



PAPAIOEA
PALMERSTON
NORTH
CITY

PALMERSTON NORTH CITY COUNCIL

AGENDA

FINANCE, PERFORMANCE & AUDIT COMMITTEE

9.00AM, WEDNESDAY 1 APRIL 2026

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

MEMBERS

Vaughan Dennison (Chair)
Karen Naylor (Deputy Chair)
Grant Smith (The Mayor)

Mark Arnott
Brent Barrett
Lew Findlay (QSM)
Hayden Fitzgerald
Leonie Hapeta
Lorna Johnson

Bonnie Kuru
Debi Marshall-Lobb
Billy Meehan
Orphée Mickalad
William Wood
Kaydee Zabelin

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

Waid Crockett

Chief Executive | PALMERSTON NORTH CITY COUNCIL

FINANCE, PERFORMANCE & AUDIT COMMITTEE MEETING

1 April 2026

ORDER OF BUSINESS

1. Karakia Timatanga

2. Apologies

3. 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.

4. 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.

5. Public Comment

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

- | | | |
|------------|-------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| 6. | Confirmation of Minutes | Page 7 |
| | That the minutes of the Finance, Performance & Audit Committee meeting of 4 March 2026 Part I Public be confirmed as a true and correct record. | |
| 7. | Audit New Zealand 2025 Management Report | Page 15 |
| | Memorandum, presented by Scott Mancer, Manager Finance and Debbie Perera, Audit Director, Audit New Zealand. | |
| 8. | Audit New Zealand 2025/26 Financial Year Audit Plan | Page 37 |
| | Memorandum, presented by Scott Mancer, Manager Finance and Chris Webby, Audit Director, Audit New Zealand. | |
| 9. | Palmerston North Airport Limited - Interim report for six months ending 31 December 2025 | Page 63 |
| | Memorandum, presented by Steve Paterson, Manager - Financial Strategy. | |
| 10. | Palmerston North Airport Limited - Draft Statement of Intent for 2026/27 to 2028/29 | Page 67 |
| | Memorandum, presented by Steve Paterson, Manager - Financial Strategy. | |
| 11. | Draft Speed Management Plan - deliberations on submissions and adoption | Page 75 |
| | Report, presented by Peter Ridge, Manager Strategy and Policy. | |
| 12. | Central Economic Development Agency (CEDA): 6 month report 1 July 2025 to 31 December 2025 and Draft Statement of Intent 2026/27 | Page 89 |
| | Memorandum, presented by David Murphy, General Manager Strategic Planning. | |
| 13. | Palmerston North Quarterly Economic Update - April 2026 | Page 97 |
| | Memorandum, presented by Stacey Andrews, City Economist. | |

- 14. Manderson Private District Plan Change acceptance and notification approval** Page 123
 Memorandum, presented by Simon Mori, Principal Planner and Jono Ferguson-Pye, Manager City Planning.
- 15. Plan Change Tahī - Review of Designation to Public Notification** Page 127
 Memorandum, presented by Haechang Kwon, Planner and Jono Ferguson-Pye, Manager City Planning.
- 16. Traffic situation and calming options for Ascot and Pahiatua Streets** Page 133
 Report, presented by Tyler da Silva, Acting Transport and Development Manager.
- 17. Committee Work Schedule** Page 139
- 18. Strategic Risk Management Reporting October to December 2025 (Quarter 2)** Page 147
 Memorandum, presented by Stephen Minton, Risk Management Advisor.
- 19. Karakia Whakamutunga**
- 20. Exclusion of Public**

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
18.	Strategic Risk Management Reporting October to	It is to the greater public interest that	S7(2)(a) PRIVACY S7(2)(c)(ii) PREVENT

	December 2025 (Quarter 2) Confidential Attachment 1	Council information security processes and any risks are discussed confidentially, as failure to manage and safely protect Council information could result in breaches under the Privacy Act and Public Records Act, as well as significant disruption to Council services.	DAMAGE TO THE PUBLIC INTEREST S7(2)(e) PREVENT MATERIAL LOSS TO THE PUBLIC
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This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as stated in the above table.

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

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

PALMERSTON NORTH CITY COUNCIL

Minutes of the Finance, Performance & Audit Committee Meeting Part I Public, held in the Council Chamber, First Floor, Civic Administration Building, 32 The Square, Palmerston North on 04 March 2026, commencing at 9.00am

- Members Present:** Councillor Vaughan Dennison (in the Chair), The Mayor (Grant Smith) and Councillors Karen Naylor, Mark Arnott, Brent Barrett, Lew Findlay, Hayden Fitzgerald, Leonie Hapeta, Lorna Johnson, Bonnie Kuru, Debi Marshall-Lobb, Billy Meehan, William Wood and Kaydee Zabelin.
- Apologies:** Councillors Lorna Johnson and Kaydee Zabelin (early departure, on Council business), Councillor Orphée Mickalad (late arrival).

Karakia Timatanga

Councillor Debi Marshall-Lobb opened the meeting with karakia.

1-26 Apologies

Moved Vaughan Dennison, seconded Karen Naylor.

The COMMITTEE RESOLVED

1. That the Committee receive the apologies.

Clause 1-26 above was carried 14 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Vaughan Dennison, Karen Naylor, Mark Arnott, Brent Barrett, Lew Findlay, Hayden Fitzgerald, Leonie Hapeta, Lorna Johnson, Bonnie Kuru, Debi Marshall-Lobb, Billy Meehan, William Wood and Kaydee Zabelin.

Declarations of Interest

Councillor Debi Marshall-Lobb declared an interest in Item 15 (Six-monthly report on International Relations and Education Activities) and stated she would consider the item with an open mind.

2-26 Speed Management Plan - Hearing of Submissions

Moved Vaughan Dennison, seconded Karen Naylor.

The COMMITTEE RESOLVED

1. That the Finance, Performance & Audit Committee receive the submissions and hear submissions from presenters who indicated their wish to be

heard in support of their submission.

2. That the Committee note the Procedure for Hearing of Submissions, as described in the procedure sheet.

Clause 2-26 above was carried 14 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Vaughan Dennison, Karen Naylor, Mark Arnott, Brent Barrett, Lew Findlay, Hayden Fitzgerald, Leonie Hapeta, Lorna Johnson, Bonnie Kuru, Debi Marshall-Lobb, Billy Meehan, William Wood and Kaydee Zabelin.

The Committee considered submissions on the Speed Management Plan with supporting oral statements including additional tabled material (appended to these Minutes).

The following persons appeared before the Committee and made oral statements in support of their submissions and replied to questions from Elected Members.

Steve Wrathall (170)

Steve spoke to his submission and made the following additional comment:

- Allowing drivers to get where they want to at reasonable speeds actually improves driver behaviour and increases respect for the law and for existing speed limits; in contrast, forcing drivers to travel at unreasonably slow speeds decreases driver compliance and increases tiredness and frustration.

St James Catholic School (Andy Whitson) (173)

Andy spoke to their submission, provided additional material, and made the following additional comments:

- Referenced example of parent who wears a high visibility vest while walking with his daughter to and from St James school, due to safety concerns around the speed with which some motorists pass through this area (refer tabled photograph).
- Spoke of an incident in Auckland recently where a student on road patrol was hit by a car.

Turitea School (Troy Duckworth, Principal) (40) and Fraser Ponsford (73)

Troy and Fraser spoke to their submissions and made the following additional comments:

- Propose a reduced speed zone at Turitea School during pick up/drop off times of 8.15-9.15am and 2.45pm-3.15pm.
- They don't want a fatality to be the thing that effects change.

Catherine Millar (45)

Catherine spoke to her submission and made the following additional comments:

- Throughout New Zealand 36% of crashes are rural and 71% of those crashes result in deaths; there is a higher hit rate in rural communities than in urban centres.
- Long term a roundabout at the intersection of Longburn-Rongotea Road and No. 1 Line is supported, especially given Longburn-Rongotea Road will be a huge part of the proposed ring road around Palmerston North, meaning there will always be a high volume of traffic. This remediation is at least five years away.

City to Sea Rail Trust – Manawatū (Alice Williamson) (137)

Alice spoke to their submission and provided additional material, appended to these Minutes. She made no additional comments.

Max the Plumber Ltd (Max Lichtnecker) (157)

Max spoke to his submission and made the following additional comments:

- Would like to see a 70-80km zone on Longburn-Rongotea Road, No. 1 Line on all sides of the junction, as there is a lack of visibility due to the bridge.
- Rumble strips would help make motorists aware of the Stop sign ahead, like there is at the Karere Road intersection.
- It would be a lot easier for New Zealanders to have a consistently standardised system with a 70km zone approaching all major intersections.
- Would like to have the no engine braking signs moved to before Reserve Road, further away from the residential properties, to reduce noise and improve safety.

Peter French (177)

Peter spoke to his submission, providing additional material noting earlier start and closing times for schools in the area, and made the following additional comment:

- Suggest Council staff contact the 40 schools again to obtain more information about foot and vehicle traffic at both the start and close of the day.

RACE Group & Kikiwhenua Group Ltd (Glenn Young) (179)

Glenn spoke to their submission and made no additional comments.

Lorraine Cook (145)

Lorraine spoke to her submission and made the following additional comment:

- Noted reduced speed areas in other cities have the effect of making things feel calm, traffic moves smoothly, does not cause disruption.

3-26

Speed Management Plan - Summary of Submissions

Memorandum, presented by Peter Ridge, Acting Manager Strategy and Policy and James Miguel, Senior Transport Planner.

Councillor Orphée Mickalad entered the meeting at 10.05am.

Moved Vaughan Dennison, seconded Karen Naylor.

The COMMITTEE RESOLVED

1. That the Committee receive the memorandum titled 'Speed Management Plan – Summary of Submissions' presented to the Finance, Performance & Audit Committee on 4 March 2026.

Clause 3-26 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Vaughan Dennison, Karen Naylor, Mark Arnott, Brent Barrett, Lew Findlay, Hayden Fitzgerald, Leonie Hapeta, Lorna Johnson, Bonnie Kuru, Debi Marshall-Lobb, Billy Meehan, Orphée Mickalad, William Wood and Kaydee Zabelin.

4-26

Setting Council's Risk Management Appetite and Tolerance Levels

Memorandum, presented by Stephen Minton, Risk Management Advisor.

Moved Vaughan Dennison, seconded Karen Naylor.

The COMMITTEE RECOMMENDS

1. That Council re-confirm the risk appetite and risk tolerance levels as noted in section 4.1 and 4.2 of the memorandum titled 'Setting Council's Risk Management Appetite and Tolerance Levels' presented on 4 March 2026.

Clause 4.1-26 above was carried 13 votes to 2, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Vaughan Dennison, Karen Naylor, Mark Arnott, Lew Findlay, Leonie Hapeta, Lorna Johnson, Bonnie Kuru, Debi Marshall-Lobb, Billy Meehan, Orphée Mickalad, William Wood and Kaydee Zabelin.

Against:

Councillors Brent Barrett and Hayden Fitzgerald.

Moved Vaughan Dennison, seconded Karen Naylor.

2. That Council agree to review risk appetite and tolerance levels triennially hereafter.

Clause 4.2-26 above was carried 10 votes to 5, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Vaughan Dennison, Karen Naylor, Mark Arnott, Lew Findlay, Hayden Fitzgerald, Leonie Hapeta, Billy Meehan, Orphée Mickalad and William Wood.

Against:

Councillors Brent Barrett, Lorna Johnson, Bonnie Kuru, Debi Marshall-Lobb and Kaydee Zabelin.

The meeting adjourned at 10.41am.
The meeting resumed at 11.00am.

5-26

New Zealand Food Awards - Annual Report

Report, presented by Jessica Papple, Manager Marketing and Rebekah Sulman, Associate Director Events and Sponsorships, Massey University.

Councillors Lorna Johnson and Kaydee Zabelin left the meeting at 11.30am.

Moved William Wood, seconded Hayden Fitzgerald.

The **COMMITTEE RECOMMENDS**

1. That the Committee decline the request to sponsor the New Zealand Food Awards.

Clause 5-26 above was carried 7 votes to 6, the voting being as follows:

For:

Councillors Karen Naylor, Mark Arnott, Brent Barrett, Lew Findlay, Hayden Fitzgerald, Orphée Mickalad and William Wood.

Against:

The Mayor (Grant Smith) and Councillors Vaughan Dennison, Leonie Hapeta, Bonnie Kuru, Debi Marshall-Lobb and Billy Meehan.

Moved Vaughan Dennison, seconded Grant Smith.

Note:

On a motion: 'That the Committee refer the continuation of Programme 2446 of up to \$64k over three years to support the New Zealand Food Awards as part of the Annual Budget 2026/27 deliberations in May', the motion was lost 6 votes to 7, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Vaughan Dennison, Brent Barrett, Leonie Hapeta, Bonnie Kuru and Debi Marshall-Lobb.

Against:

Councillors Karen Naylor, Mark Arnott, Lew Findlay, Hayden Fitzgerald, Billy Meehan, Orphée Mickalad and William Wood.

6-26

Business Assurance Accountability Report

Memorandum, presented by Emy Bastillo, Internal Auditor/Business Assurance Advisor & Desiree Viggars, Manager Legal Risk & Assurance.

Councillors Lorna Johnson and Kaydee Zabelin entered the meeting again at 12.00pm.

Councillor Leonie Hapeta left the meeting at 12.11pm.

Moved Vaughan Dennison, seconded Karen Naylor.

The **COMMITTEE RESOLVED**

1. That the Committee receive the memorandum titled 'Business Assurance Accountability Report' presented on 4 March 2026.

Clause 6-26 above was carried 12 votes to 2, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Vaughan Dennison, Karen Naylor, Brent Barrett, Lew Findlay, Lorna Johnson, Bonnie Kuru, Debi Marshall-Lobb, Billy Meehan, Orphée Mickalad, William Wood and Kaydee Zabelin.

Against:

Councillors Mark Arnott and Hayden Fitzgerald.

7-26

Health and Safety Report, 1 July to 30 September 2025 (Quarter 1) and Health and Safety Report, 1 October to 31 December 2025 (Quarter 2)

Memorandums, presented by Danny Kidd, Health and Safety Advisor and Sarah Morris, General Manager People & Capability.

Moved Vaughan Dennison, seconded Karen Naylor.

The **COMMITTEE RESOLVED**

1. That the Committee receive the memorandums titled 'Health and Safety Report, 1 July to 30 September 2025 (Quarter 1)' and 'Health and Safety Report, 1 October to 31 December 2025 (Quarter 2)' presented to the Finance, Performance & Audit Committee on 4 March 2026.

Clause 7-26 above was carried 14 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Vaughan Dennison, Karen Naylor, Mark Arnott, Brent Barrett, Lew Findlay, Hayden Fitzgerald, Lorna Johnson, Bonnie Kuru, Debi Marshall-Lobb, Billy Meehan, Orphée Mickalad, William Wood and Kaydee Zabelin.

The meeting adjourned at 1.04pm.

The meeting resumed at 2.00pm.

Councillor Leonie Hapeta was present when the meeting resumed.

Councillor Orphée Mickalad was not present when the meeting resumed.

8-26

Wellbeing Report, 1 July to 30 September 2025 (Quarter 1) and Wellbeing Report, 1 October to 31 December 2025 (Quarter 2)

Memorandums, presented by Connie Roos, Manager Employee Experience and Wayne Wilson, Manager People Operations.

Officers noted the following updates to the reports:

Quarter 1 Report: Table 5 Turnover

25/26 Sep 1/4

Employee Initiated: 20 should read 12

%: 15.2% should read 8.4%

Quarter 2 Report: Table 5 Turnover

25/26 Sep 1/4

Employee Initiated: 20 should read 12

%: 15.2% should read 8.4%

25/26 Dec 1/4

Employee Initiated: 15 should read 21

Moved Vaughan Dennison, seconded Kaydee Zabelin.

The **COMMITTEE RESOLVED**

1. That the Committee receive the memorandums titled 'Wellbeing Report, 1 July to 30 September 2025 (Quarter 1)' and 'Wellbeing Report, 1 October to 31 December 2025 (Quarter 2)' presented to the Finance, Performance & Audit Committee on 4 March 2026.

Clause 8-26 above was carried 14 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Vaughan Dennison, Karen Naylor, Mark Arnott, Brent Barrett, Lew Findlay, Hayden Fitzgerald, Leonie Hapeta, Lorna Johnson, Bonnie Kuru, Debi Marshall-Lobb, Billy Meehan, William Wood and Kaydee Zabelin.

9-26

Six-monthly report on International Relations and Education Activities

Memorandum, presented by Gabrielle Loga, Manager International Relations and Kunal Chonkar, International Relations and Education Advisor.

Councillor Orphée Mickalad entered the meeting at 2.14pm.

Moved Vaughan Dennison, seconded Leonie Hapeta.

The **COMMITTEE RESOLVED**

1. That the Committee receive the 'Six-monthly report on International Relations and Education Activities', presented on 4 March 2026.

Clause 9-26 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Vaughan Dennison, Karen Naylor, Mark Arnott, Brent Barrett, Lew Findlay, Hayden Fitzgerald, Leonie Hapeta, Lorna Johnson, Bonnie Kuru, Debi Marshall-Lobb, Billy Meehan, Orphée Mickalad, William Wood and Kaydee Zabelin.

Note:

Councillor Debi Marshall-Lobb declared an interest and stated she would consider the item with an open mind.

10-26

Committee Work Schedule

Moved Vaughan Dennison, seconded Leonie Hapeta.

The **COMMITTEE RESOLVED**

1. That the Finance, Performance & Audit Committee receive its Work Schedule dated March 2026.

Clause 10-26 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Vaughan Dennison, Karen Naylor, Mark Arnott, Brent Barrett, Lew Findlay, Hayden Fitzgerald, Leonie Hapeta, Lorna Johnson, Bonnie Kuru, Debi Marshall-Lobb, Billy Meehan, Orphée Mickalad, William Wood and Kaydee Zabelin.

Karakia Whakamutunga

Councillor Debi Marshall-Lobb closed the meeting with karakia.

The meeting finished at 2.26pm.

Confirmed 1 April 2026

Chair

MEMORANDUM

TO: Finance, Performance & Audit Committee

MEETING DATE: 1 April 2026

TITLE: Audit New Zealand 2025 Management Report

PRESENTED BY: Scott Mancer, Manager Finance and Debbie Perera, Audit Director, Audit New Zealand

APPROVED BY: Cameron McKay, General Manager Corporate Services

RECOMMENDATION(S) TO FINANCE, PERFORMANCE & AUDIT COMMITTEE

1. That the Committee receive the memorandum titled 'Audit New Zealand 2025 Management Report' presented to the Finance, Performance & Audit Committee on 1 April 2026.
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1. ISSUE

Audit New Zealand undertook the annual Statutory Financial Statement Audit for Year End 30 June 2025.

As part of the annual audit, each year Audit New Zealand produces an Audit Management Report providing an overview of the audit and outlining any matters from the audit, and an assessment of Council's internal controls. Recommendations for improvements are included in this report, along with progress against previous recommendations raised in prior audits.

In February 2026 Audit New Zealand released a draft management report for the June 2025 audit. This report was finalised by Audit New Zealand on 15 March 2026 (Attachment 1).

The issues remaining open on the Management Letter have either been resolved already or are already being reported on through the accountability reporting. A large number of items (10) were closed due to the progress in the 2024/25 financial year.

Audit New Zealand have refined the approach to reporting to governors on audit work completed and key focus areas. A separate report to governors is now also produced (Attachment 2).

2. BACKGROUND

Officers have noted that a number of items were closed through the audit with a small number of new items raised. New and outstanding items are in progress and expected to be closed during the upcoming audit.

3. NEXT STEPS

Regular reporting will continue through the Accountability Report of the outstanding issues.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these objectives?	Yes
Are the recommendations inconsistent with any of Council’s policies or plans?	No
The recommendations contribute to: Not Applicable	
The recommendations contribute to the achievement of objective/objectives in: 14. Mahere mana urungi, kirirarautanga hihiri 14. Governance and Active Citizenship Plan The objective is: Oversee Council operations and communicate outcomes and decisions to our communities.	
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 and governance.

ATTACHMENTS

1. Audit New Zealand 2025 Report to Management [!\[\]\(bab4345c1dc8595a37869a09797e1e95_img.jpg\)](#) 
2. Audit New Zealand 2025 Report to Governors [!\[\]\(19facb8bdc82a173b742b8606357f971_img.jpg\)](#) 

Report to management

on the audit of Palmerston North City Council

For the year ended 30 June 2025

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Introduction

We completed our audit of Palmerston North City Council on 8 October 2025. The significant matters arising from the audit were covered in our Report to Council dated 8 October 2025.

The purpose of this report is to report to management on relevant matters identified during the audit. It supplements the Report to Council, covering other matters identified and our recommendations for improvements. For each recommendation we provide an indicative priority rating.

We would like to thank management, and staff for the assistance they provided during the audit.



Debbie Perera
Appointed Auditor
13 March 2026



Open recommendations

Ref	Priority	Recommendation	Status	Management comments
Fully depreciated assets included in the Fixed Asset Register (FAR)				
1	🟡 Medium	We recommend a disposal policy to be in place and that management ensure that the fixed asset register excludes those assets which have already been disposed.	Open Any new or updated policies will be reviewed as part of our next audit.	<i>The drafting of asset disposal policies has commenced, and PNCC intend to have these policies finalised and implemented in the 2025/26 financial year.</i>
Approval of expenditure above delegated authority				
2	🟡 Medium	All expenses be approved in line with the delegated financial authority limits. Findings – We identified one invoice for \$351,000 that was paid using two separate manual payment request forms. The total amount of the invoice was above the approvers delegated financial authority limit. The delegation was effectively bypassed by splitting the payment of the invoice in two. The invoice was retrospectively approved in line with delegations.	Open Payment of invoices in line with financial delegated authority limits will be reviewed as part of our next audit.	<i>We agree that this has not been signed off correctly within the CE delegations to Officers. This issue relates to ACC payment obligations which contain a provisional sum for the future tax year and remaining actual for the current tax year. The invoice has been processed in these two parts resulting in two separate payments requests and approvals being made from a single invoice. Improvements to the process has already been implemented and these invoices will be processed through the AP module of the Finance system. We have also gained retrospective approval for these two payments.</i>

Roading Revaluation			
3	 Medium	Implement the valuers' recommended improvement actions for roading assets, depreciation rates and useful lives after each revaluation	Open We will review the Implementation of the valuer's recommendations as part of audit work on the next roading valuation.



