



PALMERSTON NORTH CITY COUNCIL

AGENDA FINANCE & AUDIT COMMITTEE

9AM, WEDNESDAY 23 JUNE 2021
COUNCIL CHAMBER, FIRST FLOOR, CIVIC ADMINISTRATION BUILDING
32 THE SQUARE, PALMERSTON NORTH



MEMBERSHIP

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

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

Palmerston North City Council

W pncc.govt.nz | E info@pncc.govt.nz | P 356 8199
Private Bag 11034, 32 The Square, Palmerston North



FINANCE & AUDIT COMMITTEE MEETING

23 June 2021

ORDER OF BUSINESS

1. Apologies

2. Notification of Additional Items

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

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

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

3. Declarations of Interest (if any)

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

4. Public Comment

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

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

- | | | |
|------------|---|---------|
| 5. | Petition - New Parking Meter Fees | Page 7 |
| 6. | Confirmation of Minutes
"That the minutes of the Finance & Audit Committee meeting of 26 May 2021 Part I Public be confirmed as a true and correct record." | Page 9 |
| 7. | Palmerston North Airport Limited - Final Statement of Intent for 2021/22

Memorandum, presented by Steve Paterson, Strategy Manager - Finance. | Page 17 |
| 8. | Health, Safety and Wellbeing Report January to March 2021

Memorandum, presented by Alan Downes, Health, Safety and Wellbeing Manager and Wayne Wilson, Human Resources Manager. | Page 43 |
| 9. | Assurance Report on Review of Council Policy Framework

Memorandum, presented by Masooma Akhter, Business Assurance Manager and Julie Macdonald, Strategy & Policy Manager. | Page 57 |
| 10. | Business Assurance Accountability Report

Memorandum, presented by Masooma Akhter, Business Assurance Manager. | Page 69 |
| 11. | Committee Work Schedule | Page 83 |

12. 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
13.	Minutes of the Finance & Audit Committee meeting - Part II Confidential - 26 May 2021	For the reasons setout in the Finance & Audit Committee minutes of 26 May 2021, held in public present.	
14.	Business Assurance Accountability Report - Confidential Items	Third Party Commercial, Health Safety and Gain Advantage	s7(2)(b)(ii), s7(2)(d) and s7(2)(j)
15.	Award of Contract 4058 - Supply of Pipes and Fittings - 2021-22	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].

PRESENTATION

TO: Finance & Audit Committee

MEETING DATE: 23 June 2021

TITLE: Petition - New Parking Meter Fees

RECOMMENDATION(S) TO FINANCE & AUDIT COMMITTEE

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

SUMMARY

Gerry Keating will present a petition regarding the new parking meter fees.

ATTACHMENTS

Nil

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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 26 May 2021, commencing at 9.03am

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.

Councillor Lew Findlay left the meeting at 12.26pm after consideration of clause 41. He was not present for clauses 42 to 44 inclusive.

38-21 Confirmation of Minutes

Moved Susan Baty, seconded Karen Naylor.

The COMMITTEE RESOLVED

1. That the minutes of the Finance & Audit Committee meeting of 28 April 2021 Part I Public be confirmed as a true and correct record.

Clause 38-21 above was carried 16 votes to 0, with 1 abstention, 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, Lorna Johnson, Karen Naylor, Billy Meehan, Orphée Mickalad, Bruno Petrenas, Aleisha Rutherford and Mr Stephen Armstrong.

Abstained:

Councillor Leonie Hapeta.

39-21 Assurance Report on Review of COVID-19 Expenditure

Memorandum, presented by Masooma Akhter, Business Assurance Manager.

Moved Susan Baty, seconded Lorna Johnson.

The COMMITTEE RESOLVED

1. That the memorandum titled 'Assurance Report on Review of COVID-19 Expenditure' and its attachment, presented to the Finance & Audit Committee on 26 May 2021, be received for information.

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Clause 39-21 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.

40-21

Assurance Report on Review of Community Grants and Events Funding

Memorandum, presented by Masooma Akhter, Business Assurance Manager and Sheryl Bryant, Acting GM Marketing and Communications.

Moved Karen Naylor, seconded Lorna Johnson.

The **COMMITTEE RESOLVED**

1. That the memorandum titled 'Assurance Report on Review of Community Grants and Events Funding' and its attachment, presented to the Finance & Audit Committee on 26 May 2021, be received for information.

Clause 40-21 above was carried 13 votes to 4, the voting being as follows:

For:

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

Against:

The Mayor (Grant Smith) and Councillors Lew Findlay QSM, Leonie Hapeta and Billy Meehan.

The meeting adjourned at 10.09am.

The meeting resumed at 10.30am.

41-21

Review of the Elected Members' Expenses and Allowances Policy 2021, and the Elected and Appointed Members' Professional Development & Training Policy 2021

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

During discussion Elected Members requested that Standing Order 2.12.11 be suspended, and proposed several amendments to the policies.

Moved Karen Naylor, seconded Rachel Bowen.

The **COMMITTEE RECOMMENDS**

1. That Standing Order 2.12.11 be suspended for the debate on this report.

Clause 41.1-21 above was carried 14 votes to 3, 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, Lorna Johnson, Karen Naylor, Orphée Mickalad, Bruno Petrenas and Mr Stephen Armstrong.

Against:

Councillors Leonie Hapeta, Billy Meehan and Aleisha Rutherford.

Moved Brent Barrett, seconded Patrick Handcock ONZM.

2. That Council approve the Elected and Appointed Members' Expenses and Allowances Policy 2021 as attached (Attachment 1), subject to approval of the Remuneration Authority, as amended.
3. That Council approve the Elected and Appointed Members' Professional Development and Training Policy 2021 as attached (Attachment 2), as amended.

Clauses 41.2-21 and 41.3-21 above were 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 Rachel Bowen, seconded Leonie Hapeta.

4. That all expense claims by Elected Members are reported annually to the Finance and Audit Committee.

Clause 41.4-21 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 Renee Dingwall, seconded Lorna Johnson.

5. That 'Te Tiriti o Waitangi training' be added to Section 5 'Policy, Imperative Training' (Elected and Appointed Members' Professional Development and Training Policy 2021).

Clause 41.5-21 above was carried 16 votes to 1, the voting being as follows:

For:

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

Against:

Councillor Bruno Petrenas.

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Moved Renee Dingwall, seconded Lorna Johnson.

6. That Section 5 'Policy, Desirable Training' (Elected and Appointed Members' Professional Development and Training Policy 2021) include the word 'cultural' in the following sentence: 'It may include, but not limited to community issues which address environmental, social, and economic issues and challenges'.

Clause 41.6-21 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 Renee Dingwall, seconded Lorna Johnson.

7. That Section 4 'Expenses on Council Business (Elected Members), Meal Allowance' (Elected and Appointed Members' Expenses and Allowances Policy) include the words 'unless needed for dietary requirements' in the following sentence: 'Separate meal costs will not be met where a meal has been provided as part of the training / conference / meeting, etc.'

Clause 41.7-21 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 Rachel Bowen, seconded Leonie Hapeta.

8. That Council will provide Elected Members with the option to claim a personal mobile plan connection with a Council-provided mobile phone.

Clause 41.8-21 above was carried 16 votes to 1, the voting being as follows:

For:

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

Against:

Councillor Aleisha Rutherford.

Moved Karen Naylor, seconded Brent Barrett.

Note:

On a motion: "That the words 'Council will only pay for two beverages with an evening meal (alcoholic or non-alcoholic) eg. two glasses of wine / non-alcoholic beverage, two cans or small bottles of beer. Any drinks outside this guideline are to be met by the member' be deleted and

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replaced with 'Costs of alcohol are to be met by the member'", the motion was lost 6 votes to 11, the voting being as follows:

For:

Councillors Brent Barrett, Zulfiqar Butt, Renee Dingwall, Lorna Johnson, Karen Naylor and Orphée Mickalad.

Against:

The Mayor (Grant Smith) and Councillors Susan Baty, Rachel Bowen, Vaughan Dennison, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Billy Meehan, Bruno Petrenas, Aleisha Rutherford and Mr Stephen Armstrong.

Moved Karen Naylor, seconded Rachel Bowen.

Note:

On a motion: "That the words 'Council had a fixed budget for elected and appointed members' training, a 'first in, first served' approach is taken' be deleted and replaced with the words 'Previous attendance and training needs are considered, as well as an equitable distribution of available funding'", the motion was lost 8 votes to 9, the voting being as follows:

For:

Councillors Susan Baty, Brent Barrett, Rachel Bowen, Vaughan Dennison, Renee Dingwall, Lorna Johnson, Karen Naylor and Orphée Mickalad.

Against:

The Mayor (Grant Smith) and Councillors Zulfiqar Butt, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Billy Meehan, Bruno Petrenas, Aleisha Rutherford and Mr Stephen Armstrong.

Moved Karen Naylor, seconded Rachel Bowen.

Note:

On a motion: "To add 'Conflict of interests will be managed – Elected Members wishing to attend a conference will not participate in decision making' (page 42 Elected and Appointed Members' Expenses and Allowances Policy and page 53 Elected and Appointed Members' Professional Development and Training Policy 2021)", the motion was lost 1 votes to 16, the voting being as follows:

For:

Councillor Karen Naylor.

Against:

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

Moved Rachel Bowen, seconded Renee Dingwall.

Note:

On a motion: "That the definition of Council business include 'events attended in an official capacity'", the motion was lost 8 votes to 9, the voting being as follows:

For:

Councillors Brent Barrett, Rachel Bowen, Zulfiqar Butt, Renee Dingwall, Lew Findlay QSM,

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Patrick Handcock ONZM, Lorna Johnson and Orphée Mickalad.

Against:

The Mayor (Grant Smith) and Councillors Susan Baty, Vaughan Dennison, Leonie Hapeta, Karen Naylor, Billy Meehan, Bruno Petrenas, Aleisha Rutherford and Mr Stephen Armstrong.

The meeting adjourned at 12.26pm.

The meeting resumed at 1.32pm.

The Mayor (Grant Smith) and Councillor Lew Findlay QSM were not present when the meeting resumed.

42-21

Victoria Esplanade Bonsai/Shade House Project Options

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

During debate the recommendation was put in order that there be consideration for the proposal made in the Long Term Plan deliberations to complete the project.

The Mayor (Grant Smith) entered the meeting at 1.52pm.

Moved Grant Smith, seconded Susan Baty.

The COMMITTEE RECOMMENDS

1. That during Ten Year Plan deliberations, Council considers establishing a budget of \$880,000 in Year 2, dependant on external funding of \$150,000 for a Bonsai House and Shade House.

Clause 42-21 above was carried 10 votes to 6, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Susan Baty, Vaughan Dennison, Patrick Handcock ONZM, Leonie Hapeta, Billy Meehan, Orphée Mickalad, Bruno Petrenas, Aleisha Rutherford and Mr Stephen Armstrong.

Against:

Councillors Brent Barrett, Rachel Bowen, Zulfiqar Butt, Renee Dingwall, Lorna Johnson and Karen Naylor.

Moved Grant Smith, seconded Susan Baty.

