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# **PALMERSTON NORTH CITY COUNCIL**

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## **MINUTES ATTACHMENTS FINANCE & AUDIT COMMITTEE**

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**9AM, WEDNESDAY 24 MARCH 2021**  
COUNCIL CHAMBER, FIRST FLOOR, CIVIC ADMINISTRATION BUILDING  
32 THE SQUARE, PALMERSTON NORTH

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## **FINANCE & AUDIT COMMITTEE MEETING**

24 March 2021

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**24 March 2021**

**Cafe Esplanade presentation to Palmerston North City Council**

**Café Esplanade: Past – Present- Future**

**Past:**

- Business purchased in June 2015
- 3 permanent and 2 casual staff
- Lengthy waits on menu items
- Dark interior (feedback from customers cold and unwelcoming)
- Damaged seating
- Dependence on prepared foods from suppliers

**Change:**

- Development of new menu with aim to reduce waiting times
- Development of specialist foods – low gluten, low dairy, vegan, vegetarian
- Range of menu and cabinet foods developed for wide range of budgets
- Teal interior painting changed to warm cream to lighten key areas of café
- Seating recovered and repaired
- Change from prepared foods to house made baking and chilled cabinet selection
- Employment of additional staff to improve customer service/experience
- Customers surveyed on changes to coffee and ice cream suppliers- result move to -Revive Espresso & -Tip Top/Kapiti Ice Cream
- Outdoor courtyard – additional tables and seating provided for larger groups
- Ice cream area repositioned to ensure health and safety of customers (Avoiding congestion and dangerous queues)
- Giftware area established and available for giftware/souvenir's detailed in café lease

- Continued investment in kitchen infrastructure- new plant, increased technology (food plan-Chomp)
- Ongoing promotion (Radio, print and social media) to raise awareness on what makes us different – Location, food and service

### Present:

#### Our achievements:

- Current staff numbers 14 permanent and 1 casual employees
- One of largest selection of café special dietary foods (low gluten, low dairy, vegetarian and vegan) in Palmerston North
- Popular destination for customers on fixed incomes (good range of affordable drinks, menu and cabinet items)
- Weekdays – customers range from senior walking groups, community groups, specialist associations and young parents with preschool children.
- Weekends- customers range from families, special celebrations (we frequently host milestone anniversaries and significant birthdays – four 80<sup>th</sup> birthdays in last month)

#### Challenges:

- Covid 19- 2020 lockdown and times of Level 2 restrictions (social distancing, additional staff required to deliver service to fewer customers etc.)
- Increasing supplier and staffing costs balanced with customer expectation re affordability of café offerings.
- Uncertainty over café lease past June 2023

## Myths and Facts:

- MYTH: that the heady days of summer where our café is busy from the moment it opens until it closes last 365 days a year.
- FACT: from late April to late October cold, wet and windy weather of autumn and winter changes visitor numbers to the Esplanade and we rely on our ongoing marketing and daily specials to survive. It isn't uncommon to have days where our sales total \$300 to \$500
- MYTH: The café is the Esplanade's golden goose
- FACT: From January 2019 to January 2021 our sales are down more than \$100,000 we accept Covid 19 has played a large part in this and as a business we are holding our heads above water and grateful for the support we are receiving.
- MYTH: When our café is commentary from some is 'you must be making a killing'
- FACT: Frequently we host large groups who we are extremely grateful for their support -but over a 2-3 hour period it isn't uncommon for their spend to be \$5 or under per person

*\*\*recently we had a day where the café was full all morning and partially full over lunch with customers and our end of day sales was \$850 with a staff of 5 (the five was required to ensure service standards)\*\**

- MYTH: That the 'sole food and beverage' clause in our lease – ensures mobile vendors don't sell their goods in the Esplanade.
- FACT: Food trucks, coffee vans and ice cream suppliers regularly enter and sell their goods in the Esplanade but in contrast to Café Esplanade they restrict their visits to good weather and premium crowds. The only times I have reported vendors to council is when I have received complaints from members of the public. I have focused on building my business not about focusing on a clause that council where unable to police.
- FACT we are happy to discuss amendments to current lease allowing some mobile vendors into the Esplanade but request that a strategy be

established with clear guidelines to ensure all businesses are able to survive

- MYTH: That Wildbase and the Junior Road Safety Park have dramatically increased visitors to Victoria Esplanade and increased sales for our business.
- FACT: Our suppliers and customers have reported that increased activity generated at the junior road safety park has benefited Fitzherbert Avenue businesses but had little or negligible difference to our café and we understand this and have no issues with this.
- FACT: likewise we have been proud to support the establishment of Wildbase and can report great support from its staff and volunteers but largely the coach tours that visit Wildbase drop passengers directly at its entrance and then return to pick them up at the same spot. We have developed special discounted offers for tours but to date they have largely not resulted in additional business.
- MYTH: that we are opposed to the development of Lions Miniature Golf
- FACT: we are happy to support all Esplanade initiatives and would like to meet with Lions and discuss if there is opportunity for us to work with them either as a supplier of goods or provider of staff to assist in running any hospitality facility they may run
- MYTH: That our hours are erratic and that we don't open on public holidays
- FACT: Our hours are 930am to 4pmish in summer and 10 am to 330pmish in winter. In the past there have been instances where we may have shut slightly earlier than this due to unseasonal weather and only when we may not have had customers for several hours. On the opposite end of the spectrum when the weather is kinder and there is customer demand we have remained opened as late as 530pm.
- FACT: we have opened on public holidays but over the last year in light of Covid 19 we haven't opened on stat days and I have used these days to do maintenance at the café (Painting, carpet cleaning etc.). On Waitangi day I spent the day at the café resurfacing table tops. Over the course of the day six customers came to the café s front door. I am happy to discuss this approach and other options with council.

