



PALMERSTON NORTH CITY COUNCIL

AGENDA

FINANCE & AUDIT COMMITTEE

9AM, WEDNESDAY 23 FEBRUARY 2022
COUNCIL CHAMBER, FIRST FLOOR, CIVIC ADMINISTRATION BUILDING
32 THE SQUARE, PALMERSTON NORTH

MEMBERS

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

Vaughan Dennison
Renee Dingwall
Lew Findlay QSM
Patrick Handcock
ONZM
Leonie Hapeta

Lorna Johnson
Bruno Petrenas
Aleisha Rutherford
Stephen Armstrong

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

FINANCE & AUDIT COMMITTEE MEETING

23 February 2022

ORDER OF BUSINESS

1. Apologies

2. Notification of Additional Items

Pursuant to Sections 46A(7) and 46A(7A) of the Local Government Official Information and Meetings Act 1987, to receive the Chairperson's explanation that specified item(s), which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded, will be discussed.

Any additions in accordance with Section 46A(7) must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.

Any additions in accordance with Section 46A(7A) may be received or referred to a subsequent meeting for further discussion. No resolution, decision or recommendation can be made in respect of a minor item.

3. Declarations of Interest (if any)

Members are reminded of their duty to give a general notice of any interest of items to be considered on this agenda and the need to declare these interests.

4. Public Comment

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

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

- 5. Confirmation of Minutes** Page 7

"That the minutes of the Finance & Audit Committee meeting of 15 December 2021 Part I Public be confirmed as a true and correct record."
- 6. Quarterly Performance and Financial Report - Quarter Ending 31 December 2021** Page 19

Report, presented by Cameron McKay, Acting Chief Financial Officer and Andrew Boyle, Head of Community Planning.
- 7. Treasury Report - 6 months ending 31 December 2021** Page 83

Memorandum, presented by Steve Paterson, Strategy Manager - Finance.
- 8. Awapuni Park - Proposal to grant a lease on reserve land to Awapuni Park Community and Recreation Centre Incorporated** Page 95

Report, presented by Bryce Hosking, Group Manager - Property and Kathy Dever-Tod, Group Manager - Parks and Reserves.
- 9. Bunnythorpe Recreation Ground - Proposal to grant a lease on reserve land to Bunnythorpe Community Centre Association Incorporated** Page 105

Report, presented by Bryce Hosking, Group Manager - Property and Kathy Dever-Tod, Group Manager - Parks and Reserves.
- 10. Health, Safety and Wellbeing Report - October to December 2021** Page 115

Memorandum, presented by Alan Downes, Safety and Health Manager and Wayne Wilson, People Operations Manager.
- 11. Huia Street Reserve - Manawatū Lawn Tennis Club Lease Proposal** Page 131

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

12. Victoria Esplanade Café Lease Negotiation Update Page 141

Memorandum, presented by Bryce Hosking, Group Manager - Property.

13. Assurance Review of CET Arena Redevelopment Project Page 145

Memorandum, presented by Masooma Akhter, Business Assurance Manager and Bryce Hosking, Property Manager.

14. Committee Work Schedule Page 169

15. Business Assurance 6 Monthly Accountability Report Page 175

Memorandum, presented by Masooma Akhter, Business Assurance Manager.

16. 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
17.	Business Assurance 6 Monthly Accountability Report - Confidential Items	Third Party Commercial, Health Safety and Gain Advantage	s7(2)(b)(ii), s7(2)(d) and s7(2)(j)
18.	Tender Award - Contract 4083 - City Wide Tree Maintenance, Area Two	Third Party Commercial	s7(2)(b)(ii)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the

particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as stated in the above table.

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

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

PALMERSTON NORTH CITY COUNCIL

Minutes of the Finance & Audit Committee Meeting Part I Public, held in the Council Chamber, First Floor, Civic Administration Building, 32 The Square, Palmerston North on 15 December 2021, commencing at 9.00am

Members Present: Councillor Susan Baty (in the Chair), The Mayor (Grant Smith) and 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, Billy Meehan and Orphée Mickalad.

The Mayor (Grant Smith) left the meeting at 11.35am during consideration of clause 89. He entered the meeting again at 1.00pm when the meeting resumed. He left the meeting again at 3.00pm at the conclusion of clause 91. He was not present for clause 89, and clauses 92-98 inclusive.

Councillor Aleisha Rutherford left the meeting at 2.56pm during consideration of the amendment to clause 91.1. She entered the meeting again at 2.59pm. She was not present for the vote regarding the amendment to clause 91.1.

Councillor Bruno Petrenas left the meeting at 3.00pm at the conclusion of clause 91. He was not present for clauses 92-98 inclusive.

Councillor Vaughan Dennison left the meeting at 3.40pm at the conclusion of clause 92. He was not present for clauses 93-98 inclusive.

Councillor Leonie Hapeta left the meeting at 3.47pm at the conclusion of clause 93. She was not present for clauses 94-98 inclusive.

85-21 Confirmation of Minutes

Moved Susan Baty, seconded Patrick Handcock ONZM.

The COMMITTEE RESOLVED

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

Clause 85-21 above was carried 17 votes to 0, the voting being as follows:

For:

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

Meehan, Orphée Mickalad, Bruno Petrenas, Aleisha Rutherford and Mr Stephen Armstrong.

86-21

Additional Director for Palmerston North Airport Ltd

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

Councillor Rachel Bowen left the meeting at 9.13am and entered the meeting again at 9.26am.

Moved Grant Smith, seconded Susan Baty.

The **COMMITTEE RECOMMENDS**

1. That in response to a request from the Board of Palmerston North Airport Ltd it be agreed the maximum number of directors for the Board of the Company be increased from five to six.

Clause 86.1-21 above was carried 13 votes to 4, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Billy Meehan, Orphée Mickalad, Aleisha Rutherford and Mr Stephen Armstrong.

Against:

Councillors Brent Barrett, Lorna Johnson, Karen Naylor and Bruno Petrenas.

Moved Grant Smith, seconded Susan Baty.

2. That the Council's shareholder representative be authorised to sign shareholder resolutions required under the Company's Constitution to give effect to this change.
3. That expressions of interest be sought from applicants with the requisite skills to fill the position of an additional director for the Company.

Clause 86.2-21 above was carried 17 votes to 0, the voting being as follows:

For:

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

87-21

Palmerston North Airport Limited - Annual report for 12 months ended 30 June 2021 & Instructions Relating to Annual Meeting

Memorandum, presented by Steve Paterson, Strategy Manager – Finance, Murray Georgel, Palmerston North Airport Limited Chair and David Lanham, Palmerston North Airport Limited Chief Executive.

During discussion Elected Members were of the opinion that a moderate increase would take into account the previous decision to

increase the number of directors and CPI since 2018.

Moved Susan Baty, seconded Grant Smith.

The **COMMITTEE RECOMMENDS**

1. That the Annual Report and Financial Statements of Palmerston North Airport Limited for the year ended 30 June 2021 be received.

Clause 87.1-21 above was carried 17 votes to 0, the voting being as follows:

For:

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

Moved Susan Baty, seconded Grant Smith.

2. That the Council shareholder representative be instructed to support the proposed resolutions (as listed in 2.12) to be considered at the Annual Meeting of Palmerston North Airport Limited to be conducted by way of resolution in writing with the total remuneration of directors being \$135,000 per annum.

Clause 87.2-21 above was carried 17 votes to 0, the voting being as follows:

For:

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

Moved Karen Naylor, seconded Bruno Petrenas.

Note:

On a motion that the words "with the total remuneration of directors being \$135,000 per annum" be added to recommendation 2 above the motion was carried 10 votes to 7, the voting being as follows:

For:

Councillors Brent Barrett, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lorna Johnson, Karen Naylor, Billy Meehan, Bruno Petrenas and Aleisha Rutherford.

Against:

The Mayor (Grant Smith) and Councillors Susan Baty, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Orphée Mickalad and Mr Stephen Armstrong.

The meeting adjourned at 10.45am.

The meeting resumed at 11.00am.

88-21

Debt funding arrangements for Palmerston North Airport Ltd

Memorandum, presented by Steve Paterson, Strategy Manager Finance.

Moved Susan Baty, seconded Karen Naylor.

The **COMMITTEE RECOMMENDS**

1. That approval be given to the request from Palmerston North Airport Ltd (PNAL) for the Council and PNAL to enter a formal loan agreement that would enable the Council to borrow sums from the Local Government Funding Agency and on-lend to PNAL in the form of fixed rate unsecured debt.
2. That it be noted that this arrangement will not impact on the Council's ability to borrow from the Local Government Funding Agency for Council's own requirements.
3. That the Chief Executive be delegated authority to agree the terms and conditions of the loan agreement for subsequent approval by the Council as required by Council's Treasury Policy.

Clause 88-21 above was carried 17 votes to 0, the voting being as follows:

For:

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

89-21

2021 Rating Valuations

Memorandum, presented by Steve Paterson, Strategy Manager – Finance and Simon Willocks, Senior Consultant, QV.

The Mayor (Grant Smith) left the meeting at 11.35am.

Moved Vaughan Dennison, seconded Karen Naylor.

The **COMMITTEE RECOMMENDS**

1. That it be noted the 2021 City rating revaluation has been completed and new values, with an effective date of 1 September 2021, have been authorised for implementation by the Valuer-General through the issue of an unqualified audit opinion on 19 November 2021.

Clause 89-21 above was carried 16 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, Billy Meehan, Orphée Mickalad, Bruno Petrenas, Aleisha Rutherford and Mr Stephen Armstrong.

The meeting adjourned at 12.00pm.

The meeting resumed at 1.00pm.

The Mayor (Grant Smith) was present when the meeting resumed.

Councillor Vaughan Dennison was not present when the meeting resumed.

90-21

2021 Rating Valuations - Impact on Rating Incidence

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

During discussion Elected Members requested that there be a range of scenarios developed at the beginning of the process, prior to going out to public consultation.

Councillor Vaughan Dennison entered the meeting at 1.09pm.

Moved Susan Baty, seconded Aleisha Rutherford.

The **COMMITTEE RECOMMENDS**

1. That it be noted:

- a. that the new rateable values are first used as the basis for rates effective from 1 July 2022 and whilst they do not increase the total rates revenue for the Council, the 2021-31 10 Year Plan assumes total rates revenue will need to increase by 8.1% to fund the Council's operations in 2022/23.
- b. the new rateable land values will significantly alter the incidence of rates both within and between the differential groups of property and, in particular transfer a significantly greater share of the rates to the residential sector with greater than average increases in rates on residential properties with lower values.
- c. it is possible to alter the incidence of rates by mechanisms such as altering the level of uniform annual general charge or the differential surcharges applying to the general rate or a combination of both.

2. That the Chief Executive be instructed to develop scenarios prior to public consultation through the 2022/23 annual budget process that seeks to moderate the effects of the revaluation on the rates incidence by changing the level of the uniform annual general charge and the differential surcharges for the general rate.

Clause 90-21 above was carried 17 votes to 0, the voting being as follows:

For:

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

Moved Brent Barrett, seconded Bruno Petrenas.

Note:

On a motion that the words “develop scenarios prior to” be added to recommendation 2 above the motion was carried 17 votes to 0, the voting being as follows:

For:

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

91-21

Review of Rating System

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

During discussion Elected Members noted there were big strategic challenges ahead in the infrastructure space and requested a broader strategic lens for targeted rates.

Elected Members moved to base rates on capital values because it has a stronger link to income than other available funding tools and therefore better supports affordable rates for all.

Councillor Aleisha Rutherford left the meeting at 2.56pm and entered the meeting again at 2.59pm.

Moved Lorna Johnson, seconded Karen Naylor.

The **COMMITTEE RECOMMENDS**

1. That the Chief Executive continually review aspects of the rating system and in particular investigate options for introducing new targeted rates for the 2023/24 year and also for a revised trigger mechanism for determining the interface between rural and urban rating.

Clause 91.1-21 above was carried 17 votes to 0, the voting being as follows:

For:

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

Moved Lorna Johnson, seconded Karen Naylor.

2. That the Council determines that in principle it believes a rating system with a general rate based on the capital value is more appropriate and the Chief Executive be instructed to develop options incorporating a capital value based rate and in reporting back:
 - i. demonstrate how implementation might be transitioned

over a period of up to three years beginning in 2023/24,
and

- ii. outline a proposed public engagement process.

Clause 91.2-21 above was carried 11 votes to 5, with 1 abstention, the voting being as follows:

For:

Councillors Susan Baty, Brent Barrett, Rachel Bowen, Zulfiqar Butt, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Lorna Johnson, Karen Naylor, Billy Meehan and Aleisha Rutherford.

Against:

The Mayor (Grant Smith) and Councillors Vaughan Dennison, Leonie Hapeta, Orphée Mickalad and Bruno Petrenas.

Abstained:

Mr Stephen Armstrong.

Moved Brent Barrett, seconded Rachel Bowen.

Note:

On a motion that the wording of recommendation 1 above be amended to read "... investigate options for introducing new targeted rates for the 2023/24 year ..." the motion was carried 17 votes to 0, the voting being as follows:

For:

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

Note:

Further discussion on this item was adjourned until later in the meeting; refer to page 10 below for the remainder of consideration of this item.

The meeting adjourned at 3.00pm.

The meeting resumed at 3.15pm.

The Mayor (Grant Smith) and Councillor Bruno Petrenas were not present when the meeting resumed.

92-21

Adoption of Annual Report 2020/21

Report, presented by Cameron McKay, Finance Manager and Debbie Perera, Audit Director, Audit New Zealand.

Moved Susan Baty, seconded Karen Naylor.

The **COMMITTEE RECOMMENDS**

1. That the Annual Report 2020/21 and Summary Annual Report 2020/21 be adopted.
2. That the Council note that an Auditor's 'opinion' from Audit New Zealand would be expected to be received following recommended adoption by Council on 20 December 2021 and Council signing of the reports.

3. That delegated authority be given to the Chairperson and Deputy Chairperson of the Finance and Audit Committee to make minor amendments to the Annual Report 2020/21 and Summary Annual Report 2020/21.

Clause 92-21 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, Karen Naylor, Billy Meehan, Orphée Mickalad, Aleisha Rutherford and Stephen Armstrong.

Councillor Vaughan Dennison left the meeting at 3.40pm.

93-21

Elected Member Expenditure 2020/2021

Memorandum, presented by Cameron McKay, Finance Manager.

Moved Susan Baty, seconded Karen Naylor.

The **COMMITTEE RESOLVED**

1. That the memorandum titled 'Elected Member Expenditure 2020/2021', presented to the Finance and Audit Committee on 15 December 2021, be received.

Clause 93-21 above was carried 14 votes to 0, the voting being as follows:

For:

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

Councillor Leonie Hapeta left the meeting at 3.47pm.

94-21

Costs and Options - Provision of One Free Rubbish Bag Per Month to Low Income Households

Memorandum, presented by Mike Monaghan, Water Operations Manager.

After discussion Elected Members requested that the provision of one free rubbish bag per month for community service card holders be considered as part of the annual budget process.

Moved Karen Naylor, seconded Susan Baty.

The **COMMITTEE RESOLVED**

1. That the memorandum titled 'Costs and Options – Provision of One Free Rubbish Bag Per Month to Low Income Households' presented to the Finance & Audit Committee on 15 December 2021, be received for information.

Clause 94.1-21 above was carried 13 votes to 0, the voting being as follows:

For:

Councillors Susan Baty, Brent Barrett, Rachel Bowen, Zulfiqar Butt, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Lorna Johnson, Karen Naylor, Billy Meehan, Orphée Mickalad, Aleisha Rutherford and Mr Stephen Armstrong.

Moved Brent Barrett, seconded Rachel Bowen.

2. That the Chief Executive prepare a programme enabling provision of one free rubbish bag per month for community service card holders, for Council consideration in the FY23 Annual Budget process.

Clause 94.2-21 above was carried 12 votes to 1, the voting being as follows:

For:

Councillors Susan Baty, Brent Barrett, Rachel Bowen, Zulfiqar Butt, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Lorna Johnson, Karen Naylor, Billy Meehan, Orphée Mickalad and Mr Stephen Armstrong.

Against:

Councillor Aleisha Rutherford.

95-21

Updated 2022 Business Assurance Audit Plan

Memorandum, presented by Masooma Akhter, Business Assurance Manager.

Moved Brent Barrett, seconded Susan Baty.

The **COMMITTEE RECOMMENDS**

1. That Council approve the updated Business Assurance Audit Plan for the 2022 calendar year, included as Attachment One of the memorandum titled 'Updated 2022 Business Assurance Audit Plan' presented to the Finance & Audit Committee on 15 December 2021.
2. That the work schedule for the Finance & Audit Committee be updated to reflect the Updated 2022 Business Assurance Audit Plan.

Clause 95-21 above was carried 13 votes to 0, the voting being as follows:

For:

Councillors Susan Baty, Brent Barrett, Rachel Bowen, Zulfiqar Butt, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Lorna Johnson, Karen Naylor, Billy Meehan, Orphée Mickalad, Aleisha Rutherford and Mr Stephen Armstrong.

96-21

Audit NZ 2020 - Management Action Plan

Memorandum, presented by Masooma Akhter, Business Assurance Manager and Stuart McKinnon, Chief Financial Officer.

Moved Susan Baty, seconded Karen Naylor.

The **COMMITTEE RESOLVED**

1. That the memorandum titled 'Audit NZ 2020 – Management Action Plan' presented to the Finance & Audit Committee on 15 December 2021, be received for information.

Clause 96-21 above was carried 13 votes to 0, the voting being as follows:

For:

Councillors Susan Baty, Brent Barrett, Rachel Bowen, Zulfiqar Butt, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Lorna Johnson, Karen Naylor, Billy Meehan, Orphée Mickalad, Aleisha Rutherford and Mr Stephen Armstrong.

91-21 Review of Rating System (continued)

Elected Members requested a report investigating whether the rating system could be used to manage outcomes in relation to land-banking.

Moved Brent Barrett, seconded Rachel Bowen.

The **COMMITTEE RECOMMENDS**

3. That the Chief Executive report to Council on options, including approaches to rating system implementation, to encourage utilisation of vacant buildings and brownfield land within the city.

Clause 91.3-21 above was carried 10 votes to 3, the voting being as follows:

For:

Councillors Brent Barrett, Rachel Bowen, Zulfiqar Butt, Renee Dingwall, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Orphée Mickalad, Aleisha Rutherford and Mr Stephen Armstrong.

Against:

Councillors Susan Baty, Lew Findlay QSM and Karen Naylor.

97-21 Committee Work Schedule

Moved Susan Baty, seconded Lew Findlay QSM.

The **COMMITTEE RESOLVED**

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

Clause 97-21 above was carried 13 votes to 0, the voting being as follows:

For:

Councillors Susan Baty, Brent Barrett, Rachel Bowen, Zulfiqar Butt, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Lorna Johnson, Karen Naylor, Billy Meehan, Orphée Mickalad, Aleisha Rutherford and Mr Stephen Armstrong.

The meeting finished at 4.15pm

Confirmed 23 February 2022

Chairperson

MEMORANDUM

TO: Finance & Audit Committee

MEETING DATE: 23 February 2022

TITLE: Quarterly Performance and Financial Report - Quarter Ending 31 December 2021

PRESENTED BY: Cameron McKay, Acting Chief Financial Officer and Andrew Boyle, Head of Community Planning

APPROVED BY: Heather Shotter, Chief Executive
David Murphy, Chief Planning Officer

RECOMMENDATION(S) TO COUNCIL

1. That the Committee receive the memorandum titled 'Quarterly Performance and Financial Report – Quarter Ending 31 December 2021' presented to the Finance & Audit Committee on 23 February 2022.
 2. That Council note and approve that the capital expenditure and associated revenue values in the 2021/22 Long Term Plan Budget relating to Three Water Reform funding will be changed as per the details in Appendix 4 of this report.
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1. ISSUE

To provide an update on the performance and financial achievements of the Council for the period ending 31 December 2021.

2. BACKGROUND

Details of operating and financial performance are included in the following sections. Reports are against the goals as detailed in the 10 Year Plan 2021-31.

3. NEXT STEPS

The next performance and financial report will be provided after the end of the March 2022 quarter.

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 5: A Driven and Enabling Council	
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy.	
The recommendations contribute to the achievement of action/actions in a plan under the Driven and Enabling Council Strategy	
The action is: to enable Council to exercise governance by reviewing financial performance and operating performance and provide accountability for these to the public.	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	As above.

ATTACHMENTS

1. FY 2022 Quarterly Report December 2021 [↓](#) 
2. FY 2022 Performance Measures December 2021 [↓](#) 
3. FY 2022 Supplementary Material December 2021 [↓](#) 
4. Three Water Reform Grant Funded Budget Changes [↓](#) 

Quarterly Report to Council – December 2021

Chief Executive's Quarterly Report to Council For December 2021

Introduction

As reported previously, the significant gap between delivery and budget of capital and renewal projects continues to be of concern. A report is being prepared for the March Council meeting on strategies and opportunities to mitigate the delays caused by market and supply challenges. With the government's shift to red on the traffic light system, the organisation undertook a risk assessment of its public facilities and identified the Libraries, Wildbase, and the Lido Aquatic Centre, Splashhurst, Council Chamber and Freyberg Pools as requiring vaccine passes. With the City's high vaccination rate, there has been minimal disruption to public access. We are pleased with the compliance demonstrated by the public with the health measures put in place. With the imminent threat of Omicron, preparations are underway anticipating significant staff absences and the possibility of reduced levels of service.

Financial

For the period ending December 2021, our net operating position is \$5.1M favourable against budget. This is made up of \$350k rates, \$400k operating revenue, \$4.18M operating expenses, and \$170k favourable net interest. The bulk of the favourable position is due to continuing difficulty in sourcing contractors, border restrictions affecting Te Huringa programme, delays in the digital transformation programme and filling vacancies.

There are currently 188 programmes of capital new and renewal work underway with \$19.2M delivered at the end of December. The capital new programme has delivered \$8.8M (62%) of work to date against a budget of \$14.1M. The capital renewal programme has delivered \$10.4M (65%) of work to date against a budget of \$15.9M.

Work is continuing on strategies to mitigate the delivery challenges and risks that we are being faced with this financial year. Examples of this include officers ensuring long lead items are identified and procured early and seeking early contractor involvement with contracts. Where appropriate, with Council support, officers are fast-tracking procurement.

The initiative to create a design panel is proceeding at pace with the intent of having the panel in place by May. There will be a briefing paper to the Infrastructure Committee on risks and mitigations due to the Covid-19 market in March.

The delay in release of Waka Kotahi funding has affected timing of programme delivery. Officers are working with Fulton Hogan to catch up progress, as possible, with the maintenance contract works. Now the Fulton Hogan contract is underway, officers are utilising it to deliver some roading capital works.

Three Waters Reform

The Government's Three Waters Reform grant funding allocation, and our associated programme of works, is included in the above financial results across operational and capital renewal/new programmes. To date \$7.01M (75%) of work has been delivered against the grant funded allocation of \$9.34M. Contractors taking a well-deserved Christmas and New Year break has resulted in the traditional slowing in expenditure on the projects in the programme over this period. Officers have obtained confirmation from the Department of Internal Affairs that an extension has been granted for the completion of the programme from 31 March 2022 to 30 June 2022.

Contractor access at the Turitea Water Treatment Plant is being managed to mitigate Covid-19 risk of transmission between works teams. The seismic strengthening project start date has been deferred until the actuators are completed in February.

External Fundraising

Lion Foundation confirmed funding of \$11,500 for the 150th Trees for school's project- 50 trees to be planted at schools throughout Palmerston North. Each tree will have a plaque recognising the 150th milestone. \$5,000 of funding was confirmed from Ministry of Culture and Heritage for Waitangi Day celebrations. This event has since been cancelled due to the Covid-19 Red setting. The funding has been returned.

Catalyst projects

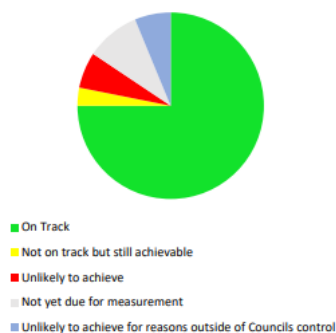
Catalyst Projects are those that will make major contributions to Council's vision. This report outlines progress made on these projects, with a common theme being delays on some of these due to Covid-19 restrictions. Assessments are ongoing regarding what impact these will have on the ability to complete these projects on time.

Safety and Health

Work continued on SafePlus audit key recommendations and a quick win was the creation of a staff newsletter with the first edition published in December. Another win was centralising the compliance certificates for the storage of hazardous substances in PeopleSafe documents. This was enabled through ENVIROHAZ (Compliance certifiers) who visited multiple Council sites in the preceding month(s) assessing storage facilities and provided verification of compliance once all criteria were met.

Reactive work requiring immediate action continued with three gas strikes in during the quarter; a learning team approach was used that recognises the knowledge and experience of subject matter experts with a focus on capturing lessons learnt.

The Monthly Advisor catch-up with Managers/Supervisor continues to result in greater visibility of health and safety management and enabling meaningful support for these key roles where gaps are identified. An Executive Leadership Team site visit to Fitzherbert Park (Parks and Reserves) occurred. These visits enable the Executive to demonstrate leadership in the area of Health & Safety and they gain insight into the hazards our people face and the effectiveness of current controls.

10-Year Plan Performance Measure Summary**10 Year Plan KPIs**

Our 10-Year Plan Key Performance Indicators (KPIs) monitor the delivery of major services for the city.

At the end of our second quarter, 48 of 64 KPIs are on track to be achieved for this financial year, with a further 2 not on track but still achievable and 6 not yet due for measurement. 4 KPIs are unlikely to be achieved for reasons outside Council's control.

While Council is underspent on its overall budget, it is still meeting most of its 10 Year Plan KPIs for the day to day services that residents and businesses rely on. As already outlined work is also underway to ensure that Council can keep providing our critical services in the event of major staff absences as a result of Omicron. This work sits alongside the deliverability review for capital projects, the results of which will be provided in a briefing paper to the Infrastructure Committee in March as outlined in the earlier financial section.

Heather Shotter
Chief Executive

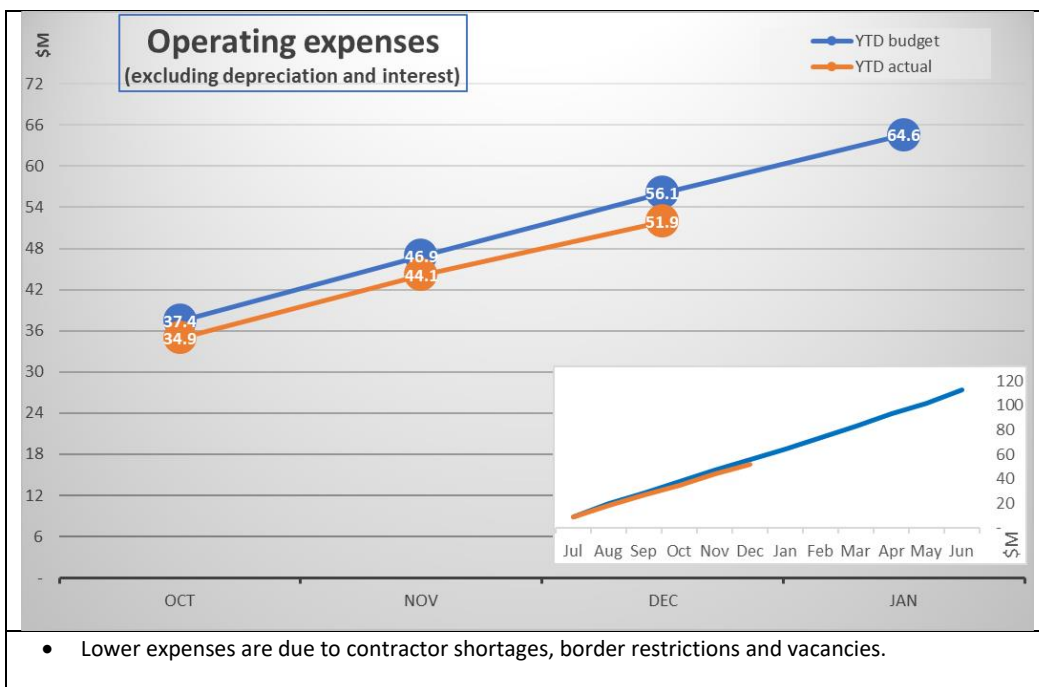
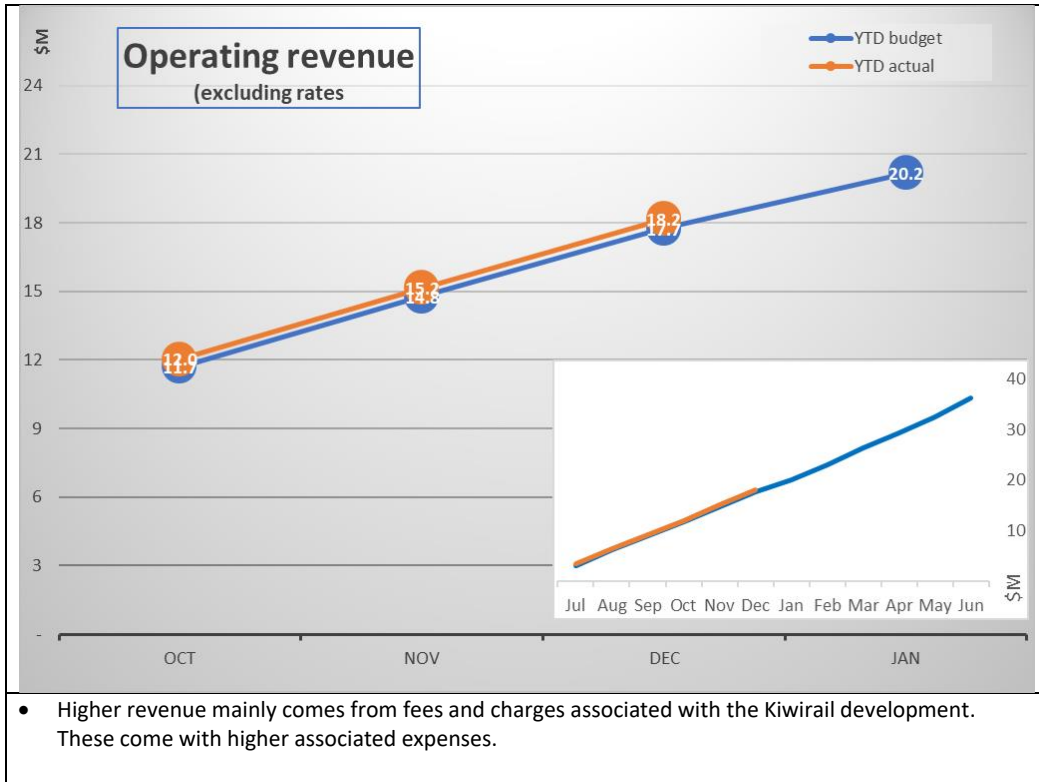
Financial Summary to Budget

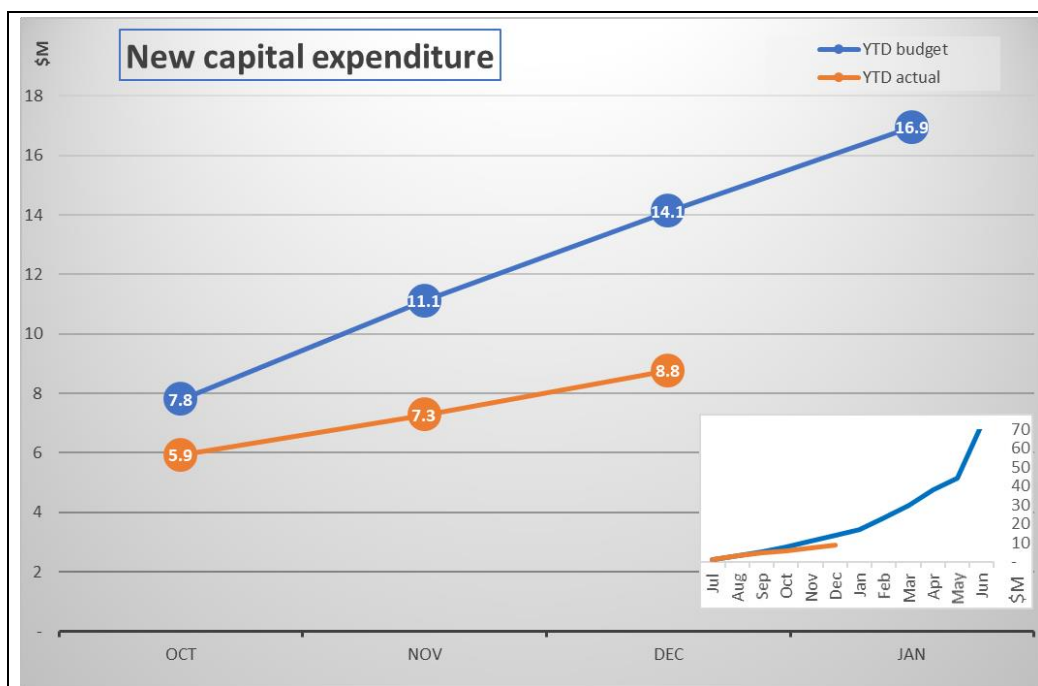
The following table of operating financial performance and graphs are compared to revised budget.

Summary of Financial Performance For the period to 31 December 2021	2021/22 \$000s					
	Year to Date		Variance		Full Year Revised Budget	Full Year Annual Budget
	Actual	Budget	\$000's	%		
Operating revenue	(18,171)	(17,743)	428	2.4%	(36,223)	(35,071)
Rates	(54,947)	(54,601)	346	0.6%	(109,090)	(109,059)
Total Revenue	(73,118)	(72,344)	773	1.1%	(145,313)	(144,130)
Operating Expenses	51,957	56,132	4,175	7.4%	112,509	111,497
Net Interest	2,373	2,545	172	6.8%	5,073	5,073
Total Expenses	54,329	58,677	4,347	7.4%	117,582	116,571
Operating Controllable (Surplus) / Deficit	(18,789)	(13,668)	5,121	37.5%	(27,730)	(27,559)
Depreciation	18,675	19,105	430		38,210	38,210
Non-operating revenue	(6,737)	(8,117)	(1,380)		(18,682)	(18,252)
Non-operating expenses	(6,538)	-	6,538		-	-
Net Result	(13,389)	(2,680)	10,709		(8,203)	(7,601)

Key Points:

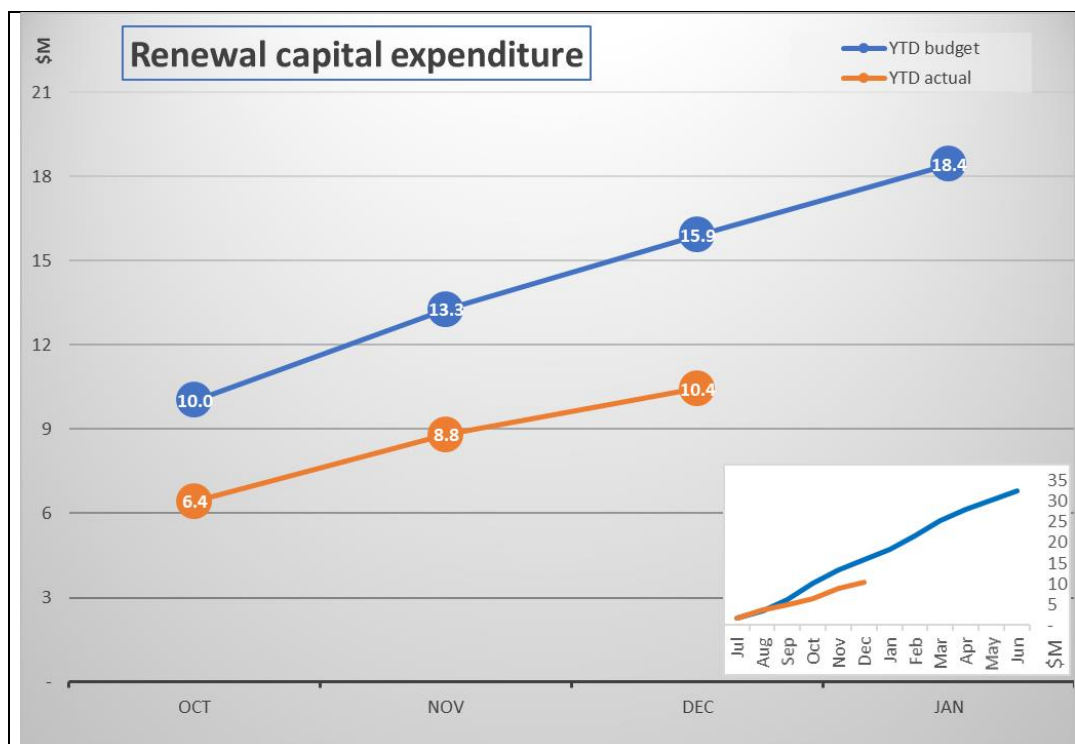
- Overall operating surplus was \$5.1M favourable against revised budget.
- Operating revenue surplus was due to fees and charges associated with the Kiwirail development (\$650k), offset by additional professional service costs.
- Revenue in other areas was under overall due to funding in DIA Waters and NZTA subsidies being under budget as a result of contractor shortages.
- The following variances contribute to the operating expenses surplus:
 - Contracted services: \$2.3M favourable due to supplier shortages.
 - Remuneration was \$1.7M favourable due to difficulties filling vacancies in the current labour market.
 - Te Huringa project has continued to be impacted by border restrictions and digital transformation has been delayed, resulting in professional services being \$1.1M favourable.
 - Other professional services were \$900k unfavourable. This increased expenditure is associated with the additional revenue (Kiwirail development, building and resource consenting)
- Non-operating expenses are favourable due to a change in the valuation of swaps.





