will be required to complete the project.
- Mitigation: A seismic assessment would be undertaken before any construction and if additional work is required Council Officers would present these to Council prior to commencement. An increased 25% contingency is being allowed for to allow for unexpected items and minor movements.

4.112 Supplier

- Risk: Some building materials may not be available or will require long lead-in times.
- Consequence: The scope of the project will change as alternative materials will need to be used and the project may be delayed.
- Mitigation: Stage 3 will be directly awarded to the existing contractor. All long lead-in items will be ordered as soon as possible.

4.113 Contractor Availability

- Risk: The appropriate sub-contractors may not be able to be secured in a timely manner.
- Consequence: The project will be delayed.
- Mitigation: Stage 3 will be directly awarded to the existing contractor. This will allow all sub-contractors to be secured in a timely manner.

4.114 Timeline

- Risk: The project may be delayed due to weather, contractor availability or delays in materials.
- Consequence: Construction cannot begin or is halted.

- Mitigation: Stage 3 will be directly awarded to the existing contractor. All long lead-in items will be ordered as soon as possible, and sub-contractors can be secured in a timely manner. Reasonable allowances will be made in the project programme for any additional delays.

4.115 Customer – Pavilion

- Risk: The space created within the Pavilion will be restricted and will not allow for multiple bookings at one time or allow for future growth.
- Consequence: The different users of the pavilion may not be able to use the space when preferred or needed due to other users' bookings.
- Mitigation: Users will need to agree on and manage their own booking system to help share the pavilion.

Risk Assessment

- 4.116 Option 3 has 10 risks that have been identified over a broad range of risks categories, particularly in the financial and changing scope risk categories.
- 4.117 Council Officers consider the mitigation actions mostly effective in addressing most of the risks, however, the renovation uncertainty resulting from the age and condition of the pavilion considerably increases the overall risk.
- 4.118 As such the overall residual risk rating for Option 3 is considered as 'medium'.
- 4.119 For clarity, the overall risk of proceeding with Option 3 is deemed much higher than Options 1 and 2 and is considered by Council Officers to be the highest risk of the four Options. Whenever doing significant renovations in an aged building in poor condition the risk of unexpected items is always higher.

Financial

- 4.120 The total cost of Option 3 will need to be split into 3 programmes:
- A capital new budget for the new units to be built;
 - A capital renewal budget for the renovation of the pavilion; and
 - An operational budget component for seismic assessment.
- 4.121 The total capital new programme cost for Option 3 is: \$3,843,070 incl. GST.
- 4.122 This cost is a decrease of \$1,156,930 incl. GST from the current capital new placeholder budget in the draft 2021-31 LTP.
- 4.123 Note the above costs are a capital new expense and inclusive of GST.

4.124 In addition, a capital renewal programme will need to be created in the LTP for the refurbishment of the Pavilion for \$530,000 + GST.

4.125 For clarity there is no budget provision in the draft LTP for the renovation work.

4.126 The total project budget for Option 3 can be summarised in the table below:

Description	Cost
Total Project Cost for the Units within the Complex (as per Option 1)	\$3,341,800
GST	\$501,270
Total Project Budget – Units (Capital New)	\$3,843,070
Renovation Costs of Pavilion	\$320,000
Professional and Authority Fees	\$130,000
Contingency	\$80,000
Total	\$530,000
GST	\$79,500
Total Project Budget – Pavilion (Capital Renewal)	\$609,500
Total Combined Project Cost	\$4,452,570 incl. GST

4.127 The above figures for the units have been provided from Latitude Homes and WT Partnership and have been confirmed by a Quantity Surveyor to help ensure they are as accurate as possible.

4.128 The above figures for the pavilion renovation have been provided by a local builder.

4.129 The above figures also include a \$50,000 budget for a detailed seismic assessment of the pavilion as part of the design process.

4.130 A provision has been made in Year 2 onwards in the draft 2021-31 LTP to increase the annual social housing maintenance budgets by \$62,830 to allow for the ongoing maintenance and upkeep of the additional 10 units.

4.131 Operational budgets of \$62,830 per year would need to be further increased by \$17,250 incl. GST (\$15,000 + GST) to allow for the additional maintenance and upkeep of the improved pavilion which will now be used more regularly and need to be kept at a higher standard than in its current state.

4.132 **Considering the above the combined cost of Option 3 is \$4,452,570 incl. GST, plus the ongoing maintenance costs of the units and pavilion of \$80,080 incl. GST.**

Option 4 – Build no additional units and retain undeveloped green space within the complex.

4.133 Option 4 sees the green space in the centre of the Papaioea Place complex retained and left undeveloped.

Community Views

4.134 These are the same as Option 1 (clauses 4.7 – 4.9), with the addition of:

- Not developing the green space within the complex into housing or a tenant lounge is very likely to be viewed as a poor outcome and a missed opportunity.

Urban Planning and Resource Consent considerations

4.135 This option differs significantly in terms of the building relationship with the remainder of the site development and is not particularly in alignment with the original ethos of the design brief for the entire complex and leaves the complex feeling unfinished.

4.136 Essentially creates a ‘hole’ at the centre and front of the development.

4.137 As the site has increased density, the open space provides some spatial relief from the overall housing development and provides visual links to rear site.

Benefits

4.138 Programme 1743 can be removed from 2021-31 LTP and the green space can simply be tidied up and restored back to a clear green space as part of the Stage 2 budgets.

4.139 The opportunity to develop the space remains an option for Council in future.

Risk Identification

4.140 Reputational

- Risk: An opportunity is missed to further add to the site and the overall complex development may be perceived as being unfinished.

- Consequence: The complex's generally good reputation may be impacted negatively.
- Mitigation: None.

4.141 Reputational

- Risk: Council may be criticised for not delivering more additional social housing units despite the high demand for social housing and having the opportunity to do so within the complex.
- Consequence: The social housing waiting list continues to grow.
- Mitigation: Additional housing can be explored at other locations.

4.142 Financial

- Risk: Costs will increase should Council decide to build units on the site in future.
- Consequence: New budgets will need to be created and the cost of development will increase from the current costings of the Options above.
- Mitigation: None.

4.143 Financial

- Risk: Should Council decide to develop the green space in future, there would be no cost efficiencies from retaining the current contractor as any future development would be a separate project.
- Consequence: Increased total project costs.
- Mitigation: None.

4.144 Contractor Availability

- Risk: Appropriate contractors and sub-contractors may not be able to be secured in a timely manner in the future.
- Consequence: The project will be delayed.
- Mitigation: Council Officers will need to begin the procurement process as early as possible to create the maximum lead-in time for the project.

4.145 Environmental

- Risk: The complex would have a poor urban design outcome should the green space remain undeveloped.
- Consequence: The green space is poorly used by the complex residents.
- Mitigation: The green space could be activated through minor amenities such as garden and outdoor furniture.

Risk Assessment

- 4.146 Option 4 has 6 risks that have been identified over a broad range of risks categories.
- 4.147 Council Officers consider the mitigation actions, if any, are mostly ineffective in addressing these risks. The overall residual risk rating for Option 4 is considered as 'low' despite this.
- 4.148 The difference with Option 4 is it has very little benefits other than a financial saving from the draft LTP.
- 4.149 Factoring in the lack of benefits, even with a low risk rating, this is considered an overall poor option.

Financial

- 4.150 Option 4 has a very limited financial impact.
- 4.151 Existing Stage 2 budgets will be used to tidy up and restore the green space.
- 4.152 The entire \$5,000,000 placeholder budget in the draft 2021-31 LTP can be removed in this option.

Alignment to Council's Strategies and Plans

- 4.153 Options 1, 2 and 3 are not only increasing the number of social housing units but are also providing a good housing outcome for the development, they are all considered consistent with the following Plans:
- Social Housing Plan;
 - Housing and Future Development Plan;
 - Safe Community Plan; and
 - Urban Design Plan.
- 4.154 Option 4 is considered the least aligned as the undeveloped space is not really contributing to improving the overall standard of the complex as much as the other options.
- 4.155 An overview of how Options 1, 2 and 3 contribute to Council's plans is below.
- 4.156 Social Housing Plan
- Ensure we have a healthy community where everyone has access to healthy, safe and affordable housing and neighbourhoods;

- The Council provides warm, safe, and affordable housing for people on low incomes who are Super annuitants, have long term disabilities, or experience barriers to renting in the private market;
- Housing is provided in a financially sustainable way and meets the needs of tenants;
- Housing is provided through the most effective delivery mechanism and the amount of housing provided is increased over time; and
- The Council also advocates for and supports measures to improve the overall standard of rental housing in Palmerston North.

4.157 Housing and Future Development Plan

- Developers deliver new forms of housing in brownfield developments; and
- Improving the quality of rental stock and supply.

4.158 Safe Community Plan

- CPTED principles are applied to the design of all public spaces.

4.159 Urban Design Plan

- Increased knowledge of the principles and value of good urban design;
- The principles of good urban design are elevated to be an intrinsic and effective part of everyday city-making and co-creation;
- Council Officers across the organisation operate in a multi-disciplinary capacity on a range of key projects; and
- Palmerston North city-making environment encourages innovative design and development.

4.160 Like with Stages 1 and 2 of the development, Council can take a lead in best practice housing complex design outcomes – the development can promote and support safer spaces including streets and parks, internal accessways and shared spaces.

5. CONCLUSION

Benefits Comparison

- 5.1 Options 1, 2 and 3 can be considered to provide several positive outcomes such as providing additional housing and enhanced community outcomes within the complex.
- 5.2 Option 4 creates a relatively poor outcome by comparison to 1, 2 and 3.

Risk Comparison

- 5.3 When analysing the 4 options, all 4 options have several risks identified. Options 1 and 2 are considered to have an overall low residual risk rating once the mitigation actions have been put in place.
- 5.4 Option 3 is considered to have the highest risk overall primarily due to the age and poor condition of the neighbouring sports pavilion.

Financial Comparison

- 5.5 All 4 options considerably reduce the placeholder capital new budget in the draft LTP; however, Option 3 requires an additional capital renewal budget to be entered in the LTP for the renovation cost of the pavilion and an increase to the operational maintenance budget.
- 5.6 As Option 4 is essentially a 'do-nothing' approach, this has the biggest financial reduction as the entire placeholder budget can be removed.

6. RECOMMENDATIONS

- 6.1 Council Officers recommend that Council considers the report above and proceeds with and amends the associated current budget provision of \$5,000,000 incl. GST in Programme 1743 in the 2021-31 LTP to either Option 2 or Option 3.
- 6.2 The effect of these budgets and the supporting justification is detailed below.

Option 2 – Build 7 Additional Units and a Tenant Lounge within the complex

- 6.3 The capital new budget is reduced to \$3,688,965 incl. GST with a financial year split of \$2,000,000 incl. GST in 2021/22 (Year 1) and \$1,688,965 incl. GST (plus inflation) in 2022/23 (Year 2).
- 6.4 The supporting justification for this option is:
- Option 2 provides the best urban design layout and provides several positive layout elements;
 - Option 2 helps to meet some of the social housing demand whilst balancing the existing tenants' social needs through a communal tenant lounge;
 - By building a new tenant lounge within the complex this also lessens the risk of unforeseen maintenance and development works being found. This risk is significantly higher if the adjacent pavilion was to be developed;
 - Option 2 is the cheapest option and can utilise the existing placeholder budget in the 2021-31 LTP; and

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- Overall Option 2 is considered to provide the best balance between the benefits and risks – the risks all have effective mitigation actions and the option also provides the most benefits.

Option 3 – Build 10 Additional Units within the complex and convert the adjacent Papaioea Park Pavilion to include a Tenant Lounge

- 6.5 The capital new budget is reduced to \$3,843,070 incl. GST with a financial year split of \$2,000,000 incl. GST in 2021/22 (Year 1) and \$1,843,070 incl. GST (plus inflation) in 2022/23 (Year 2).
- 6.6 The creation of an additional capital renewal budget of \$609,500 incl. GST in 2021/22 (Year 1) is required.
- 6.7 An increase in the social housing maintenance budget of \$17,250 incl. GST per annum from Year 2 onwards is required.
- 6.8 The supporting justification for this option is:
- Option 3 provides the second-best urban design layout and provides several positive layout elements;
 - Option 3 maximises the number of units built to help meet some of the social housing demand whilst also balances the existing tenants' social needs through a nearby communal tenant lounge;
 - The refurbishment of the Papaioea Pavilion improves an existing building that is in poor condition and will create a solution which caters for both the recreational users of the Park and the tenants of Papaioea Place;
 - Despite the risk of unforeseen works being considerably higher given the condition and age of the adjacent pavilion, this may still be considered acceptable by Council; and
 - Overall Option 3 can be considered to provide the 'best of both worlds'.

7. NEXT ACTIONS

- 7.1 Continue to refine detailed designs and plans for the preferred option.
- 7.2 Submit designs and plans for the Life Mark Assessment Review.
- 7.3 Submit and obtain Building Consent in September 2021.
- 7.4 Construction phase of Stage 3 to begin in October 2021.

8. OUTLINE OF COMMUNITY ENGAGEMENT PROCESS

- 8.1 No specific public consultation has been undertaken in relation to proceeding with Stage 3 of the Papaioea Place Redevelopment, however, the programme is included within the 2021-31 LTP which is being consulted on at the time of writing this report.
- 8.2 A tenant survey was carried out in early December 2020 with the existing Papaioea Place residents to help support future Stage 3 decision-making.
- 8.3 This survey focused on exploring the demand and usage of a potential tenant lounge should one be created.

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?	Yes
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 3: A Connected and Safe Community	
The recommendations contribute to the outcomes of the Connected Community Strategy	
The recommendations contribute to the achievement of action/actions in the Housing and Future Development Plan	
The action is: Upgrade the Papaioea housing complex	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	<p>Proceeding with the Papaioea Place – Stage 3 project will:</p> <ul style="list-style-type: none"> • Be consistent with the Safe and Connected Communities Strategy and will help give effect to the Social Housing, Housing and Future Development, Safe Community, and the Urban Design Plans; • Help meet some of the consistently increasing demand for social housing with the city; and • Stage 3 will help complete the development rather than leaving an undeveloped green space in the centre of the development.

ATTACHMENTS

Nil

REPORT

TO: Finance & Audit Committee

MEETING DATE: 24 March 2021

TITLE: Fees and Charges Review

PRESENTED BY: Steve Paterson, Strategy Manager - Finance

APPROVED BY: Stuart McKinnon, Chief Financial Officer

RECOMMENDATION(S) TO COUNCIL

1. That the report titled 'Fees and Charges Review', presented to the Finance & Audit Committee on 24 March 2021, be received, and that the current status of fees and charges be noted.

Trade Waste

2. That the proposal to adopt updated fees and charges for Trade Waste services effective from 1 July 2021 as attached in Appendix 2, be approved for public consultation and the Chief Executive be authorised to undertake the necessary consultative process under sections 82 and 150 of the Local Government Act 2002.

Planning & Miscellaneous

3. That the Statement of Proposal (and the associated summary) to adopt updated fees and charges for Planning Services and Miscellaneous Services effective from 1 July 2021 as attached in Appendix 3, be approved for public consultation and the Chief Executive be authorised to undertake the necessary consultative process under sections 83 and 150 of the Local Government Act 2002.

Building

4. That the fees and charges for Building Services, as proposed in Appendix 4 be adopted and following public notification take effect from 1 July 2021.

Environmental Health

5. That the fees and charges for Environmental Health Services (in terms of regulation 7 of the Health (Registration of Premises) Regulations 1966) as proposed in Appendix 5, be adopted and following public notification, take effect from 1 July 2021.

Animal Control

6. That the fees and charges for the Impounding of Animals (in terms of section 14 of the Impounding Act 1955) and for Dog Registration and Dog Impounding (in terms of sections 37 and 68 of the Dog Control Act 1996) as proposed in Appendix 6 be adopted, and following public notification, take effect from 1 July 2021.

Burial & Cremation

7. That the fees and charges for Burial and Cremation, as proposed in Appendix 7 be adopted and following public notification, take effect from 1 July 2021.

Service Connections

8. That the fees and charges for Service Connections, as proposed in Appendix 8 be adopted and take effect from 1 July 2021.

Waste Management

9. That the fees and charges for Waste Management as proposed in Appendix 9, including an increase in the maximum retail price for rubbish bags, increases in charges for the Ashhurst Transfer Station and a new charge for recycling of tyres, be adopted and take effect from 1 July 2021.

Sportsfields

10. That the fees and charges for Sportsfields as proposed in Appendix 10 be adopted and take effect from 1 July 2021.

Backflow Prevention

11. That the fees and charges for Backflow Prevention testing and maintenance as proposed in Appendix 11 be adopted and take effect from 1 July 2021.

Corridor Access Request

12. That the fees and charges for Corridor Access Requests as proposed in Appendix 12 be adopted and take effect from 1 July 2021.

Parking

13. That the fees and charges for Parking as proposed in Appendix 13 be adopted and take effect from 1 July 2021 subject in the case of the increase to the Gold card permit fee to any public consultative process that is required under section 82 of the Local Government Act 2002.

SUMMARY OF OPTIONS ANALYSIS FOR

Problem or Opportunity	Fees and charges need to be reviewed annually to ensure they adequately meet Revenue & Financing policy, budgetary and other objectives
OPTION 1:	Approve fee increases as proposed
Community Views	Each of different types of fees requires a different process for community engagement. Where this is legislatively controlled it is identified in the report
Benefits	More likely to comply with funding proportions contained in Revenue & Financing Policy
Risks	Public criticism of increases
	Increased charges for some activities may discourage compliance or reduce volumes
Financial	Budgeted revenue targets more likely to be achieved
OPTION 2:	Approve fee amendments for some of those proposed at greater or lesser levels
Community Views	As above
Benefits	Lower fees than recommended likely to mean policy targets will not be achieved
	Higher fees than recommended in some instances will increase likelihood of policy user fee target being achieved
Risks	Higher fees than recommended may increase the risk of public criticism
Financial	If lower increases are approved for some fees likely that budgeted revenue will not be achievable
OPTION 3:	Do not approve any fee increases
Community Views	As above
Benefits	Lower fees than recommended likely to mean policy targets will not be achieved
Risks	When increases eventually are made (to reduce the pressure on rates increases) the extent of the increase required will be publicly and politically unacceptable
Financial	If no increases are approved likely that budgeted revenue will not be achievable

RATIONALE FOR THE RECOMMENDATIONS

1. OVERVIEW OF THE PROBLEM OR OPPORTUNITY

- 1.1 The purpose of this report is to provide an overview of the current status of fees and charges made by the Council and to recommend the adoption of updated fees for some of them.
- 1.2 It is important that fees and charges be regularly reviewed. There are a variety of reasons for this including:
 - Compliance with legislative requirements – many fees and charges made by the Council are governed by specific legislation
 - Consistency with Council's Revenue and Financing policy – for each activity the Council has adopted targets for the funding mix i.e. the proportion of costs to be funded from fees and charges
 - Transparency – in some instances it is important to be able to demonstrate that the charge being made represents a fair and reasonable recovery of the costs of providing a particular service
 - Market comparability – for some services the Council operates in a contestable market and it is important that fees and charges are responsive to market changes.
- 1.3 However, as a review process is sometimes very time-consuming the depth of the review for each type of fee or charge may vary depending on the circumstances.
- 1.4 Attached as Appendix 1 is a schedule listing, in broad terms, the various types of fees and charges made by the Council. The schedule is ordered by activity (consistent with the proposed 10 Year Plan 2021-31) and within that by function (consistent with the Revenue & Financing Policy). Comments are made within the schedule outlining the reasons for there being no change recommended to a particular fee or charge. In cases where changes are recommended more detail is provided in the appendices.