Future: Our continued evolution:

- Continued development and expansion of specialist foods – Keto, Vegan/plant based
- Minimising waste and recycling – (utilising Council recycling services including compostable waste)
- Expansion of coffee/ice cream/ chilled foods via a mobile van
- Surveying customers to ensure what we offer continues to meet community needs
- Continued support of council and Victoria Esplanade initiatives- eg. Wildbase, Miniature Railway, Striders Rose and Camilla Societies etc. (and Lions Miniature Golf when it opens)
- Working with council staff to develop open, honest communications with ‘no surprises’
- The continued evolution of our delivery of customer service, food and coffee
- Remaining affordable in challenging times for ‘our people’

Council connections:

While we lease Victoria house and are tenants of Palmerston North City Council we have other connections through the services we use

-Food plan/ food safety auditing -Recycling services /-Alcohol licensing

Summary:

Over the past six years my team and I have worked to create a safe and welcoming environment for our customers.

I am heartened by the support we have received and continue to receive from the people who support us in many ways.

When I purchased this business six years ago I asked about renewals past 2023 and was assured that it would never be an issue.

I believe I am a loyal and honest tenant, who has paid rent, council fees and passed both alcohol licensing and food registration/safety requirements with no issues over the time of my lease.

I am committed to the future of Café Esplanade, the livelihoods of the 15 staff I employ and the legions of customers who vote with their hearts and minds and support us every week.

In a time of pandemic where hospitality businesses have had to close, are unable to pay their rent or are teetering on the brink of disaster, we have survived and are asking for rights of renewal past 2023.

If anyone tells you hospitality is easy and that anyone can do it then doubts them. Its hard work and ever changing.

My business is markedly different than it was when I purchased it six years ago- this isn't accidental it's a result of the enthusiasm of my customers and the commitment of my staff,

I have worked hard along with my team to create a business that I hoped would be an asset to Victoria Esplanade and Palmerston North. I am proud of what we have created and how it continues to evolve.

We offer something for every age, budget and taste. Through it all accessibility and affordability are key factors for many of our customers- this is things that other hospitality businesses possibly don't contend with to the same degree.

My request for two more rights of renewal in June last year seemed like a straightforward step to ensure certainty for my business nine months on I have repeatedly asked council staff if there are issues and concerns to please let me know so they can be discussed and resolved,. At every turn I've been assured that there are no issues or concerns.

I have been told that the report in front of councillors would be neutral and there was nothing 'personal' about my request for more rights of renewal receiving a 'decline' recommendation from council staff.

I am committed to my business and its future in Victoria Esplanade.

I hope that in a time of pandemic and uncertainty that the Palmerston North City Council are committed to my business, my customers and my staff and our future past 2023 in Victoria Esplanade.

I am happy to discuss amendments to my lease regarding mobile vendors and the Lions Miniature Golf if these are burning areas of concern for council staff and councillors.

To provide you with a snap shot of what we have achieved over the last six years we have put together examples of our customers, their diversity and their experiences with us

Customer Support:

Graham Jackson:

Graham and his wife Dawn are part of a regular walking group who visit our café twice every week for morning tea.

Graham celebrated his 80<sup>th</sup> birthday last year with a special dinner with his extended family at Café Esplanade.

Several days before Christmas he presented us with this original painting of our café as a token of his appreciation.

In his words “This is a special place to me I hope you will enjoy this painting”

With his permission I had the painting enlarged and it is now hung in a place of pride as you enter the café.

Dr Niki Murray

Niki works at Massey University and is a regular customer after discovering our options for low gluten. Niki and her family and friends are now frequent visitors- Her and her young daughter are coeliac.

### **Te Attaarangi Waaka**

Te Attaarangi posted a message on our facebook page earlier this year after regular visits to our café. Her comment was in response to a welcome plaque on our main counter ' If kindness is sown then it will be shown' and its translation in Maori.

Te Attaarangi story is special and confronting.

### **Jim Owens**

Jim leads a weekly Probus group who visit the café after their weekly walk.

### **Robert Lambourne**

Robert visits our café several times with a group of friends.

### **Lorraine Laulau**

Lorraine is a regular customer who visited our café for the first time just over a year ago and is now a strong supporter recommending our foods and service to her friends, family and colleagues.