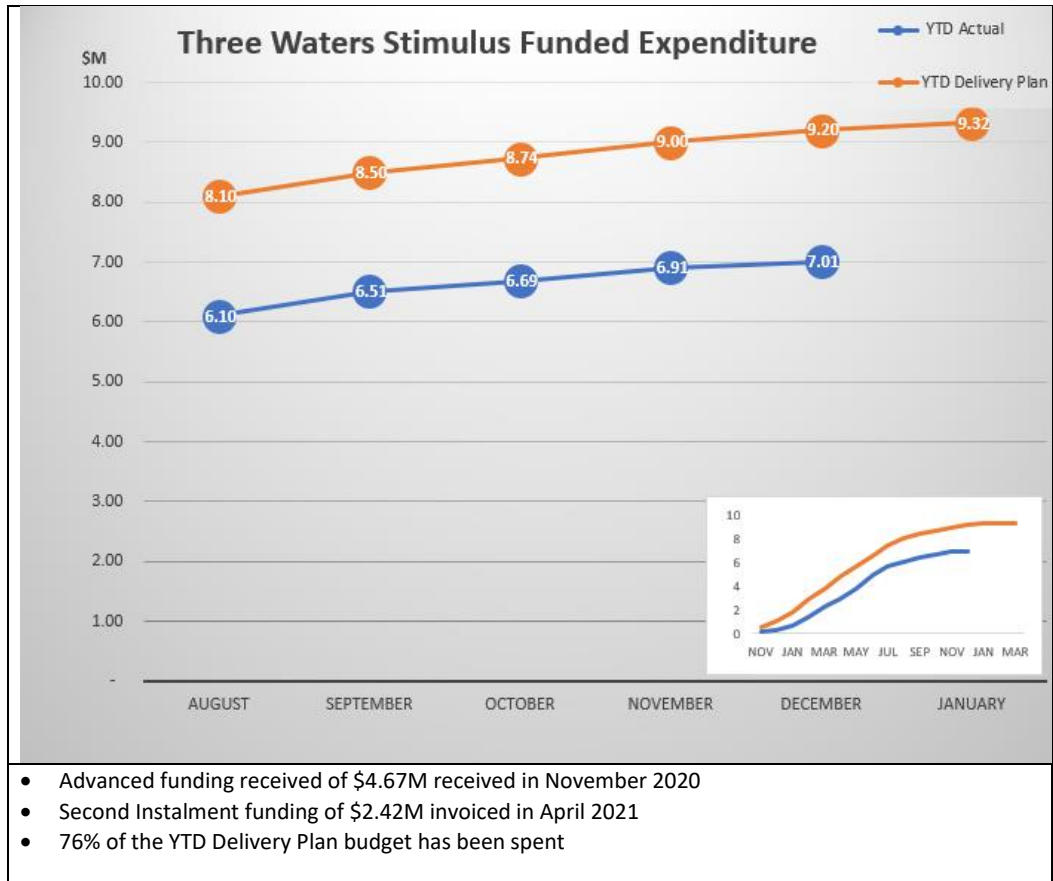
Major Capital New Programmes Behind Budget

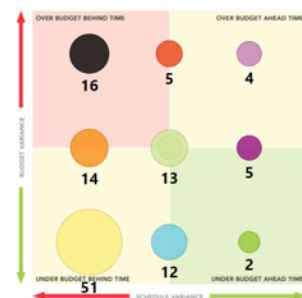
Programme Name	Reason for Delay	Variance to Budget	Comments
1844-City Growth - City Reserves - Manawatu River Park - Capital New	Contractor availability	\$587k	Turitea Pa site construction is now well underway, but was delayed. The natural play, gym construction and mountain bike paths are also behind where they were forecast to be. In addition, the Victoria Esplanade Cabling project will now occur later, due to contractor availability in March 2022. These are all on track for completion by year's end.
1055-Urban Growth - Kakatangiata - Wastewater	Growth	\$379k	This is a growth programme and happens on an as needed basis. Requirements are still being worked through with a third party, but likelihood is there will be a carry forward in this programme.
651-City-wide - Water Supply Resilience - Seismic Strengthening	Covid-19 restrictions	\$356k	This programme is a carryover linked to the first phase of Turitea Water Treatment plant seismic strengthening, with subsequent phases in programme 1697. Due to critical nature of the asset, under Covid rules management of multiple contractors on site has delayed progress. Internal actuator work has now been completed. The seismic strengthening contractor will commence work late February 2022. This phase is programmed to be completed in July.
1060-City-wide - Stormwater Network Improvement Works	External design capacity	\$353k	Design delays have impacted construction start dates. Final two projects are scheduled to commence mid February with one project carried forward to next FY, due to complexity of integrated services approach - water/roading improvements at the same time.



Major Capital Renewal Programmes Behind Budget

Programme Name	Reason for Delay	Variance to Budget	Comments
115-City-wide - Sealed Pavement Renewals (Waka Kotahi Subsidies)	Supplier Issue & wet weather	\$1,313k	Expenditure has been delayed due to wet weather and the regional asphalt plant breaking down which required parts to be imported. Works are now underway to achieve delivery over the remaining construction season.
1879-Council's Plant and Vehicle - Replacements	Supply Chain	\$828k	Most of the current year's replacements have been ordered and we await delivery. The programme has been adjusted due to price escalations and a small overspend is forecast at year end
139-City-wide - Sealed Road Resurfacing	Wet weather	\$384k	While wet weather has delayed programmed work, the overall programme is on track for delivery this financial year. Chip seal resurfacing work is programmed over February/March, followed by Asphalt Concrete resurfacing work.
54-City-wide - Wastewater Pipe Renewal	Contractor availability	\$364k	Additional DIA funding requested to reline more waste water mains, relining contractor back on site since the middle of January.



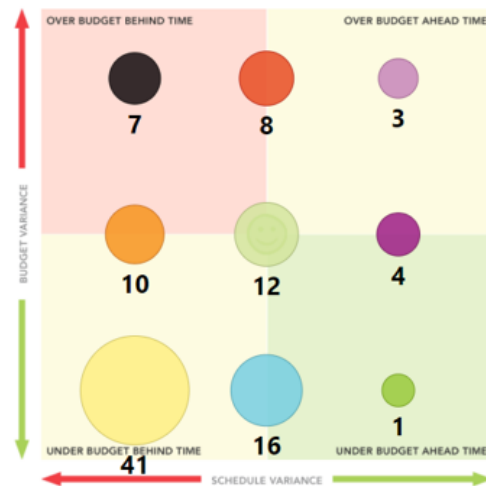


Growth Programmes	
Programme	Comment
1847-City Growth - City Reserves - Victoria Esplanade - Capital New	The rose signage cost more than first estimated and the enhancement of the Manawaroa Entrance delayed due to consultant availability. The scope and timing of work within the programme adjusted to be within budget by year end.
1833-City Growth - Cemeteries - Extensions to burial and ashes areas	Work in the cemetery commenced, then halted due to the weather. Expenditure is forecast to be on budget by year end.
1846-City Growth - City Reserves - Walkway Extensions - Capital New	Design and consenting costs for the Turitea stream bridge have occurred earlier than forecast. The new walkway is forecast to be completed within budget by year end.
201-Urban Growth - Development Contributions - Transport	This is a growth programme. It is unknown when funding will be required, thus unscheduled spending has occurred.

Capital New

Description	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
Not Started	37	29	27	22	20	19
On Budget Ahead of Schedule		1	4	2	2	4
On Budget Behind Schedule	3	68	30	22	16	14
On Track	40	38	11	14	9	13
Over Budget Ahead of Schedule			1	6	6	4
Over Budget Behind Schedule	1	1	1	8	9	16
Under Budget On Schedule	38	4	22	11	9	5
Under Budget Ahead of Schedule			2	1	2	2
Under Budget Behind Schedule	2	1	26	37	49	51
Under Budget On Schedule	30		19	17	17	12
Total	151	142	143	140	139	140

Programme	Comment
1553-City-wide - Urban Cycle Infrastructure Network Improvements	Urban cycle masterplan engagement and design work has been delayed due to late confirmation of Waka Kotahi NLTP funding approvals. A new funding opportunity with increased subsidy has since become available through Waka Kotahi 'Streets for People' (previously Innovating Streets) fund. A proposal is currently being prepared for submission to this fund for this programme of work.
2056-City-wide - Supporting Cycle Infrastructure Improvements	Supply constraints have delayed ordered infrastructure. Planning is underway for electric bike charging infrastructure within the city centre.
2120-City-wide - Off Road Shared Path Network Improvements	A shared path link through Savage park has recently been completed. Work is underway to map and cost a number of other network link opportunities across the city, including assessment of alignments through Parks & Reserves. Delivery of additional links are planned to be delivered in the last quarter.
111-Local Reserves - Roslyn - Edwards Pit Park Development	Spending occurred earlier than planned in order to make the PS1 consent exemption process more seamless when construction commences.
185-Outdoor Adventure Reserves - Arapuke Forest Park/Kahuterawa Develo	Installation of new signage has occurred slightly earlier than forecast. The project is forecast to be completed within budget by year end.
1852-Local Reserves - Improvements to existing reserves to close ident	Timing of the Awapuni playground replacement has been slower than forecast. Programme is forecast to be on budget by year end.
1854-Swimming Pools - Splashhurst Pool Enhancements	The timing of improvements has led to the variance. The improvements identified will be completed within budget by year end.
1967-City-wide - Edibles Planting	The timing of the edibles has led to the variance. Programme expected to be on budget by year end.
1435-City Reserves - Manawatu River Park - Water Front Precinct Lighti	The variance has resulted from the timing of external design engineering costs. The engineered solution will now be trialled to confirm the viability of the engineered lighting solution.
1635-PNITI - Intersection & bridge improvements	The programme includes the Kairanga-Bunnythorpe/Roberts Line Intersection upgrade, and improvements to weight restricted bridges. Both programmes are subject to Waka Kotahi business case approval. The intersection upgrade business case application is nearing completion for Waka Kotahi review, while the improvements to weight restricted bridges require further investigations to determine the best outcome and enable a business case application to be prepared. The investigation/business case approval/design phases for this financial year are unlikely to be fully delivered.
273-City-wide - Minor transport improvements	Projects are in various stages of development. Several projects are being constructed, while others are currently being designed and consulted on. Delays in receiving Waka Kotahi co-funding are anticipated to impact the delivery of the full programme this financial year.
1696-City-wide - Drinking Water Standards Upgrades	This budget was for any additional treatment that may have been required by our new regulator, Taumata Arowai, once the proposed new rules are confirmed. These are currently out for consultation and the timeframe is now that they are not expected to take effect until 1 July 2022. As this date gets closer, we'll have more certainty about how much (if any) of this budget will be needed.

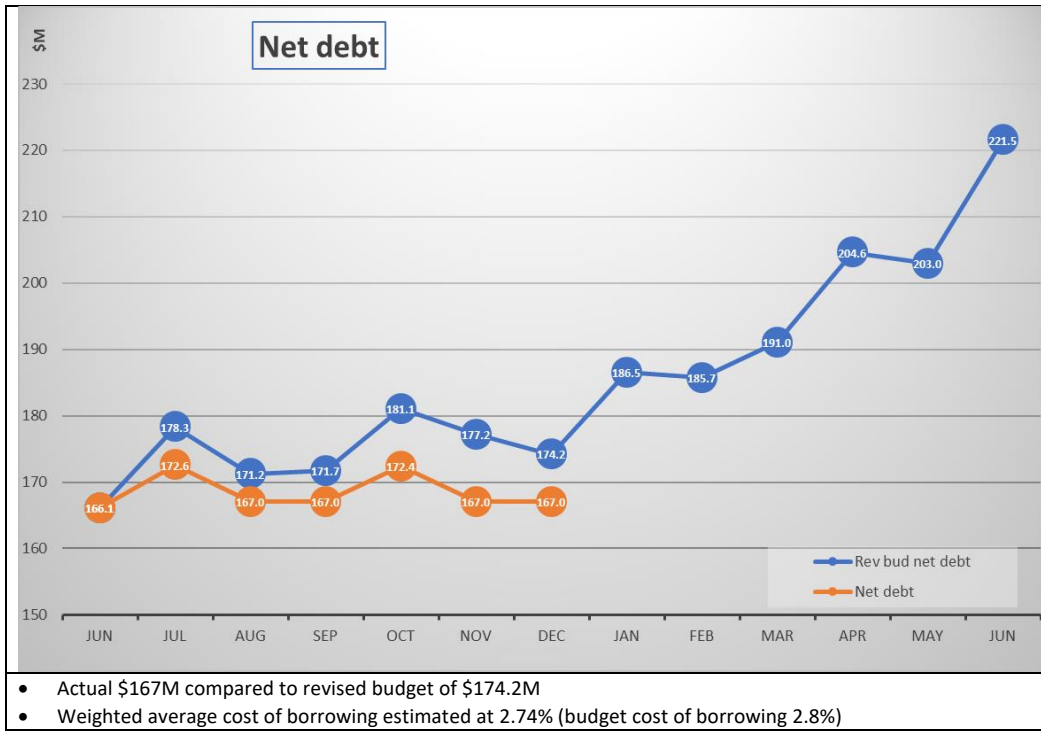


Programmes non material variances
1737-Water Treatment Plant - Building Renewals
1742-Social Housing - Grounds Renewals
1753-CET Arena - Grounds Renewals
1742-Social Housing - Grounds Renewals

Capital Renewal

Description	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
Not Started	34	26	17	12	13	12
On Budget Ahead of Schedule			1	3	4	4
On Budget Behind Schedule	1	54	12	12	10	10
On Track	41	27	18	13	9	12
Over Budget Ahead of Schedule	1		1		2	3
Over Budget Behind Schedule		3	4	9	9	7
Over Budget On Schedule	22	1	21	10	7	8
Under Budget Ahead of Schedule				2	2	1
Under Budget Behind Schedule			25	32	36	41
Under Budget On Schedule	16	2	14	20	21	16
Total	115	113	113	113	113	114

Programme	Comment
213-Cultural Facilities - Renewals	Secured and paid for long-lead in materials prior to Square Edge Fire Upgrade project commencement in March 2022. Will be delivered to programme.
1828-Cemeteries - Non-Building Asset Renewals	The timing of renewals have caused the variance. Programme is forecast to be on budget by year end
1801-Wastewater Pump Stations - Building Renewals	Programme budget of \$8,000. Contract in place for works in March. Will be delivered to programme.



10-Year Plan Catalyst Projects Quarterly Update to 31 December 2021

Streets for People: The project team has nearly completed stakeholder engagement to inform the developed design. The outstanding meetings are currently being arranged and will be held at the earliest suitable time. The codesign with Rangitāne is underway. The developed design for Stage 3 Square East (Square East between High Flyers and Broadway) is expected to be completed and internally reviewed in the week commencing 7 February. Items requiring long lead times owing to supply chain delays are being identified so that early procurement can be undertaken once developed design is completed.

Civic and Cultural Precinct Master Plan: Council has appointed a consultant team to prepare the Civic and Cultural Precinct Master Plan. The lead consultant has familiarised themselves with the key project issues and opportunities, and an Elected Members briefing will be rescheduled on the development of the Master Plan for May. The consultant and staff have been engaging with key stakeholders over the latter half of 2021 and ongoing engagement is occurring in the New Year. A formal update report will go to Council in June 2022 and a final report will be presented in December 2022. While the consultant will draw on some international experience, the large majority of the work will be led by New Zealand based experts, Council Officers and local stakeholders, with direction from Elected Members at key stages.

Heritage: The heritage incentives fund has opened. There has been significant interest from earthquake prone building owners to seek funding assistance to get their buildings up to Building Code standards. The fund is likely to be exhausted by the end of the financial year.

Victoria Esplanade Masterplan: There are minor finishing works to be completed once the specialist contractor and materials are available. The removable bollards were installed on the 18th of December. The Rose Garden signs were completed prior to the National Rose Trial Ground awards in November. Designs for improvements to the Manawaroa Street pedestrian entrance and for master plan projects in future years have been commissioned.

Manawatu River Shared Pathway: An update has been provided to Council. Management approval has been given to make an application to designate the land under the Resource Management Act, as a key step towards securing the land required to complete the Manawatu River Pathway. Reports and options analyses are being prepared as part of the Notice of Requirement submission, including a Cultural Impact Assessment from Rangitāne. Separately, Officers are working closely with one landowner to secure an easement over one section adjacent to Te Matai Road.

Manawatu River Framework: Work with Rangitāne to establish a carving workshop in the old industrial buildings at Marae Tarata has continued. A resource consent application has been lodged and is being processed. Work has begun on a lease to occupy.

Marae Tarata Development Plan – stakeholder workshops are now completed. The next river entrance to be built will be at the end of Albert Street. Detailed design has been completed, lighting and bollards have been purchased. A resource consent application has been lodged, and procurement for the construction has now been completed and a contractor is in place for the work. Construction is planned to commence in March 2022.

Cabling the Victoria Esplanade in anticipation of 2022/23 lighting installations - two contractors will be pricing this job in February, with work to begin in March 2022. We are expecting big price increases in cable so have purchased and are storing enough for both the Esplanade and Albert St.

The riverside cycle tracks, exercise equipment stations, Turitea Pa site and wayfinding projects are all underway. Albert St fort build will begin this week - mid December

New wayfinding ground markers are now completed, along with slow-down signage. 2-3 more maps will be installed before the end of financial year.

The earthworks for the Turitea Pa site are now nearly completed, and next week we will begin installation of the reinforcing steel, and hopefully pouring concrete. We are still waiting on the correct colour for the steel to arrive for powder-coating.

The Fitzherbert Bridge Lighting project trial is progressing and judging of the light installations will be in the 2022/23 financial year.

Te Motu o Poutoa: Council and Rangitāne are co-working on the design. The Design Team Working Party has established site constraints, and distilled the ideas that came from Elected Members, Rangitāne, stakeholder workshops and neighbour workshops into a set of spatially located ideas. The next step is to hold a workshop with Elected Member in February to finalise the distilled proposals for the site development consultation options.

Wastewater Treatment Plant Upgrade: Following the endorsement of the Best Practicable Option (BPO) in September 2021, Council have now secured the lead designer (Stantec and PDP) and the Project Manager (Beca) in late 2021. The engagement of these consultants was endorsed at the December Council meeting which secured the Capital Programme to fund the consenting phase of the project.

The Project design team are scoping specific work packages within the endorsed budget. The key deliverables for Q1 of 2022 include identifying a land area for further investigation with respect to suitability for land discharge of wastewater, continued summer monitoring of the Manawatu River to inform future technical assessment and undertaking flow and loads assessments.

The Project team have also invited various iwi and stakeholder groups to join a Project Reference Group (PRG) which has met twice to discuss the project. A Project Governance Group and a Project Technical Group are also underway with Rangitāne representation on each of these groups.

Te Utanganui PNITI, Rail, Airport: The KiwiRail Notice of Requirement hearing is now complete. Council is awaiting the recommendation from commissioners which is expected sometime in late February to early March.

CEDA has confirmed the Central NZ Distribution Hub Strategy (CNZDH) and work is progressing on the advocacy and communications plans.

Rangitāne have gifted the name 'Te Utanganui' to the CNZDH. A key work stream for Te Utanganui is the development of a master plan to guide future public and private investment. Council has appointed GHD to lead the master plan work programme. Technical advisors have been secured for the project and stakeholder workshops are scheduled to start in late February and finish late March.

CNZDH and PN Integrated Transport Initiative (PNITI) Reference and Steering Groups are now established and will provide strategic overview and leadership to Te Utanganui and PNITI. PNCC is working with Waka Kotahi to finalise the Transport System Improvement Plan (TSIP) - the first action within the PNITI programme. Officers are now working to implement outputs of the TSIP into the Network Operating Plan (NOP) update as well as the upcoming Roads & Streets Framework.

Infrastructure for Residential Growth: Construction at Tamakuku Terrace continues and is on track for completion in May/ June 2022. The first 14 sections were sold to the general public in October 2021. The 2nd sales release for the next 17 sections is due to go live towards the end of January / beginning of February 2022.

Work is continuing on Plan Changes for Aokautere, Ashhurst and Roxburgh Crescent, Summerhayes Reserve and Kakatangiata. The Whisky Creek Private Plan Change is also progressing, with a hearing expected before mid-2022.

Citywide Stormwater: Whakarongo Resource Consent: Council has provided a response to the further information request and is now awaiting a draft response from Horizons including a draft set of conditions. Detailed design of the stormwater attenuation and treatment system is well advanced but will be subject to review following receipt of the proposed consent conditions.

Draft Stormwater Management Framework: following an internal review significant changes to the scope, structure and content have been proposed to ensure the framework is more of a high-level strategy and policy document. The changes will be implemented by the external consultant assisting Council. Following receipt of a revised draft, Officers will look to engage with Rangitāne as well as key internal stakeholders, with the aim of developing a draft for consideration by Council within the first quarter of 2022.

City-wide Water Supply: The Turitea Duplicate Water Main has been completed and was put into service prior to Christmas. Palmerston North now has two trunk mains between the Turitea Water Treatment Plant and our Ngahere Park reservoirs. This major piece of work makes our city more resilient.

Flow testing of Papa-i-oea Park Bore 3 has been completed to determine the amount of sand being produced at various flow rates. We are considering next steps to resolve the sand production issue and will put this bore into service as soon as possible.

The mechanical and electrical contractor for the Railway Road Bore is in the process of installing the fittings and controls. Commissioning of the bore is planned for February /March with the commissioning plan details currently being reviewed. Landscape planting and fencing design of site has been completed. Fence construction and planting will commence following commissioning.

Three Waters Reform: The Government has announced that the water reforms will go ahead via legislative change and that Councils will not be able to opt out. It has confirmed that four entities will provide water, wastewater and stormwater services across the country.

More clarity about how the entities will operate will be in the Water Services Entities Bill. This will be introduced to Parliament in February 2022. The Government has set up a working group of local government, iwi and water industry experts to work through the design of the new entities - including their governance arrangements. This will report to the Minister of Local Government by the end of February.

The Government intends to have the new entities up and running by 1 July 2024.

Quarterly Performance and Financial Report - December 2021

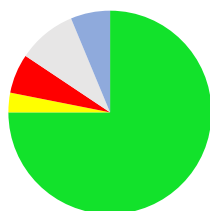
10-Year Plan KPIs

This part of the report looks at how well the Council is delivering on the performance measures.

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

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

10-Year Plan Performance Measure Summary



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

Performance Measure Summary by Activity	G	Y	R	W	B	Total
Goal 1 - An Innovative & Growing City						
City Growth	3	-	2	-	-	5
Economic Development	1	-	-	1	-	2
Transport	2	1	1	1	-	5
Goal 2 - Creative & Exciting City						
Active Communities	1	-	-	2	2	5
Arts, Culture and Heritage	4	-	-	-	1	5
City Shaping	2	-	-	-	-	2
Goal 3 - Connected & Safe Community						
Connected Communities	7	-	-	1	1	9
Safe Communities	3	-	-	-	-	3
Goal 4 - Eco-City						
Climate Change	3	-	-	-	-	3
Environmental Sustainability	2	-	-	-	-	2
Manawatu River	1	-	-	-	-	1
Resource Recovery	2	-	-	-	-	2
Stormwater	3	-	1	1	-	5
Wastewater	5	-	-	-	-	5
Water Supply	9	-	-	-	-	9
Goal 5 - Driven & Enabling Council						
Good Governance and Active Citizenship	-	1	-	-	-	1
Total Measures	48	2	4	6	4	64
% of measures able to be measured	75%	3%	6%	9%	6%	

Quarterly Performance and Financial Report - December 2021

Goal 1: An Innovative and Growing City

City Growth

Performance Measures (Page 32 of the 10 Year Plan)	Comments	Sept	Dec	March	June
01. Measure: Enough land is zoned, infrastructure enabled and feasible to develop, to meet growth demand. Target: At least three years of housing and business land with services is immediately available.	Zoned capacity for 780 sections is available at Whakarongo and Kikiwhenua. This is approximately 3 years of greenfield capacity. Further rezoning proposals are underdevelopment at Aokautere, Kōkātangiata and Ashhurst. Once rezoned, over 30 years of growth capacity will be enabled. A Private Plan Change at Whiskey Creek will supply an additional 160 sections. A hearing for this plan change will be held in the third quarter.	G	G		
02. Measure: Resource consent applications are processed within statutory frameworks. Target: At least 95%	283 consents have been processed year to date with 199 (70%) processed within statutory time frames. The Planning Services team consent workloads and volume of inquiry have remained high during the second quarter. That coupled with delays from getting expert assessments has meant difficulties processing within time frames. Recruitment continues for a planner and senior planner vacancy.	Y	R		
03. Measure: Building consent applications are processed within statutory frameworks. Target: At least 95%	Of the 360 building consent applications processed for the quarter, 312 (87%) were processed within the statutory timeframe. Year to date: Of 731 consents processed, 652 (89%) were within the statutory timeframe. This quarter has been affected by the continued effects of Covid-19 and associated construction supply chain and industry resource restrictions, most notably recruiting and retention of skilled staff.	Y	R		
04. Measure: City-wide urban design principles are reflected in planning advice and decision-making. Target: Narrative measure outlining how urban design principles are being implemented.	Urban design expertise is informing District Plan changes under development. All major greenfield growth projects are being master planned. There is now also a higher level of integrated transport and landuse planning (movement & place) underway that will greatly impact and improve future urban structure, form and function. Projects include Te Utanganui, PN System Improvement Plan, PN Parking Framework.	G	G		

<p>05. Measure: There is an increase in range of building types being built in the city centre and local neighbourhoods (eg different densities, cohousing, CBD residential, green buildings). Target: Narrative measure outlining trends in the range of building types.</p>	<p>City centre housing is not being developed. Medium density housing applications around the peripheral of the city centre and across the broader city are increasing, with many proposals now 2 storey, duplexes and terraced rows. Work is underway to prepare an intensification plan change to make it easier to develop intensified housing.</p>	G	G		
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Economic Development Activity

Performance Measures (Page 37 of the 10 Year Plan)	Comments	Sept	Dec	March	June
01. Measure: Funding is distributed and the key objectives achieved. Target: Narrative measure outlining outcomes achieved by the funded organisations.	Continuing to collaborate with CEDA regarding the transition of the city marketing, business conference and events and international education to PNCC. Central NZ Distribution Hub Strategy confirmed with focus shifting to implementation and communication. Project structure established for Manawatu Food Strategy and initial conversations occurring with key stakeholders. Regional Business Partners application lodged. Connecting with new CE regarding 2022/23 statement of expectations confirmed by JSPC.	G	G		
02. Measure: Achieve a positive city reputation. Target: Target to be determined.	Work is underway to develop this KPI. The focus will be on narrative measures around positive sentiment regarding the City, levels of engagement (including marketing campaigns and city visitor nights), and residents' satisfaction with the City profile.	G	W		

Transport

Performance Measures (Page 42 of the 10 Year Plan)	Comments	Sept	Dec	March	June
01. Measure: The change in the number of fatal and serious injury crashes from the previous year on the city's local road network. Fewer than the previous year. Target: Narrative measure outlining long-term accident trends and causes.	A total of 40 (1 fatal and 39 serious injury) crashes have occurred in the last 12 months to 31 December 2021, compared to 33 recorded in the 12 month period to 30 September 2021.	Y	R		
02. Measure: The average quality of ride on the sealed local road network, measured by smooth travel exposure. Target: Greater than 80%.	The average quality of ride on the sealed local road network is 85%.	G	G		
03. Measure: The percentage of the sealed local road network that is resurfaced. Target: More than 3.5%	Data is collected in the second part of the year.	W	W		
04. Measure: The percentage of footpaths that meet Council standard. Target: Greater than 93% rated 3 or above.	95.5% of footpaths meet Council standard, with a condition score of grade 1, 2 or 3. The total length of faults with a condition grading of 4 or 5 is 25.5km, which equates to 3,133 individual faults captured.	G	G		
05. Measure: Percentage of requests for service relating to roads and footpaths responded to (with at least an initial response) within three working days. Target: Greater than 95% of safety and critical requests.	3695 of the 4001 requests for service received (92%) have been responded to within the 3 working day time frame.	Y	Y		

Goal 2: Creative and Exciting City

Active Communities

Performance Measures (Page 54 of the 10 Year Plan)	Comments	Sept	Dec	March	June
01. Measure: Increase in use of parks, sports fields and playgrounds. Target: Narrative measure outlining Parks Check Survey results.	Year end measure	W	W		

02. Measure: Increase in use of aquatic facilities. Target: Usage numbers at Lido, Freyberg and Ashhurst Pools.	There has been an increase in attendance at Ashhurst Pool of 21% compared to the same period last year, with 17,802 visitors. Visitors at the Lido were 150,290, a decrease of 17% from the same period last year. Attendance figures have been slowly recovering. Freyberg facility closed slightly earlier than usual in December due to maintenance and repairs being carried out by an external contractor. Reported attendances for this period were 73,167 visitors, a decrease of 18% compared to the same time last year. Overall usage of children under 5 were 5,954 visitors, a decrease of 45% over the same period. The likely contributing factor to decreased numbers is the effects of the lockdown and ongoing restrictions of numbers allowed indoors under the traffic light system.	B	B		
03. Measure: Increase in use of Central Energy Trust Arena for community sport and active recreation. Target: Narrative measure outlining number of community events and hours.	Year to date there has been a total of 1,244 individual bookings totaling 5,147 hours of use. Of these, 1,124 are Community Sport accounting for 3,019 hours of use. The number of total bookings is down 20% on last year to date and Community Sport bookings down 24%. Total hours of use are down 11% on last year to date and Community Sport hours of use down 27%. This is entirely due to Covid interruptions through the 2nd quarter of the current financial year which meant with restrictions in place, Community Sport activity was heavily affected and reduced.	B	B		
04. Measure: Increase in satisfaction of Council's sport and recreation facilities. Target: Narrative measure outlining trends in user and resident feedback and surveys.	Year end measure - surveying is currently underway	W	W		
05. Measure: Council works in partnership with external organisations. Target: Narrative measure outlining partnership initiatives designed to increase participation and their outcomes.	Council works with Sport Manawatu to implement the Regional Sports Facilities Plan and work with sport and recreation representatives to facilitate access to facilities and increase participation. Progress on outcomes achieved through the agreement with Sport Manawatu, including key actions in the Active Communities Plan, is reported through the Play, Recreation and Sport Committee every six months.	G	G		

Arts and Heritage

Performance Measures (Page 63 of the 10 Year Plan)	Comments	Sept	Dec	March	June
01. Measure: Increase in patronage of Council-owned cultural facilities (Te Manawa, Globe Theatre, Regent Theatre, and Square Edge), as measured by reports provided by operators. Target: Annual patronage numbers for the CCOs increase.	Six month reports for the period of 01 July- 30 December 2021 will be reported to Council in April 2022. Restrictions imposed on events by the Covid-19 Protection Framework have had an impact on the number of events held and the patronage numbers for all of the CCOs.	W	B		
02. Measure: Funding is distributed and the key objectives achieved. Target: Narrative measure outlining outcomes achieved by the CCOs.	The Caccia Birch Trust Board held their final AGM on 30 November. Council acknowledged the contribution of the Trustees and Manager in the care and preservation of this key heritage asset for the people of Palmerston North. Transition of the management of Caccia Birch House to Council was completed on 19 December 2021. Applications for the three year Strategic Priority Grant fund closed on 03 November 2021 with outcomes to be notified by March 2022.	G	G		
03. Measure: Sites of significance to Rangitāne o Manawatū are identified, protected or acknowledged. Target: Narrative measure outlining the number and description of sites.	The new Esplanade entranceway was officially opened during this quarter. The Turitea Pa site is currently under construction and works are progressing.	G	G		
04. Measure: Increase in investment of earthquake-prone heritage buildings. Target: Narrative measure outlining investment in buildings and its outcomes.	The Heritage Incentives Fund has opened. There has been significant interest from earthquake prone building owners to seek funding assistance to get their buildings up to Building Code standards. The fund is likely to be exhausted by the end of the financial year.	G	G		
05. Measure: Heritage is part of the multidisciplinary approach to working on Council projects. Target: Narrative measure outlining the projects and their multi-disciplinary nature.	No active projects are in progress. Multidisciplinary processes are in place to ensure collaboration as projects arise.	G	G		

City Shaping

Performance Measures (Page 69 of the 10 Year Plan)	Comments	Sept	Dec	March	June
01. Measure: City Centre Streetscape Plan is successfully implemented. Target: Narrative measure outlining progress on implementing the Plan.	The wider streetscape plan programme is in developed design phase with the next stages of implementing Square East Stage 3 in detailed design phase.	G	G		
02. Measure: A wide range of public space projects are implemented. Target: Narrative measure outlining the public space projects, their multi stakeholder / multidisciplinary nature, and their outcomes.	City Play engagement continues with a wide range of stakeholders to establish play opportunities and locations. A recent pop-up play experience was delivered in Te Marae O Hine as part of play prototype testing for activities along the Manawatū River. Splashpad now open to the public at Memorial Park	G	G		

Goal 3: Connected & Safe Community

Connected Communities Activity

Performance Measures (Page 74 of the 10 Year Plan)	Comments	Sept	Dec	March	June
01. Measure: Library users are satisfied with the services and programmes provided. More than 800,000 visits a year. Average use per item per year is at least 4 (physical items). Target: Narrative measure outlining the development and use of digital collections. Narrative measure outlining the results of user and residents' satisfaction surveys.	Visitor numbers have been impacted by changes in Covid-19 Alert and Traffic Light Levels this second quarter but despite this, the library is still successfully meeting the challenge. The Central Library, Youth Space and Blueprint have had reduced opening days and/or hours and the Mobile Library remained off the road. At the end of this quarter there were 198,302 physical visits to the 7 City Library locations that were open. The average use per item increased to 4.38 vs 4.11 for the equivalent period last year. In addition, there were 376,126 City Library website page views and 91,176 website sessions; Manawatu Heritage had 155,086 website views and 35,480 website sessions; the library hosted 23,587 PC sessions and 96,311 Wi-Fi sessions. There were 1627 digital help sessions; 215 vaccine pass help sessions; and 525 heritage enquiries. The streaming service Kanopy had 3334 views and 1727 plays; and users watched 852 films via Beamafilm. The Library App continued to be highly used with 39,774 sessions this quarter.	G	G		

<p>02. Measure: Library programmes reflect the changing needs of communities. Target: Narrative measure number and description of programmes and their outcomes.</p>	<p>Due to changing Covid-19 alert level requirements, the delivery of programme was challenging this quarter. Despite this a wide range of programmes was still successfully delivered, including Local History Week (with lunchtime Zoom talks Zoom; daily suggestions on how to explore local history independently; and a scavenger hunt for people to complete within their family bubbles. Ka Mua, Ka Muri expo brought together 30 heritage organizations and 100 teachers to showcase how the heritage sector could support teachers with their NZ History Curriculum needs. Author events included Glynn Harper and Abbas Nazari, both of which were well attended. Peta Mathais was rescheduled to visit in early February. The ECREAD Summer Read Programme was delivered digitally. The Library published a volume of local writing based on Manawatū Heritage images - double the number of writers compared to last year took part. Youth Space highlights included the Skate Project (funded by the Sport NZ Tu Manawa fund) to help rangatahi make their own skateboard and learn how to skate safely. A weekend environmental wananga for 80 attendees run as part of the Tuia leadership programme provided an opportunity to revitalize the mātāuranga Maori passed down from Paul Tangimoana Rakatau to today's generation. The Peke pilot saw 250 creative packs across five creative options given to young people. The NanWriMo digital pilot supported 5 rangatahi through a 12-week creative writing challenge.</p>	G	G		
<p>03. Measure: Accessible and genderneutral toilets are provided throughout the city, and especially in places where there is the most community activity. Target: Narrative measure outlining number, type and location of toilets, plus annual satisfaction survey results)</p>	<p>All planned public toilet refurbishments and any new toilet builds are determined by the area of most need. When undertaking these works toilets are made accessible and gender neutral if appropriate. The Hokowhitu public toilets have been completed, and the Highbury toilets along with the toilets within Memorial Park are planned for refurbishment in the balance of 2021/22.</p>	G	G		