Note:

On a motion: "That Council establishes an Esplanade Masterplan Project Steering Group (which involves Bonsai House and Aviaries refurbishment amongst other Masterplan projects)", the motion was tied 8 votes to 8. The chairperson declared the motion lost, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Susan Baty, Patrick Handcock ONZM, Leonie Hapeta, Billy Meehan, Bruno Petrenas, Aleisha Rutherford and Mr Stephen Armstrong.

Against:

Councillors Brent Barrett, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lorna Johnson, Karen Naylor and Orphée Mickalad.

43-21 Committee Work Schedule

Moved Susan Baty, seconded Karen Naylor.

The COMMITTEE RESOLVED

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

Clause 43-21 above was carried 16 votes to 0, the voting being as follows:

For:

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

EXCLUSION OF PUBLIC

44-21 Recommendation to Exclude Public

Moved Susan Baty, seconded Zulfiqar Butt.

The COMMITTEE RESOLVED

1. 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
12.	Minutes of the Finance & Audit Committee meeting - Part II Confidential - 28 April 2021	For the reasons set out in the Finance & Audit Committee minutes of 28 April 2021, held in public present.	
13.	Award of Contract 3910 for Seismic Strengthening of the Turitea Water Treatment Plant	Commercial Activities and Negotiations	s7(2)(h) and s7(2)(i)

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

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proceedings of the meeting in public as stated in the above table.

Clause 44-21 above was carried 16 votes to 0, the voting being as follows:

For:

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

The public part of the meeting finished at 2.25pm

Confirmed 23 June 2021

Chairperson

MEMORANDUM

TO: Finance & Audit Committee

MEETING DATE: 23 June 2021

TITLE: Palmerston North Airport Limited - Final Statement of Intent for 2021/22

PRESENTED BY: Steve Paterson, Strategy Manager - Finance

APPROVED BY: Stuart McKinnon, Chief Financial Officer

RECOMMENDATIONS TO COUNCIL

1. That the Statement of Intent for Palmerston North Airport Limited for 2021/22, presented to the Finance & Audit Committee on 23 June 2021, be agreed.

1. ISSUE

- 1.1 Palmerston North Airport Ltd (PNAL) has provided its final version of the Statement of Intent (SOI) for 2021/22 and this is attached for acceptance by the Council.

2. BACKGROUND

- 2.1 PNAL provided a first draft of its SOI for 2021/22 in February 2021. This was considered by the Finance & Audit Committee on 24 March and endorsed by the Council at its meeting on 7 April.
- 2.2 The Local Government Act requires that the final versions of SOIs adopted by the Boards of council-controlled organisations be delivered to the shareholder by 30 June. PNAL has met that requirement.
- 2.3 The final version (attached) has had a number of updates since the draft endorsed by the Council. These include:
 - Increasing the budget for the terminal building project by \$2.9m (an updated assessment subject to review once the preliminary design is complete) with a project timeline of 36 months (rather than 30) – terminal development completion by June 2025 rather than June 2023
 - Including budgetary provision of \$7.4m for purpose-built commercial facilities with adjustments to lease assumptions as a consequence

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- Projecting term debt at 30 June 24 of \$41.3m rather than \$30.1m as a consequence of the additional capital expenditure
- Budgeting for increased operating expenditure in 2021/22 driven by \$650k for a runway rejuvenation project and a revised assumption about the insourcing date for rescue fire.

3. NEXT STEPS

3.1 The SOI will be published on websites of the Council and PNAL.

4. COMPLIANCE AND ADMINISTRATION

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

ATTACHMENTS

1. Final PNAL SOI for 2021/22 [↓](#) 



STATEMENT OF INTENT

FOR THE YEAR ENDING 30 JUNE 2022

FINAL

27 May 2021

INTRODUCTION

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

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

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

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

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

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

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

CONTACT DETAILS

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

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

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

NATURE AND SCOPE OF ACTIVITIES

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

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

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

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

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

PNAL's ability to continue to play an enabling role within our regional economy is contingent upon the company keeping pace with growing passenger and airfreight demands, remaining competitive, maintaining regulatory compliance, and as highlighted by the Covid-19 pandemic, weathering the storm of further cyclical downturns in the aviation industry. Underpinning these challenges PNAL will remain focussed on health & safety of our entire airport community and the ongoing evolution of our CAA certified Safety Management System (SMS).

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

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

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

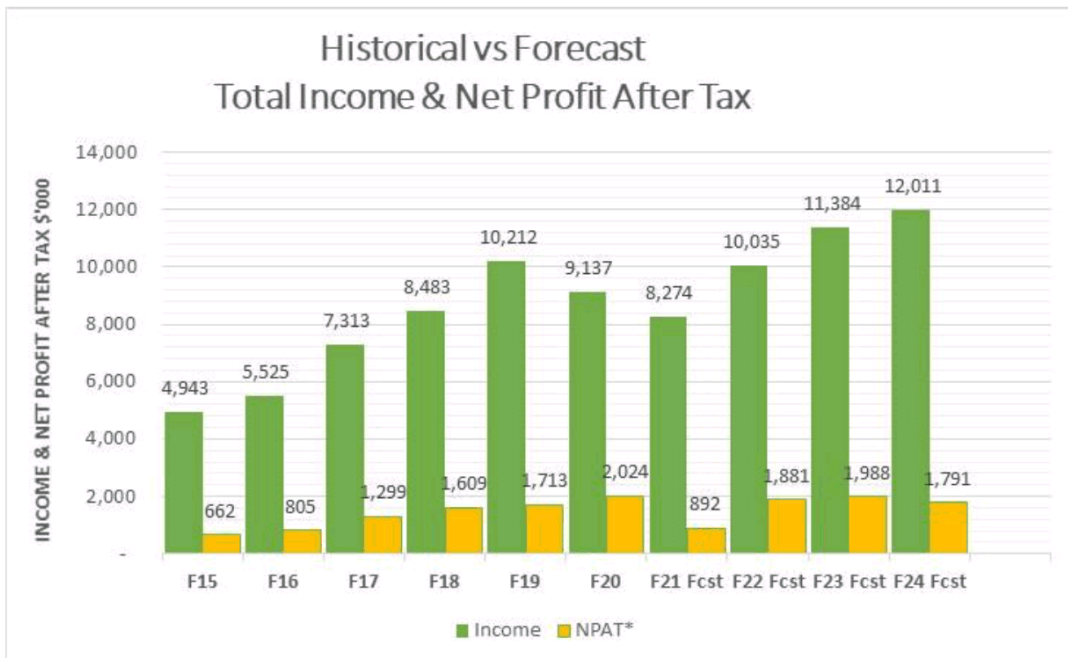
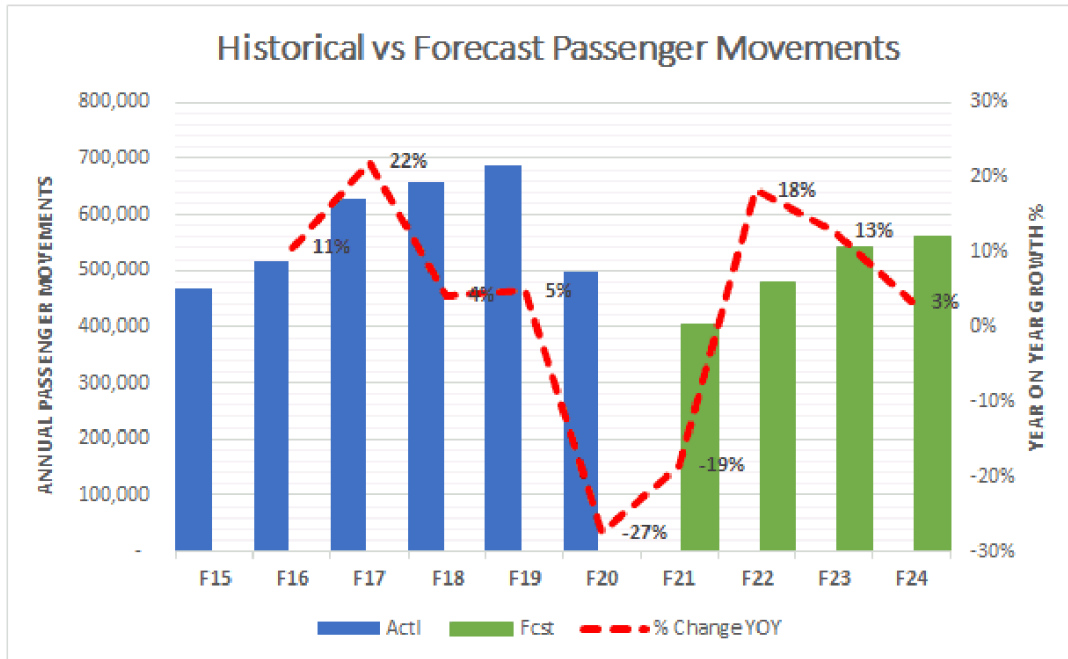
Within the SOI period, PNAL will continue on its sustainability journey, guided by achievement of Level 2 of the Airport Carbon Accreditation programme, and including waste management and water consumption initiatives.

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

Implementation of PNAL's One Team wellness programme has gathered pace with the recruitment of an HR Advisor in February 2021.

The following graphs illustrate that PNAL is predicting income to reach pre-COVID-19 levels during the first year of the SOI (\$10.1 million) with modest growth predicted in years 2 & 3 of the SOI period. The recovery is largely the result of aeronautical revenue increases associated with uplifts in pricing and passenger volumes.

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



* Revaluation gains / losses removed for comparative purposes

STRATEGIC FRAMEWORK

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

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

Our Vision

New Zealand’s leading regional airport.

Our Purpose

Launching our communities into a promising future.

Commercial

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

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

Community

We contribute to regional prosperity.

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

Customer

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

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

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

Compliance

We maintain a safe and secure operation.

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

Culture

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

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



OUR VISION

New Zealand's leading regional airport

OUR PURPOSE

Launching our communities into a promising future

STRATEGIC OBJECTIVES

CULTURE

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

COMPLIANCE

We maintain a safe and secure operation.

COMMUNITY

We contribute to regional prosperity.

CUSTOMER

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

COMMERCIAL

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



**PALMERSTON NORTH
AIRPORT LIMITED**

Terminal Development Plan

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



Exterior of passenger wind lobbies



Wind lobby arrivals entrance

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

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

Estimated costs of \$18.3m for the building, include a refresh of the terminal exterior, a 1550m² extension to accommodate baggage make-up and security screening, additional office accommodation for airlines and Aviation Security, and a refreshed terminal forecourt. The project also provides for an enlarged retail area, relocation of the escalator, new and extended passenger departure lounge, and a dedicated cargo acceptance area outside of the passenger terminal. To complement the current arrivals hall theming, it is intended to weave the legend of Haunui theming throughout the development including the terminal forecourt area.

Capital expenditure for this project is provided for over the three-year period of the 2021 Statement of Intent, with a project timeline of 36 months anticipated.