Implemented or closed recommendations

Ref	Priority	Recommendation	Status
	High	<p>Performance reporting - recording of complaints and attendance and resolution times</p> <p>Record all complaints, and attendance and resolution times in the City Council's Knowledge Base system in accordance with the DIA guidance and formalise the procedural guidance.</p>	<p>Closed – Verified</p> <p>The new RFS system has been implemented and operates as required by DIA guidance.</p>
	High	<p>Mandatory performance measures</p> <p>We made the following recommendations for improvement:</p> <p>Continue to review the effectiveness of current reporting and systems to accurately capture the underlying data and to ensure the data is complete. Systems and processes should be formally documented, and regular training provided to all staff involved.</p> <p>Perform a regular weekly quality review of data entered into the Request for Service (RFS) system in relation to complaints, service requests and response times to ensure it is complete, accurate and supportable. Reviews should focus on following up unclosed jobs, ensuring all data fields are updated and reviewing any unusual response times. We would expect that these reviews are formally evidenced by way of a date and signature.</p>	<p>Closed – Verified</p> <p>The new RFS system has been implemented and operates as required by DIA guidance.</p>



		<p>Ensure data fields include information to clearly show why data has been amended or re categorised with a clear audit trail of any changes made and who authorised these.</p> <p>Document any calls that are excluded as DIA service requests or complaints. This may require additional fields to be added to the existing RFS if this information is not already captured.</p> <p>Continue to review Department of Internal Affairs' guidance to ensure that the data being captured and reported meets the mandatory reporting requirements. We expect that there will be further clarification around these measures as they become embedded into the annual reporting.</p> <p>Ensure there is a system in place to check contractor times recorded are accurate instead of relying solely on the time that the contractor/staff noted.</p> <p>This is important to ensure accurate monitoring of performance by contractors against the City Council's key performance targets.</p>	
1	<p>🟡 Medium</p>	<p>Percentage of resource consent applications processed within statutory timeframes</p> <p>Implement a system to record the processing times for resource consent applications. The system should include a review control to ensure that resource consent processing times are accurately recorded.</p>	<p>Closed – Verified</p> <p>A walkthrough of system changes showed that they have been implemented.</p>
2	<p>🟡 Medium</p>	<p>Review of changes to the creditor masterfile</p> <p>Develop a report that shows all changes made to the creditor masterfile.</p>	<p>Closed – Verified</p> <p>Report developed and reviewed.</p>



		Perform a regular, independent review of changes made to the Creditor Masterfile to confirm that they are valid and accurate.	
3	🟡 Medium	<p>Review of terminated employee’s final pay</p> <p>Perform an independent review over all final pay calculations before payment is made to ensure that are accurate.</p> <p>Improve the Redundancy Template so that the only inputs are the employee’s start and finish dates.</p>	<p>Closed – Verified</p> <p>A new template is in use.</p>
	🟡 Medium	<p>Payroll reconciliations</p> <p>Train the Payroll team to perform regular reconciliations between the payroll system and general ledger.</p> <p>Ensure the payroll reconciliations are independently reviewed.</p>	<p>Closed – Verified</p> <p>A full year reconciliation was provided for the purposes of our audit.</p>
	🟡 Medium	<p>Procurement</p> <p>That conflict-of-interest declaration forms be completed; including being signed off, as soon as a person becomes involved in the procurement process. The continued involvement of a person who has not sufficiently completed the declaration process creates a potential risk to the integrity of the procurement.</p> <p>Staff who are involved in procurement be made aware of the different types of conflict of interest and how these should be managed (for example, considering the relationship with the incumbent going for the tender as a potential conflict of interest). Regardless of whether there is</p>	<p>Closed – Verified</p> <p>There are appropriate policy and controls around conflict-of-interest risks. Effective and consistent application by the Council will ensure risks are appropriately managed within its risk appetite.</p>



		<p>an actual conflict or bias, it is important to consider perceptions to maintain market confidence.</p> <p>Declaration forms be treated as a live document, and they are updated numerous times throughout the procurement.</p>	
	<p>🟡 Medium</p>	<p>Contract management</p> <p>Ensure completeness and accuracy of data information on the contract management system. Also, review the data that is being placed there.</p> <p>Ensure consistency of what is retained on the contract management system by formally documenting the required documents that are needed on the system.</p>	<p>Closed – Verified</p> <p>The Council still uses Oasis (document management system) as its formal contracts register. This register does not have any significant contract management functionality (first flagged as part of the 2015/16 audit). The Council has awareness on what is required for the next phase of required investment and in the interim accepts any residual risk from current practice.</p>
	<p>🟢 Low</p>	<p>Council policies overdue for review</p> <p>We recommend that policies which are overdue for review be reviewed against current accepted good practice in the public sector.</p>	<p>Closed – No longer applicable</p> <p>Timeliness of the review of policies will no longer be reviewed in detail as part of our audits.</p>
	<p>🟢 Low</p>	<p>Financial statement reconciliations</p> <p>We recommend that all financial statements reconciliations be independently reviewed.</p> <p>We recommend timely preparation of all reconciliations.</p>	<p>Closed – No longer applicable</p> <p>Year-end reconciliations provided to us for audit were satisfactory.</p>



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

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Report to the Council

on the audit of Palmerston North City Council and Group

For the year ended 30 June 2025

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Our audit report

We intend issuing an unmodified audit report

We intend issuing an unmodified audit report on 8 October 2025. We are satisfied that the financial statements and statement of service performance present fairly the Palmerston North City Council and group (the City Council)'s activity for the year and its financial position at the end of the year.

Without modifying our audit opinion, we intend to include emphasis of matters paragraph to draw the users' attention to the disclosure in *Note 37 Local Water Done Well* which outlines the inherent uncertainties with the City Council's responses to the Government's Local Water Done Well reforms, and page 112 which outlines the inherent uncertainties in the measurement of greenhouse gas emissions.

Finalisation of the audit report is subject to

- receiving signed financial statements and representation letter; and
- completing our review of the final version of the annual report once received.

Corrected and uncorrected misstatements

We have discussed any misstatements that we found with management, other than those which were clearly trivial.

There were no misstatements identified during the audit that remain uncorrected.

Other reports issued

This report sets out all matters that we consider need to be considered by Council in approving the financial statements and statement of service performance for signing. In addition to this report provided to Council we will also provide a report to management outlining areas for control improvements.

Thank you

We would like to thank the Council, management, and staff for the assistance they provided during the audit.



Debbie Perera
Appointed Auditor
8 October 2025



Focus areas from the Audit Plan

Focus area	Outcome
Revaluation of infrastructure assets	
The City Council revalued its water, wastewater, and stormwater assets as at 30 June 2025. There is a risk that the valuation included in the financial statements does not appropriately reflect the fair value of these assets.	We have completed our testing of the valuation and engaged with the valuer. We are satisfied that the financial statements appropriately reflect the fair value of the assets.
Fair value assessment of infrastructure assets (non-revaluation year)	
There is a risk for the roading network and land and buildings that are held at fair value but are not being revalued this year, that the carrying amount is materially different from fair value requiring a revaluation.	We completed our testing of management’s assessment of carrying value compared to fair value. We are satisfied that the difference is not material and that a valuation is not required this year.
Fair value of investment properties	
The City Council applies the fair value model to its investment properties and is required to revalue annually. There is a risk that the valuation does not appropriately reflect the fair value of these assets.	We have completed our testing of the valuations and engaged with the valuers. We are satisfied that the financial statements appropriately reflect the fair value of the investment properties.
Accounting for impairment, capitalisation of costs and recognition of completed assets	
The City Council manages a large capital programme. Accounting for capital projects, whether completed during the year or in progress at balance date, requires judgement which can have a significant impact on the financial statements.	We reviewed the accounting for costs incurred on capital projects. We are satisfied that asset additions and work in progress are appropriately reflected in the financial statements.



Focus area	Outcome
The risk of management override of internal controls	
There is an inherent risk in every organisation of fraud resulting from management override of internal controls.	We completed testing to address this risk and did not identify any matters that we need to bring to your attention.



Other matters identified during the audit



Matters identified	Outcome
Local Water Done Well programme	
<p>The Local Government (Water Services Preliminary Arrangements) Act 2024 required the City Council to deliver a Water Services Delivery Plan (WSDP) to the Secretary of Local Government by 3 September 2025. The City Council, along with Horowhenua District Council and Rangitikei District Council prepared a joint WSDP based on establishing a three council Joint Water Service Council Controlled Organisation (Joint WS-SSO).</p>	<p>The City Council has included a note outlining the process and that there is uncertainty as the Secretary of Local Government is yet to approve the Water Services Delivery Plan.</p> <p>We have included an emphasis of matter in our opinion referring to these uncertainties.</p>
Statement of Service Performance	
<p>Auditors are required to carry out our audit of service performance information prepared by Councils in accordance with NZ AS 1 (Revised): The Audit of Service Performance Information. This standard was applied for the first time for the City Council's 2024/25 audit and is closely related to the accounting standard for service performance reporting (PBE FRS 48). The standard has implications for both the auditor and the City Council, as the preparer of service performance information.</p> <p>The changes required a shift towards clearer and more meaningful language aimed at enhancing the quality and reliability of service performance reporting.</p>	<p>We conducted our audit in line with the requirements of NZ AS 1 (Revised) and provided feedback to the City Council from the audit procedures performed. Those findings have been incorporated into the service performance reporting as appropriate.</p>



Financial statements and service performance information

Judgements made in significant accounting estimates

Judgement areas	Misstated	Cautious	Balanced	Optimistic	Misstated
3-waters infrastructure valuation (\$981.5M)					
Fair value assessment of roading network, land and buildings (\$796.9M)					
Valuation of investment properties (\$20.2M)					
Useful economic lives of property, plant and equipment and intangible assets (\$51.7)					
Valuation of derivative financial instruments (\$2.8M)					

These are our views on the level of prudence in key judgements in this year's financial statements, relating to accounting estimates.

Commentary

The judgements made in accounting policies are based on information provided by independent values, management projections, historical experience and various factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an on-going basis. Overall, we found the judgements made in significant accounting estimates to be balanced.

We have rated useful economic lives of property, plant and equipment as cautious as there are several assets that are fully depreciated, or their lives are extended on revaluation.



Quality and timeliness of information provided for audit

The Council’s responsibilities include understanding whether management produce quality information, and whether there are

adequate resources, skills, and expertise applied in the reporting process. Our expectations were informed by the FMA’s *Audit Quality Monitoring Report* (expectations for directors) and *Guidance and expectations for keeping proper accounting records*.

Expectation	Grading	Reason
Financial statements prepared by management comply with accounting standards	🟢 Good	We did not identify any significant audit findings with the financial statements’ compliance with accounting standards. We have drafted an unqualified audit opinion with emphasis of matter on the financial statements.
Quality supporting financial information is prepared and available on a timely basis	🟢 Good	The Finance team performed well to deliver the annual report and supporting information in a timely manner, effectively using AuditDashboard to provide documentation within agreed timeframes.
Accounting records and supporting documentation reconcile to the financial statements	🟢 Good	We did not identify any misstatements requiring adjustment to the financial statements and only minor disclosure misstatements were brought to managements attention. This resulted in only requiring two versions of the draft financial statements during the audit.
Accounting records support the accounting treatment applied by management	🟡 Acceptable	We have referred an issue around the presentation of an investing activity in the Statement of Cashflows to our internal Professional Practices Group. The Statement of Cash Flows for 2024 has been restated as a result.



Expectation	Grading	Reason
Management prepares accounting papers for unusual or more complex transactions and estimates	🟢 Good	Management has engaged the services of external valuers to revalue their investment properties and three waters infrastructure assets. These supporting information and calculations were prepared and submitted to us on a timely basis. They also provided us their impairment assessment for assets in a non-revaluation year. We did not identify significant issues with the treatment of managements' complex transactions and estimates.
Governors challenge the process and the outcomes of management's judgements	🟢 Good	The Council through the Audit and Risk Committee provides a robust assessment of management's judgments in the preparation of the financial statements and statement of service performance.
Service performance reporting prepared by management complies with accounting standards	🟡 Acceptable	The service performance reporting generally complied with accounting standards. There were changes made throughout the audit to ensure compliance with NZ AS 1 (Revised): <i>The Audit of Service Performance Information</i> .
Quality supporting service performance information is prepared and available on a timely basis	🟢 Good	Appropriate supporting information was received.
Reported service performance agrees to supporting records	🟢 Good	The changes made were largely to do with additional information rather than deficiencies in the underlying records.
Issues raised in our previous reports are addressed in a timely manner	🟢 Good	We are pleased to note that the concerns raised for a number of years that led to qualified opinions around the accounting for water and wastewater complaints have now been resolved with the changes made to the City Council's CRM system.



Grading	Explanation
 Good	The quality and timeliness of the information was of a good standard with no significant deficiencies.
 Acceptable	Quality and timeliness were of an acceptable standard but with some minor deficiencies and room for improvement.
 Attention	There were numerous and/or significant deficiencies and/or delivery was significantly late.



Appendix 1

Disclosures



Our responsibilities in conducting the audit

We carried out this audit on behalf of the Controller and Auditor General. We are responsible for expressing an independent opinion on the financial statements and performance information. This responsibility arises from section 15 of the Public Audit Act 2001.

The audit of the financial statements and statement of service performance does not relieve management or the Council of their responsibilities. Our audit engagement letter contains a detailed explanation of the responsibilities of the auditor and the Council.

Auditing standards

We carry out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect every instance of misstatement, fraud, irregularity, or inefficiency that are immaterial to your financial statements and statement of service performance. The Council and management are responsible for implementing and maintaining a system of internal control for detecting these matters.

Auditor independence

We confirm that, for the audit of the City Council's financial statements and statement of service performance for the year ended 30 June 2025, we have maintained our independence in accordance with the

requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit, we have carried out engagements in the areas of the Council's debenture trust deed, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the City Council or its subsidiaries. Where staff have declared a potential independence issue due to relationships they have we have ensured that they have been ringfenced from the issue. Another appropriate audit team member is assigned to ensure that the threat is eliminated or reduced to an acceptable level.

Fees

The audit fee for the year is \$396,647 excluding disbursements and GST, as detailed in our Audit Proposal Letter. Other fees charged in the period are \$6,800 excluding GST, for the annual assurance engagement over the City Council's Debenture Trust Deed.

Other relationships

We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the Palmerston North City Council that is significant to the audit.

We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with Palmerston North City Council during or since the end of the financial year.



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

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MEMORANDUM

TO: Finance, Performance & Audit Committee

MEETING DATE: 1 April 2026

TITLE: Audit New Zealand 2025/26 Financial Year Audit Plan

PRESENTED BY: Scott Mancer, Manager Finance and Chris Webby, Audit Director, Audit New Zealand

APPROVED BY: Cameron McKay, General Manager Corporate Services

RECOMMENDATION(S) TO FINANCE, PERFORMANCE & AUDIT COMMITTEE

1. That the Committee receive the Audit Plan for the 2025/26 Financial Year from our appointed auditor – Audit New Zealand, presented to the Finance, Performance & Audit Committee on 1 April 2026.
-

1. ISSUE

Palmerston North City Council must undergo a legislative audit at the completion of each financial year. This report outlines the key focus areas for the upcoming audit as well as the attached Audit Plan.

2. BACKGROUND

Council's appointed auditor is Chris Webby, Audit Director, Audit New Zealand.

For the upcoming audit, the following areas have been highlighted as a key focus, based on the work that the Office of the Auditor General has undertaken in planning for the audits of the Local Government sector.

Key focus areas for 2025/26 Audit:

- i) Valuation of infrastructure assets – Roading & Waste Management
- ii) Fair value assessment of infrastructure assets, land and buildings (non-revaluation year)
- iii) Accounting for impairment, capitalisation of costs and recognition of completed assets
- iv) Local Water Done Well

- v) The risk of management override of internal controls

Other areas of focus for the wider public sector, as part of a public sector audit examines whether:

- i) A public entity carries out its activities effectively and efficiently.
- ii) Waste is occurring or likely to occur because of any act or failure to act by a public entity
- iii) There is a sign or appearance of a lack of probity because of any act or omission by a public entity or by one or more of its members, office holders, or employees
- iv) There is any sign or appearance of a lack of financial prudence because of any act or omission by a public entity or by one or more of its members, office holders, or employees.

The attached audit plan outlines the full detail of the items above, including further details on the full plan. The timetable is included in the table below, as well as in the attachment.

Table 1: Audit Timeline	Date
Planning meetings	February 2026
Interim audit begins	28 April 2026
Finance Performance & Audit Committee – Audit Plan	1 April 2026
Valuations and fair value assessments of assets	12 June 2026
Pre-Final audit	15 June 2026
Draft Financial Statements available for Audit (including notes) with actual year-end figures	29 July 2026
Final Audit begins	3 August 2026
Final Financial Statements available, incorporating all agreed amendments	16 September 2026
Clearance from Palmerston North Airport Limited auditor	30 September 2026
Report to the Council issues	7 October 2026

Verbal audit clearance given	14 October 2026
Audit opinion issued	28 October 2026

3. NEXT STEPS

The end of year audit will be undertaken by the auditors and any new issues (if applicable) will be reporting to the Finance, Performance & Audit Committee following the adoption of the Annual Report 2025/26.

The Annual Report 2025/26 is scheduled to be approved for adoption by the Finance, Performance & Audit Committee on 14 October 2026 and adopted by Council on 28 October 2026.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these objectives?	Yes
Are the recommendations inconsistent with any of Council’s policies or plans?	No
The recommendations contribute to: Not Applicable.	
The recommendations contribute to the achievement of objective/objectives in: 14. Mahere mana urungi, kirirarautanga hihiri 14. Governance and Active Citizenship Plan The objective is: Oversee Council operations and communicate outcomes and decisions to our communities.	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	The Business Assurance function of Council aims to enable Council to succeed by building trust and confidence in the core controls that are relied on by management and governance.

ATTACHMENTS

1. 2025/26 Financial Year Audit Plan [↓](#) 

Audit plan

Palmerston North City Council

For the year ending 30 June 2026

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Executive Summary

I am pleased to present our audit plan for the audit of Palmerston North City Council (the Council) for the year ending 30 June 2026. Our role as your auditor is to give an independent opinion on the Council’s and the Council group’s financial statements and service performance information and all other information required to be audited or reported on under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014 and the Non-Financial Performance Measures Rules 2024. We also recommend improvements we identified during the audit.

The contents of this plan provide a basis for discussion with you. We are happy to elaborate further on the matters raised. If there are additional matters that you think we should include or any matters requiring clarification, please discuss these with me.

Nāku noa, nā



Chris Webby
 Appointed Auditor
 18 March 2026

Contents

Focus areas: Risks and issues.....	2
Group audit	6
Materiality	7
Expectations	10
Our team	14
Our audit process	15
How we manage quality	18



Focus areas: Risks and issues



Based on the planning work and discussions we have completed to date; we set out the main audit risks and issues in the table below. These will be the focus areas during the audit. Additional risks may also emerge during the audit. These risks will be factored into our audit response and our reporting to you.

Risk/issue	Our audit response
Valuation of infrastructure assets	
<p>The Council revalues its infrastructure assets whenever there is expected to be a material movement in the fair value of those assets. We understand that the Council intends to revalue its roading and waste management assets before year-end.</p> <p>The reasonableness of the valuation depends on the valuation method applied, the completeness and accuracy of the source data, and the appropriateness of key assumptions. Some valuations are inherently complex and involve the use of numerous data sources and key assumptions that can have significant impacts on valuations and the future depreciation expense.</p> <p>One of the key assumptions in a depreciated replacement cost valuation is the unit rate adopted for significant components. When developing the unit rates, the Council should have a documented methodology and database of cost information to support the unit rate applied in the valuation.</p> <p>The Council should ensure the scope of the valuation work is sufficient and the reasons for the movement in the valuation are documented and justified.</p>	<p>We will:</p> <ul style="list-style-type: none"> • review the valuation report to assess the objectivity and competence of the valuer and whether the requirements of accounting standard, PBE IPSAS 17, <i>Property, Plant and Equipment</i>, have been met; • assess relevant quality controls that support the integrity of the underlying data and assumptions schedules used in the valuation; • obtain an understanding of and test the underlying source data used in the valuation; • review the methodology used to develop unit rates and test those rates back to the Council’s analysis of recent contract costs; • engage with the valuers as necessary when assessing the reasonableness of the assumptions and methodology used and the reasons for movements in key asset components; • review the accounting entries and the fixed asset register to ensure the values are correctly updated; and



Risk/issue	Our audit response
<p>As a minimum, the reasons for the movement should identify and explain movements at an asset component level since the last valuation due to changes in source data (for example, lengths and volumes), unit rates and any other significant adjustments.</p> <p>Valuations prepared by a firm external to the Council should be subject to quality reviews by the valuation firm and suitably experienced members of the Council’s management team. When a valuation is completed internally this should be peer reviewed by a suitably experienced and qualified person, for example an external valuation firm would be considered appropriate.</p>	<ul style="list-style-type: none"> review the appropriateness of the disclosure, including any narrative.
<p>Fair value assessment of infrastructure assets and land and buildings (non-revaluation year)</p>	
<p>For those assets carried under the valuation model that the Council does not plan to revalue, the Council needs to perform a fair value movement assessment (assessment) to determine whether there could be a material difference between the fair value and the carrying value.</p> <p>An assessment should:</p> <ul style="list-style-type: none"> factor in local cost information; utilise relevant and reliable price movement indicators; and involve consultation with valuers, where necessary. <p>If the fair value movement of the assets, individually or in combination with other asset classes, is likely to be material, the Council will need to complete a full revaluation. If specified criteria are met, the Council may be able to undertake an index-based- revaluation.</p>	<p>We will review the reasonableness of the Council’s assessment including the appropriateness of the assumptions used in the assessment.</p>



Risk/issue	Our audit response
Accounting for impairment, capitalisation of costs and recognition of completed assets	
<p>Impairment of property plant and equipment</p> <p>Assets are required to be assessed for indicators of impairment at each reporting date. In addition, work in progress (WIP) values on projects that span an extended period of time should be assessed regularly for impairment over the period of the project.</p> <p>Capitalisation of costs</p> <p>The Council should ensure appropriate policies and processes are in place to identify and capitalise costs that are capital in nature. This includes both direct and indirect capital costs.</p> <p>Completed projects</p> <p>The Council also needs to ensure that, as phases of a project are completed, and assets become operational, capitalisation of the WIP balance is performed in a timely manner. This will ensure that depreciation on these assets starts when the asset is complete and ready for use.</p> <p>The Council had a significant WIP balance at 30 June 2025 with a risk that some projects within the balance may have been abandoned and should be written off. The Council should analyse the aging of WIP balances by year and consider whether any old balances should be written off or impaired.</p>	<p>We will:</p> <ul style="list-style-type: none"> • assess the processes used by management to assess for impairment, including all significant WIP balances and review the analysis of WIP aging; • update our understanding of the Council policy and processes to identify and capitalise both direct and indirect capital costs; and • review management’s processes to ensure that the capitalisation of WIP costs is performed in a timely manner.