2. BACKGROUND AND PREVIOUS COUNCIL DECISIONS

- 2.1 Council has previously indicated that as a matter of policy it wishes all fee and charge revisions to be encapsulated in a single report to this Committee early each year.
- 2.2 Council's current Revenue & Financing Policy (10 Year Plan 2018-28 pages 211-231) describes how the Council goes about deciding who should pay for the provision of each activity and in what proportions. The policy should be the foundation for decisions about the levels of fees and charges. An updated policy is to be consulted on in conjunction with the adoption of the 10 Year Plan 2021-31. No material changes are made in the updated policy.

- 2.3 For some activities (such as swimming pools) only a portion of the operating costs is borne by the Council and none of the revenue is received directly by the Council. The Council does have the right under the agreement with CLM to set the maximum fees charged for the services. The Revenue & Financing Policy addresses only that portion of the net operating costs funded by the Council and therefore makes no reference to user charges for swimming pools.
- 2.4 In some of the activities shown above it is not practical to charge users through a separate charge specifically related to use. An example of this is water where large consumers are metered but the majority of users are charged through the rating system by way of a fixed targeted rate as the best proxy for direct user charge.
- 2.5 In some activities a combination of charging mechanisms is used. Rubbish & recycling is an example. Users are responsible for their own rubbish disposal. The Council does provide a collection and disposal service which is funded from the sale of rubbish bags. Recycling activity is funded from the sale of recyclables and the balance through the rating system by way of fixed targeted rates.

3. DESCRIPTION OF OPTIONS

- 3.1 With a few exceptions (e.g. cemetery/crematorium, animal control), draft revenue budgets for 2021/22 have been set at levels which aim to meet the Revenue & Financing Policy proportion targets. Achieving these revenue levels is dependent not only on the level of fee or charge set but also the actual volumes of activity by comparison with budget assumptions. On occasions changes are made to the way indirect costs are allocated to activities and this impacts on whether budgeted revenue meets the policy targets. In such situations it is appropriate to accept the policy may not be met but that it will be reviewed at the three yearly intervals.
- 3.2 The timing of this review is scheduled to fit into the annual planning timetable in a way which ensures appropriate revenue assumptions are made in the proposed 10 Year or Annual Plans and changes to fees and charges can be implemented as soon as practicable.
- 3.3 Much of this report is focused on providing an overview of Council's fees and charges. However the report does include specific proposals for change for a number of fees and charges as explained in more detail in the following appendices:

PALMERSTON NORTH CITY COUNCIL

Appendix		
2	Trade Waste	Proposal for public consultation
3	Planning & Miscellaneous	Proposal for public consultation
4	Building	Proposed increases
5	Environmental Health	Proposed increases
6	Animal Control	Proposed increases
7	Burial & Cremation	Proposed increases
8	Service Connections	Proposed increases
9	Waste Management	Proposed increases/changes
10	Sportsfields	Proposed increases
11	Backflow Prevention	Proposed new charges
12	Corridor Access Requests	Proposed new charges
13	Parking	Proposed increases/changes

4. ANALYSIS OF OPTIONS

- 4.1 Analysis of the options for each of the fee types for individual activities is contained in the appendices.

5. CONCLUSION

- 5.1 A broad review of fees and charges has been undertaken. Revenue from these is an important part of the funding mix. There are two elements to achieving revenue budgets. The first is the actual level of the fee or charge. The second is the volume of sales or use. A change to the level of fee or charge can influence demand. Achieving revenue targets is sometimes more about volumes than the level of the charge. There is a fine balance between the two. This report recommends increases in charges for a number of services and many of these are reflective of revenue assumptions made in the proposed 10 Year Plan 2021-31.

6. NEXT ACTIONS

- 6.1 There is a series of procedural steps to be followed to enable some of the revised fees and charges to be implemented. In some cases (as specifically identified in the recommendations) this involves a period of public consultation and a report back to the Council for final confirmation (taking into account any public submissions).

7. OUTLINE OF COMMUNITY ENGAGEMENT PROCESS


- 7.1 The Revenue & Financing Policy incorporates the Council's current views on what portion of each activity should be directly funded from users. This policy forms part of the 10 Year Plan which was the subject of public consultation in 2018. An updated Policy is being consulted on in conjunction with the 2021-31 10 Year Plan – it contains no material changes to the funding arrangements for activities.
- 7.2 There are varying types of public consultation required to enable changes to be made to fees and charges. For some the special consultative process or a process consistent with the principles of section 82 of the Local Government Act is to be used. More detail about each is provided in the detailed appendices.

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?	Yes
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-	<p>The process for setting fees and charges depends on the nature of the activity and the particular requirements of the relevant bylaw, legislation or Council policy.</p> <p>The recommendations take account of Council's Revenue & Financing</p>

being	Policy that in turn reflects Council's strategic direction.
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ATTACHMENTS

1. Fees and Charges - Appendices 1-13 [↓](#) 

Activity	Revenue & Financing Policy function	Fees / Charges	Last Implementation / Date of revised fee	Next Review Scheduled for	Assumption for draft 2021/22 Budget	Comments
Economic development	Conference & Function Centre	Venue rental Percentage of catering revenue			Restoration to pre-covid levels	Charges depend on market conditions.
City Growth	Building Services	Building Services Fees	1 Jul 2020	1 Jul 2021	Increased fees & higher revenue - higher volumes assumed	Increases recommended. Refer Appendix 4 & recommendations.
City Growth	Planning Services - Private	Services Fees & Charges	1 Jul 2020	1 Jul 2021	Increased fees & higher revenue - higher volumes assumed	Increases recommended. Refer Appendix 3 & recommendations.
Roading	Parking enforcement	<ul style="list-style-type: none"> Registration WOF Fines (Stationary vehicles) 	9 Dec 1999	Next Statutes Revision	No change	Charges are set and changed by legislation/regulation.
Roading	Metered Parking	Metered Parking Fees – on street & off-street	Sep 2015	1 Jul 2021	Increased fees, extended hours & higher revenue	Increases recommended. Refer Appendix 13 & recommendations.
Roading	Off-street parking – leased carparks	Long term lease	June 2015	1 Jul 2021	Increased charge	Increases recommended. Refer Appendix 13 & recommendations.
Roading	Road corridor access	Corridor request access		1 Jul 2021	Additional revenue for new charge	New fee proposed. Refer Appendix 12 & recommendations.

Appendix 1

Activity	Revenue & Financing Policy function	Fees / Charges	Last Implementation / Date of revised fee	Next Review Scheduled for	Assumption for draft 2021/22 Budget	Comments
Active Community	Central Energy Trust Arena	Venue Rentals - Commercial - Community & Schools	1 Jan 2021 1 Jan 2021	1 Jan 2022 1 Jan 2022	CPI increase in charges – restoration of pre-covid revenue	Charges reviewed under delegated authority.
Active Communities	Sportsfields	Sportsfield Rental/Charges	1 Jul 2020	1 Jul 2021	Restoration of pre-covid revenue	Increases recommended. Refer Appendix 10 & recommendations
Active Communities	Swimming Pools	Admission charges	1 Jul 2019		No change	The contract for pool operations provides for the Council to approve maxima for charges able to be made by the contractor. In Nov 2018 Council approved 4.6% increases in admission & concession rates effective from 1 Jul 2019.
Connected Communities	Cemeteries	• Burial • Cremation	1 Jul 2020	1 Jul 2021	Minor increase in revenue	Increases recommended. Refer Appendix 7 & recommendations.
Connected Communities	Community Centres	Community halls & facilities	1 Jul 2020	1 Jul 2021	CPI increase	Rentals are adjusted annually by the CPI.

Activity	Revenue & Financing Policy function	Fees / Charges	Last Implementation / Date of revised fee	Next Review Scheduled for	Assumption for draft 2021/22 Budget	Comments
Connected Communities	Libraries	<ul style="list-style-type: none"> Membership Subscription Lending charges Interloan charges Overdues Reserves Lost material 	1 July 1999 (non-resident membership)	1 Jul 2021	Restoration of pre-covid revenue	<p>No changes proposed in 2021/22.</p> <p>A future programme will consider possible reduction or elimination of some overdues fees.</p>
Connected Communities	Social Housing	Rental	Jul 2020	Jul 2021	Increase in total revenue based on assumption increased no of units & CPI increases	<p>As per the Social Housing Guidelines, former 'public housing' rentals will be set at market rates.</p> <p>The remaining housing will be subsidised, with rent to be set at no more than 30% of the net weekly income.</p>
Safe Communities	Animal Control	<ul style="list-style-type: none"> Registration Fees Impounding Fees 	1 Jul 2020 1 Jul 2020	1 Jul 2021 1 Jul 2021	Increased revenue due to changes of fee structure from 1 July 2020 & increased fees	<p>Dog Control Act 1996 Section 37 requires Council to give public notice of fees annually prior to 1 July.</p> <p>Refer to Appendix 6 & recommendations.</p>
Safe Communities	Public Health	Health Inspection, Verification & Monitoring Fees Liquor licensing fees	1 Jul 2020 18 Dec 2013	1 Jul 2021	Increase in revenue No change	<p>With introduction of Food Act 2004 Council no longer issues health licences. Role is now inspection, verification & monitoring. Increase proposed - Refer to Appendix 5 & recommendations.</p> <p>Council has chosen to use the default liquor licensing fees set by regulation.</p>

Appendix 1

Activity	Revenue & Financing Policy function	Fees / Charges	Last Implementation / Date of revised fee	Next Review Scheduled for	Assumption for draft 2021/22 Budget	Comments
Rubbish & Recycling	Waste Management	Rubbish Bag Sales	1 July 2017	1 Jul 2021	Minor increase in revenue	Policy is that full costs of collection are to be covered by bag sales. Minor reduction in bag price implemented from 1 July 2017. Increase in bag price recommended. Refer to Appendix 9 and recommendations.
Rubbish & Recycling	Waste Minimisation	Landfill Charges – Green waste	1 Oct 2007	1 Jul 2021	No change	Landfill now closed. However still accept green waste. Fees for this increased from 1 Oct 2007. Recommend holding prices to promote green waste diversion.
		Transfer Station – Ashhurst	1 Jul 2017	1 Jul 2021	No change	Price increased from 1 July 2017 – Change recommended. Refer to Appendix 9 & recommendations.
		E-waste – Ferguson St	1 Jul 2018	1 Jul 2021	No change	Rationalisation, simplification & some reduction in charges for e-waste implemented from 1 July 2018.
		Event Recycling	1 Jul 2018	1 Jul 2021	No change	Regime for event recycling implemented in July 2018.
		Recycling charge for tyres		1 Jul 2021	No change	New service proposed for recycling tyres. Refer Appendix 9 & recommendations.
Stormwater	Stormwater	Connection fees	1 Jul 2020	1 Jul 2021	No change	Refer to Appendix 8 & recommendations.
Wastewater	Wastewater	Trade waste charges	1 Jul 2020	1 Jul 2021	Fee based on cost-based formula. Increase in revenue.	Formula for determining charges based on Council's Trade Waste By-Law. 2020/21 charges approved by Council in June 2020. Refer to Appendix 2 & recommendations
		Connection fees	1 Jul 2020	1 Jul 2021		Refer to Appendix 8 & recommendations.

Activity	Revenue & Financing Policy function	Fees / Charges	Last Implementation / Date of revised fee	Next Review Scheduled for	Assumption for draft 2021/22 Budget	Comments
Water Supply	Water Supply	Water by meter tariff	1 Jul 2020	1 Jul 2021	Any change is related to change in level of targeted fixed rate-increased tariff assumed.	Water by meter tariffs are deemed to be targeted rates & are set as part of annual rates resolution.
		Tanker filling station fees	1 Jul 2020	1 Jul 2021	Changes proposed	Set under terms of Water Supply Bylaw. Related in part to level of water by meter tariff.
		Connection fees	1 Jul 2020	1 Jul 2021		Refer to Appendix 14 & recommendations. Refer to Appendix 8 & recommendations.
		Backflow preventer fees		1 Jul 2021		New fees proposed. Refer Appendix 11 & recommendations.
Governance & Active Citizenship	Direction Setting	District Plan changes	1 Jul 2008	1 Jul 2021	No change	Policy is to recover costs relating to private plan change applications from applicants. Present charges achieve this aim.
		District Plan documents & updates	1 Jul 2012	1 Jul 2021	No change	Changed from a specific charge to charge at cost from 1 Jul 2012.

Note - Amounts for Development contributions (for water, wastewater, stormwater, roading & reserves) are increased annually on 1 July in accordance with the movement in the Producers Price Index – Construction or through an amendment to the Development Contributions Policy.

PROPOSED AMENDMENTS TO FEES AND CHARGES FOR TRADE WASTE

1. INTRODUCTION

It is Council's policy to review its fees and charges for trade waste each year in accordance with the Palmerston North Trade Waste Bylaw.

Changes to these fees and charges are required to be approved using the consultation principles of the Local Government Act.

2. BACKGROUND

2.1 Revenue & Financing Policy Requirements

As part of Council's financial framework it has in place a Revenue and Financing Policy that was adopted in 2018.

The policy defines how operating expenditure for each activity will be funded. In summary the funding sources are from either, user charges or targeted rates (private), rates (public), or based on the exacerbator principle whereby the cost of an activity can be attributed to an individual or a group of individuals.

An updated version of the policy is being consulted on in conjunction with the proposed 2021-31 10 Year Plan though it contains no changes to the section relating to trade waste.

Some of the discharges of trade waste into the sewerage system use up more of the sewerage systems capacity than normal domestic discharges.

Council's Revenue and Financing policy states "volumes of trade waste are capable of being measured so those who discharge trade waste should be charged based on the nature and volume of discharge". The setting of the charges is regulated under Council's Trade Waste Bylaw 2015 and a specific charging mechanism has been established to recover the extra costs imposed on the Council's system.

These costs are incurred in the following way;

- Compliance Monitoring – the inspection, sampling and analysis of trade waste discharges
- Trade Waste Application – the processing of new or renewal applications
- Consent Processing – when the cost of processing the consent exceeds the normal application fee

- Re-inspection – for re-inspection of premises when a notice served by the Council has not been complied with
- Annual Trade Waste Charges – for administration and monitoring of individual consent holders
- Trade Waste Charges – these are for the impact of consented discharges on Council's system.

The following factors impact on the fees and charges;

- Costs to administer and monitor consents
- Cost of operating the Palmerston North sewerage system
- Flows within the Palmerston North sewerage system
- Loading on the Palmerston North Wastewater Treatment Plant.

These costs, flows and loadings vary from year to year.

2.2 Statutory Requirements

The Council adopted the Palmerston North **Trade Waste** Bylaw in 2015 under its statutory powers contained in the Local Government Act 2002 (LGA). Accordingly, in terms of section 150 of the LGA the trade waste charges are required to be set in a manner giving effect to the requirements of the Act. Schedule 1 of the Bylaw contains a list of types of charges that may be imposed. In June 2020 the Council adopted the current schedule of charges following appropriate consultation.

2.3 Factors Impacting on Setting Fees and Charges

A number of other considerations are factored into the proposed fees. They are:

Transparency It is important that fees and charges are structured in a manner that clearly identifies the specific service being provided and the true cost of providing such services.

Fair and reasonable That the charges are demonstrated to be fair and reasonable.

Market comparable Where appropriate.

2.4 Outline of Proposed Fees and Charges

The proposed fees and charges are shown in detail below:

Palmerston North City Council

Trade Waste Charges

Pursuant to the Palmerston North Trade Waste Bylaw 2015

Category		2020/21 Charge (GST Incl)	2021/2022 Charge (GST Incl)	Description
Administrative Charges (Table 2 – Schedule 1)				
2.2	Compliance Monitoring - Conditional Consents	\$36 per sampling & analysis	\$135 per sampling & analysis	Fee to recover inspection and monitoring costs of trade premises
2.2	Compliance Monitoring – Grease Trap Sampling Fee	\$120 per inspection	\$120 per inspection	Fee to recover inspection and sampling costs of grease traps
2.4	Trade Waste Application Fee	\$1,600	\$1,600	Fee to recover cost of processing new or renewal applications
2.5	Consent Processing Fee	\$195 per hour	\$195 per hour	Fee to recover cost of processing extraordinary applications
2.6	Re-inspection Fee	\$120 per inspection	\$195 per inspection	Fee to recover cost of re-inspections of individual trade premises
2.9	Trade Waste Charge - Permitted Consents for Grease traps/Oil interceptors/Amalgam traps	\$120 per annum	\$120 per annum	Charge to recover administration and monitoring cost of grease traps/ oil interceptors & other treatment devices/ amalgam traps at dental surgeries
2.9	All other premises (conditional) plus trade waste charges	\$1,200 per annum	\$1,320 per annum	Charge to recover administration and monitoring cost of trade waste consents
2.9	Annual Trade Waste database Licence Fee - delete	\$345 per annum	N/A	Charge for access to on-line database
2.9	Discharge Administration Fee		\$600 per annum	Charge to recover administration and monitoring costs of permitted customers with discharges exceeding 5m ³ /day
Trade Waste Charges (Table 3 – Schedule 1)				
3.1	Volume Charge (\$/m ³)	\$0.502/m ³	\$0.5871 /m ³	Charge to recover sewerage collection costs
3.3	Suspended Solids Charge (SS) (\$/kg)	\$0.825/kg SS	\$0.8498 /kg SS	Charge to recover suspended solids treatment costs
3.4	Organic Loading Charge (BOD) (\$/kg)	\$0.7096/kg BOD	\$0.837 /kg BOD	Charge to recover organic loading treatment costs
3.6	Phosphorous Charge (DRP) (\$/kg)	\$43.1707/kg DRP	\$41.78 /kg DRP	Charge to recover phosphorous (DRP) removal costs
Tankered Waste Charges (Table 4 – Schedule 1)				

4.1	Tankered Wastes Charge	\$45/1,000 litres	\$45/1,000 litres	Charge to recover administration, receiving and treatment costs of tankered wastes
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The volume dependent charges are based on historic flows, strengths and costs. The 2020/21 charges were based on flows and costs from 1 January 2018 to 31 December 2019 and the proposed 2021/22 charges are based on flows and costs over the two years from 1 January 2019 to 31 December 2020.