Ruapehu Business Park – Income Diversification Strategy



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

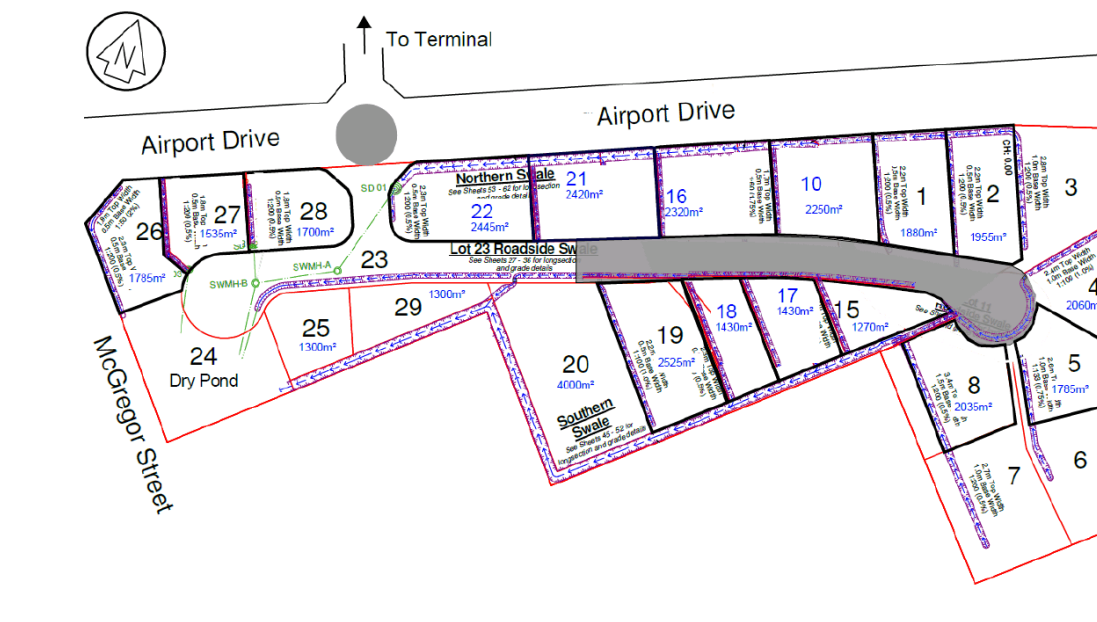
The reality of aviation cycles is well understood by modern airports with many embarking on projects to diversify income away from reliance on aeronautical revenue sources such as passenger volumes. This reality was a major driver of PNAL's decision to invest in the \$5.5 million Massey School of Aviation facility, an investment which provided a vital source of income during the COVID-19 lockdown period in 2020. The ongoing growth of airfreight operations has also assisted to provide a degree of income diversification.

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

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

PNAL is now adhering to a phased approach to the development of Ruapehu Business Park. This approach involves the identification of strategic alliance partners to accelerate development plans.

Stage 1 of the development is an industrial subdivision of 8 lots on Wairaka Place, opposite the entrance to the airport. Lots range from 1300m² to 4,000m², being sizes that are in increasing demand in Palmerston North City. The high profile sites are being released to the market under a PNAL funded custom design-build program with facilities then available for lease.



Scheme Plan of Wairaka Place Subdivision

The three-year 2021 Statement of Intent provides for capital expenditure of \$3.2m for further stages of the development of Wairaka Place as shown shaded in the above plan. In total a further 16 lots will be released to the market over the three-year SOI period.

With PNAL focussed on offering customers design-build and lease back options, PNAL is budgeting to spend approximately \$7.4 million on purpose built commercial facilities during the three-year SOI period.

Vesting of Airport assets to Palmerston North City Council

As part of the Ruapehu Business Park development outlined above, PNAL is required to upgrade and vest a section of Airport Drive and the subdivision road with associated infrastructure to Palmerston North City Council.

\$1 million has been spent in 2020/21 and a further \$2 million is provided in 2023/24 pending agreement with Council on any further upgrade requirements.

Vesting will have accounting and tax implications for both PNAL and Palmerston North City Council.

The full impact of vesting and associated upgrade requirements on the affordability of our development programme is presently being reviewed.

The accounting impact of vesting these assets is not reflected in this Statement of Intent, pending the receipt of formal accounting and tax advice on how to account for the vesting. When actual costs and treatments are known/incurred, these will be reflected appropriately in PNAL's financial statements in line with accounting standards.

Our Sustainability Journey



PNAL recognises that all areas of its operations consume energy and the Airport is committed to doing all it can to minimise its impact on the environment by reducing its carbon emissions and energy consumption. This can only be achieved through long term planning, with a focus on continual improvement to achieve these aims, and by following a structured program.

In this regard PNAL embarked on its sustainability journey back in 2017/2018, with the first stage of our core work involving the benchmarking and the establishment of energy, water and waste reduction targets. Our priorities for this work are now based on the Airport Council International (ACI) Airport Carbon Accreditation (ACA) programme which we joined in 2019.

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

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

PNAL has also undertaken a range of measures to reduce its waste and water consumption as well to reduce its carbon footprint by modernising the terminal HVAC system, implementing a Building Management System and LED lighting throughout the Terminal and apron areas.

Community engagement on our sustainability journey has commenced with the objective being to play our role in raising awareness amongst our community of the role we all must play in caring for our environment.

One Team



Palmerston North Airport Limited's Wellness Program (OneTeam) refers to initiatives that PNAL will implement to support and encourage the overall wellbeing of our people. Initiatives will include a wide range of activities designed to support the health and wellbeing of team members. Activities could take an individual, team, or organisational approach and may be focussed on physical and mental health, the workplace environment, health & safety, and team or individual engagement. These will include initiatives to educate and support team members to take a proactive approach to wellness and awareness that small steps can make a big difference.

OneTeam is a direct outcome of the creation of the Fifth Strategic Objective – "Culture", and will support the objective of achieving the one-team ethos across the PNAL business. It is further informed by PNAL's Safety and Wellness Policy Statement.

OneTeam will improve the ability of PNAL to support team and individual wellbeing and keep this at the forefront of all activities, ultimately increasing personal health levels, teamwork, engagement and productivity. These benefits are expected to have the flow on effect of improved attraction and retention of our people.

KEY OBJECTIVES

Compliance	Strategic Project	Measure	Completion
	Capital Expenditure Airside Infrastructure	<ul style="list-style-type: none"> • Complete runway 25 & 07 end overlay • Complete runway rejuvenation program • Complete Taxiway upgrades 	Ongoing
	CAA Part 139 Compliance	<ul style="list-style-type: none"> • Maintained 	Ongoing
	RFS Insourcing	<ul style="list-style-type: none"> • Fire appliances onsite and commissioned • RFS team commence employment with PNAL 	October 2021
	Ongoing SMS development	<ul style="list-style-type: none"> • Operating & effective status achieved 	June 2022
	Terminal Seismic Upgrade (Eastern/Central)	<ul style="list-style-type: none"> • Completed 	June 2023
	Statutory and Regulatory compliance	<ul style="list-style-type: none"> • Maintained 	Ongoing
	Noise Management (Air and ground) compliance	<ul style="list-style-type: none"> • Maintained 	Ongoing
	Asset Management Plan - Landside	<ul style="list-style-type: none"> • Landside infrastructure completed 	June 2022
	IT Systems upgrade	<ul style="list-style-type: none"> • IT System upgrades identified and implemented 	March 2022
	Aerodrome Master Plan	<ul style="list-style-type: none"> • Completed 	August 2021

Customer	Strategic Project	Measure	Completion
	Terminal Development Plan	<ul style="list-style-type: none"> • Terminal Development completed 	June 2025
	Car park upgrade product & systems	<ul style="list-style-type: none"> • Airport Pick Up & Drop Off forecourt completed • Covered walkways completed 	December 2021
	Terminal Air Conditioning Upgrade	<ul style="list-style-type: none"> • Completed 	August 2021
	Customer loyalty	<ul style="list-style-type: none"> • Achieve a Net Promoter Score of 30 or above* 	Ongoing
	Customer experience review and roadmap	<ul style="list-style-type: none"> • Completed 	May 2021
	Website redesigned and upgraded	<ul style="list-style-type: none"> • Completed 	May 2021
	Customer engagement plan with airport tenants and users	<ul style="list-style-type: none"> • Completed 	May 2021

	Strategic Project	Measure	Completion
Community	Achievement of ACA Level 2 and other sustainability initiatives	<ul style="list-style-type: none"> • ACA Level 2 achieved • Waste & water targets achieved 	December 2021
	Sustainability Plan completion	<ul style="list-style-type: none"> • Completed 	June 2021
	Historical PFAS contamination Management	<ul style="list-style-type: none"> • Monitoring regime implemented 	Ongoing
	Implement Community Engagement Plan	<ul style="list-style-type: none"> • Annual completion of objectives 	June 2021

	Strategic Project	Measure	Completion
Culture	Continual improvement of safety culture	<ul style="list-style-type: none"> • Zero lost time injuries 	Ongoing
	Wellness Plan rollout	<ul style="list-style-type: none"> • Completed and rolled out • Initial engagement survey completed and team feedback received • Improved team engagement scores 	Ongoing
	Strategic Plan completed and communicated to team members	<ul style="list-style-type: none"> • Completed 	May 2021

	Strategic Project	Measure	Completion
Commercial	Construction of Wairaka Place	<ul style="list-style-type: none"> • Stage 1 completed • Stage 2 completed • Stage 3 completed 	September 2021 June 2022 June 2024
	Commercial Partnership strategies	<ul style="list-style-type: none"> • Opportunities identified & Implementation 	Ongoing
	Air Service Development	<ul style="list-style-type: none"> • 480,000 pax • 540,000 pax • 560,000 pax 	June 2022 June 2023 June 2024
	Airport Drive upgrade (McGregor to Airport Roundabout)	<ul style="list-style-type: none"> • Completed 	June 2021
	Preliminary freight precinct evaluation	<ul style="list-style-type: none"> • Completed 	June 2021

* An audit of Net Promoter Score data undertaken in mid 2020 highlighted a material level of invalid survey submissions e.g. children repeatedly entering submissions. A subsequent program of cleansing data prior to reporting has been developed. In addition lower passenger volumes have impacted on the number of monthly submissions, with increased variability in scores now occurring.

An audit of historical data was then undertaken and revealed that in general scores were found to be overinflated due to invalid entries. A new benchmark has been established based on cleansed data and benchmarks for the aviation and tourism industries.