Risk/issue	Our audit response
Local Water Done Well	
<p>The Council will need to decide on the appropriate accounting and reporting response to the changes in the management of their water assets under the Government’s Local Water Done Well (LWDW) programme. The response will depend on the nature and timing of the changes and the agreements in place or expected to be in place.</p> <p>The Council will need to consider how to account for the transfer of net assets to the water services entity and how to account for their interest in that entity. The appropriate accounting is going to be determined by the founding documents such as the constitution and the shareholder’s agreements, as well as other facts and circumstances specific to the Council’s arrangements.</p> <p>Given the potential accounting and reporting changes the Council should consider getting professional advice to help develop their response to the accounting and reporting implications of the agreements. Council and Central Districts Water (CDW) will also need to develop an implementation plan to ensure the appropriate policies process and controls are established.</p>	<p>We will review the Council’s proposed response to the accounting and reporting implications of the LWDW programme including any advice obtained about the accounting and reporting implications.</p> <p>We will also continue to discuss the Council and CDW’s implementation plan.</p>
The risk of management override of internal controls	
<p>There is an inherent risk of fraud in every organisation due to management override of internal controls. Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p>	<p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> • testing the appropriateness of selected journal entries; • reviewing accounting estimates for indications of bias; and • evaluating any unusual or one-off transactions, including those with related parties.



Group audit

Our audit approach for the group is designed to obtain sufficient assurance on the group's financial statements and service performance information. The assessed the risks of material misstatement and our approach for each component of the group is detailed below.

We will report any significant internal control deficiencies to the Council and management of the group, and in particular, deficiencies related to:

- group-wide internal controls; or
- internal controls at each component.

Deficiencies reported may be identified by the group engagement team or brought to our attention by a component auditor.

We will also communicate any fraud identified by the group engagement team or brought to our attention by a component auditor.

Component	Our audit approach
Palmerston North Airport Limited	<p>The component auditor is Chris Webby of Audit New Zealand. The audit work on this component will be a full financial statement and service performance report audit.</p> <p>We will issue group instructions to the component auditor specifying the information we will need from them for the group audit.</p> <p>The significant audit risks relevant to this component is:</p> <ul style="list-style-type: none"> • The risk of management override of controls.

This table shows the work we have planned for each component where we are asking component auditors to perform work for the group audit.



Materiality

Materiality refers to information that, if omitted, misstated, or obscured, could reasonably be expected to:

- influence readers' overall understanding of the financial statements and service performance information; and
- influence readers in making decisions about the stewardship and allocation of resources or assessing your performance.

This definition of materiality is broader than the one used in the private sector.

It is a matter of judgement whether information is material considering the surrounding circumstances and its impact. Qualitative considerations are just as important as quantitative considerations.

The Council and management needs to make their own assessment of materiality from a preparer's perspective. The Council and management should not rely on our materiality assessment as a basis for making its own judgements about the integrity of the financial statements and service performance information.

Financial statements materiality

Overall group materiality - used for asset revaluations	\$257,050,000
Specific group materiality - used for all other items	\$5,600,000
Group clearly trivial threshold	\$280,000
Overall parent materiality	\$229,700,000
Specific parent materiality	\$5,150,000
Clearly trivial threshold	\$257,500

This materiality is subject to change once the actual results for the current year are available.



We design our audit procedures to detect misstatements at a lower level than overall materiality. This takes account of the risk of cumulative misstatements and provides a safety net against the risk of undetected misstatements.

We will report all uncorrected misstatements to the Council other than those that are **clearly trivial** with no relevant qualitative considerations. Where management does not wish to correct a misstatement, we will seek written representations from the Council on the reasons why the corrections will not be made.

Misstatements

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader’s overall understanding of your financial statements and service performance information. We assess the effects of any detected and uncorrected misstatements, individually and in aggregate, against materiality and qualitative considerations.

Materiality for service performance information

At an overall level, we assess whether the service performance information is suitable, given your purpose and the nature of your activities, and whether the reporting allows for an informed assessment of the council’s performance. In doing this, we consider whether the information is relevant, complete, reliable, neutral, and understandable.

We set materiality for service performance information at an individual measure level based on what we expect would influence readers’ overall understanding, decision-making, or assessment of council’s performance. We normally express this materiality as a percentage of the reported result.

Outlined below are the measures we assessed as material and our materiality for planning purposes. We will reassess this during the audit.

Material measure	Materiality
<p>Safety of drinking water</p> <p>100% compliance with the bacterial and protozoal requirements of the Water Services (Drinking Water Services for New Zealand) Regulations 2022. *</p>	5% of result
<p>Drinking water – customer satisfaction</p> <p>Resident satisfaction with Council’s provision of water supply is at least 78%</p>	8% of result
<p>Compliance with wastewater resource consents</p> <p>100% compliance with resource consents for discharge from the wastewater system.</p> <p>Measured by the number of abatement notices, infringement notices, enforcement orders, and convictions received for discharges from wastewater system.</p>	5% of result



Material measure	Materiality
<p>Wastewater - customer satisfaction</p> <p>Resident satisfaction with Council's provision of the sewage system is at least 73%</p>	8% of result
<p>Compliance with stormwater resource consents</p> <p>100% compliance with resource consent conditions for discharge from the stormwater system.</p> <p>Measured by the number of abatement notices, infringement notices, enforcement orders, and convictions.</p>	5% of result
<p>Transport - customer satisfaction</p> <p>Resident satisfaction with Council's provision of roads throughout the city is at least 34%.</p> <p>Resident satisfaction with Council's provision of footpaths throughout the city is at least 45%.</p>	8% of result
<p>Road network maintenance</p> <p>More than 3.5% of the sealed local road network is resurfaced.</p>	8% of result
<p>Building consents and resource consents – processing times</p> <p>At least 95% of building consent applications are processed within accordance with statutory timeframes.</p>	8% of result



Expectations

For the audit process to go smoothly for both you and us, there are expectations that each of us need to meet. Our respective responsibilities are set out in our audit engagement letter. Your responsibilities, with appropriate assistance from management, include:

- preparing the financial statements and performance information in accordance with legal requirements and financial reporting standards;
- providing us with access to all relevant records and providing information in a timely manner;
- providing access to staff, who will provide an appropriate level of assistance;
- providing draft financial statements and performance information, including all relevant disclosures, in accordance with the agreed timetable;
- maintaining accounting and other records supporting the information in the financial statements and providing us with access to those records; and
- subjecting the annual report, financial statements, and service performance information to appropriate levels of quality review before they are provided to us.

Our responsibilities include carrying out the audit, maintaining our independence, and providing you with an audit report.

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit. We will use AuditDashboard to make these requests and for transferring files as part of the audit.

Draft financial statements and performance information

We expect that we will need to perform a detailed review of three versions of the annual report:

- A good quality draft set of financial statements and performance information (including notes) that is reasonably complete, received before or at the start of the final audit visit.
- A final set of financial statements and performance information incorporating all changes identified during the audit, received at the end of the audit.
- A final signed annual report or printers proof version.

We do not intend performing a detailed check of additional versions. If this becomes necessary, we will discuss this with you first and there will be an additional cost.

Year-end processes

The year-end financial statement close process and the preparation of the annual report require significant time and effort to complete them effectively. We want the audit process to run smoothly, and we



will work with management to achieve this through bringing forward audit procedures.

Bringing forward audit procedures

A lot of audit work is traditionally performed after the financial year-end. Where possible, we will aim to bring audit procedures earlier in the year. This will be focused on year-to-date transactions for revenue, expenditure, payroll and asset additions, revaluations of roading assets and fair value assessments of other asset classes. Completion of these tests earlier in the year enables more timely identification and resolution of errors and reduces the time your management needs to support the audit process at year-end, when the annual report is being prepared.

We will work with management to ensure the required information is available at the right time. We will communicate with management if information is not available as agreed, including any impact on the year-end audit.



Timetable

Our proposed timetable is:

Interim audit begins	28 April 2026
Valuations and fair value assessments of assets	12 June 2026
Pre-final – including reviewing valuations and fair value assessments	15 June 2026
Payroll testing	6 July 2026
Trial balance	29 July 2026
Draft financial statements and service performance information available for audit (including notes) with actual year-end figures	29 July 2026
Final audit begins	3 August 2026
Final financial statements and service performance information available, incorporating all agreed amendments	16 September 2026
Clearance from Palmerston North Airport Limited auditor	30 September 2026
Report to the Council issued	7 October 2026
Verbal audit clearance given	14 October 2026
Audit opinion issued	28 October 2026



Reporting

Communication with the Council and management

We will meet with the Council and management throughout the audit. We will maintain ongoing, proactive discussion of issues as and when they arise to ensure there are “no surprises”.

Meeting with	Timing
Mayor	2 February 2026
Chair Risk and Assurance	TBA
Chief Executive	12 February 2026
Deputy CEO/Executive Director Central Districts Water	12 February 2026
GM Corporate Services/CFO	12 February 2026
GM Infrastructure (acting)	12 February 2026
GM Customer and Community	2 February 2026
GM Strategic Planning	5 February 2026
GM People and Capability	2 February 2026
GM Development and Regulatory	2 February 2026

Reports to the Council

At the end of the audit, we will report to the Council on:

- our findings on the audit risks identified in this plan;
- any other significant matters found during our audit, including significant deficiencies in internal controls;
- the level of prudence in key judgements made by management in preparing the financial statements; and
- the quality and timeliness of information provided for audit by management.

At our discretion, we may also provide an interim report to the Council and separate reports to management on less significant findings arising from our audit. We will advise the Council if we issue a report to management.



Our team

Our engagement team is selected to ensure we have the right subject-matter expertise and sector knowledge. Each member of the audit team has received tailored training to develop their expertise.

Our senior audit team members are:

Chris Webby	Appointed Auditor
Megan Wassilieff	Audit Manager
Vincent Rocero	Assistant Manager



Our audit process



Fraud risks

Misstatements in the financial statements and Performance Information can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action is intentional or unintentional. Our consideration of fraud risk covers both misstatements resulting from fraudulent reporting and misstatements resulting from misappropriation of assets.

Your responsibility

The primary responsibility for the prevention and detection of fraud and error rests with the Council, with assistance from management.

Our responsibility

Our responsibility is to obtain reasonable, but not absolute, assurance that the financial statements and service performance information are free from material misstatement, including any resulting from fraud. Our approach to obtaining this assurance is to:

- identify fraud risk factors and evaluate areas of potential risk of material misstatement;
- evaluate the effectiveness of internal controls in mitigating the risks;
- perform audit testing to address the risks identified; and
- remain alert for indications of potential fraud in evaluating audit evidence.

The Auditor-General has published useful information on fraud that can be found at oag.parliament.nz/reports/fraud-reports.

Professional judgement and professional scepticism

Auditing standards require us to maintain professional scepticism throughout the audit. Professional scepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Professional scepticism is fundamentally a mindset that leads to a questioning approach when considering information and forming conclusions. It means not accepting information at face value, being alert for inconsistencies or anomalies, and considering the possibility of fraud or error.

Exercising professional scepticism means that we will not accept everything you tell us at face value. We will ask you and management to provide evidence to support what you tell us. We will also challenge your judgments and assumptions and weigh them against alternative possibilities.

It also means we do not assume that what was true last year remains true this year. Because of this, the audit team will ask management some of the same questions we asked last year. Circumstances can change, information can become outdated, and our audit evidence needs to be current.



Wider public sector considerations

A public sector audit also examines whether:

- A public entity carries out its activities effectively and efficiently;
- waste is occurring or likely to occur because of any act or failure to act by a public entity;
- there is any sign or appearance of a lack of probity because of any act or omission by a public entity or by one or more of its members, office holders, or employees; and
- there is any sign or appearance of a lack of financial prudence because of any act or omission by a public entity or by one or more of its members, office holders, or employees.



How we manage quality



We apply a risk-based approach to designing, implementing, and operating the components of our system of quality management (SOQM) in an interconnected and coordinated manner to proactively manage the quality of our audits.

Audit quality encompasses the key elements that create an environment which maximises the likelihood that we perform quality audits on a consistent basis. Audit quality is about more than issuing the right audit opinion, it is also about how we reach that opinion. We maintain a persistent focus on audit quality and on continuing improvement to audit quality over time.

Quality objectives

Quality objectives are the desired outcomes for each component of the SOQM.

Quality objective	What this involves
Governance and leadership	Establishing an environment that supports the system of quality management.
Relevant ethical requirements	All staff understand and fulfil their responsibilities regarding ethical requirements.
Acceptance and continuance	Making judgments about accepting or continuing engagements and our ability to perform each engagement.
Engagement performance	Performing a quality engagement, including directing and supervising the team, exercising professional judgment, consulting on difficult or contentious matters, and ensuring appropriate engagement documentation.
Resources	Having sufficient and appropriate human, technological, and intellectual resources.
Information and communication	Maintaining and communicating information regarding the quality management system both internally and externally.



Risk identification and key responses included in our SOQM

We perform an annual risk assessment to identify any risks to achieving our quality objectives. We then implement responses to address these risks. The combination of responses ranges from specific controls to developing policies and procedures for our audit teams. Some of these operate at a firm level, while others are applied to each individual audit.

Of these numerous responses, there are two notable responses that we would like to share as examples:

Independence

Our independence and conflicts of interest policy require all employees to be scrupulous about identifying and managing any conflicts of interest or independence risks. We manage this through our ethics and independence declarations for every staff member, including a compulsory annual review, supplemented by individual independence declarations for each engagement.

Internal and external inspections

All our Appointed Auditors are subject to internal and external inspections on a cyclical basis to ensure that our engagements comply with standards. The Office of the Auditor-General, the Financial Markets Authority, and the New Zealand Institute of Chartered Accountants perform the external inspections. We perform a root cause analysis on selected findings from these

reviews and develop action plans to address the identified root causes.



www.auditnz.parliament.nz



MEMORANDUM

TO: Finance, Performance & Audit Committee

MEETING DATE: 1 April 2026

TITLE: Palmerston North Airport Limited - Interim report for six months ending 31 December 2025

PRESENTED BY: Steve Paterson, Manager - Financial Strategy

APPROVED BY: Cameron McKay, General Manager Corporate Services

RECOMMENDATION(S) TO FINANCE, PERFORMANCE & AUDIT COMMITTEE

- 1. That the Committee receive the Interim Report and Financial Statements of Palmerston North Airport Ltd for the period ended 31 December 2025, presented to the Finance, Performance & Audit Committee on 1 April 2026.**
-

1. ISSUE

- 1.1** Palmerston North Airport Ltd (PNAL), as a Council-Controlled Organisation, is required to provide a 6-monthly report to Council. The report for the period ending 31 December 2025 is attached.

2. BACKGROUND

- 2.1** PNAL draft Statement of Intent (SOI) for 2025/26 was considered by Council in April 2025 and the final SOI was agreed to by Council in June 2025.
- 2.2** Performance for the six-month period to 31 December 2025 is covered in the attached report by the Chair and Chief Executive.
- 2.3** Key matters highlighted in the report include:
 - Continuing suppressed passenger demand (but still close to budget assumptions).
 - Commenced construction of stage 1 of the Terminal development project and a 5,000m² purpose-built warehouse facility (with Freightways as anchor tenant).

- Arrangement of new credit lines with banks to supplement the line provided through the Council.
- Recertification at Level 4 of the Airport Carbon Accreditation programme a retention of Qualmark Gold certification.
- Key performance targets (apart from passenger movements and net promoter score result) have all been achieved for the six months.
- Capital expenditure for the 6 months (\$7.3m) was 34% less than the SOI assumed due to timing differences for the start of the construction of the terminal and warehouse.

2.5 At 31 December PNAL had drawn a total of \$23.5m through the debt facility made available by the Council. No further sums are planned to be drawn before 30 June 2026 as PNAL intend to use the new facility from Industrial and Commercial Bank of China for the time being.

2.6 As earlier agreed with Council a dividend of \$300,000 has been paid in relation to the 2024/25 year and a \$400,000 dividend is anticipated to be declared for 2025/26, payable in 2026/27 as assumed in Council’s draft annual budget for 2026/27.

2.7 PNAL has prepared its draft SOI for the 2026/27 – 2028/29 period and this is being considered under a separate report.

3. NEXT STEPS

3.1 PNAL will prepare and forward an annual report after 30 June 2026.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these objectives?	Yes
Are the recommendations inconsistent with any of Council’s policies or plans?	No
<p>The recommendations contribute to:</p> <p>Whāinga 1: He tāone auaha, he tāone tiputipu</p> <p>Goal 1: An innovative and growing city</p>	

<p>The recommendations contribute to the achievement of objective/objectives in:</p> <p>3. Mahere tūnuku</p> <p>3. Transport Plan</p> <p>The action is: Work with the airport company to ensure the airport’s strategic intent aligns with the City’s aspirations.</p>	
<p>Contribution to strategic direction and to social, economic, environmental and cultural well-being</p>	<p>This report outlines progress to date.</p>

ATTACHMENTS

1. PNAL interim report for six months ending 31 December 2025 (attached separately) 

MEMORANDUM

TO: Finance, Performance & Audit Committee

MEETING DATE: 1 April 2026

TITLE: Palmerston North Airport Limited - Draft Statement of Intent for 2026/27 to 2028/29

PRESENTED BY: Steve Paterson, Manager - Financial Strategy

APPROVED BY: Cameron McKay, General Manager Corporate Services

RECOMMENDATION(S) TO FINANCE, PERFORMANCE & AUDIT COMMITTEE

1. That the Committee receive the Palmerston North Airport Limited (PNAL) draft Statement of Intent for 2026/27 to 2028/29, presented to the Finance, Performance & Audit Committee on 1 April 2026.
 2. That Palmerston North Airport Limited be advised:
 - (a) Council supports the proposed direction and implementation strategy;
 - (b) Council recognises the projected requirement for loans totalling \$73.4m by 30 June 2027 and that Palmerston North Airport Limited will be seeking to utilise the loan facility provided by the Council to fund a portion of this and the remainder through external bank facilities.
-

1. ISSUE

- 1.1 To present and provide comment on the draft Statement of Intent for Palmerston North Airport Limited (PNAL) for 2026/27 and the following two years.

2. BACKGROUND

- 2.1 PNAL is deemed a Council-Controlled Trading Organisation (CCTO) under the Local Government Act 2002. A CCTO must deliver a draft Statement of Intent (SOI) to shareholders by 1 March each year and adopt it by 30 June. The Council must, as soon as possible after a draft SOI is delivered to it, agree to a CCTO's SOI or, if it does not agree, take all practicable steps under clause 6 of Schedule 8 of the Local Government Act 2002 to require the SOI to be modified. The Board of the CCTO must consider any shareholder feedback by 1 May 2026.
- 2.2 The Council's reason for its shareholding in PNAL is to ensure that the capacity and image of the City's key transportation gateway is consistent with the Council's economic development objectives.

- 2.3 As a CCTO PNAL is required under the Local Government Act 2002 to have the following principal objective:
- Achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the Statement of Intent; and
 - Be a good employer; and
 - Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
 - Conduct its affairs in accordance with sound business practice.

2.4 Council’s shareholding represents 100% of the issued and paid-up capital.

2.5 On 8 October 2025 the Council adopted a Statement of Expectations for PNAL and this was provided to PNAL in advance of its development of the draft SOI.

3. DRAFT SOI – OVERVIEW

3.1 Attached is a letter from PNAL to shareholders (Attachment 1) explaining the enclosed draft SOI (Attachment 2) and outlining the key assumptions.

3.2 The draft SOI retains the vision from the current year, ‘New Zealand’s leading regional airport’, and the purpose statement, ‘Launching our communities into a promising future’, as well as the five strategic objectives.

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

3.4 It has been assumed there will be an approx. 5% growth in passenger numbers to 537,000 in 2028/29 off a base of 511,000 in 2025/26 with the bulk of the growth being in the latter part of the three-year period.

3.5 Aeronautical revenues are budgeted to increase by \$3.1m over the three-year period and whilst movements in costs are variable, the reasons are explained in the covering letter and on page 21 of the SOI.

3.6 The three-year budgets assume capital development totalling \$59m (including terminal (\$18.5m), Ruapehu Aeropark (\$24.7m), airside infrastructure (\$4.5m), landside infrastructure (\$3.3m) and airside infrastructure (\$9.8m)) will be able to be accomplished by PNAL with net additional borrowing (\$42.6m) but without the need for additional share capital.

3.7 The terminal development project is progressing well and is scheduled to be completed within the first year of the SOI period. The SOI indicates the budget for the project remains at \$43.4m plus contingency.

3.8 Shareholders’ funds as a percentage of total assets is forecast to reduce to 50% through the rest of the three-year term of the SOI. This is still well above the expectation that it will remain over 40% and is consistent with previous year’s assumptions.

4. DRAFT SOI – PERFORMANCE TARGETS

4.1 The following financial performance targets are included in the draft SOI. The draft SOI outlines the budgeted outcomes for 2027/28 and 2028/29 in addition to 2026/27 shown below.