04. Measure: Community centres are well used. Target: Narrative measure outlining use of centres and range of use with them).	Community centres continue to be used by a wide range of regular and casual users. Management agreements are current and will be renewed in June 2022. The second bi-annual committee hui is scheduled for March, this provides an opportunity for a sharing of ideas among the committees. Community centre committees are supported by the community development team to implement the Covid-19 traffic light framework.	B	G		
05. Measure: Visitors to cemeteries are satisfied with the services provided. Target: Narrative measure outlining user and residents survey trends.	Measures to collect trends are in the early stages of progress. Our expectation is to report on the performance measures at the year-end.	W	W		
06. Measure: Council's social housing tenants are satisfied with the social housing service they receive. Target: Narrative measure outlining survey results and tenant feedback.	Overall satisfaction rate in the 2021 social housing survey was 98%. Of the 121 tenants who answered question 3 (how satisfied are you living in a Palmerston North City Council housing unit?), 118 gave a rating of 7 out of 10 or higher. The next survey is due to be completed in 2023.	G	G		
07. Measure: Council's social housing is warm and safe, as shown by compliance with the Otago Medical School He Kainga Oranga Rental Housing Warrant of Fitness Standard. Target: Standards met.	Of the 430 units in Council's housing portfolio all housing units meet the requirements for insulation and 19 units need improvements to prevent draughts. 332 units are required to have their heating and extraction fans upgraded to meet the new requirements of the Healthy Homes and WOF standards. A programme is in place to address these over the 2021/22 and 2022/23 financial years.	G	G		
08. Measure: More community-led projects are supported by Council. Target: Narrative measure outlining description of activities funded and their outcomes.	Community events, such as Awesome Awapuni Day and all summer movie nights have been cancelled or postponed due to the restrictions of the Covid 19 traffic light system. The community garden guide has been completed since the last quarter and has been widely circulated. The revitalisation of the Highbury Shops continues to progress across several teams in Council including Community Development. A number of initiatives have been supported through the Welcoming Communities programme, including a Ministry of Justice funded community-led project for the prevention of family and sexual violence in migrant and refugee background communities, and a Welcome Video project with the Red Cross.	G	G		

<p>09. Measure: There are increases in: participation in community and city centre events, satisfaction with the annual programme of events, the range and diversity of community-led events in the city. Target: Narrative measure outlining number and range of events, plus participation and satisfaction with events.</p>	<p>The Covid Protection Framework continues to affect community participation in events. Long standing events including the Christmas Parade and Concert were amended which meant they were able to be delivered successfully, albeit with reduced attendance numbers. Unfortunately, the same risk based assessment that allowed for a reframed Parade also resulted in the cancelation of New Year's Eve in The Square. Forward planning for a diverse range of events in the next quarter remains challenging, however non-traditional Council assets such as Caccia Birch House and CET Arena will be utilised as community event venues rather than The Square to allow for compliance with Governmental directives for large community events.</p>	G	B		
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Safe Communities Activity

Performance Measures (Page 84 of the 10 Year Plan)	Comments	Sept	Dec	March	June
01. Measure: The SAB carries out a range of successful initiatives. Target: Narrative measure (outlining description of SAB initiatives and their outcomes).	Seven City Ambassadors have been recruited and they have been staffing the Unbox over the Christmas period, connecting with business, locals and tourists. Prior to the Christmas period some of our local youth were congregating in Te Marae o Hine The Square with altercations, thefts and hospitalisations. Since the City Ambassadors have been on the ground in Te Marae o Hine The Square there have not been any altercations. The Unbox has been very popular with families returning daily, volley ball teams have come to practice and a take away barbecue held.	G	G		
02. Measure: Increasing preparedness for emergencies in Palmerston North. Target: Narrative measure outlining Manawātū Wanganui CDEM preparedness 2- yearly survey trends and description of initiatives.	Council's Emergency Management team, regularly interacts with community groups and at community events. Our Emergency Management team has been working with the foodbank sector, to encourage preparedness for Covid19 and other emergencies that our community could face. Regular interactions with key stakeholders ensure relationships are well established before an emergency. Council Emergency Management teams' water tank project continues to be popular with the community with high regular sales. Council will continue to interact with the community to be prepared for all emergencies, and meet objectives from the Manawatu Wanganui CDEM group plan.	G	G		
03. Measure: Bylaws are reviewed on legal timeframe and enforced. Target: Narrative measure outlining description of programme to develop and review bylaws and their outcomes.	Bylaws are on a review timetable to ensure they meet legal obligations. None of the bylaws driven by safety outcomes are currently under review.	G	G		

Goal 4: Eco-City

Climate Change

Performance Measures (Page 89 of the 10 Year Plan)	Comments	Sept	Dec	March	June
01. Measure: Increase in sustainable practices. Target: Narrative measure outlining projects and initiatives that foster sustainable practices / behaviours and their impacts.	Applications to the Low Carbon Fund have been assessed and prioritised. Projects are ready to be delivered, pending final approval to reallocate funding.	G	G		
02. Measure: Decrease in Council's total organisational emissions. Target: Narrative measure outlining greenhouse gas reduction initiatives and their impacts.	Organisational emissions for 2021/22 FY will be available during the 2022/23 financial year. Uncoming Low Carbon Fund projects are estimated to reduce emissions by approximately 1,400 tCO ₂ e	G	G		
03. Measure: Work with iwi and community groups to re-establish bush, particularly along waterways, and to control introduced predators. Target: Measured through Manawatū River level of service.	Every year additional plantings occur through iwi and community group partnerships as well as Council staff. Council has developed a long-term planting plan with Horizons Regional Council.	G	G		

Environmental Sustainability

Performance Measures (Page 93 of the 10 Year Plan)	Comments	Sept	Dec	March	June
01. Measure: Increase in sustainable practices. Target: Narrative measure outlining projects and initiatives that foster sustainable practices / behaviours and their impacts.	Council has significantly increased internal staff capacity in the climate change office, enabling a step-change in output. In terms of outreach, delivered: - i) presentation (on-line) about information, resources and support for waste minimisation at Waste Minimisation Train the Trainer Workshop for Schools (organised by Sustainability Trust); ii) talks to students at English Language Partners during for their conservation week about our 3 waters, and roles we can to protect them; iii) Discussion about recycling attended by the women's group at St. Matthews Church, Awapuni. The 3rd Sustainable Living Programme of 2021 was held at Papaioea Pasifika Community Centre over 8 weeks. The Zero Waste Action Group agreed to channel its funding of \$10,000 to support the continuation of Plastic Pollution Challenge (PPC) project focused on coordinating community efforts in removing / monitoring litter from streams that will change mindsets and behaviour, as well as enhance the mana and mauri of urban waterways and the Manawatū River.	G	G		
02. Measure: Work with iwi and community groups to re-establish bush, particularly along waterways, and to control introduced predators. Target: Measured through Manawatū River level of service.	Every year additional plantings occur through iwi and community group partnerships as well as Council staff. Council has developed a long-term planting plan with Horizons Regional Council.	G	G		

Manawatu River

Performance Measures (Page 97 of the 10 Year Plan)	Comments	Sept	Dec	March	June
01. Measure: Increase in the public use of the river environment. Increase in native planting and observed biodiversity improvements in suitable locations in the river environment. Greater connectivity of features within the Manawatū River Park. Target: Narrative measure outlining public use the river, biodiversity and native plantings, and connectivity of features	Indicatively, public use of the Manawatū River environment continues to grow, but this has not been quantified. Officers will develop a usage measurement system this year to establish a baseline and to commence regular monitoring.	G	G		

Resource Recovery

Performance Measures (Page 101 of the 10 Year Plan)	Comments	Sept	Dec	March	June
01. Measure: Compliance with resource consents for the Resource Recovery Activity measured by the number of abatement notices, infringement notices, enforcement orders and convictions. Target: 100% compliance	100% compliance, we will continue to monitor as required by the conditions of our resource consents and submit reports as appropriate	G	G		
02. Measure: Decrease in per capita volume of waste sent to landfill. Target: Narrative measure outlining Council initiatives to decrease waste sent to landfill.	We completed an RFP to undertake a SWAP (Solid Waste Analysis Protocol) and Waste Assessment, we expect this to be completed by 30 June 2022. We will be engaging with our community on reducing hard to recycle/non-recyclable plastics in the coming months	G	G		

Stormwater Activity

Performance Measures (Page 107 of the 10 Year Plan)	Comments	Sept	Dec	March	June
01. Measure: The number of flood event per year resulting in stormwater from the Council's stormwater system entering a habitable floor in an urban area. Target: Less than 5	There have been 7 recorded flood events resulting in stormwater entering a habitable floor due to the rain event on 13-14th of December.	G	R		
02. Measure: The number of habitable floors per 1,000 properties within urban stormwater service areas affected by a flood event. Target: Less than 2	There have been 8 flooded habitable floors which is equivalent to 0.2 per 1,000 properties.	G	G		
03. Measure: Median time to attend a flooding event. (note: a flooding event is one resulting in stormwater entering a habitable building) Target: Less than 2 hours	In some cases of stormwater flooding of habitable floors in buildings, notification to Council occurred after the response period for the event had elapsed. Some cases were reported through to Civil Defence and some were to Claims and others through Kbase. Recording processes are being altered to address this issue.	G	W		
04. Measure: The number of complaints received about the performance of Council's stormwater system per 1,000 properties connected. Target: Less than 15	A total of 119 complaints have been received for the last 6 months or 4 complaints per 1000 properties connected. These include 18 complaints relating to stormwater events, 46 associated with pipe/underground services damage, 21 cases of on-property flooding or drainage problems, 3 cases of roadside ponding and 31 complaints related to waterway or open drain problems.	G	G		
05. Measure: Compliance with resource consents for discharge from Council's stormwater system as measured by the number of abatement notices, infringement notices, enforcement notices and convictions received by Council in relation to resource consents. Target: 100% Compliance	All stormwater consent conditions have been fully complied with, such that no convictions, abatement, infringement or enforcement orders have been received.	G	G		

Wastewater Activity

Performance Measures (Pages 107 of the 10 Year Plan)	Comments	Sept	Dec	March	June
01. Measure: Number of dry weather wastewater overflows from Council's wastewater system per 1,000 connections per year. Target: Less than 1	There were 10 recorded incidents of a dry weather wastewater overflow during the last 6 months, which is equivalent to 0.3 overflows per 1000 connections.	G	G		
02. Measure: Complaints per 1,000 connections about wastewater odour, system faults, system blockages and Council's response to issues with the wastewater system. Target: Less than 15	There were 177 RFS recorded for the last 6 months which is equivalent to 5 complaints per 1,000 connections. 8 of these relate to wastewater odour, and 169 relate to blocks or leaks.	G	G		

03. Measure: Median time for attending to overflows resulting from blockages or other faults. Target: Less than 1.5 hours	Median time for attending to an overflow resulting from a blockage is 0.6 hours.	G	G		
04. Measure: Median time for resolution of overflows resulting from blockages or other faults. Target: Less than 8 hours	The median time for resolution of an overflow resulting from blockages or other faults is 2.6 hours.	G	G		
05. Measure: Compliance with resource consents for discharge from Council's wastewater system as measured by the number of abatement notices, infringement notices, enforcement notices and convictions received by Council in relation to resource consents. Target: 100% compliance	All wastewater consent conditions have been fully complied with, such that no convictions, abatement, infringement or enforcement orders have been received.	G	G		

Water Activity

Performance Measures (Pages 107 of the 10 Year Plan)	Comments	Sept	Dec	March	June
01. Measure: Compliance with Part 4 (bacteria compliance criteria) of the Public Health Act 1956 (as amended by the Health (Drinking Water) Amendment Act 2007. Target: 100% compliance	All monitoring data received to date indicates full compliance with bacterial compliance criteria included in the New Zealand Drinking Water Standards.	G	G		
02. Measure: Compliance with Part 5 (protozoal compliance criteria) of the Public Health Act 1956 (as amended by the Health (Drinking Water) Amendment Act 2007. Target: 100% compliance	All monitoring data received to date indicates full compliance with protozoal compliance criteria included in the New Zealand Drinking Water Standards.	G	G		
03. Measure: The number of complaints per 1,000 connections relating to clarity, taste, odour, continuity of supply, drinking water pressure or flow, and Council's response to any of these. Target: Less than 40	A total of 790 complaints were received for the last six months or 23 complaints per 1000 connections. The 790 complaints included 60 complaints relating to clarity, 10 complaints relating to taste, 6 complaints relating to odour, 28 complaints relating to continuity of supply, and 22 complaints relating to drinking water pressure.	Y	G		
04. Measure: Average consumption of drinking water per day per resident. Target: Met - Less than 360 litres	Average consumption of drinking water per day per resident is estimated at 186.3L, well below the 360 litre target.	G	G		
05. Measure: Median response time for urgent call out attendance. Target: Less than 2 hours	The median time for urgent call outs during the quarter for which a response time is recorded was 0.2 hours.	G	G		
06. Measure: Median response time for resolution of urgent call outs. Target: Less than 7 hours	The median time for urgent call outs during the quarter for which a resolution time is recorded was 2.6 hours.	G	G		
07. Measure: Median response time for non-urgent call out attendance. Target: Less than 10 hours	The median time for non-urgent call outs during the quarter for which a response time is recorded was 1.1 hours.	G	G		
08. Measure: Median response time for resolution of non-urgent call outs. Target: Less than 75 hours	The median time for non-urgent call outs during the quarter for which a response time is recorded was 5.3 hours.	G	G		
09. Measure: Percentage of real water loss from the water reticulation network. Target: Less than 20%	Real water loss from the water reticulation network is calculated at 18.2%, less than the targeted 20% but slightly higher than last year's calculated real loss of 18%.	G	G		

Goal 5: Driven & Enabling Council

Leadership Activity

Performance Measures (Page 128 of the 10 Year Plan)	Comments	Sept	Dec	March	June
01. Measure: More than two out of every three residents (in the Residents Survey) are 'satisfied' with both the 'opportunity to have a say' and the 'ease of having a say'. Target: Narrative measure outlining satisfaction trends.	Recent consultation has included the Draft Trade Waste Bylaw, the Representation Review and the Draft Support and Funding Policy. The 2021 Residents Survey shows that 42% of residents are satisfied with "the ease of having a say in Council decision making", an increase from 35% in 2020. 40% are Neutral and 18% are Dissatisfied. For "opportunities to have a say", 46% are Satisfied (44% in 2020), 40% Neutral and 14% Dissatisfied. Council is focusing on online engagement opportunities to increase these satisfaction levels as this is how most people say they want to be involved. It also uses a range of other techniques, depending on the topic. (Note: the "two out of three residents" satisfied measure is a medium term measure. The annual target is progress towards it.)	Y	Y		

Supplementary Material for December 2021 Quarterly Report

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

Attachment 3 –Capital expenditure by Programme (programmes over \$500,000)

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Attachment 5 – Financial Statements

Attachment 6 – Approved variations to 10-Year Plan 2021-31 (Year 1)

Attachment 7 – Personnel

Attachment 8 - Councillor Training

Attachment 1 – Groups of Activities Net Result Statement

Group of Activities Net Result Statement	2021/22 \$000s					
	Year to Date		Bud. Var.		Full Year	Full Year
For the period to 31 December 2021	Actual	Budget	\$000's	%	Revised Budget	Annual Budget
Operating Result by Group of Activities						
Innovative & Growing City	3,443	3,738	295	8%	7,663	7,663
Revenue	(3,493)	(3,678)	(186)	-5%	(7,185)	(7,185)
Expenses	6,936	7,417	481	6%	14,848	14,848
Transport	3,562	3,707	145	4%	8,227	7,727
Revenue	(4,246)	(4,593)	(347)	-8%	(10,021)	(10,021)
Expenses	7,808	8,300	493	6%	18,248	17,748
Creative & Exciting City	9,456	9,747	291	3%	17,964	17,986
Revenue	(1,589)	(1,317)	272	21%	(3,316)	(2,908)
Expenses	11,045	11,064	19	0%	21,279	20,894
Connected & Safe Community	6,804	7,787	984	13%	15,548	15,417
Revenue	(3,321)	(3,191)	130	4%	(5,654)	(5,654)
Expenses	10,125	10,979	854	8%	21,202	21,071
Eco-City	2,333	2,690	357	13%	5,514	5,514
Revenue	(1,831)	(1,570)	261	17%	(3,115)	(3,115)
Expenses	4,163	4,260	96	2%	8,629	8,629
Stormwater	992	1,091	99	9%	2,270	2,270
Revenue	(19)	(3)	15	446%	(6)	(6)
Expenses	1,011	1,095	83	8%	2,276	2,276
Wastewater	2,484	2,768	284	10%	5,419	5,908
Revenue	(696)	(1,056)	(359)	-34%	(2,176)	(1,431)
Expenses	3,180	3,824	644	17%	7,594	7,339
Water	2,015	2,379	363	15%	4,765	5,062
Revenue	(78)	(45)	33	74%	(95)	(95)
Expenses	2,093	2,424	330	14%	4,860	5,157
Driven & Enabling Council	2,696	4,481	1,785	40%	8,917	8,880
Revenue	(2,898)	(2,289)	609	27%	(4,655)	(4,655)
Expenses	5,594	6,770	1,176	17%	13,572	13,534
Group of Activities Controllable Surplus/ (Deficit)	33,786	38,389	4,603	12%	76,286	76,426
Rates	(54,947)	(54,601)	346	1%	(109,090)	(109,059)
Net Interest	2,373	2,545	172	7%	5,073	5,073
Operating Controllable (Surplus) / Deficit	(18,789)	(13,668)	5,121	37%	(27,730)	(27,559)
Depreciation	18,675	19,105	430	2%	38,210	38,210
Non-operating revenue	(6,737)	(8,117)	(1,380)	-17%	(18,682)	(18,252)
Non-operating expenses	(6,538)	0	6,538	-100%	0	0
Net Result (Surplus) / Deficit	(13,389)	(2,680)	10,709	400%	(8,203)	(7,601)

Group of Activities Budget variance explanations (revenue and expenses \$500k or more)

- Connected & Safe Community expenses are lower mainly due to vacancies in the Community Services.
- Wastewater expenses are lower due to contractor availability. This also has led to lower revenue, as DIA subsidies were also below budget.
- Driven and enabling Council revenue is higher due to fees and charges associated with the Kiwirail development.
- Driven and Enabling Council expenses are lower due to Te Huringa programme continuing to be impacted by border restrictions and delays in digital transformation.

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

Capital Expenditure	2021/22 \$000s					
	YTD		Variance		Full Year	Full Year
For the period to 31 December 2021	Actual	Budget	\$000's	%	Revised Budget	Annual Budget
Capital New	8,762	14,118	(5,355)	(37.9%)	72,423	67,216
Funded by:						
Borrowing	2,964	9,003	(4,671)	(51.9%)	61,681	55,683
External revenue	5,798	5,114	(684)	(13.4%)	10,741	11,533
Capital Renewal	10,444	15,915	(5,472)	(34.4%)	32,437	30,778
Funded by:						
Rates	8,247	12,867	(6,323)	(49.1%)	20,982	20,982
External revenue	2,197	3,048	851	27.9%	5,941	4,719
Three year averaging					5,077	5,077
Borrowing					436	
TOTAL CAPITAL	19,206	30,033	(10,827)		104,860	97,994

Group of Activities - Capital Expenditure	2020/21 \$000's					
	Year to Date		Variance		Full Year	Full Year
For the period to 31 December 2021	Actual	Budget	\$000's	%	Revised Budget	Annual Budget
Capital New	8,762	14,118	(5,355)	(37.9%)	72,423	67,216
Innovative & Growing City	-	-	-	-	15	15
Creative & Exciting City	1,710	2,329	(620)	(26.6%)	12,242	10,856
Connected & Safe Community	1,820	2,065	(244)	(11.8%)	7,240	6,629
Eco-City	605	1,296	(691)	(53.3%)	4,586	4,586
Transport	1,934	2,565	(631)	(24.6%)	23,233	23,092
Water	794	2,147	(1,353)	(63.0%)	8,096	7,724
Wastewater	904	2,196	(1,293)	(58.9%)	8,160	5,826
Stormwater	391	812	(421)	(51.9%)	7,501	7,062
Driven & Enabling Council	605	707	(102)	(14.5%)	1,348	1,428
Capital Renewal	10,444	15,915	(5,472)	(34.4%)	32,437	30,778
Innovative & Growing City	185	257	(73)	(28.2%)	640	661
Creative & Exciting City	1,263	1,494	(232)	(15.5%)	5,097	5,030
Connected & Safe Community	794	1,001	(207)	(20.7%)	3,179	3,265
Eco-City	125	211	(86)	(40.8%)	477	423
Transport	866	2,792	(1,926)	(69.0%)	5,895	6,207
Water	2,403	2,683	(280)	(10.4%)	5,015	4,376
Wastewater	2,282	3,462	(1,181)	(34.1%)	6,125	5,040
Stormwater	590	808	(219)	(27.0%)	1,084	875
Driven & Enabling Council	1,936	3,205	(1,269)	(39.6%)	4,924	4,901

Attachment 3 –Capital expenditure by Programme (programmes over \$500,000)

The following table highlights the spending of the programmes with budgets in excess of \$500,000 with commentary.

Capital Programme Details (Values are in \$1000)

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

Activity-Programme Name	YTD Actuals(\$000)	YTD Budget(\$000)	Variance(\$000)	Total Budget(\$000)	Status	Comments
Capital NEW						
Active and Public Transport						
1559-City-wide - Urban Cycle Infrastructure Network improvements	\$199	\$161	(\$38)	\$1,806		Urban cycle masterplan engagement and design work has been delayed due to late confirmation of Waka Kotahi NLTP funding approvals. A new funding opportunity with increased subsidy has since become available through Waka Kotahi 'Streets for People' (previously Innovating Streets) fund, with decisions made at the end of March 2022. A proposal is currently being prepared for submission to this fund for this programme of work. This will enable community engagement for design and delivery of key priority routes as a package of work, to commence later this financial year, with delivery over the next two financial years (2022/23 and 2023/24).

2057-Regional Shared Path Network Improvements	\$27	\$121	\$94	\$1,915		Procurement of design work for the Palmerston North to Feilding shared path is underway, following confirmation of co-funding of the design phase by Waka Kotahi in late 2021. Construction will occur in 2022/23 financial year. Work is in progress on the Notice of Requirement for the Manawatu-Ashhurst river pathway (Riverside Drive to Raukawa Road), subject to provision of reports from external stakeholders.
2121-City-wide - Footpath Improvements	\$3	\$43	\$40	\$518		Projects being confirmed with road maintenance contractor for delivery of new footpaths and expenditure of budget. Waka Kotahi funding delayed programme development.
Active Communities						
144-Urban Growth - Whakarongo - Reserves Land Purchases	-	-	-	\$639		This is a growth programme - spending is dependent on development timeframes
1846-City Growth - City Reserves - Walkway Extensions - Capital New	\$77	-	(\$77)	\$534		The variance results from the purchase of small parcel of land earlier than forecast
Arts and Heritage						
902-Property - Seismic Strengthening of Council Properties	\$319	\$656	\$337	\$2,633		Consented designs for CAB seismic upgrade to be completed as planned. Crematorium construction contract letter of award issued to preferred tenderer, working through final consent matters prior to construction commencing in 2022. Programmed as a multi-year project with additional funds to be carried forward.
City Shaping						
1440-Cuba Street urban streetscape improvements - Rangitikei to George Street (Stage 2)	\$70	\$98	\$28	\$2,346		Letter of Contract Award has been issued. Working through contractual pre-start details. Work is underway with the Comms team to ensure all necessary communications are in place.
2122-CBD Streets for People	\$284	\$592	\$307	\$3,336		Paper went to Council in December. The design and early contractor involvement are in progress with the view to commence construction later this financial year.
Climate change mitigation and adaption						
1888-Low Carbon Fund	-	-	-	\$1,000		
Connected Communities						

161-Public Toilets - New City-wide Toilets	\$18	\$55	\$37	\$645		Construction of the Memorial Park toilet upgrades currently being tendered. Project has been delayed so construction commences following the busy summer season. Planned multi-year project which will have a carry forward.
1743-Social Housing - Papaioea Place Redevelopment - Stage 3	\$174	\$262	\$88	\$1,689		Contract awarded in December 2021. Awaiting resource consent prior to earthworks commencing in February 2022. Planned multi-year project on track for completion in June 2023
1896-Social Housing - Healthy Homes Compliance Items Purchase	\$66	\$85	\$19	\$900		Contract awarded in December 2021. Upgrade works commencing throughout portfolio in January 2022. Planned multi-year project on track for completion in June 2023
Manawatu River						
1435-City Reserves - Manawatu River Park - Water Front Precinct Lighting	\$24	\$20	(\$4)	\$928		The design engineering costs occurred earlier than forecast. A trial is being conducted to ensure desired outcomes are achieved.
1844-City Growth - City Reserves - Manawatu River Park - Capital New	\$370	\$957	\$587	\$1,403		The capital programme is behind where forecast, but remains well on track to being fully delivered.
Organisational performance						
1826-CAB - Workplace Transformation	\$357	\$337	(\$20)	\$500		3rd Floor upgrade completed ahead of schedule in November 2021. 1st Floor upgrade commencing in January 2022. Will be completed this financial year.
Roading						
279-City-wide - Minor transport improvements	\$284	\$198	(\$86)	\$1,649		Programme behind schedule due to delays in Waka Kotahi funding (confirmed in October 2021). Many projects are in development with design and consultation. Contractors are pricing works and construction of some projects are underway. Due to the funding delays, some of this programme may not be achieved for delivery this financial year.
1367-City-wide - Street Light Infill	\$13	\$301	\$288	\$846		Work is commencing in late January after Council confirmed financing of the full budget.

1695-PNITI – Intersection & bridge improvements	\$4	\$1	(\$4)	\$918		The programme includes the investigation/business case/design phases for the Kairanga-Bunnythorpe/Roberts Line Intersection upgrade, and improvements to weight restricted bridges. Both programmes are subject to Waka Kotahi business case approval. Further investigation works are required. Delivery of design is unlikely to be completed this financial year.
2058-Urban Growth - NEIZ - Transport	\$103	\$11	(\$92)	\$7,740		The programme includes road upgrades to Roberts Line, Richardson Line and Alderson Drive to Richardsons Line road connection. Design work is underway, although delays have occurred with external consultant. Construction works will occur in 2022/23
2059-Urban Transport Improvements - Enabling PNITI	\$79	\$75	(\$4)	\$1,990		Programme provides for the Ferguson/Pitt Street intersection upgrade this financial year. A report to Council on feedback from the engagement process has delayed final design and procurement. Construction anticipated to commence in 2022/23 financial year.
2119-Road to Zero - Transport Safety Improvements	\$30	\$92	\$62	\$1,170		Projects have been delayed due to late confirmation of Waka Kotahi confirmed funding (October 2021). Many projects are in development with design and consultation. Contractors are also pricing works and beginning construction.
Safe Communities						
1552-Animal Shelter - New Building	\$245	\$245	(\$1)	\$2,320		Minor delay in completion of detailed designs. Lodging for consent and commencing tender process in February 2022. Planned multi-year project on track for completion next financial year.
Stormwater						
197-Urban Growth - NEIZ - Stormwater	-	-	-	\$1,300		This is a growth programme - spending is dependent on development timeframes
1001-Urban Growth - Whakarongo - Stormwater	\$115	\$150	\$35	\$4,048		This is a growth programme - spending is dependent on the outcome of consent from Horizons Regional Council
1060-City-wide - Stormwater Network Improvement Works	\$234	\$587	\$353	\$1,140		Design delays have impacted construction start dates. Final two projects are scheduled to commence mid February with one project carried forward to next FY, due to complexity of integrated services approach - water/roading improvements at the same time.

1372-City-wide Stormwater Pump Stations Improvement	\$26	\$45	\$19	\$540		Supply chain issues and contractor availability has led to delays in scoping, procurement and design. Material procurement will be finalised this year and construction and installation deferred to next FY.
Wastewater						
66-Totara Road Wastewater Treatment Plant - Resilience Programme	\$10	\$64	\$55	\$560		Contractor availability issues have led to delays in scoping and design works. Some minor works will be delivered before the end of this FY. The remaining program will be carried over to next FY.
210-Urban Growth - NEIZ - Wastewater	\$1	\$1	\$0	\$675		This is a growth programme - spending is dependent on development timeframes
1616-City-wide - Wastewater Pump Station - Capacity Upgrade	\$35	\$42	\$7	\$600		Contractor availability and resource issues have led to delays in scoping and design works. Some minor works will be delivered before the end of this FY. The remaining program will be carried over to next FY.
1617-Totara Road Wastewater Treatment Plant - Biogas System Improvements	\$8	\$57	\$49	\$1,280		Concept design is complete, currently being peer reviewed by 3rd party. Expecting construction designs to complete this FY. Balance to be carried forward for delivery next FY.
2128-WWTP - Consent Application	\$55	\$357	\$302	\$2,500		Programme only created in January, costs will start to come in quickly towards the end of the FY, consultants engaged and working on several work packages
Water						
91-DELETE - Turitea WTP - Falling Main Duplication	\$269	\$412	\$142	\$1,170		Duplicate main is constructed, commissioned and now in service. Only the sealing of Waterworks road is yet to be completed.
651-City-wide - Water Supply Resilience - Seismic Strengthening	\$38	\$395	\$356	\$1,062		Negotiations with contractor for this multi-year upgrade successfully concluded. COVID Protection Framework at Red being finalised, and work will start on site mid-Feb.
1005-Urban Growth - NEIZ - Water Supply	\$26	\$225	\$199	\$665		This is a growth programme - spending is dependent on development timeframes

1384-City-wide - Water Supply Resilience - Additional Reservoirs	\$402	\$404	\$2	\$550		Previous work to size and locate reservoirs for improved treatment is being updated to improve resilience with treated water storage at or near all bore sites. This FY is for investigation and design. Following that we will look to purchase land if necessary and plan construction.
1388-Palmerston North - District Metering Areas for Water Supply	\$32	\$163	\$131	\$538		Several options have been identified to install bulk metering at existing sites as "low hanging fruit". Sites for further investigation of new District Metering Areas have also been identified. Some capital expenditure will happen this FY, as well as concluding investigations.
1697-Turitea WTP - Water Supply Resilience - Upgrades	-	-	-	\$1,286		This is the LTP budget for Stages 2-4 of seismic strengthening at Turitea WTP and is part of 651 above.
Capital RENEWAL						
Active and Public Transport						
64-City-wide - Footpath Renewals (Waka Kotahi Subsidies)	\$251	\$314	\$63	\$650		Behind due to weather, still on track to expend budget
Active Communities						
1051-CET Arena - Arena Renewals	\$171	\$321	\$150	\$1,490		The majority renewal project is the part replacement of the Arena 2 and 3 roofing. Contractor availability has delayed this from original programme. Planned multi-year project on track for completion next financial year.
1827-Local Reserves - Renewals	\$182	\$189	\$7	\$724		After delays due to weather, the programme is now progressing well and is expected to be on budget by year end
Arts and Heritage						
213-Cultural Facilities - Renewals	\$383	\$253	(\$129)	\$850		Secured and paid for long-lead in materials prior to Square Edge Fire Upgrade project commencement in March 2022. Globe toilet upgrades commencing in January 2022. All projects will be completed this financial year.
Connected Communities						
180-Social Housing - Renewals	\$140	\$188	\$47	\$500		This is a predominantly programme for reactive works which are coordinated as required.
188-City Library Replacement and Purchase of Library Materials	\$410	\$399	(\$12)	\$750		
Organisational performance						
53-Computer Replacement - Rolling Replacements	\$227	\$250	\$23	\$670		

281-CAB - Renewals	\$199	\$394	\$194	\$1,236		Stage 4 of Fire safety upgrades delayed until January 2022 due to contractor availability, however, still on overall programme to be completed this financial year.
Roading						
115-City-wide - Sealed Pavement Renewals (Waka Kotahi Subsidies)	\$111	\$1,424	\$1,313	\$2,121		Expenditure has been delayed due to wet weather and the regional asphalt plant breaking down required parts to be imported. Works are now underway to achieve delivery over the remaining construction season.
139-City-wide - Sealed Road Resurfacing	\$335	\$718	\$384	\$2,000		While wet weather has delayed programmed work, the overall programme is on track for delivery this financial year. Chip seal resurfacing work is programmed over February/March, followed by Asphalt Concrete resurfacing work.
Stormwater						
1062-City-wide - Stormwater Network Renewal Works	\$483	\$552	\$68	\$650		Tracking well on budget and timeline.
Strategic Investments						
1879-Council's Plant and Vehicle - Replacements	\$958	\$1,786	\$828	\$1,793		Most of the current year's replacements have been ordered and we await delivery. The programme has been adjusted due to price escalations and a small overspend is forecast at year end
Wastewater						
54-City-wide - Wastewater Pipe Renewal	\$1,405	\$1,769	\$364	\$3,056		Relining contract successfully delivered for this FY. Additional DIA funding has been requested and approved to continue to reline more wastewater mains.
65-City-wide - Wastewater Pump Station Renewal	\$236	\$316	\$80	\$563		Supply chain constraints and contractor unavailability has led to delays in completing all the electrical cabinet renewals. Work will continue and budget is forecast to be spent by the end of this FY.
179-Totara Road Wastewater Treatment Plant - Minor Equipment Renewals	\$247	\$462	\$214	\$681		Supply chain constraints and contractor availability has delayed the design of the electrical renewals and the booster pumps upgrades. Design work will be completed this FY. Construction will be completed next year.
Water						

199-City-wide - Water Supply Bore and Network Facility Renewals	\$34	\$228	\$194	\$602		This budget will be used primarily for renewal of bore headworks to replace ageing assets and bring them up to compliance with current and future standards. Some of the concept designs have been completed, with the rest nearing completion. Talks underway with a consultant with the aim of having designs complete this FY. Construction starting early next FY.
207-Turitea WTP - Equipment and Facility Renewals	\$494	\$576	\$82	\$1,006		Replacement of filter actuators and enabling works completed. Clarifier actuators en route from offshore. The clear water tank roof replacement design will be completed under this programme. Construction planned for next year.
218-City-wide - Water Main Renewals	\$1,711	\$1,504	(\$208)	\$2,413		Hinaiu PI, Tremaine (Thames to Ruahine), Brighton Cres, Monrad-Pencarrow, Cloverlea Roundabout completed. Keith St (Haydon to Rata) nearing completion.

Attachment 4 –Capital expenditure by Programme (programmes under \$500,000)

The following table highlights spend against budget of the programmes with budgets less than \$500,000.