James Owen

22 March 2021

To whom it may concern,

Cafe Esplanade

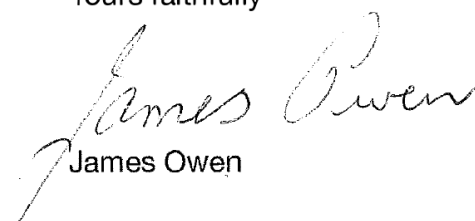
I have been approached by Mark Tregoweth the Owner of the business above to support his discussions with Palmerston North City Corporation on the renewal of the lease and matters relating to it. I have lived close to the Esplanade for over 50 years and am a frequent visitor to that area including Mark's business.

My letter is written in support of Mark's continuing to carry on his business in the manner he has undertaken as it provides an excellent meeting spot for a wide variety of social activities. I personally lead a walking group from the location each Monday, as I have for some 12 years, and the 10 to 20 people who meet there are very well catered for by Mark and his team.

Outside these times I am a frequent user and enjoy enormously the facilities provided. In recent years the addition of items to cater for the diverse dietary requirements demanded with GF etc. etc and a personal favourite, more small items aimed at a lower price point, has meant a considerable increase in the numbers employed which of course is always good to see. I am therefore very supportive of Mark being able to continue his business in the manner he now does.

Obviously I do not know all the details of the negotiations between Mark and the Council and I have no doubt that legal requirements well above my pay grade may be involved but as a former business owner and frequently involved in lease negotiations I am happy to have been asked to provide this letter of support.

Yours faithfully



James Owen

Dr Niki Murray

18 March 2021

Palmerston North City Council  
32 The Square  
Palmerston North 4410

Dear Palmerston North City Council Members,

I am writing in support of the continuance of the Café Esplanade in the Esplanade in Palmerston North. I have been a customer here for many years. The café offers a range of mainstream and speciality diet products including vegan, gluten free, and dairy free options, which are constantly evolving. The staff are always willing to develop new products from customer feedback. The gluten free options are particularly important to me as I and my 10-year-old daughter both have coeliac disease. This means we cannot have any gluten at all, and with the owner of the café also having coeliac, we can trust that the appropriate measures have been taken to minimise any cross-contamination.

The café with its range of products is a family friendly and relaxing space. The entire extended family often comes here for lunch and/or icecreams. It is a short walk to Wildbase and the playground. The railway train from the playground stops outside the café so there is easy access for those who do not wish to walk on the weekends and holidays.

The café itself is also an important landmark for the city. Many people recognise the building and its situation surrounded by well-kept gardens. The café adds to the atmosphere of the Esplanade as a place to relax and enjoy time with family and friends. It would be a shame if other food establishments were to encroach on this area. The area would likely lose the ambience that the café and council workers have worked hard to create.

I have heard that there is consideration being given to mobile food trucks either near the current café or situated throughout the Esplanade, perhaps at the playground. Given the mainstream and speciality food and drink available already at the Esplanade, if the introduction of mobile trucks is needed, it would make sense for the café itself to be the supplier of such an option.

I hope that the café remains the primary source of food and drink for visitors to the Esplanade. I would be happy to answer any questions if needed.

Yours sincerely,

Kia ora,

To whom this needs to land upon:

I have been in the Manawatu - Tararua district for coming up 9 years. In this time, Cafe Esplanade has been my 'go to'. Sure the grounds are an attraction - particularly during the warmer months, however in more recent years it's been because of Mark, his staff and the ways Mark genuinely crafts his business around his customers.

Cafe Esplanade maintains a high standard of food hygiene - they are committed to researching and improving food options to delight every pallet and almost every digestive need. The food in the cabinets are an explosion of colour and tastes to feast ones eyes upon when waiting in a sometimes lengthy line. I heard also that a Keto option was introduced to their cabinets recently.

The bustling team are managed so heartily and this in turn assists greatly in achieving the whaanau / family trusting atmosphere felt immediately upon entering the old house. From the very elderly through to the very young - there is a place for everyone at Cafe Esplanade - Mark and his team make it so.

As mentioned, I have made Cafe Esplanade my only 'go to' more so in recent years. This is because many cafes, bars and restaurant staff, managers / owners have behaved in ways so as to suggest I leave their establishments and do not return. Two years ago at a restaurant in Palmerston North I was asked either to leave or to sit, with my back turned to restaurant customers because customers were making it known they were uncomfortable with my presence. I have also been asked by a different establishment to wait outside for my friend to arrive - when my friend arrived, we went elsewhere. The issue *seems to be* that I am mau moko waahine Maaori - a wearer of ancient ancestral stories upon my face, and I am female. More often than not I feel myself to be more unsafe and unprotected in public than an inaccurate public perception of me as an unsafe person and whom the general public might need protecting from.

I bring my friends and sometimes clients to Cafe Esplanade with me - such is the warm, hospitable and protective environment that I believe is only made safe and kept safe for myself and every other customer, due to Marks comprehensive business sense, and willingness to connect that ethos to humanity.

In closing, I want nothing more than for Mark and his Cafe Esplanade team continued success, to expand and to become an even more joyous place central to Victoria Park, a place for all people residing and visiting Palmerston North.

Tuu pono,

Te Ataarangi Waaka

19 March 2021

To whom it may concern

RE: Café Esplanade, Palmerston North

I just wanted to express my thoughts and experience of the establishment and staff of Café Esplanade.