Performance Metric targets 12 Months to 30 June

	PERFORMANCE METRIC	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast
I	A ratio of surplus before interest/tax/depreciation to total assets	4%	4%	5%	5%
II	A ratio of net surplus after tax to consolidated shareholders' funds inclusive of revaluation reserve	1%	3%	3%	2%
III	To maintain a ratio of consolidated shareholders funds to total assets of at least 40%	76%	72%	67%	60%
IV	To maintain an interest coverage ratio of EBITDA to interest of at least 2.5 as per BNZ Loan Covenants	7.4	6.5	6.2	4.7
V	To maintain a tangible net worth (total tangible assets after revaluations less total liabilities) above \$50 million	\$70 m	\$71.3 m	\$73.3 m	\$75.1 m

GOVERNANCE

Governance Objectives

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

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

Regulatory Framework and Statement of Expectations

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

Shareholder Statement of Expectation

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

Board Composition and Fees

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

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

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

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

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

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

SHAREHOLDERS EQUITY IN PNAL

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

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

INFORMATION TO BE PROVIDED TO THE SHAREHOLDER

The Shareholder will receive:

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

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

ACCOUNTING POLICIES

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

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

FORECAST FINANCIAL STATEMENTS

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

COMPENSATION SOUGHT FROM THE SHAREHOLDER

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

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

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

DIVIDEND POLICY

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

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

	2020/21 Budget	2020/21 Forecast	2021/22 SOI	2022/23 SOI	2023/24 SOI
REVENUE	6,253,088	8,273,726	10,035,463	11,384,307	12,011,296
Less					
OPERATING EXPENDITURE	2,480,544	2,346,315	3,386,509	2,837,806	2,930,072
ADMINISTRATION & EMPLOYMENT COSTS	2,142,250	2,378,235	2,679,497	2,766,443	2,857,484
TOTAL OPERATING EXPENDITURE	4,622,794	4,724,550	6,066,006	5,604,249	5,787,556
EXTRAORDINARY ITEMS (PFAS related)*	50,000	0	20,000	10,000	10,000
SURPLUS BEFORE INT, DEPN & TAX	1,580,294	3,549,176	3,949,457	5,770,058	6,213,739
Less					
DEPRECIATION	2,075,421	1,826,501	1,789,607	2,071,781	2,397,391
FINANCE COSTS	309,235	482,330	610,895	936,825	1,328,744
LOSS/(GAIN) ON SALE OF ASSET	-	1,393	(1,064,435)	-	-
	2,384,656	2,310,224	1,336,067	3,008,606	3,726,135
SURPLUS BEFORE TAXATION	(804,361)	1,238,952	2,613,390	2,761,452	2,487,605
INCOME TAX	-	346,984	732,029	773,487	696,809
NET OPERATING SURPLUS	(804,361)	891,968	1,881,361	1,987,965	1,790,795

* The Extraordinary Items are soil, sediment, surface and ground water sampling for PFAS at Palmerston North Airport and adjacent sites including the Mangaone Stream.
The impact of vesting any Airport Drive or Zone B assets has not been included in the Statement of Financial Performance

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

	2020/21 Budget	2020/21 Forecast	2021/22 SOI	2022/23 SOI	2023/24 SOI
<u>CURRENT ASSETS</u>					
BANK & SHORT TERM DEPOSITS	50,000	48,766	50,000	50,000	50,000
TRADE DEBTORS	512,487	748,798	875,109	1,005,048	1,013,173
DOUBTFUL DEBT PROVISION	(5,125)	(7,488)	(8,751)	(10,050)	(10,132)
ACCRUED INCOME	1,173	1,159	1,373	1,727	1,891
PREPAID EXPENDITURE	-	-	-	-	-
ASSETS HELD FOR SALE	-	-	-	-	-
TOTAL CURRENT ASSETS	558,536	791,235	917,730	1,046,724	1,054,931
<u>CURRENT LIABILITIES</u>					
TRADE CREDITORS	418,335	1,136,603	894,217	1,106,878	1,328,258
INCOME RECEIVED IN ADVANCE	85,414	124,800	145,851	167,508	168,862
ACCRUED EXPENDITURE	89,980	118,297	106,975	112,690	116,342
TAXATION	(541,654)	65,584	93,879	229,619	213,211
OTHER PROVISIONS	325,000	325,000	325,000	325,000	325,000
SHORT TERM LOAN	-	-	-	-	-
TOTAL CURRENT LIABILITIES	377,076	1,770,283	1,565,921	1,941,696	2,151,672
WORKING CAPITAL	181,460	(979,049)	(648,191)	(894,972)	(1,096,741)
<u>NON CURRENT ASSETS</u>					
LAND	32,004,350	32,004,350	31,470,289	31,470,289	31,470,289
BUILDINGS	13,589,760	13,577,614	17,504,621	27,594,111	37,819,831
INFRASTRUCTURAL - LAND	7,728,290	10,452,271	12,421,500	12,297,996	16,234,028
INFRASTRUCTURAL - AIR	27,774,541	25,296,249	27,014,073	27,774,776	28,558,302
PLANT & EQUIPMENT	1,590,105	1,517,700	1,908,056	1,922,917	2,172,288
FURNITURE & FITTINGS	102,845	111,395	122,304	132,392	141,719
COMPUTERS	59,237	38,729	56,358	66,758	75,640
FIRE APPLIANCES	725,805	944,143	958,148	866,605	783,808
INVESTMENT PROPERTY	6,813,354	6,813,357	6,813,357	6,813,357	6,813,357
INTANGIBLE ASSETS	4,673	26,986	23,843	21,066	18,613
TOTAL NON CURRENT ASSETS	90,392,962	90,782,793	98,292,547	108,960,266	124,087,875
<u>NON CURRENT LIABILITIES</u>					
TERM LOAN	14,851,329	13,266,445	19,759,756	28,192,729	41,327,773
DEFERRED TAX	8,056,032	6,542,668	6,542,668	6,542,668	6,542,668
TOTAL NON CURRENT LIABILITIES	22,907,361	19,809,113	26,302,424	34,735,397	47,870,441
NET ASSETS	67,667,060	69,994,632	71,341,932	73,329,897	75,120,693
<u>SHAREHOLDERS' FUNDS</u>					
PAID UP SHARE CAPITAL	9,380,400	9,380,400	9,380,400	9,380,400	9,380,400
ASSET REVALUATION RESERVE	36,590,833	36,590,833	36,056,772	36,056,772	36,056,772
RETAINED EARNINGS	22,500,188	23,131,431	24,023,399	25,904,760	27,892,726
SHAREHOLDERS DIVIDEND	-	-	-	-	-
CURRENT YEAR SURPLUS	(804,361)	891,968	1,881,361	1,987,965	1,790,795
TOTAL SHAREHOLDERS' FUNDS	67,667,060	69,994,632	71,341,932	73,329,897	75,120,693

The impact of vesting any Airport Drive or Zone B assets has not been included in the Statement of Financial Position

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

	2020/21	2020/21	2021/22	2022/23	2023/24
	Budget	Forecast	SOI	SOI	SOI
EQUITY AT THE BEGINNING OF THE YEAR	68,471,421	67,119,563	69,994,632	71,341,932	73,329,897
ASSET REVALUATION RESERVE MOVEMENT	-	1,302,475	-	-	-
TOTAL COMPREHENSIVE (LOSS) INCOME	(804,361)	891,968	1,881,361	1,987,965	1,790,795
DIVIDENDS PAID	-	-	-	-	-
EQUITY AT THE END OF THE YEAR	67,667,060	69,994,632	71,341,932	73,329,897	75,120,693

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

	2020/21 Budget	2020/21 Forecast	2021/22 SOI	2022/23 SOI	2023/24 SOI
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>					
Cash Was Provided From					
Receipts from Customers	6,182,794	8,152,588	9,910,277	11,255,314	12,003,089
Tax Refund	-	9	-	-	-
Interest Received	-	-	-	-	-
Cash Was Disbursed To					
Payment to Suppliers	4,461,420	4,129,725	6,920,598	5,381,738	5,817,194
Payment of Tax	346,424	246,293	457,695	630,223	467,195
Interest Payments	309,235	482,330	610,895	936,825	1,328,744
Net Cash Flow From Operating Activities	1,065,716	3,294,249	1,921,089	4,306,528	4,389,956
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>					
Cash Was Provided From					
Sale of Fixed Assets	-	(1,393)	2,123,834	-	-
Cash Was Applied To					
Land and Developments	-	-	-	-	-
Buildings	545,000	362,191	4,305,000	10,665,000	11,065,000
Infrastructure - Land	620,000	3,153,608	2,905,000	125,000	4,215,000
Infrastructure - Air	2,285,000	1,036	2,625,000	1,725,000	1,775,000
Plant and Equipment	455,000	199,756	545,000	184,500	430,000
Investment Property	-	1,335	-	-	-
Furniture and Fittings	20,000	20,000	20,000	20,000	20,000
Computers	15,000	4,248	25,000	20,000	20,000
Fire Appliances	775,000	954,200	112,000	-	-
Intangible Assets	-	21,502	-	-	-
PNCC Contribution	-	-	-	-	-
Net Cash Flow From Investing Activities	(4,715,000)	(4,719,269)	(8,413,166)	(12,739,500)	(17,525,000)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>					
Cash Was Provided From					
Term Loan Draw Downs	3,659,584	2,560,050	8,661,796	8,463,813	13,136,063
Cash Was Applied To					
Term Loan Repayments and Dividend Payment	10,299	1,351,627	2,168,484	30,840	1,018
Net Cash Flow From Financing Activities	3,649,285	1,208,424	6,493,311	8,432,973	13,135,044
NET INCREASE/(DECREASE) IN CASH HELD	1	(216,596)	1,234	-	-
Opening Cash Balance	49,999	262,850	46,253	47,487	47,488
Closing Cash Balance	50,000	46,253	47,487	47,488	47,487

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

	2020/21 Budget	2020/21 Forecast	2021/22 SOI	2022/23 SOI	2023/24 SOI
CAPITAL EXPENDITURE PROGRAMME					
Land	-	-	-	-	-
Buildings	545,000	195,000	395,000	345,000	45,000
Terminal Development		250,000	680,000	7,704,500	9,920,000
Infrastructure - Landside	620,000	200,740	1,315,000	125,000	2,625,000
Infrastructure - Airside	2,285,000	1,035	2,625,000	1,725,000	1,775,000
Plant & Equipment	455,000	238,231	545,000	100,000	100,000
Furniture and Fittings	20,000	20,000	20,000	20,000	20,000
Computers	15,000	4,250	25,000	20,000	20,000
Rescue Fire	775,000	950,000	112,000	-	-
Ruapehu Business Park and Airport Dr development	-	3,242,368	4,820,000	2,700,000	3,020,000
Intangible Assets	-	21,500	-	-	-
	4,715,000	5,123,124	10,537,000	12,739,500	17,525,000
CAPITAL SALES PROGRAMME					
Total Sales Proceeds of Zone A, B & C land	-		2,154,760	-	-

MEMORANDUM

TO: Finance & Audit Committee

MEETING DATE: 23 June 2021

TITLE: Health, Safety and Wellbeing Report January to March 2021

PRESENTED BY: Alan Downes, Health, Safety and Wellbeing Manager and Wayne Wilson, Human Resources Manager

APPROVED BY: Patrick Watson, Chief People & Performance Officer

RECOMMENDATION(S) TO FINANCE & AUDIT COMMITTEE

1. That the memorandum titled 'Health, Safety and Wellbeing Report January to March 2021', presented to the Finance & Audit Committee on 23 June 2021, be received for information.

1. EXECUTIVE SUMMARY

Health, Safety and Wellbeing continues to be a significant focus area for leadership at all levels of 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:

- Introduction of monthly Executive Team site visits to ensure the Executive Team can assess the effectiveness of the system and are appraised of opportunities for improvement.
- Commencement of an external review of operational practices in the Infrastructure unit and immediate investment in PPE and equipment to reduce operational risks.
- Refreshing PNCC's employee participation and Health and Safety champion forums.