	SOI 2025/26 Budget	Forecast 2025/26	Draft SOI 2026/27 Budget
NPBIT: Total assets	5%	6%	5%
NPAIT: Shareholders’ funds	0%	1%	2%
Shareholders’ funds: Total assets (>40%)	60%	63%	50%
Interest cover (>2.5)	5.0%	6.6%	2.7%
Tangible Net Worth (>\$80m)	\$81.2m	\$84.8m	\$85.8m
Net debt	\$40.5m	\$34.5m	\$73.1m
Total Debt to Total Debt + Equity ratio	33%	29%	46%
Net Debt*/EBIDA (long term target < 4.5)	5.5	4.7	8.7
Funds from Operations (FFO**)/Net Debt (long term target > 11%)	14.6%	17%	6%
Total shareholder returns > 8%	NA	NA	2.1%

*Net Debt = total borrowings less cash on hand

**FFO = EBIDA less interest less tax

***Total shareholder return = movement in commercial value (currently measured as equity) plus dividends

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

4.3 Examples include:

- Various compliance requirements including CAA part 139 recertification
- Maintaining a customer satisfaction Net Promoter score of 35 in line with the tourism industry benchmark
- Serving 511,200 passengers during the 2026/27 year increasing to 520,800 for the following year and 536,900 in the June 2029 year
- Zero lost time injuries to those who work within the airport community
- Maintaining Airport Carbon Accreditation level 4 and implementing several specific initiatives
- Completion of physical works:
 - Terminal development with stage 1 (Western end) complete in late-2026 and stage 2 (Eastern end) complete in late-2027;
 - Airside pavement upgrades and staged runway overlay;
 - Commercial developments in the Ruapehu Aeropark focused in the immediate future on freight and logistics.

5. DRAFT SOI – DIVIDEND POLICY

5.1 Council’s Statement of Expectations (SOE) outlines the expectation that:

“PNAL is required to have a commitment to retaining and growing long-term shareholder value. Council recognizes that shareholder value accretion occurs through PNAL’s ongoing and significant investment in critical infrastructure including the terminal redevelopment to improve the customer experience and to facilitate sustainable growth in passenger and airfreight volumes, and investment in the development of Ruapehu Business Park which will provide income diversification and value accretion benefits.

Council further recognizes that given the magnitude of the capital programme associated with the terminal development project and planned commercialization within Ruapehu Aeropark PNAL’s ability to preserve cash is likely to be constrained in the short-term. However as outlined previously Council has an expectation that a dividend payment will be progressively re-instated, in line with PNAL’s dividend policy and that the implications of this will be addressed annually through the SOI. As a guide Council has the following dividend expectations:

- the dividend payment for the 2025/26 year (payable in 2026/27) will be no less than 40% of net profit after tax excluding fair value gains and one-off capital gains (e.g. land sales) or \$400,000, whichever is greater,
- the dividend payment for the succeeding years will be no less than 40% of net profit after tax excluding fair value gains and one-off capital gains (e.g. land sales) or \$500,000, whichever is greater.”

5.2 The draft SOI contains a section relating to its dividend policy. It acknowledges the Council’s dividend expectations and provides for them at the levels indicated in the SOE. PNAL provides information about projected cashflows and it’s ability to fund the payment of dividends. It had also added a new financial metric to demonstrate the total shareholder return generated annually, inclusive of dividends. It also notes as is the case for the current SOI:

“Directors assess a range of criteria before determining an appropriate dividend, including:

- The expectations of the shareholder,
- The scale of the company’s capital expenditure plans,
- The company’s financial performance including cashflows from operations,
- The company’s ability to raise debt finance and the terms thereof,
- Compliance with performance metric targets,
- The risks associated with airline schedule uncertainty in the short to medium term.”

5.3 In summary the forecast position is as outlined in the following table:

Forecast/Budget	Forecast 2025/26	SOI 2026/27	SOI 2027/28	SOI 2028/29
Net profit/(loss) after tax (excluding one-off capital gains)	\$0.928m	\$1.795m	\$1.767m	\$3.244m
Dividend declaration	\$0.4m	\$0.718m (40% of NPAT)	\$0.707m (40% of NPAT)	\$1.298m (40% of NPAT)
Dividend payment	\$0.3m	\$0.4m	\$0.718m	\$0.707m

5.4 Council’s Long-term Plan 2024-34 currently assumes there will be a dividend received of \$150k each year and indicates there is a high level of uncertainty regarding this assumption. Council recognises the dividend in the year of payment. Council’s proposed annual budget for 2026/27 assumes the Council will receive a dividend payment of \$400k during 2026/27.

6. DRAFT SOI – DEBT FUNDING

6.1 The Council and PNAL have entered a \$50m loan facility agreement that aims to reduce the interest expense for PNAL and involves the Council borrowing from the Local Government Funding Agency then on-lending to PNAL at a market-related margin to cover Council’s costs and the risks involved. The intention of the agreement is that the Statement of Intent is a mechanism for determining the maximum facility agreement in any given year.

6.2 To date \$23.5m has been raised and on-lent under the terms of the facility. The draft SOI forecasts term liabilities increasing to \$77.4m over the coming three years (up to \$73.49m in year one) and that revenue will be adequate to service this level of debt. PNAL has recently obtained a \$45m line of credit from the Industrial and Commercial Bank of China (ICBC) in addition to a \$5m BNZ facility. PNAL has advised they intend to begin using the new ICBC facility before drawing anything more from the Council facility though there is flexibility to use the Council facility if required.

6.3 The basis of the loan arrangement is that the PNAL borrowing will not impact on the Council’s ability to borrow for other Council funded capital expenditure. This relies on LGFA being prepared to treat the loan advance from the Council to PNAL as an asset that it will net off against the related borrowing. It is important PNAL’s assessment of its ability to service the debt is robust and it is acknowledged there are many assumptions involved and there are potential risks. PNAL recognise this and will assure themselves each investment proposal is sufficiently robust to be able to be sustained.

7. NEXT STEPS

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

8. 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	No

procedure?		
Is there funding in the current Annual Plan for these objectives?		Yes
Are the recommendations inconsistent with any of Council’s policies or plans?		No
The recommendations contribute to: Whāinga 1: He tāone auaha, he tāone tiputipu Goal 1: An innovative and growing city		
The recommendations contribute to the achievement of objective/objectives in: 3. Mahere tūnuku 3. Transport Plan The action is: These relate to having an innovative, resilient & low-carbon city economy where people, whanau and communities can prosper & achieve their goals and a city transport system that links people & opportunities.		
Contribution to strategic direction and to social, economic, environmental and cultural well-being	The airport is a key strategic gateway to the City. The draft Statement of Intent includes a direction and specific actions that are designed to continue to improve the airport for customers and stimulate growth.	

ATTACHMENTS

1. Cover letter from Palmerston North Airport Ltd (attached separately) 
2. Draft Statement of Intent 2026/27 to 2028/29 (attached separately) 

REPORT

TO: Finance, Performance & Audit Committee

MEETING DATE: 1 April 2026

TITLE: Draft Speed Management Plan - deliberations on submissions and adoption

PRESENTED BY: Peter Ridge, Manager Strategy and Policy

APPROVED BY: David Murphy, General Manager Strategic Planning

RECOMMENDATION(S) TO COUNCIL

- 1. That Council adopt the Final Draft Palmerston North Speed Management Plan 2026 (Attachment 1).**
- 2. That the Chief Executive is given delegated authority to approve the Final Draft Palmerston North Speed Management Plan 2026 (Attachment 1), to include the revised technical maps and text descriptions of the proposed speed limit changes, as described in the document in Attachment 1.**
- 3. That Council endorse the analysis of issues raised in submissions (Attachment 2), to be used as the basis for providing responses to submitters.**
- 4. That the Palmerston North Speed Limits Bylaw 2020 is revoked.**

SUMMARY OF OPTIONS ANALYSIS FOR ADOPTION OF FINAL DRAFT PALMERSTON NORTH SPEED MANAGEMENT PLAN 2026

Problem or Opportunity	The Council has completed public consultation on the proposed speed limit changes. The Council can now consider the issues raised by submitters, make decisions on the proposals, and adopt the draft Speed Management Plan so that these speed limit changes can be implemented.
OPTION 1:	Adopt the Final Draft Palmerston North Speed Management Plan 2026 for certification by NZTA
Community Views	We have completed formal consultation on the proposed speed limit changes, and received 180 written submissions, ten oral submissions, and 96 comments on social media. A full analysis of the issues raised by submitters has been completed and is included with this report as Attachment 2 . It shows that the vast majority of submitters are supportive of the proposed speed limit changes.
Benefits	A majority of submitters are supportive of the proposed speed limit changes. Adopting the Final Draft Speed Management Plan 2026 for certification by NZTA will allow installation of those speed limit changes to begin. The proposed speed limit changes will bring safety improvements for schools across our city, improve safety at the intersection of Longburn-Rongotea Road/Number 1 Line, and will allow the development of the Kikiwhenua subdivision to proceed as planned.
Risks	There are no significant risks identified.
Financial	Council has received \$655k in confirmed funding from NZTA to allow implementation of the first tranche of variable speed limits for schools. A further \$300k of funding has been approved by NZTA to support the installation of the remaining variable speed limits for schools. There is an existing approved \$350k NZTA budget for the installation of the intersection speed zone at Longburn-Rongotea Road/Number 1 Line.
OPTION 2:	Do not adopt the Final Draft Palmerston North Speed Management Plan 2026
Community Views	We have completed formal consultation on the proposed speed limit changes, and analysis shows that a majority of submitters were supportive of the proposed speed limit changes. There were no significant arguments to justify not proceeding with the Speed Management Plan.

Benefits	There are no identified benefits for this option.
Risks	If we do not adopt the Final Draft Palmerston North Speed Management Plan 2026 then we will be unable to implement the proposed speed limit changes. This would make us non-compliant with the Speed Limits Rule requirement to create variable speed limits for the road outside the school gate for schools in our district. Additionally, failing to make these speed limit changes potentially leaves known safety risks unaddressed.
Financial	If the Council does not proceed with the proposed speed limit changes then it may forfeit the funding which has been approved by NZTA. If the Council chooses to re-commence these speed limit changes at a later date it may not be able to access funding from NZTA.

RATIONALE FOR THE RECOMMENDATIONS

1. OVERVIEW OF THE PROBLEM OR OPPORTUNITY

- 1.1 The Council is required to create variable speed limits around the entrances of each school within its district by 1 July 2026. This requirement comes from the Land Transport: Setting of Speed Limits Rule 2024 (the Speed Limits Rule).
- 1.2 In addition to the mandatory requirement to introduce variable speed limits for all schools, there are two urgent speed limit changes that the Council has proposed:
 - An intersection speed zone (ISZ) on Longburn-Rongotea Road/Number 1 Line for improved road safety.
 - Lowering the speed limit on Te Wanaka Road to 50km/h to meet the Kikiwhenua subdivision consenting requirements.
- 1.3 The Council has completed public consultation on these proposed changes. The Council can now consider the issues raised by submitters, make decisions on the proposals, and adopt the draft Speed Management Plan so that these speed limit changes can be implemented.

2. BACKGROUND AND PREVIOUS COUNCIL DECISIONS

- 2.1 On 20 August the Council approved the Draft Speed Management Plan for public consultation. The written submission period was open from 1 November to 15 December 2025. The Council received 180 submissions during this time.
- 2.2 The Finance, Performance and Audit Committee held hearings for oral submissions from ten submitters on 4 March 2026.

3. SUMMARY OF ISSUES RAISED BY SUBMITTERS

3.1 Attachment 2 provides a detailed summary of the issues raised by submitters, with analysis of those issues and recommendations for how the Council should respond. The attachment is divided into the following sections:

- General issues and comments raised by submitters about the draft Speed Management Plan as a whole.
- Issues and comments made about the proposal on Council’s social media platforms.
- Issues and comments made by submitters for each school proposal.
- Issues and comments made by submitters for the proposed ISZ for Longburn-Rongotea Road/Number 1 Line and the proposed 50km/h speed limit for Te Wanaka Road.

General issues

- 3.2 The comments made by submitters traversed familiar topics in the field of speed management. Council has attracted attention in recent years for some of its transport-related projects such as Featherston Street, and this was demonstrated by the frustration that some submitters felt. Other submitters also felt that Council setting speed limits was “not core business.”
- 3.3 Questions were raised about enforcement of the proposed variable speed limits. Submitters expressed concern that speed limits are not complied with, and that lower speed limits would not be effective. This concern about compliance was also related to other road rules and parking practices. Some submitters suggested that physical infrastructure treatments should be used to slow vehicles down.
- 3.4 There were comments made both for and in opposition to speed limit reductions generally. Those who supported speed limit reductions referred to the need for safer streets, especially for children. Those who opposed speed limit reductions asserted that slower speed limits aren’t safer, but that slowing drivers increases frustration and tiredness and this makes roads less safe.
- 3.5 These themes are common to most speed limit proposals that the Council has consulted on previously. Staff recognise these issues, though these are largely out-of-scope. The Council is required to create variable speed limits for schools, which means that it is part of Council’s core business. Changes to physical infrastructure are out of scope for this proposal; we have noted all the suggested changes and have referred them for further consideration and prioritisation.
- 3.6 More details about these general issues can be found in section 1 of **Attachment 2**.

Social media comments

- 3.7 Commenters on social media raised a number of themes, including poor road safety practices (by both drivers and pedestrians), disparities in the levels of road safety infrastructure around schools, and dissatisfaction with Council. Many of these themes echoed similar themes raised in formal submissions.
- 3.8 The issue of poor road safety practices emerged more strongly, with several anecdotal examples of drivers failing to stop at pedestrian crossings, speeding past schools, and using cellphones while driving. Commenters also recounted examples of pedestrians, especially schoolchildren, not using crossings correctly, or not looking both ways when crossing the road. Commenters suggested these safety concerns were more important than lowering speed limits around schools.
- 3.9 While these examples are accepted, and there may be scope to improve road safety education for all road users, it doesn't preclude also making roads safer by creating variable speed limits around schools as required by the Government.
- 3.10 More details about the themes raised in social media comments can be found in section 2 of **Attachment 2**.

Variable speed limit proposals for schools

- 3.11 Details of the issues raised for each variable speed limit proposal are included in section 3 of **Attachment 2**, sorted by school. This includes a summary of the arguments in favour and against the proposal, a summary of additional changes suggested by submitters, and analysis of the arguments made by submitters, and a recommendation for each variable speed limit proposal.
- 3.12 We recommend that two of the proposals for variable speed limits for schools are amended. They are Cloverlea School and Winchester School.
 - 3.12.1 **Cloverlea School** – submitters noted that there is a school entrance via an accessway on Bendigo Street, similar to an accessway on Benmore Avenue which is already included in the proposed variable speed limit zone. We therefore have recommended that the variable speed limit includes Bendigo Street. The revised map is included in **Attachment 2**.
 - 3.12.2 **Winchester School** – submitters queried why variable speed limit zone on Harrow Place did not also include Pahiatua Street. The Speed Limits Rule requires that 300m section of road outside the school gate needs to have a variable speed limit. In the case of Harrow Place, this should extend to include part of Pahiatua Street. Therefore we have recommended that the variable speed limit zone from Harrow Place extend both eastwards and westwards on Pahiatua Street, as shown in the revised map included in **Attachment 2**.

- 3.13 For the remaining 38 variable speed limit proposals for schools we recommend that they are confirmed without change.

Proposed ISZ for Longburn-Rongotea Road/Number 1 Line

- 3.14 Details of the issues raised by submitters on this proposal are included in section 4 of **Attachment 2**.
- 3.15 Most submitters were supportive of the proposed ISZ for Longburn-Rongotea Road/Number 1 Line. Those who were opposed did not make persuasive arguments for not proceeding with this proposal. The changes suggested by submitters were out-of-scope such as installing a roundabout instead of an ISZ, or installing speed cameras at the intersection. Some submitters also suggested speed limit changes on other roads. We have referred those suggestions to the second stage of the speed limits review, scheduled to begin in the next few months.
- 3.16 We therefore recommend that the proposed ISZ for Longburn-Rongotea Road/Number 1 Line is confirmed without change.

Te Wanaka Road

- 3.17 Details of the issues raised by submitters on this proposal are included in section 5 of **Attachment 2**.
- 3.18 Most submitters supported the proposal, recognising the importance of making this road (and intersection) safer for the development of Kikiwhenua as an urban area.
- 3.19 The main argument in opposition to the proposal was that Te Wanaka Road is a country road and therefore the speed limit should not be lowered until the urban development has already occurred. However, this argument does not recognise that the development of Kikiwhenua is dependent on a lower speed limit being in place before development occurs. If the speed limit is not lowered on Te Wanaka Road and a lower speed limit is not in place for the intersection with SH56 (such as the ISZ that has been proposed with NZTA) then the sections being developed will have to be set further back from the road in accordance with the conditions of the consent. Lowering the speed limit as we have proposed allows the full allocation of sections to be developed in this block.
- 3.20 We therefore recommend that the proposal to lower the speed limit for Te Wanaka Road to 50km/h is confirmed without change.

Out-of-scope suggestions

- 3.21 A large number of additional suggestions were made by submitters across the variable speed limit proposals for schools, and for the two additional speed limit change proposals. These are addressed in the analysis of issues raised by submitters in **Attachment 2**.

- 3.22 Where these changes are in scope (e.g. relating directly to the proposal to create a 30km/h variable speed limit for the road outside the school gate) we have addressed these and either recommended a change (for instance, for Cloverlea School and Winchester School) or not recommended a change.
- 3.23 Where these changes are out-of-scope (for instance, suggesting a change which is not permitted by the Speed Limits Rule, or suggesting additional physical infrastructure to slow vehicle speeds) we have noted these as out-of-scope. These have also been compiled into appendices in **Attachment 2** for easy reference.
- 3.24 These out-of-scope suggestions will be referred to the appropriate place for further consideration and prioritisation. For infrastructure changes on local roads these will be considered by the Council's Transport Team. For changes relating to other agencies, we will refer these suggestions to the correct agency for further consideration.

4. SCHOOL TRAVEL PERIODS

- 4.1 A "school travel period" is the time during which a variable speed limit for a school is activated. Under the Speed Limits Rule, the maximum duration of a school travel period is 45 minutes before the start of the school day and 45 minutes after the start of the school day (maximum 90 minutes), and 45 minutes before the end of the school day and 45 minutes after the end of the school day (maximum 90 minutes) – a maximum total of three hours.
- 4.2 We have developed proposed school travel periods for each school, based on the following criteria:
- Applying an initial school travel period of 45 minutes at the start of the day (30 minutes before the start of school, and 15 minutes after the start of school), and 35 minutes at the end of the day (15 minutes before the end of school, and 20 minutes after the end of school).
 - Modifying this initial school travel period to account for overlapping variable speed limit zones and differing school times for neighbouring schools.
- 4.3 We used these criteria to develop proposed school travel periods for each school. We then contacted each school and asked for their views on these proposed school travel periods.
- 4.4 In most cases, the schools confirmed the school travel periods we proposed. A few suggested alternatives. Recognising the schools are often best placed to know what works well for the safety of their students, we have accepted these suggestions. These are included in the Final Draft Palmerston North Speed Management Plan in **Attachment 1**.

4.5 There are some schools where the start or end of the school day varies by the day of the week. In these cases, the electronic variable speed limit signs will be programmed to use the same “offset” for those different hours. For example, St Peter’s College starts at 8.45am most days but starts at 9.30am on Tuesdays. So while the school travel period for St Peter’s College will ordinarily start at 8.15am (30 mins before the start of school), on Tuesdays the electronic variable speed limit signs will activate at 9am instead.

4.6 It is not practical to include these variations on the static variable speed limit signs. NZTA have advised that common practice around the country is for the static variable speed limit signs to include only the “ordinary” school travel period. Including variations would make signs cluttered and hard to read.

5. IMPLEMENTATION AND BUDGET

5.1 The Speed Limits Rule requires that the variable speed limits for schools are implemented by 1 July 2026, and that the Council uses “reasonable effort” to meet this deadline. We applied for and received \$655k in funding from NZTA to support the installation of variable speed limits for schools. This figure was calculated based on best information in mid-2025 of the likely scope of the project. However, as the project has developed we have undertaken further work to refine the details of the proposal. We identified that this funding will not cover the full cost of installing the electronic and static variable speed limit signs for all schools included in our proposal.

5.2 We applied to NZTA for additional funding to complete the installation of variable speed limit signs for all schools. On 17 March 2026 NZTA advised that they have approved additional funding of \$300k. This is subject to the “Funding Assistance Rate”, meaning Council will need to provide 49% of this amount. Council officers will utilise other capital new programmes to be proportionally underspent to fund this requirement.

5.3 Due to any uncertainty of equipment supply we have developed a staged implementation plan that prioritises the installation of variable speed limit signs for those schools which do not currently have any variable speed limit zones. Schools in this category have been designated “tranche 1.” Planning is underway to install variable speed limits for these schools by 1 July 2026.

5.4 The remaining schools are designated “tranche 2” for implementation and are primarily schools with an existing 40km/h variable speed limit. Implementation of the new 30km/h variable speed limits for these schools will commence very early in the 2026/27 FY.

5.5 NZTA have advised that there are no financial consequences for not meeting the 1 July 2026 deadline, provided we are using “reasonable efforts” to implement variable speed limits for schools. Our progress on implementation planning demonstrates that we are meeting the “reasonable efforts” test.

6. REVOCATION OF SPEED LIMITS BYLAW 2020

- 6.1 Prior to 2022, speed limits were set by the Council as road controlling authority by making a bylaw under the Land Transport Act 1998. In 2022, the Speed Limits Rule introduced a new method for setting speed limits – the Speed Management Plan. Speed limits that were set by a bylaw were transferred to the National Speed Limits Register (NSLR), which is the central repository for speed limit records. The Speed Limits Bylaw became defunct.
- 6.2 It was intended to formally revoke the Speed Limits Bylaw when the Council adopted the first Speed Management Plan in 2023. However that Speed Management Plan was abandoned when the incoming government indicated that it would be changing the Speed Limits Rule and advised local government to not proceed with any proposed speed management plans in development. Therefore, the Speed Limits Bylaw was not revoked at that time.
- 6.3 Section 13 of the Land Transport (Register of Land Transport Records – Speed Limits) Regulations 2022 states that “a road controlling authority may, at the first available opportunity, revoke a part of a bylaw setting a speed limit after the speed limit applies under a land transport record.” Section 168AAA(2) of the Land Transport Act 1998 (the Act) states that section 22AD of the Act (which requires consultation when revoking a bylaw made under that Act) does not apply when revoking a bylaw in accordance with regulations.
- 6.4 Therefore, consultation to revoke the Speed Limits Bylaw 2020 is not required, as it is effectively a “dead letter.” All of the speed limits set via the Bylaw have since been transferred to the NSLR, and there is now a new process for setting new speed limits.
- 6.5 We therefore recommend that the Council formally revokes the Speed Limits Bylaw 2020 at the same time it adopts the Final Draft Palmerston North Speed Management Plan 2026.

