



PAPAIOEA
PALMERSTON
NORTH
CITY

PALMERSTON NORTH CITY COUNCIL

AGENDA

EXTRAORDINARY COUNCIL

11 AM, WEDNESDAY 16 MARCH 2022

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

MEMBERS

Grant Smith (Mayor)

Aleisha Rutherford (Deputy Mayor)

Brent Barrett

Patrick Handcock

ONZM

Susan Baty

Leonie Hapeta

Rachel Bowen

Lorna Johnson

Zulfiqar Butt

Billy Meehan

Vaughan Dennison

Orphée Mickalad

Renee Dingwall

Karen Naylor

Lew Findlay QSM

Bruno Petrenas

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

To Marae o Hine | 32 The Square
Private Bag 11034 | Palmerston North 4442 | New Zealand
pncc.govt.nz

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EXTRAORDINARY COUNCIL MEETING

16 March 2022

MEETING NOTICE

Pursuant to Clause 21 of Schedule 7 of the Local Government Act 2002, I hereby requisition an extraordinary meeting of the Council to be held at 9.00am on Wednesday, 16 March 2022 in the Council Chamber, first floor, Civic Administration Building, 32 The Square, Palmerston North, to consider the business stated below.



MAYOR

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. Presentation of the Part I Public Committee of Council Recommendations from its 2 March 2022 Meeting Page 7

5. Annual Budget (Plan) 2022/23 - Adopting Supporting Information and the Consultation Document Page 9

Memorandum, presented by Steve Paterson, Strategy Manager Finance.

6. 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
7.	Selecting Consultant for CE Recruitment	Third Party Commercial	s7(2)(b)(ii)
8.	Part IIB - Confirmation of Part IIB Minutes 2 March 2022	Privacy	s7(2)(a)
9.	Part IIB - Appointment of Acting Chief Executive	Privacy	s7(2)(a)

10.	Part IIB - Chief Executive Contract	Negotiations	s7(2)(i)
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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].

RECOMMENDATIONS FROM COMMITTEE

TO: Council

MEETING DATE: 16 March 2022

TITLE: Presentation of the Part 1 Public Committee of Council Recommendations from its 2 March 2022 Meeting

Set out below are the recommendations only from the Committee of Council meeting Part 1 Public held on 2 March 2022. The Council may resolve to adopt, amend, receive, note or not adopt any such recommendations. (SO 3.18.1)

1-22 Annual Budget (Plan) 2022/23 - Adopting Supporting Information and the Consultation Document

Memorandum, presented by Cameron McKay, Acting Chief Financial Officer and Steve Paterson, Strategy Manager - Finance.

1. That the Chief Executive incorporate the assumptions regarding carry forwards of capital programmes from the 2021/22 year as detailed in **Schedule A** in the draft of the 2022/23 Annual Budget.
2. That the Chief Executive incorporate the deferrals of capital programmes from 2022/23 to later years as detailed in **Schedule B**.
3. That a budget of \$65,000 be allocated to programme 2129 to undertake a trial of a free rubbish bag a month to low income households.
4. That the following proposed new Operational programme is removed from the draft 22/23 Annual Budget, and is included in a list titled: "Considered but not included":
 - Programme 2136 – City Marketing Campaigns - \$150,000
5. That the following proposed Operational programme is removed:
 - Programme 2135 - \$21,000 – LGNZ Conference
6. That an additional budget of \$100,000 is allocated to continue that COVID-19 Relief Fund for 2022/23.
7. That the Chief Executive incorporate the variations to operating programmes as detailed in **Schedule C** in the draft 2022/23 Annual Budget, subject to the resolutions 3 to 6 above.
8. That the Chief Executive incorporate the changes to assumptions and operating income and expenses as summarised in Schedule G in the draft of the 2022/23 Annual Budget.
9. That the following proposed Capital New programme is added to

the draft 22/23 Annual Budget:

- \$300,000 for on-demand crossing Ferguson/Linton Street.
10. That the Chief Executive incorporate the variations to capital renewal programmes as detailed in **Schedule D** in the draft of the 2022/23 Annual Budget.
 11. That the Chief Executive incorporate the variations to capital new programmes as detailed in **Schedule E** in the draft of the 2022/23 Annual Budget, including resolution 9 above.
 12. That the following programme's funding is reduced:
 - Programme 86 - \$103,000 – (capital renewal) Furniture replacements – reduce to \$50,000.
 13. That the following programme's funding is reduced:
 - Programme 2047 - \$154,000 – (capital new) Furniture transformation – reduce to \$75,000.
 14. That the Chief Executive incorporate the programmes with no proposed change to the budget shown in year 2 of the 10 year Plan as detailed in **Schedule F** in the draft of the 2022/23 Annual Budget, incorporating resolutions 12 and 13 above.

2-22 Annual Budget (Plan) 2022/23 - Adopting Supporting Information and the Consultation Document

Memorandum, presented by Cameron McKay, Acting Chief Financial Officer and Steve Paterson, Strategy Manager - Finance.

1. That the uniform annual general charge be modelled at \$200, \$100 and \$0 and reported to Council on 16 March 2022.
2. That the draft annual budget include an assumption the differentials for the general rate will be modified as outlined in Table 1 of the report and that the uniform annual general charge will be \$300.

3-22 Annual Budget (Plan) 2022/23 - Adopting Supporting Information and the Consultation Document

Memorandum, presented by Cameron McKay, Acting Chief Financial Officer and Steve Paterson, Strategy Manager - Finance.

1. That the Chief Executive incorporate the outcomes from recommendation 1 into the updated versions of the supporting information and consultation document to be presented for adoption at the Council meeting on 16 March 2022.

MEMORANDUM

TO: Council

MEETING DATE: 16 March 2022

TITLE: Annual Budget (Plan) 2022/23 - Adopting Supporting Information and the Consultation Document

PRESENTED BY: Steve Paterson, Strategy Manager Finance

APPROVED BY: Cameron McKay, Acting Chief Financial Officer

RECOMMENDATIONS TO COUNCIL

- 1. That the Council adopt the Supporting Information (Attachment 1) as the material relied upon to prepare the Consultation Document for the 2022/23 Annual Budget (Plan).**
 - 2. That the Council adopt the Consultation Document (Attachment 2) for the 2022/23 Annual Budget (Plan).**
 - 3. That the Mayor and Chief Executive be delegated authority to make minor amendments to the Consultation Document prior to publication.**
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1. ISSUE

- 1.1 At its meeting on 2 March the Committee of Council considered the draft 2022/23 Annual Budget as well as the draft Consultation Document and Supporting Information. The minutes of that meeting are being presented to the Council for adoption.
- 1.2 Since the committee meeting officers have updated the draft material to reflect the Committee's decisions.

2. BACKGROUND

- 2.1 The proposed Consultation Document (CD) is attached and the updated Supporting Information is enclosed separately.

Changes to Consultation Document

2.2 As a consequence of elected member feedback and a further officer review a number of changes have been made to the CD. These include:

- Changes to the introduction including reference to the impacts on rates of the City revaluation
- Redrafting the section highlighting changes since the 10 Year Plan with more focus on the more significant items
- Including reference to the 3 Waters “better-off” funding and an updated commentary about the Nature Calls project
- Making it clearer that the Council is proposing to moderate the effects of the revaluation through changes to the differential surcharges and the level of the UAGC
- Filling in the gaps in tables and graphs to reflect the latest position
- Updating the ‘Have your say’ page to recognise that face to face meetings may not be possible and that more will be undertaken on-line
- Updating the questions on the submission form
- Including elected members contact details.