Looking Forward:

- PNCC is undertaking a 'Safetyplus' audit in June 2021. It is envisaged that it's observations, combined with the outstanding audit actions from 2018, will form the basis of a Health & Safety Change Programme for the next triennium.

2. REPORT

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

A. Hazards, Incidents and Near Misses Reported

Quarter	2019			2020			Dec 2020		Mar 2021	
	Jun	Sep	Dec	Mar	Jun	Sep	PNCC	CON	PNCC	CON
Hazards	2	1	2	4	2	13	16		21	
Incidents	27	24	32	33	24	58	44	3	38	4
Near Misses	53	22	21	25	17	20	30	7	13	1
Lost Time (days)	87.6	107.6	154.8	98.7	96.6	55.7	74.9		84.8	
Lost Time Injuries	9	10	15	12	3	9	5		4	

Key: PNCC = Staff; CON = Contractor

Comments:

- The increase in reporting of hazards and incidents continues in the current financial year 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 significant reduction Year on Year in time lost is encouraging with a 41% reduction in days lost in the current financial year when compared to the same period last year.
- The significant 42% reduction in number of lost time injuries in this financial year is encouraging when compared to the previous year.

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 dashboard report.

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

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 number of identified Manual Handling incidents recorded over the last 21 months is shown below:

	Sep 19	Dec 19	Mar 20	Jun 20	Sep 20	Dec 20	Mar 21
Incidents	10	7	11	3	7	10	4
<i>A manual handling frequency ratio was requested at the 24th February meeting</i>							
Manual handling incident frequency ratio (MHIFR)							0.000001
MHIFR (magnification): $4 \times 200,000 = 800,000 / 300560$							2.66
578 staff x 40 hrs x13 weeks = 300560 hrs worked. 4 incident / 300560 the actual frequency ratio = 0.000001 or alternatively 300560 hrs / 4 = 1 incident per 75,140 hrs. (40 hrs x 46 weeks = 1840). 75,140 hrs / 1840 = 40 years Normal practice is to significantly magnify the number of incidents so we can make sense of the results. $4 \times 200,000 = 800,000$ incidents / 300560 hours worked = 2.66 FR							

Comments:

- *If we compare Sept - Mar 2019-20 with Sept - Mar 2020-21 we can see there is a 25% reduction in the number of manual handling incidents year on year. This excludes the April – June 2020 period where Covid had a significant effect.*
- *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 in addition to the Safe System of Work (SSW) procedures which are completed regularly in-house.
 - *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 34 have been fully 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 developed there is a balance of 13 items to complete (refer to status of actions included with the graphs).

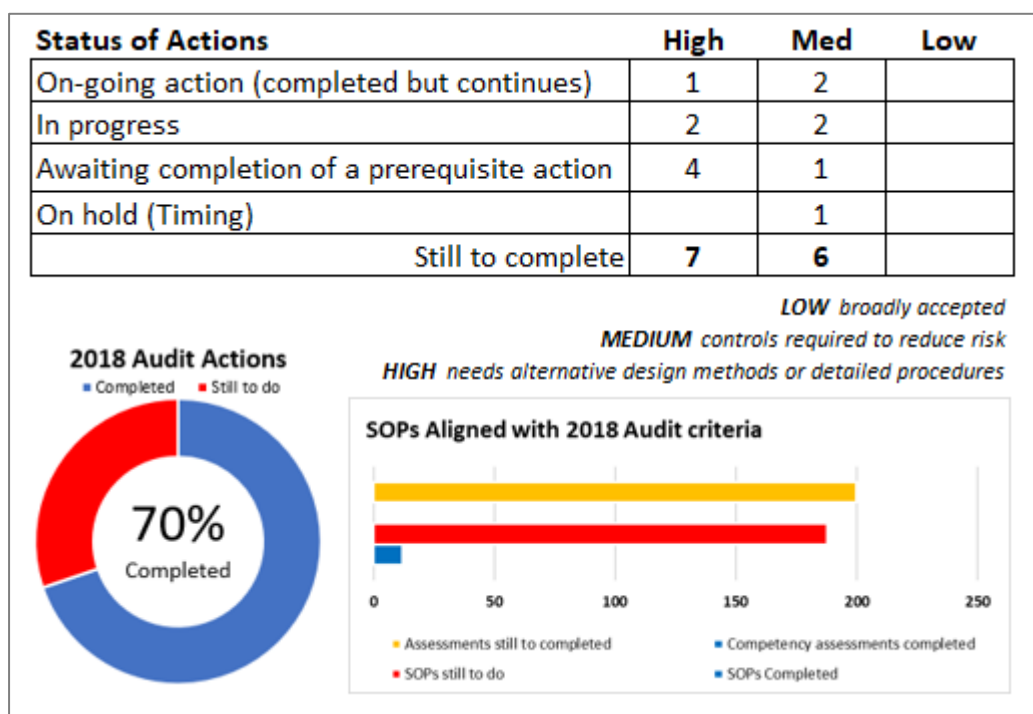
Key focus areas progressed in this reporting period include:

- Development, pilot (12 areas) and review of revised SOP template.
- Commencement of event organiser audits.

- The status of actions is now at 70% complete, which is a 10% 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 % of audit actions still to be completed (30%) 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 between 12–15 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 2021 action plan.*
- *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 One.

PALMERSTON NORTH CITY COUNCIL

Date	Sept 19	Dec 19	Mar 20	Jun 20	Sep 20	Dec 20	Mar 21
Number of events	21	37	34	32	54	28	29
Number of staff attending	106	51	97	53	273	110	130

Comments:

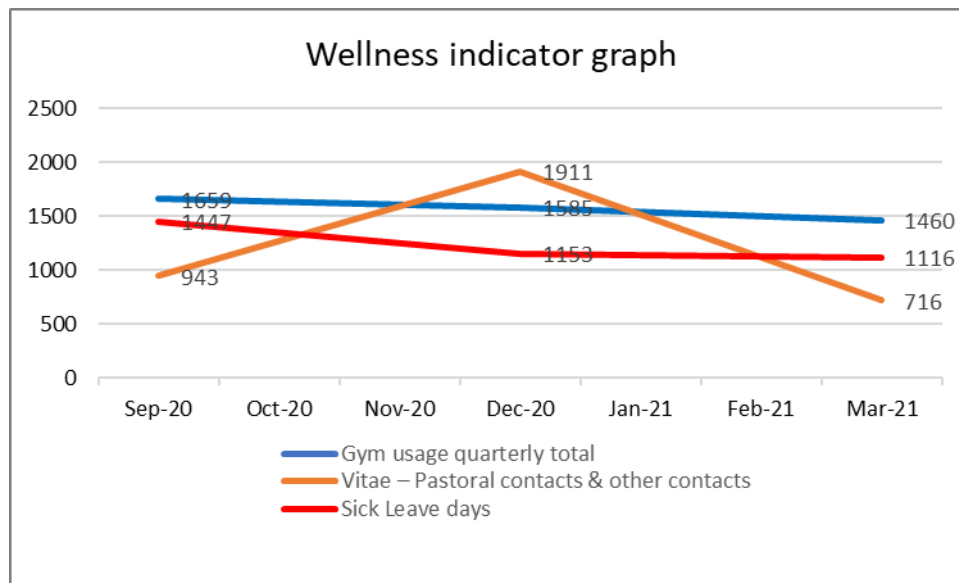
- *There has been a significant increase in training activity in the current financial year against the same period last year (59%). This is a consequence of 'catching up' on training lost during the COVID-19 restrictions.*

G. Wellbeing

- i. The Activate Wellness Gyms (CAB and Depot) were used 1460 times during the March quarter or an average of 112 times per week by 146 individual members during the period. Gym use in the June quarter was down considerably due to the COVID-19 lockdown and its resurgence. The Depot contributes to 14% of the overall figures below.

Gym Usage	Mar 20	Jun 20	Sep 20	Dec 20	Mar 21
Gym usage quarterly total	1165	411	1659	1585	1460
Average weekly use	88	51	128	122	112

Wellbeing Table	Jan-Mar	YTD	
Gym usage	1460	4704	
Biennial health / eye check	38	127	
Annual flu vaccinations		0	
Vitae – Pastoral contacts	521	5119	
Vitae – Other contacts	78	589	
Sick Leave days	1116	3716	3716/600 = 6.2
People Feedback	Raw Score		
Safe from physical harm	4.23		
Safe from bullying, racism, harassment	3.82		



- ii. Flu vaccination information is widely published across the organisation.
- iii. Biennial health and eye check information is sent directly to staff members on their even birthdays, eg. 28.

Comments:

- *Wellbeing datapoints are consistent with previously reported insight on the implications of the disconnect between PNCC's commitments and resource levels.*
- *Management are reviewing the provision of mental health / resilience training to identify opportunities to capture more of our workforce and equip our people with skills and tools in a timely manner.*

H. Annual leave

Mar 19	Jun 19	Sep 19	Dec 19	Mar 20	Jun 20	Sep 20	Dec 20	Mar
2051	1884	1749	3006	1775	660	2308	4995	2562

Total days of annual leave taken over the quarter

Comment:

- *The average annual leave balance per staff member is 21.13 days (entitled plus accrued leave). Leave is actively managed however there are a number of single points of success / failure which management are seeking to explore solutions.*

I. Turnover

Turnover for the quarter of permanent staff was 29 or 5.07%. Total annual turnover rate was 14.57%. Employee initiated turnover was 15.7%. Employee initiated turnover are resignations and retirements and 12% has been traditionally regarded as a healthy indicator for our sector.

Date	Mar 19	Jun 19	Sep 19	Dec 19	Mar 20	Jun 20	Sep 20	Dec 20	Mar
Employee Initiated	15	11	19	19	26	9	19	34	28
Other	3	5	8	2	2	2	4	7	1

Comments:

- *December and March saw significant increase in turnover which is of concern. The labour market in Palmerston North and Manawatu is increasingly buoyant and PNCC will struggle to remain an attractive option.*
- *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

HEALTH, SAFETY AND WELLBEING MANAGER

Wayne Wilson

HUMAN RESOURCES MANAGER



Attachment One: The details of Health & Safety specific training undertaken in the last 12 months. Not included is the Health & Safety induction that all new staff receive.

Attachment Two: The Health & Safety Dashboard for the quarter that is discussed at Health & Safety committees.

COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A Driven and Enabling Council	
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions in	
The action is: Providing a safe and healthy workplace.	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Providing a safe and healthy workplace.