I have been coming to Café Esplanade probably for over a year now at various times and no matter whether the staff are rushed off their feet or there are only a few patrons at the time I am there, the staff are always extremely friendly and willing to spend the time making sure that they explain options to you, about dietary types catered for and generally just ensuring that you are all good.

This is more than basic courtesy and good customer service. When asking how you are, they are genuinely asking with compassion and will spend a few minutes with you sharing part of their thoughts and stories as well.

The food is amazing. It really is of an extremely high quality and the different dietary types catered for is fabulous. Often in cafes you may get one or two catered for but not the extent that this establishment has taken to care and provide options and be inclusive to as many people as possible.

I've recommended Café Esplanade to a number of people. Both in the corporate world and for families as the setting and quality caters to a wide range.

If you would like to contact me for further information, please do so.

Lorraine Laulau

To Who It May Concern

Esplanade Cafe, Palmerston North : Testimonial

The Esplanade Cafe, to which I am a regular visitor, is an excellent example of an establishment of its type. The staff and management are always welcoming, friendly, accomodating and attentive. It seems to be run efficiently and copes well with its particularly challenging environment, with its exceptionally high fluctuation in demand according to the season and weather.

The management are particularly to be commended for the way in which, as the country came out of the 2020 lockdown, the cafe conformed completely to the way restaurants and cafes were supposed to operate at level 2. This was very rare in Palmerston North.

While I would perhaps like to see a slightly expanded range of food offerings, eg. more menu dishes and cabinet food that is not flour/carbohydrate based, what they do offer is always of high quality of its type and, where appropriate, well cooked and pleasingly presented.

Altogether, a very commendable establishment.

Robert Lambourne

## Victoria Esplanade – Café Lease Extension Proposal Report

- The current lease expires in June 2023 and the tenant has requested a 3 year extension to the lease term
- Council Officers will be undertaking a strategic review of hospitality services within the Victoria Esplanade regardless of any decision on the extension of the café lease
- The results of the review will be known well before discussions and lease renegotiations would ordinarily begin; within a year from the expiry of the lease term
- The decision to extend the lease term now could impact on Council's ability to implement any changes arising from the strategic review
- The decision required is whether to grant the 3 year lease extension requested, or to decline the request, noting that the existing lease will not expire until after the findings of the Esplanade strategic review are known





# Six Month and SOI Presentation

24 March 2021



# F20/21 H1

## Highlights

- ✓ Zero Lost Time Injuries
- ✓ Pandemic Response
- ✓ CAA Certification of PNAL's Safety Management System
- ✓ CAA Part 139 compliance maintained
- ✓ Ongoing development of Team Wellness programme
- ✓ Community engagement
- ✓ Aeronautical pricing reset

# F20/21 H1



## Financial Decline vs Last year (LY)

- ✈ Revenue decline to \$3.76m, down 34% vs LY
- ✈ Pax down 49.5%, carparking, concession spend all down
- ✈ Deferral of non-essential capex - \$1.4m
- ✈ Cost containment programme - \$335k (13%) savings
- ✈ EBITDAE positive but down 51% vs LY

# F20/21 H2 & Full Year



## ✈ Improving operating conditions and financial performance

- ✓ Passenger recovery 390,000 pax down 22% vs LY
- ✓ Revenue recovery \$8.24m down 10% vs LY
- ✓ Continued cost controls 5% below LY
- ✓ Net Surplus \$0.8m
- ✓ Dividend suspension

# F20/21 H2



PALMERSTON NORTH  
AIRPORT LIMITED

## Major programmes recommencing

- ✓ Terminal Development Plan
- ✓ Ruapehu Business Park
- ✓ Total capex of \$7.3m
- ✓ Cashflow management remains critical
- ✓ Bank support received



# Statement of Intent F22



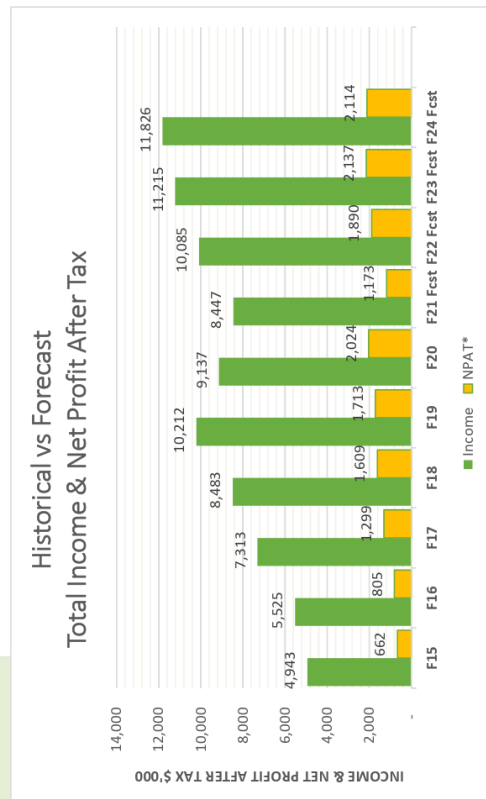
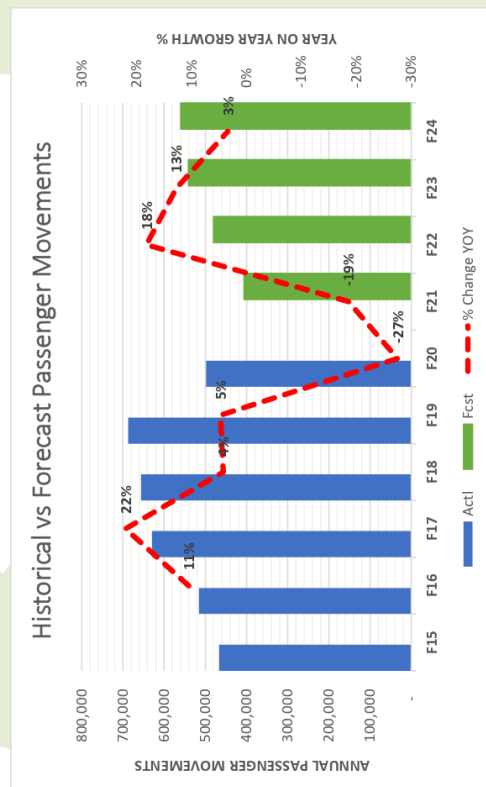
# The SOI Period