Committee Changes & Rates Policy Maximum

2.3 The material presented to the Committee of Council showed a required increase in total rates revenue 8.4%. The changes recommended by the Committee reduced this to 8.3%. Co-incidentally this equates the updated policy maximum for rates increases as outlined in the Council's financial strategy. The policy maximum is calculated as follows:

BERL Local Government Cost Index	2.4%
+ additional rates obtained from growth	0.4%
+ funding for costs of higher standards and new services	3.0%
+ increased funding required for asset renewals	2.5%
Total – desired maximum rates increase for 2022/23	8.3%

Further Rates Information

- 2.4 The Committee of Council requested that further information be provided to assist with understanding the rationale for the recommendation that the rating system for 2022/23 assume a uniform annual general charge (UAGC) of \$300. The Committee requested information to demonstrate the impact on rates incidence for scenarios that included a UAGC of \$200, \$100 and zero.
- 2.5 The following table shows the percentage of the total rates that would be paid by each of the differential groups using scenarios where the differential surcharges were changed (as recommended by the Committee of Council) and using various levels of UAGC ranging from \$500 to zero (including the \$300 level recommended by the Committee of Council). These compare with the right-hand column which shows the percentage that would be paid using the latest valuations but with no change to the differential surcharges or the UAGC. In 2020/21 62.8% of the rates were payable by the single unit residential category and without change to the system this would increase to 67.6%. Based on the changes and a \$300 UAGC 65.1% will be paid by the single unit residential category.

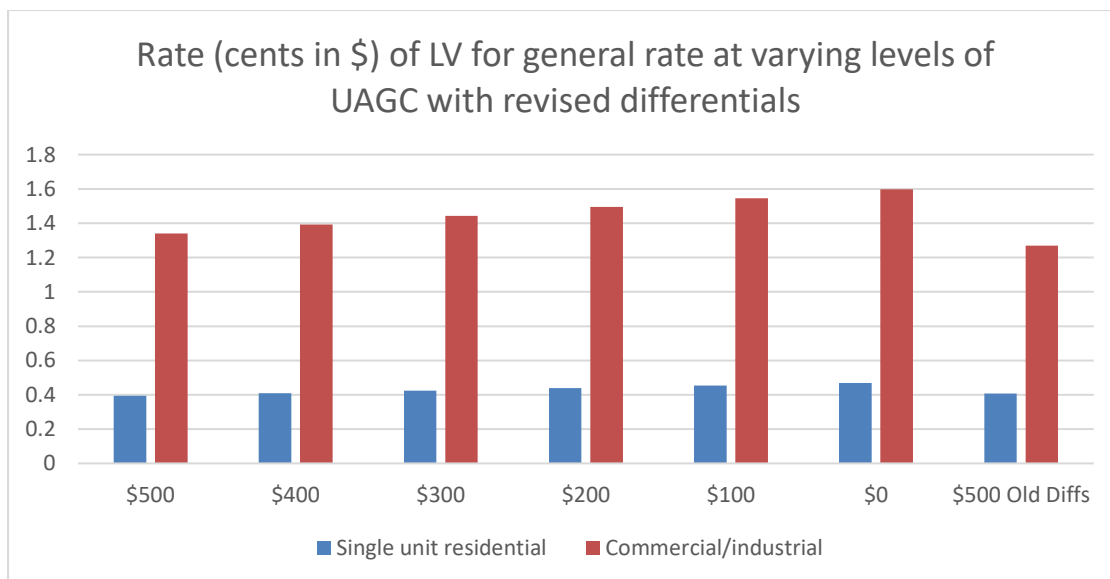
% of total rates	Revised differentials on general rate						Old Diffs
	\$500	\$400	\$300	\$200	\$100	\$0	\$500
Single unit residential	66.3	65.7	65.1	64.5	63.9	63.3	67.6
Multi-unit residential	5.5	5.5	5.5	5.6	5.6	5.7	5.6
Miscellaneous	2.5	2.5	2.5	2.5	2.6	2.6	2.5
Commercial/ industrial	21.7	22.4	23.0	23.6	24.2	24.8	20.7
Rural/semi- serviced	4.0	3.9	3.9	3.8	3.7	3.6	3.6

- 2.6 The following table shows the total rates that would be paid by each differential category under the various scenarios. It shows that the changes to the differentials and the \$300 UAGC mean \$3.4m of rates is moved from the residential to the commercial/industrial differential category to moderate the effects of the movement in the other direction due to the impacts of the revaluation.