The changes proposed above represent increases of 17% in the rate charged on the volume of sewage discharged, 3% in the suspended solids charge, 18% in the charge for organic loading treatment, and a reduction of 3.2% in the charge for phosphorous removal.

The fixed charges are set to recover direct costs of sampling, analysis and administration of tradewaste effluent charged from conditional consent holders under the provisions of the bylaw. Sampling is required to confirm compliance with the consent conditions and in conjunction with the measured flows used to determine the monthly charges.

The current charge of \$36 per sampling and analysis recovers approx. 30% of the cost of the service and the expectation is that these costs will be fully recovered from consent holders.

It is proposed that the charges be increased over two years to achieve the cost recovery meaning an increase to \$135 in 2021/22 and to \$237 the following year. Although these increases appear significant they are a relatively small component of most customers total tradewaste costs.

The re-inspection fee needs to increase to better reflect the costs of the staff involved in undertaking this work.

A new wastewater discharge administration fee of \$600 pa is proposed to cover the costs of monitoring and administration for permitted customers with discharges exceeding 5m³/day.

2.5 Level of Service

As part of the process of preparing the 10 Year Plan 2018-28 the level of service for all areas was considered. This determined that the current levels are appropriate. The proposed 10 Year Plan 2021-31 will be consulted on soon but no changes are proposed to the wastewater levels of service for 2021/22 other than an increased investment in maintenance and asset renewal. The proposed fees do not reflect these decisions as they are based on past costs.

3. DESCRIPTION OF OPTIONS

It is Council policy to review fees and charges on a yearly basis. This enables Council to be satisfied that they are transparent, fair and reasonable and market comparable. This does not necessarily mean that fees will be increased every year.

The options available include no change being made, proceeding with the recommendations or changing fees by a different amount. If no change is made or fees are increased by a lesser amount, the proposed budgeted revenue for 2021/22 cannot be met. This will result in the level of ratepayer funding having to be increased to make up the shortfall or the level of services being reduced.

The remaining option is to proceed with the recommended changes. This will ensure that the charges for providing the services are fair and reasonable. It will ensure that the revenue attained from fees and charges reflects the true cost to Council of providing such services.

4. FINANCIAL IMPLICATIONS

The proposed fees and charges will enable the budget targets for 2021/22 as defined in the proposed 10 Year Plan 2021-31 to be met based on the volume assumed. In particular it will enable the generation \$ 1.1 million of revenue from trade waste charges.

5. MAKING A SUBMISSION

Submissions on the proposal are invited and must be received by the Council during the submission period which opens on Monday 12 April 2021 and closes at 5.00 pm on Friday 14 May 2021. Enquiries may be directed to the Transport & Infrastructure Manager on telephone 356 8199.

Submissions must be in writing and may be delivered, posted or emailed to:

Democracy & Governance Manager
Palmerston North City Council
Private Bag 11-034
Palmerston North 4442

Email submission@pncc.govt.nz

Submissions should include the name and address of the person making the submission, including a daytime telephone contact number, and also advise if they wish to speak about their submission to a meeting of Councillors.

Heather Shotter
Chief Executive

PROPOSED AMENDMENTS TO FEES AND CHARGES FOR PLANNING AND MISCELLANEOUS SERVICES

STATEMENT OF PROPOSAL

1. INTRODUCTION

It is Council's policy to review its fees and charges every year. As a result of the most recent review the proposed to change the fees and charges varies. Some of the fixed charges and deposits will increase to reflect that more time is being required to be spent assessing issues such as urban design, stormwater and roading. Charges based on hourly charge out rates will increase by approximately 2%.

The changes to fees and charges are designed to ensure there is sufficient revenue to match the increase in operational costs and satisfy the requirements of Council's Revenue & Financing Policy.

Changes to these fees and charges are required to be approved using the special consultative procedure or a similar procedure.

2. BACKGROUND

2.1 Revenue & Financing Policy Requirements

As part of Council's financial framework it has in place a Revenue and Financing Policy that was adopted in 2018.

The policy defines how operating expenditure for each activity will be funded. In summary the funding sources are from either, user charges or targeted rates (private), rates (public), or based on the exacerbator principle whereby the cost of an activity can be attributed to an individual or a group of individuals.

An updated version of the policy is being consulted on in conjunction with the proposed 2021-31 10 Year Plan though it contains no changes to the section relating to planning and miscellaneous services.

For the fees and charges being considered funding is based on the following principles:

2.1.1 Planning Services

The entire community benefits from safe reliable infrastructure and resources and consistent transparent Council procedures. The entire community benefits from advice

relating to potential resource consents or resource management as well as from resource consent monitoring and enforcement activities. Developers and property owners benefit from the resource consent advice, information and certainty provided by the Council.

The Revenue & Financing Policy outlines that the funding source for public services (namely planning advice, information, consent monitoring and enforcement) as compared to private services (being resource consent processing) should be clearly separated to reflect those who benefit from the service, the period of benefit and those who create the need.

The Policy indicates that a “high” percentage of planning (public) services should be funded from rates with a “high” percentage of planning (private) services to be funded by fees and charges.

The proposed budget for 2021/22 compared to the proposed funding policy is as follows:

Activity	Target Policy	Budget 2021/22	Compliance with Policy?
Planning Services – Private	100% Fees and Charges	100% Fees and Charges	<i>Meets the policy</i>
Planning Services – Public	100% Rates	100% Rates	<i>Meets the policy</i>

2.2 Statutory Requirements

The setting of the fees and charges for the fee group entitled **Planning Services** is empowered by Section 36 of the Resource Management Act 1991 (RMA) and requires the Council to follow the special consultative procedure as set out in section 83 of the Local Government Act 2002 (LGA). This requires the fees and charges proposed for planning to be initially referred to Council and then notified for public consultation before they can be approved by Council.

The Council is required to have regard for the criteria outlined in section 36AAA of RMA when establishing fees and charges. The key purpose of such charges is required to be to recover the reasonable costs incurred by the Council in relation to the activity for which the charge is being made.

Most of the charges for the fee group entitled **Miscellaneous** (except for those set under the Food Act 2014) are empowered under the LGA. This authorises the Council to recover the costs it incurs for approvals, authorities and inspections not covered by the primary legislation under which the Council operates, e.g., RMA. Accordingly, in terms of section 150 of the LGA they are required to be set in a manner which gives effect to the consultation principles in section 82 of the LGA. However, as they are being reviewed in conjunction with the charges for planning services it is practical to use the special consultative procedure.

Those set under section 205 of the Food Act 2014 to cover the Council's activities relating to registration, verification and compliance and monitoring under the Act must be set using the special consultative procedure.

2.3 Factors Impacting on Setting Fees and Charges

A number of other considerations are factored into the proposed fees. They are:

Transparency

It is important that fees and charges are structured in a manner that clearly identifies the specific service being provided and the true cost of providing such services.

Fair and reasonable

That the charges are demonstrated to be fair and reasonable.

Market comparable

Proposed fees and charges are generally benchmarked against similar sized local authorities to test how they compare and to be able to explain situations where there is any marked variation. Accordingly, for planning services fees, comparison has been made with the proposed fees and charges for Hamilton City Council, New Plymouth District Council, Napier City Council, Tauranga City Council and neighbouring Manawatu District Council.

In undertaking a benchmarking exercise the results need to be qualified by the realisation that:

- Each Council may have a different Revenue & Financing Policy.
- The structure of Councils and how they set their budgets may vary which would impact on the costs being carried by respective services.
- Each Council may structure its fees and charges schedule in different ways.

2.3 Outline of Proposed Fees and Charges

2.4.1 Planning Services

The proposed fees and charges are shown in detail in **Attachment A**.

Many of the fees and charges are unchanged though some have increased to reflect increasing time spent assessing applications. In particular it is proposed to significantly increase the fixed charge for limited notified land use consents (except for minor) and fully notified land use consents. There are usually only a very small number of applications for these two categories. Such applications involve obtaining advice from a wide range of external experts and their costs form part of the cost passed on to the applicant. The proposed charges are reflective of the levels of charges made for recent applications.

Those charged on the basis of an hourly rate increase by approximately 2% to reflect increased operating costs.

As part of the review the proposed charges have been compared to the current 2020/21 charges for a number of Councils of a similar scale to Palmerston North as well as the neighbouring Manawatu District, as shown in the following table:

Officer hourly rate	Manawatu District Council	Hamilton City Council	New Plymouth District Council	Napier City Council	Tauranga City Council	PNCC Current	PNCC Proposed for 2021/22
Planning Manager	\$207	\$220	\$188	\$180	\$212	\$221	\$225
Senior Planner	\$180	\$205	\$188	\$170	\$197	\$203	\$207
Planner	\$156	\$175	\$188	\$160	\$186	\$190	\$194
Admin	\$120	\$88	\$142	\$85	\$109	\$117	\$120

10YP Funding Policy	Manawatu District Council	Hamilton City Council	New Plymouth District Council	Tauranga City Council	PNCC
Private – fees	20%	48%	60-80%	>50%	**
Public – rates	80%	52%	20-40%	<50%	**

** PNCC breaks down the cost of planning services based on the nature of the service provided, into a portion which is funded 100% from fees and charges and a portion funded 100% from rates. For 2020/21 approximately 49% of costs are forecast to be incurred in the public category.

2.4.2 Miscellaneous Services

The proposed fees and charges are shown in detail in **Attachment B**.

Most of them are proposed to be increased by approximately 2% to reflect increased operating costs.

2.5 Level of Service

As part of the process of preparing the 10 Year Plan 2018-28 the level of service for all areas was considered. This determined that the current levels are appropriate. The proposed 10 Year Plan 2021-31 will be consulted on soon but no changes are proposed to the planning and miscellaneous levels of service for 2021/22. The proposed fees reflect these decisions.

6. DESCRIPTION OF OPTIONS

It is Council policy to review fees and charges on a yearly basis. This enables Council to be satisfied that they are transparent, fair and reasonable and market comparable. This does not necessarily mean that fees will be increased every year.

The options available include no change being made, proceeding with the recommendations or changing fees by a different amount. If no change is made or fees are increased by a lesser amount, the proposed budgeted revenue for 2021/22 cannot be met. This will result in the level of ratepayer funding having to be increased to make up the shortfall or the level of services being reduced.

The remaining option is to proceed with the recommended changes. This will ensure that the charges for providing the services are fair and reasonable. It will ensure that the revenue attained from fees and charges reflects the true cost to Council of providing such services.

7. FINANCIAL IMPLICATIONS

The proposed fees and charges will enable the budget target of \$1.3 million for 2021/22 as defined in the proposed 10 Year Plan to be met based on the volume assumed.

8. MAKING A SUBMISSION

Submissions on the proposal are invited and must be received by the Council during the submission period which opens on Monday 12 April 2021 and closes at 5.00 pm on Friday 14 May 2021. Enquiries may be directed to the Head of Planning Services on telephone 356 8199.

Submissions must be in writing and may be delivered, posted or emailed to:

Democracy & Governance Manager
Palmerston North City Council
Private Bag 11-034
Palmerston North 4442

Email submission@pncc.govt.nz

Submissions should include the name and address of the person making the submission, including a daytime telephone contact number, and also advise if they wish to speak about their submission to a meeting of Councillors.

Heather Shotter
Chief Executive

Palmerston North City Council			Attachment A	
Planning Services			Fees & Charges	
Planning services charges listed below are imposed under the Resource Management Act 1991 to recover the cost to Palmerston North City Council for processing applications, monitoring consents and for Notice of Requirements Designations and Private District Plan Changes.				
Section 36 of the Resource Management Act enables the Council to charge additional fees to recover actual and reasonable costs when the fixed fee is inadequate. This means that applications that exceed standard processing times or which involve a hearing may incur additional charges. Consultants and solicitors fees associated with all work types are also included. We may also refund part of the fee if the work required to process the application is minimal.				
The deposits specified in the tables below are required up front and no action will be taken in accordance with section 36AAB(2) until paid. That does not mean that the Council is required to complete the activity upon payment of the deposit. The costs incurred will be monitored and additional amounts up to the total of the fixed charge may be required. Then additional charges may also be required before completion of the task if the fixed charges are inadequate to cover the Council's actual and reasonable costs.				
All fees and charges shown are GST inclusive unless indicated				
Fixed Charges				
Charges payable by applicants for resource consents, for the carrying out by the local authority of its functions in relation to the receiving, processing and granting of resource consents (including certificates of compliance [and existing use certificates] (section 36(1)(b)))				
Activity Type		Fixed Charge from 1 Jul 2020	Fixed Charge from 1 Jul 2021	Deposit from 1 Jul 2021
Instant resource consents		\$ 215	\$ 215	\$ 215
Boundary Activity		\$ 300	\$ 300	\$ 300
Temporary or Marginal Breaches		\$ 300	\$ 300	\$ 300
Non notified land use consents (minor, see note (d) (b))		\$ 1,100	\$ 1,900	\$ 1,200
Non notified land use consents (other than minor)		\$ 3,400	\$ 4,000	\$ 2,800
Limited notified land use consents		\$ 14,000	\$ 60,000	\$ 15,000
Notified land use consents (full notification)		\$ 20,000	\$ 80,000	\$ 25,000
Non notified subdivision consents (Controlled Activity)		\$ 2,100	\$ 2,400	\$ 1,800
Non notified subdivision consents (Discretionary Restricted)		\$ 3,000	\$ 3,000	\$ 2,200
Non notified subdivision consents (other)		\$ 5,000	\$ 5,000	\$ 3,600
Notified subdivision consents for up to and including 20 lots in total (full and limited notification)		\$ 22,300	\$ 22,300	\$ 16,700
Notified subdivision consents for more than 20 lots (full and limited notification)		\$ 39,000	\$ 39,000	\$ 29,000
Certificates of compliance		\$ 460	\$ 460	\$ 345
Town Planning Certificate (Alcohol)		\$ 400	\$ 400	\$ 300
Existing use certificates		\$ 890	\$ 890	\$ 660
Outline Planning Approval		\$ 1,110	\$ 1,110	\$ 840
Waiver for requirement for Outline Plan		\$ 380	\$ 380	\$ 280
Notified notice of requirements, heritage orders, designation alterations.		\$ 16,800	\$ 16,800	\$ 12,500
Non notified notice of requirements, heritage order, designation alterations		\$ 2,550	\$ 2,550	\$ 1,900
District Plan changes		\$ 26,000	\$ 26,000	\$ 20,000

Charges payable by holders of resource consents, for the carrying out by the local authority of its functions in relation to the administration, monitoring and supervision of resource consents (including certificates of compliance [and existing use certificates], and for carrying out its resource management functions under section 35. (section 36(1)(c))			
Activity Type	Fixed Charge from 1 Jul 2020	Fixed Charge from 1 Jul 2021	Deposit from 1 Jul 2021
Monitoring of non notified resource consents	\$330 per consent for inspections and monitoring (2 hours)	\$348 per consent for inspections and monitoring (2 hours)	
Monitoring of notified resource consents	\$660 per consent for inspections and monitoring (4 hours)	\$696 per consent for inspections and monitoring (4 hours)	
Variations to conditions (section 127 and 221 - subdivision and land use)	\$ 1,350	\$ 1,800	\$ 1,200
Extensions of time (section 125)	\$ 1,100	\$ 1,100	\$ 850
Cancellation of building line restrictions (under Local Government Act 1974)	\$ 1,100	\$ 1,100	\$ 850
Adjustment of easements	\$ 1,100	\$ 1,100	\$ 850
Subdivision certificates (including section 223, 224)	\$ 380	\$ 400	\$ 300
Subdivision certificates (section 226)	\$ 1,350	\$ 1,350	\$ 1,000
Subdivision inspections for up to and including 5 lots, or staged, in total	\$ 800	\$ 800	\$ 600
Subdivision inspections for between 6 lots and up to and including 10 lots, or staged, in total	\$ 1,600	\$ 1,600	\$ 1,200
Subdivision inspections for between 11 lots and up to and including 20 lots, or staged, in total	\$ 3,200	\$ 3,200	\$ 2,400
Subdivision inspections for more than 20 lots un-staged	\$ 4,800	\$ 4,800	\$ 3,600
Removal of designations	\$ 265	\$ 265	\$ 265
Purchase of District Plan & District Plan updates	At cost	At cost	At cost
Charges payable by holders of resource consents, for the carrying out by the local authority of its functions in relation to reviewing consent conditions if:			
1 the review is carried out at the request of the consent holder;			
2 the review is carried out under section 128(1)(a);			
3 the review is carried out under section 128(1)(c)			
Activity Type	Fixed Charge from 1 Jul 2020	Fixed Charge from 1 Jul 2021	Deposit from 1 Jul 2021
Review at the request of the consent holder	\$ 1,670	\$ 1,670	\$ 1,250
Review pursuant to section 128(1)(a)	\$ 1,670	\$ 1,670	\$ 1,250
Review pursuant to section 128(1)(c)	\$ 5,000	\$ 5,000	\$ 3,750

Charges for supply of documents payable by the person requesting the document. (Section 36(1)(f))			
Activity Type	Fixed Charge from 1 Jul 2020	Fixed Charge from 1 Jul 2021	Deposit from 1 Jul 2021
Replacement copies of certificates	\$ 110	\$ 110	
Replacement copies of resource consents	At cost of officer's time per hour + disbursements	At cost of officer's time per hour + disbursements	
Other documents	\$1 per page	\$1 per page	
Additional copies of order papers	\$ 40	\$ 40	
Notes:			
(a) The number of lots in a subdivision includes the balance lot			
(b) The fixed charges do not include other charges that may be imposed under the Resource Management Act or other legislation such as:			
(i) Additional charges (section 36(5));			
(ii) Bonds;			
(iii) Monitoring and supervision charges expressly provided for in a resource consent;			
(iv) Development contributions			
(c) If the fixed charges are not sufficient to meet the Council's actual and reasonable costs then additional charges may be payable. Note this may include but not be limited to charges for consultants, solicitors, independent Commissioners and Council officers' time.			
(d) Fees Methodology:			
(a) Land use and subdivision consents have been based on an average costs of consents issued. Deposits have generally been set at 75% of the average unless the difference between the deposit and the total of actual and reasonable costs is of such a minor nature it is not cost effective to recoup the difference from an applicant. In such a case the deposit is set at the same value as the Fixed Charge. In terms of the Fixed Charge they are set at 100% of the average fee. Final charges will be charged at staff hourly rates, technical officer or consultant time and any standard fees applicable.			
(b) Minor non notified land use consents usually applies to:			
(i) Applications for a dwelling or a minor dwelling, dependent dwellings, accessory buildings, home occupations and access in the residential and rural zones.			
(ii) Applications for signage in the business and industrial zones.			
(c) Monitoring and inspection charges are based on staff hourly rates to complete. For non notified resource consents the inspection fee of \$348 is for 2 hours of inspections by the Monitoring & Enforcement Officer. For notified consents the inspection fee of \$696 is for 4 hours of inspections by the Monitoring & Enforcement Officer. In terms of dealing with compliance issues this is based on the actual time spent by the Monitoring Officer based on the hourly rate for the Monitoring & Enforcement Officer.			