7. CERTIFYING THE FINAL DRAFT SPEED MANAGEMENT PLAN

- 7.1 The Council is required to prepare a Final Draft Speed Management Plan and submit this to NZTA for certification. This is a compliance check where the Director NZTA confirms that:
- The Plan includes the required content;
 - Permanent speed limits will be set in accordance with the classifications in schedule 3 of the Rule;
 - Consultation has been carried out in accordance with clause 3.8 of the Rule;

- Requirements to undertake and have regard to cost benefit disclosure statements have been met;
- Requirements regarding roads outside schools where speed limits must be set in accordance with section 5 of the Rule have been met.

7.2 We are also required to submit a summary of submissions that shows changes made as a result of consultation, and the reasons for those changes.

7.3 The Final Draft Speed Management Plan must also include technical versions of the maps that show the precise start and end point of the variable speed limit zones, and text descriptions of the roads and the speed limits that will apply. These are being prepared by our consultant but were not available to be included in this report. We are therefore recommending that the Council adopt the Final Draft Palmerston North Speed Management Plan 2026 as shown in **Attachment 1**, and that the Chief Executive be delegated authority to approve the final document to be submitted to NZTA for certification. The final document will include the final maps and text descriptions of roads and speed limits to match the maps shown in the document in **Attachment 1**.

8. DESCRIPTION OF OPTIONS

8.1 There are two options for the Committee to consider:

Option 1 – Adopt the Final Draft Palmerston North Speed Management Plan 2026 for certification by NZTA

8.2 This option confirms the proposed speed limit changes that were set out in the consultation document, with the amendments recommended by staff as detailed in the analysis of submission (**Attachment 2**). This option adopts the document titled “Final Draft Palmerston North Speed Management Plan 2026” (**Attachment 1**) so that it can be sent to NZTA for certification under the Land Transport: Speed Limits Rule 2024.

Option 2 – Do not adopt the Final Draft Palmerston North Speed Management Plan 2026

8.3 This option brings the current process to a halt. If the Final Draft Palmerston North Speed Management Plan 2026 is not adopted then it cannot be sent to NZTA for certification, and we are unable to make the changes to speed limits that were identified in the consultation document.

9. ANALYSIS OF OPTIONS

Option 1 – Adopt the Final Draft Palmerston North Speed Management Plan 2026 for certification by NZTA

- 9.1 There are several benefits to proceeding with option 1. Council has completed consultation on the proposed speed limit changes. Most submitters were supportive of the proposed speed limit changes. Deliberating on those submissions and making decisions about the proposed speed limit changes will conclude the process. This will allow the Final Draft Speed Management Plan 2026 to be submitted to NZTA for certification and installation of those speed limit changes to begin. The proposed speed limit changes will bring safety improvements for schools across our city.
- 9.2 There are no significant disadvantages with option 1. While some submitters were opposed to these proposed changes, the vast majority of community feedback supported these changes. We have received funding from NZTA to progress implementation of the variable speed limits for schools, so the cost to the community is minimised while allowing speed limits to be reduced and improve safety.
- 9.3 Therefore option 1 – adopt the Final Draft Palmerston North Speed Management Plan 2026 for certification by NZTA – is recommended.
- 9.4 If the Committee supports option 1, then this incorporates:
- The amended variable speed limit zones for Cloverlea School and Winchester School, as discussed in paragraph 0 and shown in the Final Draft Palmerston North Speed Management Plan 2026.
 - The confirmed variable speed limit zones for the remaining schools, as shown in the Final Draft Palmerston North Speed Management Plan 2026.
 - The proposed intersection speed zone for Longburn-Rongotea Road/Number 1 Line, as shown in the Final Draft Palmerston North Speed Management Plan 2026.
 - The 50km/h speed limit for Te Wanaka Road, as shown in the Final Draft Palmerston North Speed Management Plan 2026.

Option 2 – Do not adopt the Final Draft Palmerston North Speed Management Plan 2026

- 9.5 There are no specific benefits with option 2. The process would come to a halt and Council would be non-compliant with the Speed Limits Rule for the installation of variable speed limits for all schools in the district.
- 9.6 There are several disadvantages with option 2. Council would be non-compliant with the Speed Limits Rule if we did not install variable speed limits for all schools in the

district. NZTA has approved funding for the installation of variable speed limits which would be forfeit if we did not proceed with the proposals to install variable speed limits for schools. Furthermore, all of the proposals are associated with improved safety outcomes, which would not be addressed if the Council did not proceed with the proposed Speed Management Plan.

9.7 Option 2 is not recommended.

10. CONCLUSION

10.1 We recommend that the Council adopts the Final Draft Palmerston North Speed Management Plan 2026, and that it is submitted to NZTA for certification.

10.2 We recommend that the Chief Executive is given delegated authority to approve the final document before it is submitted to NZTA for certification, to include the revised technical maps and text descriptions of the proposed speed limit changes, as shown in the document in **Attachment 1**.

10.3 We recommend that the Council endorses the analysis of issues raised in submissions (**Attachment 2**), to be used as the basis for providing responses to submitters.

10.4 In accepting these recommendations, Council will be able to conclude the process for the first stage of the Speed Limits Review. The consultation process has shown a high-level of support for the proposed speed limit changes. Adopting the Final Draft Palmerston North Speed Management Plan 2026 confirms these changes and allows Council staff to begin implementing them. These changes will improve safety outcomes around schools and improve the safety around a known dangerous rural intersection. Lowering the speed limit on Te Wanaka Road will support the development of Kikiwhenua to proceed as planned.

11. NEXT ACTIONS

11.1 Staff will work with our consultant to finalise the information required for the Final Draft Palmerston North Speed Management Plan 2026. We will then provide this updated document for the Chief Executive to approve, and then submit it to NZTA for certification.

11.2 We will prepare responses for submitters based on the information included in our analysis of the issues raised in submissions (**Attachment 2**). We will also provide an update on our website.

11.3 We will continue with implementation planning and – once the Final Draft Palmerston North Speed Management Plan 2026 has been certified by NZTA – begin installing speed limit signs to bring them into effect.

11.4 We will prepare a communications plan to ensure that our communities are aware of the changes to speed limits and when they will come into effect.

12. OUTLINE OF COMMUNITY ENGAGEMENT PROCESS

12.1 On 20 August the Council approved the Draft Speed Management Plan for public consultation. The written submission period was open from 1 November to 15 December 2025. The Council received 180 submissions during this time.

12.2 We provided a community drop-in session at the City Library on 19 November 2025 where staff were available to answer questions and provide support for people wanting to learn more about the proposals in the consultation draft Speed Management Plan and make a submission.

12.3 We also promoted the consultation draft Speed Management Plan on our social media platforms, including Facebook and LinkedIn. We received 96 comments which were included in our summary and analysis of submissions.

13. 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 objectives?	Yes
Are the recommendations inconsistent with any of Council’s policies or plans?	No
The recommendations contribute to: Whāinga 1: He tāone auaha, he tāone tiputipu Goal 1: An innovative and growing city	
The recommendations contribute to the achievement of objective/objectives in: 3. Mahere tūnuku 3. Transport Plan The objective is: Provide a safe, low-carbon, integrated and multi-modal transport network.	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Safe speed limits are a key part of managing the city’s transport network, for the benefit of all road users. Adopting the Final Draft Speed Management Plan allows the Council to begin implementation of the changed speed limits.

ATTACHMENTS

1. Final Draft Palmerston North Speed Management Plan 2026 (attached separately) 
2. Draft Speed Management Plan 2026 - Analysis of Submissions (attached separately) 

MEMORANDUM

TO: Finance, Performance & Audit Committee

MEETING DATE: 1 April 2026

TITLE: Central Economic Development Agency (CEDA): 6 month report 1 July 2025 to 31 December 2025 and Draft Statement of Intent 2026/27

PRESENTED BY: David Murphy, General Manager Strategic Planning

APPROVED BY: Waid Crockett, Chief Executive

RECOMMENDATION(S) TO FINANCE, PERFORMANCE & AUDIT COMMITTEE

- 1. That the Committee receive the Central Economic Development Agency (CEDA) 6 Month Report 1 July 2025 to 31 December 2025 (Attachment 1), presented to the Finance, Performance & Audit Committee on 1 April 2026.**
 - 2. That the Committee receive Central Economic Development Agency (CEDA) draft Statement of Intent 2026/27 (Attachment 3), presented to the Finance, Performance & Audit Committee on 1 April 2026.**
 - 3. That the Committee approve the comments outlined in the Central Economic Development Agency (CEDA) draft Statement of Intent 2026/27 (Table 1), presented to the Finance, Performance & Audit Committee on 1 April 2026.**
-

1. ISSUE

- 1.1 The Central Economic Development Agency (CEDA) has delivered its six-month report 1 July 2025 to 31 December 2025 (six-month report) and draft Statement of Intent 2026/27 (SOI 2026/27). This report includes analysis of both documents.
- 1.2 The six-month report is included as Attachment 1.
- 1.3 The approved Statement of Expectations 2024/25 to 2026/27 (SOE 2024/25 to 2026/27) and draft SOI 2026/27 are included as Attachment 2 and 3.
- 1.4 Under the Local Government Act 2002 (LGA), when preparing the final SOI, a Council Controlled Organisation (CCO) must consider any comments made on the draft by the Council prior to delivering a final SOI by 30 June 2026.
- 1.5 The Finance, Performance and Audit Committee has the delegation to receive the 6-month report and agree the Statement of Intent for CEDA on Council's behalf.

1.6 The purpose of this report is to receive the six-month report and provide an opportunity for Council to give feedback to CEDA on their draft SOI 2026/27.

2. BACKGROUND

2.1 CEDA is a Council Controlled Organisation (CCO) under the LGA and is jointly owned by PNCC and MDC. A CCO must deliver a draft SOI to PNCC and MDC and a final SOI by 30 June 2026.

2.2 The CEDA Board must consider any feedback from the shareholders before delivering a final SOI for approval in June 2026.

2.3 The Council is required by the LGA to regularly undertake performance monitoring of its CCOs. Council is required to evaluate:

- The contribution of each CCO to the Council’s objectives for the CCO;
- The desired results set out in the SOI; and
- The overall aims and outcomes of the Council based on the six-month reports.

3. SIX-MONTH REPORT 1 JULY 2025 TO 31 DECEMBER 2025

3.1 The six-month report allows the Committee to track CEDA’s progress against their SOI 2025/26.

3.2 A copy of the six-month report is included as Attachment 1.

3.3 From a contract-manager perspective, we have seen a continued focus from CEDA to actively connect with partners and foster inward investment opportunities that are aligned to the region’s strategic objectives. This has been particularly evident with regards to the work completed on Te Utanganui, Central New Zealand Distribution Hub, where projects of this nature require a commitment to long-term relationships. We have also seen an increased focus on fostering investment in the city centre, particularly accommodation / hotels and participation in various city centre planning processes. CEDA has helped fostered strong commercial interest in a further hotel in the City centre.

3.4 The six-month report is based around the following three strategic pillars and strategic priorities:

Strategic Pillars

- Business - Attract, retain, and develop business and investment in the region.
- People - Attract, retain, and develop talent in the region.

- Place - Profile the region to attract people, business, and investment.

Strategic Priorities

- Te Utanganui Central New Zealand Distribution Hub.
- Manawatū Regional Food Strategy.
- Manawatū Destination Management Plan.
- Central Business District Investment.

3.5 Key focus areas within CEDA’s six-month report include:

3.6 Business:

- Te Utanganui – Central New Zealand Distribution Hub.
- Regional investment prospectus.
- Review and analysis of commercial accommodation.
- Manawatū Garden Festival.
- Primary Exchange programme.
- Community Sentiment Survey.
- Business engagements.
- Partnerships with The Factory and Sprout Agritech.
- Callaghan Innovation annual programme of work.

3.7 People:

- Food technology scholarship.
- ‘Live Here’ digital refresh.
- Young Enterprise Scheme.

3.8 Place:

- Eight content pieces created and published.
- 24 media features profiling the city and region.
- Manawatū Garden Festival.

- Central NZ campaign.
- ManawatuNZ.co.nz.
- Quarterly economic snapshots.
- Sector profile reports.
- Regional economic structure.

3.9 Partnerships:

- He Ara Kotahi, Hei Ara Kōrero project.
- A recent milestone for He Ara Kotahi, Hei Ara Kōrero was the installation and unveiling of the carved pou, Tamakuku, at the He Ara Kotahi bridge.
- Strengthening connections across the wider district remains a core focus for CEDA, and part of this work saw a new project established and delivered in partnership with Te Roopu Hokowhitu, a collective of seven marae across the district that are focused on providing opportunities to improve the economic well-being of their people and the areas of business, health, education and environment.

3.10 CEDA's financial performance is detailed on pages 15 to 19 of the six-month report and includes a \$125,501 surplus for the six-months to 31 December 2025 (unaudited).

4. STATEMENT OF EXPECTATIONS 2024/25 TO 2026/27 (2024/34 LONG TERM PLAN)

4.1 A copy of the Statement of Expectation (SOE) 2024/25 to 2026/27 as approved by Palmerston North City Council and Manawātū District Council is included as Attachment 2

4.2 The SOE 2024/25 to 2026/27 was largely a rollover from previous years and maintained a focus on developing a talent pipeline (people); inward investment (business); and domestic visitation (place).

4.3 A key addition to the SOE 2024/25 to 2026/27 was the inclusion of 'Inward investment in the Feilding town centre and Palmerston North city centre' as a top priority for both councils. CEDA has been active in this space following investment leads for new hotels in both Feilding and Palmerston North.

5. DRAFT STATEMENT OF INTENT 2026/27

5.1 A copy of the draft SOI 2026/27 is included as Attachment 3.

5.2 CEDA has presented a draft SOI that aligns with the SOE, as outlined in table 1 below.

Table 1: Comparison of CEDA SOE with the SOI

Statement of Expectation	CEDA Draft SOI 2026/27	Comments
<p>Taking a leadership position and building strategic relationships in the Manawatū region and beyond, is fundamental for CEDA to achieve its purpose. The shareholders have identified the following key partners for CEDA: Palmerston North City Council, Manawatū District Council, Horizons Regional Council, Iwi, Manawatū Chamber of Commerce, NZ Defence Force, Federated Farmers, Accelerate 25, KiwiRail, FoodHQ, Massey University, The Factory, Palmy BID, Feilding & District Promotions, and key Government agencies</p>	<p>CEDA has addressed strategic partners at page 18 of the SOE and in the performance measures on page 26.</p>	<p>No comment. Priorities addressed.</p>
<p>Stimulate inward investment (both national and international), retention and expansion of business in the Manawatū region. Developing a talent pipeline. Support domestic visitation and tourism.</p>	<p>CEDA has addressed these outcomes via the three pillars, statement of intent outcomes, projects, activities and strategies summarised on page 9 and the performance measures for each are captured on pages 25 and 26.</p>	<p>No comment. Priorities addressed.</p>
<p>Top priorities are: Te Utanganui, Central New Zealand Distribution Hub. Strategic oversight and coordination of the Manawatū Food Strategy. Promotion and development of key tourism and visitor</p>	<p>CEDA has addressed its work to support Te Utanganui, Central NZ Distribution Hub at page 11. Manawatū Regional Food Strategy is addressed at page 11. Visitor activity is addressed via pillar three (place) and</p>	<p>No comment. Priorities addressed.</p>

<p>destinations.</p> <p>Inward investment in the Feilding town centre and Palmerston North city centre.</p>	<p>the supporting statement of intent outcomes, projects and activities summarised on page 9.</p> <p>The focus on Feilding town centre and Palmerston North city centre is addressed at page 11 under inward investment opportunities.</p>	
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- 5.3 A budget for 2026/7 (year 3) is included in the financial performance on pages 30 and 31 of the Draft SOI. The Council funding assumption is based on the figures contained within the PNCC and MDC Draft 2024/34 Long Term Plans. While CEDA are forecasting a small deficit, this is not considered significant given the Group Statement of Financial position detailed on page 32.
- 5.4 Provide comments on the draft SOI in writing to CEDA, noting that any comments on the draft SOI agreed by Council will need to be cognisant of what they mean for MDC as a joint shareholder.
- 5.5 CEDA will deliver its final SOI to both councils (shareholders) in June 2026.

6. 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 objectives?	Yes
Are the recommendations inconsistent with any of Council’s policies or plans?	No
<p>The recommendations contribute to:</p> <p>Whāinga 1: He tāone auaha, he tāone tiputipu Goal 1: An innovative and growing city</p> <p>Whāinga 2: He tāone whakaihiihi, tapatapahi ana Goal 2: A creative and exciting city</p>	

<p>The recommendations contribute to this plan:</p> <ol style="list-style-type: none"> 2. Mahere whakawhanake ohaoha 2. Economic Development Plan <p>The objective is:</p> <ul style="list-style-type: none"> • Provide opportunities and infrastructure to accommodate business growth • Support sustainable business activity and labour market development • Promote the city 	
<p>Contribution to strategic direction and to social, economic, environmental and cultural well-being</p>	<p>Our city’s economic wellbeing depends on opportunities to improve our standard of living and reduce economic disadvantage. A profitable business sector, knowledge and skills, work, health, environmental amenity, and housing, all contribute to living standards. We will partner with agencies and organisations to improve wellbeing. We will focus on delivering the conditions needed to support economic activity in the city, now and into the future.</p>

ATTACHMENTS

1. CEDA 6 Month Report 1 July 2025 to 31 December 2025 (attached separately) 
2. CEDA Statement of Expectations 2024/25 to 2026/27 (attached separately) 
3. CEDA Draft Statement of Intent 2026/27 (attached separately) 

MEMORANDUM

TO: Finance, Performance & Audit Committee

MEETING DATE: 1 April 2026

TITLE: Palmerston North Quarterly Economic Update - April 2026

PRESENTED BY: Stacey Andrews, City Economist

APPROVED BY: David Murphy, General Manager Strategic Planning

RECOMMENDATION(S) TO COUNCIL

1. That the Committee receive the Palmerston North Quarterly Economic Update – April 2026, including:
 - a. Palmerston North Economic Growth Indicators – April 2026 (Attachment 1), and
 - b. Palmerston North Quarterly Economic Card Spending Report – December 2025 (Attachment 2),presented to the Finance, Performance & Audit Committee on 1 April 2026.
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1. INTRODUCTION AND PURPOSE

- 1.1 This memorandum presents a summary of the key themes in the Palmerston North Quarterly Economic Update to April 2026, and the Palmerston North Quarterly electronic card spending report for the December quarter 2025.
- 1.2 The quarterly economic update is prepared in-house, using data from a range of sources to provide the most up-to-date information available on the city economy. This includes national and global data where appropriate, to inform decision makers of broader conditions that are impacting on local economic conditions.
- 1.3 The quarterly economic update is organised under the categories of ‘Gross Domestic Product (GDP) and national indicators’, ‘business and jobs’, ‘earnings and income’, ‘spending’, and ‘housing’. National data that influences the city economy, such as the Consumer Price Index (CPI) and the Official Cash Rate (OCR), are also included in the quarterly economic update. This update is attached as Attachment 1.
- 1.4 The Palmerston North Quarterly electronic card spending report is prepared in-house and provided as a resource to the city retail sector. This report includes

information on retail spending across the city and by precinct. The electronic card spending report for the city is included as Attachment 2.

- 1.5 Section 2 of this report includes a high-level summary of economic outcomes for the city based on the most recent economic data. A more in-depth analysis of economic performance, including the economic outlook for the city, is included within sections 3 to 5 of this report. This memorandum presents a summary of the key themes in the Palmerston North Quarterly Economic Update to April 2026, and the Palmerston North Quarterly electronic card spending report for the December quarter 2025.

2. ECONOMIC SUMMARY

2.1 **The city and the wider New Zealand economy entered 2026 with genuine signs of strengthening recovery. Local GDP had returned to growth, national conditions were stabilising, and key indicators such as recruitment activity and wage pressure were all moving in a more favourable direction.**

- a) Data for the 2025 calendar year reflects these signs of recovery, with city GDP rising to just over \$7 billion. Although growth was slightly slower than the national rate at 0.2% compared with 0.4%, the return to positive territory marked an important shift after a period of subdued activity. These improvements pointed to a gradual return to more stable economic conditions after several years of volatility (see section 3.1).
- b) This emerging momentum has been tempered however, by conflict in the Middle East, where the human toll is mounting, and a new layer of uncertainty has been introduced at a critical stage in New Zealand’s economic recovery. Now in its seventeenth day with no clear strategy or end point in sight, the conflict has disrupted global supply chains and driven up fuel and fertiliser costs, adding pressure to tradable inflation and heightening uncertainty for households, organisations and businesses.
- c) The duration and scale of the conflict remain highly uncertain. A swift resolution would enable the recovery path evident before the escalation to resume, while a prolonged conflict would deepen human suffering, heighten global uncertainty and slow the easing of inflation and the pace of economic recovery. By the time this report comes to Committee, the conflict could be resolved, and the trajectory of economic recovery largely restored, or it could be ongoing.
- d) At this point in the conflict, this report is prepared on the basis that risks to the recovery are more likely to be concentrated in the near term, while recognising that a more prolonged or wider escalation could alter that assessment. It also outlines the underlying signs of improvement that were evident prior to the escalation and that are likely to continue to strengthen, should geopolitical conditions stabilise.

- e) Despite elevated global risks, the fundamentals of the local economy remain strong. New Zealand’s distance from major conflict zones, its reputation as a safe and stable place to live, and its growing appeal to international investors supported by the new Active Investor Plus visa, continue to underpin confidence in the outlook.
- f) These strengths are evident across the city’s economic indicators. The elevated level of non-residential investment reflects growing confidence in the city’s long-term prospects and a commitment to strengthening public assets and productive capacity. Labour market conditions remain more resilient than the national picture, consumer loyalty is consolidating locally, and sectors linked to visitation and events have gained momentum. Housing market conditions are steady, affordability remains stronger than the national average, and the wider investment pipeline signals further development on the horizon that will support the city’s future. Together, these factors reinforce the city’s underlying resilience even as global uncertainty remains an important factor to monitor.