\$m of rates	Revised differentials on general rate						Old Diffs
	\$500	\$400	\$300	\$200	\$100	\$0	\$500
Single unit residential	88.6	87.7	86.9	86.1	85.3	84.5	90.3
Multi-unit residential	7.3	7.4	7.4	7.5	7.6	7.6	7.5
Miscellaneous	3.3	3.4	3.4	3.4	3.4	3.5	3.3
Commercial/ industrial	29.1	29.9	30.7	31.5	32.3	33.1	27.7
Rural/semi-serviced	5.3	5.2	5.2	5.1	5.0	4.9	4.8

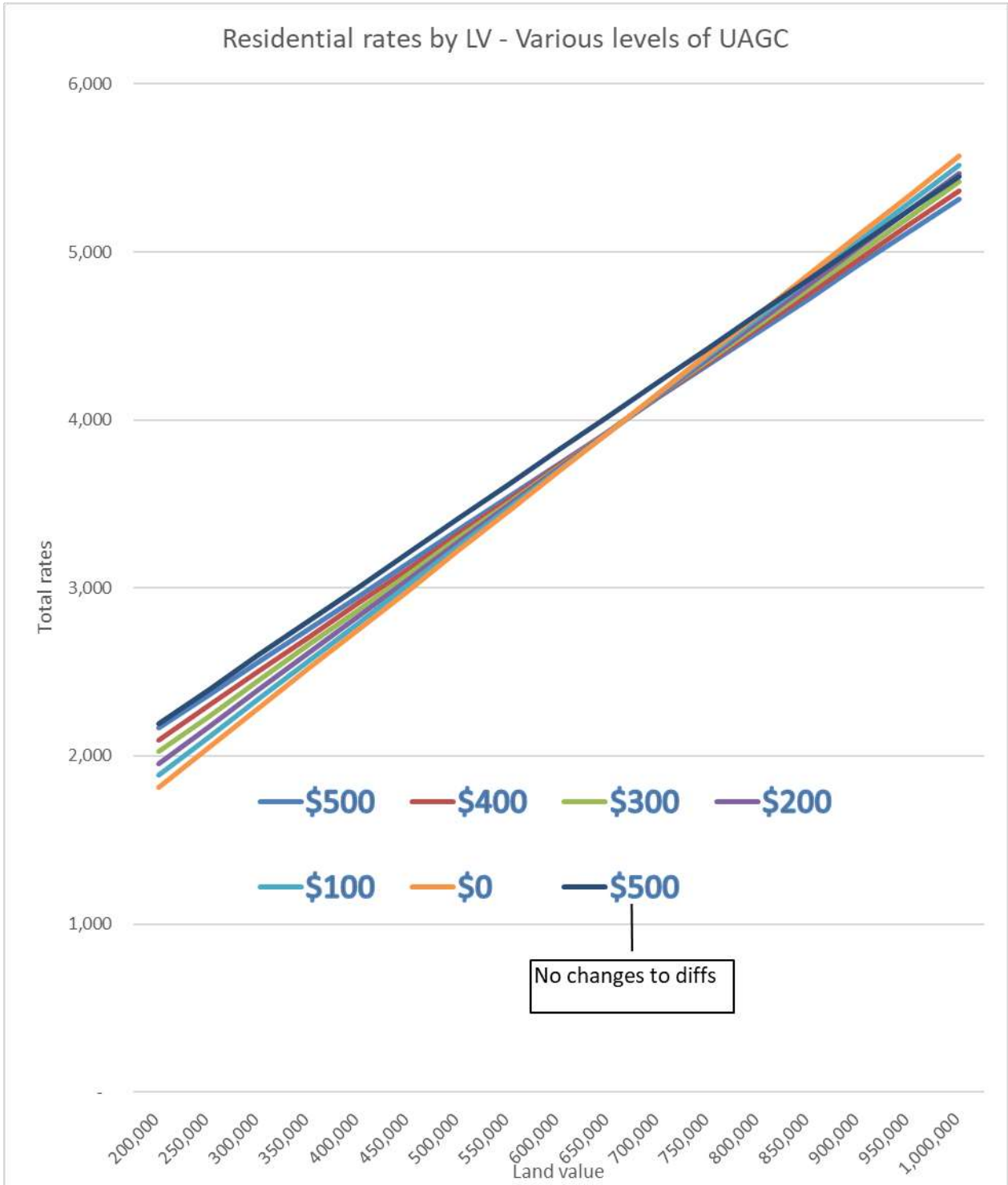
2.7 The following graph and table show how reducing the level of the UAGC increases the rate-in-the-\$ charged on the land value. It also shows that under each scenario the rate-in-the-\$ proposed to be charged on the commercial/industrial category is 3.4 times the proposed single unit residential rate.