Other Charges			
	Advisory Service - Applies where staff provide information in response to customer queries	For queries received by Front of House staff - no cost for an individual enquiry up to 30min (whether in person or in writing), where an individual enquiry is for a period longer than 30min, charged at cost based on the relevant officer's hourly rate For any queries received by staff not based at Front of House - to be charged at cost based on relevant officer's hourly rate	
	Pre lodgement meetings ; Applies where staff vet information prior to the lodgement of an application	Charged at the relevant officer's hourly rate	
	Objections considered by a Hearings Commissioner (section 36(1)(af))	At cost plus disbursements of the Hearings Commissioner	
	Consultant Charges		
	Work Type	Rate per hour from 1 Jul 2020	Rate per hour from 1 Jul 2021
	Consultants and Solicitors fees associated with all work types, including the processing of a consent or certificate (including specialist technical or legal advice where a consent involves creating legal instruments) and new notice of requirements, heritage orders, designation alterations, removal of designations and District Plan changes.	At cost plus disbursements	
	Charges for hearings	Rate per hour from 1 Jul 2020	Rate per hour from 1 Jul 2021
	Hearings for all applications, designations, notice of requirements private District Plan changes, development contributions and remittance fees and associated work by relevant staff.	At cost of officers time per hour as per rates listed below	
	Production of Order Papers	At cost plus disbursements	
The following hourly rates for Council Officers and Decision Makers will be charged for the processing of consents, hearings, designations etc that do not have a fixed charge or where the fixed charge is inadequate to cover the actual and reasonable costs of the Council.			
	Council Officer's Hourly Rates	Rate per hour from 1 Jul 2020	Rate per hour from 1 Jul 2021
	Planning Officers/Graduate Planning Officer	\$ 190	\$ 194
	Monitoring and Enforcement Officer	\$ 170	\$ 174
	Senior Planning Officer	\$ 203	\$ 207
	Head of Planning Services	\$ 221	\$ 226
	City Planning Manager	\$ 221	\$ 226
	Senior Business Support officer	\$ 165	\$ 168
	Administration/Committee Administration Staff	\$ 117	\$ 120
	Technical and Professional Staff from all other Council units	\$ 190	\$ 194
	General Manager	\$ 241	\$ 246
	Commissioner	At cost plus disbursements	
	Hearing Committee Chair and Members	At cost (\$100 per hour for Chair & \$80 per hour for members) plus disbursements	

Deposits		
Charges for all services are based on the actual costs incurred by the Council. Any deposit specified in the table below are payable before the Council commences the service. The total charge for the service will be determined upon completion of the service, on the basis of the time spent by the relevant officer undertaking the work specified at that officer's hourly rate.		
Work Type	Deposit from 1 Jul 2020	Deposit from 1 Jul 2021
Right of Way Approval		
Right of Way Approval- section 348	\$ 500	\$ 500
Certificates		
Certificate of Compliance Building Code - Alcohol	\$103 Deposit, then billed at actual cost of officer's time per hour	\$ 105 Deposit, then billed at actual cost of officer's time per hour
Gambling		
Gambling venue consent	\$445 plus officer's hours after 3 hours	\$454 plus officer's hours after 3 hours

Other Charges		
These fees may be applicable to a consent or may be applied as a single charge. Note that photocopying and scanning charges includes both material and labour costs associated with such work.		
Work Type	Charge from 1 Jul 2020	Charge from 1 Jul 2021
Photocopying / Copy of scanned documents		
A0, A1, A2	\$10/page	\$10/page
A3	\$0.45/page	\$0.50/page
A4	\$0.35/page	\$0.40/page
Double sided A3	\$0.55/sheet	\$0.60/sheet
Double sided A4	\$0.45/sheet	\$0.50/sheet
For colour copies		
Single sided	Additional charge of \$1.70/page	Additional charge of \$1.70/page
Double sided	Additional charge of \$3.80/sheet	Additional charge of \$3.80/sheet
Request for Property Information		
Copy of Property Information	At cost of officer's time per hour plus disbursements	At cost of officer's time per hour plus disbursements
Certificate of Title	\$ 27	\$ 28
Swimming Pools		
Swimming Pool initial compliance inspection	\$ 199	\$ 205
Swimming Pool reinspections (second and subsequent inspections)	\$199 per inspection	\$205 per inspection
Vehicle Crossings (cost per inspection)		
T1; Inspect existing vehicle crossing	\$ 216	\$ 216
T2; New vehicle crossing	\$ 400	\$ 400
T3; Alter an existing vehicle crossing	\$ 216	\$ 216
Over-weight Vehicle Permit (note 4)		
Application for each single, multiple trip or linked permit *	\$ 18.18	\$ 18.18
Application for each continuous, high-productivity motor vehicle, or specialist vehicle permit *	\$ 54.55	\$ 54.55
Application for each renewal of each continuous permit *	\$ 9.09	\$ 9.09
* Additional charge for each of the above permits where less than 3 working days available for processing	\$ 9.09	\$ 9.09
Asset Bonds		
Council Asset Bond (payable for each building consent above the value of \$100,000)	\$1,000 (no GST)	\$1,000 (no GST)
Administration & processing fee	\$ 190	\$ 190
Overgrown Trees/Shrubbery		
Removal of Overgrown Trees/Shrubbery	Recovery of actual cost incurred by Council, including staff time and contractor costs	Recovery of actual cost incurred by Council, including staff time and contractor costs

Charges for Council Officers and Decision Makers		
The following hourly rates will be charged for those approvals, authorities and inspections listed in this schedule that are not listed as a fixed fee		
Council Officer's Hourly Rates (per hour)	Charge from 1 Jul 2020	Charge from 1 Jul 2021
General Manager	\$ 241	\$ 246
Division Head	\$ 221	\$ 226
Senior Planner	\$ 203	\$ 207
Planning Officers/Graduate Planning Officers	\$ 190	\$ 194
Monitoring and Enforcement Officer	\$ 170	\$ 174
Team Leader - Building	\$ 208	\$ 212
Senior Plumbing and Drainage Officer and Advanced Building Officer	\$ 208	\$ 212
Building Officer	\$ 190	\$ 194
Principal Environmental Health Officer	\$ 205	\$ 209
Environmental Health Officer, Environmental Technical Officer and Liquor Licensing Officer	\$ 183	\$ 187
Environmental Health Officer Cadet	\$ 166	\$ 169
Senior Business Support Officer	\$ 165	\$ 168
Administration/ Committee Administration Staff	\$ 117	\$ 120
Technical and Professional Staff from all other Council Units	\$ 190	\$ 194
Commissioner	At cost plus disbursements	At cost plus disbursements
Hearings Committee Chair and Members	At cost (\$100 per hour for Chair & \$80 per hour for members) plus disbursements	At cost (\$100 per hour for Chair & \$80 per hour for members) plus disbursements
Notes:		
1 The hourly rates for Council Officers noted above will be charged for the work type listed above which do not have a fixed fee		
2 The hourly rates for the services which are listed in the above tables are for those staff listed in the table headed "Charges for Council Staff"		
3 Where it states above the fee per hour, please note this should be read in full as "fee per hour or part thereof".		
4 Over-weight vehicle permit fees are set by the Land Transport (Certification & Other Fees) Regulations 2014		

PROPOSED AMENDMENTS TO FEES AND CHARGES FOR PLANNING AND MISCELLANEOUS SERVICES

Appendix 3b

SUMMARY OF INFORMATION

Pursuant to Sections 83 and 150 of the Local Government Act 2002, the Palmerston North City Council gives notice that it is commencing the Special Consultative Procedure to obtain community feedback on proposed updates to fees and charges for Planning and Miscellaneous Services. It is Council's policy to review the above fees and charges every year to ensure there is sufficient revenue to match the increase in operational costs and satisfy the requirements of Council's Revenue and Financing Policy.

As a result of the most recent review the proposed to change the fees and charges varies. Most fixed charges and deposits will not increase but a number of them do to reflect additional time being spent to assessing applications. Charges based on hourly charge out rates will increase by approximately 2%.

A copy of the Statement of Proposal including the schedule of proposed fees and charges can be inspected and/or obtained as follows:

- Through the Council's website pncc.govt.nz
- At the Customer Services Centre, Civic Administration Building or the City Library (both in the Square)
- By telephoning 356 8199.

Enquiries may also be directed to the Head of Planning Services on telephone 356 8199.

Submissions on the proposal are invited and must be received by the Council during the submission period which opens on Monday 12 April 2021 and closes at 5.00 pm on Friday 14 May 2021. Submissions must be in writing and may be delivered, posted or emailed to:

Democracy & Governance Manager
Palmerston North City Council
Private Bag 11-034
Palmerston North 4442
Email submission@pncc.govt.nz

All submissions received will be considered. Submissions should include the name and address of the person making the submission, including a daytime telephone contact number, and also advise if they wish to speak about their submission to a meeting of Councillors.

Heather Shotter
CHIEF EXECUTIVE

Building Services Fees and Charges

Appendix 4

1. INTRODUCTION

The Council's Revenue and Financing Policy (10 Year Plan 2018-28, page 217) outlines that as the main beneficiaries of the building activity are those who use the service (i.e. property developers and building owners), a significant portion of the cost should be borne by users. For the purposes of the Policy this portion is described as medium/high (i.e. 60-79% of the costs). An updated policy is being consulted on in conjunction with the proposed 10 Year Plan 2021-31 though no changes are proposed in relation to building services.

Broadly the Policy is based on the belief that consents processing and inspections should be user funded with information gathering and monitoring to be publicly funded.

Fees and charges were last increased from 1 July 2020.

2. BACKGROUND

2.1 Statutory Requirements

The setting of fees and charges for Building Services is empowered by Section 219 of the Building Act 2004. As such, they can be set by Council resolution and do not require any special consultative procedures. In accordance with the spirit of the LGA it is recommended that they be publicly notified.

2.2 Factors Impacting on Setting Fees and Charges

The following factors impact on the fees and charges;

- The legislative requirements as to the nature of the work required to be undertaken by the Council
- The volume of work undertaken as some costs are fixed and do not fluctuate depending on volume

2.3 Other Factors Impacting on Setting Fees and Charges

In response to approaches from building industry representatives in 2013 the previous fees were restructured to:

- Provide more certainty for clients by having more fixed fees
- Simplifying the processing required for low value work and as a result lowering fees, making them more affordable, and as a consequence encouraging higher levels of compliance.

3. PROPOSED FEES AND CHARGES

The proposed amended fees and charges are contained in attached schedule (**Attachment A**).

Increases of approximately 2% are proposed to reflect the desire to cover sufficient of the estimated costs to meet Council's policy target.

4. DESCRIPTION OF OPTIONS

It is Council policy to review fees and charges on a yearly basis. This enables the Council to be satisfied that the fees and charges are transparent, fair and reasonable. The options available are:

- no change being made to existing fees and charges; or,
- proceeding with the recommendations set out in this proposal

5. FINANCIAL IMPLICATIONS

The proposed amended fees and charges will assist budget targets for 2021/22 being met, based on the volume of work assumed. The actual fees and charges for 2019/20 represented 73% of costs incurred and the budget for 2020/21 is 67%. The proposed budget for 2021/22 includes a 73% fee recovery assumption.

Activity	Target Policy	Budget 2021/22	Compliance with Policy?
Building services – PNCC	60 – 79% Fees and Charges	73% Fees and Charges	Within policy target band

6. COMPARISON WITH OTHER COUNCILS – FEES FOR 2020/21

Type of fee	Manawatu District Council	Gisborne District Council	Hamilton City Council	New Plymouth District Council	PNCC Current	PNCC Proposed for 2021/22
BC processing officer p hr	\$182	\$165	\$185	\$172	\$190	\$194
Inspection /each #	\$202	\$165	\$200 per hour	\$193	\$199	\$203
Accreditation levy per \$1k value	-	\$0.55	\$0.50	\$1.75	\$1.56	\$1.59
Woodburner – freestanding (without wetback)	\$539 Fixed fee	\$362* Deposit *Charge calculated on actual & reasonable costs associated with processing the consent	\$360 Fixed fee	\$344 Fixed fee	\$560 Fixed fee	\$571 Fixed fee

Inspection charges are each, excepting Hamilton which charge per 30 mins on a time charged basis

** Hamilton and New Plymouth charge a “base fee” up front, which is calculated at close to the actual average cost. This does not include, in some cases charges like levies, scanning or additional inspection travel costs. The difference is then charged or refunded, dependant on the completed costs incurred. For PNCC deposit covers a limited amount of administration work and processing time. It is set at a low level to encourage applications being lodged.

The fee charged for woodburners is based on the minimum average cost incurred for officer time both processing and inspection, admin time and the system use fee. This is 100% recovery. Many other Councils choose to subsidise to encourage greater levels of compliance. As we have a fast track scheme of approved customers – Officers do not believe we have the same level of non-compliance.

10YP Funding Policy	Gisborne District Council	Hamilton City Council	New Plymouth District Council	PNCC
Private – fees	80%	100%	80 – 100%	60 – 79%
Public – rates	20%	0%	0 – 20%	20 – 39%

Palmerston North City Council		Attachment A	
Building Services		Fees & Charges	
Building Services charges listed below are imposed under the Building Act 2004 to recover the cost to Palmerston North City Council for processing applications, undertaking inspections, and related work.			
All fees and charges shown are GST inclusive unless indicated			
Fixed Fees			
Work Type		Fixed Building Consent Fee (excludes PIM)	
		from 1 July 2020	from 1 July 2021
Demolitions			
The demolition fixed fee contains all fees applicable, however a refundable asset bond may be taken additionally to the fixed fee			
K1	Residential - Demolition/Removal of existing residential building or outbuilding. Separate consent required to replace.	\$ 724	\$ 739
K2	Commercial - Demolition/Removal of existing commercial building. Separate consent required to replace.	\$ 818	\$ 834
Conservatories			
N	Conservatory (proprietary) - Conventional construction placed on <u>existing</u> deck or platform only. No Foundations included.	\$ 688	\$ 702
Fast-track minor consents (note 1)			
F1	Freestanding Solid Fuel Heater (Approved customers only)	\$ 560	\$ 571
F2	Inbuilt Solid Fuel Heater (Approved customers only)	\$ 762	\$ 777
F3	Proprietary Garage (Approved customers only)	\$ 1,176	\$ 1,200
Project Information Memorandum (fixed fee work)			
	PIM Fixed Fee Work	\$ 126	\$ 129
Note 1 - An "approved customer" must be pre-approved by Palmerston North City Council Building Services. An "approved customer" are those who submit applications with agreed construction parameters utilising a refined method, to Council's satisfaction.			