- ✓ Viewing the period with cautious optimism
- ✓ Significant increase in investment by PNAL supporting City goals and regional growth aspirations
- ✓ Ramping up focus on customer experience

***Shareholder support sought for plan  
Will require ongoing suspension of dividends***



# Slow Recovery



Passenger volumes forecasted to recover more slowly than income levels with 560,000 passengers by F24

# Financial Recovery



PALMERSTON NORTH  
AIRPORT LIMITED

- ✓ Aeronautical pricing reset & volumes
- ✓ Income diversification
- ✓ Prudent Cashflow Management
- ✓ Cost Containment
- ✓ Strong bank relationship
- ✓ Shareholder support
- ✓ Strategic Partnerships



# Strategic Objectives

# Compliance



PALMERSTON NORTH  
AIRPORT LIMITED

## Ongoing focus on Safety

- ✓ Safety Management System refinement
- ✓ CAA Part 139 Compliance
- ✓ Statutory & Regulatory Compliance
- ✓ Seismic upgrades

## Asset Management

- ✓ Plan refinement - landside infrastructure
- ✓ Airside infrastructure upgrades



# Customer Experience



## Terminal Development Plan

- ✓ \$16m plus investment

## Forecourt

- ✓ Semi-covered pick-up/drop-off area

## Resourcing & monitoring

- ✓ Customer Experience Manager / Marketing & Communications Manager

# Terminal Development



## Project Drivers

- ✓ Continuous improvement in customer experience
- ✓ Facilitate passenger and hold bag screening
- ✓ Accommodate future passenger volumes
- ✓ Enable return of jet services (subject to demand)