Rate (c in \$) of Land Value	Revised differentials on general rate						Old Diffs
	\$500	\$400	\$300	\$200	\$100	\$0	\$500
UAGC							
Single unit residential	0.3938	0.4089	0.424	0.4391	0.4542	0.4693	0.4073
Commercial/ industrial	1.3404	1.3919	1.4431	1.4946	1.5459	1.5974	1.2686



2.8 The following table shows what the total rates would be for single unit residential properties at each land value using different UAGC scenarios. It is demonstrated graphically on the graph that follows. The lower the UAGC the steeper the line.

general rate (c-in-\$) UAGC	Revised differentials on general rate						Old Diffs
	0.3938 \$500	0.4089 \$400	0.424 \$300	0.4391 \$200	0.4542 \$100	0.4693 \$0	0.4073 \$500
200,000	2,165	2,095	2,025	1,955	1,885	1,816	2,192
250,000	2,362	2,299	2,237	2,175	2,113	2,050	2,395
300,000	2,558	2,504	2,449	2,394	2,340	2,285	2,599
350,000	2,755	2,708	2,661	2,614	2,567	2,520	2,803
400,000	2,952	2,913	2,873	2,833	2,794	2,754	3,006
450,000	3,149	3,117	3,085	3,053	3,021	2,989	3,210
500,000	3,346	3,322	3,297	3,273	3,248	3,224	3,414
550,000	3,543	3,526	3,509	3,492	3,475	3,458	3,617
600,000	3,740	3,730	3,721	3,712	3,702	3,693	3,821
650,000	3,937	3,935	3,933	3,931	3,929	3,927	4,024
700,000	4,134	4,139	4,145	4,151	4,156	4,162	4,228
750,000	4,331	4,344	4,357	4,370	4,384	4,397	4,432
800,000	4,527	4,548	4,569	4,590	4,611	4,631	4,635
850,000	4,724	4,753	4,781	4,809	4,838	4,866	4,839
900,000	4,921	4,957	4,993	5,029	5,065	5,101	5,043
950,000	5,118	5,162	5,205	5,248	5,292	5,335	5,246
1,000,000	5,315	5,366	5,417	5,468	5,519	5,570	5,450
468,000 (Average)	3,220	3,191	3,161	3,132	3,103	3,073	3,283





3. NEXT STEPS

3.1 Officers will publish the documents and initiate the public engagement process which is scheduled to run from 21 March with submissions closing on 21 April 2022.

4. COMPLIANCE AND ADMINISTRATION

Does the Council 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?	Yes
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A Driven & 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	<p>Adopting an annual budget/plan each year is a fundamental legislative requirement and without this in place the Council will not be able to set rates for the year and therefore fund any of its actions, plans or strategies.</p> <p>Determining a draft of the annual budget and the nature of public engagement is also a fundamental part of the process.</p>

ATTACHMENTS

1. Supporting Information for proposed 2022/23 Annual Budget (attached separately) 
2. Consultation Document for Annual Budget 2022/23 [↓](#) 



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**Annual Budget
2022/23
Consultation**

(Year two of the 10 Year Plan 2021-2031)

[PNCC.GOV.NZ/ANNUALBUDGET](https://pncc.govt.nz/annualbudget)

Matawhānui Papaioea
Palmerston North vision

He iti rā, he iti pounamu

Small city benefits, big city ambition

Whāinga 1: He tāone auaha, he tāone tiputipu
Goal 1: An innovative and growing city

Whāinga 2: He tāone whakaihihi, tapatapahi ana
Goal 2: A creative and exciting city

Whāinga 3: He hapori tūhonohono, he hapori haumaruru
Goal 3: A connected and safe community

Whāinga 4: He tāone tautaiiao
Goal 4: An eco city

Whāinga 5: He Kaunihera ahunui, whakamana i te iwi
Goal 5: A driven and enabling Council



Planning in uncertain times

2021 and the start to 2022 has been tough for everyone, a second year navigating the unpredictable effects of the COVID-19 pandemic. It's hard out there for individuals, families, organisations and businesses, with petrol, mortgage rates and the price of food and other goods increasing.