Activity-Programme Name	YTD Actuals(\$000)	YTD Budget(\$000)	Variance(\$000)	Total Budget(\$000)	Status
Capital NEW					
Active and Public Transport					
235-Manawatu River (Ashhurst to Riverside Drive) - Cycle/Pedestrian Pathway	\$4	\$24	\$20	\$29	
243-Urban Bus Terminal Redevelopment	-	-	-	\$75	
1257-City-wide - Cycle Phases at Intersections	-	\$6	\$6	\$42	
1358-City-wide - Footpath extension	-	-	-	\$25	
1694-Summerhill Drive - On-Street Parking Infrastructure	\$61	\$96	\$35	\$49	
1803-Neighborhood Streetscape Improvements	\$11	\$10	(\$2)	\$330	
2026-Active Transport Measurement	\$40	\$35	(\$5)	\$200	
2056-City-wide - Supporting Cycle Infrastructure Improvements	\$8	\$6	(\$2)	\$76	
2120-City-wide - Off Road Shared Path Network Improvements	\$68	\$19	(\$49)	\$415	
Active Communities					
111-Local Reserves - Roslyn - Edwards Pit Park Development	\$3	-	(\$3)	\$35	
140-Neighbourhood Reserves- Aokautere - Peace Tree Reserve Development	\$95	\$56	(\$39)	\$118	
165-Outdoor Adventure Reserves - Arapuke Forest Park/Kahuterawa Development	\$5	-	(\$5)	\$7	
558-Urban Growth - Local Reserves - Takaro - Oriana Reserve Development	-	-	-	\$80	
697-Clearview Reserve Development	-	-	-	\$31	
708-Urban Growth - Aokautere - Reserves Land Purchase	-	-	-	\$34	
716-Urban Growth - Whakarongo - Walkways Land Purchases	-	-	-	\$148	
967-City-wide - Edibles Planting	\$0	-	(\$0)	\$5	
1081-City Reserves -Victoria Esplanade - Park Road Entrance and Parking Reconfiguration	\$406	\$436	\$30	\$436	
1099-Parks and Reserves - Shade Development	-	\$17	\$17	\$30	
1127-City Reserves - Victoria Esplanade - Bonsai & Shade House	-	-	-	\$66	
1534-Central Energy Trust Arena Manawatu - Embankment Redevelopment	-	-	-	\$0	
1763-CET Arena - Property Purchase	-	-	-	\$450	
1845-City Growth - City Reserves - Te Marae o Hine - The Square - Capital New	\$18	-	(\$18)	\$138	
1847-City Growth - City Reserves - Victoria Esplanade - Capital New	\$32	\$25	(\$7)	\$111	
1848-City Growth - City Reserves - Linklater Reserve - Capital New	\$5	\$68	\$63	\$68	
1850-City Growth - City Reserves - Memorial Park - Capital New	\$224	\$210	(\$14)	\$264	

1852-Local Reserves - Improvements to existing reserves to close identified level of service gaps	\$68	\$40	(\$28)	\$150	
1853-Local Reserves - Development of Existing Reserves - Capital New	\$5	\$15	\$10	\$25	
1854-Swimming Pools - Splashhurst Pool Enhancements	\$17	\$10	(\$7)	\$60	
1856-Urban Growth - Hokowhitu - Reserves - Purchase and Development	-	-	-	\$41	
1884-Local Reserves - Accessibility and Safety Improvements	\$6	\$10	\$4	\$99	
1966-Arena 4 Powerlock Install for Emergency Connection	\$50	\$50	\$0	\$50	
2006-City Centre Play - Fixed Play Development	-	\$20	\$20	\$70	
2112-Arapuke Forest Park - Manawatu Mountain Bike Club Co-Funding building of shelter	\$15	\$10	(\$5)	\$100	
2113-Mobility Scooters for Public Use	\$4	\$10	\$6	\$20	
City Shaping					
1330-Placemaking Co-created Project (capital)	-	-	-	\$15	
1473-City Centre Lighting and Projection Demonstration Project	\$8	\$7	(\$1)	\$104	
Climate change mitigation and adaption					
1924-Improving remote monitoring capabilities	-	-	-	\$40	
Connected Communities					
1413-Bunnythorpe Community Facility	\$484	\$579	\$95	\$488	
1561-Community Centres - Kelvin Grove Community Centre Carpark	\$25	\$136	\$111	\$240	
1833-City Growth - Cemeteries - Extensions to burial and ashes areas to meet demand	\$14	\$9	(\$5)	\$131	
1948-Events and Festival Equipment Purchase	-	-	-	\$55	
Economic Development					
1933-Brand and Marketing Critical Equipment	-	-	-	\$15	
Environmental sustainability					
1077-Citywide - Biodiversity Enhancement Through Native Planting	\$18	\$4	(\$13)	\$30	
1451-Property - LED Lighting Upgrades	\$67	\$55	(\$13)	\$75	
Manawatu River					
1894-City Growth - City Reserves - Manawatu River Park - Marae Tarata Development Plan - Implementation	\$1	\$31	\$30	\$55	
1895-City Growth - City Reserves - Manawatu River Park - Te Motu o Poutoa Development Plan - Implementation	\$6	\$33	\$27	\$150	
Organisational performance					
60-Information Management Strategic Plan Project - New Software Applications	-	-	-	\$106	
1736-CAB - Rubbish and Recycling Compound	\$9	\$80	\$71	\$80	
2047-Property - Furniture transformation	\$155	\$90	(\$65)	\$150	
Resource Recovery					
506-City-wide - Public Space Rubbish & Recycling Bins Development	\$2	\$31	\$29	\$64	
657-Urban Growth - Recycling - City-wide Wheelie Bins and Crates	\$39	\$34	(\$5)	\$70	

721-Awapuni Closed Landfill - Landscaping Development	\$9	\$1	(\$8)	\$25	
1371-Closed Landfills and Transfer Stations - Safety, Security and Development	\$40	\$73	\$33	\$159	
1373-City-wide - Recycling Drop Off Facilities - Development	-	-	-	\$42	
1410-Recycling - City-wide Recycling Services to Commercial/orgnisational Properties Development	\$18	\$15	(\$3)	\$40	
1783-Rubbish and Recycling Buildings - Staff Welfare and Health and Safety Improvements	\$12	\$42	\$30	\$300	
1810-City-wide - Diversion of Waste from Landfill - New Materials Development	-	-	-	\$70	
Roading					
201-Urban Growth - Development Contributions - Transport	\$95	\$51	(\$45)	\$200	
324-Park Road / Cook Street - Intersection Improvements	\$354	\$474	\$120	\$474	
684-Longburn Rongotea Road/No. 1 Line - Intersection Safety Upgrade	-	\$7	\$7	\$250	
719-College Street - Implementation Plan for Transport Upgrade	\$18	\$20	\$2	\$20	
1003-Whakarongo - Intersection Upgrades	-	-	-	\$100	
1362-Roberts/Railway Road North Intersection Safety Realignment	\$3	\$37	\$34	\$261	
1578-Monrad Pencarrow Roundabout installation	\$427	\$395	(\$32)	\$395	
1615-City-wide - Parking and Traffic Signs and Marking	\$3	\$27	\$23	\$63	
1804-Road drainage improvements	-	\$2	\$2	\$80	
1807-City-wide - Car park infrastructure improvements	\$9	\$117	\$108	\$475	
1808-City-wide - Street amenity improvements	\$72	\$101	\$29	\$274	
2065-Urban Growth - Whakarongo - Transport	\$14	\$20	\$6	\$200	
2123-Urban Growth - Kakatangiata - Transport	-	-	-	\$400	
2124-Urban Growth - Ashhurst - Transport	\$3	\$27	\$24	\$250	
Stormwater					
51-Urban Growth - Development Contributions - Stormwater	\$16	-	(\$16)	\$200	
1706-City-wide - Stormwater Network Resilience	-	-	-	\$130	
1708-City-wide - Stormwater Flood Mitigation	-	\$30	\$30	\$143	
Strategic Investments					
99-New Vehicles and Plant to enable the delivery of improved Council services	\$52	\$100	\$48	\$393	
1903-Garage - Workshop Safety and Operating Improvements	\$33	\$100	\$67	\$118	
Wastewater					
73-Urban Growth - Development Contributions - Wastewater	-	\$50	\$50	\$100	
1000-Urban Growth - Whakarongo - Wastewater	-	-	-	\$200	
1055-Urban Growth - Kakatangiata - Wastewater	\$19	\$398	\$379	\$398	
1074-Totara Road Wastewater Treatment Plant - Earthquake Strengthening of Civil Structures	\$396	\$355	(\$41)	\$355	
1579-WWTP - Health and Safety Upgrades	\$142	\$152	\$10	\$152	

1618-Totara Road Wastewater Treatment Plant - High Voltage Power resilience upgrades	\$22	\$92	\$71	\$262	
1619-Totara Road Wastewater Treatment Plant - Inlet Screens	\$56	\$269	\$213	\$373	
1621-Totara Road Wastewater Treatment Plant - New Storage Shed for critical equipment.	\$86	\$153	\$67	\$153	
1688-Three Waters Resilience - Installing Telemetry	\$33	\$136	\$103	\$136	
1689-Three Waters Data Centre Upgrade	\$41	\$69	\$28	\$116	
1711-Industrial Growth - Longburn Industrial Park - Wastewater	-	-	-	\$50	
1712-City-wide Wastewater wet weather overflow mitigation	-	-	-	\$200	
1821-City-wide Wastewater Pipeline Realignment of at-risk mains	-	-	-	\$50	
Water					
124-Turitea WTP - Drinking Water Standards Upgrades	-	\$10	\$10	\$400	
132-City-wide - Water Supply Resilience - Trunk Mains	-	\$12	\$12	\$113	
246-Urban Growth - Development Contributions - Water Supply	-	-	-	\$250	
986-Turitea Dams - Aeration Upgrade	-	\$13	\$13	\$35	
1004-Urban Growth - Whakarongo - Water Supply	-	-	-	\$479	
1170-Urban Growth - Kakatangiata - Water Supply	-	-	-	\$250	
1389-City-wide - Water Supply Resilience - Security of Supply	\$1	\$50	\$49	\$375	
1607-City-wide - Health & Safety - Water Treatment Chemical Handling	\$1	\$165	\$164	\$355	
1696-City-wide - Drinking Water Standards Upgrades	\$2	-	(\$2)	\$150	
1863-City-wide - Water Supply Resilience - Generators	\$4	\$184	\$180	\$200	
1874-Turitea Dams - Health & Safety Improvements	-	\$15	\$15	\$15	
1883-Water Operations -Small Plant & Equipment - New	\$18	\$35	\$18	\$43	
2060-City-wide - Commercial Water Meters	\$1	\$64	\$63	\$160	
Capital RENEWAL					
Active and Public Transport					
181-City-wide - Public Transport Infrastructure Renewals	\$1	\$2	\$1	\$30	
648-City-wide - Supporting Cycle Infrastructure Renewals	\$0	\$8	\$8	\$20	
2110-City-wide - Footpath Renewals (No Subsidy)	-	-	-	\$172	
Active Communities					
98-Citywide Reserves - Renewals (Victoria Esplanade, Memorial Park, Ashhurst Domain and Te Marae o Hine)	-	-	-	\$82	
819-Central Energy Trust Arena - Replacement of Equipment	\$16	\$45	\$29	\$45	
1759-CET Arena - Grounds Renewals	\$8	-	(\$8)	\$45	
1786-Recreational Buildings - Sports Pavilion and Changing Room Renewals	\$73	\$81	\$8	\$200	
1829-Sportsfields and Artificial Turfs - Renewals	\$50	\$60	\$10	\$285	
1830-City Reserves - Memorial Park - Renewals	\$166	\$105	(\$61)	\$163	
1831-City Reserves - Te Marae o Hine - The Square - Renewals	\$42	\$45	\$3	\$52	

1832-City Reserves - Ashhurst Domain - Renewals	\$4	\$16	\$12	\$51	
1834-City Reserves - Walkways - Renewals	\$22	\$40	\$18	\$101	
1835-City Reserves - Linklater Reserve - Renewals	-	\$2	\$2	\$3	
1837-Swimming Pools - Pool Renewals	\$90	\$110	\$20	\$490	
1840-City Reserves - Victoria Esplanade- Renewals	\$34	\$78	\$44	\$305	
1962-Arena Security Card System	-	-	-	\$15	
1964-Arena Indoor Stadium Sound System Replacement	-	\$150	\$150	\$150	
Arts and Heritage					
777-Heritage Genealogy Equipment	\$22	-	(\$22)	\$25	
1144-Manawatu Heritage (Archives Digital Repository) Renewal	-	-	-	\$10	
Connected Communities					
178-City Library (all sites) Replacement of Shelving, Furniture and Equipment	\$51	-	(\$51)	\$87	
186-Public Toilets - Renewals	\$42	\$144	\$102	\$250	
202-Central Library Interior Design Renewals	-	-	-	\$20	
203-Community Libraries, Youth Space, Blueprint and Mobile Library Interior Design Renewals	-	-	-	\$31	
265-Community Centres - Renewals	\$17	\$104	\$87	\$265	
563-Cemeteries - Kelvin Grove - Crematorium Office reconfiguration to address health and safety issues	-	\$27	\$27	\$266	
567-Cemeteries - Crematorium Chapel Interior Renewals	-	-	-	\$66	
1120-Community Libraries - Renewals	\$4	-	(\$4)	\$5	
1136-CET Wildbase Recovery Centre - Renewals	\$20	\$50	\$30	\$100	
1138-Digital Technology to Support 21st Century Citizens and Service (Renewal)	-	-	-	\$51	
1139-Radio Frequency Identification (RFID) Materials Management	-	-	-	\$25	
1269-Bylaw Signage - Replacement	-	-	-	\$12	
1452-Community Stage - repair	\$5	-	(\$5)	\$50	
1742-Social Housing - Grounds Renewals	\$2	-	(\$2)	\$130	
1769-Community Agency Facilities - Renewals	\$13	\$20	\$7	\$120	
1775-Central Library - Renewals	\$7	\$28	\$21	\$201	
1796-Cemeteries - Building Renewals	\$11	\$20	\$9	\$20	
1828-Cemeteries - Non-Building Asset Renewals	\$41	\$11	(\$30)	\$99	
Economic Development					
251-Conference & Function Centre - Replacement of Equipment	\$2	\$26	\$24	\$36	
270-Holiday Park - Renewals	\$164	\$167	\$2	\$424	
664-Conference & Function Centre - Renewals	-	-	-	\$50	
1166-Conference & Function Centre - Equipment Purchases	\$9	\$63	\$55	\$70	
1730-Information Centre - Building Renewals	\$9	\$1	(\$7)	\$10	
1943-Information Centre Refurbishment	\$1	-	(\$1)	\$50	
Local Reserves					

258-City-wide - Refurbishment and Replacement of Boundary Fences on Reserves	-	-	-	\$11	
Manawatu River					
1825-City Reserves - Manawatu River Park - Renewals	-	\$1	\$1	\$2	
Organisational performance					
58-Network Additions and Upgrades	\$1	\$24	\$23	\$42	
68-Aerial Photography	-	-	-	\$41	
221-Print Synergy - Replacement of Print Synergy Machinery	\$3	\$13	\$10	\$35	
272-Staff Cafeteria - Replacement of Equipment	\$6	\$6	\$0	\$6	
318-Telecommunications Replacement - Council Buildings	\$31	-	(\$31)	\$101	
755-Replacement of Parking Enforcement Hand Helds and iPhones	\$39	\$26	(\$13)	\$56	
784-Replacement of Council's Photocopiers/Printers	\$15	\$30	\$15	\$70	
1732-Depot - Hard Surfaces Renewals	\$3	\$200	\$197	\$200	
2027-Video and Audio Equipment	-	-	-	\$8	
Resource Recovery					
185-Closed Landfills and Transfer Stations - Site Renewals	\$4	\$27	\$23	\$74	
612-Recycling - City-wide Wheelie Bin and Crate Renewals	\$30	\$28	(\$3)	\$78	
649-Recycling - Materials Recovery Facility Renewals	\$74	\$71	(\$3)	\$160	
1368-City-wide - Public Space Rubbish & Recycling Bins Renewals	\$7	\$21	\$14	\$45	
1374-City-wide - Recycling Drop Off Facilities - Renewals	\$2	\$25	\$23	\$40	
1721-Composting Activity Site Renewals	\$7	\$6	(\$0)	\$8	
1784-Rubbish and Recycling Buildings - Renewals	\$2	\$32	\$30	\$70	
Roading					
74-City-wide - Street Light Renewals	\$12	\$45	\$33	\$90	
82-Off-street Parking Renewals	\$20	\$20	\$0	\$65	
122-City-wide - Road Drainage Renewals	\$118	\$165	\$47	\$431	
162-City-wide - Vehicle Crossing Renewals	-	\$40	\$40	\$103	
1443-City-wide - Road Drainage Replacements (Unsubsidised)	\$5	\$26	\$21	\$65	
1805-City-wide - Transport structure component renewal	\$14	\$30	\$16	\$100	
2109-City-wide - Sealed Pavement Renewals (No Subsidy)	-	-	-	\$49	
Safe Communities					
1512-CCTV replacements	\$31	-	(\$31)	\$111	
1569-Replacement of wearable cameras for parking and animal control officers	-	-	-	\$20	
Stormwater					
20-City-wide - Stormwater Pump Station Renewals	\$106	\$257	\$150	\$434	
Strategic Investments					
80-Council Small Mobile Plant and Equipment - Replacement	\$126	\$150	\$24	\$225	
85-Depot - Buildings and Structures Renewals	\$167	\$201	\$33	\$247	
86-Property - Furniture Replacements	\$101	\$100	(\$1)	\$100	

1753-Investment Properties - Building Renewals	\$21	\$25	\$4	\$25	
1791-Parks Depot - Building Renewals	\$0	\$1	\$1	\$5	
1970-Gordon Kear Forest Culvert Replacements	\$38	-	(\$38)	\$65	
Wastewater					
1068-Totara Road Wastewater Treatment Plant - Replacement of Inlet Pumps	\$315	\$419	\$105	\$419	
1351-Eastern Trunk Main - Hokowhitu Campus Renewal	-	\$123	\$123	\$126	
1380-Totara Rd WWTP - Biogas Generator Major Overhauls	\$36	\$32	(\$4)	\$300	
1620-Totara Road Wastewater Treatment Plant - High Voltage Power renewals	\$32	\$259	\$227	\$298	
1685-Replacement of potable water service in WWTP	\$7	\$10	\$3	\$241	
1693-PS Telemetry unit compatibility upgrade	-	\$50	\$50	\$50	
1714-City-wide Wastewater Trunk Mains Renewal	-	-	-	\$200	
1799-Wastewater Treatment Plant - Buildings Renewals	\$4	\$20	\$16	\$180	
1801-Wastewater Pump Stations - Building Renewals	\$1	-	(\$1)	\$8	
1887-Water Operations - Small plant and Equipment - Renewals	-	\$3	\$3	\$3	
Water					
214-City-wide - Water Toby and Manifold Renewals	\$102	\$132	\$30	\$431	
1058-City-wide - Groundwater Bores Renewal	-	\$45	\$45	\$50	
1063-Turitea WTP - SCADA Renewals	\$5	\$13	\$8	\$13	
1385-City-wide - Water Supply Resilience - Telemetry Replacement	\$14	\$23	\$9	\$23	
1700-City-wide - Water Meter Renewals	\$13	\$80	\$67	\$200	
1701-City-wide - Water Supply Valve & Hydrant Renewals	\$29	\$81	\$52	\$200	
1797-Water Treatment Plant - Building Renewals	\$1	-	(\$1)	\$30	
1822- Water Pump Stations - Building Renewals	\$1	-	(\$1)	\$8	
2042-Turitea WTP - Raw Water Main Renewal	-	\$3	\$3	\$40	

Attachment 5 – Financial Statements

Palmerston North City Council
Summary of Financial Performance
For the period to 31 December 2021

	Year to Date			Full Year	
	Actual	Budget	Actual	Revised	Annual
	\$000	\$000	Prior Year \$000	Budget \$000	Budget \$000
OPERATING REVENUE					
Rates revenue	54,947	54,601	50,588	109,090	109,059
Interest and dividends	92	9	142	17	17
Other revenue	16,052	15,229	14,908	30,592	30,184
Operating subsidies and grants	2,115	2,514	1,603	5,631	4,887
TOTAL OPERATING REVENUE	73,207	72,353	67,242	145,330	144,147
CAPITAL REVENUE					
Capital subsidies and grants	5,330	6,072	3,450	14,593	14,162
Development contributions	1,407	1,045	652	2,090	2,090
Vested assets	-	1,000	294	2,000	2,000
TOTAL CAPITAL REVENUE	6,737	8,117	4,396	18,682	18,252
TOTAL REVENUE	79,944	80,470	71,638	164,012	162,398
EXPENSES					
Employee remuneration	24,608	26,250	23,309	52,564	52,388
Elected member remuneration	508	509	496	1,023	1,023
Depreciation and amortisation	18,675	19,105	20,214	38,210	38,210
Interest	2,462	2,553	2,498	5,090	5,090
Financial Instrument Valuation	(6,538)	-	(2,071)	-	-
Professional service costs	5,800	6,462	6,269	14,024	11,624
Other expenses	21,040	22,910	20,071	44,897	46,462
TOTAL EXPENSES	66,555	77,790	70,788	155,809	154,797
NET SURPLUS/(DEFICIT) BEFORE TAX	13,389	2,680	850	8,203	7,601

Palmerston North City Council
Statement of Financial Position
For the period to 31 December 2021

	2021/22			As at 30 June 2021
	As at 31 December 2021		Full Year	
	Actual	Budget	Rev Budget	
	\$000s	\$000s	\$000s	
Current Assets				
Cash & Short Term Deposits	6,989	4,023	1,522	1,522
Trade and other receivables	9,797	12,140	17,181	17,217
Inventory	92	230	230	230
Other financial assets	15,000	-	-	-
Total Current Assets	31,878	16,393	18,934	18,970
Non-Current Assets				
Property, plant and equipment	1,976,963	1,985,979	2,049,767	1,974,051
Inventory-Non-current	12,013	9,261	4,261	9,261
Intangible Assets	1,037	1,127	1,127	1,127
Biological Assets	1,430	1,430	1,430	1,430
Investment Properties	5,335	5,335	5,335	5,335
Investments & Advance	15,333	14,556	14,556	14,556
Total Non-Current Assets	2,012,112	2,017,688	2,076,476	2,005,760
Total Assets	2,043,989	2,034,081	2,095,410	2,024,730
Current Liabilities				
Trade and other payables	20,356	25,952	27,236	27,236
Provisions	889	889	889	889
Current Employee Entitlements	7,037	5,801	5,897	5,897
Current Portion - Term Liab	15,000	10,000	10,000	10,000
Derivative financial instruments	1,201	2,719	2,719	2,719
Total Current Liabilities	44,483	45,361	46,742	46,742
Non-Current Liabilities				
Provisions	415	575	575	575
Term Employee Entitlements	1,225	1,196	1,196	1,196
Term Liabilities	167,000	164,177	211,536	156,125
Derivative financial instruments	3,030	5,645	5,645	5,645
Total Non-Current Liabilities	171,670	171,593	218,952	163,541
Total Liabilities	216,154	216,954	265,694	210,283
Assets less Liabilities	1,827,836	1,817,127	1,829,716	1,814,447
Public Equity				
Retained earnings	1,073,887	1,063,178	1,068,701	1,060,498
Other reserves	753,949	753,949	761,015	753,949
Total Public Equity	1,827,836	1,817,127	1,829,716	1,814,447

Palmerston North City Council
Statement of Cash Flows
For the period to 31 December 2021

	Year to Date		Full Year	
	Actual \$000s	Revised Budget \$000s	Revised Budget \$000s	Annual Budget \$000s
Cash Flows From Operating Activities				
Receipts from rates revenues	56,603	55,437	109,090	109,059
Interest received	89	9	17	17
Dividends received	3	-	-	-
Operating subsidies and grants	(82)	3,198	5,631	4,882
Receipts from other revenue	21,648	18,171	30,592	30,184
Capital subsidies and grants	5,330	6,072	14,593	14,162
Development contributions	1,407	1,045	2,090	2,090
Receipts from tax losses	-	-	-	-
Interest paid	(2,462)	(2,553)	(5,090)	(5,090)
Payments to suppliers and employees	(55,314)	(59,709)	(112,473)	(111,497)
Goods and Services Tax (net)	3,832	2,812	-	-
Net Cash From Operating Activities	31,054	24,482	44,450	43,807
Cash Flows From Investing Activities				
Proceeds from sale of property	-	-	5,000	5,000
Proceeds from sale of biological assets	-	-	-	-
Purchase of property, plant and equipment - new	(9,586)	(14,292)	(78,034)	(71,268)
Purchase of property, plant and equipment - renewal	(10,444)	(15,741)	(26,826)	(26,726)
Net other advances repayment received/(made)	(777)	-	-	-
Net increase in investments	(1,518)	-	-	-
Net Cash From Investing Activities	(22,325)	(30,033)	(99,860)	(92,994)
Cash Flows From Financing Activities				
Short term investments (4-12 months)	(15,000)	-	-	-
Net borrowing proceeds/(repaid)	11,738	8,052	55,411	49,187
Repayment of borrowings	-	-	-	-
Repayment of leases	-	-	-	-
Net Cash From Financing Activities	(3,262)	8,052	55,411	49,187
Net Increase/(decrease)	5,467	2,501	1	-
Cash at beginning of year	1,522	1,522	1,279	1,279
Cash at Month End	6,989	4,023	1,280	1,279

Attachment 6 – Approved variations to 10-Year Plan 2021-31 (Year 1)

After the 10-Year Plan 2021-31 was approved, the following changes were authorised by Council for the 2021/22 financial year. These also impacted the debt.

Variations to 10-Year Plan 2021-31 (Year 1) approved by Council

Profit and Loss	\$000
10-Year Plan (Year 1) Net Surplus/(Deficit) Before Tax	7,601
Changes authorised by Council:	
Adjust budget for capital revenue as a result of carry forwards	2,301
Adjustment to carryforward of DIA 3 waters operating revenue	744
Adjustment to carryforward of DIA 3 waters operating expense	(744)
Carry forward of support for community relief efforts post COVID-19	(131)
Reduction in budget for BPO to begin capitalisation of expenses	786
Reduction in capital revenue budgets from Waka Kotahi	(1,910)
Moving of budgets from Sealed pavement renewals to Sealed Pavement Maintenance	(500)
Increase in budget for Chief Executive Performance Review Panel	(6)
17A Caccia Birch review outcome (6-month revenue budget adjustment)	57
17A Caccia Birch review outcome (6-month expense budget adjustment)	(35)
Capital Revenue from Horizons for programme 1970-Gordon Kear Forest Culvert Replacements	40
Revised Budget 2021/22 Net Surplus/(Deficit) Before Tax	8,203

Capital Expenditure	Programme	\$000
10-Year Plan (Year 1) Capital Expenditure		97,994
Changes authorised by Council:		
Adjust budget carry forwards		4,044
Start of capitalisation for WWTP BPO	2128-WWTP – Consent Application	2,500
Moving of budgets from Sealed pavement renewals to Sealed Pavement Maintenance	115-City-wide - Sealed Pavement Renewals (Waka Kotahi Subsidies)	(500)
To enable completion of Cuba Street redevelopment work	1440-Cuba Street urban streetscape improvements - Rangitikei to George Street (Stage 2)	1,000
Due to limited Council residual funding, Napier Road Shared path project removed.	2057-Regional Shared Path Network Improvements	(40)
Design costs for Streets for People brought forward to 2021/22	2122-CBD Streets for People	1,223
Reduction in budget for Streets for People based on Waka Kotahi funding	2122-CBD Streets for People	(1,402)
External funding obtained from HRC allowing for further expenditure	1970-Gordon Kear Forest Culvert Replacements	40
Revised Budget 2021/22 Capital Expenditure		104,859

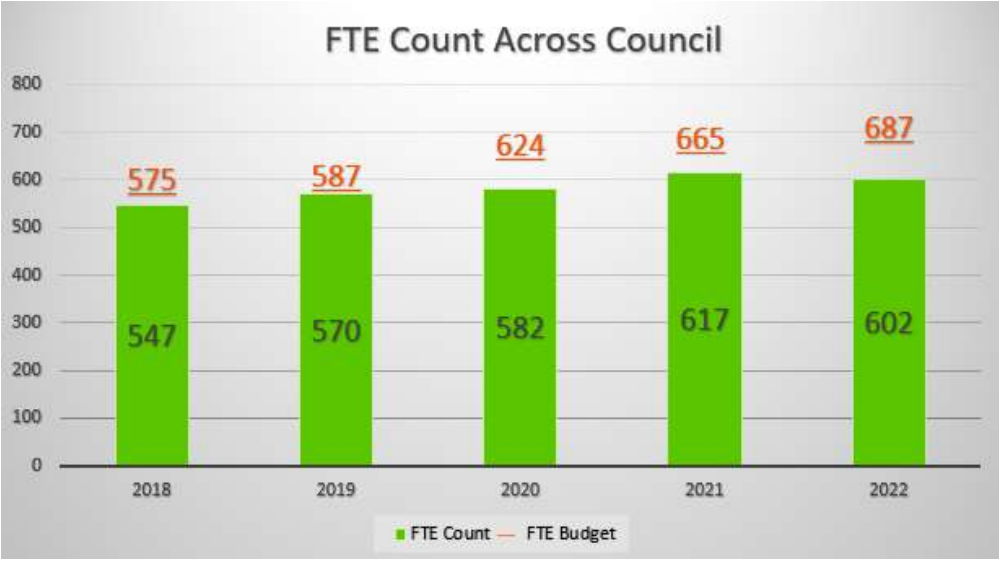
Variations to 10-Year Plan 2021-31 (Year 1) approved by Chief Executive

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

Profit and Loss	Activity and Budget change
Description	\$000
Correction to administrative error in budgeting process where expenses were attached to incorrect activity	Wastewater Expense (297) Water Expense 297
Active Community offsetting increase in revenue and expense due to CET Arena community subsidies	Active Communities Revenue 350 Active Communities Expense 350
Corporate Support offsetting increase in both revenue and expenses due to Warm up Palmy	Organisational Performance Revenue 31 Organisational Performance Expense 31

Capital New	Programme	\$000
Activity		
Connected Communities	161-Public Toilets - New City-wide Toilets	283
Active Communities	1850-City Growth - City Reserves - Memorial Park - Capital New	(283)
Roading	244-City Centre Streetscape Plan - Square East	(555)
City Shaping	2122-CBD Streets for People	555

Attachment 7 – Personnel



PNCC currently has a funded staffing level of 687 FTE and an actual level of 602 FTE with current gap of 85 (12%). The labour market (regional and national) remains extremely challenging and management is actively utilising both operational and strategic levers to improve our attraction and retention.

Note: PNCC’s staffing budget is based on Full Time Equivalents (FTE), the budget does not get revised during the financial year to account for structure changes. Our vacancies and turnover are based on headcount (the number of people).

Attachment 8 - Councillor Training

December year to date spend is \$20,220 against a full year budget of \$42,000.

Aleisha Rutherford LGNZ Conference Blenheim 15-17 July 2021	Zulfiqar Butt LGNZ Conference Blenheim 15-17 July 2021	Renee Dingwall LGNZ Conference Blenheim 15-17 July 2021
Orphee Mickalad LGNZ Conference Blenheim 15-17 July 2021	Susan Baty Affordable Housing Development & Investment Seminar. Auckland 17-18 August 2021 (Flew home early due to lockdown)	Patrick Hancock Affordable Housing Development & Investment Seminar. Auckland 17-18 August 2021 (Flew home early due to lockdown)
Rachel Bowen Affordable Housing Development & Investment Seminar. Auckland 17 August 2021	Renee Dingwall Affordable Housing Development & Investment Seminar. Auckland 17-18 August 2021 (Flew home early due to lockdown)	Lew Findlay Vision for Ageing in Aotearoa Online 30 September to 1 October 2021
Billy Meehan Vision for Ageing in Aotearoa Online 30 September to 1 October 2021		

Three Water Reform Grant Funding Budget Changes

Capital Type	Activity	Programme	Change
Capital New	Wastewater	1616-City-wide - Wastewater Pump Station - Capacity Upgrade	(60,000)
Capital New	Wastewater	1617-Totara Road Wastewater Treatment Plant - Biogas System Improvements	(120,000)
Capital New	Wastewater	1677-Upsizing of Kairanga Bunnythorpe Road Sewer and Storage	(50,000)
Capital New	Water	1384-City-wide - Water Supply Resilience - Additional Reservoirs	120,000
Capital Renewal	Wastewater	54-City-wide - Wastewater Pipe Renewal	50,000
Capital Renewal	Wastewater	179-Totara Road Wastewater Treatment Plant - Minor Equipment Renewals	(20,000)
Capital Renewal	Water	218-City-wide - Water Main Renewals	80,000
Net Change			0

MEMORANDUM

TO: Finance & Audit Committee

MEETING DATE: 23 February 2022

TITLE: Treasury Report - 6 months ending 31 December 2021

PRESENTED BY: Steve Paterson, Strategy Manager - Finance

APPROVED BY: Cameron McKay, Finance Manager

RECOMMENDATION(S) TO FINANCE & AUDIT COMMITTEE

1. That the Committee note the performance of Council's treasury activity for the 6 months ending 31 December 2021.

1. ISSUE

To provide an update on the Council's treasury activity for the 6 months ending 31 December 2021.

2. BACKGROUND

The Council's 10 Year Plan 2021-31 forecast additional debt requirements for 2021/22 of \$49.5m would need to be raised during the year to fund the \$67.5m of new capital expenditure programmes (including assumed carry forwards from 2020/21). In July 2021 the Council resolved to specifically authorise the raising of up to \$50m of additional debt. In September 2021 the Council approved increasing the new capital expenditure programme for the year by a further \$4.2m (with associated external funding of \$2.3m) due to a revised assessment of the level of carry forwards from 2020/21. Further adjustments to the capital expenditure budget for the year have been approved but there has been no change to the formal resolution approving increased debt levels as there was a high likelihood the full capital expenditure programme for the year would not be achieved.

Council's Financial Strategy (updated version adopted 7 July 2021) contains the following ratios which the Council has determined to be prudent maxima:

- Net debt as a percentage of total assets not exceeding 20%
- Net debt as a percentage of total revenue not exceeding 200%
- Net interest as a percentage of total revenue not exceeding 15%
- Net interest as a percentage of annual rates income not exceeding 20%

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

3. PERFORMANCE

Following the annual review published on 3 May 2021 Council's S&P Global Rating's credit rating remained unchanged at AA / A-1+.

Schedule 1 attached shows the details of Council's debt as at 31 December 2021. Debt levels were within the policy parameters outlined in section 2 of this report.

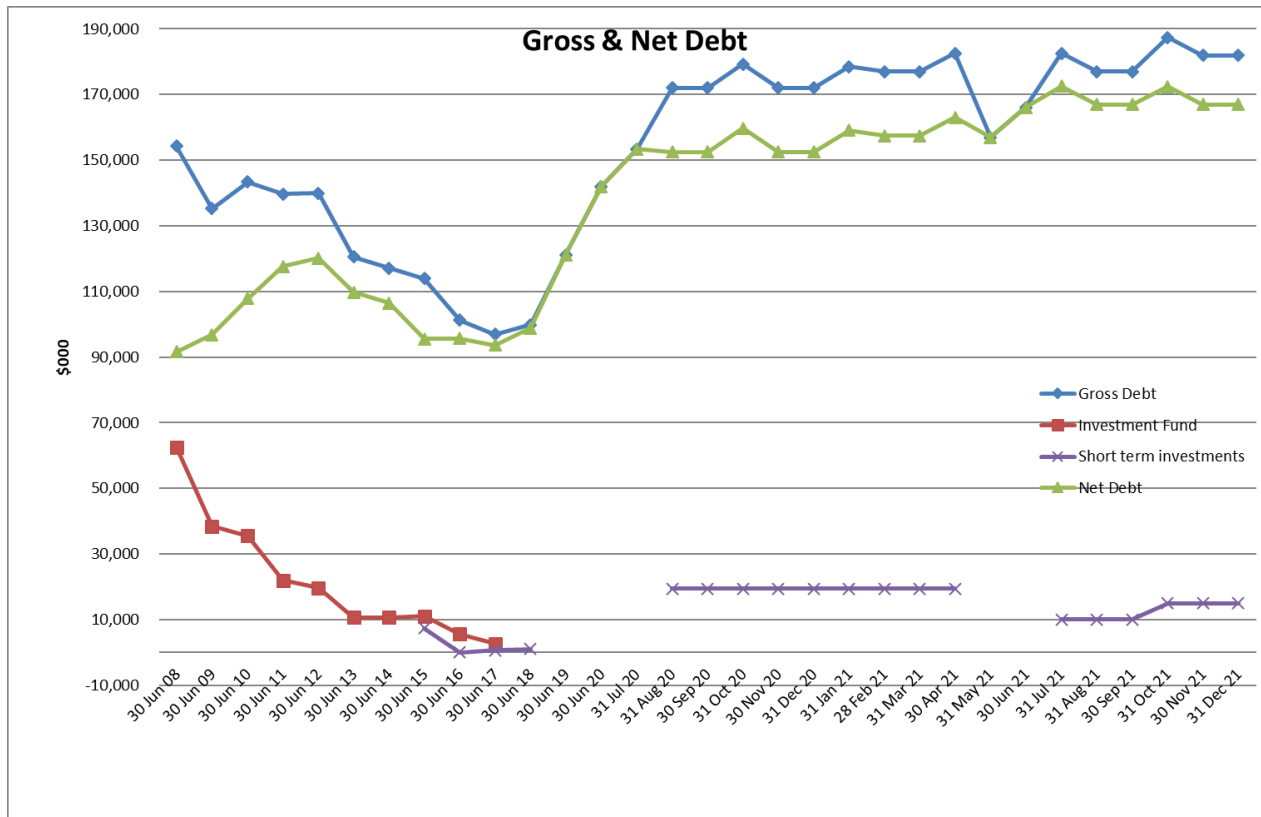
The summarised gross term debt movements are shown in the following table:

	10YP Budget for year (2021/22) \$000	Actual – 3 months (2021/22) \$000	Actual – 6 months (2021/22) \$000
Debt Balance at 1 July 2021	163,163	166,125	166,125
New Debt #	49,184	20,000	25,000
Debt repayments #		(9,125)	(9,125)
Closing Balance	212,347	177,000	182,000
<u>Comprising:</u>			
Bank advance (on call)			
LGFA short term advance			
LGFA & Council stock		177,000	182,000

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

Gross debt at 31 December 2021 was \$182m compared with \$166.125m at 1 July 2021. \$15m of this sum was raised in advance to prefund debt maturing on 5 April 2022 and 5 August 2022.