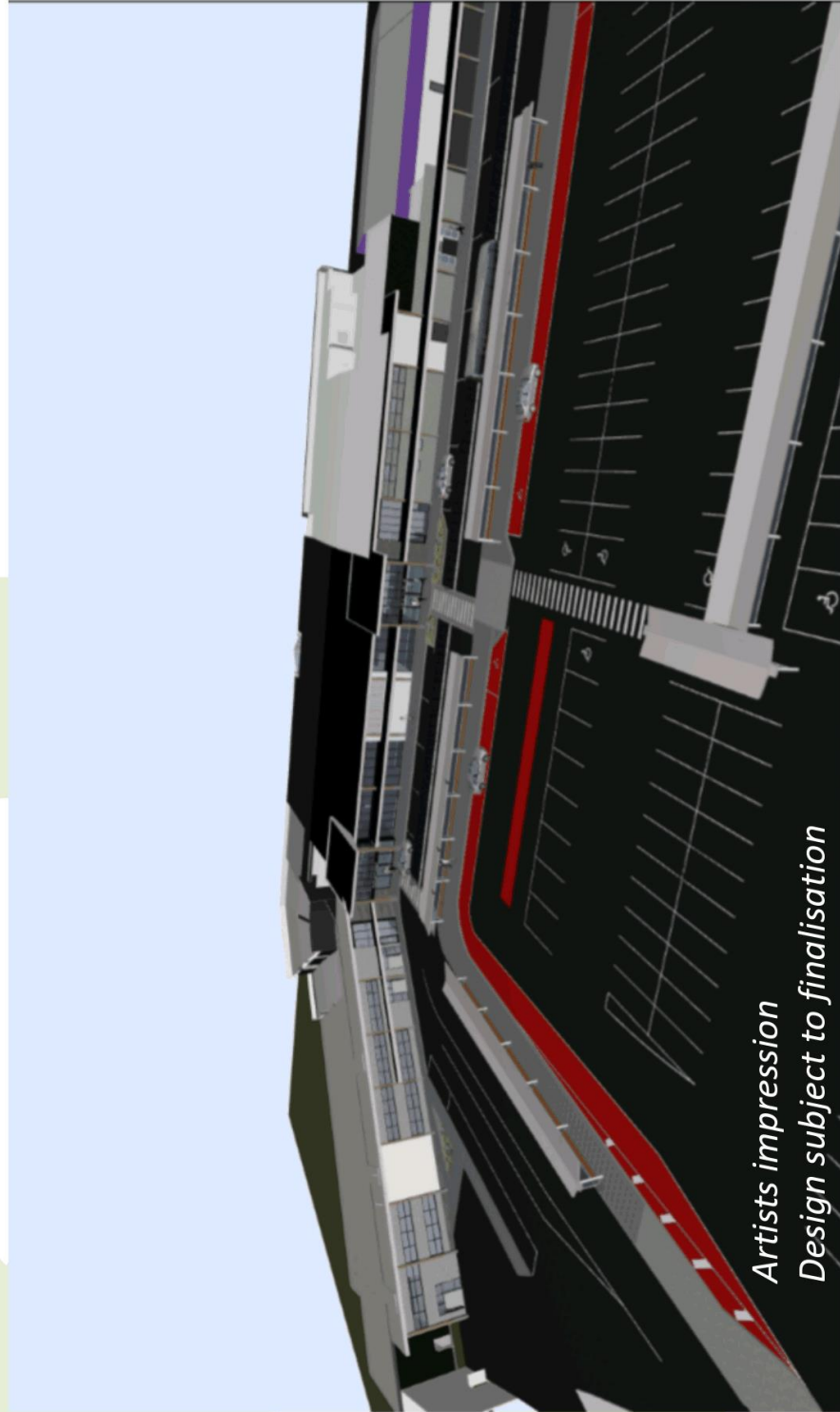
## Focus Areas

- ✓ Terminal forecourt / car park interface
- ✓ Retail
- ✓ Departure lounge
- ✓ Baggage makeup hall
- ✓ Back of house
- ✓ Sense of place

**\$16 million plus investment by PNAL over SOI period**

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# Terminal Development



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# Net Promoter Score



## Loyalty

- ✓ Measurement of customer experience critical
- ✓ Internal review of historical data complete
- ✓ Declining survey response volumes
- ✓ Target re-set to 30 or above
- ✓ In line with aviation & tourism industry average
- ✓ Increased responses via website / terminal Wi-Fi

Industry	PNAL	Airlines	Tourism	Hospitality	Retail
30	30	27	39	19	24



# Sustainability



## ACA Level 2 - Reduction

- ✓ Fulfill all requirements of Level 1 - Mapping
- ✓ Carbon Management Procedures including target setting
- ✓ Reduction in carbon footprint comparison – HVAC, LED, BMS