We also are not immune to these issues. Just like you, we're seeing price hikes for everything we do, from construction, issues with the supply of materials, increases to upgrading infrastructure and the interest for our debt. There are cost increases everywhere. Last year we adopted a plan for the city for the next 10 years. At the time there was uncertainty about many aspects of the plan as we couldn't predict the impacts of the pandemic.

Now we're preparing the detailed Council budget for 2022/23, reviewing the assumptions we made for year two of the 10 year plan, and in some cases revising them.

Interest rates and costs are increasing more than we'd assumed they would. We've concluded you'd want us to continue as best we can to deliver essential city services and those little extras that make Palmy a great place to live. In the current climate though, we've had to delay some planned work for the year due to the difficulty of finding enough contractors, staff or materials to complete them.

Our city has been growing, and while this is good news for our economy, there's been a significant shortage of residential land for housing. Like the rest of New Zealand, land and house prices here have been rising quickly, and city rating valuations were recently updated as at 1 September 2021.

We use the land value from these valuations as the base for distributing rates amongst ratepayers. Although the new values don't change the total rates the Council collects, they do mean rates for some residential properties will increase notably, due to their land value increasing substantially more than the average.

We've looked hard to see what we can do to try mitigate against these impacts and as a result, plan to make some changes to the way rates are calculated. We have more information about this on page 11. This booklet outlines some of the key things we've been working on and gives more detailed information about the likely impact on your rates. There is also more information available on our website.

We're keen to hear your thoughts on what we propose. Maybe you think we should prioritise things differently? The ways you can let us know are outlined in the back of this booklet. I encourage you to let us know what you think.

Nga mihi nui,
Mayor Grant Smith ^{JP}

We've achieved some great things over the last 12 months!

Bunnythorpe Community Centre

Bunnythorpe residents now have a place to meet and be together following the completion of their 168m² community centre.

Duplicate water main

Palmy now has a resilient drinking water supply, following the two-year construction of a second water main. This means that if we have an earthquake, or operational issues, we should still be able to supply the city water.

Memorial Park upgrades

The city's most accessible playground was the highlight of winter for Palmy kids in 2021, followed by the opening of the region's only free splashpad over summer.



Peace Tree Reserve

The cutting of a plant that survived the Nagasaki bombing now has prime position at the city's newest reserve in Summerhill.

Major safety upgrades

We upgraded the Monrad/Pencarrow intersection to include a roundabout. We've re-aligned the entrance to the Victoria Esplanade at the intersection of Park Rd/ Cook St and made major safety improvements to the Pioneer/Lyndhurst intersection. We also completed a major revitalisation of the Cloverlea roundabout, and added asphalt speed bumps at locations in Milson, Cloverlea, Highbury and Summerhill.

Major city water upgrades

2021/22 has been a big year for our water network, with major projects along Tremain Ave, Church St, Victoria Ave, Keith St, the Cloverlea roundabout and many suburban streets. We've also replaced some of the pumps that help move our wastewater through the various stages of treatment and carried out some seismic upgrades to the Wastewater Treatment Plant.



Manawatū River Entrance Victoria Esplanade

Our residents and visitors now have an accessible entrance from our premier park to our awa, made even more special by its ode to the scenic railway and signature lighting.

We've got some important projects coming up too.

Papaioea Place social housing

This coming year will see the completion of our social housing redevelopment at Papaioea Place where we'll finish the remaining seven houses and a tenant's lounge. At completion this innovative project will see the former 48 homes converted into 85 new ones – a 77 per cent increase!