Movements in recent years are shown in the following graph:



Actual finance costs incurred during the 6 months (including interest, line fees and the effects of payments relating to swaps) amounted to \$2.46m compared with the budget for the year of \$5.09m. \$55k of this expense related to \$10m of new loans raised in July 2021 and \$5m of new loans raised in October 2021 to prefund debt maturing on 5 April 2022 and 5 August 2022 respectively. This cost was more than offset by unbudgeted interest income of \$66k received from short term investment of this \$15m. The effective average interest rate for the 6 months was 2.74% compared with the budgetary assumption of 2.8%.

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

The value of these instruments is measured in terms of its 'mark-to-market', i.e. the difference between the value at which the interest rate was fixed and the current market value of the transaction. Each of these transactions was valued at the date they were fixed and again at the reporting date. Financial reporting standards require the movement in values to be recorded through the Council's Statement of Comprehensive Income (Profit & Loss Account). They have been revalued as at 31 December 2021 and show a reduction in the book value liability of \$3.3m for the quarter and \$6.3m for the 6 months.

Swaps with a notional value of \$5m matured during the first quarter. During November the maturity dates for swaps with a notional value of \$18m were extended and the fixed interest rates applying to them reduced. These changes were negotiated in an effort to moderate the impact of increasing interest rates on rates for 2022/23 and to lengthen the fixed cover in place.

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

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

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

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

- Council's liquid position complies with policy
- Since 30 June 2021 \$25m of term debt has been raised. \$15m of this is to pre-fund debt maturing in April 2022 and August 2022 and has been invested in the meantime at a rate that for the time being more than covers the cost of the interest expense. The remainder is funding capital expenditure in the 2021/22 year.

The interest rate risk position describes the portion of the overall forecast debt that is fixed versus floating and can be summarised as follows:

- There is significant uncertainty about forecast levels of future debt – this very much depends on a number of factors including future Council decisions on the proposed capital expenditure programme and Government decisions on the future structure of the provision of three waters.
- At the present time the strategy being adopted is to use the forecast debt figures from the recently adopted 2021-31 10 Year Plan but reducing them by 30% each year. Past experience is the Council has struggled to deliver its full programme of budgeted work so it is prudent to assume this reduced requirement. Failing to do this would likely lead to the Council's portfolio becoming over hedged.
- At the present time projected debt levels that exclude debt assigned for three waters programmes are also being considered to make sure the Council is not over hedged if water related debt is effectively transferred (or paid off) on 30 June 2024.
- At the present time interest rates are being fixed at or near policy minimums based on the debt forecasts mentioned above and that is the position as at

31 December. As market opportunities present themselves consideration is being given to increasing the hedging to nearer policy mid-points.

As at 31 December 2021 all policy targets had been met.

Council's credit lines with the banks include a \$18m three-year credit facility with Westpac Bank (maturing 31 October 2025) and a revolving \$25m three-year facility with ANZ Bank (maturing 31 March 2024).

4. CONCLUSION & NEXT STEPS

Finance costs for the year (including interest, line fees and the effect of swaps) was \$2.46m compared with budget for the year of \$5.09m.

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

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

A further performance report will be provided after the March 2022 quarter.

5. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A Driven & Enabling Council This report outlines the outcomes of a fundamental administrative activity of the Council.	
Contribution to strategic direction and to social, economic, environmental and cultural well-	Managing the Council's treasury activity is a fundamental component of day to day administration of the Council.

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ATTACHMENTS

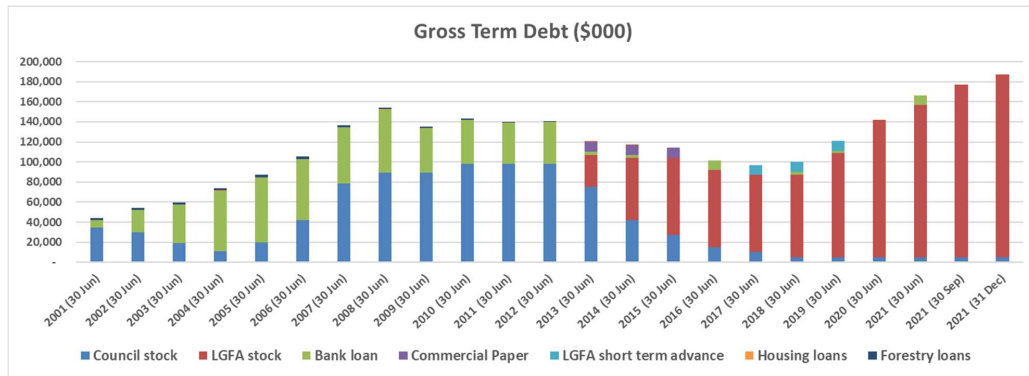
1. Schedules 1 to 3 [↓](#) 

Schedule 1 - Debt levels & Prudent Borrowing Ratios

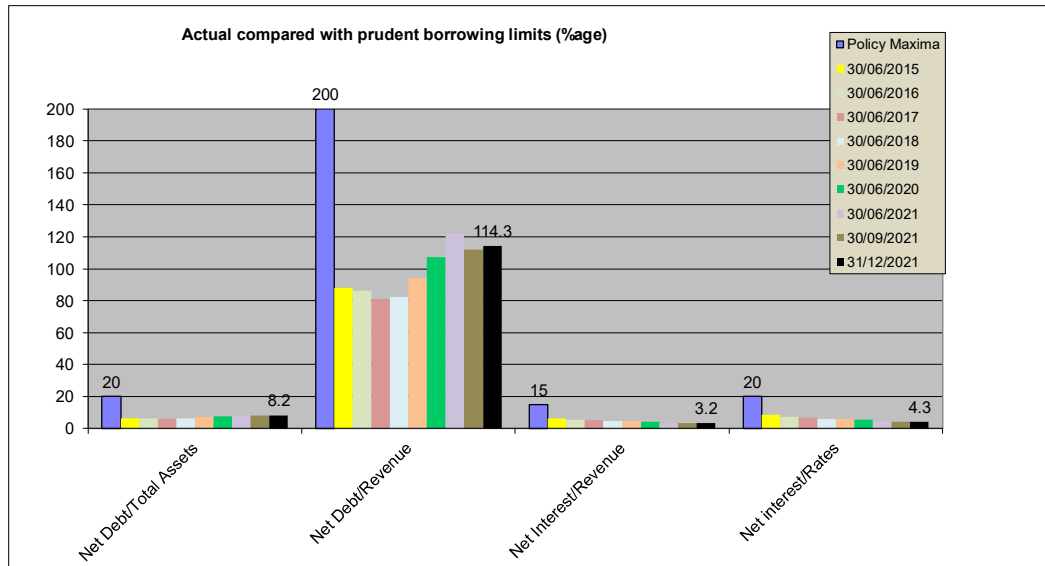
Palmerston North City Council								
Term Debt as at 31 December 2021								
1. Loan Stock on Issue - Council debentures						Current		
Issue Date	Term	Principal	Margin over BKBM	Interest Rate	Maturity Date	as at 31/12/2021	Interest Rate	Reset Date
FRN 5 Aug 16	6	5,000,000	0.6300%	1.4300%	5-Aug-2022	5,000,000	Floating Qtrly	8-Feb-22
		5,000,000						
2. Loan Stock on Issue - Borrowed from LGFA								
LGFA 13 Apr 15	7	10,000,000	0.3300%	0.9450%	5-Apr-2022	10,000,000	Floating Qtrly	5-Jan-22
LGFA 18 Aug 14	9	10,000,000	0.6325%	1.3225%	17-Apr-2023		Floating Qtrly	17-Jan-22
LGFA 15 Apr 20	3	10,000,000	0.7350%	1.4250%	17-Apr-2023		Floating Qtrly	17-Jan-22
LGFA 23 Jul 18	6	15,000,000	0.5525%	1.2425%	15-Apr-2024		Floating Qtrly	17-Jan-22
LGFA 15 Apr 20	4	5,000,000	0.7850%	1.4750%	15-Apr-2024		Floating Qtrly	17-Jan-22
LGFA 6 Sep 17	7	6,000,000	0.6000%	1.4800%	15-Sep-2024		Floating Qtrly	15-Mar-22
LGFA 6 Sep 17	8	6,000,000	0.6600%	1.3500%	15-Apr-2025		Floating Qtrly	17-Jan-22
LGFA 28 Jan 20	5	8,000,000	0.5400%	1.2300%	15-Apr-2025		Floating Qtrly	17-Jan-22
LGFA 13 Jul 20	5	5,000,000	0.6700%	1.3600%	15-Apr-2025		Floating Qtrly	17-Jan-22
LGFA 22 Mar 18	8	5,000,000	0.7250%	1.4150%	15-Apr-2026		Floating Qtrly	17-Jan-22
LGFA 17 Jun 19	7	7,000,000	0.6525%	1.3425%	15-Apr-2026		Floating Qtrly	17-Jan-22
LGFA 11 May 20	6	5,000,000	0.6600%	1.3500%	15-Apr-2026		Floating Qtrly	17-Jan-22
LGFA 13 Jul 20	6	5,000,000	0.7225%	1.4125%	15-Apr-2026		Floating Qtrly	17-Jan-22
LGFA 16 Mar 15	12	5,000,000	0.4575%	1.1475%	15-Apr-2027		Floating Qtrly	17-Jan-22
LGFA 8 Jun 15	12	5,000,000	0.4525%	1.1425%	15-Apr-2027		Floating Qtrly	17-Jan-22
LGFA 11 Aug 20	7	10,000,000		1.1200%	15-Apr-2027		Fixed	
LGFA 9 Feb 21	6	5,000,000		1.3579%	15-Apr-2027		Fixed	
LGFA 17 Dec 18	10	5,000,000	0.7875%	1.4775%	18-Apr-2028		Floating Qtrly	17-Jan-22
LGFA 7 Oct 19	9	5,000,000	0.7100%	1.4000%	18-Apr-2028		Floating Qtrly	17-Jan-22
LGFA 11 Aug 20	8	10,000,000	0.8300%	1.5200%	18-Apr-2028		Floating Qtrly	17-Jan-22
LGFA 17 Dec 18	11	10,000,000	0.8225%	1.5125%	15-Apr-2029		Floating Qtrly	17-Jan-22
LGFA 12 Jul 21	8	10,000,000	0.3950%	1.1450%	20-Apr-2029		Floating Qtrly	20-Jan-22
LGFA 12 Jul 21	9	10,000,000	0.4350%	1.1250%	15-Apr-2030		Floating Qtrly	17-Jan-22
LGFA 18 Oct 21	9	5,000,000	0.4590%	1.1464%	15-Apr-2030		Floating Qtrly	17-Jan-22
		177,000,000						
3. Bank facilities								
ANZ (\$25m)		-			31-Mar-2024		Reset at any time	
Westpac (\$18m)	On call	-		* plus line fee of 0.22%	1.330%	31-Oct-2025	Reset at any time	
				* plus line fee of 0.3%				
4. Short term facility from LGFA								
		-						
Total as at 31 December 2021		182,000,000				15,000,000		



PALMERSTON NORTH CITY COUNCIL



The Financial Strategy contains a series of ratios that the Council has determined to be prudent maxima. The chart below shows the actual results for since 2014/15 compared to those ratios.



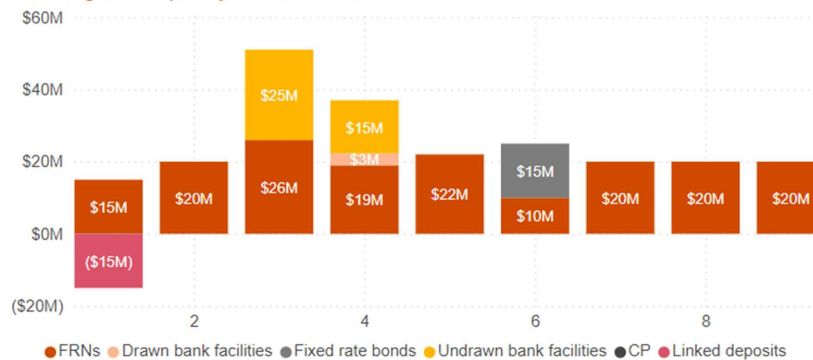
Schedule 2 – Interest Rate Swaps

Palmerston North City Council									
Interest Rate Swaps as at 31 December 2021									
Council pays fixed & receives floating on a quarterly basis							Current	Value at	
Bank	Trade Date	Deal No	Amount \$m	Start Date	Maturity	Fixed Interest rate	Floating rate	Reset date	31-Dec-21
Westpac	8-May-14	3673014	5.0	9-Jun-14	7-Sep-21	6.060%		Matured 7 Sep 21	
Westpac	8-May-14	3672892	5.0	10-Jul-14	11-Apr-22	5.690%	0.660%	10-Jan-22	(120,845)
ANZ	20-Jun-14	9572093	5.0	15-Dec-14	15-Jun-23	4.840%		Cancelled from 15 Dec 21	
Westpac	18-Jul-14	3787822	6.0	29-Sep-15	29-Sep-23	4.850%		Cancelled from 29 Dec 21	
ANZ	28-Nov-14	10730910	5.0	15-Dec-17	15-Jun-24	4.500%	0.880%	15-Mar-22	(271,618)
ANZ	28-Nov-14	10730993	5.0	10-Apr-18	10-Oct-24	4.515%	0.660%	10-Jan-22	(332,005)
ANZ	3-May-17	15995740	6.0	22-Jul-19	21-Apr-22	3.350%	0.735%	21-Jan-22	(72,810)
BNZ	10-Jul-19	384538896	5.0	31-Jul-19	21-Jul-22	1.345%	0.735%	21-Jan-22	(6,666)
ANZ	29-Nov-18	18984011	5.0	6-Dec-19	6-Sep-23	2.555%	0.875%	7-Mar-22	(47,591)
Westpac	28-Nov-14	4040149	5.0	10-Jan-20	10-Jan-22	4.585%	0.660%	10-Jan-22	(48,911)
ANZ	29-Nov-18	18984258	2.0	6-Mar-20	6-Mar-29	3.095%	0.875%	7-Mar-22	(69,265)
Westpac	28-Nov-14	4040489	7.0	8-Jun-20	8-Dec-22	4.5675%		Cancelled from 8 Dec 21	
Westpac	25-Feb-15	4218128	5.0	7-Sep-20	9-Sep-24	3.990%	0.880%	7-Mar-22	(223,313)
ANZ	25-Feb-15	11281075	3.0	16-Nov-20	15-Nov-24	3.990%	0.8433%	15-Feb-22	(145,900)
Westpac	18-Jan-16	4910927	5.0	9-Dec-20	9-Jun-25	3.970%	0.890%	9-Mar-22	(258,328)
Westpac	25-Feb-15	4218131	5.0	8-Jun-21	10-Jun-24	3.990%	0.880%	15-Feb-22	(210,347)
ANZ	20-Jun-14	25213652	5.0	15-Dec-21	15-Jun-23	3.425%	0.880%	15-Mar-22	(259,674)
Westpac	15-Nov-21	9251755	7.0	8-Dec-21	8-Dec-28	3.190%	0.880%	8-Mar-22	(278,833)
Westpac	15-Nov-21	9251762	6.0	29-Dec-21	28-Sep-29	3.410%	0.965%	29-Mar-22	(341,410)
Active total at 31 Dec 21			74.0						(2,687,516)
Westpac	26-Feb-16	5013577	5.0	11-Apr-22	12-Jan-26	3.635%		11-Apr-22	(180,920)
ANZ	27-Nov-17	17029213	5.0	15-Jun-23	15-Jun-27	3.7675%		15-Jun-23	(179,854)
ANZ	27-Nov-17	17029223	6.0	29-Sep-23	29-Jun-27	3.7875%		29-Sep-23	(203,408)
ANZ	27-Mar-18	17670250	5.0	15-Jun-24	15-Jun-29	3.840%		15-Jun-24	(238,586)
ANZ	27-Mar-18	17670276	5.0	10-Oct-24	10-Jan-31	3.920%		10-Oct-24	(314,851)
ANZ	27-Mar-18	17670295	5.0	10-Jun-24	10-Jun-32	3.935%		10-Jun-24	(400,168)
BNZ	27-Feb-20	384575543	7.0	8-Dec-22	8-Dec-28	1.3375%		8-Dec-22	534,332
ANZ	13-Oct-20	22956802	10.0	15-Apr-22	15-Apr-28	0.4025%		15-Apr-22	1,245,008
Westpac	25-Jun-21	9002142	10.0	15-Jun-22	15-Jun-28	1.8200%		15-Jun-22	477,014
Westpac	25-Jun-21	9002154	10.0	15-Sep-22	15-Sep-28	1.9000%		15-Sep-22	449,143
Westpac	25-Jun-21	9002127	10.0	15-Mar-23	15-Mar-28	1.9400%		15-Mar-23	374,487
Westpac	25-Jun-21	9002104	10.0	15-Jun-23	15-Sep-27	1.9325%		15-Jun-23	329,786
Westpac	15-Nov-21	9251772	5.0	10-Jan-22	10-Jan-30	3.380%		10-Jan-22	(277,632)
Forward start total at 31 Dec 21			93.0						1,614,351
									(1,073,165)
								Current	(1,356,348)
								Term	283,183
									(1,073,165)

Schedule 3 - Risk Exposure Position

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

Funding and liquidity risk timeline



Funding summary

Bucket (years)	Maturing in period (\$)	Policy	Actual
0 - 3	71,000,000	15% - 60%	33%
3 - 7	104,000,000	25% - 85%	48%
7 - 15	40,000,000	0% - 60%	19%
Total	215,000,000		100%

Liquidity Ratio

Policy: $\geq 110\%$

Actual at 31 Dec 2021 123%

Gross external debt at 31 Dec 2021:
\$182,000,000

Undrawn bank facilities at 31 Dec 2021:
\$43,000,000

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

As at 31 Dec 2021

Total fixed rate instruments
\$89,000,000

Weighted average fixed rate of fixed rate instruments
3.24%

Weighted average term of fixed rate instruments
5.68 years

Fixed proportions each year compared with policy – based on 10YP debt forecast (with 30% haircut)

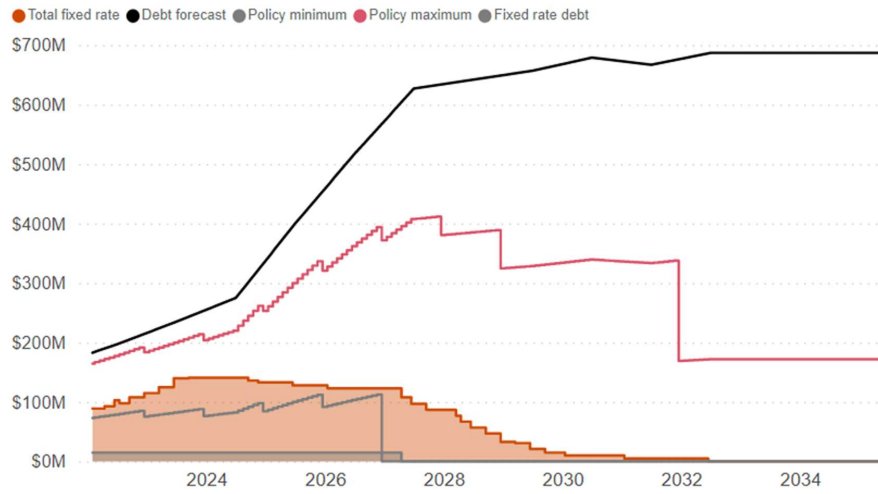
Interest rate summary

#	Bucket	Min	Max	Actual
1	0 - 12	40%	90%	49%
2	12 - 24	35%	85%	56%
3	24 - 36	30%	80%	50%
4	36 - 48	25%	75%	33%
5	48 - 60	20%	70%	24%
6	60 - 72	0%	65%	17%
7	72 - 84	0%	60%	10%
8	84 - 96	0%	50%	4%
9	96 - 108	0%	50%	2%
10	108 - 120	0%	50%	1%
11	120 - 132	0%	25%	0%
12	132 - 144	0%	25%	0%
13	144 - 156	0%	25%	0%
14	156 - 168	0%	25%	0%



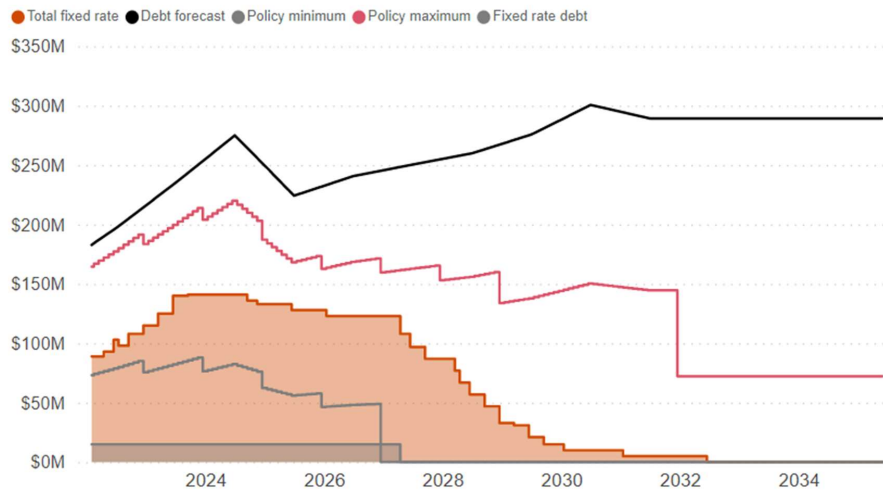
PALMERSTON NORTH CITY COUNCIL

Interest rate risk timeline



The shaded portion reflects the fixed portion of the forecast debt based on 10YP with 30% haircut

Interest rate risk timeline



The shaded portion reflects the fixed portion of the forecast debt (excluding three waters) based on 10YP with 30% haircut

REPORT

TO: Finance & Audit Committee

MEETING DATE: 23 February 2022

TITLE: Awapuni Park - Proposal to grant a lease on reserve land to Awapuni Park Community and Recreation Centre Incorporated

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

APPROVED BY: Sarah Sinclair, Chief Infrastructure Officer

RECOMMENDATION(S) TO COUNCIL

1. That Council approves notifying the public of the proposal to grant a lease at Awapuni Park, 22 Newbury Street, Palmerston North to Awapuni Park Community and Recreation Centre Incorporated, in accordance with Section 54 of the Reserves Act 1977.
2. That the Council notes the land area affected by the lease to Awapuni Park Community and Recreation Centre Incorporated is described as part of Lot 97 DP20548. The lease area is shown in Figure One of this report.

SUMMARY OF OPTIONS ANALYSIS FOR

Problem or Opportunity	<p>Awapuni Park Community and Recreation Centre Incorporated has been operating the community centre at 22 Newbury Street, Palmerston North since the 1990s.</p> <p>However, whilst Council Officers have been working with the various Committee chairs since this time, they have not had a formal lease since 1998 when their last one expired.</p> <p>The management committee is now ready to enter into a new lease agreement.</p> <p>As the community centre is situated on reserve land, any new lease to be entered is subject to the requirements of the Reserves Act 1977. This includes public notification of Council's intention to grant a new lease on the reserve.</p> <p>This report requests approval to commence the public notification process in accordance with Section 54 of the Reserves Act 1977.</p>
OPTION 1:	Notify the public of Council's intention to approve the proposal to grant a lease to the existing tenant at Awapuni Park, 22 Newbury Street, in accordance with Section 54 of the Reserves Act 1977.
Community Views	Community views will be sought during the public notification period.
Benefits	<p>Entering a formal lease agreement, for the community centre that has been operating on the site since the 1990s, to sit alongside the existing management agreement, represents good governance.</p> <p>Council will meet the requirements of the Reserves Act.</p>
Risks	None.
Financial	Cost of public notification will be minor.
OPTION 2:	Do not enter a lease with Awapuni Park Community and Recreation Centre Incorporated (consultation not required).
Community Views	Community views will not be sought.
Benefits	None.
Risks	The Management Committee have been operating from the site without a lease. This is poor practice and not deemed a valid option; therefore this report does not explore this option

	further. It is also inconsistent with Council's practices and policies, and would be inconsistent with the other community centre arrangements.
Financial	No further cost would be incurred.

RATIONALE FOR THE RECOMMENDATIONS

1. OVERVIEW OF THE PROBLEM OR OPPORTUNITY

- 1.1 Awapuni Park Community and Recreation Centre Incorporated have operated the community centre at 22 Newbury Street, Palmerston North since the 1990s.
- 1.2 A Community Centre Agreement was executed between Council and Awapuni Community Centre Management Committee ("the Management Committee") in January 1997 for an 18 month period to ensure the community centre was being used for what it was intended and to assist in the effective operation and management of the community centre.
- 1.3 The Management Committee of the community centre has recently obtained their legal status and are now able to enter a lease.
- 1.4 As the community centre is situated on reserve land, any new lease to be entered is subject to the requirements of the Reserves Act 1977. This includes public notification of Council's intention to grant a new lease on the reserve.
- 1.5 This report seeks Council approval to commence the public notification process in accordance with Section 54 of the Reserves Act 1977.

2. BACKGROUND AND PREVIOUS COUNCIL DECISIONS

- 2.1 Council provides eight (8) community centres managed by volunteer committees and acknowledges that all community centres are different and are tailored to serve the needs of diverse local communities and user groups.
- 2.2 Current practice is to enter a lease agreement for the building facilities and a management agreement to guide the volunteer committee on the management and intended use of the community centre.
- 2.3 Committees need to be a registered legal entity to enter a lease with Council.

3. STRATEGIC FIT

Policy for the Use of Public Space

- 3.1 The Policy for the Use of Public Space (page 6) contains several criteria for assessment of applications to use public space.
- 3.2 Below is the direction given from this policy, and the assessment of the activity:

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

Criteria	Assessment
Supports the achievement of the Council's goals	The activities of community centre are consistent with Council's Community Services and Facilities Plan under the Connected and Safe Community goal. The use of the property supports the provision of existing community centres.
Is accessible to the wider community	The community centre is available for public booking to provide space for local communities to connect.
Adds to the variety of events or activities available in Palmerston North	The community centre provides opportunities for people to connect with each other and to services that support individual development, health, prosperity and wellbeing for the greater good of our community.
Enhances any precinct identities (e.g. Broadway as a hospitality precinct)	The community centre supports and enhances the range of recreation activities at Awapuni Park.
Provides an experience (rather than a simple commercial exchange)	The community centre gives people opportunities to participate in community activities, to learn new skills, and to share their talents and resources with the wider community.
Does not significantly limit the availability of space for general community use	The community centre has been operating on the proposed location since the 1990s. The lease will not affect the availability of space for general community use.

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

4. LAND STATUS

4.1 The legal description and status of the land is in the below table.

Title	Reserve Status	Comment
WNA1/876 Lot 97 DP 20548	Recreation for Reserve	<p>The land in this title was originally part of the land held by the Crown for State Housing purpose in CFR WN711/43.</p> <p>In 1961, Gazette Notice 511222 was registered pursuant to the Land Act 1948, setting apart Lot 97 DP 20548 for recreation reserve.</p> <p>Pursuant to the Reserve and Domains Act 1953, the land was vested in Mayor, Councillors and Citizens of the City of Palmerston North, in trust, for that purpose.</p>

Table Two: Reserve land status

5. THE PROPOSAL

5.1 The proposed lease area is approximately 456 square metres and situated at 22 Newbury Street, Palmerston North edged in red as shown in Figure One.

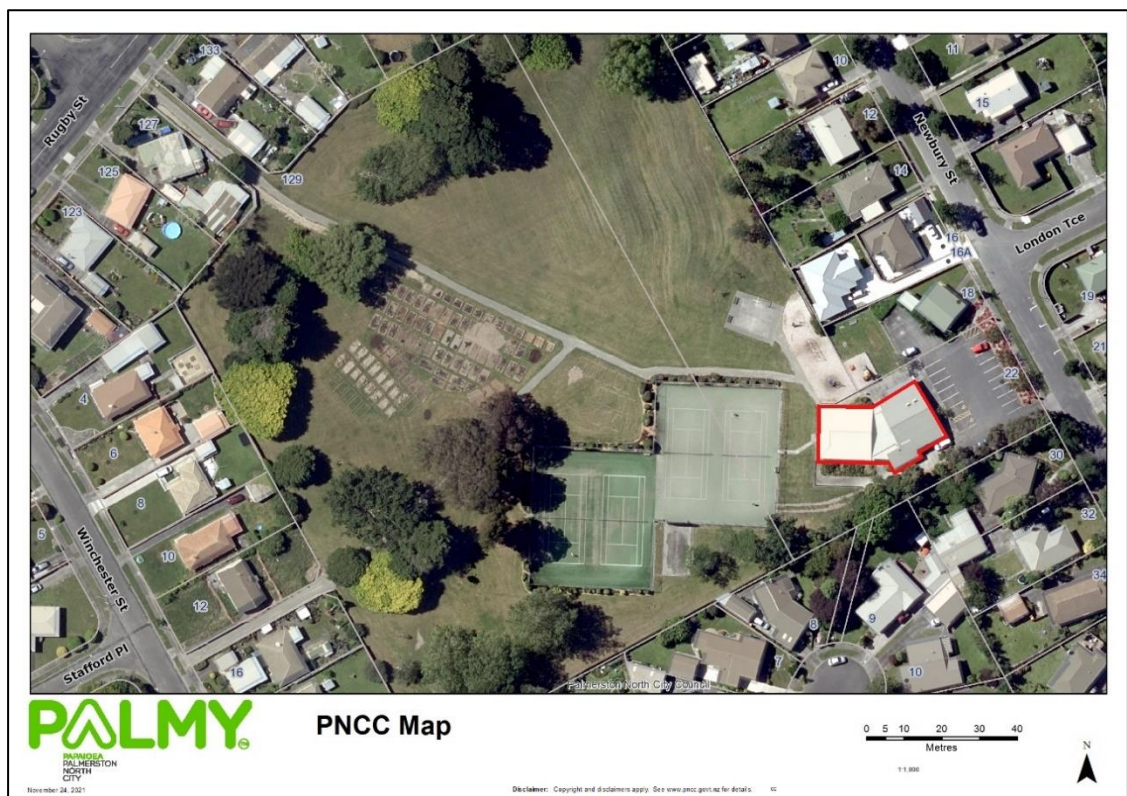


Figure One: Proposed lease area

- 5.2 The proposed annual rent is to be \$1,478 plus GST and outgoings for year 2021/2022 and rent review on annual CPI adjustment. This is in line with Council's standard community centre rental rates.
- 5.3 The lease will be a year term backdated to start on 1 July 2021 with a right of renewal for another three years.
- 5.4 The rationale for the above lease term is to strategically align the expiry of the leases with Council's other community centres so they are all expiring at the same time, along with their respective management agreements. This will allow Council Officers to apply a consistent approach across this portfolio.
- 5.5 If a new lease were to be entered, the use of the site will remain the same as the existing use of the site.

6. LEASING POWERS UNDER RESERVES ACT

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

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

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

- 6.2 'Necessary' is not interpreted as requiring that all or even most visitors or users of the reserve need/want to use the service or activity provided under the lease. Reserves often have activities on them that only some of the visitors to the reserve use.
- 6.3 The proposal would see the continued use of the reserve by the community groups who book the community centre. The location does not reduce the current user experience or impact the existing capacity for other activities in the future.

7. IMPACT ON THE LOCALITY AND PARK OPERATIONS

Aesthetics

- 7.1 The community centre exists on the site currently. There are no impacts from continuing occupation of the lease site.

Security

- 7.2 The community centre provides more activities on the reserve, improving its safety and security.

Cleaning and offensive litter

- 7.3 The Management Committee is responsible for managing litter within their leased area.

Vegetation

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

Car parking

- 7.5 Council provides public car parking for the users of the reserve and the community centre. No new effects are created in approving a new lease.

Affected parties

- 7.6 Parties identified include:
- Neighbouring residents
 - Awapuni community
 - Park users
 - Rangitāne o Manawatū – who have indicated they are comfortable with the proposal.

8. RESERVES ACT 1977 CONSIDERATIONS

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

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

Officer comment: The community centre is providing a community hall / venue for regular community recreation groups or park users, e.g. the tennis club, garden club. The hall is also available for booking by the public.

- 8.2 Section 17(2) requires:
- (a) The public shall have freedom of entry and access to the reserve, with the exception of the ability to lease areas under Section 54.

Officer comment: The lease is being considered under section 54 and so freedom of entry to the area is not a necessity.

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

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

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

Officer comment: The community centre has been an existing activity present since the 1990s and will not negatively impact the existing pleasantness and enjoyment of the reserve.

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

Officer comment: The proposed lease will not impact on soil, water and forest conservation.

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

- 9.1 The Reserves Act 1977 is subject to Section 4 of the Conservation Act and requires that administering bodies under the Reserves Act 1977 give effect to the principles of the Treaty of Waitangi.
- 9.2 Rangitāne o Manawatū representatives have considered the proposal. Rangitāne are comfortable with the proposal and happy for it to proceed.

10. DESCRIPTION AND ANALYSIS OF OPTIONS

Option One: Notify the public of Council's proposal to grant a lease to the existing tenant at Awapuni Park, 22 Newbury Street, in accordance with Section 54 of the Reserves Act 1977.

- 10.1 Council must give people the opportunity to object and be heard before deciding to grant a lease as per Sections 119 and 120 of the Reserves Act 1977.
- 10.2 After considering feedback Council can then decide to enter a formal lease with the Committee. Entering a formal lease agreement alongside the existing management agreement is considered good governance and will tidy up a long-standing matter.

Option Two: Do not enter a lease with Awapuni Park Community and Recreation Centre Incorporated (consultation not required).

- 10.3 The Management Committee have been operating from the site without a lease. This is poor practice and not deemed a valid option.
- 10.4 It is also inconsistent with Council's practice and policies, and would be inconsistent with the other community centre arrangements. In addition, this option does not enable the community to express their views on the proposed lease.

11. CONCLUSION

- 11.1 The proposal is consistent with the purposes of recreation reserves as the community centre is a facility supporting public recreation or enjoyment of Awapuni Park.
- 11.2 Public notification on the proposal will provide opportunities for submissions and objections to be made before a decision is made, fulfilling the requirements of the Reserves Act.
- 11.3 It is recommended Council proceed to public notification.

12. NEXT ACTIONS

- 12.1 Public notification of the proposal to grant the lease, seeking submissions and objections.
- 12.2 Provide the opportunity for any submitters that wish to be heard to speak to Council.
- 12.3 Consider the objections and submissions and provide advice to Council on whether to accept, modify or decline the lease proposal.

13. OUTLINE OF COMMUNITY ENGAGEMENT PROCESS

- 13.1 The proposal does not change the existing use of the reserve land and is unlikely to engender strong public interest.
- 13.2 As such, the proposed consultation is to meet the public notification requirements of the Reserves Act – a minimum of one-month period advertised in the Manawātū Standard.

COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	No
If Yes quote relevant clause(s) from Delegations Manual	
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 3: A Connected and Safe Community	
The recommendations contribute to the achievement of action/actions in Connected Communities	
The action is: Support the provision of existing community centres.	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	The recommendation is in line with Council's Recreation and Community Asset Rental Policy which seeks to help community groups to promote the wellbeing of the community.

ATTACHMENTS

Nil

REPORT

TO: Finance & Audit Committee

MEETING DATE: 23 February 2022

TITLE: Bunnythorpe Recreation Ground - Proposal to grant a lease on reserve land to Bunnythorpe Community Centre Association Incorporated

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

APPROVED BY: Sarah Sinclair, Chief Infrastructure Officer

RECOMMENDATION(S) TO COUNCIL

1. That the Council approves notifying the public of the proposal to grant a lease at Bunnythorpe Recreation Ground, Raymond Street, Palmerston North to Bunnythorpe Community Centre Association Incorporated, in accordance with Section 54 of the Reserves Act 1977.
2. That the Council notes the land area affected by the lease for Bunnythorpe Community Centre Association Incorporated is described as part of Lot 82 DP217. The lease area is shown in Figure One of this report.