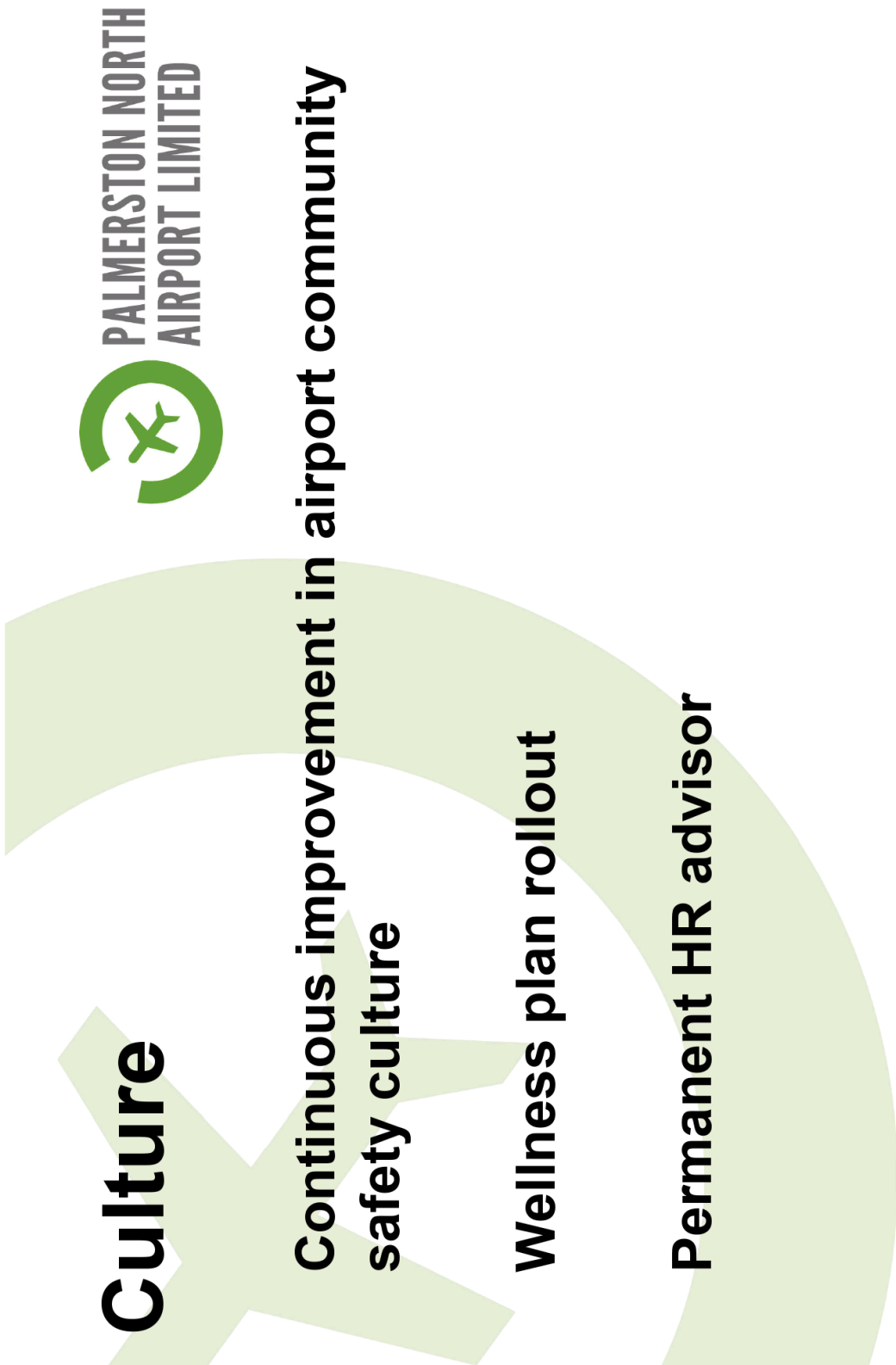
## Road Map

- ✓ PNAL Sustainability Plan underway
- ✓ Carbon Committee established

## Reducing Carbon Footprint

- ✓ Range of initiatives being explored





# Commercial



## Ruapehu Business Park:

- ✓ Wairaka Place - Stages 1-3

## Commercial Partnership strategy

- ✓ Property development & other co-operation

## Air Service Development

- ✓ A sustainable rebuild



# Ruapehu Business Park

# Ruapehu Business Park

## Income Diversification Strategy

- ✓ Ongoing focus on reducing reliance on aeronautical income
- ✓ Massey School of Aviation proved a success
- ✓ Wairaka Place development – next phase

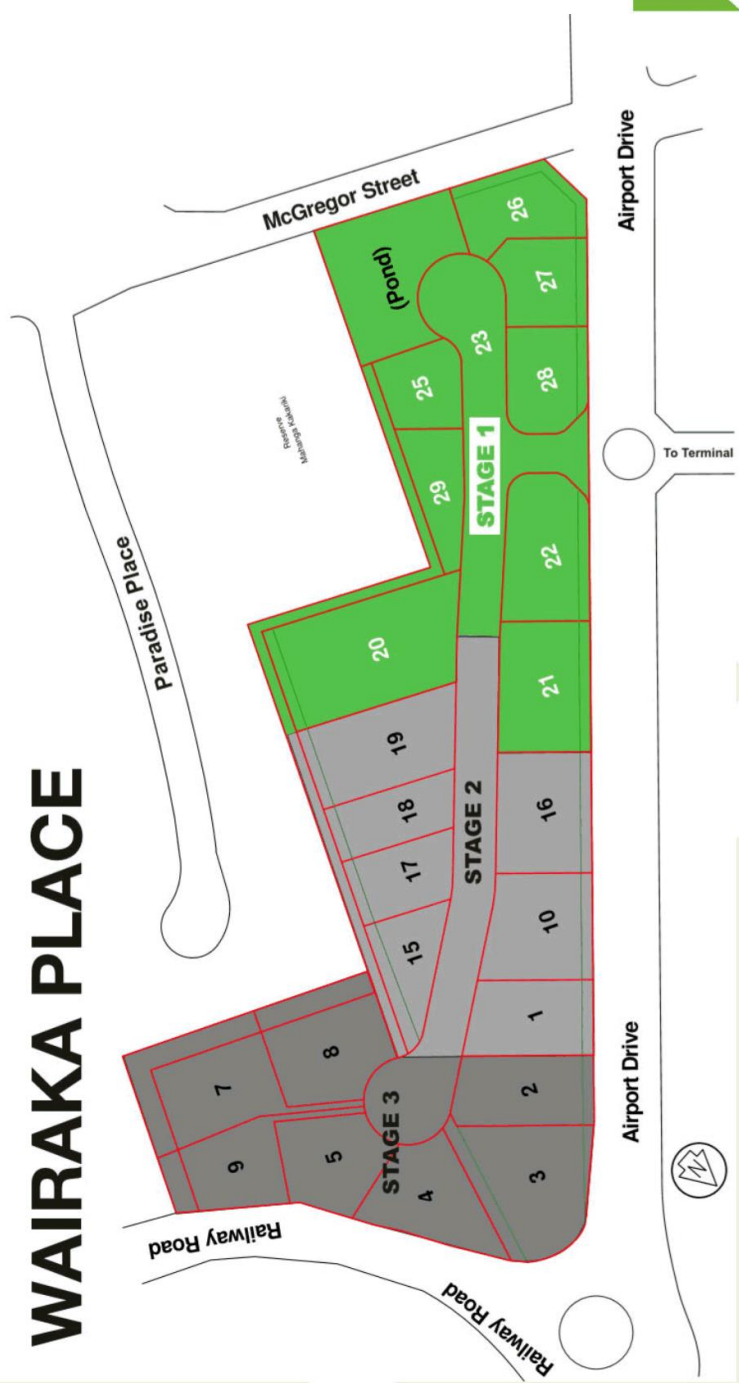
## Strategic Partnerships

- Key objective - accelerate Wairaka Place / other opportunities
- Like minded long-term investors, capital access, national expertise