ATTACHMENTS

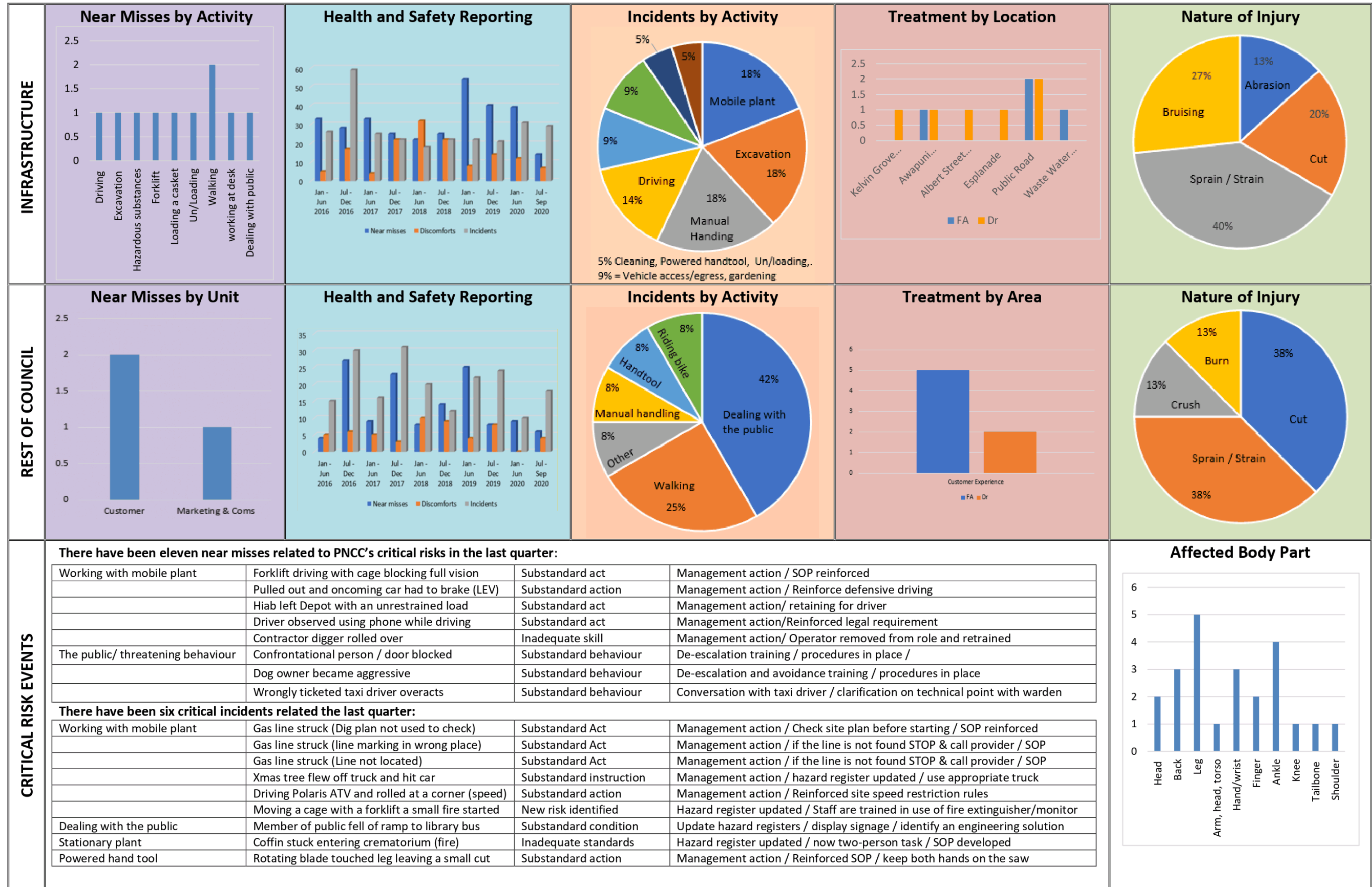
1. Details of Health & Safety specific training undertaken in the last 12 months [!\[\]\(79de0df6c6ddd2d4eb74f1cc5f48ec50_img.jpg\)](#) 
2. Health and Safety Dashboard Report January to March 2021 [!\[\]\(27d314856359a9d7feca17161bc1f4a4_img.jpg\)](#) 

Attachment One:

Event	Mar 20	June 20	Sept 20	Dec 20	Mar 21
Assessor Hort. ITO Online Training 4098	4				
Breathing Apparatus	5			1	10
Chemical training Cleaners					6
Confined Space Entry	14		21	1	
Customer Conflict Awareness				14	
Dangerous Good DG	1				2
Mental Wellbeing at Work (completed in May 2020-21)					
Driver Assessment Training	9				
Driver's License – Class 1R (Restricted)		1			
Driver's License – Class 2L (Learners)					1
Driver's License – Class 4L (Learners)	2				2
Driver's License – Class 1 (Car License)	2	3	1	5	3
Driver's License – Class 2 (Medium Rigid Vehicle)	1	3	1	2	1
Driver's License – Class 4 (Heavy Rigid)	2	1	1	3	
Driver's License – Class 5 (Heavy Combination)	1	1	2		
Driver's License – Class 6 (Motorcycle)		1			
Electrofusio certificate			11	9	
Elevated Working Platform (Scissor Lift and Boom)				6	
Endorsement (F) Forklift	1	2	3	5	3
Endorsement (R) Roller	1	2	5	1	2
Endorsement (T) Tracks	1	1	5	1	2
Endorsement (W) Wheeled Special Type	1	2	5	2	2
Fire Warden Training				1	
First Aid Certificate	1	1	26	16	2
Forklift OSH Certificate		4	10	15	
Front End Loader					2
Grow-safe			27		
Harassment Prevention and Awareness			36		
Harassment Prevention and Awareness – Managers workshop			10		
Certified Handlers (hazardous Substances)				4	
H&S Representative			14	1	
IVO Power Brush XL – Cleaners				5	
Kerbside collection traffic leader KCTL / WCTL			10		

Managing Mental Health					25
Move at Work / Manual Handling (Booked for June and July 2020-21)					
NC Utilities Maintenance L4 (water)				1	
PeopleSafe Training	32	19	55		
Public toilets & facilities cleaning /training SOP		5			
Resilience training (Completed in May 2020-21)					
Safe Work Zones	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		5	10	3	5
TC1 – Basic Traffic Controller Level 1	2	1	9	4	4
T1 Tennant Battery Floor Scrubber - Cleaners				5	
TC Refresher					1
Truck Loader Crane/Hi Ab	14				
Twintec TTB 1840 Battery Compact - Cleaners				5	
Total Number of Events	34	32	54	28	29
Total Number of Staff Attending	97	53	273	110	130

Health and Safety Quarterly Dashboard Report: January-March 2021



MEMORANDUM

TO: Finance & Audit Committee

MEETING DATE: 23 June 2021

TITLE: Assurance Report on Review of Council Policy Framework

PRESENTED BY: Masooma Akhter, Business Assurance Manager and Julie Macdonald, Strategy & Policy Manager

APPROVED BY: Sheryl Bryant, Assistant Chief Executive

RECOMMENDATION(S) TO FINANCE & AUDIT COMMITTEE

1. That the memorandum titled 'Assurance Report on Review of Council Policy Framework' and its attachment, presented to the Finance & Audit Committee on 23 June 2021, be received for information.
-

1. ISSUE

The Business Assurance plan for 2019/20 endorsed by Council on 19 August 2019 required a review of the Council policy framework.

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

2. BACKGROUND

A policy framework sets out how a policy should be initiated, developed, adopted, implemented and monitored. A high-level framework model can be found in appendix 4.

The policy framework is a key element of the Council's Governance Framework. The effectiveness of the policy framework is critical to ensuring good direction and guidance is provided to all employees and stakeholders on how the Council expects business to be conducted. When a framework is in place it provides a strong base for policies to be developed and maintained.

A review of the current policy framework was commissioned to ensure it is fit for purpose.

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
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 5: A Driven and Enabling Council	
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions in Not Applicable	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	This report is presented as a business assurance activity in response to the business assurance plan endorsed by Council.

ATTACHMENTS

1. Council Policy Framework Review Report [!\[\]\(97faa0168e491544be255cfcab218e9b_img.jpg\)](#) 

Policy Framework Review

Council Adopted Policies

Masooma Akhter
Business Assurance Manager

Page 1 of 9

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Executive Summary

Objective & Scope

The policy framework is a core foundation stone of any internal control environment. It ensures there is a clear non-ambiguous statement of expectation from Council. The object of this review is to comment on the fitness for purpose of the Council's policy framework:

- ✓ Framework design – the current policy framework, including accountabilities and how the Council identifies the need for new policies.
- ✓ Framework content – guidance on the content on the policies included in the policy framework and how this guidance is applied in practice.
- ✓ Framework implementation – communication and awareness of policy requirements across the Council.

Appendix 3: Policies in scope for review, sets out where Council adopted policies fall within our current structure and what was part of the scope. (pg. 8)

Background

A policy framework sets out how a policy should be initiated, developed, adopted, implemented and monitored. A high-level framework model can be found in appendix 4. (pg. 9)

The policy framework is a key element of the Council's Governance Framework. The effectiveness of the policy framework is critical to ensuring good direction and guidance is provided to all employees and stakeholders on how the Council expects business to be conducted. When a framework is in place it provides a strong base for policies to be developed and maintained. A review of the current policy framework was commissioned to ensure it is fit for purpose.

Summary of Findings & Recommendation

Policies themselves are of little worth unless they become embedded in our organisation, address an identified risk, or achieve one of our goals. Some benefits of an effective policy framework include:

- ✚ Improved policy structure and consistency – enables staff and stakeholders to clearly and consistently understand the Council's expectations of them
- ✚ Increased confidence in availability and transparency of policies and procedures to the community
- ✚ Explicit link between priorities, risks, expectations and how these are met through effective control

Currently, PNCC lacks a consistent approach to developing, embedding and monitoring compliance with our key policies. Detailed findings and recommendations from this review are included within this report. (pg. 4-5)

General

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



Masooma Akhter
Business Assurance Manager
24 May 2021

Key Findings & Recommendations

Ref:	Finding	Recommendation
1	<p>Policy Framework</p> <p>We noted that there is no formal policy framework in place. Without a defined policy framework there can be a lack of clear and consistent approach to identifying, maintaining and communicating the expectations of the Council.</p>	<p>To develop a policy framework that includes:</p> <ul style="list-style-type: none"> ✚ Process for development, approval, communication, monitoring and review. ✚ Roles and responsibilities. ✚ Centralisation of all policy related information. ✚ Quality check through policy team. ✚ Policy templates. <p>Once in place, the policy framework is expected to support the achievement of the Council's strategy and objectives, and drive consistency in policy structure which enhances the usability of policies for stakeholders.</p> <p>Priority: High</p>
2	<p>Impact Assessment & Implementation Plan</p> <p>During the review it was noted that formal implementation plans are not prepared to support Council adopted policies. The purpose of implementation plans would be to give assurance that the organisation has sufficient resources to operationalise the policy into practice and that key personnel are aware of their roles and responsibilities.</p>	<p>We recommend that implementation implications are identified prior to public consultation so that an impact assessment can be completed. This will provide for an opportunity to highlight any budgetary constraints to Elected Members before they approve the draft policy for consultation.</p> <p>Once the policy is adopted, an implementation plan should be presented to the relevant GM or ELT for endorsement and communicated to staff with implementation responsibilities.</p> <p>Priority: High</p>
3	<p>Monitoring Plans</p> <p>Following the approval of a policy, a lack of monitoring was noted. Therefore, until that policy is picked up for review again there is limited assurance that the policy is achieving its purpose.</p>	<p>We recommend that a monitoring plan is prepared with the development of the policy and presented to Council with the final policy. The monitoring plan should determine how we will gain assurance that the policy is achieving its purpose and if and how that will be reported back to Elected Members.</p> <p>Regular monitoring will allow for more consistent feedback to be collected and in turn the review cycles can be based on the outcomes of the monitoring plan and not predetermined timeframes.</p> <p>Priority: High</p>