Other Fees			
The fees in this table are processing fees for the applications listed under "Work Type"			
Work Type		Building Consent Fee/Deposit	
		from 1 July 2020	from 1 July 2021
Private Building Consent Authorities			
	BCA Filing Fee	\$ 108	\$ 110
Warrant of Fitness and Compliance Schedules			
	Annual Building Warrant of Fitness Renewal	\$ 98	\$ 100
	New Compliance Schedule	\$ 181	\$ 185
	Alteration to existing compliance schedule	\$ 116	\$ 118
	Building Warrant of Fitness Site Audit/Reinspections	\$198 per inspection	\$203 per inspection
	IQP Registration (for new IQP's)	\$ 400	\$ 408
	IQP Renewal (annual) refer to note 3	\$ 111	\$ 113
Engineering Checking			
	Structural Engineering Checking	As charged by the consultant engineer - actual cost	
	Fire Engineering Checks sent to New Zealand Fire Service	As charged by the Fire Service - actual cost	
Advisory Service			
	Applies where staff provide information in response to customer queries	For queries received by Front of House staff - no cost for an individual enquiry up to 30 min (whether in person or in writing), where an individual enquiry is for a period longer than 30 min, charged at costs based on the relevant officer's hourly rate For enquiries received by staff not based at Front of House - to be charged at cost based on relevant officer's hourly rate	
Pre Lodgement Vetting			
	Applies where staff vet information prior to the lodgement of an application	Charged at the relevant officer's hourly rate	
Other Fees			
	Code Compliance Certificate - Residential	\$ 156	\$ 159
	Code Compliance Certificate - Commercial	\$ 503	\$ 513
	Standard Building Inspection	\$199 per inspection	\$203 per inspection
	Third Party Report	\$ 567	\$ 578
	Section 72 certificate condition	\$ 694	\$ 708
	Section 75 certificate condition	\$ 766	\$ 781
	Application to extend building consent/CCC timeframes	\$ 87	\$ 89
	Building Consent (BC) application, Amendment to BC, Certificate of Public Use, Exempt building work, Waiver and Modification applications	Charged at relevant officer's hourly rate + any additional relevant fees/charges	
	Licenced building practitioner registration - additional fee for all restricted building work projects	\$ 143	\$ 146

Work Type		Building Consent Fee/Deposit	
		from 1 July 2020	from 1 July 2021
	Certificate of Acceptance	\$750 non refundable lodgement fee. Processing charged at relevant officer's hourly rate plus any inspections, planning checks etc	\$750 non refundable lodgement fee. Processing charged at relevant officer's hourly rate plus any inspections, planning checks etc
	BCA Accreditation Fee (per \$1,000 of project value)	\$ 1.56	\$ 1.59
	Scanning Fee, Digital storage and File Management Fee for Building Consent Applications - refer Note 3 (for all applications other than fixed fee applications)		
	A0 - A2	\$3.75/page	\$3.75/page
	A3 & A4	\$2.25/page	\$2.25/page
Note 3 The scanning, digital storage and file management fee will not be charged against those building consent applications and/or additional information lodged for processing subject to the Online Building Consent System being operational and the application being submitted in a format that meets Council's requirements.			
Online Consenting Service Charge and System Implementation Charge (Note 4)			
The Online Consenting Charge is a charge to use the online system. The System Implementation Charge is to recover the cost Council has incurred in implementing the online system.			
All application types		from 1 July 2020	from 1 July 2021
Online consenting service charge			
	Value of work less than \$125,000	\$ 86	\$ 86
	Value of work more than \$125,000 up to \$2.5m	0.0748%	0.0748%
	Value of work more than \$2.5m	\$ 1,868	\$ 1,868
Note 4 - The fee for online consenting service will be charged against all applications processed by Council.			
Additional to the charges prescribed by the Palmerston North City Council are levies imposed by the Building Research Association of New Zealand (BRANZ) and the Ministry of Business Innovation and Employment (MBIE) on all building consents that have a building work value of \$20,000 or more. BRANZ levies contribute to the cost of testing and certifying building materials for use while MBIE levies contribute to the cost of Building Consent administration at the National level.			
Current levies (subject to change without notice) are:			
	Building (MBIE) levies (per \$1,000 of project value over threshold of \$20,444 GST inclusive)	\$ 1.75	\$ 1.75
	BRANZ levies (per \$1,000 of project value) (No GST)	\$ 1.00	\$ 1.00

Charges for Earthquake-prone building matters		
These charges are to recover the cost Council has incurred in implementing the legislative requirements under the Building (Earthquake-prone Buildings) Amendment Act 2016.		
	from 1 July 2020	from 1 July 2021
Earthquake-prone buildings		
Extension of time	\$ 355	\$ 89
Determine Earthquake rating	\$ 1,159	\$ 1,182
Exemption	\$ 355	\$ 362
Alterations to EPB (added to building consent fees & charges)	\$ 510	\$ 520
Charges for Council Staff		
The following hourly rates for Council Officers will be charged for the processing of consents which do not have a set fee.		
	from 1 July 2020	from 1 July 2021
Council Officer's Hourly Rates		
Team Leader - Building	\$ 208	\$ 212
Senior Plumbing and Drainage Officer and Advanced Building Officer	\$ 208	\$ 212
Building Officer	\$ 190	\$ 194
Senior Planning Officer	\$ 203	\$ 207
Planning Officer/Graduate Planning Officer	\$ 190	\$ 194
Monitoring and Enforcement Officer	\$ 170	\$ 174
Principal Environmental Health Officer	\$ 205	\$ 209
Environmental Health Officer and Environmental Technical Officer	\$ 183	\$ 187
Senior Business Support Officer	\$ 165	\$ 168
Division Head	\$ 221	\$ 226
General Manager	\$ 241	\$ 246
Technical and professional staff from other parts of Council	\$ 190	\$ 194
Administration/Committee Administration Staff	\$ 117	\$ 120

Environmental Health Fees and Charges

Appendix 5

1. INTRODUCTION

It is the Council policy to review fees and charges each year. The Council's Revenue and Financing Policy (10 Year Plan 2018-28, page 224) outlines that as licensed business' are major beneficiaries of the environmental/public health activity they should bear a significant portion of the cost of the activity. For the purposes of the Policy this portion is described as medium/low (ie 20-39% of the costs).

This activity consists of Environmental Health, Alcohol Licensing and Bylaws. The Policy seeks to ensure that inspections and processing of applications is generally user funded from fees and charges. Also, that the provision of information and enforcement, particularly in terms of Bylaws, be generally funded by rates.

An updated policy, being consulted on in conjunction with the proposed 10 Year Plan 2021-31, contains no changes in relation to environmental health services.

Fees and charges were last increased from 1 July 2020. The latest review proposes that an increase of approximately 2% to fees and charges is needed to enable Council's targeted recovery from users to be obtained.

2. BACKGROUND

2.1 Statutory Requirements

The charges for Environmental Health Services are empowered by Regulation 7 of the Health (Registration of Premises) Regulations 1966.

Alcohol licensing fees are set through the Sale and Supply of Alcohol (Fees) Regulations 2013. The Council does have the authority to make bylaws in relation to the fees payable to it (as authorised by the Sale and Supply of Alcohol (Fee-setting Bylaws) Order 2013) in respect of on-licences, off-licences and club licences. The Council has chosen to continue to use those set by regulation at this stage.

Fees set under section 205 of the Food Act 2014 to cover the Council's activities relating to registration, verification and compliance and monitoring under the Act must be set using the special consultative procedure.

2.2 Factors Impacting on Setting Fees and Charges

The following factors impact on the fees and charges;

- The legislative requirements as to the nature of the work required to be undertaken by the Council
- The volume of work undertaken as some costs are fixed and do not fluctuate depending on volume

For 2019/20 environmental health revenue reached 37% of operating expenses which was within the target policy band. The budgets for 2020/21 and 2021/22 assume user charges of 39% and 40% respectively will be achieved.

3. PROPOSED FEES AND CHARGES

The proposed fees and charges are contained in attached schedule (**Attachment A**). Alcohol licensing fees are not included in the schedule as they are prescribed by regulation. Charges set under the Food Act 2014 (and associated Regulations) are likewise not included. Those set by the Council under the Food Act 2014 are contained in the separate schedule of Miscellaneous Services.

4. DESCRIPTION OF OPTIONS

It is Council policy to review fees and charges on a yearly basis. This enables the Council to be satisfied that the fees and charges are transparent, fair and reasonable.

The options available are:

- no change being made to existing fees and charges,
- proceeding with the recommendations set out in this proposal: or
- changing fees by a different amount.

5. FINANCIAL IMPLICATIONS

The proposed fees and charges will enable the budget targets for 2021/22 as defined in the proposed 10 Year Plan to be met. This is projected to generate revenue of \$610,000 which at 40% is just above the Policy band.

Activity	Target Policy	Budget 2021/22	Compliance with Policy?
Public Health	20 – 39% Fees and Charges	40% Fees and Charges	<i>No (but within 1%)</i>

Other Fees					
These fees may be applicable to an application, inspection etc or may be applied as a single charge.					
Work Type		Takes effect from 1 July 2020		Takes effect from 1 July 2021	
Hairdressers - additional inspection		At cost of Officer's time per hour			
Setting up premises - inspection(s)		At cost of Officer's time per hour			
Interpretation service		Actual cost plus 10% to cover Council administration costs			
Inspection for tank removal/installations		At cost of Officer's time per hour			
Charges for Council Staff					
Council Officer's Hourly Rates (per hour)		Takes effect from 1 July 2020		Takes effect from 1 July 2021	
Principal Environmental Health Officer		\$ 205		\$ 209	
Environmental Health Officer and Environmental Health Technical Officer		\$ 183		\$ 187	
Environmental Health Officer Cadet		\$ 166		\$ 169	
Administration Staff		\$ 117		\$ 120	
Senior Business Support Officer		\$ 165		\$ 168	
Head of Environmental Protection Services		\$ 221		\$ 226	
General Manager		\$ 241		\$ 246	
Note:					
1. The hourly rates for the services which are listed in the tables above are for those staff listed in the table headed "Charges for Council Staff"					
2. Where it states above, 'the fee per hour', please note this should be read in full as "fee per hour or part thereof"					
3. The Head of Environmental Protection Services is authorised to remit, reduce or refund any of these fees or part of a fee in any particular case where there are special grounds for doing so					

Animal Control Fees and Charges

Appendix 6

1. INTRODUCTION

It is the Council policy to review fees and charges each year. The Council's Revenue and Financing Policy (10 Year Plan 2018-28, page 223) outlines that the animal control activity is principally related to the actions or inactions of dog owners. These owners, and the public at large (through reduced nuisance), benefit from this. A significant portion of the costs should therefore be borne by dog owners. For the purposes of the Policy this portion is described as high (ie 80-100% of the costs).

The Policy reflects the belief that services related to dog registration, enforcement work, housing and feeding animals be funded by user charges. Also, that patrolling and provision of information be covered by rates.

An updated policy, being consulted on in conjunction with the 10 Year Plan 2021-31, contains unchanged assumptions in relation to animal control services.

Registration fees and charges were last increased from 1 July 2020.

A number of changes were made to the fee structure for 2020/21 incorporating a greater focus on the preferred owner arrangements.

2. BACKGROUND

2.1 Statutory Requirements

Animal Control Services includes impounding fees and driving charges that are set under the Impounding Act 1955.

Animal Control Services also includes dog registration and dog control fees that are empowered by Section 37 (1) of the Dog Control Act 1996. It also includes fees for impounding dogs which are empowered under Section 68 of the Dog Control Act 1996. No consultative procedure is required to be followed to adopt the fees but they are required to be publicly notified during June.

3. PROPOSED FEES AND CHARGES

The proposed fees and charges are contained in attached schedule (**Attachment A**).

As there was a significant restructure of the fees for the current year no further structural change is proposed for 2021/22. However to cover increasing costs it is proposed to increase registration fees by approximately 2%.

4. DESCRIPTION OF OPTIONS

It is Council policy to review fees and charges on a yearly basis. This enables the Council to be satisfied that the fees and charges are transparent, fair and reasonable.

The options available are:

- no change being made to existing fees and charges,
- proceeding with the recommendations set out in this proposal: or
- changing fees by a different amount.

5. FINANCIAL IMPLICATIONS

The proposed fees and charges will help the budget targets for 2021/22 as defined in the proposed 10 Year Plan to be met.

Over recent years the actual portion of the costs of the activity funded from fees and charges has reduced from 92% in 2018/19 to 77% in 2019/20. The budget for 2020/21 is 86% whilst the draft budget for 2021/22 is 76%. This is in the main due to significant increases in costs – these will be accentuated through the proposed development of the new animal shelter.

Activity	Target Policy	Budget 2021/22	Compliance with Policy?
Animal Control	80 – 100% Fees and Charges	76% Fees and Charges	No

6. COMPARISON WITH OTHER COUNCILS – FEES FOR 2020/21

Type of fee	Manawatu District Council	Gisborne District Council	Hamilton City Council	New Plymouth District Council	Tauranga City Council	PNCC Current	PNCC Proposed for 2021/22
General Registration (if paid by 31 July)	\$107	\$89	\$150	\$158	\$87	\$145	\$148
Preferred Owner	\$35	\$63	\$80	\$127.50	\$87	\$85	\$88
Rural Working Dog	\$35	\$48	\$80	\$51	\$87	\$50	\$51
Impounding Fee (First pound)	\$141	\$62	\$84	\$71.50	\$55-\$85	\$124	\$124

10YP Funding Policy	Manawatu District Council	Gisborne District Council	Hamilton City Council	New Plymouth District Council	Tauranga City Council	PNCC
Private – fees	55%	70%	60%	60-80%	>80%	80-100%
Public – rates	45%	25%	40%	20-40%	<20%	1-19%
Subsidies and Grants	N/A	5%	N/A	N/A	N/A	N/A

Palmerston North City Council		Attachment A	
Animal Control Services		Fees & Charges 2021/22	
Dog Registration and Dog Impounding Fees are imposed under the Dog Control Act 1996. Impounding fees and driving charges are imposed under the Impounding Act 1955. The fees and charges are necessary to recover the cost to Palmerston North City Council of providing animal control services.			
All fees and charges shown are GST inclusive			
The fees are effective from 1 July 2021.			
Fixed Fees			
These charges cover the standard cost to Council in undertaking the work listed. However, additional charges may be charged depending on the circumstances such as additional inspection fees that may be incurred in undertaking the work noted below.			
Work Type	Current Standard Fee from 1 July 2020	Proposed Standard Fee from 1 July 2021	Total Fee (incl. penalty) if paid after 1 August 2021
(a) Dog Registration (set under the Dog Control Act 1996)			
General Registration	\$ 145	\$ 148	\$ 222.00
General Registration (Desexed dog)	\$ 108	\$ 110	\$ 165.00
Preferred Owner	\$ 85	\$ 88	\$ 130.00
Rural Working	\$ 50	\$ 51	\$ 76.50
Disability Assist	\$ nil	\$ nil	\$ nil
Certified for use by Specified Agency	\$ nil	\$ nil	\$ nil
Preferred Owner Application - new	\$ 60	\$ 60	
Work Type	Standard Fee from 1 July 2020	Standard Fee from 1 July 2021	
(b) General Impounding Fees (set under the Impounding Act 1955)			
All animals other than dogs (per head)	\$124 (first offence) \$187 (repeated offence) \$15 per day (sustenance & care)	\$124 (first offence) \$187 (repeated offence) \$15 per day (sustenance & care)	
(c) Dog Pound Fees (set under s.68 of the Dog Control Act 1996)			
Where a dog is microchipped and within the last 12 months has no history with Council's animal control services, it will be returned home at no cost.			
First impound	\$ 124	\$ 124	
Second impound - within 12 months of first impound	\$ 187	\$ 187	
Third or subsequent impound - within 12 months of previous impound	\$ 250	\$ 250	
Daily Charge per dog per day or part of a day	\$ 19	\$ 19	
Destruction of a dog	\$ 83	\$ 83	
Adoption fee - covers microchipping, vaccination, neutering, registration, flea and worm treatment	\$ 360	\$ 360	

Other Fees		
These fees may be added to a fixed fee type of work listed earlier or may be applied as a single charge.		
Work Type	Standard Fee from 1 July 2020	Standard Fee from 1 July 2021
(a) Impounding Fees (set under the Impounding Act 1955)		
Supplementary feed for stock	150% of sustenance charge	
(b) Dog Pound Fees (set under the Dog Control Act 1996)		
Emergency release of animals outside normal hours ie 8am - 5pm Monday to Friday excluding statutory and public holidays	\$61 for first impound, \$92 for subsequent impounds (within 12 months)	\$61 for first impound, \$92 for subsequent impounds (within 12 months)
(c) Pound Fees for all other animals (set under the Impounding Act 1955)		
Emergency release of animals outside normal hours ie 8am - 5pm Monday to Friday excluding statutory and public holidays	\$61 for first impound, \$92 for subsequent impounds (within 12 months)	\$61 for first impound, \$92 for subsequent impounds (within 12 months)
(d) Driving Charges (set under the Impounding Act 1955)		
Hire transport	Actual cost incurred by Council	
Council vehicles	\$2.26 per kilometer	
(e) Microchipping (set under the Dog Control Act 1996)		
To undertake microchipping	\$20 per dog	\$20 per dog
Charges for Council Staff		
Council Officer's Hourly Rates (per hour)	Rate per hour from 1 July 2020	Rate per hour from 1 July 2021
Team Leader Animal Management & Education	\$ 183	\$ 187
Animal Control Officer	\$ 129	\$ 132
Administration Staff	\$ 117	\$ 120
Head of Environmental Protection Services	\$ 221	\$ 226
General Manager	\$ 241	\$ 246
Notes:		
1 The hourly rates for the services which are listed in the above tables are for those staff listed in the table headed "Charges for Council Staff"		
2 Where it states above the fee per hour, please note this should be read in full as "fee per hour or part thereof"		
3 'Disability Assist' and 'Specified Agency' are as defined in section 2 of the Dog Control Act 1996		
4 The Head of Environmental Protection Services is authorised to remit, reduce or refund the dog control fee or part of the fee in any particular case or class of dog where there are special grounds for doing so		
5 The registration fee for a dog that is declared a dangerous dog will be 150% of the level that would apply if it were not so classified (as required by section 32 (1)(e) of the Dog Control Act 1996)		

Burial & Cremation Charges

Appendix 7

1. INTRODUCTION

It is the Council policy to review fees and charges each year. The Council's Revenue and Financing Policy (10 Year Plan 2018-28, page 222) outlines that as the main beneficiaries of the cemetery and crematorium activity are those who use the service, a significant portion of the cost should be borne by users. For the purposes of the Policy this portion is described as medium/high (ie 60-79% of the costs). The remaining costs are funded from rates recognising there is a wider community benefit to providing cemetery and crematorium services.

An updated policy, being consulted on in conjunction with the 10 Year Plan 2021-31, make no change to these funding assumptions.

Fees and charges were last increased from 1 July 2020 by an average of 2.5% following an increase of 5% the previous year. The latest review identifies that fees and charges need to be increased again in 2021/22 to cover increasing costs and to enable Council's targeted recovery from users to be obtained.

2. BACKGROUND

2.1 Statutory Requirements

The Council adopted a revised Cemeteries and Crematorium Bylaw in 2018 under its statutory powers contained in the Burial and Cremation Act 1964. The Bylaw prescribes the Council may, by resolution publicly notified, set fees and charges for all services relating to the operation and maintenance of cemeteries and crematoria.

2.2 Factors Impacting on Setting Fees and Charges

The Council's Community Services and Facilities Plan (developed under the Connected Community Strategy) outlines the Council provides cemeteries that 'meet community needs' now and in the future. Primary community needs are met through providing a final resting place for former residents of the city and surrounding area. Cemeteries are not just a place for burials, they hold significant social connections, historical character, along with amenity features and memorials for living residents. The other focus of meeting community need is the burial and cremation services provided to families of the deceased.

The community has high expectations relating to the standards of presentation of cemeteries. As the cemetery expands, and the Council better meets community needs through enabling family decoration of graves in the lawn cemetery, the cost of management and maintenance of cemeteries increases.

The following factors impact on the fees and charges;

- Costs of operating the cemeteries and crematorium
- The number of burials and cremations
- The level of charges set by other providers i.e. private crematoria.