3. QUARTERLY ECONOMIC UPDATE

3.1 **GDP and National Indicators Early 2026 was characterised by clear signs of genuine economic recovery, with a range of indicators pointing to an improving trajectory. This marked a welcome shift after several years of unpredictable financial and economic conditions.**

- a) Over the past six years the wider economy has been defined by volatility rather than stability. Instead of moving through normal cycles, the world has faced overlapping shocks including the pandemic, supply chain failures, geopolitical conflict and rapid shifts in monetary policy. These forces pushed commodity prices, inflation and borrowing costs in unpredictable directions and disrupted the usual relationships that decision makers rely on. In this environment, institutions such as the Treasury and the Reserve Bank of New Zealand have struggled to judge the path of inflation and interest rates. This sustained volatility, largely outside local control, has made financial planning difficult for households, businesses, and organisations. Economic stability relies on predictable global and domestic policy and steady inflation and interest rate pressures, conditions that have been missing in recent years slowing efforts to restore social and economic progress.
- b) Reflecting these strengthening conditions, Infometrics reports that Palmerston North’s GDP increased by 0.2% over the 2025 calendar year, reaching a total value of \$7.069 billion. This marks the first annual expansion since the September 2024 quarter. By comparison, national GDP increased by 0.4% over the same period. Statistics New Zealand’s national GDP data for the December 2025 quarter will be released on 24 March.

- c) The December CPI increased 3.1% over the year, pushing headline inflation back above the 1–3% target band. This rise was driven mainly by higher electricity costs, local authority rates, and elevated food prices. These categories are largely regulated or supply side constrained, meaning their prices are shaped by institutional decisions and international cost pressures rather than responding quickly to interest rates. In contrast, annual core inflation continued to ease, reflecting the continuation of excess capacity across the New Zealand economy. The RBNZ notes that the remaining areas of price stickiness are concentrated in sectors where monetary policy has limited short-term influence, conditions that also apply to rising fuel and fertiliser costs driven by offshore factors.
- d) Domestic interest rates remain expansionary, with the OCR held at 2.25% to support the fragile recovery. At its 18 February meeting, the Monetary Policy Committee signalled that policy would stay accommodative, with inflation expected to ease toward the 2% midpoint. However, heightened global supply-side disruption has made this outlook less certain, raising the risk of higher inflation alongside weaker growth. While some commentators see scope for earlier rate increases, the Reserve Bank is likely to look through these pressures, as higher fuel and food costs are dampening demand and global prices for fuel and key inputs remain largely unresponsive to interest rates. As the recovery firms, the OCR is expected to move back toward its neutral level of around 3%, but for now rates are likely to remain on hold until there is greater clarity.
- e) Export conditions continue to support both regional and national activity, with record red meat exports of \$11.7 billion and strong dairy prices lifting incomes across the agri-food sector. For our region, where dairy, beef and sheep production dominate the export base, these favourable conditions are directly strengthening farm returns and supportive the economic performance of the region.
- f) Business confidence surveys have been showing a renewed increase in concerns about finding the right skills, suggesting that skill shortages are likely to re-emerge as the economic recovery picks up. When job opportunities expand and employers struggle to find the skills they need, New Zealand typically sees stronger net migration inflows as both returning New Zealanders and new migrants respond to improving employment prospects. Should recruitment activity continue to firm through 2026, the region is likely to see rising migration inflows that help ease skill pressures while supporting population and employment growth.

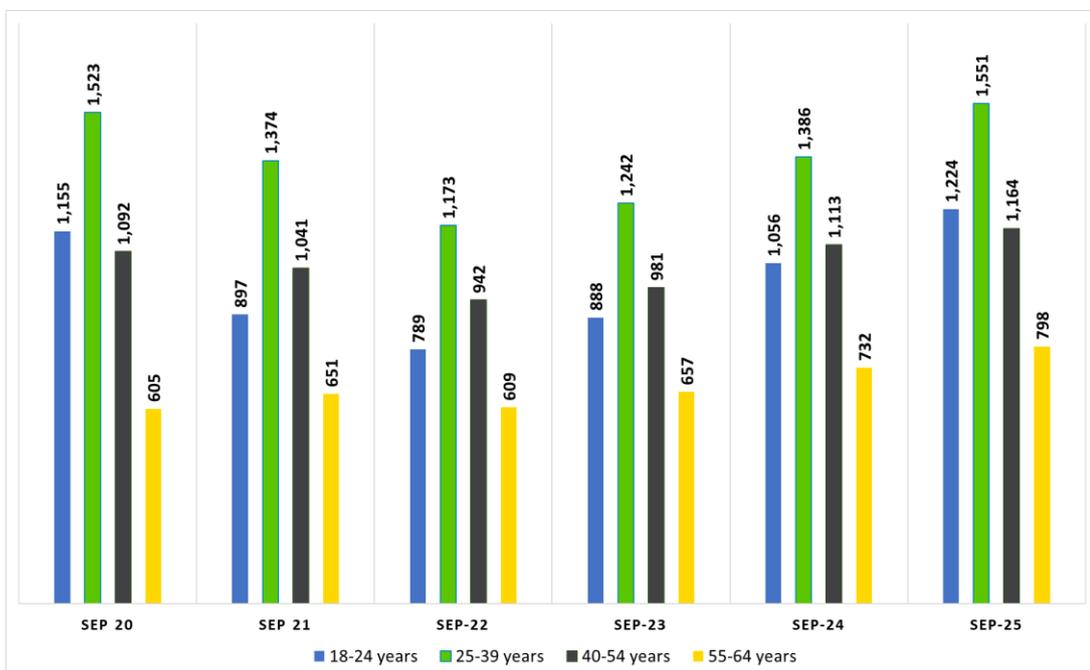
3.2 Business and jobs

Stable business numbers, resilient construction activity, and steady city-based employment point to a more positive outlook for 2026. This is noted against a backdrop of higher jobseeker numbers and an increase in people looking for work.

- a) A total of 8,228 businesses were located in Palmerston North in December 2025; an increase of 43 businesses from the previous year (+0.5%). This compares with a 1.1% increase in the number of businesses registered nationally, over the same timeframe.
- b) There was a total of \$166.8 million worth of non-residential consents issued in Palmerston North over the year to December 2025. This is an annual increase of 30.8%, compared with a decrease in non-residential consent values of 0.3% nationally. This follows a recent peak in non-residential building activity, which reached \$177.5 million in the year to October 2025.
- c) Elevated non-residential investment in the city reflects growing confidence in the city’s long-term prospects and a commitment to strengthening public assets that support community services. Over the past year, the city recorded \$12.6 million of investment in new accommodation, an increase of 114.6%. Investment in hospitals, nursing homes and other health facilities rose to \$28.6 million, a more than 12-fold increase over the year. Commercial building investment reached \$65.2 million, up 148.2%, while investment in factories and industrial buildings increased to \$11.3 million, up 128.6%. Together, these developments signal a clear commitment to expanding the city’s productive capacity and enhancing the public sector infrastructure that underpins service delivery for the community.
- d) Labour market conditions in the region are showing early signs of improvement, with SEEK reporting that job ads rose 2.6% month-on-month, the second-strongest increase in the country behind Gisborne. Nationally, job ads also increased, indicating a gradual strengthening in recruitment activity as confidence improves. This sits alongside the latest labour market data, which shows unemployment has lifted but largely because more people are entering the labour force, a pattern typical of the early stages of recovery.
- e) Infometrics reports that the city’s annual average unemployment rate edged up to 4.5% in the December quarter, from 4.4% in September. This remains below the national annual average of 5.3% and the Statistics NZ December-quarter rate of 5.4%. Although labour-force detail isn’t available at the TA level, the slight rise in unemployment is likely to reflect more people actively seeking work, consistent with national trends, rather than a material increase in job losses.

- f) Jobseeker data for the December 2025 quarter has been delayed, so the most recent figures available are for September 2025. In the year to September, 3,648 Palmerston North residents were receiving Jobseeker Support, an increase of 327 people or 9.8%, compared with 6.4% nationally. Of these, 1,710 were receiving support due to health conditions or disabilities, up 12.4% over the year, broadly in line with national trends. Increases were recorded across all age groups, with the number of jobseekers aged 18 to 24 rising by 141 people, or 16.9%, and those aged 25 to 39 increasing by 117 people, or 10.6%. These patterns reflect the lingering effects of weak economic activity on labour market conditions through 2025.

Figure 1: Jobseeker benefit recipients by age group – September 2025



- g) Employment among Palmerston North residents fell by 491 people, a decrease of 1.4% in the year to December 2025, bringing the total to 34,627. In contrast, jobs located within the city increased slightly, with 30 additional positions lifting workplace-based employment by 0.1% to 46,955. This compares with national trends, where filled jobs by place of residence fell by 0.5% and workplace-based jobs declined by 0.4% over the same period. These results reinforce the view that recent changes in the labour market reflect increased job seeking activity rather than widespread job losses. Please note that these quarterly job figures cover salary and wage earners only and do not include self-employed workers or sole traders.
- h) The city’s economic base has been strengthening, and if geopolitical tensions ease, the recovery would likely return to a trajectory similar to that signalled before the conflict. Strong export activity, lower mortgage rates, and significant public and private investment are expected to support employment,

aligning with the Reserve Bank’s pre-conflict projection of around 64,000 additional jobs nationally in 2026.

3.3 Earnings and income

Earnings growth slows as labour market pressures ease and wage growth moderates.

- a) Median earnings in the city increased 4.8% over the year to December 2024, compared with 4.6% growth nationally. These figures are drawn from the LEED dataset, which has roughly a 14-month lag, meaning the data is not current but remains one of the most reliable measures of earnings trends because it captures all income sources. The stronger growth recorded in 2024 reflects the period of intense wage pressure early in the year, when demand for labour was high and employers were offering higher wages to attract and retain workers.
- b) Statistics NZ’s business collection data offers a timely, albeit less comprehensive, view of quarterly earnings at the territorial authority level. In the year to December 2025, total annual earnings in the city increased by 0.5%, compared with 1.4% growth nationally. This marks a clear moderation from the strong annual increases of 7–10% recorded between late 2021 and the June 2024 quarter. The softer pace of growth reflects the effects of job losses and a more subdued labour market, which have eased wage pressures across employers.
- c) Building on this moderation in earnings growth, broader wage indicators also point to easing labour-market pressures. The Labour Cost Index (LCI) returned to its longer-term average of 2.0% in the year to December 2025, down from the elevated wage growth recorded between 2022 and 2024 when strong demand and acute labour shortages pushed costs higher. These earlier pressures have now unwound as spare labour capacity has emerged across the economy. The Reserve Bank expects this trend to have continued, with annual labour-cost inflation projected to have eased further to 1.9% in the March quarter.

3.4 Spending

Softer household spending continued to weigh on overall activity yet strengthening international tourism and the uplift from major events have helped to bolster returns and rebuild confidence in the regional economy.

- a) Retail spending in the city fell by 1.1% over the year to January 2026, to a total value of \$1.483 billion. This corresponds with a 1.1% fall in retail spending nationally.
- b) Spending on ‘groceries and liquor’ was the only storetype to grow in the city over the year, rising 2.6%. Because this remains below the 3.1% annual

inflation rate, the category experienced negative real growth. ‘Groceries and liquor’ is also the city’s largest retail category, accounting for 36.5% percent of all retail spending and totalling \$542.4 million over the year to January.

- c) Some weakness has emerged in new vehicle registrations in the city in the December year, following several years when buying levels were elevated compared to longer term averages. New car registrations fell 7.6%, compared with a 1.1% national decline, while commercial vehicle registrations dropped 23.7% locally against a 7.3% fall nationally. Because these are durable, high-value purchases made only occasionally, a pullback from the elevated activity seen between 2019 and early 2024 is not unexpected. Spending patterns over the longer term will be monitored to understand whether the recent declines are indicating continued weak confidence in the economy or simply a normal cyclical adjustment after a period of strong investment.
- d) Spending linked to visitation also showed signs of improvement. Over the three months to January 2026, spending on ‘accommodation’ increased 2.1%, while ‘arts, recreation and visitor transport’ spending rose 3.2% percent compared with the same period a year earlier. These are small lifts, but they point to some strengthening of spending in sectors tied to discretionary and visitor-related activity, a trend we have not seen for some time. Recent high-attendance events in the city likely provided an additional boost, suggesting that confidence to spend in these areas are starting to rebuild.
- e) Tourism spending in the city totalled \$295.8 million in the year to December 2025, a 1.5% decline from the previous year compared with a 0.7% fall nationally. The drop was driven mainly by weaker domestic tourism, with domestic visitor spending in the city down 2.9% versus a 3.2% fall nationally. In contrast, international tourism continued to strengthen, with spending up 13.5% in the city compared with a 6.8% increase nationally.
- f) Guest nights in the city fell 1.9% in the year to January, compared with a 2.2% increase nationally. Although the annual total shows a small decline, several months performed strongly, including November 2025, when guest nights were up 12.3% on the previous year, and March, which saw a 27.5% increase. These peaks coincided with major events such as Central Districts Field Days and the Bridge Conference, both of which attracted large numbers of visitors from outside the region.

3.5 Housing

The market remains steady with stable prices, increasing sales and ongoing affordability. At the same time, housing pressures are growing for those most in need.

- a) Over the year to January 2026, the city’s average house value edged down 0.1% to \$637,709. This compares with a 0.4% decrease in the New Zealand

average house price to \$910,285. Market activity continued to strengthen, with 1,383 sales recorded over the year, a 9.3% increase that exceeded the 8.3% rise nationally. The higher level of available stock is helping to stabilise prices and support relative housing affordability both in the city.

- b) Home ownership affordability, as measured by Infometrics as the ratio of the average house price to average annual income, remained at 4.7 in the December quarter 2025. This compares with the average house price of 6.3 times the average income, nationally.
- c) Average annual rents in the city declined by 4.0% over the year to December 2025, falling to an average of \$479 per week. Nationally, rents decreased by 1.4% to \$566 per week over the same period. The number of properties rented in Palmerston North rose by 4.2%, compared with a 5.0% increase nationally. As at July 2025, 13,314 homes were formally rented in the city. Infometrics estimates that 19.5% of household income in the city is spent on rent, compared with 21.4% nationally. This lower share indicates that Palmerston North remains relatively more affordable for renters.
- d) The number of households on the public housing register in Palmerston North fell by 54 (-10.0%) over the year to September 2025, reaching a total of 486, broadly consistent with the 11.5% decline recorded nationally.
- e) On a quarterly basis however, registrations increased both locally and across the country, with the city's register rising by 84 and national registrations increasing by 318 between June and September. This represents the largest quarterly increase in Palmerston North's register in the past five years.
- f) Changes to eligibility criteria following the formation of the new government in late 2023 contributed to the earlier sharp decline in registrations. The recent rise may reflect growing need as economic conditions have softened, alongside the system adjusting after a period of tighter entry requirements.
- g) The Ministry of Social Development issued 27 emergency housing Special Needs Grants in the city during the September 2025 quarter. These grants totalled \$28,895, with an average value of \$1,070. Nationally, 3,930 grants were issued, amounting to \$9,649,449 and an average grant of \$2,455.
- h) The city issued 412 new dwelling consents in the 2025 calendar year, a decrease of 46 (-10%) compared with the previous year. Nationally, new dwelling consents increased by 9.0% over the same period. Activity in Palmerston North had been elevated in earlier years, during a time when national consenting levels remained comparatively subdued.
- i) Net dwelling analysis for the 2025 calendar year indicates that 314 of the 412 dwellings consented are expected to add to Palmerston North's housing stock. This represents 76.2% of all consents issued, above the longer-term annual

average of 70%. The provisional total sits slightly below the Long-Term Plan forecast of 328 dwellings per year for 2024–2027, with annual figures likely to fluctuate in line with economic conditions. The series adjusts for relocations into and out of the city, as well as uplifted dwellings, and remains subject to revision.

4. PALMERSTON NORTH ELECTRONIC CARD SPENDING REPORT – DECEMBER 2025

4.1 Consumer loyalty reaches a five-year high while international visitor spending strengthens significantly, providing positive support to Palmerston North’s retail and hospitality sectors.

- a) Spending conditions remained soft in the year to December 2025 but are broadly in line with national trends. Total electronic card spending was \$1.484 billion, a decrease of 1.1%, similar to the national decline of 0.9%. This suggests that current conditions reflect wider economic softness rather than any city specific weakness.
- b) Consumer spending is also consolidating locally. Resident spending outside the city fell 3.8%, and the loyalty rate increased to 82.1%, the highest level in five years. This shows that a larger share of household spending is staying within Palmerston North and supporting local businesses.
- c) Visitor spending continues to play an important role in the city economy. Visitors generated a net inflow of \$291 million, as their spending exceeded the amount residents spent outside the city. The City Centre remains the main retail area, accounting for 56% of all spending. International visitor spending in the City Centre increased by 27% over the year. Although international visitors make up only 2.7% of total spending, this growth provides useful support for retail and hospitality activity.
- d) Essential spending remains steady while discretionary spending has softened. Groceries and liquor were the only categories to grow, increasing 2.6% across the city and 6.1% in the City Centre, partly reflecting higher food prices. Hospitality and home related retail categories declined, consistent with tighter household budgets. Weekly spending reached its highest point in the week ending 20 December at \$21.6 million, with 23 December the busiest single day at \$4.6 million.
- e) The Quarterly Economic Card Spending Report for December 2025 is attached as Attachment 2.

5. ECONOMIC OUTLOOK

5.1 **The city entered 2026 with clear signs of strengthening economic momentum, supported by improving domestic conditions and a resilient local base. Renewed global conflict and rising cost pressures are now putting this momentum at risk, and the pace of recovery will depend in part on how these external factors evolve.**

- a) Palmerston North and the wider New Zealand economy began the year on a firmer footing, with GDP returning to growth, recruitment activity lifting and wage pressures easing. These trends pointed to a gradual return to more stable conditions after several years of volatility driven by global shocks.
- b) This emerging momentum has been disrupted by the escalation of conflict in the Middle East, which has pushed up fuel and input costs. These increases are flowing through to households, businesses, organisations and government, adding pressure to already elevated costs and creating uncertainty around the speed at which inflation will ease.
- c) As a result, the near-term outlook is more uncertain. Higher costs from global supply chain disruption are likely to impact on the pace of recovery, with the extent depending on how long the conflict persists and how significantly it affects global markets and confidence. If geopolitical tensions ease quickly, the recovery evident before the conflict is likely to re-emerge.
- d) The fundamentals of the local economy remain strong. Elevated levels of public and private investment across Palmerston North show growing confidence in the city's longer-term prospects and are expanding its productive capacity and public service infrastructure. Together with a diverse economic base, resilient labour market conditions and comparatively affordable housing, this investment activity provides an important buffer that will help the city remain resilient if conditions for households and businesses, remain challenging.
- e) Taken together, these indicators show that Palmerston North has entered 2026 with a solid base of activity and a level of resilience that continues to support confidence in the local and regional economy. At the same time, the escalation of global tensions and the resulting rise in costs have created disruption and added uncertainty, making the scale and duration of impacts difficult to predict. The city's near-term outlook will be influenced by how these external conditions evolve.
- f) Factors affecting the city and the wider domestic economy will continue to be monitored and reported through the quarterly economic update series.

6. 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 objectives?	Yes
Are the recommendations inconsistent with any of Council’s policies or plans?	No
<p>The recommendations contribute to:</p> <p>Whāinga 1: He tāone auaha, he tāone tiputipu Goal 1: An innovative and growing city</p>	
<p>The recommendations contribute to this plan:</p> <p>2. Mahere whakawhanake ohaoha 2. Economic Development Plan</p> <p>The objective is: Support sustainable business activity and labour market development, in particular, providing information and education resources to city businesses.</p>	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Reporting on economic trends in the city and the longer-term outlook for growth, is important for encouraging local business to invest, growing their business and attracting new businesses to the city. It is also important to support businesses to make informed decisions under the current economic conditions.

ATTACHMENTS

1. Palmerston North Economic Growth Indicators - April 2026 [↓](#) 
2. Palmerston North Quarterly Electronic Retail Card Spending Report - December 2025 [↓](#) 

PALMERSTON NORTH ECONOMIC GROWTH

	Palmerston North City*	New Zealand**
GDP (Provisional) <small>YE December 2025 Source: Infometrics</small>	\$7.069B  +0.2%	+0.4%
Annual inflation <small>December 2025 Source: Stats NZ</small>		3.1%
Official cash rate <small>February 2026 Source: RBNZ</small>		2.25%

Business and Jobs

Business counts <small>December 2025 Source: Infometrics</small>	8,228  +0.5%	+1.1%
Non-residential construction investment <small>YE January 2026 Source: Stats NZ</small>	\$166.8M  +30.8%	-0.3%
Filled jobs (Place of residence) <small>As at December 2025 Source: Stats NZ</small>	34,627  -1.4%	-0.5%
Filled jobs (Workplace location) <small>As at December 2025 Source: Stats NZ</small>	46,955  +0.1%	-0.4%
Unemployment rate <small>As at December 2025 Source: Infometrics</small>	4.5% <small>Average of four recent quarters</small>	5.3%
Change in MSD Jobseeker recipients <small>September 2025 quarter Source: MSD</small>	+327  +9.8%	+6.4%

YE: Year ending

M: million, B: billion

*Value and annual change, unless stated otherwise, ** Annual change, unless stated otherwise

Earnings		Palmerston North City*		New Zealand**
Annual earnings As at December 2025 Source: Stats NZ		\$2,609M	+0.5%	+1.4%
Median earnings from salaries and wages YE December 2024 Source: Stats NZ		\$70,950	+4.8%	+4.6%
Spending				
Retail spending YE January 2026 Source: Marketview		\$1.483B	-1.1%	-1.1%
New car registrations YE December 2025 Source: Infometrics		2,825	-7.6%	-1.1%
Commercial vehicle registrations YE December 2025 Source: Infometrics		768	-23.7%	-7.3%
Tourism electronic card spending YE December 2025 Source: MBIE	Domestic	\$265.6M	-2.9%	-3.2%
	International	\$30.2M	+13.5%	+6.8%
Guest nights YE January 2026 Source: ADP		414,600	-1.9%	+2.2%
Housing				
Average house price January 2026 Source: QV		\$637,709	-0.1%	-0.4%
House sales YE January 2026 Source: REINZ		1,383	+9.3%	+8.3%
Home ownership affordability December 2025 quarter Source: Infometrics		4.7	Ratio of average house value to annual average household income	6.3
Home rental affordability December 2025 quarter Source: Infometrics		19.5%	Percentage of average annualised rent to annual average household income	21.4%
New dwelling consents YE January 2026 Source: Stats NZ		430	0.0%	+9.3%
YE: Year ending		M: million, B: billion	* Value and annual change, unless stated otherwise, **Annual change, unless stated otherwise	



Palmerston North
Quarterly electronic card spending
(retail and selected tourism sectors)

December 2025

Introduction

This report presents analysis of electronic card retail spending (i.e., total value of electronic card transactions made in person) in the city. The total electronic card retail spending in Palmerston North consists of spending from the following precincts:

- 1) Central business district (CBD) and Broadway Avenue precinct
- 2) Outer CBD precinct
- 3) Terrace End precinct, and
- 4) the rest of the city.