4	<p>Policy Statements</p> <p>While reviewing the Council policy register, we noted that it listed all Council decisions that are enduring policy statements but are distinct from formal policies dating from May 1990 to June 2020. A total of 108 decisions were recorded on this register.</p> <p>E.G. <i>“That three-year funding contracts be entered into for the management of core events” – July 2003</i></p> <p>It was noted that there is no defined purpose or process for this register. There is a lack of accountability and is not readily available or visible to the organisation or community. It is uncertain whether we have ever reviewed these decisions since 2015.</p>	<p>We recommend that a process is formalised for enduring policy decisions. The register should then be made available and visible to staff and the community.</p> <p>Where appropriate, any decisions that are considered policy statements, should be incorporated within existing policies as amendments.</p> <p>We also recommend that an exercise is undertaken to review all the decisions currently on the register to ensure that they are still viable and relevant. Where possible, existing policies should be amended to incorporate these.</p> <p>Priority: High</p>
5	<p>Staff Inductions</p> <p>During the review it was noted that staff inductions do not include a prompt for Managers to familiarise new staff with any Council adopted policies that may apply to their role.</p>	<p>We recommend that the induction checklist for new staff is updated to include a reference to Council adopted policies. As it currently does for management policies.</p> <p>Priority: Medium</p>
6	<p>Policy Quality</p> <p>While reviewing Council adopted policies, the following exceptions were noted:</p> <ul style="list-style-type: none"> ✚ Policies didn't have a specified owner. ✚ Some policies specified a review timeframe, but others didn't. Therefore, causing an inconsistency. ✚ Various templates were being used. ✚ A total of 10 policies were last reviewed or developed between 2001 and 2016, and therefore were considered overdue for review. 	<p>The policy framework recommended in #1 should resolve most of these issues.</p> <p>Until a monitoring plan is in place for all policies that will in turn determine the review timeframes, it is recommended that a review tracker is put in place. This will ensure a plan is in place to review policies that are overdue for review. It is acknowledged that work is already underway in this regard.</p> <p>Priority: Low</p>
7	<p>Website</p> <p>While reviewing the policy register against the website, the following exceptions were noted:</p> <ul style="list-style-type: none"> ✚ Some Elected Member policies (governance policies) were on LG Hub but not on the website. All policies should be on the website to ensure they are visible to the community. ✚ Details on the policy register were often inconsistent with the details on the website, e.g. different approval dates or titles. 	<p>The policy framework recommended in #1 will resolve some of these issues by centralising all policy related information.</p> <p>In addition to that, a business case looking at changing the website platform has been completed and is currently with the General Manager, Marketing & Communications for consideration.</p> <p>Lastly, it is recommended that an exercise is undertaken to compare LG Hub, the policy register and the website and ensure that it is consistent.</p>

	<ul style="list-style-type: none"> The search function was deemed basic, where if someone spelt incorrectly or had the wrong title then the search result would show "no results". A policy had been uploaded in word version to the website. This raises the risk of someone downloading it and editing it. <p>Overall, inconsistencies were noted between LG Hub, the policy register and the website.</p>	<p>Priority: Low</p>
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Key

Priorities	
High	Significant benefits will be gained by addressing this finding, impacting positively on 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, impacting positively on 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, impacting positively on key functions, activities and controls. Action will be prioritised to be completed within 12 months.

Appendix 1: Agreed Action Plan

Ref	Action	Priority	Person Responsible	Due Date
1	Develop a policy framework	High	Strategy & Policy Manager	Sept 2021
2	Complete impact assessments for all policies going forward prior to consultation* Present implementation plans to relevant GM or ELT following policy adoption by Council*	High	Strategy & Policy Manager	Dec 2021 May 2022
3	Complete monitoring plans for all policies going forward and present to Council when final policy goes up for approval*	High	Strategy & Policy Manager	May 2022
4	Develop a process for enduring policy decisions made by Council Review policy statements from the policy register to date	High	Democracy & Governance Manager	Sept 2021 Sept 2021
5	Update staff induction checklist to incorporate Council adopted policies	Medium	Human Resource Manager	July 2021
6	Finalise review tracker	Low	Strategy & Policy Manager	Sept 2021
7	Review LG Hub, policy register and website for consistency	Low	Strategy & Policy Manager	Sept 2021

* These would not be required to be completed for Elected/Appointed Member policies.

Appendix 2: Management Comment

Management Comment

By Strategy & Policy Manager:

The implementation of the recommendations will reinforce the value and effectiveness of Council policy overall. Implementation of these recommendations will reinforce the progress that has been made to include the current policies within the 10-year plan strategic documents and centralise reporting responsibilities. The recommendations are consistent with the professional practice guidance provided by the Policy Project from the Department of Prime Minister and Cabinet.

Appendix 3: Policies in Scope for Review



Appointment of Directors and Trustees 2018 Policy	Development Contributions Policy	Policy for the use of public space 2019
Auahi Kore Smokefree and Vapefree Policy	Dog Control Policy 2018	Pressure Sewer Systems Policy
Business Improvement District Policy 2020	Healthy Beverage Policy	Rates Remission and Postponement Policies 2018
CEDA Appointment of Directors Policy	International Relations Policy 2019	Reserves and Walkways Naming Policy 2009
Class 4 Gambling Venue Policy 2017	Local Approved Products Policy 2014	Significance and Engagement Policy 2018
Community Funding Policy 2018	Local Area Traffic Management (LATM) Policy and Guidelines 2001	Street Naming and Numbering Policy 2009 (as amended 2012)
Dam Safety Policy 2013	Naming Rights for Council Owned Recreational Facilities Policy 2001	Sun Protection Policy 2010
Dangerous and Insanitary Buildings Policy 2006	New Zealand Racing Board Venue Policy 2017	Treasury Policy 2020

In addition, the process for Elected/Appointed Member policies (e.g. expense and allowance policy) was also reviewed within the scope of this review.

Appendix 4: Policy Framework Model



It should be noted that this framework is only an exemplar, it would need to be tailored to meet the requirements of Council. For instance, the process for Elected/Appointed Member policies would differ from the standard policy development process because we do not publicly consult on it.

MEMORANDUM

TO: Finance & Audit Committee

MEETING DATE: 23 June 2021

TITLE: Business Assurance Accountability Report

PRESENTED BY: Masooma Akhter, Business Assurance Manager

APPROVED BY: David Murphy, Acting General Manager - Strategy and Planning

RECOMMENDATION(S) TO FINANCE & AUDIT COMMITTEE

1. That the memorandum titled 'Business Assurance Accountability Report' presented to the Finance & Audit Committee on 23 June 2021, be received for information.
-

1. ISSUE

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

As requested by the Finance & Audit Committee in December, an action plan has been developed to address the recommendations from the 2019 Audit NZ Report. This has been completed and is attached. It should be noted that once the 2020 Audit NZ Report is finalised, a new action plan will be developed and will supersede the attached action plan.

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. In this instance, the Audit NZ report's recommendations have been included.

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? 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 5: A Driven and Enabling Council	
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions in Not Applicable	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Business Assurance aims to help the Council succeed by building trust and confidence in the core controls relied on by management.

ATTACHMENTS

1. Business Assurance Accountability Report [↓](#) 
2. Audit NZ 2019 Report - Management Action Plan [↓](#) 

Accountability Report

Finance & Audit Committee

May 2021

Prepared by:
Business Assurance Division

Page 1 of 5

Accountability Report – Finance & Audit Committee – May 2021

Compilation

Status	High	Medium	Low	Grand Total
Not Started, Overdue	1	2	-	3
Not Started	1	2	-	3
In Progress, Overdue	11	3	-	14
In Progress	4	23	-	27
Completed	6	6	1	13
Total Actions	23	36	1	60

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	1	3	12	3
PMO (Project Management Office) Review	3	1	6	6	6	22	4-5
Audit NZ (Separate Attachment)	-	2	-	20	4	26	-
Total Actions	3	3	14	27	13	60	-

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

Status	High	Medium	Low	Total
Not Started	-	-	-	-
In Progress, Overdue	8	-	-	8
In Progress	1	-	-	1
Completed	3	-	-	3
Total Actions	12	-	-	12

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

Ref	Action / Recommendation	Due Date	Role	Management Comment
1	BCPs to be enhanced, made more useful and relevant	Mar-21	HoRR	Due date amended to Nov 2021.
2	Call centre risk – review plans against a range of scenarios	Sep-20	HoRR	This objective will be revisited following completion of the Contact Centre BCP update. Due date amended to Nov 2021.
3	Looking after staff: Key contacts (work) should be saved on phones	Sep-20	HoRR	This information is held on our Microsoft applications. Expectations will be set for all staff to have this information on their phones. Due date amended to Nov 2021.
4	Looking after staff: Develop telephone trees	Dec-20	HoRR	Managers asked to develop telephone trees as part of their Covid19 preparations. Additionally, to this – these telephone trees will be documented in BCPs. Due date amended to Nov 2021.
5	Looking after staff: Train managers and team leaders on their immediate response to emergency events	Dec-20	HoRR	Emergency Response Plan under-development and will be implemented as part of the updated BCPs. Due date amended to Nov 2021.
6	Plan what staff may be required where and backfilling plans (delegations / training)	Dec-20	HoRR	An organisation wide BCP is being completed, this should cover backfilling assessments. Due date amended to Aug 2021.
7	Where we rely on external partners to deliver services, we need to ensure our BCPs are aligned	Dec-20	HoRR	This recommendation will be completed for individual functions' Business Continuity Plans when they are updated, to ensure we align with each other. It is expected this is completed by Nov 2021.
8	That exercises are run across the Council at least annually using a range of scenarios	Dec-20	HoRR	This is a BAU activity and is noted by the HoRR as important activity to take place. Due date amended to March 2022.

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

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

Table below details Items **Overdue**.

Ref	Action / Recommendation	Priority	Due Date	Role	Management Comment
Status: Not Started, Overdue					
1a	That central planning of internal resources is led by the PMO division.	High	Mar -21	CIO	Due date amended to June-21. A delivery review is currently being undertaken
1b	That a representative from Strategy & Planning is included on the PRB (Project Review Board).	Medium	Mar -21	CIO	Due date amended to Aug-21. Change of role accountable from PMO Manager to CIO. CIO wants to have a review of the function and purpose of the PRB.
1c	Financial Information presented to PRB updated to include commentary on any current or forecast variation.	Medium	Mar -21	PMOM	Due date amended to July-21. Discussions are ongoing with CIO on programme reporting and information required for this.
Status: In Progress, Overdue					
2a	The PMO manual to be finalised and approved by the CIO.	High	Mar -21	PMOM	Due date amended to June -21. Draft manual to be updated in line with feedback received from the Risk Team.
2b	That a stakeholder mapping exercise is undertaken, and the stakeholder management plan finalised.	High	Mar -21	PMOM	Due date amended to June-21.