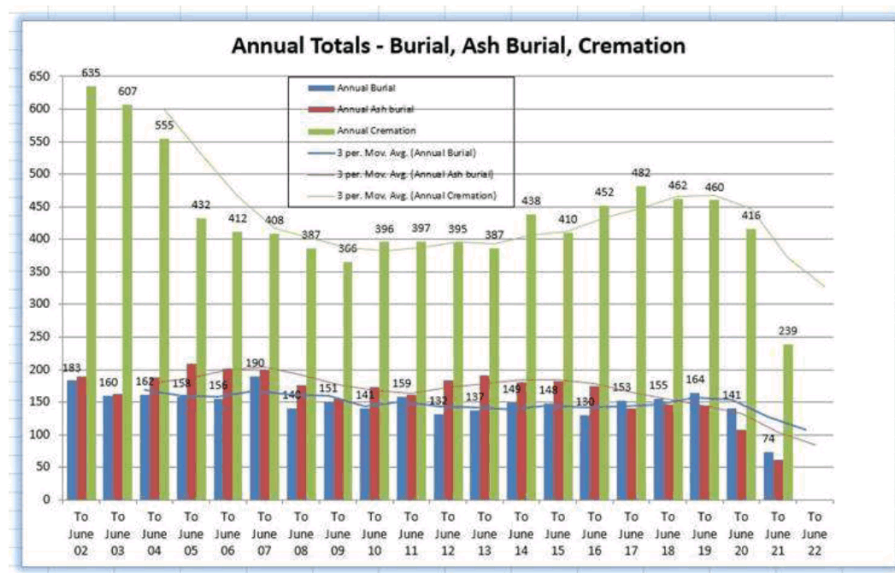
Actual cemetery and crematorium revenue for 2016/17, 2017/18, 2018/19 and 2019/20 represented 62%, 52%, 61% and 59% respectively of the operating costs. The budgets for 2020/21 and 2021/22 assume recoveries of 61% and 55% respectively will be achieved i.e. below the Policy target.

	Actual 2017/18	Actual 2018/19	Budget 2019/20	Actual 2019/20	Budget 2020/21	Budget 2021/22
Expenses (\$k)	1,242	1,183	1,206	1,232	1,159	1,340
Revenue (\$k)	645	726	690	731	706	735
Revenue as % of Expenses	52%	61%	57%	59%	61%	55%

Operating expenses for the burial and cremation activity are carefully managed but continue to increase as the size of the cemetery increases and the number of decorated graves increases, which necessitates more hand mowing. Other factors increasing costs are administration of the bylaw, particularly the annual grave decoration permit system, and management of the consent requirements for the crematorium.

The provisional 2021/22 budget assumes an increase in expenses (compared with the 2020/21 budget) of 16% and an increase in revenue of 4%.

Volumes of burials have remained reasonably static over recent years with a drop in 2015/16. By comparison cremation numbers progressively increased to June 2017, then dropped slightly and remain reasonably consistent since then except for a drop in the June 2020 year. See the following table (note the data for "June 2021" is for the first 6 months of this financial year):



3. PROPOSED FEES AND CHARGES

The changes proposed in the **attached schedule** represent an increase of approximately 2.5% for most of the fees and charges. It seeks not only to achieve the budgeted revenue but also to recognise the continuing need to raise prices as the operational costs of delivery of the services rise, so that the share of the costs of the activity borne by ratepayers does not continue to increase.

The recommendation at this level assumes that volumes of services in 2021/22 will be near the average. It has also been assumed that the increase in the charges will not reduce demand for the services provided by council.

4. DESCRIPTION OF OPTIONS

It is Council policy to review fees and charges on a yearly basis. This enables the Council to be satisfied that the fees and charges are transparent, fair and reasonable.

The options available are:

- no change being made to existing fees and charges,
- proceeding with the recommendations set out in this proposal: or
- changing fees by a different amount.

The following fees and charges are proposed to increase by more than 2.5%:

- Niche Walls – the new niche walls are popular. The large niches enable the interment of two urns of ashes. For the size of the niche, the current fee of \$709 is 60-74% of the price of similar sized niches in other cemeteries. It is proposed that the fee be raised to \$750 to make it more market comparable.
- Cancellation of plot title – the cancellation of a plot title involves revoking the title, altering the cemetery records, and advising finance of the need to raise a credit in the name of the plot holder. The current fee does not cover this cost. It is proposed that the fee be raised to \$100 to cover the actual cost of providing this service.

No changes are proposed to the following fees in 2021/22:

- Interment of Child up to 13 years \$400
- Interment of Child up to 12 months \$238
- Overtime surcharge \$100
- Medical Referees fee \$60
- Entry in book of memories \$97

Several changes are proposed for the fee schedule to simplify it. These include:

a. Standardising fees for use of the chapel.

At present the use of the chapel is built into fees for cremation plus committal and cremation plus full service, for adults, children up to 1 year old, and children between the age of 1 and 13 years

old. When the cremation fee is removed, the committal service fee is between \$116 and \$124 for the three age groups, and the full-service fee \$167. The schedule also lists a use of Kelvin Grove Chapel fee of \$145.

It is proposed to remove the six combined cremation/service fees, and standardise the charge for the use of the chapel as follows:

Use of chapel Monday-Friday 9.00am-4.00pm

Committal service \$126

Full Service \$171

b. Rationalising the listing of ashes plot options

The current schedule lists the following ashes plots all for the same price.

Lawn Cemetery (Plaque) Section U/1A
Lawn Cemetery (Headstone) Section T, U/2A, V/A, Bunnythorpe & Ashhurst
Lawn Cemetery Memorial Gardens - Section T

It is proposed to simplify the schedule by listing all these plots together.

c. Removal of fees:

- Breaking concrete fee – breaking of concrete is now very uncommon as most interments are in grass plots. Council staff do not have the skills and tools to break through concrete to inter ashes, particularly when the grave is very old. Furthermore, the cost to cut and then reinstate concrete and plaster varies between graves. Council will no longer offer this service and direct families and funeral directors to firms more able to provide this service.
- Search Fee – PNCC cemetery records are available through the council website and customers can search the records from anywhere in the world. The cemetery administrator is seldom asked to search a record, other than by a casual visitor to the office. In these cases, the search is quick, and the customer is not usually charged.

5. FINANCIAL IMPLICATIONS

The proposed fees and charges will assist the budget targets for 2021/22, as defined in the proposed 10 Year Plan, to be met based on the numbers of burials and cremations assumed. The budget assumes revenue of \$735,000 will be generated. This is \$29,000 more than assumed in 2020/21 but only \$4,000 more than the actual revenue received in 2019/20. The budgeted revenue is below the policy target in percentage terms.

Palmerston North City Council			
Burial and Cremation Charges		Fees & Charges	
(Terrace End, Kelvin Grove, Ashhurst & Bunnythorpe Cemeteries)			
All fees and charges shown are GST inclusive			
Burial Fees		From 1 July 2020	From 1 July 2021
Purchase of Plot			
	Kelvin Grove, Ashhurst & Bunnythorpe Cemeteries (Double beam plots)	\$ 2,036	\$ 2,087
	Kelvin Grove Cemetery (Single beam areas) Section V	\$ 3,008	\$ 3,083
	Children's Section at Kelvin Grove (up to 13 years old)	\$ 1,018	\$ 1,043
	Services Section (RSA) - Kelvin Grove & Ashhurst	\$ 509	\$ 522
Note: Each plot is able to be used for two burials providing that, at the first interment, an extra depth requirement is advised to the Cemetery Administration Officer			
Interment Fees (Standard hours Mon-Fri 9.00am - 4.00pm)			
	Adult (14 years or over, including Services Personnel)	\$ 988	\$ 1,013
	Child up to 13 years	\$ 400	\$ 400
	Child up to 12 months	\$ 238	\$ 238
	Extra depth surcharge	\$ 217	\$ 222
	"Fill-your-own" surcharge (Clean-up)	\$ 250	\$ 256
	Overtime surcharge per hour or part thereof - applied if funeral activities at the cemetery have not concluded by 4.00pm Monday - Friday	\$201/hour	\$206/hour
	Disinterment	\$ 2,043	\$ 2,094
Interment Fees (Saturdays) - Applies to Interment, Extra depth and "Fill-your-own" fees			
	Saturday morning	standard fee x 1.5	standard fee x 1.5
	Saturday afternoon (by arrangement with cemetery staff) (note 3)	standard fee x 2	standard fee x 2
Cremation and Ash Burial Fees		From 1 July 2020	From 1 July 2021
(Standard hours Mon-Fri 9.00am - 4.00pm)			
	Adult Cremation only	\$ 622	\$ 638
	Child (1-13 years) - cremation only	\$ 281	\$ 288
	Child (up to 12 months) - cremation only	\$ 78	\$ 80
	Medical Referee's Fee	\$ 60	\$ 60
Use of Chapel - Mon-Fri 9.00am - 4.00pm			
	Committal service	\$ 123	\$ 126
	Full service	\$ 167	\$ 171
	Medical Referee's Fee	\$ 60	\$ 60
Cremation fees (Saturdays)			
	Saturday morning	Cremation & chapel fees x 1.5	Cremation & chapel fees x 1.5
	Saturday afternoon (by arrangement with cemetery staff) (note 3)	Cremation & chapel fees x 2	Cremation & chapel fees x 2

Ash Burial Fees		From 1 July 2020	From 1 July 2021
Purchase of Ashes Plot for ash interment			
	Lawn Cemetery - (Plaque) Section U/1A, (Headstone) Section T, U/2A, V/A, (Memorial Gardens) - Section T Bunnythorpe & Ashhurst	\$ 653	\$ 669
	Remembrance Garden Kerb - Section GK 1, 2 & 3	\$ 653	\$ 669
	Niche Walls - Kelvin Grove and Ashhurst	\$ 709	\$ 750
	Services Section (RSA) - Kelvin Grove and Ashhurst	\$ 163	\$ 167
	Child - Section T/4A & Children's section O ash beams	\$ 610	\$ 625
Purchase of memorial plaque plot			
	Remembrance Garden Kerb - Section GK 4 - Plaques only	\$ 561	\$ 561
Other Cremation Charges			
	Burial of Ashes - Weekdays (note 2)	\$ 197	\$ 197
	Burial of ashes with no family present and no service (note 2)	\$ 136	\$ 136
	Burial of Ashes - on Saturday morning	\$ 296	\$ 296
	Burial of Ashes - on Saturday afternoon (note 3)	\$ 394	\$ 394
	Disinterment of Ashes	\$ 78	\$ 78
	Overtime surcharge (per hour or part thereof) will be applied if funeral activities at the crematorium have not concluded by 4.00pm Monday - Friday	\$100/hour	\$100/hour

Other Charges		From 1 July 2020	From 1 July 2021
	Memorial permit fee (for all headstones and plaques)	\$ 45	\$ 45
	Use of Kelvin Grove Chapel - deleted	\$ 145	N/A
	Breaking concrete - deleted	\$ 217	N/A
	Plot cancellation fee	\$ 58	\$ 100
	Entry in Book of Remembrance	\$ 97	\$ 97
	Search fee - per entry - deleted	\$ 9	N/A
	Search fee - maximum fee - deleted	\$ 136	N/A
	Out of District Surcharge (note 1)	Plus 30% on all services except Chapel and Cremation. Plus 10% on Chapel and Cremation charges.	
Notes:			
1	"Out of District" surcharge applies to persons normally resident outside of the Palmerston North City boundary. (These people do not pay rates to Palmerston North City Council). Exemptions apply to persons who can provide evidence of residence in the City for at least 20 years or who have operated a rate-paying business in the City for at least 20 years.		
2	For regular ash interment the site is prepared for a ceremony. The hole is cut and tidied, soil left alongside with a shovel, and a container of sand provided. Requests for Ash interment by cemetery staff with no friends or family present will incur the reduced fee.		
3	Burials or cremations <u>may</u> be provided by arrangement, subject to availability of staff, after 12.00 noon Saturday.		

Service Connection Fees

Appendix 8

1. INTRODUCTION

Service connection fees are levied on those wishing to connect to one or more of the Council's water, wastewater, or stormwater systems. The actual physical connection is made at the applicant's cost, by an approved contractor. The charges levied by the Council cover the administration of processing the application, and the researching of plans, the inspection of the finished work to ensure it meets Council's standards and the production of as built plans of the connection(s). The data gathered in the as built process is then input to Council's asset management system.

2. BACKGROUND

2.1 Statutory Requirements

The setting of fees and charges for service connections is empowered by Section 12 of the Local Government Act 2002 i.e. the general power of competence to carry on any activity or business with associated rights, powers and privileges. As such, they can be set by Council resolution and do not require any special consultative procedures.

2.2 Factors Impacting on Setting Fees and Charges

The Council's Revenue and Financing Policy (10 Year Plan 2018-28, pp211-231) outlines Council's views about the extent to which users should bear the cost of providing particular services. The policy outlines that "an activity should be funded on a user pays basis if an individual or group of individuals directly receives benefits of the activity exclusively, and the costs of the activity can easily be attributed to that individual or groups of individuals."

An updated policy, being consulted on in conjunction with the proposed 10 Year Plan 2021-31 contains unchanged assumptions.

As service connections is a relatively small activity the policy does not specifically address what proportion of the costs should be covered by user fees.

Service connection fees were considered in detail in 2017 and as a consequence restructured and increased. The charges have increased by an inflationary factor each year since then. The present fee structure includes a discount for applications for multiple connections at any single property. The discount was introduced on the assumption there was a cost saving to processing and administration.

The current fees and charges are as follows:

Service required	Current Fees (\$) GST Inclusive from 1 July 2020		
	Application Fee	Inspection Fee	Total Fee
One connection (water, wastewater or stormwater)	76.00	119.00	195.00
Two connections (water, wastewater or stormwater)	119.00	175.00	294.00
Three connections (water, wastewater or stormwater)	158.00	229.00	387.00

3. PROPOSED FEES AND CHARGES

Detailed recording and analysis of the cost to process service connection requests has shown there is no saving for processing multiple applications and also that current charges do not recover the full cost. It is proposed the connection fee structure be simplified with a uniform charge for each service connection applied for:

The proposed fees and charges are as follows:

Service required	Proposed Fees (\$) GST Inclusive from 1 July 2021		
	Application Fee	Inspection Fee	Total Fee
One connection (water, wastewater or stormwater)	100.00	160.00	260.00

4. DESCRIPTION OF OPTIONS

It is Council policy to review fees and charges on a yearly basis although a review of these particular fees and charges has been overlooked.

The options available are:

- no change being made to existing fees and charges,
- proceeding with the recommendations set out in this proposal; or
- changing fees by a different amount.

5. FINANCIAL IMPLICATIONS

It is the expectation that services such as connections to the infrastructure should be funded by users so it is important to adjust charges to reflect changing costs. The proposed charges reflect this.

Waste Management Fees & Charges

Appendix 9

1. INTRODUCTION

Council's resource recovery/waste management activity comprises a number of elements including rubbish collection and disposal and recycling. There are a number of sub-activities with different funding arrangements and each of these has been reviewed for the 2021/22 year.

2. BACKGROUND

2.1 Statutory Requirements

The setting of fees and charges for waste management is empowered by Section 12 of the Local Government Act 2002 i.e. the general power of competence to carry on any activity or business with associated rights, powers and privileges. As such, they can be set by Council resolution and do not require any special consultative procedures.

Rates for kerbside recycling and rubbish and public recycling are set through the processes contained in the Local Government Rating Act 2002.

2.2 Factors Impacting on Setting Fees and Charges

The Council's Revenue and Financing Policy (10 Year Plan 2018-28, pp211-231) outlines Council's views about the extent to which users should bear the cost of providing particular services. The policy outlines that "an activity should be funded on a user pays basis if an individual or group of individuals directly receives benefits of the activity exclusively, and the costs of the activity can easily be attributed to that individual or groups of individuals."

An updated policy, being consulted on in conjunction with the proposed 10 Year Plan 2021-31 contains unchanged assumptions.

The policy outlines that kerbside rubbish collection should be funded by users of the service, that costs of rubbish collection from public spaces should be funded by way of a targeted rate assessed on all properties, that recycling costs should be funded from the sale of recyclables and the balance funded by users of the services (where practicable) and the net cost of the kerbside recycling service be funded by way of a targeted rate on properties on the recycling route.

In addition to the policy fees and charges for waste management activities are impacted by:

- Volumes of rubbish & recycling material
- Costs of waste disposal (including any government waste levies)
- Prices for the products sold from the recycling process
- Plant maintenance and operating costs

3. PROPOSED FEES AND CHARGES

3.1 Kerbside rubbish bags

The Council sets the maximum retail price for the sale of rubbish bags and sells directly to the public from its own office and through wholesale contracts with major retailers. The current maximum price was set from 1 July 2017 when the price per bag was reduced from \$2.60 to \$2.50.

The most recent assessment is that for 2021/22 forecast revenue from the sale of bags (at the current price) will be insufficient to cover the forecast annual cost of providing the kerbside rubbish bag service. In addition the Government has signalled that the Waste Levy charged on the disposal of municipal waste will increase by \$10/tonne effective from 1 July 2021. This has contributed 5 cents per bag to the prices proposed as follows:

Council official bag size	Current maximum retail price (GST incl.)	Proposed maximum retail price (GST incl.)
Large (60L)	\$2.50/bag	\$2.75/bag
Small (40L)	\$1.80/bag	\$1.95/bag

3.2 Ashhurst transfer station

The current fees for rubbish disposal at the Ashhurst Transfer Station are set to recover the costs of transferring the waste to Matthews Avenue and subsequent disposal costs. The fixed costs of operating the transfer station are recovered via the targeted rate.

The current charges are not quite recovering the costs to transfer and dispose of the rubbish collected at the transfer station.

It is very difficult to set a rate that is fair and reasonable when the costs for transferring are dependent on the volume of waste contained in the Hook Bins, but Council is charged for disposal by weight. As there is no weighbridge at Ashhurst the charges need to be set by load size. This is also very difficult as there are many variants from differing car sizes to various ranges in trailer sizes – both in length and height. The descriptions for load sizes have been reviewed and the following changes are proposed:

- Revising the description for Station Wagons to include SUV's, Hatch Backs and Double Cab Utes
- Revising the description for Van or Ute to include Vans and Single Cab Utes only

- Restrict the maximum height of a load to 1.5m – any loads over this height can't be accepted at the Ashhurst Transfer Station (excessively large loads severely overload the receiving capacity of the facility)

After review some changes are proposed to the fees charged for each load size.

As mentioned above the Waste Levy will increase from 1 July 2021 and this additional cost has been incorporated in proposed charges at the Ashhurst Transfer Station.

The current fees for green waste at the Ashhurst Transfer Station are set to recover the costs of transferring the green waste to Awapuni for shredding and composting. The current charges are enough to recover these costs.

The proposal to changes the load size descriptions for waste also needs to apply to green waste loads to avoid confusion.

The proposed charges for the transfer station are described in the attached schedule.

3.3 Recycling car tyres

It is proposed to introduce a car tyre recycling service at the Awapuni Resource Recovery Park and there is a need to set the charge for the service in anticipation that satisfactory disposal arrangements can be concluded. The proposed charge will cover the costs of providing the service.