Tamakuku Terrace

We've been converting some of our land on James Line into sections for the public to build their dream home. Construction started in January 2021 and we're planning to issue titles in August 2022.

Railway Road bore

We're preparing for our growth by ensuring we have adequate water for residents and businesses in the North East Industrial Zone. The Department of Internal Affairs contributed \$750,000 towards this project.

City Centre transformation

Our vision to make the city centre a great place to work, play and live will take a major step forward with three major projects. Part of Cuba Street will be transformed to a more pedestrian friendly connection between our city centre and Central Energy Trust Arena. We'll also be completing the next stage of the Streets for People (The Square) development. And, we'll be making it more efficient for people to move around the city centre, rather than through The Square, by widening Ferguson Street between Linton and Pitt Streets and making safety improvements. We're planning to consult with the public on our Cultural and Civic Masterplan in early 2023, which focuses on vital seismic improvements needed on some of Palmy's favourite cultural destinations.

Cycleways

We've completed two cycleways in our Urban Cycle Network Masterplan and will soon be talking to our community about what's next, focusing on providing safe cycleways while ensuring good outcomes for businesses and residents.

Seismic strengthening

Vital work to safe-guard our essential services continues this year, with a focus on our Water Treatment Plant and Crematorium at the Kelvin Grove Cemetery.

Albert Street river entrance

This popular entranceway will be transformed this year to make our awa more accessible.

Animal shelter

We'll be building a new animal shelter to take care of our city's animals in their time of need. Our current animal shelter no longer meets animal welfare standards, so this project is an important step forward.

We have some challenges...

While Palmy is doing relatively well economically, the city has some significant drivers adversely affecting the financial landscape and set to continue over the next year.

Interest Rates

You've probably noticed the interest rates for some of your debts increasing (especially things like your mortgage rates). Interest rates for our debts are also increasing. In our 10 Year Plan our assumed interest rate was 2.8 per cent. We have adjusted that in this budget to 3.1 per cent.

Contractor availability

Palmy is going through the highest growth period since the mid 1970's. Building consents have risen significantly over the last few years and there are other very large projects within the region requiring a huge amount of labour such as Te Ahu a Turanga highway project and construction of Mercury's Turitea windfarm. While this is great news for our local economy, it also means we are competing with many others for the services of a finite group of local contractors. The reality of this is some of our projects are simply unable to be carried out in the projected timeframes.

Supply shortages

It's the same with the supply of materials. Progress may be humming along until we cannot source a certain product or piece of equipment, because it's stuck somewhere.

Inflation

Our budget has an assumed inflation of approximately 2.3 per cent (based on forecasts prepared for local government by BERL).

Recent indications are that inflation for many sectors could be significantly higher than this. There is a risk therefore that we will struggle to deliver some services within the budget assumption.

Impact of COVID-19 pandemic

Our budget makes some assumptions as we continue to grapple with the ongoing impacts of the pandemic. These include:

- That we will be able to deliver the normal levels of service, including events, as projections are that the peak of the Omicron wave of infections will have passed before the start of the new financial year in July and that some of the restrictions may have eased by then.
- That there won't be an impact on external revenue.
- That ratepayers will continue to be able to pay their rates. (We accept in a small number of cases that may not be possible).

Three waters reform

The Government has confirmed that a new entity will take over our water functions from 1 July 2024. A significant number of other councils have expressed serious doubt about the detail of the proposal but the Government continues to signal it remains committed to the reform and the timetable for change. There has been some delay to the planned release of the draft legislation to drive and enable the change. This does not impact on this budget.

Three waters 'Better-off' Funding

As part of its three waters proposals the Government has indicated its intention for councils to receive various types of funding as part of the transition. One of these packages has been called 'better-off' funding and currently indicates the Council would be entitled to \$8.1m (25% of the total) from 1 July 2022. The funding will be available by application to achieve particular projects or outcomes which meet the criteria they establish.

As these criteria have not yet been made clear, no provision has currently been made for receipt of this sum in the proposed budget. This assumption will be reviewed before finalising the Annual Budget in June.

You can read more about our challenges and the changes we've made to Year 2 of the 10 Year Plan programmes in the supporting information available on our website pncc.govt.nz/annualbudget

What's changed since the 10 Year Plan?