2c	Fast track the new procurement and contract management system's implementation and associated training and knowledge resources.	High	Mar -21	CFO	Due date amended to Mar-22. Delay is due to Lack of organisation priority. There is a contract management system however it is not consistently used, further refinement and perhaps a better system is required to satisfy audit finding. A project is underway, however full implementation is dependent on resources and will take time.
2d	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	CIO	Due date amended to Aug-21. Change of role accountable from PMO Manager to CIO. CIO wants to have a review of the function and purpose of the PRB.
2e	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	PMOM	Due date amended to June -21. These changes will be included along with changes to the Manual from Risk then submitted to the CIO for approval.
2f	If the benefits are only realised after the project has closed down, then a mechanism to continue tracking their realisation should be established.	Medium	Mar -21	CIO	Due date amended to Dec-21.

Key:

PM – Procurement Manager	TIM – Transport and Infrastructure Manager
HoRR – Head of Risk and Resilience	CIO- Chief Infrastructure Officer
HRM – HR Manager	PMOM – Project Management Officer Manager
BAM – Business Assurance Manager	BRT – Business Response Team
BMCS – Business Manager Contact Services	Role – Role responsible for progressing and completing the Item raised.
APM – Asset and Planning Manager	IMM – Information Management Manager

Audit NZ – Action Plan For 2019 Report

Status	High	Medium	Low	Total
Not Started	-	2	-	2
In Progress	-	20	-	20
Completed	-	4	-	4
Total Actions	-	26	-	26

All items raised by Audit NZ in their management report for FY 2018-2019 report previously did not have a due date. Please see table below for updated due date agreed with role responsible.

Status: Not Started						
Ref	Action / Recommendation	Priority	Matter Raised	Role	Updated Due Date	
1a	Review Management Expenses Policy	Medium	2018	CFO	Dec 2021	
1b	Review Management Conflicts of interest policy	Medium	2018	LC	June 2021	
Status: In Progress						
Ref	Action / Recommendation	Priority	Matter Raised	Role	Updated Due Date and/or Mgmt comment	
2a	Finance: Prepare and Review June 2020 Reconciliations in a timely manner.	Medium	2017	CFO	We believe this is completed, however we need clarification from Audit NZ on the definition of "timely manner" as this appears to be due to system limitations. Further clarification required*	
2b	Finance: Prepare and Review Rest of Year Reconciliations in a timely manner.	Medium	2017	CFO		
2c	Complete conflict of interest declaration forms as soon as a person becomes involved in the procurement process.	Medium	2017	LC	Oct 2021 - Ongoing, Forms are used for most procurement, but inconsistencies still need addressing.	
2e	Staff who are involved in procurement should be aware of the different types of conflict of interest and how these should be managed.	Medium	2017	LC		

2f	Treat conflict of interest declaration forms as a live document.	Medium	2017	LC	
2g	A procurement plan be completed for every significant project prior to tendering.	Medium	2017	PM	Dec 2021
2h	Analyse of procurement risk as part of procurement planning.	Medium	2017	PM	Dec 2021
2i	Ensure there is evidence that the processes at key stages has been conducted fairly and appropriately.	Medium	2017	PM	Dec 2021
2j	Actual renewals and capital expenditure programme and spend 8a continue to implement the action plan, internal audit's findings from 2015/16, our review recommendations on procurement, contract management, and project management; and 8b review the capital budgets of projects going into the next LTP to ensure these have realistic timeframes.	Medium	2017	PM/ CIO	Dec 2021 – This is ongoing
2k	Review Management Fraud Policy	Medium	2018	BAM	Sep 2021 – Drafted and awaiting final approval by ELT.
2L	Review Management Review Gifts, Inducements and Rewards policy	Medium	2018	HRM	Aug 2021
2m	Finalise, Update and regularly test Business Continuity Plan (BCP).	Medium	2017	HoRR	Nov 2021
2n	Contract management: <ul style="list-style-type: none"> Consider whether a whole of Council contract management system would be useful. Ensure completeness and accuracy of data information on the contract management system and review the data that is being placed there. Ensure consistency of what is retained on the contract management system by formally documenting the required documents that are needed on the system. 	Medium	2017	ELT	A Contract Management System exists and was implemented, but we are having challenges regarding its use and completeness. This is a work in progress. Further clarification required*

Action related to Mandatory performance measures

2o	<p>Ensure effectiveness of current systems to accurately capture the underlying data, data completeness. Formally document Systems and processes training provided to all staff involved.</p>	Medium	2017	TIM	<p>Per TIM: There is no formal documentation for KBase reporting and quality assurance. Levels of completeness in respect of data capture for individual KBases has been a key focus for the last few years and higher level of data completeness are being achieved.</p> <p>KBase queries in the transport and active transport area which will be managed by a new external contractor through RAMM, will be robustly documented over the first quarter of the new contract starting 1 July 2021.</p> <p>The contract manager will undertake audits of the KBase data including resolution using smart analytics.</p> <p>Data quality is impacted by errors in categorisation of KBase queries at entry which cannot be remedied because of software limitations. Additionally, reporting relies on exported summary data as there is not sufficient resource or value to justify review of individual queries.</p> <p>Internal resourcing is currently inadequate to implement a similar approach for the remaining KBase queries.</p> <p>Further clarification required*</p>
2p	<p>Perform a weekly quality review of data entered into the system in relation to complaints, service requests and response times to ensure it is complete, accurate and supportable.</p>	Medium	2017	TIM	<p>Per TIM: Current resourcing constraints and staff capability gaps mean that regular weekly reviews are not occurring. Contracted staff have been engaged to follow-up on critical overdue KBase resolution. Council is managing the risk associated with unresolved query management without complying with the measures.</p> <p>Additional dedicated and skilled resource coupled with improved software and systems are required to achieve full compliance and this investment is not currently a priority.</p> <p>Further clarification required*</p>
2q	<p>Ensure data fields include information showing why data has been amended or re categorised with a clear audit trail of any changes made and who authorised these.</p>	Medium	2017	BMCS	<p>KBase query management provides for capture of amendments and re-assignments within the KBase query as a log. The system does not allow for re-categorising of a KBase query. Exported data for reporting purposes does not</p>

						include the detailed notes describing any changes made. Any further improvements depend on the software functionality Further clarification required*
2r	Document any calls that are excluded as DIA service requests or complaints.	Medium	2017	BMCS	June 2021	
2s	Continue to review DIA guidance to ensuring data being captured and reported meets the mandatory reporting requirements.	Medium	2017	BMCS	June 2021	
2t	Ensure there is a system in place to check contractor times recorded are accurate.	Medium	2017	TIM		Per TIM: For the transport and active transport areas where an external provider under a new contract engagement will be responsible for data capture and resolution, standard protocols and processes are being established. These will be audited on a continuous basis through real-time reporting systems extracting data from RAMM. For remaining KBase categories managed by Council internal staff and a range of smaller external contractors the status is mixed. Some areas are well documented with internal processes driving high levels of consistency, while in other areas standard processes have yet to be developed resulting in inconsistent data quality. Several measures are not robust namely stormwater flooding and response times for roading KBases. This is because Council is not routinely advised of stormwater flooding events. The fixed 3 day response time target for roading queries is not considered practicable and instead Council has adopted different response KPIs depending on the urgency and risk. Increased resource to develop processes and systems and train staff is required, however this is not currently a priority for Council. Further clarification required*
2u	Review Management Use of Council vehicles policy	Medium	2018	ELT	June 2021	

Status: Complete						
Ref	Action / Recommendation	Priority	Matter Raised	Role	Updated Due Date	
3a	Review Risk Management Policy	Medium	2017	HoRR	N/A	
3b	Review Cell Phone Policy	Medium	2017	IMM	N/A	
3c	Succession Planning: Senior Engineer's knowledge on Road Assessment and Maintenance Management (RAMM) to be shared.	Medium	2017	APM	N/A	
3d	Review Network User Accounts	Medium	2017	IMM	N/A	

Key:

*

Further clarification required. Officers to engage Audit NZ with aim to further clarify what is specifically required to close off the recommendation before deciding on subsequent actions and committing to a timeframe required to appropriately address these recommendations.

COMMITTEE WORK SCHEDULE

TO: Finance & Audit Committee

MEETING DATE: 23 June 2021

TITLE: Committee Work Schedule

RECOMMENDATION(S) TO FINANCE & AUDIT COMMITTEE

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

ATTACHMENTS

1. Committee Work Schedule_June 2021  

ITEM 11

FINANCE & AUDIT COMMITTEE

COMMITTEE WORK SCHEDULE – MAY 2021

Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
1.	June 2021 September 2021 December 2021	Health & Safety Quarterly Update	Health, Safety & Wellbeing Manager		
2.	June 2021	Council Policy Framework Review	Business Assurance Manager		16 December 2020 Clause 67.2
3.	June 2021 December 2021	Business Assurance Accountability Report	Business Assurance Manager		16 December 2020 Clause 68.2
4.	August 2021	Tamakuku Terrace Affordable Housing Options – report back following negotiations for the terms to be agreed by Council (confidential)	Chief Infrastructure Officer		28 April 2021 Clause 37.2
5.	August 2021	Quarterly Performance & Finance Report (quarter ending 30 June 2021)	Chief Financial Officer		
6.	August 2021	Asset Management Planning Review	Business Assurance Manager		16 December 2020 Clause 67.2
7.	August 2021	Health & Safety Review	Business Assurance Manager		16 December 2020 Clause 67.2
8.	September 2021	Internal audit on the Arena Development Project	Business Assurance Manager		Infrastructure 24 March 2021 Clause 5.1
9.	September 2021	Rates review progress update	Chief Financial Officer		24 March 2021 Clause 24.1
10.	October 2021	Quarterly Performance & Finance Report (quarter ending 30 September 2021)	Chief Financial Officer		
11.	November 2021	Review of Property Asset Renewals	Business Assurance		16 December 2020

Oasis # 13972985

- 2 -

Item No.	Estimated Date	Report	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
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				Manager		Clause 67.2
12.	November 2021		Procurement Review	Business Assurance Manager		16 December 2020 Clause 67.2
13.	November 2021		Victoria Esplanade – Café lease extension negotiations	Chief Infrastructure Officer		24 March 2021 Clauses 18.1, 18.3
14.	November 2021		Report re findings of a strategic review of the provision of hospitality services in the Victoria Esplanade	Chief Infrastructure Officer		24 March 2021 Clause 18.2
15.	2022		Financial Delegation of Authority Policy Review Review of Project Planning and Budgeting Enterprise Risk Management Framework Review Benefits Realisation Framework and Strategic Prioritisation Review Sustainable Practices Review Financial Processes Analytics (FPA) Six-monthly Business Assurance Accountability Report	Business Assurance Manager		16 December 2020 Clauses 67.2 and 68.2

CONFIDENTIAL DECISIONS RELEASED

Meeting date	Title	Released	Not Released
16 December 2020	Tender Award - Contract 3791 - Junction and Road Safety Improvement	Redacted report, decision and division.	N/A

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