SUMMARY OF OPTIONS ANALYSIS FOR

Problem or Opportunity	<p>The construction of the new community centre in Bunnythorpe was completed in November 2021.</p> <p>As with the other Council-owned community centres, it is now appropriate to enter a lease agreement for the building and facilities, and a management agreement for the operation, between Council and the volunteer committee – Bunnythorpe Community Centre Association Incorporated.</p> <p>As the community centre is situated on reserve land, any new lease entered is subject to the requirements of the Reserves Act 1977. This includes public notification of Council's intention to grant a new lease on the reserve.</p> <p>This report requests approval to notify the public of Council's intention to grant a new lease in accordance with Section 54 of the Reserves Act 1977.</p>
OPTION 1:	Notify the public of Council's proposal to grant a lease for a community centre at Bunnythorpe Recreation Ground, Raymond Street, in accordance with Section 54 of the Reserves Act 1977.
Community Views	<p>The Bunnythorpe community were engaged in the establishment of the community centre on the reserve.</p> <p>Community views on the lease will be sought during the public notification period.</p>
Benefits	<p>Entering a formal lease agreement alongside the management agreement is good governance.</p> <p>Council will meet the requirements of the Reserves Act and seek public consultation on this matter.</p>
Risks	None.
Financial	Cost of public notification will be minor.
OPTION 2:	<p>Do not enter a lease with Bunnythorpe Community Centre Association Incorporated (consultation not required)</p> <p>Given the Association part funded the project and is already occupying the building, Council Officers did not deem this a valid option and as such it was discarded as an option and not explored further.</p>

RATIONALE FOR THE RECOMMENDATIONS

1. OVERVIEW OF THE PROBLEM OR OPPORTUNITY

- 1.1 The construction of the new community centre in Bunnythorpe was completed in November 2021 on the Bunnythorpe Recreation Ground at Raymond Street, Palmerston North.
- 1.2 As with the other Council-owned community centres, the new community centre in Bunnythorpe is going to be managed by a volunteer committee.
- 1.3 A Memorandum of Understanding (MoU) was entered into in March 2019 between Council and the volunteer groups formalising the future management responsibility of the community centre in Bunnythorpe.
- 1.4 The MoU acknowledged that Bunnythorpe Community Centre Association Incorporated (BCCA) would be the volunteer group providing ongoing management of the community centre and would enter contractual arrangements for the lease and management with Council.
- 1.5 Council Officers have been communicating with BCCA to establish a lease based on Council's Recreation and Community Asset Rental Policy and in line with the leases of other Council's community centres.
- 1.6 As the community centre is situated on reserve land, any new lease is subject to the requirements of the Reserves Act 1977. This includes public notification of Council's intention to grant a new lease on the reserve.
- 1.7 This report requests approval to commence the public notification process in accordance with Section 54 of the Reserves Act 1977.

2. BACKGROUND AND PREVIOUS COUNCIL DECISIONS

- 2.1 Council has provided eight (8) community centres managed by volunteer committees and acknowledges that all community centres are different and are tailored to serve the needs of diverse local communities and user groups.
- 2.2 The current practice is to enter a lease agreement for the building facilities and a management agreement to guide the volunteer committee on the management and intended use of the community centre.
- 2.3 Those volunteer committees need to be a registered legal entity to enter a lease with Council.

3. STRATEGIC FIT

Policy for the Use of Public Space

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

3.2 Below is the direction given from this policy, and the assessment of the activity:

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

Criteria	Assessment
Supports the achievement of the Council's goals	The activities of community centre are consistent with Council's Community Services and Facilities Plan under the Connected and Safe Community goal. The use of the property supports the provision of existing community centres.
Is accessible to the wider community	The community centre is available for public booking to provide space for local communities to connect.
Adds to the variety of events or activities available in Palmerston North	The community centre provides opportunities for people to connect with each other and to services that support individual development, health, prosperity and wellbeing for the greater good of our community.
Enhances any precinct identities (e.g. Broadway as a hospitality precinct)	The community centre supports and enhances the range of recreation activities at Bunnythorpe Recreation Ground.
Provides an experience (rather than a simple commercial exchange)	The community centre gives people opportunities to participate in community activities, to learn new skills, and to share their talents and resources with the wider community.
Does not significantly limit the availability of space for general community use	The primary recreation function of the reserve is as a rugby ground. The community centre is well clear of the dead-ball line of the playing field and adequate space is available on the site for rugby and other activities. The community centre will provide a valued community resource, with the facility providing for multiple public and private recreation and leisure activities to support the Bunnythorpe Village and surrounding area.

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

4. LAND STATUS

4.1 The legal description and status of the land is in the below table:

Title	Reserve Status	Comment
NZ Gazette 1910 p 1418 (Transfer 73287) Lot 82 DP 217	Recreation purposes	The underlying ownership of the Reserve remains with the Crown, with the administration of the land vested in the Council in trust for recreation purposes.

Table Two: Legal description and land status

5. THE PROPOSAL

5.1 The proposed lease area is approximately 254 square metres and situated at Raymond Street, Palmerston North, edged in red as shown in Figure One.



Figure One: Proposed lease area

5.2 The proposed annual rent is to be \$1,478 plus GST and outgoings for year 2021/2022 and rent review on annual CPI adjustment.

5.3 The lease will be an eight months term backdated to start on 1 November 2021 with a right of renewal for another three years.

- 5.4 For clarity, the rationale for the above lease term was to strategically align the expiry of the leases with Council's other community centres.
- 5.5 If a new lease were to be entered, the use of the site will remain the same as the existing use of the site.

6. LEASING POWERS UNDER RESERVES ACT

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

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

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

- 6.2 'Necessary' has not been interpreted as requiring that all or even most visitors or users of the reserve need/want to use the service or activity provided under the lease. Reserves often have activities on them that only some of the visitors to the reserve use.
- 6.3 The proposal would increase the use of the reserve with the new community centre facilities available for public use. The location does not reduce the experience of the current users or impact on the capacity of the reserve for other activities.

7. IMPACT ON THE LOCALITY AND PARK OPERATIONS

Aesthetics

- 7.1 The community centre has improved the aesthetic impacts on the locality as the centre has replaced the old two-storey building on site with a higher quality building and carpark. The building is set back a similar distance from Raymond Street.

Security

- 7.2 The increased use expected of the community centre will improve security and oversight of the park.

Cleaning and offensive litter

- 7.3 The Management Committee is responsible for managing litter within their leased area.

Vegetation

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

Car parking

- 7.5 Council provides public car parking for the users of the reserve and the community centre in accordance with the resource consent condition (LU5054).

Affected parties

- 7.6 Parties affected were considered during the resource consent.
- Neighbouring residents;
 - Bunnythorpe community;
 - Park users; and
 - Rangitāne o Manawatū, who have indicated they are comfortable with the proposal.

8. RESERVES ACT 1977 CONSIDERATIONS

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

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

Officer comment: The community centre is providing a community hall / venue for regular community recreation groups or park users, e.g. the rugby club. The hall is also available for booking by the public for recreation and community activities.

- 8.2 Section 17(2) requires:

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

Officer comment: The lease is being considered under section 54 and so freedom of entry to the area is not a necessity.

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

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

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

Officer comment: The primary recreation function of the reserve, being the rugby ground, is not impacted. The community centre will be managed so that any large event occurring at the same time as a home rugby game will be coordinated with the Bunnythorpe Rugby Club to manage any conflicts.

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

Officer comment: The lease will not affect water, soil or forest conservation.

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

- 9.1 The Reserves Act 1977 is subject to Section 4 of the Conservation Act and requires that administering bodies under the Reserves Act 1977 give effect to the principles of the Treaty of Waitangi.
- 9.2 Rangitāne o Manawatū representatives have considered the proposal. Rangitāne are comfortable with the proposal and happy for it to proceed.

10. DESCRIPTION AND ANALYSIS OF OPTIONS

Option One: Notify the public of Council's proposal to grant a lease for a community centre at Bunnythorpe Recreation Ground, Raymond Street, in accordance with Section 54 of the Reserves Act 1977.

- 10.1 Council must give people the opportunity to object and be heard before deciding to grant a lease as per Sections 119 and 120 of the Reserves Act 1977.
- 10.2 After considering feedback Council can then decide to enter a formal lease with the Committee. Entering a formal lease agreement alongside the management agreement is considered good governance.

Option Two: Do not enter a lease with Bunnythorpe Community Centre Association Incorporated (consultation not required).

- 10.3 Given the Association part funded the project and is already occupying the building, Council Officers did not deem this a valid option and as such it was discarded as an option and not explored further.

11. CONCLUSION

- 11.1 The proposal is consistent with the purposes of recreation reserves as the community centre is a facility supporting the public recreation or enjoyment of Bunnythorpe Recreation Ground.
- 11.2 Public notification on the proposal will provide opportunities for submissions and objections to be made before a decision is made, fulfilling the requirements of the Reserves Act.
- 11.3 It is recommended Council proceed to public notification.

12. NEXT ACTIONS

- 12.1 Public notification of the proposal to grant the lease, seeking submissions and objections.
- 12.2 Provide the opportunity for any submitters that wish to be heard to speak to Council.
- 12.3 Consider the objections and submissions and provide advice to Council on whether to accept, modify or decline the lease proposal.

13. OUTLINE OF COMMUNITY ENGAGEMENT PROCESS

- 13.1 The proposal does not change the existing use of the reserve land and is unlikely to engender strong public interest.
- 13.2 As such, the proposed consultation is to simply meet the public notification requirements of the Reserves Act – a minimum of one-month period advertised in the Manawatu Standard.

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 3: A Connected and Safe Community		
The recommendations contribute to the achievement of action/actions in Connected Communities		
The action is: Support the provision of existing community centres.		
Contribution to strategic direction and to social, economic, environmental and cultural well-being	The recommendation is in line with Council's Recreation and Community Asset Rental Policy which seeks to help community groups to promote the wellbeing of the community.	

ATTACHMENTS

Nil

MEMORANDUM

TO: Finance & Audit Committee

MEETING DATE: 23 February 2022

TITLE: Health, Safety and Wellbeing Report - October to December 2021

PRESENTED BY: Alan Downes, Safety and Health Manager and Wayne Wilson, People Operations Manager

APPROVED BY: Patrick Watson, Chief People & Performance Officer

RECOMMENDATION(S) TO FINANCE AND AUDIT COMMITTEE

1. That the Committee receive the memorandum titled 'Health, Safety and Wellbeing Report – October to December 2021' presented to the Finance and Audit committee on 23 February 2022.

1. EXECUTIVE SUMMARY

Health, Safety and Wellbeing continues to be a significant focus area for leadership at all levels of Palmerston North City Council (PNCC). While data continues to provide encouragement (most notably in the area of reporting), Management recognises the importance of sustaining effort and investment to ensure a resilient system which keeps our people safe. We continue to experience incidents relating to excavation and are persisting in engaging our workforce and partners to reduce the risk in this area.

Notable highlights over the reporting period include:

- Executive Team site visited Environmental Protection Services in October and Parks and Reserves in November. These visits provide insight for the Executive Team and an opportunity to assess the effectiveness of the system and behaviours and appraise the opportunities for improvement.
- A summary health, safety and wellbeing change plan report developed from the Deloitte and the SafePlus documentation was drafted in the December quarter and will be presented to the executive leadership team and the Finance and Audit Committee in Q3.
- PNCC's Safety and Health Team is now fully staffed with dedicated presence at the Depot to provide support for civil construction, operations, transport, painters, cleaners, stores, graffiti and parks and reserves businesses. It is assessed that the composition of the team is adequate to provide essential operational support and effective oversight of the current system. It is

recognized that additional investment will be required to drive a change programme to lift the effectiveness of the system.

Looking forward:

- Focus on our immediate action plan continues with particular emphasis on supportive systems for lone workers and critical risk review. The 2022 Executive site visit schedule has been confirmed and the proposal to lift PNCC's health safety and wellness capability will be presented to Finance and Audit in Q3.

2. REPORT

This report covers the period 1 October to 31 Dec 2021. The information included in this report is discussed at the appropriate Health & Safety Committees.

A. Hazards, Incidents and Near Misses Reported

Quarter	2020			Dec 20		Mar 21		Jun 21		Sept-21		Dec-21	
	Mar	Jun	Se p	PNCC	Con	PNCC	Con	PNCC	Con	PNCC	Con	PNCC	Con
Hazards	4	2	13	16		21		19		6		13	
Incidents	33	24	58	44	3	38	4	44	4	38	3	32	3
Near Misses	25	17	20	30	7	13	1	12	3	9	6	22	1
Lost Time (days)	98	37	56	194		85		83		78		86	
Lost Time Injuries	12	3	9	5		4		6		5		3	

Key: PNCC = Staff; CON = Contractor

Comments:

- The increase in reporting of hazards and incidents continued over the last 12 months and this is assessed as a positive consequence of PNCC's efforts to raise awareness of Health & Safety and expand the use of the PeopleSafe reporting tool beyond Infrastructure to all PNCC.
- The 14% reduction Year on Year in time lost days is encouraging when comparing the last 12 months (Jan – Dec 2021) with the prior 12 months (Jan – Dec 2020).
- The significant 26% reduction Year on Year in number of lost time injuries is encouraging when comparing the last 12 months (Jan – Dec 2021) with the prior 12 months (Jan – Dec 2020).

B. Critical Risk Table

This table has been included to provide clarity on the number of critical risk events and the category each event relates to. For more information on the individual events refer to the December dashboard report (Attachment One).

No	Critical Risk	Near Miss	Incident
1	Bodies of water		
2	Use of powered hand tools and stationary plant	1	
3	Tree felling / sectional takedowns		
4	Working alone		
5	Working at height (fall to lower level)		1
6	Excavation work		3
7	Confined space work		
8	Working with mobile plant	1	6
9	Work environment (psychological, physical and emotional)	2	1
10	Members of the public	6	1
11	Asset control	1	
12	Hazardous substances		

Comment:

- Operating mobile plant is the critical risk that feature the most in the 2021 financial year. A bowtie review of operating mobile plant is scheduled for Q3 2022, which will run parallel with trend analysis exercise.

C. Manual Handling

Manual Handling incidents have previously been identified as being a key area which contributes to Lost Time and remains a PNCC area of focus. PNCC monitors the effectiveness of Manual Handling capabilities by identifying incidents which are attributed to it, undertaking investigations and assessing the effectiveness of controls for this area.

The Manual Handling incidents recorded over the last 24 months is shown below:

Manual Handling	Mar 20	Jun 20	Sep 20	Dec 20	Mar 21	Jun 21	Sept 21	Dec 21
Incidents	11	3	7	10	4	10	12	10
Manual handling incident divided by hours worked					0.00002	0.00005	0.00006	0.00005
Manual handling incident frequency ratio (quarter)	1.8	0.5	1.2	1.7	0.67	1.7	2.0	1.6
12 Month Moving Average (12MMA-FR)	5.5	5.1	4.7	5.1	4.0	5.1	6	6

Comments:

- *If we compare current 12 months January 2021 to December 2021 with the preceding 12 months there has been a 14% increase in manual handling incidents. The increased reporting is assessed as a positive consequence of PNCC's efforts to raise awareness of Health & Safety and the importance of reporting.*
- *The new 12 month moving average frequency ratio (12MMA-FR) flattens out the spikes and dips in the quarterly results and reveals we are averaging 6.0 or one manual handling incident for every 17 years of actual hours worked which is assessed as positive and in line with increase in incident reporting. Nine of the manual handling incidents were also time lost injuries (50% of total LTIs).*
- *Management is exploring trends to identify the root cause of this increase with specific reference to exploring the impact of PNCC's vacancy rate and / or whether tenure is a factor.*
- *PNCC currently has a number of proactive measures in place including:*
 - *Education – the manual handling procedure including stretching, warm-up/cool down and the importance of early reporting of discomfort, pain and injury is covered at induction.*
 - *Training – Move at work / manual handling training occurs annually with refresher training occurring every three years.*
 - *Monitoring – manual handling incidents are reviewed, and additional training / supervision initiated as needed.*
 - *The safe systems of work (SSW) manual handling procedure is also used as refresher by business unit supervisors.*

D. WorkSafe Investigations

Investigations occurred this quarter 0

Previous Investigations (last 12 months)

Number of remedial actions required 0

Number of remedial actions completed 0

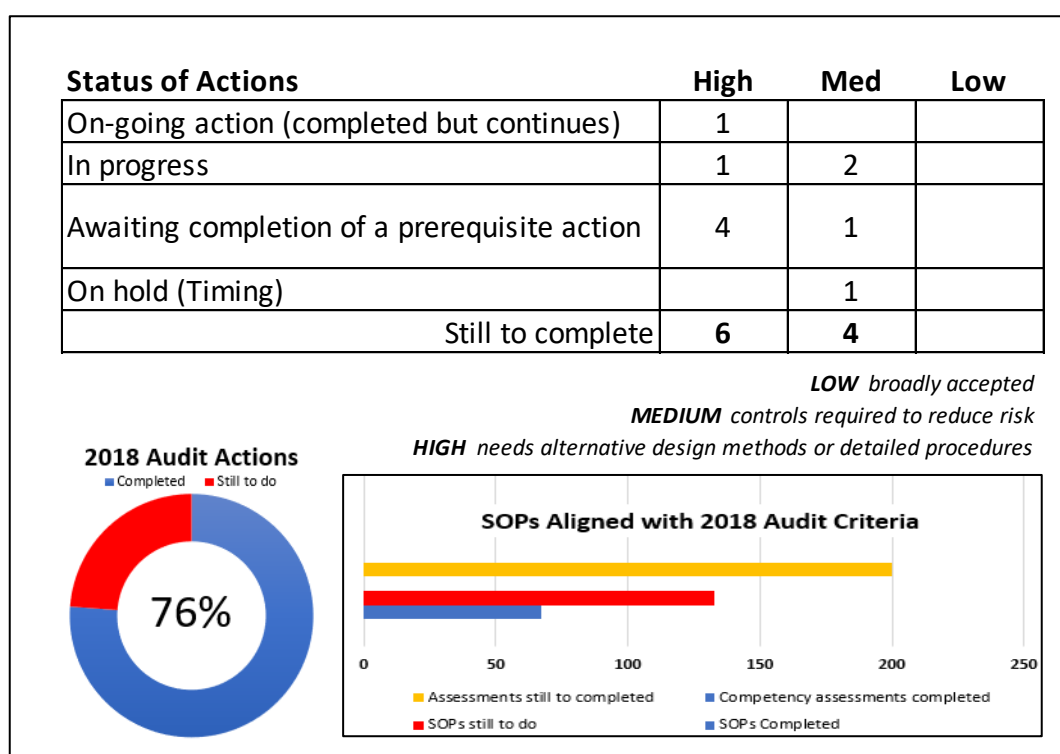
WorkSafe investigation information remains on the report for 12 months or until actions are completed.

Comment:

- *During the period PNCC classified three incidents as 'notifiable' and engaged with WorkSafe. WorkSafe did not initiate any further action.*

E. 2018 Audit Action Plan

The 2018 Audit identified 47 actions of which 37 have been completed. PNCC undertook an external audit of Health & Safety effectiveness in April 2018 which resulted in the development of a work plan to address the agreed actions. Of the original workplace actions developed there is a balance of 10 items to complete (refer to status of actions included with the graphs).



Key focus areas progressed in this reporting period include:

- An additional 17 Safe Operating Procedures (SOPs) were revised to align with the 2018 audit recommendations.
- Events Manager completed health and safety training in October 2021. The training comprised a comparison exercise using the existing PNCC event management processes and comparing these against the Site Safe SSSP.
- The status of actions is now at 76% complete, which is a 2% improvement since the last report.

Comments:

- In February 2021 the work was completed around securing and assessing data on the current SOPs and comparing them against the 2018 audit requirements. This has brought clarity around the work required to close the gaps identified and informed the approach to complete SOPs in stages.
- As previously reported, the percentage of audit actions still to be completed (24%) is not indicative of the time and effort required to fully

close them out. It is estimated that fully completing the outstanding actions will take approximately 15 months at current capacity.

- Although management will continue to focus on progressing these outstanding actions, it is anticipated that any outstanding 2018 items will be combined with the 2022 Health & Safety Change Action Programme.
- To provide visibility on the alignment of SOPs and competency assessments to the 2018 audit a separate graph has been included below.

F. Training

Summary information on Health & Safety training undertaken in the last 18 months is shown below. Further detail is provided in Attachment Two.

Date	Mar 20	Jun 20	Sep 20	Dec 20	Mar 21	Jun 21	Sep 21	Dec 21
Number of events	34	32	51	31	29	29	20	9
Staff attending	97	53	227	156	130	215	50	47

Comment:

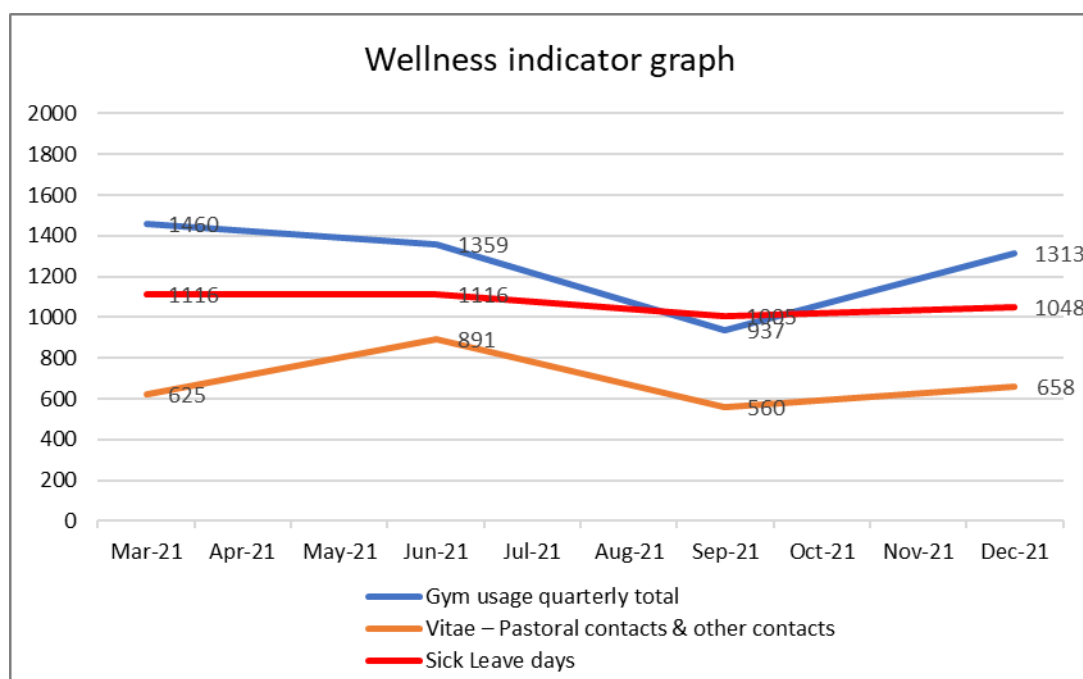
- There has been a decrease in training in the last 12 months (Jan – Dec 2021) when compared against the preceding 12 months (Jan – Dec 2020). This is a consequence of both the national lockdown in August 2021 and the subsequent Level 3 COVID-19 restrictions and escalation of training that occurred following the April 2020 lockdown.

G. Wellbeing

- The Activate Wellness Gyms (CAB and Depot) were used 1,313 times during the December quarter or an average of 101 times per week by 45 individual members during that period. Gym use in the September 2021 quarter was down considerably due to the COVID-19 lockdown and its resurgence. The Depot contributes to 23% of the overall figures below.

Gym Usage	Sep 20	Dec 20	Mar 21	Jun 21	Sep 21	Dec 21
Gym usage quarterly total	1659	1585	1460	1359	937	1313
Average weekly use	128	122	112	105	72	101

Wellbeing Table	Dec	YTD	
Gym usage	1313	2250	
Biennial health / eye check	12	16	Information to staff was delayed and this affected uptake
Annual flu vaccinations	0	0	These occur annually in Q4
Vitae – Pastoral contacts	90	576	Figures reflect Oct & Nov. Dec figures will be included in Q3 report.
Vitae – Other contacts	6	82	
Sick Leave days	1048	2053	Average 3.4 days Per Person YTD
People Feedback - Survey	2020	2021	
Safe from physical harm	4.23	4.4	76% of staff participated
Safe from bullying, racism, harassment	3.82	3.9	46% of staff participated – there was a short lead in time



- ii. Flu vaccination information is widely published across the organisation. The uptake is seasonal and consequently will show on the table in quarter four.
- iii. Biennial health and eye check information is sent directly to staff members on their even birthdays, e.g. age 38. The August/September lockdown and Level 3 restrictions impeded uptake in Q1/Q2. In the December quarter the information to staff was delayed and this affected the uptake in the

quarter. The response time for staff has been extended to help mitigate the effects of delayed mail out.

- iv. A recent survey repeated the two wellbeing questions from the survey in 2020 and although incremental they are in the right direction.

Comments:

- Wellbeing datapoints are consistent with previously reported insight on the implications of the disconnect between PNCC's commitments and resource levels.
- A Healthy Thinking & Psychological First Aid webinar promoted by Taituarā — Local Government Professionals Aotearoa was made available to all health and safety representatives, and a wider group through managers.
- Management are reviewing the provision of Mental Health / Resilience training to identify opportunities to capture more of our workforce and equip our people's skills and tools in a timely manner.
- PNCC appointed an Employee Experience Manager in December 2021 whose responsibilities include enhancing the effectiveness of our psychological safety and wellbeing offerings.

H. Annual leave

Dec 19	Mar 20	Jun 20	Sep 20	Dec 20	Mar 21	Jun 21	Sep 21	Dec 21
3006	1775	660	2308	4995	2562	1775	1343	4448

Total days of annual leave taken over the quarter

Comment:

- The average annual leave balance per staff member is 26.36 days (entitled plus accrued leave). This increased during the Covid restrictions but reduced over the Christmas closedown. Leave is actively managed however there are a number of single points of success / failure which management are resolving.

I. Turnover

Turnover for the quarter of permanent staff was 27. Employee initiated turnover was 23 or 3.77%. The annual employee initiated turnover rate was 17.87%. Employee initiated turnover are resignations and retirements. 12% has been traditionally regarded as a healthy indicator of employee initiated turnover for our Council.

Date	Mar 20	Jun 20	Sep 20	Dec 20	Mar 21	June 21	Sep 21	Dec 21
Employee Initiated	26	9	19	34	28	25	33	23
Other	2	2	4	7	1	4	2	4

Comments:

- The past year has seen a significant increase in turnover which is of concern, although it has reduced in the current quarter. The labour market in Palmerston North and Manawatu is increasingly buoyant. PNCC is using the levers it has to be as competitive as possible in this market.
- There is a particular risk of losing talent in this market, and PNCC has very limited means to compete. We are currently reviewing our market competitiveness within our resources.

Alan Downes

SAFETY AND HEALTH MANAGER


Wayne Wilson

PEOPLE OPERATIONS MANAGER

3. COMPLIANCE AND ADMINISTRATION

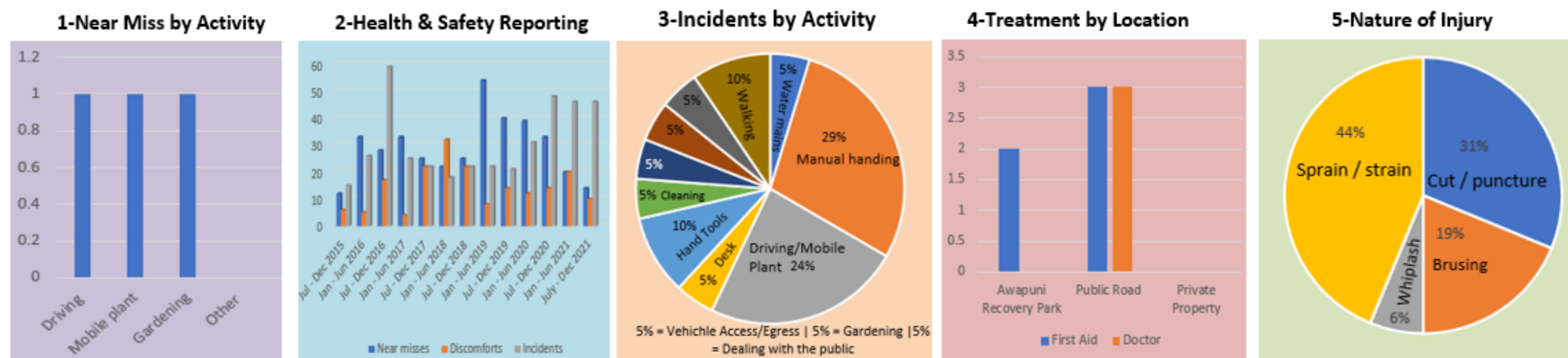
Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A Driven & Enabling Council	
The recommendations contribute to the achievement of action/actions in (Not Applicable)	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Providing information to Council about the ongoing progress towards the good performance of the organisation regarding health and safety.

ATTACHMENTS

1. 220126 H&S Dashboard Report October - December 2021
(discussed at Health & Safety committees) [↓](#) 
2. Training update for October - December 2021 (details of Health & Safety specific training undertaken in the last 12 months; not included is the Health & Safety induction that all new staff receive)
[↓](#) 

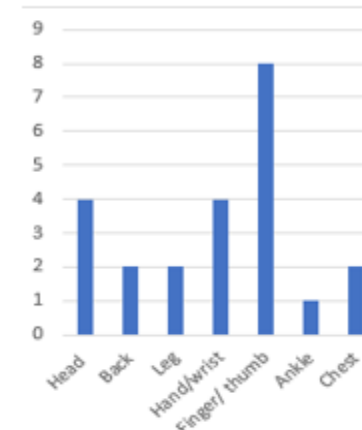
Health and Safety Quarterly Dashboard Report: Oct to December 2021

INFRASTRUCTURE

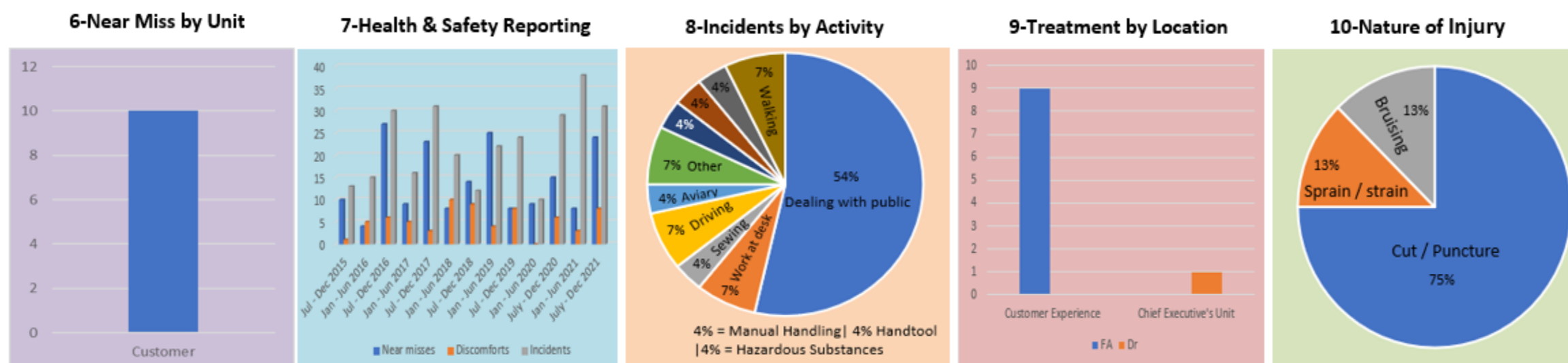


- 1 – Near Miss by Activity: were spread relatively evenly in the October - December Quarter there were no surprises
- 2 – Health and Safety Reporting graph is updated six monthly to enable increased visibility of trending. Overall, a drop in Discomforts and Near Misses this period compared to the same time last year.
- 3 – Incidents by Activity: Incidents by activity: Driving and Manual Handling incidents are the most common source of incidents
- 4 – Treatment by location graph reflects the amount of work we do using public roads and the Civil and operational work on public roads
- 5 – Nature of injuries is reflective of our manual handling incidents that result predominately in cuts and or punctures and sprain and strains.
- 6 – Customer's reporting of near miss incidents has improved over the last 12 months, and which is seen as positive
- 7 – Health and Safety reporting graph is updated six monthly to enable increased visibility of trending
- 8 – Incidents by activity: this graph provides an insight into the diversity of activities that occur in the "Rest of Council" group, and all have risk.
- 9 – Customer has the most First Aid incidents – mainly resulting in cuts and bruising and not requiring further treatment.
- 10 – This graph is reflective of our manual handling incidents that result predominately in cuts and or punctures and sprain and strains.

11-Affected Body Part



REST OF COUNCIL



- 11 – This graph is a combination of both Infrastructure and Rest of council. Thumb/finger injuries reflect manual handling activities

Health and Safety Quarterly Dashboard Report: Oct to December 2021

CRITICAL RISK

There have been 11 near miss incidents related to PNCC's critical risks in the last quarter:			
Working with mobile plant	1. While making a right hand turn from Rangitikei Line onto John F Kennedy Drive on a green light that required us to give way to straight through traffic. The driver failed to give way and an oncoming car was forced to stop to avoid a collision	Substandard behaviour	Talked to the person involved making sure they are aware of the potential serious nature of the story.
Working with Powered Hand Tools	1. While weed eating the operator hit a broken beer bottle hidden in the grass and the base of the bottle flicked up almost hitting the operator's face.	Report is pending	Report is pending
Member of public (MOP)	1. Resident came out of her home and started yelling abuse at PNCC staff about cutting the tree in the berm.	Substandard behaviour by a member of the public	Keep reporting incidents. Leadership: Review mitigations and provide de-escalation training
	2. The driver of a car I had issued 2 tickets yelled out he couldn't afford them, and that we were stalking him. He also yelled his cousin was XX, the next XX party OM of NZ. He appeared very agitated and I did not feel comfortable.	Substandard behaviour by a member of the public	Current mitigations include de-escalation training, body camera and alert system.
	3. Staff were attending an upset woman who was lying on the road beside a car. The driver appeared intoxicated and aggressive to both staff and the women. The police were called, before they arrived the women got into the car and they drove away at speed	Substandard behaviour - The driver was abusive because PNCC staff had stopped to help. (Domestic incident)	Leadership: Review mitigations– de-escalation training will be provided Police provided positive feedback on how the situation was handled.
	4. A child was walking with her parents and poked her fingers in the top of a power point box - the power box was broken.	Substandard condition	The power box was taped up until it could be repaired. A Request for Service was logged and marked as PRIORITY. Revisit housekeeping checks
	5. A child about 10-12 years of age was seen scaling scaffolding that had been erected for a maintenance. The existing barrier had a gap.	Substandard behaviour and condition	1.The access gaps were secured / closed. 2. Communication revisited between the BCBUs. 3. Safety signage improved
	6. Since the new covid-19 vaccine pass requirements have been implemented some members of Public have displayed agitated and challenging behaviour (7 incidents in December). Two incidents relating to property damage with graffiti containing anti-vaccination comments	Substandard behaviour by a member of the public	Additional security was provided Library staff trained to de-escalate an event
Work Environment	1. The volunteer walked past one of the lower bird perches. The perch had a sharp end sticking out that has cut the ear lobe of the volunteer.	Substandard condition	Update hazard register to include perches and clarify sharp edges are to be removed prior to installing
	2. Since the new covid-19 vaccine pass requirements have been implemented some members of Public have displayed agitated and challenging behaviour (7 incidents in December). Two incidents relating to property damage with graffiti containing anti-vaccination comments	Substandard behaviour by a member of the public	Additional security was provided Library staff trained to de-escalate events
Asset Control	1. Two large chunks of drywall/plaster that had fallen from the Atrium ceiling to the first floor from a hole from a known leak against a pillar. There is an ongoing risk of more coming down and falling all the way to the ground on top of someone. There are unresolved leaks in the Central Library that create drywall/plaster at risks	Substandard condition	The space around the pillar at the ground level has been isolated (barricaded). A request for service has been logged with the property team as URGENT
There have been 12 critical incidents related the last quarter			
Excavation	1. Hit and damaged 15mm PE gas service with digger. Plans provided by Powerco were not 'as built' and consequently one later was missing.	Substandard condition	Powerco repaired the gas line. The information to update the plans were provided.
	2. Hit a gas Lateral. The wrong service plans were provided for the job. There were no line markings in Roy Street and the operators misread the limited relevant information on the plans that were provided. Work planning process slip due to change (working from home) was compounded by line staff not following SOP	Substandard action	The incident was investigated, learning where identified and mitigations put in place
	3. Excavating for sewer main and struck gas service. DB4U Dig were not checked against the line markings prior to work starting. No obvious line marking marks on / in our corridor where the gas line was struck.	Substandard action	Crew refresher on SOP 001. All crew to complete daily walk through checking DB4U Dig plans against line markings. Permit to Dig: Hatch service markings required for longer projects to help with visibility. Training on how to read DB4UD plans to be arranged for staff
Working with mobile plant	1. While unloading the truck on OJI side (bailing plant) – the driver forgot to lower the side lifting arms and hit the roller door	Substandard behaviour	Reiterate procedures with driver and at the toolbox meeting
	2. While backfilling a trench with sand from back of truck, the operator swung digger around to go over the cab of truck. The tip of truck was struck and the manifold on exhaust pipe was broken. The exhaust was obscured by overhanging branches from a nearby tree	Substandard behaviour	Management discussion with driver; education and refresher training provided.
	3. The operator tried to park close to the dewatering building and side swiped a bollard. The driver had a full licence but had only driven automatic vehicles. He had permission to practice driving and parking the manual vehicle onsite in a restricted area.	Substandard driving	Conversation with driver occurred about always checking surroundings when parking. Other staff were reminded also.