The map in Appendix 1 shows the boundary of locations of the first three precincts mentioned above. The term “City Centre” in this report refers to 1) and 2) mentioned above. Data is obtained from Marketview and is based on information from Worldline (formerly known as Paymark) the largest electronic card payment network in New Zealand. Analysis covers eight retail sectors consisting of accommodation; apparel & personal; arts, recreation & visitor transport; cafes restaurants, bars & takeaways; fuel & automotive; groceries & liquor; home & recreational retail and other consumer spending (see retail sector classification on Appendix 2).

Table of Contents

SUMMARY – DECEMBER 2025	1
RETAIL SPENDING	2
RETAIL SECTORS	4
RETAIL FLOWS	5
CITY CENTRE	6
APPENDIX 1: RETAIL PRECINCTS	9
APPENDIX 2: RETAIL SECTOR CLASSIFICATION	10

Summary – December 2025

Palmerston North at a glance

- For the year ending December 2025, total electronic card spending was \$1,484 million. This was a decrease of 1.1% year on year, compared to New Zealand’s average of decline of 0.9% over the same period. See graph on “Electronic Card Retail Spending Annual Change (%)” on page 3 to view the annual trend.
- “Groceries and liquor” was the only retail category that experience annual growth, at 2.6% compared to New Zealand’s average of 2.7%.
- For the year ending December 2025, Palmerston North residents spent \$979 million locally. The city’s loyalty rate, defined as the proportion of resident spending retained within the city, stood at 82.1% in the year to December, the highest within recent five-years.

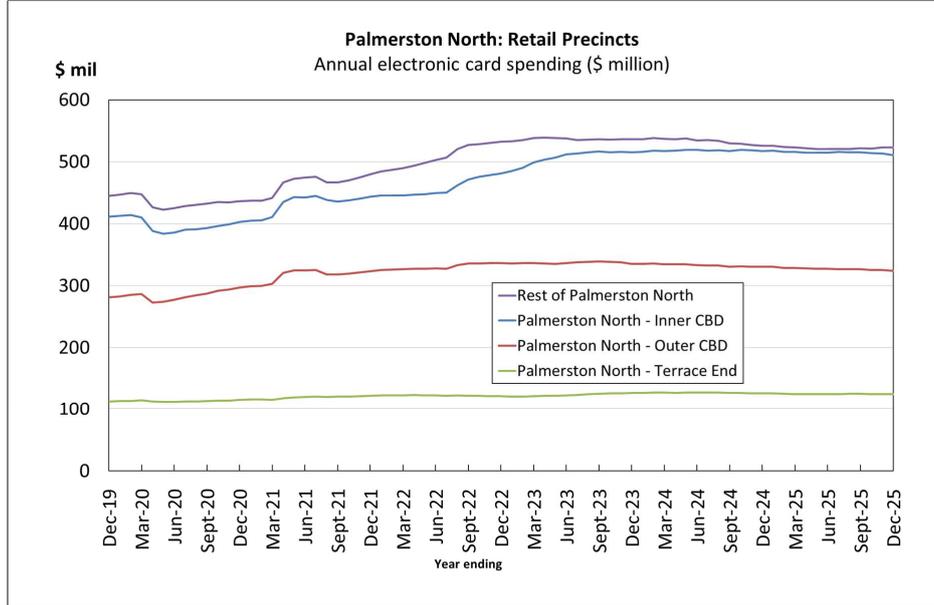
City Centre

- Annual electronic card retail spending in the city centre was \$835 million, representing 56.3% of total spending in the city.
- Annual retail spending decreased by 1.6% compared to 1.1% decline for Palmerston North and the average decrease in annual spending of 0.9% across New Zealand.
- The top three retails categories were “Groceries and liquor”, “Home and recreational retail”, and “Café, restaurants, bars and takeaways”. Together these sectors represented 80% of total retail spending in the city centre. See page 6 for breakdown by retail sectors.
- “Groceries and liquor” was the only retail category that experienced positive growth - up 6% compared to the year before. It is worth noting that food price inflation was 4.0 % over the year to December 2025, implying that the increase in spending was driven predominantly, by price increases.
- 65% of annual spending were from locals. The top five non-local spenders, representing 26% of spending in the city centre were from Manawatu, Rest of New Zealand, Horowhenua, Taranaki, and the Wellington region.
- Although international visitors recorded the highest annual growth at 27%, they contribute 2.7% of annual spending.

Retail Spending

The graph below shows the trend in annual spending in the city and its precinct over time.

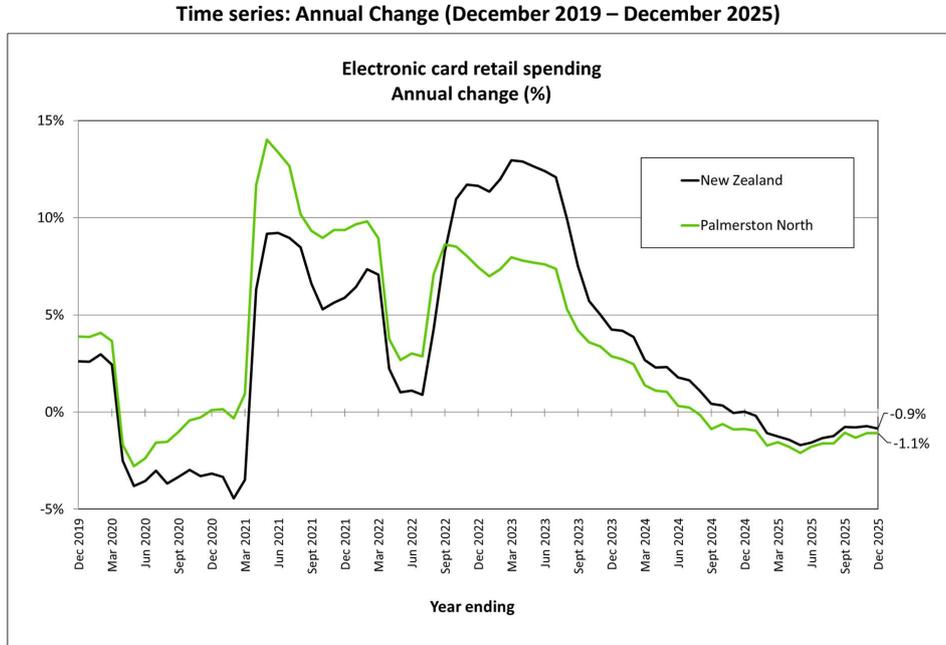
Time series: Annual Electronic Card Spending (December 2019 – December 2025)



Annual spending in all precincts in Palmerston North for the year ending December 2025 recorded negative annual growth (see table below). Annual spending in the City Centre contracted 1.6% with spending in the CBD and Broadway Avenue down 1.3%, and spending in the Outer CBD falling 2.0%. The contraction in spending in the city centre compares with a 1.1% fall in Palmerston North and -0.9% across New Zealand.

Retail Precincts	Annual spending Year ending December 2025		
	Value of spending (\$m)	Change from last year (%)	Precinct share (%)
Palmerston North Inner CBD and Broadway Avenue	511	-1.3%	34.4%
Palmerston North Outer CBD	324	-2.0%	21.8%
City Centre	835	-1.6%	56.3%
PNCC Terrace End	125	-0.6%	8.4%
Rest of Palmerston North	524	-0.5%	35.3%
Total Palmerston North	1,484	-1.1%	100.0%
Total New Zealand	77,323	-0.9%	

The chart below illustrates the annual percentage change in electronic card retail spending (rolling 12-month basis) compared with the previous year. Challenging economic conditions have contributed to a nationwide slowdown in spending since April 2023. Our city has experienced consecutive months of negative annual growth since August 2024. Improving economic conditions are expected to support levels of consumer spending in 2026.



Retail sectors

The table below shows the breakdown of retail sectors in the City Centre, Palmerston North, and New Zealand. Only one category - "Groceries and liquor" experienced positive annual growth in spending, up 2.6% (or \$13.9 million increase) in Palmerston North compared with a 2.7% nationwide increase. The City Centre performed better with spending on "Groceries and liquor" up 6.1%.

Retail sectors	Annual spending Year ending December 2025					
	City Centre		Palmerston North		New Zealand	
	Value of spending (\$m)	Change from last year (%)	Value of spending (\$m)	Change from last year (%)	Value of spending (\$m)	Change from last year (%)
Accommodation	7	2.1%	23	-1.7%	1,679	-4.2%
Apparel & personal	84	-4.3%	98	-3.8%	4,562	-1.2%
Arts, recreation & visitor transport	13	-4.7%	25	-4.4%	2,149	-3.5%
Cafes, restaurants, bars & takeaways	121	-7.7%	189	-3.6%	11,425	-0.7%
Fuel & automotive	63	-2.5%	250	-1.6%	12,687	-2.6%
Groceries & liquor	300	6.1%	542	2.6%	29,045	2.7%
Home & recreational retail	247	-5.5%	354	-3.7%	15,395	-5.0%
Other consumer spending	1	-2.2%	3	-10.4%	380	0.4%
Total	835	-1.6%	1484	-1.1%	77,323	-0.9%

In Palmerston North, the greatest fall was observed in the "Other consumer spending" category with a 10% drop in annual spending. It is worth noting that while "other consumer spending" is an indicator of household discretionary spending, it makes up a very small proportion (0.2%). In terms of dollar value, "home and recreational retail" fell the most compared to a year ago, with decline of \$13.4 million (falling 3.7%). At the national level, the highest annual decline (5%) was observed in the "Home & recreational retail" category.

Retail flows

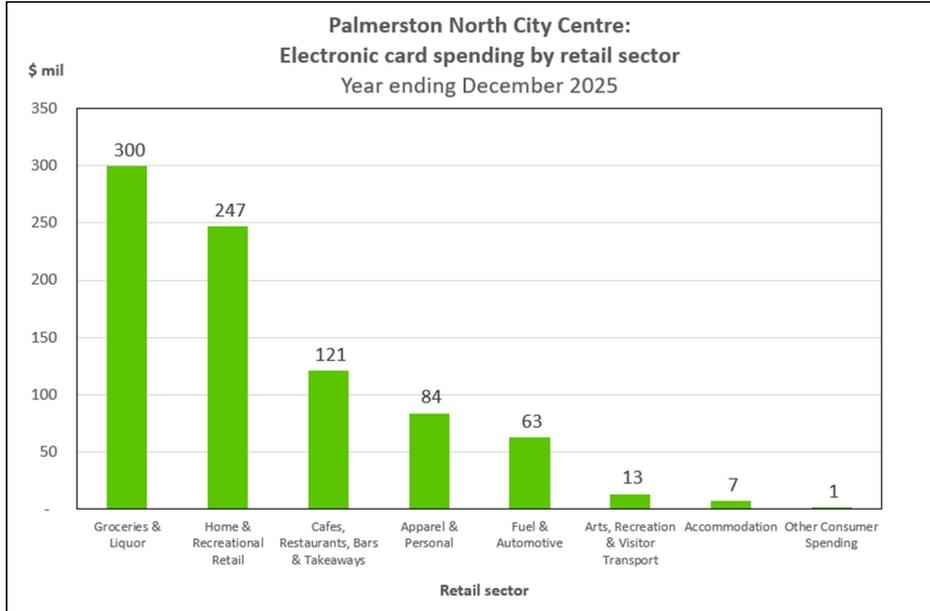
For the year ending December 2025, Palmerston North residents spent \$979 million locally. This is a 0.6% decrease in spending versus the previous year. Spending by residents outside the city fell 3.8% to a total of \$213 million. Visitor spending totalled \$505 million (down 2.0%), comprising \$471 million from domestic visitors (down 3.4%) and \$34 million from international visitors (up 25%).

Palmerston North: Retail flow	Annual spending Year ending December 2025	
	Value of spending (\$m)	Change from last year (%)
Resident spending locally (A)	979	-0.6
Visitor spending (B)	505	-2.0
Total spending at Palmerston North merchants (A)+(B)	1,484	-1.1
Resident spending outside the city (C)	213	-3.8
Total resident spending (A)+(C)	1,192	-1.2
Net gain in spending for city (B)-(C)	291	-0.6
	Year ending December 2025	Year ending December 2024
Visitor share of Palmerston North spending	34.0%	34.3%
Palmerston North loyalty rate	82.1%	81.6%

The city recorded a net gain in spending of \$291 million as visitor expenditure in the region exceeded resident spending outside the region. The city's loyalty rate, defined as the proportion of resident spending retained within the city, stood at 82.1% in the year to December, the highest among the recent five-years.

City Centre

Retail sectors



In the City Centre, the top three retail sectors were “Groceries and liquor” (36%), “Home and recreational retail” (30%), and “Café, restaurants, bars and takeaways” (14%). Together they represent 80% of total annual retail spending. Annual spending on “Groceries and liquor” increased 6% in the city compared to the year before. In contrast, spending on “Cafes, Restaurants, Bars & Takeaways” fell 8% over the year and “Home and recreational retail” fell 6% over the year. Please refer to pg 4 for details.

Customer origin

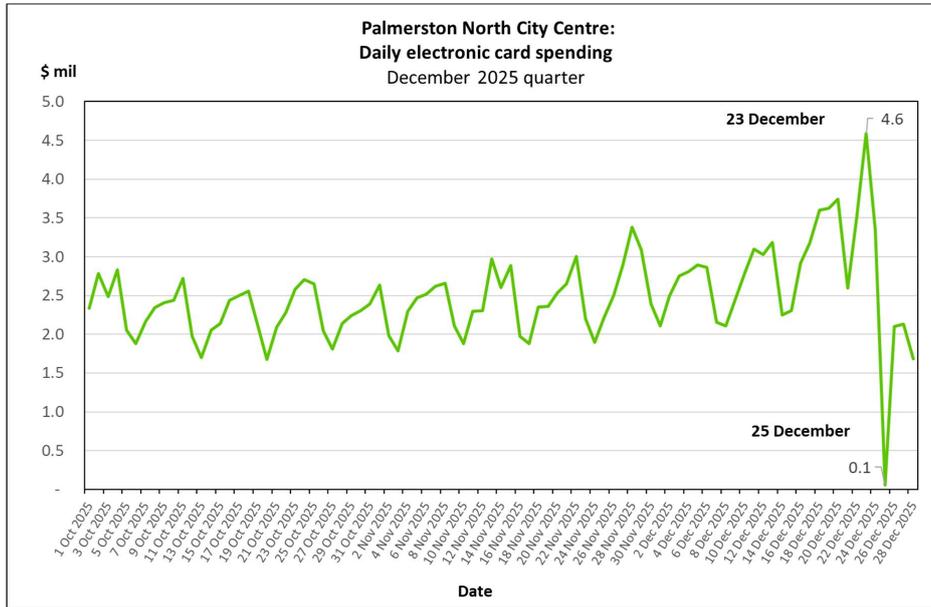
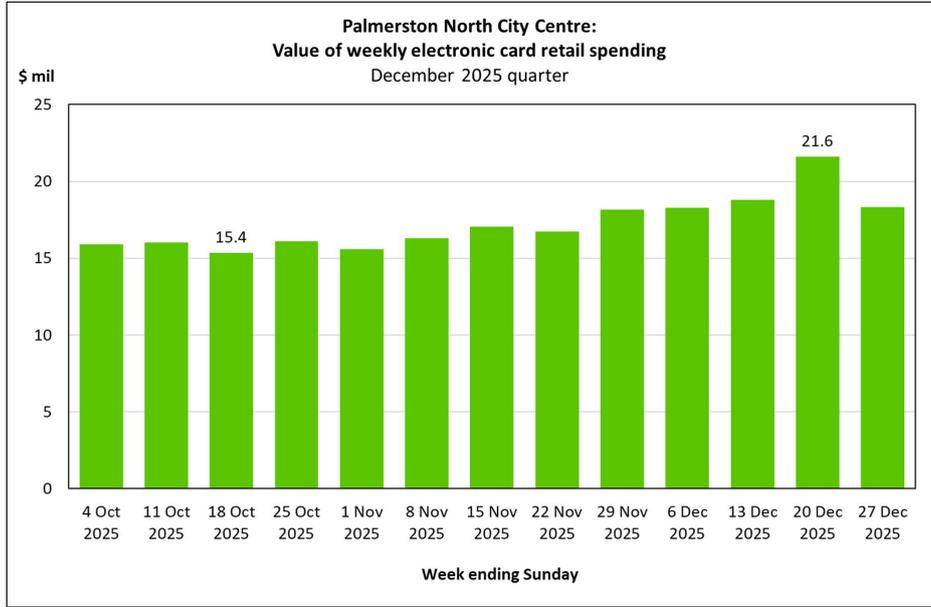
For the year ending December 2025, 64.9% of retail spending in the city centre was made by locals. Annual local spending declined by 0.8 year on year. The table below shows the customer origin for the year ending December 2025.

City Centre: Cardholder origin	Annual spending Year ending December 2025		
	Value of spending (\$m)	Change from last year (%)	Share of total spending (%)
Palmerston North City	542.2	-0.84	64.9%
Manawatu District	78.6	-5.84	9.4%
Rest of New Zealand	41.1	-2.28	4.9%
Horowhenua District	38.6	-9.12	4.6%
Taranua District	33.4	-5.16	4.0%
Wellington Region	25.7	-2.10	3.1%
Rangitikei District	22.8	-7.27	2.7%
International	22.1	26.76	2.7%
Auckland Region	15.3	11.03	1.8%
Whanganui District	12.9	-4.40	1.5%
Ruapehu District	2.2	-14.09	0.3%
Total	835	-1.6	100.0

The top five non-local spenders were from Manawatu, Rest of New Zealand, Horowhenua, Taranua, and the Wellington region. Together, these areas contributed 26% of total annual spending in the city centre for year ending December 2025. Although international visitors recorded the highest annual growth at 27%, it represented only 2.7% of annual spending.

Weekly and daily spending

The average weekly spending this quarter was \$17.3 million. Weekly spending ranged from \$21.6 million in the week ending 20 December 2025 to 15.4 million in the week ending 18 October. The highest retail spending was on 23 December at \$4.6 million, two days before Christmas. This contrasts with the lowest of \$59,309 on Christmas day.



Appendix 1: Retail precincts



Appendix 2: Retail sector classification

Accommodation

Accommodation

Apparel & personal

Clothing retailing

Footwear retailing

Watch & jewellery retailing

Other personal accessory retailing

Hairdressing & beauty services

Arts, recreation & visitor transport

Interurban & rural bus transport

Urban bus transport (including tramway)

Taxi & other road transport

Rail passenger transport

Water passenger transport

Air & space transport

Scenic & sightseeing transport

Passenger car rental & hiring

Other motor vehicle & transport equipment rental & hire

Travel agency & tour arrangement services

Museum operation

Zoological & botanical gardens operation

Nature reserves & conservation parks operation

Performing arts operation

Creative artists, musicians, writers & performers

Performing arts venue operation

Health & fitness centres & gymnasias operation

Sport & physical recreation clubs & sports professionals

Sports & physical recreation venues, grounds & facilities

Sport & physical recreation admin. & track operation

Horse & dog racing administration & track operation

Other horse & dog racing activities

Amusement parks & centres operation

Amusement & other recreation activities n.e.c

Casino operation

Lottery operation

Other gambling activities

Cafes, restaurants, bars & takeaways

Cafes & restaurants

Takeaway food services

Catering services

Pubs, taverns & bars

Clubs (hospitality)

Fuel & automotive

Motor vehicle parts retailing

Tyre retailing

Fuel retailing

Other automotive repair & maintenance

Groceries & liquor

Supermarket & grocery stores

Fresh meat, fish & poultry retailing

Fruit & vegetable retailing

Liquor retailing

Other specialised food retailing

Home & recreational retail

Sport & camping equipment

Entertainment media retailing

Toy & game retailing

Newspaper & book retailing

Marine equipment retailing

Department stores

Pharmaceutical, cosmetic & toiletry goods

Stationery goods retailing

Antique & used goods retailing

Flower retailing

Other store-based retailing n.e.c.

Furniture retailing

Floor coverings retailing

Houseware retailing

Manchester & other textile goods retailing

Electrical, electronic & gas appliance retailing

Computer & computer peripheral retailing

Other electrical & electronic goods retailing

Hardware & building supplies retailing

Garden supplies retailing

Other consumer spending

Car retailing

Motor cycle retailing

Trailer & other motor vehicle retailing

Retail commission based buying & selling

MEMORANDUM

TO: Finance, Performance & Audit Committee

MEETING DATE: 1 April 2026

TITLE: Manderson Private District Plan Change acceptance and notification approval

PRESENTED BY: Simon Mori, Principal Planner and Jono Ferguson-Pye, Manager City Planning

APPROVED BY: David Murphy, General Manager Strategic Planning

RECOMMENDATION(S) TO FINANCE, PERFORMANCE & AUDIT COMMITTEE

1. That Council accept the Manderson Bush Private Plan Change request in accordance with 25(2)(b) of Schedule 1 of the Resource Management Act 1991.
2. That Council approve the request for public notification under clause 5, Schedule 1 of the Resource Management Act 1991.