Tyre size	Proposed charge (GST incl.)
Car tyre	\$5.00
Car tyre, dirty	\$6.00
4WD tyre	\$6.00
4WD tyre, dirty	\$7.00
Heavy truck tyre	\$18.00
Heavy truck tyre, dirty	\$20.00

3.4 Other services

No changes are proposed to charges for greenwaste disposal at the Awapuni landfill, E-waste disposal charges or waste charges for events.

4. DESCRIPTION OF OPTIONS

It is Council policy to review fees and charges on a yearly basis although a review of these particular fees and charges has been overlooked.

The options available are:

- no change being made to existing fees and charges,
- proceeding with the recommendations set out in this proposal; or
- changing fees by a different amount.

5. FINANCIAL IMPLICATIONS

Without the proposed changes to prices for rubbish bags and the Ashhurst Transfer Station, Council's revenue budgets for waste management are unlikely to be achieved.

Palmerston North City Council			
Ashhurst Transfer Station		Fees & Charges	
Rubbish Disposal			
Load Size	Current Charge (Incl. GST)	Proposed New Description for Load Size	Proposed Charge (Incl. GST)
PNCC Rubbish Bag	Free	PNCC Rubbish Bag	Free
60L Rubbish Bag (same as Council Bag)	\$4.50	60L Rubbish Bag (same as Council Bag)	\$4.50
Car Boot	\$45	Car Boot	<i>\$50</i>
Station Wagon	\$60	<i>Station Wagon/SUV/Hatch Back/Double Cab Ute</i>	<i>\$65</i>
Van or Ute	\$70	<i>Van/Single Cab Ute</i>	<i>\$75</i>
Trailer – up to 8.5’ x 4.5’ (maximum load height 50cm)	\$75	Trailer – up to 8.5’ x 4.5’ (maximum load height 50cm)	<i>\$85</i>
Trailer – up to 8.5’ x 4.5’ (load height over 50cm)	\$105	Trailer – up to 8.5’ x 4.5’ <i>(load height 50cm to 150cm)</i>	<i>\$130</i>
Trailer – over 8.5’ x 4.5’ (maximum load height 50cm)	\$105	Trailer – over 8.5’ x 4.5’ (maximum load height 50cm)	<i>\$115</i>
Trailer – over 8.5’ x 4.5’ (load height over 50cm)	\$155	Trailer – over 8.5’ x 4.5’ <i>(load height 50cm to 150cm)</i>	<i>\$170</i>
Greenwaste Disposal			
Load Size	Current Charge (Incl. GST)	Proposed New Description for Load Size	Proposed Charge (Incl. GST)
60L Rubbish Bag (same as Council Bag)	\$2.50	60L Rubbish Bag (same as Council Bag)	\$2.50
Car Boot	\$10	Car Boot	\$10
Station Wagon	\$15	<i>Station Wagon/SUV/Hatch Back/Double Cab Ute</i>	\$15
Van or Ute	\$20	<i>Van/Single Cab Ute</i>	\$20
Trailer – up to 8.5’ x 4.5’ (maximum load height 50cm)	\$15	Trailer – up to 8.5’ x 4.5’ (maximum load height 50cm)	\$15
Trailer – up to 8.5’ x 4.5’ (load height over 50cm)	\$30	Trailer – up to 8.5’ x 4.5’ <i>(load height 50cm to 150cm)</i>	\$30
Trailer – over 8.5’ x 4.5’ (maximum load height 50cm)	\$30	Trailer – over 8.5’ x 4.5’ (maximum load height 50cm)	\$30
Trailer – over 8.5’ x 4.5’ (load height over 50cm)	\$60	Trailer – over 8.5’ x 4.5’ <i>(load height 50cm to 150cm)</i>	\$60
Trailer plus vehicle: If your vehicle also has items to be disposed of, a vehicle charge will be added to the trailer charge			

Sportsfield Charges

Appendix 10

1 INTRODUCTION

It is the Council policy to review fees and charges each year. The Council's Revenue and Financing Policy (10 Year Plan 2018-28 page 221 & 230) outlines that users of sportsfields are expected to contribute through charges a low (i.e. 1-19%) proportion of the costs.

The policy also acknowledges that either it is not practical to identify and charge users (eg for city-wide or local reserves) or that in some instances charges would be prohibitively high if they were set at the level which would be necessary to cover the entire cost.

In April 2019 Council reviewed the funding policy for sportsfields, concluding it would continue with its funding model of charging sportsfield users a percentage of the costs of sportsfield provision, targeting a level of approximately 5% cost recovery. Council also resolved to continue its policy of not charging for sportsfields used exclusively by junior players.

An updated policy, being consulted on in conjunction with the proposed 10 Year Plan 2021-31, makes no change to these assumptions.

Sportsfield and other associated fees and charges were last increased in 2020.

2 BACKGROUND

2.1 Statutory Requirements

Under its statutory powers contained in the Local Government Act 2002 (LGA) the Council has power to set fees and charges for the use of reserves including sportsfields.

2.2 Factors Impacting on Setting Fees and Charges

The following factors impact on the fees and charges:

- Cost of building, maintaining and administering sportsfields and playing surfaces, and associated facilities
- The practicability of charging for some types of use
- Council's policy on the extent to which users should contribute toward the cost
- The utilisation of the sportsfield network
- The standard of playing surface provided (level of service)
- The number of fields required by various sports codes – this varies depending on changing ground allocation practices and the number of teams playing/training each year.

3. PROPOSED FEES AND CHARGES

Fees and charges would need to be increased significantly before revenue from sportsfields increased to any significant extent compared with operating costs.

In recent years actual sportsfield revenue represented between 5% and 6% of operating costs. The initial draft budget for 2020/21 assumed a 4% recovery. During the adoption of the budget, Council reduced sports user charges by 50% as part of its COVID recovery plan. This budget change dropped the recovery percentage to 2%.

The draft budget for 2021/22 assumes a 4% recovery. Expenditure is forecast to decrease slightly from 2020/21. The decrease is as a result of the review of the budgets, including overhead allocations, as part of the development of the 10-year plan.

Priority 5 of Council Goal 2 is to be one of the most active communities in New Zealand. Success measures include an increase in use of parks, sportsfields and playgrounds and an increase in participation rates for all adults in sport and recreation. Whilst Council fees and charges are only a small portion of the overall cost for an adult participating in organised sport, a large increase in Council fees could potentially impact adversely on the attraction and retention of adult players.

The nature of sport and recreation is changing. New sports emerge and as participation grows, there is an expectation that Council will allocate grounds to these new sports on an ongoing basis. Where possible, Council makes provision for these emerging sports through the reallocation of existing fields. The fee schedule needs to be continually reviewed to ensure that the fees for these new sports are transparent.

Recommended changes shown in the **attached schedule** comprise the following elements:

- No change to the current seasonal fees
- Continuing to impose zero fees for fields used exclusively for junior sport (school age teams)
- Inclusion in the schedule the fee for provision of lacrosse fields
- Increases to a few one-off charges to ensure that the user is appropriately charged for the benefit attained and/or that the costs to council of administering the service
- Deletion of fees no longer needed – e.g. Smart Card and Blokart hire, and the set cleaning fees. It should be noted that event organisers are provided with an overall quote from the Council, which encompasses any additional services they require, including cleaning.
- Adjustment of the value of bonds for keys and grounds to reflect the cost to Council if a key needs replacing or grounds need repair.
- Redefining some one-off charges to make them clearer – e.g. use of railway land

4. DESCRIPTION OF OPTIONS

It is Council policy to review fees and charges on a yearly basis. This enables the Council to be satisfied that the fees and charges are transparent, fair and reasonable.

The options available are:

- no change being made to existing fees and charges,
- proceeding with the recommendations set out in this proposal: or
- changing fees by a different amount.

5. FINANCIAL IMPLICATIONS

The proposed fees and charges will enable there to be a small increase in revenue (provided that one-off use of parks for tournaments, and commercial food vendor licences continues to rise).

Palmerston North City Council				
Sportsfield Fees and Charges				
All fees and charges shown are GST inclusive				
Season Charges		Current	Proposed	
		For Summer 2020/21 & Winter 2021)	For Summer 2021/22 & Winter 2022)	
Winter				
Rugby Union	per field (8,280 sq m)	\$ 1,224	\$	1,224
League	per field (8,280 sq m)	\$ 1,084	\$	1,084
Football	per field (7,300 sq m)	\$ 1,145	\$	1,145
Netball (Vautier Park)	per court (665 sq m)	\$ 543	\$	543
Lacrosse	per field (5,500 sq m)	\$ 825	\$	825
Winter Training Grounds				
Football	1 @ Skoglund - 3,000 sq m	\$ 501	\$	501
	1 @ Waterloo - 11,000 sq m	\$ 1,842	\$	1,842
	1 @ Takaro - 8,400 sq m	\$ 1,406	\$	1,406
	1 @ Hokowhitu - 2,500 sq m	\$ 419	\$	419
	2 @ Monrad - 5,580 sq m	\$ 937	\$	937
	2 @ Bill Brown - 6,000 sq m	\$ 1,107	\$	1,107
	1 @ Ashhurst Domain - 8,400 sq m	\$ 1,406	\$	1,406
	2 @ Ongley - 7,000 sq m	\$ 1,193	\$	1,193
	1 @ Bill Brown - 7,000 sq m	\$ 1,193	\$	1,193
	1 @ Lincoln - 6,050 sq m	\$ 1,012	\$	1,012
	1 @ Colquhoun - 6,050 sq m	\$ 1,012	\$	1,012
	1 @ Bunnythorpe - 4,000 sq m	\$ 668	\$	668
	1 @ Coronation - 7,700 sq m	\$ 1,147	\$	1,147
Summer				
Cricket	Per field (14,320 sq m)	\$ 2,648	\$	2,648
	per grass wicket	\$ 251	\$	251
	per artificial wicket	\$ 190	\$	190
Softball	per grass diamond (playing or training)(6,013 sq m)	\$ 813	\$	813
	per skin diamond (6,013 sq m)	\$ 737	\$	737
Touch	per field (3,500 sq m)	\$ 345	\$	345
	per Coronation Pavilion	\$ 1,997	\$	1,997
Athletics	per grass track	\$ 1,075	\$	1,075
Tennis (669 sq m)	per court @ Vautier	\$ 454	\$	454
	per court @ Colquhoun	\$ 155	\$	155
	per court @ Awapuni per season	\$ 381	\$	381
	per court @ Takaro	\$ 288	\$	288
	per court @ Wallace	\$ 288	\$	288
Summer Football	per field	\$ 573	\$	573
Rugby 7's	per field	\$ 612	\$	612
Charge Grounds				
Fitzherbert Park	Summer	\$ 4,254	\$	4,254
	Winter	\$ 4,132	\$	4,132
Memorial Park	Summer	\$ 4,274	\$	4,274
	Winter	\$ 4,274	\$	4,274
Winter Season = 2nd week April to 3rd week September.				
Summer Season = 2nd week October to 3rd week March.				

One-off Charges			Current (Summer 2020/21 & Winter 2021)	Proposed (Summer 2021/22 & Winter 2022)
Sportsfields	Playing Field (pre-season)	per game	\$ 88	\$ 88
	Playing Field (casual)	per game	\$ 113	\$ 113
	Touch field (casual/preseason)	per game	\$ 40	\$ 40
	Ongley Park (tournament)	per day (excl change rooms)	\$ 677	\$ 677
	Ashhurst Domain (tournament)	per day (excl change rooms)	\$ 677	\$ 677
	Fitzherbert Park (casual)	1/2 day	\$ 200	\$ 200
	Fitzherbert Park (casual)	per day	\$ 383	\$ 383
	Memorial Park (casual)	1/2 day	\$ 200	\$ 200
	Memorial Park (casual)	per day	\$ 383	\$ 383
	Cricket (grass wicket)	per day	\$ 312	\$ 312
Sportsfield Pavilions	Cricket (artificial wicket)	per day	\$ 138	\$ 138
	Changing room x 1 - deleted	each clean	\$ 33	N/A
Manawaroa Pavilion	Social area/kitchen - deleted	per hour	\$ 20	N/A
	Pavilion Hire (regular)	1/2 day per week per season	\$ 524	\$ 524
	Pavilion Hire (regular)	1/2 day per week per year	\$ 1,048	\$ 1,048
	Pavilion Hire (regular)	1 day per week per season	\$ 894	\$ 894
	Pavilion Hire (regular)	1 day per week per year	\$ 1,786	\$ 1,786
	Pavilion Hire (casual)	per day	\$ 88	\$ 88
The Square	Pavilion Hire (casual)	per hour	\$ 27	\$ 27
	Smart Card - deleted	per card	\$ 13	N/A
	Serviced rest rooms (open after hours)	per hour	\$ 40	\$ 55
Railway Land	Commercial occupancy	small event per day	\$ 149	\$ 160
	Commercial occupancy	large event per day	\$ 311	\$ 320
Bonds	Large commercial event	Eg wine & food festival	\$ 1,867	\$ 2,000
	Large tournament	Eg NZ touch nationals	\$ 933	\$ 1,000
	All other events/groups	Eg Marching	\$ 375	\$ 250
	Small Groups - deleted	Eg Railway land use	\$ 149	N/A
	Key Bond	Building key	\$ 25	\$ 50
	Key Bond	Gate key		\$ 25
Commercial usage				
Mobile vendor eg coffee cart, food truck (note 1)	Up to 2 days, per season (note 2)	Per site - licence to occupy	\$ 488	\$ 500
Mobile vendor eg coffee cart, food truck (note 1)	Up to 2 additional days per season	Per site - licence to occupy		\$ 500
	Power	Per site per season	\$ 140	\$ 140
eg BloKart hiring	Per season	Deleted	\$ 488	N/A
Craft, Food vendor	Casual occupancy	Deleted	\$ 28	N/A
Tennis Coaching	Per season	Per court	\$ 488	\$ 488
	Per day	Per court	\$ 28	\$ 28
Note 1	All applications are assessed against the Council policy for the use of public space - applies to all Council sites, not just parks.			
	Vendor applications for sports fields require support from the sports code allocated the grounds			
Note 2	Playing season or six months, depending on location			

Backflow Preventer Charges

Appendix 11

1 INTRODUCTION

Testable backflow preventers (BFPs) are required on all non-residential water connections. These prevent any contaminated water from within a property affecting the water supply and other consumers. There are in excess of 450 properties classified as requiring BFPs. Currently, Council has BFPs tested annually, but property owners are expected to repair or replace ones that fail.

The cost of replacing a BFP, depending on its size, could be as much as \$5,000. When a repair or replacement is necessary, the expectation is that the Council informs the property owner, the property owner then engages an IQP (approved contractor) who can carry out the work, and the issue is resolved at the property owner's expense.

Even if the property owner accepts responsibility and is willing to follow up, there can be delays due to the time taken to receive notification of a failed test, to find and communicate this to the property owner, then for the property owner to arrange the necessary works and have them carried out. If the property owner does not accept responsibility, the length of time for which the BFP is not functioning adequately is extended. Any delay to addressing a failed BFP represents a public health risk which could result in contamination of the water supply.

The current practice is that Council has budgeted for repairs and replacements and has arranged for these to be carried out by a external contractor at Council's cost. This has been done to mitigate the risk of a failed BFP not being repaired in a timely manner and resulting in a public health risk. The cost for this work was included in general water operations budgets and not transparent. The cost was not recovered from the property owner(s) concerned but rather a part of the general water rate. The current arrangements are not considered to be equitable, transparent or incentivising a risk averse approach to water supply distribution.

2. BACKGROUND

2.1 Statutory Requirements

The setting of fees and charges for wastewater is empowered by Section 12 of the Local Government Act 2002 i.e. the general power of competence to carry on any activity or business with associated rights, powers and privileges. As such, they can be set by Council resolution and do not require any special consultative procedures.

Rates for water services are set through the processes contained in the Local Government Rating Act 2002.

2.2 Factors Impacting on Setting Fees and Charges

The Council's Revenue and Financing Policy (10 Year Plan 2018-28, pp211-231) outlines Council's views about the extent to which users should bear the cost of providing particular services. The policy outlines that "an activity should be funded on a user pays basis if an individual or group of individuals directly receives benefits of the activity exclusively, and the costs of the activity can easily be attributed to that individual or groups of individuals."

An updated policy, being consulted on in conjunction with the proposed 10 Year Plan 2021-31 contains unchanged assumptions.

The policy makes no specific mention of backflow preventers.

3. PROPOSED FEES AND CHARGES

It is proposed that Council assume full responsibility for repairs and renewals of all BFPs as well as for annual testing to confirm compliance. The cost for this work would be recovered by way of an annual charge. A fixed annual fee will avoid the need for large one-off fees to be recovered when major upgrade work is required for a specific BFP. It will also ensure that issues are solved quickly, ensuring that public health is protected. The fee would only be payable on the property water connection at the boundary and not any internal connections which are dealt with under the Building Warrant of Fitness.

Costs associated with BFPs consist of:

- Regular testing
- Repairs
- Replacements
- Administration

While repairs and replacements are more expensive for larger BFPs, it is proposed to determine a uniform charge that applies to all premises, to spread costs, provide clarity to customers, and reduce administration cost and time for Council.

There are 455 BFPs on the Council's reticulation. These are tested annually, with the exception of 25 which are tested six-monthly. This equates to 480 total tests per year, at a cost of \$75.00 plus GST per test. Although BFPs that are tested every six months incur higher costs, it is proposed to spread costs across all BFPs, again to provide clarity to customers and reduce administration cost and time for Council.

In 2019, which can be considered a typical year, the total cost of repairs and replacements incurred by Council through external contractors was \$59,000.

To cover the costs of testing, repairs and replacements a charge of \$240 pa is proposed. In addition, it is proposed to levy a \$25 administration fee per BFP. This would cover the time taken by Council officers to organise BFP testing.

Proposed Fees and Charges for BFP testing and maintenance

Item	Charges (GST incl.)	Unit
Annual BFP charge	\$240	Per BFP per year
Administration fee	\$25	Per BFP per year
Total charge	\$265	Per BFP per year

Note that properties with multiple BFPs would pay separately for each. For example, a property with two BFPs would pay $\$265 \times 2 = \530 per year.

4. DESCRIPTION OF OPTIONS

It is Council policy to review fees and charges on a yearly basis although a review of these particular fees and charges has been overlooked.

The options available are:

- no change being made to existing fees and charges,
- proceeding with the recommendations set out in this proposal; or
- changing fees by a different amount.

5. FINANCIAL IMPLICATIONS

The proposed 10 year plan includes provision of additional revenue of \$48k pa (programme 2053) from 1 July 2021 from these charges, thereby reducing the sum required to be collected from rates.