Health and Safety Quarterly Dashboard Report: Oct to December 2021

	4. Driver parked Jet Truck 888 at the fill station, went to drop off keys and realized he should park truck up so not left on hydrant, reversing back and hit a HIAB truck. On the day of the accident he was over the maximum allowable hours.	Substandard condition and action	Drive forward into a park. Reduce clutter in parking area. Hours of work were discussed with the driver, and maximum hours were address on 10th Jan during the return to work programme.
	5. Driver was pulling out from kerb into traffic lane and hit a car stopped at a pedestrian crossing. Driver did not ensure area was clear of traffic; not paying attention	Substandard act	Driver education and additional training provided.
	6. A car rear-ended a truck that had stopped at a roundabout causing driver to be thrown forward.	Substandard behaviour	Driver education and additional training provided.
Work Environment	1. A very smelly burnt wet book was found in the Square side returns book drop with hate speech was on the spine of the book. The police were informed. Details of the patron issued the book were found by library staff. The patron does not have a COVID pass to enter the library.	Substandard behaviour by a member of the public	The police were informed
Members of the Public	1. Since the new covid-19 vaccine pass requirements have been implemented some members of Public have displayed agitated and challenging behaviour (7 incidents in December). Two of these incidents related to property damage with graffiti containing anti-vaccination comments	Triggered by frustration with the requirement for a vaccine pass	Additional security was provided Library staff are trained in de-escalating events
Working at height	2. During a PNCC photoshoot, a child fell from a large rock onto the concrete path. Parents and the photographer had discussed the risk	Substandard behaviour	PNCC photographer and the parents were reminded of the site rules / processes – not to climb on to the rocks.
There have been 3 other incidents of Interest in the last quarter			
Members of the Public	1. Pyrotechnics display by Kairanga Lions. Cake fell over and sprayed an area of the crowd. No injuries however spark burnt a small hole in a person's hoodie. The venue user reported incident to WorkSafe compliance certifier.	Substandard Action:	Extra securing measures in place. Checklist refresher and retraining for lighters
	2. A CAB employee was pushing a trolley and it hit the edge of a glass door on level 1 which caused the glass to disintegrate. The person holding the door open was injured	Substandard condition	Replace with a door that cannot shatter or provide metal edge protection around the sides of the door (weak points)
	3. A very smelly burnt wet book was found in the Square side returns book drop with hate speech was on the spine of the book. The police were informed. Details of the patron issued the book were found by library staff. The patron does not have a COVID pass to enter the library.	Substandard behaviour by a member of the public	The police were informed

Attachment Two – October - December 2021: Training undertaken

Event	Sept 20	Dec 20	Mar 21	Jun 21	Sept 21	Dec 21
Assessor Hort. ITO Online Training 4098						
Behavior Safety Observed training				1		
Breathing Apparatus		1	10			
Chemical training Cleaners			6			
Confined Space Entry & Gas Detection	21	1		2	5	
Customer Conflict Awareness		14				
Dangerous Goods (DG)			2	1		
Mental Wellbeing at Work (completed in May 2020-21)				28		
Driver's License – Class 1R (Restricted)					1	
Driver's License – Class 2L (Learners)			1			1
Driver's License – Class 4L (Learners)			2		2	
Driver's License – Class 1 (Car License)	1	5	3	2	2	1
Driver's License – Class 2 (Medium Rigid Vehicle)	1	2	1		3	
Driver's License – Class 4 (Heavy Rigid)	1	3				
Driver's License – Class 5 (Heavy Combination)	2					
Driver's License – Class 6 (Motorcycle)						1
Efficient Compaction Operators Course				42		
Electrofusion certificate	11	9				
Elevated Working Platform (Scissor Lift and Boom)		6				
Endorsement (F) Forklift	3	5	3			
Endorsement (R) Roller	5	1	2		1	
Endorsement (T) Tracks	5	1	2		1	
Endorsement (W) Wheeled Special Type	5	2	2		1	
Fire Warden Training		1				
First Aid Certificate	26	16	2	4	5	27
Forklift OSH Certificate	10	15		5	5	11
Forklift (F) Endorsement			2	2		
Front End Loader			2			
Gantry Crane Training					9	
Grow-safe	27			10		
Harassment Prevention and Awareness		36				
Harassment Prevention and Awareness – Managers workshop		10				
Certified Handlers (hazardous Substances)		4				

Height Safety Introduction				2	4	2
Height Safety Advanced				3		
H&S Representative	14	1			9	
IVO Power Brush XL – Cleaners		5				
Kerbside collection traffic leader KCTL / WCTL	10					
Managing Mental Health			25			
Move at Work / Manual Handling (occurred July 2020-21)						
NC Utilities Maintenance L4 (water)		1				
PeopleSafe Training	55			31		3
Permit to Work				44		
Public toilets & facilities cleaning /training SOP						
Resilience training (Completed in May 2020-21)				38		
Safe Work Zones						
Safety into CAB					1	
Site Safe Foundation Passport			23			
Site Specific Safety Plan			31			
SOP Compost Op G/Waste Shredder			3			
SSTC situational safety & tactical communications	9					
STMS Level 1 – Site Traffic Management	10	3	5	1		1
TC1 – Basic Traffic Controller Level 1	9	4	4			
T1 Tennant Battery Floor Scrubber - Cleaners		5				
TC Refresher			1	1		
Twintec TTB 1840 Battery Compact - Cleaners		5				
Total Number of Events	51	31	29	29	20	9
Total Number of Staff Attending	227	156	130	215	50	47

REPORT

TO: Finance & Audit Committee

MEETING DATE: 23 February 2022

TITLE: Huia Street Reserve - Manawatū Lawn Tennis Club Lease Proposal

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

APPROVED BY: Sarah Sinclair, Chief Infrastructure Officer

RECOMMENDATION(S) TO COUNCIL

1. That Council approves entering a new lease with Manawatū Lawn Tennis Club Incorporated for part of the Huia Street Reserve, Palmerston North for a term of 10 years with a right of renewal for another 10 years.
2. That Council notes the lease will not include an early termination clause.

SUMMARY OF OPTIONS ANALYSIS FOR

Problem or Opportunity	<p>Manawatu Lawn Tennis Club (MLTC) has an existing land lease at Huia Street Reserve for their tennis courts and clubroom facilities. Their current lease expires on 31 March 2027.</p> <p>Through the consultation process around the future use of Huia Street Reserve in October 2020, MLTC requested that the Council provide greater certainty regarding their long-term use of their current leased land through entering a new extended lease.</p> <p>The Council resolved for Council Officers to review the lease arrangements.</p> <p>Negotiations with MLTC have concluded. The negotiated term of the lease is a ten (10) year lease term with a right of renewal of another ten (10) years starting in 2022. In addition, the MLTC have also requested that the early termination clause be removed from the lease documentation.</p> <p>As the MLTC's request differs from Council's standard lease conditions for reserve land, Council approval of the proposed lease is sought.</p>
OPTION 1:	Approve the extended lease term and removal of the early termination clause from the lease.
Benefits	<p>This is the MLTC's preferred Option.</p> <ul style="list-style-type: none"> A 20-year lease term clause will meet the Council objective of providing greater certainty regarding the long-term future use of the area of Huia Street Reserve occupied by MLTC. The longer lease term will provide MLTC with confidence to continue to invest in the tennis court and club room facilities.
Risks	<ul style="list-style-type: none"> The extended lease term and removal of the early termination clause differs from Council's standard practice for leasing reserve land. The lease term of 20 years may limit Council's strategic options around the future use of the lease area. However, the risk is low as the 'Future Use of Huia Street Reserve Statement of Proposal' that was consulted on in October 2020 indicated retaining the area occupied by the Tennis Club for its current purpose.
Financial	Council will continue to receive an annual rental of \$250 + GST.
OPTION 2:	Approve the extended lease term but retain the early

	termination clause within the lease.
Benefits	<ul style="list-style-type: none"> A 20-year lease term clause will meet the Council objective of providing greater certainty regarding the long-term future use of the area of Huia Street Reserve occupied by MLTC. The longer lease term will give MLTC confidence to continue to invest in the tennis court and club room facilities through ongoing maintenance. This option provides Council with greater flexibility should MLTC not operate the facility in a way that meets Council's expectations, i.e. facilities fall into disrepair, as at any time the Council would have the ability to provide notice to MLTC of its intention to terminate the lease.
Risks	<ul style="list-style-type: none"> The inclusion of a termination clause will be viewed negatively by the MLTC as they consider it reduces their lease security moving forward.
Financial	Council will continue to receive an annual rental of \$250 + GST.
OPTION 3:	Do not enter a new lease and instead continue to operate under the current lease that is in place.
Benefits	<ul style="list-style-type: none"> The existing lease will continue under its current terms and conditions so the MLTC can continue to occupy the site. The existing lease is consistent with Council's standard practise for leasing reserve land.
Risks	<ul style="list-style-type: none"> This option does not meet the Council objective of providing greater certainty regarding the long-term future use of the area of Huia Street Reserve occupied by MLTC. The relationship with MLTC may deteriorate if Council does not address the concerns raised regarding their current lease.
Financial	Council will continue to receive an annual rental of \$250 + GST.

RATIONALE FOR THE RECOMMENDATIONS

1. OVERVIEW OF THE PROBLEM OR OPPORTUNITY

1.1 Manawatu Lawn Tennis Club (MLTC) has an existing land lease at Huia Street Reserve for their tennis courts and clubroom facilities. Their current lease expires on 31 March 2027.

1.2 The current leased site plan of MLTC at Huia Street Reserve is shown below:



- 1.3 Through the consultation process around the Future Use of Huia Street Reserve in October 2020, MLTC requested the Council provide greater certainty regarding their long-term use of their current leased land through entering a new lease, with an extended lease term.
- 1.4 In response to this Council resolved the following:

'That the Chief Executive be directed to engage in discussions with the Manawātū Lawn Tennis Club with the objective of providing greater certainty regarding the long-term future use of that part of Huia Street Reserve currently occupied by the Manawātū Lawn Tennis Club, including reviewing the current lease arrangements and retention of the current Recreation Zone.'
- 1.5 Negotiations with MLTC have now concluded. The negotiated term of the new lease is a ten (10) year lease term, starting in 2022, with a right of renewal of another ten (10) years. In addition, the MLTC have also requested that the early termination clause be removed from the standard Council lease documentation.
- 1.6 As the MLTC's request differs from Council's standard practice for leasing reserve land, Officers seek Council approval of this extended term.
- 1.7 If the lease term is approved by Council, the existing lease will be terminated, and a new lease will be entered in 2022, with a final expiry date of 2041.

2. PREVIOUS COUNCIL DECISIONS

- 2.1 The report titled 'The Future Use of Huia Street Reserve (Corner of Park Road and Fitzherbert Avenue)' was presented to the Planning and Strategy Committee in October 2020. Recommendations 4, 5 and 6 of the report relate to the Manawatū Lawn Tennis Club. The recommendations are as follows:

4. *That it be noted that, should the Palmerston North Reserves Empowering Act 1966 be amended to enable the partial sale or development of Huia Street Reserve, lease arrangements and District Plan zoning can provide greater certainty to the Manawatū Lawn Tennis Club regarding the long-term future use of that part of Huia Street Reserve currently occupied by the Manawatū Lawn Tennis Club.*
5. *That the Chief Executive be directed to engage in discussions with the Manawatū Lawn Tennis Club with the objective of providing greater certainty regarding the long-term future use of that part of Huia Street Reserve currently occupied by the Manawatū Lawn Tennis Club, including reviewing the current lease arrangements and retention of the current Recreation Zone.*
6. *That the Chief Executive be directed to continue to engage with the Manawatū Lawn Tennis Club regarding their proposed feasibility study for an indoor tennis facility and supporting amenities and consider this as part of a potential mixed-use housing development at Huia Street Reserve, noting that Council could also consider other recreational proposals as part of any mixed-use housing development.*

- 2.2 This report is in direct response to recommendation 5.

3. LEASE TERMINATION

- 3.1 Within Council's standard lease documentation for recreational leases, or leases of reserve land, there are two clauses that enable Council to terminate a lease early; a clause for a breach of lease conditions, and a more broadened early termination clause. These are explored below.

Lease Termination – Breach of Lease

- 3.2 If a tenant is breaching the lease conditions such as not paying rent or not using a lease area for the use prescribed/ agreed to within the lease, Council can terminate the lease through Clause 9.2. This clause reads:

"If the Landlord after making such enquiries as it thinks fit and giving the Tenant the opportunity of explaining the usage of the property is satisfied that the property is not being used or being sufficiently used for the Prescribed Use then the Landlord may terminate this lease on such terms as it thinks fit but without prejudice to any antecedent right or action which the Landlord may have against the Tenant however it arose."

- 3.3 In the situation where a breach of lease had occurred, prior to any termination of the lease being sought, the two parties would always look to engage in a thorough arbitration process to try to resolve the issues. However, should the issue/s not be able to be resolved, the legal process to terminate the lease can begin.
- 3.4 This clause will remain in all lease documentation, including the proposed lease discussed in this report with the MLTC.
- 3.5 However, providing a tenant is not breaching the terms of a lease, this clause does not allow Council to terminate a lease for any other reason such as the operation of the facility not meeting Council's expectations, i.e. never open, etc.

Early Termination Clause

- 3.6 To reduce Council's risk in relation to the operation of the facility not meeting Council's expectations, it is standard practice for Council to also include a more broadened early termination clause in its lease documentation, in addition to Clause 9.2, for recreational leases or leases on reserves. This is Clause 47 which reads:

"Notwithstanding any other provision in this Lease, the Landlord may terminate this Lease by giving three (3) months' notice in writing to the Tenant. Termination pursuant to this clause shall not give the Tenant any right or claim whatsoever against the Landlord."

- 3.7 For clarity, an arbitration process like that mentioned above to resolve lease issues would still be undertaken in this instance, however, should a resolution of issues that do not constitute a breach of lease not be able to be reached, Council will have the ability to terminate a lease. If this clause is not included in the lease, these types of issues are very difficult to address.
- 3.8 Whilst this clause is included in leases to help mitigate Council's risk, Council does have three (3) approved leases which have had this clause removed. They are:

Tenant	Location	Lease Term
Manawatu Cricket Association	Practice-wicket, Park Road	15 years
YMCA Central	Park Road	31 years
The Lions Club of Middle Districts Inc.	Victoria Esplanade	20 years

- 3.9 As with the extended lease terms, the early termination clause was removed from these leases to reflect the considerable financial investment from the organisations in their respective facilities.

4. ANALYSIS OF OPTIONS

OPTION 1: Approve the extended lease term and removal of the early termination clause from the lease.

- 4.1 Council would enter a new lease with the MLTC for part of the Huia Street Reserve.
- 4.2 The lease is proposed to be for a ten (10) year lease term with a right of renewal of another ten (10) years. In addition, the MLTC have requested that the standard early termination clause be removed from the lease documentation.
- 4.3 This is the MLTC's preferred option.

Benefits

- 4.4 Option 1 has the following benefits:
 - A 20-year lease term clause will meet the Council objective of providing greater certainty regarding the long-term future use of the area of Huia Street Reserve occupied by MLTC.
 - The longer lease term will provide the MLTC with confidence to continue to invest in the tennis court and clubroom facilities through ongoing maintenance.

Risks

- 4.5 The risks identified for Option 1 are:
 - Both the extended lease term and removal of an early termination clause differ from standard Council practice for entering leasing reserve land.
 - The lease term of 20 years may limit Council's strategic options around the future use of the lease area. However, the risk is low as the 'Future Use of Huia Street Reserve Statement of Proposal' that was consulted on in October 2020 indicated retaining the area occupied by the Tennis Club for its current purpose.

Financial

- 4.6 Council will continue to receive an annual rental of \$250 + GST.
- 4.7 There are no ongoing operational costs to Council associated with the lease as it is a land only lease. The MLTC will be responsible for their own repair and maintenance of the tennis court and club room facilities.

OPTION 2: Approve the extended lease term but retain the early termination clause within the Lease.

- 4.8 As with Option 1, Option 2 sees Council enter a lease with the MLTC for part of the Huia Street Reserve.
- 4.9 Again, the lease is proposed to be for a ten (10) year lease term with a right of renewal of another ten (10) years. However, this option will retain the early termination clause in the lease documentation in line with Council's standard practice.

Benefits

- 4.10 Option 2 has the following benefits:
- A 20-year lease term clause meets the Council objectives of providing greater certainty regarding the long-term future use of Huia Street Reserve by MLTC.
 - The longer lease term will provide MLTC confidence to continue to invest in the tennis court and club room facilities through ongoing maintenance.
 - This option provides Council with greater flexibility should the facility not be operating in a way that meets Council's expectations, i.e. facilities fallen into disrepair, as Council would have the ability to terminate the lease with MLTC at any time through providing notice.

Risks

- 4.11 The risks identified for Option 2 are:
- The lease term of 20 years may limit Council's strategic options around the future use of the lease area. However, the risk is low as the future use of Huia Street Reserve Statement of Proposal has been consulted.
 - The inclusion of a termination clause will be viewed negatively by the MLTC as they consider it reduces their lease security moving forward.

Financial

- 4.12 Council will continue to receive an annual rental of \$250 + GST.
- 4.13 As with Option 1, there will be no ongoing operational costs to Council associated with the lease as it is a land only lease.

OPTION 3: Do not enter a new lease and instead continue to operate under the current lease that is in place.

- 4.14 Option 3 sees Council decline to enter a new lease with MLTC and instead continue to operate under the current lease that is in place.
- 4.15 This would be the least favourable option for the MLTC.

Benefits

4.16 The benefits for Option 3 are:

- The existing lease will continue under its current terms and conditions so the MLTC can continue to occupy the site.
- The existing lease is consistent with Council's standard practice for leasing reserve land.

Risks

4.17 The risks identified for Option 3 are:

- This option does not meet the Council objective of providing greater certainty regarding the long-term future use of Huia Street Reserve by MLTC.
- The relationship with MLTC may deteriorate if Council does not address the concerns raised regarding their current lease.

Financial

4.18 Council will continue to receive an annual rental of \$250 + GST until terms have been reached.

4.19 As with Option 1 and 2, there will be no ongoing operational costs to Council associated with the lease as it is a land only lease.

5. CONCLUSION

5.1 Option 3 does not meet Council's objective of providing greater certainty regarding the long-term use of Huia Street Reserve by MLTC and should therefore be discounted.

5.2 Despite the negotiated lease term being outside Council's standard lease practise, it is consistent with Council's intention to provide greater certainty to the MLTC.

5.3 The removal of the early termination clause, as proposed in Option 1, provides MLTC with greater security regarding its tenure, regardless of how it operates its facility. Removing the termination clause is considered to be low risk for Council as the consultation around the Future Use of Huia Street Reserve signalled that the tennis operations were to stay, and this was supported by public feedback.

6. NEXT ACTIONS

6.1 Advise MLTC of the decision of Council.

7. OUTLINE OF COMMUNITY ENGAGEMENT PROCESS

- 7.1 The community were consulted on the Future Use of Huia Street Reserve, through a Statement of Proposal, which included the area of land leased to MLTC.
- 7.2 The Huia Street Reserve is subject to the Palmerston North Reserves Act 1922 and therefore is not subject to the consultation requirements of the Reserves Act 1977. Given this the lease proposal is not required to be publicly notified.
- 7.3 Council Officers discussed the proposed lease to MLTC with Rangitāne o Manawātū in November 2021. Iwi representatives were supportive of the extended lease term.

COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	No
Are the decisions significant?	No
If they are significant do, they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 2: A Creative and Exciting City	
The recommendations contribute to the achievement of action/actions in Active Communities	
The action is: To carry out recreation and reserves planning functions under the Palmerston North Reserves Act 1922 and Local Government Act.	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	This aligns well with the direction to create a city that has great places for all people, particularly families, and have the most active community in New Zealand (Priorities 1 and 5, Creative Land Liveable Strategy).

ATTACHMENTS

Nil

MEMORANDUM

TO: Finance & Audit Committee

MEETING DATE: 23 February 2022

TITLE: Victoria Esplanade Café Lease Negotiation Update

PRESENTED BY: Bryce Hosking, Group Manager - Property

APPROVED BY: Sarah Sinclair, Chief Infrastructure Officer

RECOMMENDATION(S) TO FINANCE & AUDIT COMMITTEE

1. That the Committee receive the report titled 'Victoria Esplanade Café Lease Negotiation Update', presented to the Finance and Audit Committee on 23 February 2022.

1. ISSUE

- 1.1 Esplanade Enterprises Limited, the tenant of the café premises within the Victoria Esplanade, requested an extension to their existing lease which expires on 4 June 2023.
- 1.2 The decision to extend a commercial lease is within the delegated authority of the Group Manager – Property. However, given that the strategic review of hospitality provision within Victoria Esplanade had a strong impact on lease decision-making, the hospitality review and lease were brought to Council as a combined report in March 2021.
- 1.3 The Committee supported the proposal that Council Officers undertake a strategic review of hospitality provision before decisions were made on the café lease. This would allow for any decisions from this review to be considered in the lease as appropriate.
- 1.4 Council Officers have completed the strategic review of hospitality provision and presented the report titled 'Victoria Esplanade Hospitality Review' to the Finance and Audit Committee on 24 November 2021 with the findings and options to address the identified demand.
- 1.5 Council resolved the following resolutions in November 2021:
 1. That Council allow the Lions Club to sell a restricted selection of non-café food and drink items, in the Victoria Esplanade, as part of the operation of their proposed mini-golf course.

2. That Council note lease discussions between the Council and the café tenant are progressing and that officers will report back to the Council on the requested extension to the café lease in due course.
3. That once lease negotiations have concluded, the Chief Executive issues licences, under delegation, to a limited number of mobile vendors, with restrictions on trading hours and products for sale, to enable them to trade at the Victoria Esplanade.

- 1.6 This report addresses the second resolution; reporting back to the Committee now that there is an agreement, in principle, of terms between Palmerston North City Council and the café tenant.

2. EXTENDED LEASE SUMMARY

- 2.1 Given there were several provisions of this lease that were needing to change, Council Officers considered it was more appropriate to instead enter a new lease rather than simply extending and varying the existing lease.

- 2.2 The changes reflected in the new lease are:

- Revised extended lease term;
- Review and removal of out-of-date clauses;
- Updates to clauses to reflect the findings of the hospitality review; and
- Simplification to reduce the number of overall clauses and improve the clarity of the contract.

- 2.3 Specifically, given the resolutions passed in November 2021, Council Officers highlight the below lease terms to the Committee, which encapsulates the changes in 2.2 above:

- The new lease will start in 2022 for a three (3) year term with one right of renewal of another three years, and expires in 2028.
- The lease also incorporates Council's resolution for the hospitality provision in Clause 51.2 and reads as follows:

"The Landlord may, at the Landlord's sole discretion, grant licences to a limited number of other food and beverage vendors to operate within the Victoria Esplanade."

3. NEXT STEPS

- 3.1 Proceed with the signing of a Deed of Surrender of Lease and the new Deed of Lease between Palmerston North City Council and Esplanade Enterprises Limited.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual	Yes
Are the decisions significant?	No
If they are significant do, they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 2: A Creative and Exciting City	
The recommendations contribute to the achievement of action/actions in Active Communities	
The action is: Provide and maintain city reserves, neighbourhood reserves, playgrounds, sports fields, 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: 23 February 2022

TITLE: Assurance Review of CET Arena Redevelopment Project

PRESENTED BY: Masooma Akhter, Business Assurance Manager and Bryce Hosking, Property Manager

APPROVED BY: Sheryl Bryant, Assistant Chief Executive

RECOMMENDATION(S) TO FINANCE & AUDIT COMMITTEE

1. That the Committee receive the memorandum titled 'Assurance Review of CET Arena Redevelopment Project' and its attachment, presented to the Finance & Audit Committee on 23 February 2022.

1. ISSUE

During the Infrastructure Committee meeting on 24 March 2021, the Committee resolved:

"That a business assurance internal audit on the arena redevelopment project be added to the work schedule and referred to the Finance & Audit Committee."

This memorandum informs the Committee of the findings and recommendations this review produced.

2. BACKGROUND

The Council maintains and manages Central Energy Trust Arena (CETA) for the residents of Palmerston North and surrounding districts for recreation and sporting purposes. CETA is the regional hub for sports in the lower North Island and the city's central hub for sport. In addition, CETA accommodates a range of community activities, trade shows, exhibitions, conferences, concerts and a host of other leisure and recreational facilities. Capital expenditure to upgrade and modernise the Arena is in relation to Goal 2: A creative and exciting city; Strategy and Plan: Active Communities Plan.

The overall objective of this review was to provide assurance over the effectiveness of the internal controls and processes put in place over the redevelopment of the CET Arena.

Management's close out report for this project has also been attached to this memorandum.

3. NEXT STEPS

The agreed action plan will be followed up on by the Business Assurance division in due course. The results will be reported back to this Committee through the 6-monthly accountability reporting.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A Driven & Enabling Council	
The recommendations contribute to the achievement of action/actions in (Not Applicable)	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Business Assurance aims to help the Council succeed by building trust and confidence in the core controls relied on by management.

ATTACHMENTS

1. Assurance Report – CET Arena [↓](#) 
2. Management Close Out Report [↓](#) 

A large, thick green stylized letter 'A' is positioned on the left side of the page, partially overlapping the main content area. It has a modern, geometric design with a curved right side.

CET Arena Redevelopment - Project Management Review

Presented By:
Business Assurance Division

Page 1 of 11

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Executive Summary

Objective & Scope

The overall objective of this review is to provide assurance over the effectiveness of the internal controls and processes put in place over the redevelopment of the CET Arena.

The scope of our review covers the CET Arena Redevelopment comprising of the Speedway Pitch, Embankment and Entrance Plaza Development projects. These were included as part of the Arena Masterplan in 2014 and were completed in 2021. All project management disciplines were assessed over the life of the project.

Background

The Council maintains and manages Central Energy Trust Arena (CETA) for the residents of Palmerston North and surrounding districts for recreation and sporting purposes. CETA is the regional hub for sports in the lower North Island and the city's central hub for sport. In addition, CETA accommodates a range of community activities, trade shows, exhibitions, conferences, concerts and a host of other leisure and recreational facilities. Capital expenditure to upgrade and modernise the Arena is in relation to Goal 2: A creative and exciting city; Strategy and Plan: Active Communities Plan.

Summary of Findings & Recommendation

Through the review we assessed 12 project management disciplines. For each discipline we determined what documentation we would expect to sight and reviewed them. We then concluded whether PNCC met the requirements of each discipline, partially met it or did not meet it. A summary of the results can be seen in the table below.

Project Management Discipline	Conclusion
Clear Scope	Not Met
Focused Benefits Management	Not Met
Engaged Stakeholders	Partially Met
Governance – enabling decision making	Partially Met
Managed Risk and Opportunities	Met
Deliver Enabling Plans	Met
Smart Finances	Partially Met
Change Control	Partially Met
Integrated Suppliers / Procurement	Not Met
Active Quality Management	Met
High Performing Teams / Resourcing	Met
Embedded Lifecycle Assurance & Learning	Partially Met

The detail for each can be found in the body of this report.

A key finding was in relation to the finances, where we noted that the total spend tracked per the consultant was different to the actual spend per our finance system. After investigation we found that this was due to an error taking place and costs incurred prior to the approval of the budget not being accounted for by the consultant project manager. The misunderstanding being:

- Consultant project manager determined that they required \$17,114,350 as a cost to complete from the point of their involvement.
- PNCC misinterpreted this as \$17,114,350 cost of completion for the entire project and assumed it included historical costs. However, the consultant was never advised of the historical costs and therefore the budget that was approved (based off the consultants' estimation and with the assumption that it included historical costs), was understated to begin with.

Recommendations have been made through this report to reduce the risk of this re-occurring in the future.

Overall, per our review we noted that the total cost for this project was \$17,573,000 which exceeded budget by \$458,000 (2.6% of total actual spend for the project). The main reason for this variance being that the budget was understated by \$409,000 to begin with due to the misunderstanding stated above. Overall, this amount was considered immaterial over the life of the project.

Several of the learnings that have been captured through this review are a repeat of those captured through the PMO review that was undertaken in 2020. Therefore, these learnings will continue to be tracked through the accountability reporting for the PMO review.

General

We would like to extend our appreciation to staff for their assistance in completing this review.

Prepared By:



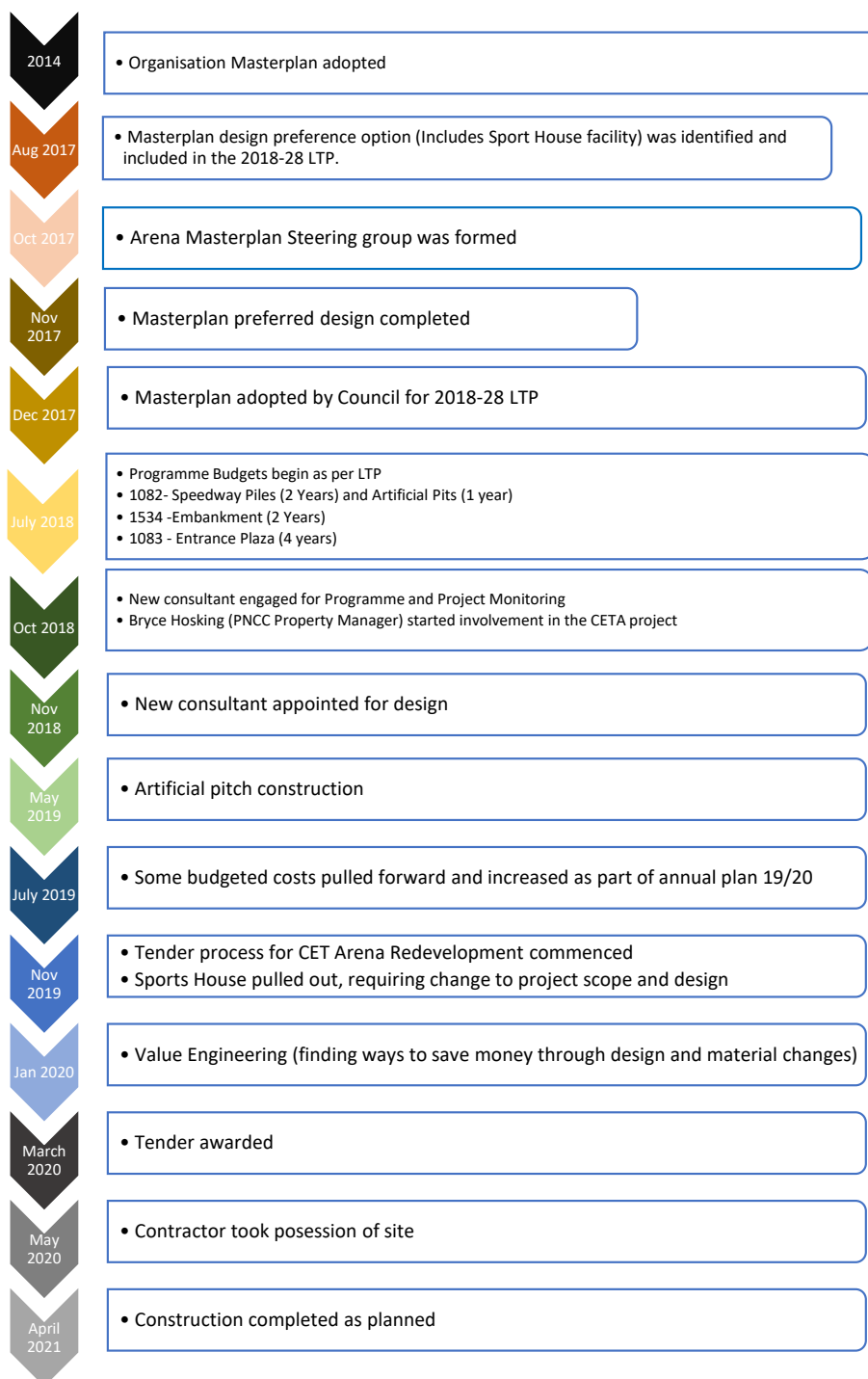
Yui-teng Chan
Internal Auditor
20 January 2022

Reviewed By:



Masooma Akhter
Business Assurance Manager
20 January 2022

Timeline of Arena Redevelopment





Review of CETA Internal controls and processes against good practice.

For a project of this scale and complexity we would expect to see good project management. To determine the extent of good practice applied for the CETA Redevelopment, we compared actual practice to the Draft PMO manual and findings from our PMO Audit conducted in Dec 2020. Findings from our comparison are as per below.