Changes to day to day revenue and expenses (these have a direct impact on rates)

There have been a number of changes to day to day activities of the Council and key amongst these impacting on the budget include:

- **Interest** – Reduced interest cost due to lower debt (through delays in capital expenditure programmes) partially offset by increasing interest rates
- **Revenue** – Higher numbers of resource and building consents meaning we have assumed slightly higher revenue
- **Insurance** – Higher values for assets to be insured and increasing insurance premiums
- **Health and Safety** – A need for an increased investment to make sure the Council is meeting acceptable standards for Health and Safety
- **Remuneration** – An increase in the remuneration budget to fund increasing services and to be able to recruit and retain staff in a very competitive market
- **Growth planning** – A need for additional resources to help re-zone to have more land for housing. Our focus will be on advancing significant residential and industrial planning projects including Aokautere, Kākātangiata, Ashhurst, Roxburgh Crescent and the North East Industrial Zone.
- **Events funding** – Following the March 2020 COVID lockdown, we reduced the funding for events due to uncertainties. Now we are in the traffic lights system we think there is an increased likelihood we will be able to stage the Summer 22/23 events, as these are a well-supported feature of Palmy life, we've re-instated the original budgets.
- **Preserving City Heritage** – With an increasing awareness of city heritage, a budget is proposed to employ a specialist heritage planner and to establish and co-ordinate a voluntary heritage advisory panel which would be expected to provide advice on the preparation and implementation of heritage themes as part of Council projects.
- **Contamination of recycling** – We are concerned at the continuing levels of rubbish contamination of material in recycling bins. It is proposed to trial the provision of some free rubbish bags.
- **Community relief efforts post COVID-19** – we have made provision for a sum to enable support to be given to community groups adversely affected by COVID restrictions.

Operational costs
Operational costs are for the day to day running of our city that have a direct impact on your rates.

Capital costs
Capital costs are primarily for new or upgraded infrastructure. We borrow money for these and pay it off over a long period of time – just like a mortgage. These costs don't have significant impact on your rates.

Major changes to timing of some Capital Programmes

The impacts, primarily of COVID-19, have resulted in significant delays to the programme of new capital work for 2021/22. We've reassessed what is realistically achievable and will need to carry forward \$25m of incomplete programmes to 2022/23, \$12m to 2023/24, and defer \$44m of work originally planned for 2022/23 to later years.

There's been other changes to our Capital Programme costs too.

For Capital Programmes, we borrow money over long periods of time to cover the cost, and slowly pay it back (just like a mortgage). Costs can only be capital if they are for new infrastructure, rather than day to day costs of running the city.

These include:

- Improving participation in Council and Committee meetings by improving audio visual equipment in our Council Chamber.
- Upgrading screens to filter out unwanted items entering our Wastewater Treatment Plant.
- We need more than we'd forecast for meeting the Government's new Healthy Homes standards for our social housing units. These centre around heating and ventilation requirements.
- We need slightly more than forecast to complete the final stage upgrades of Papaioea Place Social Housing, where we are building the final seven homes and a tenants lounge.
- Streets for People – to reflect slight change in project scope we have reduced the budget for this.
- Funding is required to upgrade the Lido filtration system for the outdoor pools and slides, after it was found that changing the filtration system was the most cost effective long-term solution to address backwash water entering the stormwater system.
- The section of James Line (between Schnell Drive to Kelvin Grove Road) needs ongoing maintenance and we consider it more cost effective to complete the full upgrade now rather than in 2025.
- We need critical equipment to ensure compost processing meets allowable methane standards.
- Due to the city's growth, we need to increase the budget slightly to cover the cost of new wheelie bins and crates.

Nature Calls

Since last year the Council has decided on a preferred option for our future wastewater management. We're now in the process of preparing the resource consent application to Horizons Regional Council. In the 10 Year Plan we assumed we would need \$1.2 million to fund the application process but we have now reassessed this as being \$1.8 million. Previously we had assumed this would be funded directly from rates but now we can pay this off over a period of time.