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# WAIRAKA PLACE



**\$5 million plus investment by PNAL over SOI period**

# Shareholder Alignment



Shareholder Objectives	PNAL Strategic Projects
<b>Statement of Expectation</b>	
Appropriate gateway for passengers & freight	Airport-NEIZ-Kiwirail, Terminal Development, air service development
Promotion of City & Wider region	
Air service development & connectivity	
Transport infrastructure & system	
Multi-modal freight hub	
<b>City Goals</b>	
1. Innovative & Growing City	Terminal Development/ Airport-NEIZ-Kiwirail/ Ruapehu Business Park
2. Creative & Exciting City	Community Engagement / Sponsorship
3. A connected & Safe Community	Rangitāne / local iwi engagement / Airport Drive
4. An Eco city	Sustainability road map

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# Draft SOI F22\*



PALMERSTON NORTH  
AIRPORT LIMITED

	2019/20	2020/21	2020/21	2021/22	2022/23	2023/24
	Actual	Budget	Forecast	SOI	SOI	SOI
REVENUE	9,137,276	6,253,088	8,242,277	10,085,863	11,215,759	11,826,093
Less						
OPERATING EXPENDITURE	2,330,297	2,480,544	2,506,779	2,604,119	2,687,813	2,774,988
ADMINISTRATION & EMPLOYMENT COSTS	2,696,679	2,142,250	2,249,852	2,499,613	2,580,873	2,667,438
<b>TOTAL OPERATING EXPENDITURE</b>	<b>5,026,976</b>	<b>4,622,794</b>	<b>4,756,631</b>	<b>5,103,732</b>	<b>5,268,686</b>	<b>5,442,427</b>
EXTRAORDINARY ITEMS (PFAS related)*	31,013	50,000	16,667	20,833	10,000	10,000
<b>SURPLUS BEFORE INT, DEPN &amp; TAX</b>	<b>4,079,287</b>	<b>1,580,294</b>	<b>3,468,980</b>	<b>4,961,298</b>	<b>5,937,073</b>	<b>6,373,666</b>
Less						
DEPRECIATION	1,854,304	2,075,421	1,799,270	1,824,036	2,086,141	2,286,825
FINANCE COSTS	531,078	309,235	531,920	623,732	882,631	1,150,154
LOSS/(GAIN) ON SALE OF ASSET (INCL REVALUATION)	396,530	-	1,801	(112,127)	-	-
	2,781,911	2,384,656	2,332,991	2,335,640	2,968,772	3,436,979
<b>SURPLUS BEFORE TAXATION</b>	<b>1,297,376</b>	<b>(804,361)</b>	<b>1,135,988</b>	<b>2,625,658</b>	<b>2,968,301</b>	<b>2,936,687</b>
INCOME TAX	(329,232)	-	318,078	735,464	831,404	822,552
<b>NET OPERATING SURPLUS</b>	<b>1,626,608</b>	<b>(804,361)</b>	<b>817,910</b>	<b>1,890,194</b>	<b>2,136,897</b>	<b>2,114,135</b>

\* Accounting impact of partial vesting of Airport Drive to PNCC subject to finalisation



**Thank you**

## 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	<b>No (but within 1%)</b>

Palmerston North City Council				Attachment A	
Environmental Health Services			Fees & Charges		
Environmental Health charges are imposed under Regulation 7 of the Health (Registration of Premises) Regulations 1966 to recover the cost to the Palmerston North City Council of providing Environmental Health Services.					
All fees and charges shown are GST inclusive					
Fixed Charges					
These charges cover the standard cost to Council in undertaking the work listed. However, additional charges may be set down depending on the circumstances, such as for additional inspections, change of ownership or interpretation services that may be incurred by the Council during or after the processing of the applications, or undertaking related inspections.					
Work Type		Discounted fee if paid between 1 July 2020 - 31 July 2020	Discounted fee if paid between 1 July 2021 - 31 July 2021	Standard fee if paid after 31 July 2021	
Annual Inspection of Premises for Hairdressers		\$ 167	\$ 170	\$ 255	
Annual Inspection of Camping Grounds		\$ 422	\$ 430	\$ 645	
Annual Inspection of Mortuaries		\$ 422	\$ 430	\$ 645	
Annual Inspection for Offensive Trades		\$ 422	\$ 430	\$ 645	
Fee per activity			Takes effect from 1 July 2020	Takes effect from 1 July 2021	
Mobile Trader - Food Permit			\$ 198	\$ 202	
Mobile Trader - Non-Food Permit			\$ 107	\$ 109	
Event/festival food inspections			At cost of Officer's time per hour	At cost of Officer's time per hour	
Amusement Device Inspection Fee			\$11.50 (plus Officer Time for inspection)	\$11.50 (plus Officer Time for inspection)	
Change of Ownership for a Health Licence			\$ 211	\$ 215	
Change of ownership for Hairdresser			\$ 106	\$ 108	
Note:					
Event/festival organisers are responsible for the cost of inspections.					

<b>Other Fees</b>			
These fees may be applicable to an application, inspection etc or may be applied as a single charge.			
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