Good Practice Discipline	Discipline Satisfied?	Findings and Recommendations
Clear Scope To ensure that the programme maintains focus on the objectives and outcomes that have been agreed. Establishing a clear scope defines the boundaries of a programme's activities and sets the parameters against which to baseline planning, monitoring and tracking of benefits. Key documents required for this stage: Strategic Direction Documents (eg Business Case, Programme/ Project Charter), LTP Programme Summary Sheet	✗	Finding: We sighted the Masterplan and Programme Summary Sheet which was the closest substitute for a business case. Through reviewing these documents, we noted a lack of pricing of options and social and economic impacts of different options. This means the objective of a business case was not satisfactorily addressed through the Masterplan and Programme Summary Sheet. Recommendation: R1 We recommend that the programme summary sheets be updated to include additional information regarding costing options, to be considered an adequate business case. As part of good practice, business cases should be developed for all significant one-off projects. Priority: High
Focused Benefits Management To have processes in place to identify and track benefits to inform decision making. If programme activity is not contributing to realisation of benefits, the activity should be challenged. Key documents required for this stage: Benefits Realisation Plan	✗	Finding: We could not substantiate that a benefits realisation plan was in place. The Masterplan or the Programme Summary Sheet did not include any measurable benefits. Recommendation: R2 Benefits should be outlined in the business case (or its substitute) and subsequently be elaborated into a benefits realisation plan to track how and when the identified benefits will be realised. This includes who is responsible for the realisation. Priority: Medium
Engaged Stakeholders To ensure that parties involved with and affected by the programme are appropriately engaged and communicated with. Key documents required for this stage: Stakeholder Management Plan, Communications Plan	≈	Finding: We sighted a stakeholder management plan and a communication plan which assisted significantly ensuring engaged stakeholders. Minor improvements noted were that the stakeholder mapping exercise could be improved to include the role that the PCG had with the project and establishing key messages such for the project. Recommendation: R3 When Stakeholder management plans and communication plans are developed, they should cover all stakeholders and key messages. Priority: Medium

<p>Governance – enabling decision making To ensure that there is executive sponsorship and support, direction setting and escalation points for decision-making with appropriate reporting and document control arrangements set out and implemented.</p> <p>Key documents required for this stage: Scope Change Register, Terms of Reference for Governing Body</p>	≈	<p>Finding: Decision making process was clear at the consultant project management level. A lack of explicit decision-making framework documentation at PNCC level was noted that would allow for points of escalation however general understanding of what this would be was observed. No exceptions noted regarding executive sponsorship and support. Terms of reference were adequate for the Steering Group.</p> <p>Recommendation: R4 For significant projects, a project charter should be prepared. The charter would establish escalation points, project governance roles, responsibilities and delegations relevant to the project. This would ensure an adequate decision making framework is in place over the project. Priority: Medium</p>
<p>Managed Risk and Opportunities To implement measures for effective identification and management of risks and issues, including forward planning and means to escalate issues for effective and timely decision making.</p> <p>Key documents required for this stage: Risk Register</p>	✓	<p>Finding: Risks were identified and communicated through the consultant project manager's monthly report to PNCC.</p> <p>No exceptions noted.</p>
<p>Deliver Enabling Plans To provide programme and project visibility and control and minimise missed deadlines, including recording planning assumptions and managing dependencies across the programme.</p> <p>Key documents required for this stage: Monthly Report to the Project Sponsor, Project Plan</p>	✓	<p>Finding: This component was achieved through the consultant project manager's monthly report to PNCC. The consultant project manager completed a detailed project plan.</p> <p>No exceptions were noted.</p>

<p>Smart Finances To establish arrangements to manage and report all aspects of financial control and programme budget to inform decision making.</p> <p>Key documents required for this stage: Cashflow – Project Status, Monthly Report to the Project Sponsor, Approved Budget</p>		<p>Finding: While reviewing the management of finances by PNCC we noted:</p> <ol style="list-style-type: none"> 1) In 2019 when the annual budget was put forward to the Finance & Audit Committee with an amount for this programme, there was a misunderstanding regarding terminology of “cost to complete”. Consequently, all historic costs (\$409K) were not accounted for. Therefore, the budget was understated and subsequently, an overspend occurred. The deficit due to the misunderstanding was only picked up in Feb 2021 which was towards the end of the project. This could have been identified earlier if washup calculations (comparing actual spend coded in PNCC’s financial system throughout the project’s life vs budgets available, and not just rely on the consultant’s figures, given they were missing historical costs) had been performed more frequently. 2) We noted that multiple accounting codes were used to deliver the single project, this made it unnecessarily complex and confusing to keep track of budgets available and actual spend amounts. <p>From the point the budget was approved, no exceptions were noted with the consultant project manager’s management of finances.</p> <p>Recommendation:</p> <p>R5 When budgets are approved, it should also account for historic costs. Priority: High</p> <p>R6 We recommend PNCC perform budget and actual costs comparison more frequently. Priority: Medium</p> <p>R7 We recommend that programmes being delivered as a single project be collated as 1 programme code for ease of tracking and to prevent complications for future multi-year programme capital expenditures. Priority: High</p>
<p>Change Control To manage changes to the programme, ensuring the impact of proposed changes are assessed and agreed prior to being implemented.</p> <p>Key documents required for this stage: Scope Change Register/Contract Instruction Document</p>		<p>Finding: We found no exceptions regarding change management processes established and followed by the consultant project manager. We were unable to sight the change management process documentation at PNCC level. However, in place of the lack of explicit establishment of a change management process for this project, we noted that PNCC’s existing financial delegations were utilised. This means that significant changes such as scope change due to Sports House pulling out in Nov 2019 was communicated to and approved at the appropriate level.</p> <p>Recommendation:</p> <p>R8 Develop a change control framework that outlines who and how any changes (scope, time, budget, quality) from the approved business case should be processed. Priority: High</p>

<p>Integrated Suppliers / Procurement To integrate suppliers into the programme structure and governance arrangements.</p> <p>Key documents required for this stage: Procurement Plan(s)</p>	✗	<p>Finding: For the appointment of the external consultant for project management, we could not substantiate compliance with our internal procurement policy. We noted that the suggested procurement method was overwritten, and policy bypassed; however, we could not sight documentation to support this decision. The consultant project manager managed all other procurement for the project and no exceptions to the procurement policy were noted.</p> <p>Recommendation: R9: Procurement plans are completed for all programmes and projects during the Develop/Execute phase. Priority: High R10 Where we deem it appropriate to bypass the suggested procurement method per policy, we should ensure we document the rationale and have this approved at the appropriate level as required by our internal management policy. Priority: High</p>
<p>Active Quality Management To implement arrangements to manage quality across the programme to deliver the programme outcomes.</p> <p>Key documents required for this stage: Safety in design audit, Monthly Report to the Project Sponsor, Quality Management Plan</p>	✓	<p>Finding: Quality management Plan was explicitly defined within the Project plan.</p> <p>No exceptions were noted.</p>
<p>High Performing Teams / Resourcing To plan for appropriate resources to be deployed and rolled off the programme, balancing the business and programme needs.</p> <p>Key documents required for this stage: Project Plan</p>	✓	<p>Finding: This element was satisfied within the Project Plan prepared by the Consultant Project Manager.</p> <p>No exceptions were noted.</p>

<p>Embedded Lifecycle Assurance & Learning To implement arrangements for internal or external programme assurance and to gather lessons learned to feed into ongoing learning for the programme and organisation.</p> <p>Key documents required for this stage: Finish and Review Report/ Lessons Learnt Log, Supplier Performance Review, Benefits Realisation Plan</p>	<p>≈</p>	<p>Finding: We sighted a close-out report and performance of contractors was reviewed by the consultant project manager. However, we could not evidence a performance review of the consultant project manager. Lessons learned exercise was completed in good detail and no exceptions were noted.</p> <p>Not having a benefits realisation plan meant that we could not confirm that we achieved the benefits that PNCC set out to accomplish or that a plan was in place to track realisation in the future.</p> <p>Recommendation:</p> <p>R11 The close-out report template should be updated to include assessing whether or not the intended benefits have been achieved or not, at that point. Priority: High</p> <p>R12 If the benefits are only realised after the project has closed down, a mechanism to continue tracking their realisation should be established. Priority: Medium</p> <p>R13 Determine, when and how, benefits realisation will be reported to the ELT and Elected Members. Priority: Medium</p> <p>R14 Establish a process to capture learnings from contractor, supplier and Project Manager performance. Priority: Medium</p> <p>R15 Carry out a supplier performance review of the consultant project manager of the CETA redevelopment project. Priority: Medium</p>
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Key & Definitions:	
×	No, significant weaknesses noted.
≈	Partially, minor weaknesses noted.
✓	Yes, no exceptions noted.
High	Significant benefits will be gained by addressing this finding, positively impacting key functions, activities and controls. Actions plans with clear timelines, formal progress monitoring and reporting will be defined as a matter of urgency, ideally less than three months.
Medium	Medium benefits will be gained by addressing this finding, positively impacting key functions, activities and controls. Action will be prioritised to be completed within three to six months.
Low	Lower level benefits will be gained by addressing this finding, positively impacting key functions, activities and controls. Action will be prioritised to be completed within 12 months.
Whole of Life Budget	Total cost to complete entire Arena Redevelopment project since inception.
Cost to Complete Budget	Total cost to complete Arena Redevelopment from that point forward, in this instance, from the point of consultant project managers involvement.
Wash-up Calculation	Comparing actual spend coded in PNCC's financial system to the project's budgets available. And not just against the spend per the consultant.

Agreed Action Plan

Ref	Action	Priority	Person Responsible	Due Date
R1-R4	A repeat of previous recommendations, action plan already in place. See note below.	-	-	-
R5	When budgets are approved, it should also account for historical costs.	High	PNCC Project Manager	Ongoing
R6	We recommend PNCC perform budget and actual costs per PNCC system comparison more frequently.	Medium	PNCC Project Manager, Finance Business Partner	Ongoing
R7	We recommend that programmes being delivered as a single project be collated as 1 programme code for ease of tracking and to prevent complications for future multi-year programme capital expenditures.	High	Budget Holder, Corporate Accountant	Ongoing
R8-R14	A repeat of previous recommendations, action plan already in place. See note below.	-	-	-
R15	Carry out a supplier performance review for the consultant project manager of the CETA redevelopment project.	Low	Group Manager - Property	Mar 2022
<p><i>Note: Action Plan for the PMO recommendations previously raised can be found in our review for the PMO presented to the Finance and Audit Committee in Dec 2020. Progress of these recommendations previously raised through the PMO review currently form part of our 6 monthly Accountability Reporting to Finance & Audit Committee.</i></p>				



DATE: 23 February 2022

TITLE: Central Energy Trust Arena Redevelopment - Final Project Report

AUTHOR: Bryce Hosking, Group Manager – Property

APPROVED BY: Sarah Sinclair, Chief Infrastructure Officer

1. ISSUE

- 1.1 The Central Energy Trust (CET) Arena Redevelopment project was successfully completed in April 2021.
- 1.2 Due to the scale and complexity of the project, a workshop was commissioned by Council Officers to review the delivery of the CET Arena Redevelopment project. The outcomes of this review were consolidated into a report of learnings across the life of the project.
- 1.3 A summary of the findings of the workshop is presented in this report.
- 1.4 Please Note: In conjunction with this report a formal assurance review was also completed by the Council Business Assurance team. This review is also being presented to the Finance and Audit Committee on 23 February 2022. This report should be read in conjunction with this assurance review to provide a comprehensive overview of all elements of the project.

2. BACKGROUND

Arena Masterplan

- 2.1 The Arena Masterplan was adopted by Council in 2014, with the preferred Masterplan design option was identified and included in the 2018-28 Long-Term Plan (LTP) in 2017.
- 2.2 Given the strategic importance and overall scope and size of the proposed projects, an Arena Masterplan Steering Group was established to provide strategic oversight of the implementation of the Masterplan and the various contributing projects.
- 2.3 The individual projects included in the Masterplan were prioritised through the LTP and initial price estimates were used to inform the respective Programmes.

Long-Term Plan Programmes

- 2.4 The CET Arena Redevelopment project was included in the 2018-28 LTP and originally split over three Programmes:
 - 1082 – Central Energy Trust Arena Manawātū – Speedway Relocation and Artificial Pitch;



- 1083 – Central Energy Trust Arena Manawatū – Entrance Plaza; and
 - 1534 – Central Energy Trust Arena Manawatū – Embankment Redevelopment.
- 2.5 To ensure a cohesive design which achieved the best overall design outcomes, the respective projects were designed as a single project through the same design consultants.
- 2.6 In the 2020/21 Financial Year the three Programmes were then consolidated into a single Programme to enable the redevelopment to also be delivered concurrently as one project through a single main contractor.

Project Overview

- 2.7 The scope for each of the projects along with the overall programme of work was determined as the designs were developed over the 2018/19 and 2019/20 financial years.
- 2.8 An overview of this complex project is provided below. Essentially it consisted of works in 3 distinct areas:
- Speedway Pits – a 17,000m² civil project which included the demolition of the existing fields, installation of underground services, roading, hardstands, fencing, footpaths and associated hard landscaping and soft landscaping. Relocation of existing Palm Trees was a specialist phase of work.
 - Entrance Plaza – a 900m² public plaza with an 8m wide pedestrian bridge spanning from the Public Plaza to the Stadiums south embankment, involving the construction of new retaining and bridge structures to specialist designs with hard landscaping, lighting, furniture and planting. There was also a ticket office in the Cuba Street side of the Entrance Plaza and a canopy on the embankment side of the bridge.
 - South Embankment – the demolition/ replacement of a 1000m² section of the concourse. The construction of foundations for embankment and retaining/ support to the future South Grandstand. It involved the construction of bathroom amenity spaces to service this area of the complex. The embankment project also included the construction of a link bridge between the embankment and the existing grandstand to improve the flow and access of the public during events.
- 2.9 The design, construction and co-ordination of these complex and distinct elements involved a range of expertise which was linked together with project management supervision from WT Partnership and Council Officers.

3. PROJECT REVIEW

Project Objectives and Outcomes

- 3.1 There was no formal business case or benefits realisation plan undertaken for the project when it was adopted into the 2018-28 LTP.



- 3.2 Despite this, several physical objectives and outcomes were determined for the respective project elements. These objectives and outcomes can be used to measure whether the physical outcomes of the project were successfully delivered.
- 3.3 Below is a summary of the physical objectives and outcomes for the project:
- 3.4 Speedway Pits:
- The overall objective of the Speedway Pits project is to create new utility area for the use of Speedway Competitors during race days.
 - The new area will also provide additional utility and amenity through being a multi-purpose surface for the balance of the year. The space will provide a significantly improved visual amenity through a balance of green space and high-quality hard surfacing, improved fencing and strategic plantings.
 - Primarily a civil project led by Landscape and Architecture to create a high-quality facility.
 - Relocating and replanting as many of the existing trees as possible within the complex was also a key objective.
 - To enable this the transformer and water main need to be relocated.
- 3.5 Entrance Plaza:
- The overall objective of the Plaza project is to provide a front entrance to the arena and connect Cuba Street with the CBD with a new public space for the use during events as a multipurpose surface.
 - Primarily a civil project led by Landscape and Architecture to create a high-quality facility linking spaces together while representing local culture and history.
 - Relocating and replanting as many of the existing trees as possible within the complex was also a key objective.
 - Clearly defined security demarcation between public and arena spaces.
 - Provide ticketing accommodation facilities.
- 3.6 Embankment:
- The overall objective of the Embankment project is to create new ablution block and seating embankment area for the use of Speedway and other events.
 - The project will upgrade the Embankment area to future proof it for the future Southern Grandstand Project.
- 3.7 All the above objectives and outcomes were successfully achieved, and despite considerable interruption from the Covid-19 Level 4 Lockdown in March 2020 the project was still successfully delivered to the planned programme timeline.



Key Programme Dates

- 3.8 The key programme dates were:
- The construction contract was awarded in March 2020 to Humphries Construction.
 - Humphries Construction took possession of the site on Tuesday, 5 May 2020.
 - The blessing and 'breaking earth' ceremony took place on Friday, 8 May 2020.
 - The Speedway Pits were completed on 20 November 2020 in time for the Speedway Season. The balance of the project was then completed in April 2021 as planned.
 - The blessing and open day were completed on 10 April 2021.

Financial

- 3.9 Outlined below is a summary of the final budgets and actual costs for the project:

Cost Item	Budget/Actual (000's)
Combined original 2018-28 LTP Budget	\$16,495k
Budget transfer from Programme 1514 as part of contract award process	\$619k
Approved budget	\$17,114k
Costs incurred early in the project that were omitted from approved budget	\$409k
Actual whole of life budget required	\$17,553k
Actual project cost (whole of life)	\$17,573k
Project overspend against whole of life budget	\$49k (or just 0.2%)

- 3.10 Please note: all figures above are exclusive of GST.

4. KEY LEARNINGS IDENTIFIED

- 4.1 The review workshop identified several key learnings from the project, many of which were also highlighted in the assurance report.
- 4.2 Furthermore, many of these learnings are consistent with the findings from the PMO audit review undertaken in December 2020, and as such are either already being implemented or are in the process of being implemented.



- 4.3 The learnings and recommendations from the review workshop and the business assurance report are detailed below. Where controls are already implemented, commentary on this has also been detailed accordingly.

Scope and Benefits

Identified by: Key Learnings Workshop, Business Assurance Report

- 4.4 There was no formal business case and benefits management process undertaken for the individual projects of the Masterplan when being included in the LTP. Instead the individual projects were prioritised through the LTP and initial price estimates were used to inform the respective Programmes.
- 4.5 The impact of this that the project scope, and benefits that were sought to be achieved, were not fully determined when the project started. This resulted in continued interaction and user walk-throughs from both the Operations and Design teams throughout the project to enable to project team to work through many of the specific scope elements.
- 4.6 Recommended actions:
- Develop a formal business case for significant projects. Benefits will also be outlined in the business case and subsequently used to inform a benefits realisation plan to track how and when the identified benefits will be realised.
 - Hold scoping workshops and operation team walkthroughs to lock in the scope before design begins. This will assist to trouble shoot details up front and help to more accurately inform the detailed design.
- 4.7 Controls already underway as a result of the PMO audit and other delivery improvements:
- An improved programme entry tool was developed for the 2021-31 LTP. This resulted in the programme summary sheets being significantly more thorough than in previous LTPs. Not only has this helped with scoping, and identifying benefits, but it also helped to inform Council's decision-making at LTP time.
 - Dedicated resources are being recruited within the Infrastructure Unit to develop business cases and feasibility studies, and formalise the capture of project benefits expected, at business case stage.
 - Improved project management procedures are being implemented from the Project Management Office for all Council Officers delivering projects across Council to ensure alignment to best practise. This is a programme of improvement work which includes improvements to operational scoping, benefits realisation, project planning, stakeholder management and risk management. A Senior Project Manager role has been recruited and is leading the design and delivery of the improvement programme including the implementation across the Infrastructure Unit.



Rushed Value Engineering

Identified by: Key Learnings Workshop

- 4.8 There was a tight construction window for the works to be completed in without impacting events such as Speedway. This created significant pressure to establish funding approval and commence on site to a tight timeframe.
- 4.9 The impact of this was that the value engineering process had to be completed with a very quick turnaround time. This increased the risk to the project as some value engineering options ended up having to be further worked through operationally after the contractor was on-site.
- 4.10 Recommended action:
 - The Project Manager to allow appropriate time within the pre-construction phase of project programme to ensure throughout value engineering opportunities can be explored.

Quality and Cost-effectiveness of Design Issues from Consultants

Identified by: Key Learnings Workshop

- 4.11 There were a series of issues with some consultant advice being initially over specified and beyond what was required. This increased the cost of the project (structural foundations and increased floor areas in particular).
- 4.12 Furthermore, some advice required reiteration when it became evident it was not co-ordinated or failed to capture key technical constraints.
- 4.13 Whilst these issues were identified and captured, they were an unnecessary frustration and delay throughout the project.
- 4.14 Recommended action:
 - Consider additional milestones in programme to peer review or cost check design co-ordination and accuracy and ensure it is the most fit for purpose solution.
- 4.15 Controls already underway as a result of the PMO audit and other improvements:
 - Improved procurement procedures are being implemented from the Infrastructure Unit and Council's Procurement Team for all Council Officers delivering projects to ensure alignment to best practice. This will assist with ensuring the appropriate consultants are being selected for projects through demonstrated experience on similar projects.
 - A Contract Management Team being established in the Infrastructure Unit will assist in improvements in scoping and managing contracts, including design contracts, to achieve required performance
 - A design panel is being established, which will ensure quality management of known consultants who have already demonstrated competency to be on the panel in the first instance. For certain



services this will also develop a supplier relationship over the long term which will improve the quality of outcomes.

Construction Issue Drawings

Identified by: Key Learnings Workshop

- 4.16 Construction issue drawings were issued without highlights of changes from these tender issue drawings. This caused delays in understanding the nature of the changes.
- 4.17 Recommended action:
- For future projects the Contract Manager needs to ensure a protocol to highlight and fully explain any drawing changes from the tendered document as part of contract start up.
- 4.18 Controls already underway as a result of the PMO audit and other improvements:
- An agenda for formal contract start up meetings has been circulated to contract managers and project managers for use. This includes 'post-tender changes' as an agenda item.

Complex Budget Structure

Identified by: Key Learnings Workshop, Business Assurance Report

- 4.19 Despite an early decision to design and deliver the three projects as a single project, the budgets were not consolidated into a single 'reporting' budget until the awarding of the construction tender. This resulted in the pre-construction phase of the project was complex to financially manage.
- 4.20 This was a contributing factor to some of the historical project costs not being included in the budget established at the time of construction tender award in 2019. Whilst these historic costs were omitted as the result of a miscommunication by the project team, the additional financial management complexity did not assist with this being identified easily.
- 4.21 The historic costs being omitted is highlighted in the assurance report and was previously reported to the Finance and Audit Committee in March 2021 once identified.
- 4.22 Recommended actions:
- Programmes being delivered as a single project be collated as a single programme for ease of tracking and to prevent complications for future multi-year programme capital expenditures.
 - Regularly perform budget and actual costs comparisons regularly throughout the life of the project to avoid discrepancies.
- 4.23 Controls already underway as a result of the PMO audit:



- Regular financial reconciliations are now being undertaken for projects, particularly projects which are being delivered through external project management.

Reduced Contingency

Identified by: Key Learnings Workshop

- 4.24 The amount of contingency required for a project is typically established based on levels of risk, the degree of uncertainty, and the desired level of confidence for meeting the project budget.
- 4.25 A project's contingency depends on many factors such as the project's size, complexity, criticality, and the level of uncertainty. Other factors such as time, budget, and contractor and materials availability also play an important role in determining an appropriate project contingency sum.
- 4.26 To give context, a project of this size, complexity and risk a contingency of 20%-30% would be deemed best practise.
- 4.27 However, in this case the project contingency sum was not based on risk, but instead largely driven through a desire to reach a project budget as close to the available budgets as possible.
- 4.28 Given this, a critical decision was made through the tender approval process to reduce the contingency sum to just 5% of the project. This equated to just \$600,000 on a \$17.573 million combined budget.
- 4.29 The consequence of the reduced contingency was that there was very little room for budget movement to accommodate any unexpected matters or variations.
- 4.30 This meant the project team was continually required to make late design changes, and continue to remove elements of scope to address budget overruns in other areas, along with having to make changes to quality of the materials specified to be used, in an effort to stay within the project budget.
- 4.31 As a result, there were over 350 minor variations and contract instructions during the construction phase of the project. For clarity not all these variations were directly attributed to scope or material cuts, however, even minor design changes came with a cost. These variations included design modifications, material changes, scope cuts and changes, design expansion to accommodate for unexpected items etc.
- 4.32 However, in this instance the defined objectives of the project were all able to be successfully achieved despite the ongoing scope changes.
- 4.33 Recommended actions:
 - Ensure all project budgets include a contingency sum which is appropriate to the level of complexity and risk of the project.
- 4.34 Controls already underway as a result of the PMO audit:



- Contingency sums are being established which are more appropriate to the level of complexity and risk of the project. These are being clearly articulated through project plans and in tender award reporting so they can be reflected in project budgets.

Additional Project Governance Controls

- 4.35 In addition to the controls that have been specifically mentioned above it is important to note that several additional controls have been put in place as the result of the PMO audit in December 2020, and other delivery improvements.
- 4.36 A project management manual has now been developed along with guide, templates and checklists to ensure best practise project management can be followed across Council.
- 4.37 The manual articulates an end-to-end approach to project management including direction for project planning, benefit realisation, stakeholder plans and management, risk management, procurement, and project completion. The manual provides added emphasis on the procurement process and will assist project managers are aligned to best practise and Council's procurement policy. Rollout and training of project managers will take place this financial year.
- 4.38 Additionally, an Infrastructure Programme Governance Group has been established to provide further accountability and consistency across the project management practises being undertaken across the unit.

COMMITTEE WORK SCHEDULE

TO: Finance & Audit Committee

MEETING DATE: 23 February 2022

TITLE: Committee Work Schedule

RECOMMENDATION(S) TO FINANCE & AUDIT COMMITTEE

1. That the Finance & Audit Committee receive its Work Schedule dated February 2022.

ATTACHMENTS

1. Committee Work Schedule_February 2022 [↓](#) 

FINANCE & AUDIT COMMITTEE

COMMITTEE WORK SCHEDULE – FEBRUARY 2022

Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
1.	February 2022	CET Arena Redevelopment Project close-out report	Chief Infrastructure Officer	Included in the report: Internal audit on the Arena Development Project.	Council 7 October 2019 Clause 127.2
2.	February 2022	Internal audit on the Arena Development Project	Business Assurance Manager		Infrastructure 24 March 2021 Clause 5.1
3.	February 2022	Victoria Esplanade—Café lease extension negotiations	Chief Infrastructure Officer		24 March 2021 Clauses 18.1, 18.3
4.	February 2022	Quarterly Performance & Financial Report (quarter ending 31 December 2021)	Chief Financial Officer		
5.	February 2022 May 2022 September 2022	Health and Safety quarterly update	Safety & Health Manager		
6.	February 2022 August 2022	Business Assurance six-monthly accountability report	Business Assurance Manager		16 December 2020 Clause 68.2
7.	April 2022	Quarterly Performance & Financial Report (quarter ending 31 March 2022)	Chief Financial Officer		
8.	May 2022	Review of Property Asset Renewals	Business Assurance Manager		15 December 2021 Clause 95
9.	May 2022	Procurement review	Business Assurance		15 December 2021

Oasis # 13972985

Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
			Manager		Clause 95
10.	August 2022	Quarterly Performance & Financial Report (quarter ending 30 June 2022)	Chief Financial Officer		
11.	August 2022	Asset Management Review	Business Assurance Manager		15 December 2021 Clause 95
12.	August 2022	Financial delegation of Authority Policy Review	Business Assurance Manager		15 December 2021 Clause 95
13.	August 2022	Review of Rating System	Chief Financial Officer		15 December 2021
14.	October-December 2022	Annual Report	Chief Financial Officer		
15.	November 2022	Review of Project Planning and Budgeting	Business Assurance Manager		15 December 2021 Clause 95
16.	November 2022	Enterprise Risk Management Framework review	Business Assurance Manager		15 December 2021 Clause 95
17.	February 2023	Benefits Realisation Framework and Strategic Prioritisation Review	Business Assurance Manager		15 December 2021 Clause 95
18.	February 2023	Sustainable Practices Review	Business Assurance Manager		15 December 2021 Clause 95

CONFIDENTIAL DECISIONS RELEASED

Meeting date	Title	Released	Not Released

More information on the decisions released can be found on [released decisions](#)

MEMORANDUM

TO: Finance & Audit Committee

MEETING DATE: 23 February 2022

TITLE: Business Assurance 6 Monthly Accountability Report

PRESENTED BY: Masooma Akhter, Business Assurance Manager

APPROVED BY: Sheryl Bryant, Assistant Chief Executive

RECOMMENDATION(S) TO FINANCE & AUDIT COMMITTEE

1. That the Committee receive the report titled 'Business Assurance 6 Monthly Accountability Report', presented to the Finance & Audit Committee on 23 February 2022.
-

1. ISSUE

The Business Assurance Charter requires that follow-up procedures for audit recommendations are undertaken regularly and reported to the Finance & Audit Committee.

We are awaiting the final Audit NZ report; once that is released, we will develop an updated action plan and present that to this committee.

2. BACKGROUND

Follow-up is a process by which internal auditors evaluate the adequacy, effectiveness, and timeliness of actions taken by management on reported observations and recommendations, including those made by external auditors and others. This process also includes determining whether senior management and/or the committee have assumed the risk of not taking corrective action on reported observations.

Where an external review/audit has been completed and reported to the Finance & Audit Committee, the recommendations will form part of the accountability report.

Attached is the report that shows the status of each agreed action. Only items that were unable to be actioned by the target date have been deemed 'overdue' and reported in detail.

3. NEXT STEPS

A six-monthly accountability report will be reported to the Finance & Audit Committee.

As further reviews are completed (as per the Business Assurance Plan) and reported to the Finance & Audit Committee, their recommendations will form part of future accountability reports presented by Business Assurance.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A Driven & Enabling Council	
The recommendations contribute to the achievement of action/actions in (Not Applicable)	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Business Assurance aims to help the Council succeed by building trust and confidence in the core controls relied on by management.

ATTACHMENTS

1. Accountability Report [↓](#) 

Accountability Report

Finance & Audit Committee

Nov 2021

Prepared by:
Business Assurance Division

Page 1 of 8

Accountability Report – Finance & Audit Committee – Nov 2021

Compilation

Status	High	Medium	Low	Grand Total
Not Started, Overdue	4	4	-	8
Not Started	27	26	1	54
In Progress, Overdue	16	3	2	21
In Progress	24	28	1	53
Completed	25	14	3	42
Total Actions	96	75	7	178

Details of items making up the current status have been categorised by audit programme. Further details on items overdue are presented in the section of the audit programme they originated from. Audit Programmes have been presented from earliest to most recently completed.

Review Programme	Not Started, Overdue	Not Started	In Progress, Overdue	In Progress	Completed	Total	Ref Pg.
Business Continuity Planning Review – Stage 1	-	-	8	-	4	12	3
PMO (Project Management Office) Review	4	-	8	6	4	22	4-5
Community Grants and Events	2	-	2	-	6	10	6
Council Policy	-	-	3	3	3	9	7
Asset Management Planning	2	54	-	44	25	125	8
Total Actions	8	54	21	53	42	178	-

Business Continuity Planning Review, Stage 1 - Completed in August 2020

Status	High	Medium	Low	Total
Not Started	-	-	-	-
In Progress, Overdue	8	-	-	8
In Progress	-	-	-	-
Completed	4	-	-	4
Total Actions	12	-	-	12

Table below details Items **In progress, Overdue**. All overdue items have a priority of "High".

No	Action / Recommendation	Initial Due Date	Updated Due Date	Role	Management Comment
1	BCPs to be enhanced, made more useful and relevant	Mar-21	June-22	HoRR	Work Paused as part of responding to COVID-19. There is a resourcing issue and work will resume when COVID-19 situation is stabilised.
2	Call centre risk – review plans against a range of scenarios	Sep-20	Mar-22	HoRR	Work Paused as part of responding to COVID-19. There is a resourcing issue and work will resume when COVID-19 situation is stabilised.
3	Looking after staff: Develop telephone trees	Dec-20	Feb-22	HoRR	Underway as part of preparation for COVID response.
4	Looking after staff: Train managers and team leaders on their immediate response to emergency events	Dec-20	June-22	HoRR	Work Paused as part of responding to COVID-19. There is a resourcing issue and work will resume when COVID-19 situation is stabilised.
5	Plan what staff may be required where and backfilling plans (delegations / training)	Dec-20	June-22	HoRR	Underway as part of preparation for COVID response.
6	Where we rely on external partners to deliver services, we need to ensure our BCPs are aligned	Dec-20	June-22	HoRR	Work Paused as part of responding to COVID-19. There is a resourcing issue and work will resume when COVID-19 situation is stabilised.
7	That exercises are run across the Council at least annually using a range of scenarios	Dec-20	Dec-22	HoRR	Work Paused as part of responding to COVID-19. There is a resourcing issue and work will resume when COVID-19 situation is stabilised.
8	Review of service restoration times in the context of a crisis event	Aug-20	June-22	HoRR	Work Paused as part of responding to COVID-19. There is a resourcing issue and work will resume when COVID-19 situation is stabilised.

Table below details Items **Completed** within the Accountability reporting period of this report.

No	Action / Recommendation	Initial Due Date	Role
1	Review Crises Management Roles and Responsibilities	Sep-2020	HoRR
2	Staff contact list with work and home numbers to be available in different formats. Key work contacts should be saved on phones.	Sep-2020	HoRR
3	Continue to develop and apply adaptive leadership styles	Sep-2020	HoRR

PMO (Project Management Office) Review - Items raised in December 2020

Status	High	Medium	Low	Total
Not Started, Overdue	3	1	-	4
Not Started	-	-	-	-
In Progress, Overdue	5	3	-	8
In Progress	2	4	-	6
Completed	2	2	-	4
Total Actions	12	10	-	22

Table below details Items **Overdue**.

No	Action / Recommendation	Priority	Initial Due Date	Current Due date	Role	Management Comment
Not Started, Overdue						
1	That adequate risk management training is offered to all Project Managers	High	June-21	Apr-22	PMOM	Due to staffing changes in the PMO, this has been delayed. It will be underway by April 22.
2	That central planning of internal resources is led by the PMO division.	High	Mar -21	June-22	CIO	All infrastructure staff with the title of Project Manager will be under in the PMO. The PID and meetings will help ensure projects are allocated to the correct Project Manager.
3	That a suitable project management portfolio tool is invested in to assist the PMO to meet its goals and objectives.	High	TBD	Sept-22	ELT/PM OM	Investigations to be undertaken after Team Leader role has been appointed.
4	Financial Information presented to PRB updated to include commentary on any current or forecast variation.	Medium	Mar -21	June-22	PMOM	Role of Governance group and their report requirements to be established
In Progress, Overdue						
1	A quality management plan should be produced during the Develop phase outlining how, and by whom, key outputs from the projects will be reviewed, tested and accepted, this should then be embedded into the project schedule.	High	June-21	Apr-22	PMOM	Drafted and pending approval by CIO
2	That a stakeholder mapping exercise is undertaken, and the stakeholder management plan finalised.	High	Mar -21	Apr-22	PMOM	Stakeholder management plan template is drafted and available for review and sign-off by CIO

3	That the PMO division have direct oversight and ability to hold Project Managers accountable to apply disciplines outlined within the PMO manual.	High	Mar -21	Apr-22	CIO	All infrastructure staff with the title of Project Manager will under the PMO. Reporting by the PMO to the ILT (Infrastructure Leadership Team's) Project Governance group will assist to exercise governance over projects completed in various divisions.
4	In the 'Conceive' phase the Project Sponsor should approve a detailed business case before any programme is commissioned to commence	High	June-21	June -22	CIO	Work is underway to establish a process for Project Initiation Documents/meetings for complex new projects/programmes to ensure required information is in place prior to a project being started
5	The PMO manual to be finalised and approved by the CIO.	High	Mar -21	Mar-22	PMOM	Drafted and pending approval by CIO
6	Update the PMO manual to include the role and responsibility of the CFO, the internal Communications Advisor and Strategy & Planning unit (being a centre of excellence for external consultation).	Medium	Mar -21	May-22	PMOM	Meetings underway to determine what support is available from Strategy & Planning Unit or Communications regarding external consultation.
7	That a representative from Strategy & Planning is included on the PRB (Project Review Board).	Medium	Mar -21	June -22	CIO	Plan for inclusion in PID/meeting for complex projects
8	To review the terms of reference for the PRB. The responsibilities & accountabilities for each member should be included. Regular feedback sessions should be allowed to discuss the purpose of the PRB and how more value can be gained.	Medium	Mar -21	Apr-22	CIO	More clarity on this will be obtained by Apr-22

No additional items were **Completed** during the accountability reporting period.

Community Grants and Events Funding Review – Completed in April 2021

Status	High	Medium	Low	Total
Not Started, Overdue	-	1	1	2
Not Started	-	-	-	-
In Progress, Overdue	1	1	-	2
In Progress	-	-	-	-
Completed	3	1	2	6
Total Actions	4	3	3	10

Table below details Items **Overdue**.

Ref	Action / Recommendation	Priority	Initial Due Date	Updated Due Date	Role	Management Comment
Status: Not Started, Overdue						
1	To Include: Roles and Responsibilities of parties and that PNCC has the discretion to sight proof of payment by event organiser to subcontractor in Event Funding Contracts signed.	Medium	June -21	Feb-22	HoE	To be drafted but there were no new contracts signed in the FY 21/22 so far.
2	PNCC to formally review the current settings and document the process taken, reasoning and judgements for outsourced grants.	Medium	Oct-21	July-22	FA	Some current settings are being reviewed.
Status: In Progress, Overdue						
1	Develop a change control framework.	High	Aug -21	May-22	ACE	Head of Events was officially appointed into role in Sept -21, since then progress continues to be made regarding this recommendation.
2	Formally document processes applied when assessing applications for various grants and uploading to Promapp.	Low	Aug-21	May-22	FA	Processes for some grants are complete but unable to be marked as completed as there are other processes currently being reassessed.

Table below details Items **Completed** within the accountability reporting period of this report.

No	Action / Recommendation	Initial Due Date	Role
1	Natural & Cultural Heritage Fund - Reduce requirement for 2 peer reviewers to 1 in Smarty Grants.	June -21	Planner
2	Palmy Unleashed - Moving forward, to consider providing full amount of grant to successful applicant.	June -21	HoE
3	Major Events Fund - Include in the application form for the applicant to identify which of PNCC's Goals and Strategies the event aims to achieve.	June -21	HoE
4	Standard templates to be developed and made available for applicants' reference.	Sep-21	CDM & HoE
5	A yearly report on performance of all grants be presented to Council with recommendations for change where applicable.	Sep-21	CDM & HoE
6	Develop a policy for Major Events & Palmy Unleashed.	Dec-21	SaPM

Council Policy Review – Completed in May 2021

Status	High	Medium	Low	Total
Not Started, Overdue	-	-	-	-
Not Started	-	-	-	-
In Progress, Overdue	2	-	1	3
In Progress	3	-	-	3
Completed	1	1	1	3
Total Actions	6	1	2	9

Table below details Items **Overdue**.

Ref	Action / Recommendation	Initial Due Date	Current Due Date	Role	Management Comment
Status: In Progress, Overdue					
1	Develop a Policy Framework	Sep-21	Apr-22	SaPM	Framework has been drafted. Next steps include ELT endorsement and communication.
2	Develop a process for enduring policy decisions made by Council	Sep-21	Apr-22	DaGM	Under development, will form part of framework.
3	Review LG Hub, policy register and website for consistency	Sep-21	Apr-22	SaPM	Will be undertaken as part of framework roll-out.

Table below details Items **Completed** within the Accountability reporting period of this report.

No	Action / Recommendation	Initial Due Date	Role
1	Finalise review tracker	June -21	SaPM
2	Update staff induction checklist to incorporate Council adopted policies	June -21	POM
3	Review policy statements from the policy register to date	June -21	SaPM

Asset Management Planning (Status Update on 2019 Maturity Assessment) Review – Completed in Aug 2021

Status	High	Medium	Low	Total
Not Started, Overdue	1	1	-	2
Not Started	27	26	1	54
In Progress, Overdue	-	-	-	-
In Progress	19	24	1	44
Completed	15	10	-	25
Total Actions	62	61	2	125

Table below details Items **Overdue**.

Ref	Action / Recommendation	Due Date	Role	Management Comment
Not Started, Overdue				
1	Review the levels of service for each activity through customer engagement.	Oct -21	CPO	Due date amended to Dec-22. A level of service review is being considered. Actions required for this recommendation will be progressed with consideration to the results of this review.
2	Develop the non-infrastructure (community/customer) LoS and then review the infrastructure (technical) LoS.	Oct -21	CPO	

No additional items were **Completed** during the accountability reporting period.

Key:	
HoRR – Head of Risk and Resilience	DSM – Digital Solutions Manager
PMOM – Project Management Officer Manager	CIO- Chief Infrastructure Officer
ELT – Executive Leadership Team	HOE- Head of Events
CPO- Chief Planning Officer	CDM – Community Development Manager
SaPM – Strategy and Policy Manager	FA- Funding Administrator
PID – Project Initiation Document	POM – People Operations Manager
ACE – Assistant Chief Executive	
Role – Role responsible for progressing and completing the Item raised.	