Corridor Access Request Fee

Appendix 12

1 INTRODUCTION

A Corridor Access Request (CAR) is an application to the Council for access to the road corridor in order to carry out works. It is required to ensure all work sites on roads are as safe as possible for workers, motorists, pedestrians, and cyclists. Currently the Council charges no fee for CARs. The costs associated with administering and issuing CAR are currently funded by rates.

It is proposed to charge for Corridor Access Requests and move to a user pays model.

2. BACKGROUND

2.1 Statutory Requirements

The setting of fees and charges for an activity such as corridor access is empowered by Section 12 of the Local Government Act 2002 i.e. the general power of competence to carry on any activity or business with associated rights, powers and privileges. As such, they can be set by Council resolution and do not require any special consultative procedures.

2.2 Factors Impacting on Setting Fees and Charges

The Council's Revenue and Financing Policy (10 Year Plan 2018-28, pp211-231) outlines Council's views about the extent to which users should bear the cost of providing particular services. The policy outlines that "an activity should be funded on a user pays basis if an individual or group of individuals directly receives benefits of the activity exclusively, and the costs of the activity can easily be attributed to that individual or groups of individuals."

An updated policy, being consulted on in conjunction with the proposed 10 Year Plan 2021-31 contains unchanged assumptions.

The policy makes no specific mention of corridor access fees.

3. PROPOSED FEES AND CHARGES

Reflecting the cost of issuing CARs it is proposed to introduce two types of CAR charges:

- Standard CAR Charges
- Generic CAR Charges

3.1 Standard CAR Charges

The standard CAR is a one-off corridor access request. The following table contains a proposed charging schedule:

Item	Charges (GST incl.)	Comment
Administration Fee	\$110	Per application
Reinstatement Inspection Fee – first 20m of trench opening	\$76	Provides for two reinstatement inspections to be made per CAR.
Standard CAR Charge	\$186	Assuming no more than two reinstatement inspections required
Additional Reinstatement Inspection fee – payable for every additional 100m of road opening >20m	\$39	An additional reinstatement fee would be payable for one additional inspection for each additional 100m of trench beyond the 20m standard fee.
Rebate for Overlap CAR and Vehicle Crossing Inspection	-\$76	When CAR and Vehicle Crossing Inspections overlaps, a rebate payment of \$66 would apply

3.2 Generic CAR Charges

The generic CAR is a long-term permit that allow utility service contractors to work on road corridors without having to apply for a different CARs for each job. The following table contains a proposed charging schedule:

Item	Charges (GST incl.)	Comment
Administration Fee	\$220	Per application
Reinstatement Inspection Fee	\$76	Provides for two reinstatement inspections
Generic CAR Charge	\$296	Assuming no more than two reinstatement inspections required
Additional Reinstatement Inspection fee	\$39	Additional reinstatement will incur an additional charge on a per visit basis.

4. DESCRIPTION OF OPTIONS

It is Council policy to review fees and charges on a yearly basis although a review of these particular fees and charges has been overlooked.

The options available are:

- no change being made to existing fees and charges,
- proceeding with the recommendations set out in this proposal; or
- changing fees by a different amount.

5. FINANCIAL IMPLICATIONS

The proposed 10 year plan includes provision of additional revenue of \$134k pa (programme 2052) from 1 July 2021 from these charges, thereby reducing the sum required to be collected from rates.

Parking Fees & Charges

Appendix 13

1 INTRODUCTION

The draft supporting information for the Council's 10 Year Plan 2021-31, approved by the Council, assumes additional revenue of \$500,000 will be obtained in 2021/22 from a range of changes to parking fees, charges and infringements. A number of potential changes were considered at elected member workshops and these have been further assessed and changes are now proposed.

2. BACKGROUND

2.1 Statutory Requirements

The setting of fees and charges is empowered by Section 12 of the Local Government Act 2002 i.e. the general power of competence to carry on any activity or business with associated rights, powers and privileges. As such, they can be set by Council resolution and do not require any special consultative procedures.

The Palmerston North Traffic and Parking Bylaw 2018 provides that "the Council may prescribe the charges to be paid for the use of any parking place or transport station, as measured by parking meters or by a fee or permit to use the parking place or transport station, or by any other prescribed method of time measurement or payment". Further it says "the Council may charge a fee for receiving and processing an application and issuing a permit" and that "the Council must prescribe a fee for any permit issued under the Bylaw in accordance with the Local Government Act 2002."

Parking Infringements are regulated by the Land Transport (Offences and Penalties) Regulations 1999.

2.2 Factors Impacting on Setting Fees and Charges

The Council's Revenue and Financing Policy (10 Year Plan 2018-28, pp211-231) outlines Council's views about the extent to which users should bear the cost of providing particular services. The policy outlines that "an activity should be funded on a user pays basis if an individual or group of individuals directly receives benefits of the activity exclusively, and the costs of the activity can easily be attributed to that individual or groups of individuals."

An updated policy, being consulted on in conjunction with the proposed 10 Year Plan 2021-31 contains unchanged assumptions.

The policy provides that "parking users should pay at levels that are appropriate to manage demand and provide a net return that can be applied to reduce the net cost to ratepayers of roading and transportation".

3. PROPOSED FEES AND CHARGES

3.1 Summary of Proposed Changes

This proposal in summary is to:

- Standardise and increase on-street parking fees;
- Standardise off-street parking fees;
- Standardise leased parking fees;
- Extend parking hours on all paid parking (on-street, off-street, leased parking)

While there are numerous drivers for increasing parking changes the primary purpose is to ensure that there is a ready supply of parking within the central city in the face of growing demand and a fixed supply of parking. This is particularly relevant in the proposal to extend the period of paid parking charges in the evenings and on weekends. Other key reasons include:

- Helping to encourage greater use of active transport modes including public transport
- Simplifying the administration of lease parking and ensuring Council maximises the return to the off-street parking assets
- Ensuring full cost recovering of the administration costs of the parking activity

Summary of Proposed Changes to Parking Charges (Table 1)

Item (Charges are GST incl.)	Current charges	Proposed change	Estimated revenue impact per year
Standardise on-street parking (including square centre) charges across City	Hourly charges vary from \$0.20 to \$1.50/hr	Standardise at \$1.5 per hour	\$140,000
Implement Annual Indexation of on-street Parking Charges	\$0.20 to \$1.50/hr	Increase to \$1.70/hr	\$75,000 (Assumes 10% decrease in demand)
Standardise off-street parking charges across City	Hourly charges vary from \$0.20 to \$1/hr	Standardise at \$1 per hour and \$5 per day	\$15,000
Standardise and Implement Market rates for Lease Parking Charges	Details in Table 2	Details in Table 2	\$50,000 (Assume no decrease in demand)
Extend Paid Parking – Thursday 5.30pm to 9.00pm	No charge	\$1.70/hr	\$20,000
Extend Paid Parking - Friday from 5:30pm to 9:00pm	No charge	\$1.70/hr	\$20,000

Extend Paid Parking - Saturday 9:00am-9:00pm	Charges from 11am to 3pm (4 hrs)	Charge for 12 hrs	\$50,000
Extend Paid Parking - Sunday 9:00am-3:00pm	No charge	Charge for 6 hrs	\$35,000
Gold Card Permit Application and Administration Fee	\$10 per application Free parking from Mon-Fri (9am to 12pm)	\$20 per application Free parking from Mon-Fri (8.30am to 11.30am)	\$25,000
Total potential revenue increase			\$430,000

Lease Parking charges (Table 2)

Location	Current charges		Proposed charges	
	Monthly charge: 5 days a week	Monthly charge: 6 days a week	Monthly charge: 5 days a week	Weekends – Standardised off-street parking fee
82 Campbell Street	\$75.31	\$90.13	\$65	\$1/hour, \$5/day
303 Church Street	\$110.75	\$125.67	\$130	\$1/hour, \$5/day
317 Church Street	\$110.75	\$125.67	\$130	\$1/hour, \$5/day
63 King Street	\$110.75	\$125.67	\$130	\$1/hour, \$5/day
12 Linton Street	\$75.31	\$90.13	\$100	\$1/hour, \$5/day
312 Main Street (by Globe Theatre)	\$75.31	\$90.13	\$100	\$1/hour, \$5/day
339 Main Street (next to Harvey Norman)	\$110.75	\$125.67	\$130	\$1/hour, \$5/day
553 Main Street (next to ACC)	\$110.75	\$125.67	\$130	\$1/hour, \$5/day
Ashley Street	\$110.75		\$100	\$1/hour, \$5/day
Plaza Top Deck	\$65		\$65	\$1/hour, \$5/day

3.2 Explanation of Proposed Changes

3.2.1 Standardise on-street and off-street Parking Charges across City

The purpose of the changes is to unify charges across the central city and remove the anomaly between different areas of paid parking given all car parks are located within easy walking distance of the CBD.

3.2.2 Standardise and Implement market rates for Lease Parking Charges

Currently there is a long wait list in some car park areas for off-street lease parking, indicating high market demand. The current off-street lease parking charge has not been adjusted for many years. The adjustment is essentially a catch-up since the last round of fee adjustments. The proposed increase in off-street parking charges is both an adjustment to simplify the charging structure and increase fees to better align current market prices with demand. Monthly fees would be adjusted to three fee ranges: \$65 for low demand sites, \$100 for medium demand sites, and \$130 for high demand sites.

The lease period would be reduced to 5 days only as there is little demand for the 6 days option. During the weekends, the leased parking lots will be open to public for casual or full-day parking at \$1/hr or \$5/day. The pay and display leased parks will provide a low-cost alternative to on-street parking for people working during the weekend in the CBD.

3.2.3 Extend Paid Parking Hours

Thursday

Shops in the CBD are open till late on Thursday evenings. Vacant parking space is hard to find in the CBD on these evenings due to the absence of paid parking. Extended paid parking hours will improve parking availability as well as encouraging active transport such as biking and walking.

Friday

Shops and hospitality businesses in the CBD operate extended hours on Friday. Vacant parking space is hard to find in many areas of the CBD on these evenings due to the absence of paid parking. Extended paid parking hours will improve parking availability and encouraging active transport such as biking and walking.

Saturday

CBD activity on Saturday is often very busy, with limited parking availability outside the current pay period of 11am to 3pm. Extended paid parking hours will improve availability as well as encouraging active transport such as biking and walking.

Sunday

Extensive retail and hospitality activity on Sunday is now a significant feature of the CBD. Vacant parking space is often limited due to the absence of parking charges. Provision of a core 6hrs of paid parking will provide improved parking availability for customers and help to encourage active transport such as biking and walking.

3.2.3 Implement Annual Indexation of Parking Charges

Vacant parking space is hard to find during peak hours. Increasing parking charges on a regular basis will help to improve parking availability by better reflecting what users are prepared to pay as well as encouraging active transport use such as biking and walking. An initial catch-up increase of 20c/hr is proposed with further on-going annual increases.

4. DESCRIPTION OF OPTIONS

It is Council policy to review fees and charges on a yearly basis although a review of these particular fees and charges has been overlooked.

The options available are:

- no change being made to existing fees and charges,
- proceeding with the recommendations set out in this proposal; or
- changing fees by a different amount.

5. FINANCIAL IMPLICATIONS

If all of the changes outlined in this section are approved it is estimated this may increase parking revenue for 2021/22 by approx. \$430k. All parking revenue assumptions, including the proposed changes, are very volume dependent. The 10 Year Plan budget includes an assumption of an additional \$500k for 2021/22 brought about by the implementation of the proposed changes.

Palmerston North City Council			Attachment A
Parking Services		Fees & Charges	
All fees and charges shown are GST inclusive			
Parking Meter Tariffs for On-Street Parking (Metered Areas)			
The primary objectives for on-street parking are:			
* facilitate the primary and identified use of the road			
* maintain high occupancy levels, with a target of 85% but below 95%, in support of efficient land use			
* maintain a flexible parking supply which caters for and supports economic vitality and vibrancy			
* maintain a parking supply that is balanced and supports active and public transport			
A standard charge of \$1.70 per hour applies to all on-street metered zones.			
Parking Meter Tariffs for Off-Street Parking (Metered Areas)			
The primary objectives for off-street parking are:			
* maintain high occupancy levels(over 90%) in support of efficient land use			
* maintain a flexible parking supply which caters for and supports economic vitality and vibrancy			
* maintain a parking supply that is balanced and supports active and public transport			
A standard charge of \$1.00 per hour applies to all off-street metered zones.			
Note:			
1 In terms of parking meter charges a normal week is Monday to Sunday inclusive. Public Holidays are defined in the Holidays Act 2003 and will be no more than 4 days during the Christmas and New Year period.			
2 Chargeable hours for parking are between 8.30am to 5.30pm Monday-Wednesday; 8.30am to 9.00pm Thursday to Saturday; and 9.00am to 3pm Sunday			
3 Any payment for parking meter tariffs made by credit card will be the subject of an additional charge to recover costs			
4 Metered fees notified are as defined for the street/area section, but do not include short term parking areas which are specified on the sign as per the Traffic Control Devices Rule.			

Other Fees					
Service Area		Fixed Fee			
Parking Meter Boards/hoods					
For owner/operators of trade vehicles, skip-bins or heavy machinery requiring metered spaces during chargeable metered hours to be reserved for special purpose or use.		\$9.00 / metered space / day			
		\$4.50 / metered space / half day			
		\$750.00 / metered space / annum			
Event Organisers Permit					
Full day charge (no half day charges), for any event organisers requiring metered spaces during chargeable metered hours to be reserved for special purpose or use.		\$5.00 / metered space / day			
SuperGold Permit					
Motorists who hold a current SuperGold card and are a Palmerston North resident, are exempt from paying at the meter between Monday-Friday 8.30am to 11.30am. Fee set is for administration per annum.		\$20.00 / vehicle / annum			
Residential Parking Permit					
Per annum charge to exempt resident from time restriction on street - in defined area as agreed at time of permit issue.		Renewable annually/No charge			
Small Passenger Service Vehicle for Authorised Taxi Organisations (ATOs)					
Permit for ATO to park in Taxi stand in signed/marked parking locations across the city.		\$40.00 / taxi / annum			
Memorial Park Private Car Sale Permit					
For the sale of private motor vehicles from designated car park spaces at Memorial Park. A maximum of four vehicles may be sold per annum per applicant.		\$10.00 / vehicle / week			
Meter Access Card					
Motorists who hold a current mobility permit who are unable to reach the meter to make payment.		\$45.00 / vehicle / annum			

Palmerston North City Council				
Parking Services			Fees & Charges	
All fees and charges shown are GST inclusive				
Lease Parking				
			Fee per vehicle for 5 day week Mon-Fri 8am to 5.30pm	Weekends - Standardised off- street parking fee
Campbell St	82-86		\$65	\$1/hour, \$5/day
Church St	303-305		\$130	\$1/hour, \$5/day
Church St	317-323 (behind Civic Administration Building)		\$130	\$1/hour, \$5/day
King St	63-75 (by Hancock Community House)		\$130	\$1/hour, \$5/day
Linton St	12 (by SquashGym)		\$100	\$1/hour, \$5/day
Main St	312 (by Globe Theatre)		\$100	\$1/hour, \$5/day
Main St	339 (by Harvey Normans)		\$130	\$1/hour, \$5/day
Main St	553-567 (by Footes Service Lane)		\$130	\$1/hour, \$5/day
Ashley St	19-35 (bottom of Farmers Carpark Building)		\$100	\$1/hour, \$5/day
Ferguson	369 (The Plaza top deck)		\$65	\$1/hour, \$5/day

COMMITTEE WORK SCHEDULE

TO: Finance & Audit Committee


MEETING DATE: 24 March 2021

TITLE: Committee Work Schedule

RECOMMENDATION(S) TO FINANCE & AUDIT COMMITTEE

1. That the Finance & Audit Committee receive its Work Schedule dated March 2021.

ATTACHMENTS

1. Committee Work Schedule_March 2021 [↓](#) 

FINANCE & AUDIT COMMITTEE

COMMITTEE WORK SCHEDULE – MARCH 2021

Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
1.	March 2021	Information technology disaster recovery plan review	Business Assurance Manager	In the process of being finalised.	16 December 2020 Clause 67.2
2.	March April 2021	COVID-19 Expenditure Review Report	Business Assurance Manager		
3.	March April 2021	Annual Report	Chief Financial Officer	Due to COVID related delays, Audit NZ has not yet completed the audit of the Annual Report. Therefore the Annual Report is not yet complete.	
4.	March April 2021	Business Continuity preparedness quarterly update	Head of Risk & Resilience	Due to the Covid19 BCP response the week of 15 February 2021, the report will be presented to the F&A Committee in April.	18 November 2020 Clause 57.2
5.	April 2021	Quarterly Performance & Finance Report (quarter ending 31 March 2021)	Chief Financial Officer		
6.	May 2021	Council Policy Framework Review	Business Assurance Manager		16 December 2020 Clause 67.2
7.	May 2021 September 2021 December 2021	Health & Safety Quarterly Update	Health, Safety & Wellbeing Manager		
8.	May 2021	Review of Elected Members' Expenses and Allowances Policy	Democracy & Governance Manager	Workshop scheduled for March.	19 February 2020 Clause 3

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Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
9.	May 2021	Review of Community Development and Events Funding	Business Assurance Manager		16 December 2020 Clause 67.2
10.	June 2021 December 2021	Business Assurance Accountability Report	Business Assurance Manager		16 December 2020 Clause 68.2
11.	August 2021	Quarterly Performance & Finance Report (quarter ending 30 June 2021)	Chief Financial Officer		
12.	August 2021	Asset Management Planning Review	Business Assurance Manager		16 December 2020 Clause 67.2
13.	August 2021	Health & Safety Review	Business Assurance Manager		16 December 2020 Clause 67.2
14.	October 2021	Quarterly Performance & Finance Report (quarter ending 30 September 2021)	Chief Financial Officer		
15.	November 2021	Review of Property Asset Renewals	Business Assurance Manager		16 December 2020 Clause 67.2
16.	November 2021	Procurement Review	Business Assurance Manager		16 December 2020 Clause 67.2
17.	2022	Financial Delegation of Authority Policy Review Review of Project Planning and Budgeting Enterprise Risk Management Framework Review Benefits Realisation Framework and Strategic Prioritisation Review Sustainable Practices Review Financial Processes Analytics (FPA) Six-monthly Business Assurance Accountability Report	Business Assurance Manager		16 December 2020 Clauses 67.2 and 68.2

CONFIDENTIAL DECISIONS RELEASED

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Item No.	Estimated Date	Report	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
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Meeting date	Title	Released	Not Released