1. ISSUE

- 1.1 The purpose of this memorandum is to seek approval to accept the Private Plan Change request (the request) from Peters Avenue Company Ltd (PACL) in accordance with clause 25 of Schedule 1 of the Resource Management Act 1991 (RMA).
- 1.2 In addition, approval is sought to publicly notify the request in accordance with Schedule 1 clause 5(1)(b) of the RMA.

2. BACKGROUND

- 2.1 On 11 November 2025, Palmerston North City Council received the Manderson Bush Private Plan Change request from PACL.
- 2.2 The purpose of the plan change is to rezone approximately 77 hectares of rural zoned land to a combination of Residential, Recreation and Conservation and Amenity; please refer to the following website link for further information and documentation: <https://www.pncc.govt.nz/Have-your-say/Manderson-Bush-Private-Plan-Change-Request-Documentation>.
- 2.3 The area is located at the western urban edge of Palmerston North. The suburb of Cloverlea is to the south-east, and the area adjoins the existing residential area along Peters Avenue and Tararua Terrace. To the immediate south is the North Island Main

Trunk Line. The area is part of the Kakatangiata Urban Growth Area. The location of the Manderson Bush Private Plan Change request is detailed on the website.

2.4 Key elements of the request include:

- a. Protection of an 8-hectare remnant kahikatea forest (Manderson Bush), via ecological reserve that will be vested in the Council (see ‘Proposed Structure Plan’ via the website link);
- b. The creation of an open space recreation reserve adjoining the ecological reserve to the north;
- c. The ability to provide for approximately 800-900 dwellings with sections likely to average around 500m²;
- d. The provision of land for medium-density residential development;
- e. Reducing the extent of the flood-prone overlay;
- f. Creation of stormwater detention areas.

2.5 The subsequent changes to the District Plan will be the introduction of a new Development Area chapter specific to the Manderson Bush Plan Change area. The structure of this chapter is in accordance with the National Planning Standards, which Palmerston North City Council is required to implement. There will also be minor amendments to the definitions, cultural and heritage and information chapters of the Operative District Plan.

2.6 In accordance with section 36(1)(a) of the RMA, as this is a private plan change rather than initiated by the Council, Council will recover actual and reasonable costs relating to its role in the processing of the request.

3. THE LEGISLATION

3.1 Clause 25 of schedule 1 requires Council to consider the request and decide whether to adopt the request or accept the request or deal with the request as if it were a resource consent application. Given the size of the request, it is not appropriate to deal with it as if it were a resource consent. Adopting the request means that the Council takes ownership of the request as if it were proposed by the Council itself, with Council leading all evaluation and drafting (costs then lie with the Council). Accepting the request means ownership of the request remains with the requestor who takes the evaluation and evidence lead (costs lie with the requestor). In accepting the request Council still has an evaluative role and can recommend changes to the request and submit on the request.

3.2 On 20 August 2025, the Resource Management (Consenting and Other System Changes) Amendment Bill received Royal Assent and became law. This Act prohibits Councils from undertaking district and regional plan reviews without a Ministerial exemption. A private plan change requested under clause 21 of Schedule 1 is automatically exempted unless the Council adopts the plan change. Therefore, in

order for this plan change to proceed the recommendation is to accept the plan rather than adopt it.

4. NEXT STEPS

4.1 Officers are planning to commence public notification of this private plan change on 15 April 2026.

5. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual 4.3 (2a)	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 objectives?	No
Are the recommendations inconsistent with any of Council’s policies or plans?	No
The recommendations contribute to: Whāinga 1: He tāone auaha, he tāone tiputipu Goal 1: An innovative and growing city	
The recommendations contribute to this plan: 15. Mahere whare 15. Housing Plan The objective is: Rezone enough land and provide infrastructure to accommodate residential growth.	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	By agreeing to this, the Council is allowing the plan change to be notified and open to public participation.

ATTACHMENTS

Nil

MEMORANDUM

TO: Finance, Performance & Audit Committee

MEETING DATE: 1 April 2026

TITLE: Plan Change Tahī - Review of Designation to Public Notification

PRESENTED BY: Haechang Kwon, Planner and Jono Ferguson-Pye, Manager City Planning

APPROVED BY: David Murphy, General Manager Strategic Planning

RECOMMENDATION(S) TO FINANCE, PERFORMANCE & AUDIT COMMITTEE

1. That the Committee approve for public notification Palmerston North City District Plan: Proposed Plan Change Tahī – Designations Review under clause 5, Schedule 1 of the Resource Management Act 1991.
-

1. ISSUE

- 1.1 The purpose of this memorandum is to seek approval to publicly notify Proposed Plan Change Tahī (PC Tahī) to Section 24 – Designations of the Operative Palmerston North City District Plan (ODP).
- 1.2 Although the plan change was initially subject to the 'Plan Stop' prohibition introduced through the Resource Management (Consenting and Other System Changes) Amendment Act 2025, an exemption was sought and Ministerial approval received on 13 January 2026.
- 1.3 PC Tahī comprises a review and update of the information relating to the designations listed in Section 24 of the ODP. The intention is to ensure the ODP is accurate, comprehensive, and reflects the current and future needs of the responsible Requiring Authorities (RAs)¹.
- 1.4 Consistent with this intention PC Tahī:
 - Identifies existing designations that RAs have requested to be rolled over with or without modification;

¹ Note: PC Tahī was a signalled output in the City Planning Priorities and 3-Year Work Programme reported to the Strategy & Finance Committee on 14 August 2024.

- Incorporates eight new requirements requested by RAs;
- Corrects inconsistent wording and formatting that have the potential to cause interpretive confusion or administrative inefficiency;
- Updates outdated purpose statements that no longer reflect the scope of activities undertaken on existing designated sites; and
- Corrects outdated or inaccurate mapping that risks unintentionally constraining operational or growth-related works.

2. BACKGROUND

2.1 Designations are a planning mechanism under the Resource Management Act 1991 (RMA) that enable RAs such as Ministers of the Crown, local authorities (including Palmerston North City Council), and approved network utility operators to protect land required for public works and projects. In particular, they:

- Secure and enable the use of land for any public works or projects (e.g. schools, roads, utilities) within the authorised scope of a designation without the need for a resource consent;
- Restrict land, water, subsoil, or airspace where this is necessary for the safe or efficient functioning or operation of a public work or infrastructure; and
- Restrict other parties from doing anything that would prevent or impede any public work or project or work to which the designation applies without the prior written approval of the relevant RA.

2.2 The designations contained in Section 24 of the ODP were last reviewed in 2012 and became operative in 2014. Under section 79 of the RMA they are now overdue for review, noting that many designations are now outdated and no longer reflect the present or future infrastructure needs of Palmerston North or the requirements of RAs, including Palmerston North City Council.

2.3 In reviewing the list of current designations in the ODP several deficiencies were identified. These include:

- **Inaccurate purpose statements:** Designations held by NZTA, Horizons Regional Council, and the Minister for Courts no longer reflect the scope of activities these RAs undertake, creating uncertainty for future projects.
- **Incomplete spatial definition:** Critical infrastructure such as the City’s stopbank network is not fully captured within existing designation boundaries. This increases exposure to hazard risk, particularly if flood protection assets are unintentionally undermined by the activities of private landowners.

- **Omission of essential assets:** Five state-integrated schools and the sites of three stormwater detention areas in urban growth areas are currently undesignated. In the absence of being designated these schools’ risk not being able to readily expand to meet projected growth, while stormwater detention areas run the risk of not providing timely capacity to service growth, exposing nearby properties to flooding and costly remediation.

3. CONSULTATION

- 3.1 Refer <https://www.pncc.govt.nz/Have-your-say/Proposed-Plan-Change-Tahi-Review-of-Palmerston-North-Designations>).

Preparation of proposed PC Tahi has involved the following consultation:

- Preliminary engagement with RAs (22 November 2024 – 7 March 2025) – RAs confirmed the status of their existing designations, including whether these should be rolled over (with or without modification), removed, or replaced with new Notices of Requirement. Supporting GIS mapping was provided to verify boundaries.
- Draft preparation and circulation (7 March – 14 June 2025) – Officers reviewed the notices received and prepared a draft plan change with updated designation tables and GIS mapping. The draft was circulated to RAs for review and verification, with revisions made in response to feedback received.
- Initial briefings were held with Rangitāne o Manawatū through Te Whiri Kōkō on 11 April and 9 May 2025 to introduce and outline the scope of PC Tahi.

- 3.2 A copy of the draft plan change was provided to the Ministry for the Environment for comment between 14 June and 27 June 2025².

- 3.3 A copy of the draft plan change was provided to Rangitāne o Manawatū (16 – 27 June 2025)³ for consideration and comment. Formal advice was received on 27 June 2025 and has been used to inform the proposed plan change.

- 3.4 Consultation undertaken to date meets the requirements of both clause 3 and 4A of the RMA.

4. KEY CHANGES

- 4.1 To address the deficiencies outlined above PC Tahi includes the following key changes:

² Refer Clause 3, Schedule 1 of the RMA

³ Refer Clause 4(A), Schedule 1 of the RMA

- Restructuring and reformatting the Designations Section to comply with the National Planning Standards (2019). This will ensure mapping references and formatting is consistent across all designations.
- Updating outdated or inaccurate purpose statements (e.g. NZTA, Horizons Regional Council, Minister for Courts) to ensure that each designation accurately reflects the activities and functions of the relevant RAs.
- Correcting inconsistent wording and mapping errors across the ODP to reduce interpretive confusion and administrative inefficiency.
- Including new designations for five state-integrated schools and three stormwater detention areas in identified growth areas in the city. This will provide greater certainty and security for these education facilities and more resilient stormwater management in these areas.
- Modifying the current designation footprint of critical infrastructure such as stopbanks and state highways to ensure the spatial extent of these operational assets is fully covered. This will offer increased protection of the city from flood hazard risk and safeguard key transport corridors.

5. NEXT STEPS

- 5.1 Notify PC Tahi for submissions under clause 5 of the RMA.
- 5.2 Subject to the Committee’s approval, staff will proceed with public notification of PC Tahi.

6. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual 4.3 (2a)	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 objectives?	Yes
Are the recommendations inconsistent with any of Council’s policies or plans?	No
<p>The recommendations contribute to:</p> <p>Whāinga 1: He tāone auaha, he tāone tiputipu Goal 1: An innovative and growing city</p>	

<p>Whāinga 4: He tāone toitū, he tāone manawaroa Goal 4: A sustainable and resilient city</p>	
<p>The recommendations contribute to these plans:</p> <ul style="list-style-type: none"> 2. Mahere whakawhanake ohaoha 2. Economic Development Plan 15. Mahere whare 15. Housing Plan <p>The objectives are:</p> <ul style="list-style-type: none"> • Review and rationalise existing designations within the ODP to ensure they remain appropriate, efficient, and aligned with current and future infrastructure needs that support economic development and housing growth. • Enable the ongoing operation, maintenance, and development of essential infrastructure and community facilities while appropriately managing effects on surrounding land, including residential areas. • Ensure designations do not unnecessarily constrain the development of housing or economic activities, while continuing to protect the functional needs of regionally and nationally significant infrastructure. 	
<p>Contribution to strategic direction and to social, economic, environmental and cultural well-being</p>	<p>Proposed PC Tahi will assist Council in meeting its statutory obligations under the RMA to review plan provisions at least every ten years (s79) and to ensure that the District Plan accurately secures and protects land for essential public works and infrastructure.</p>

ATTACHMENTS

Nil

REPORT

TO: Finance, Performance & Audit Committee

MEETING DATE: 1 April 2026

TITLE: Traffic situation and calming options for Ascot and Pahiatua Streets

PRESENTED BY: Tyler da Silva, Acting Transport and Development Manager

APPROVED BY: Glen O'Connor, Acting General Manager Infrastructure

RECOMMENDATION(S) TO FINANCE, PERFORMANCE & AUDIT COMMITTEE

- 1. That the Committee receive the report on the investigation into traffic impacts at Ascot Street and Pahiatua Street.**

SUMMARY OF OPTIONS ANALYSIS

Problem or Opportunity	Residents of Ascot Street and Pahiatua Street in Hokowhitu have raised concerns regarding traffic safety, antisocial driving behaviour, and speeding at the intersection of Ascot Street and Pahiatua Street and along Ascot Street more broadly.
OPTION 1: (Preferred option)	Status quo (noting that yellow no stopping lines at intersection of Ascot and Pahiatua Streets are being installed).
Community views	Yellow no parking lines requested in resident petition. Residents consulted on yellow no stopping lines were supportive. Line marking programmed for installation under Officer delegation.
Benefits	Improve sightlines at intersection of Ascot/Pahiatua Streets for both drivers and pedestrians. Low cost.
Risks	Minimal.
Financial	Minimal (maintenance of line marking).
OPTION 2:	Mid-block pedestrian refuge island on Ascot Street at intersection with Pahiatua Street.
Community Views	Requested in resident petition.
Benefits	Provide refuge for pedestrians crossing the street and reduce the size of the open carriageway.
Risks	Prioritising this improvement above others in the transport network with a higher safety risk.
Financial	Estimated at \$30,000.
OPTION 3:	Raised speed humps on Ascot Street.
Community Views	Requested in resident petition.
Benefits	Reduce vehicle speeds and reduce appeal to boy racers.
Risks	Prioritising these improvements above others in the network with a higher safety risk.
Financial	Engineers estimate for two speed humps estimated at \$24,000.
OPTION 4:	Parking layout reconfiguration to help reduce vehicle speeds.

Community Views	Requested in resident petition.
Benefits	Reduce vehicle speeds and reduce appeal to boy racers.
Risks	This currently happens spontaneously in the street without any additional marking, and may have loss of on street parking if this is formalised by markings.
Financial	Estimate for line marking \$1,000 + ongoing maintenance.

RATIONALE FOR THE RECOMMENDATIONS

1. OVERVIEW OF THE PROBLEM OR OPPORTUNITY

- 1.1 Residents of Ascot and Pahiatua Streets in Hokowhitu have raised concerns regarding traffic safety, antisocial driving behaviour, and speeding at the intersection of Ascot Street and Pahiatua Street and along Ascot Street.
- 1.2 A petition signed by 25 residents was presented to Council requesting that stronger measures be implemented to address these issues.
- 1.3 Council undertook a review of the traffic situation at Ascot and Pahiatua Streets, relative to the wider transport network, and assessed whether traffic calming or other safety interventions are warranted.

2. BACKGROUND AND PREVIOUS COUNCIL DECISIONS

- 2.1 On 11 June 2025 the Economic Growth Committee received a petition titled ‘Petition to Install Traffic Calming Measures on Ascot and Pahiatua Streets’. In response to this petition the Committee resolved:

‘That the Chief Executive investigate the traffic situation on Ascot and Pahiatua Streets (relative to the wider transport network), and traffic calming options (if indicated), and report back to the relevant committee in the new term.’

3. INVESTIGATION OF TRAFFIC SITUATION

- 3.1 Speed data for Ascot Street (2019) and Pahiatua Street (2023) shows an average speed of 45km/h for both streets. In response to the petition, in December 2025, speed tubes were installed to obtain current speed data for Ascot Street. The 2025 data shows a reduced average speed of 44km/h.
- 3.2 Traffic count data collected in December 2025 indicates a reduction in the traffic volumes when compared to traffic data collected in 2019. It is noted the installation of traffic calming devices on the northern end of Ascot Street and within the

Newcastle Street area may have contributed to this reduction in vehicle volumes and speed.

- 3.3 Crash data was analysed for T-intersections in Palmerston North with a similar road function to the Pahiatua Street / Ascot Street intersection. The comparison included intersections where the major leg is classified as a collector road and the minor leg as a local road. These classifications broadly reflect traffic volumes and provide a simple way to compare locations across the urban road network and contextualise the crash risk at Ascot/Pahiatua Street. Of the 30 intersections with similar characteristics, Ascot/Pahiatua Street ranked 20th for the number of crashes over the past 10 years with two crashes; (1 being highest number of crashes and 30 lowest).
- 3.4 Officers discussed the matter of boy racer behaviour with local New Zealand Police who commented broadly that antisocial driving activity typically occurs on the industrial or rural edges of the city. While organised events do occasionally take place within the urban area, these are less frequent but can involve large numbers of attendees.

4. DESCRIPTION OF OPTIONS

- 4.1 Option 1 (preferred option): Status quo, noting that installation of yellow no stopping lines to improve intersection sightlines has been programmed to be installed under Officer delegation.
- 4.2 Option 2: A mid-block pedestrian refuge island on Ascot Street near the intersection with Pahiatua Street.
- 4.3 Option 3: Two raised speed humps.
- 4.4 Option 4: Parking layout reconfiguration, with no parking yellow lines on different parts of the street to help reduce vehicle speeds.

5. ANALYSIS OF OPTIONS

- 5.1 Option 1: This option involves maintaining the current road layout, as available speed and crash data do not indicate significant speed or traffic safety issues relative to the wider transport network. As such, additional traffic calming measures are not considered justified at this time. As a minor improvement, installation of no stopping lines near the intersection have been programmed for installation. This is a low-cost measure that will improve intersection sightlines by preventing vehicles from parking close to the intersection, allowing pedestrians and drivers to more clearly see approaching traffic.
- 5.2 Option 2: A mid-block pedestrian refuge island on Ascot Street near the intersection with Pahiatua Street. The island provides a refuge for pedestrians to pause as they cross the street. It also decreases the size of open pavement at the intersection

which reduces appeal to boy racers. Engineers estimate is that the pedestrian island, realignment of pram crossings and lighting would cost approximately \$30,000. The key risk with this option is that there are other intersections where similar improvements can have a greater impact.

- 5.3 Option 3: Speed humps on Ascot Street are an option which are designed to reduce speeds to between 20-30km/h. These devices cost an estimated \$12,000 each. Speed and traffic count data shows a reduction in both volume and speeds in recent years since the raised pedestrian crossing was installed near the intersection with Newcastle Street. Traffic data presented in paragraphs 3.1 and 3.2 highlights decreasing speed and traffic volumes in this street.
- 5.4 Option 4: Placing broken yellow lines at alternating sides of the road can create staggering of the on-street parking. This requires vehicles to weave rather than drive in a straight line which naturally reduces speed. The location of vehicle crossings on this street is already in a staggered pattern. It has been observed that this has the same effect as the broken yellow lines. There is a risk to installing yellow lines and removing on street parking with no additional speed calming effect.

6. CONCLUSION

- 6.1 Residents have raised concerns regarding speeding and driver behaviour at Ascot and Pahiatua Streets. However, analysis of current and historical speed and crash data does not indicate a significant safety issue at this location when considered relative to the wider transport network.
- 6.2 Traffic calming options have been assessed. A low-cost improvement (installation of no stopping lines) has been programmed for installation. Other measures considered are more appropriately prioritised at higher-risk locations across the transport network.

7. NEXT ACTIONS

- 7.1 Proceed with installation of no stopping lines at the intersection of Ascot and Pahiatua Streets.
- 7.2 Advise petitioners and residents of the Committee’s decision.

8. COMPLIANCE AND ADMINISTRATION

DOES THE COUNCIL HAVE DELEGATED AUTHORITY TO DECIDE?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No

Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these objectives?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to: Whāinga 1: He tāone auaha, he tāone tiputipu Goal 1: An innovative and growing city	
The recommendations contribute to this plan: 3. Mahere tūnuku 3. Transport Plan The objective is: Develop, maintain, operate, and renew the active and public transport network to deliver on Council goals, the purpose of this plan, and the Government Policy Statement on Transport.	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Investigating safety on local roads is a key delivery vehicle towards having safer, well maintained, and well utilised transport network.

ATTACHMENTS

Nil

COMMITTEE WORK SCHEDULE

TO: Finance, Performance & Audit Committee

MEETING DATE: 1 April 2026

TITLE: Committee Work Schedule

RECOMMENDATION(S) TO FINANCE, PERFORMANCE & AUDIT COMMITTEE

1. That the Finance, Performance & Audit Committee receive its Work Schedule dated April 2026.

SUMMARY

COMMITTEE WORK SCHEDULE – APRIL 2026					
	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction
1.	1 April 2026 3 June 2026 2 September 2026 2 December 2026	Strategic Risk Management Reporting Q2-October to December 2025 Q3 January to March 2026 Q4 April to June 2026 Q1 July to September 2026	General Manager Corporate Services		Terms of Reference
2.	1 April 2026	Palmerston North Airport Limited – Six Month Report and draft SOI	General Manager Corporate Services		Terms of Reference
3.	1 April 2026	Traffic situation and calming options for Ascot and Pahiatua Streets	General Manager Infrastructure	Following specialist staff recruitment	Economic Growth 11 June 2025 Clause 16-25

4.	1 April 2026	Speed Management Plan – Deliberations	General Manager Strategic Planning		20 August 2025 Clause 33
5.	1 April 2026	CEDA – Six Month Report and draft SOI 2026-29	General Manager Strategic Planning		Terms of Reference
6.	1 April 2026 3 June 2026 2 September 2026 2 December 2026	Economic Report Q2 October-December 2025 Q3 January-March 2026 Q4 April-June 2026 Q1 July to September 2026	General Manager Strategic Planning		Terms of Reference
7.	1 April 2026 13 May 2026	Tamakuku Terrace six monthly update FINAL	General Manager Infrastructure	Awaiting updated financial information	Terms of Reference
8.	1 April 2026 13 May 2026	Featherston Street – Investigate options for bus and vehicle pick-ups in green road reserve outside PNBHS	General Manager Infrastructure	Further stakeholder feedback required	Council 14 May 2025 Clause 78.10
9.	13 May 2026	Food HQ Innovation Limited – Director’s company progress report	General Manager Infrastructure	Going to Council 27 May 2026, to ensure availability of key stakeholders	6 September 2023 Clause 143-23

10.	<p>13 May 2026</p> <p>5 August 2026</p> <p>4 November 2026</p>	<p>Quarterly Performance Report</p> <p>Q3 January to March 2026</p> <p>Q4 April to June 2026</p> <p>Q1 July to September 2026</p>	<p>General Manager Corporate Services</p>		<p>Terms of Reference</p> <p>Council 5 June 2024</p> <p>Clause 104-24</p>
11.	<p>13 May 2026</p> <p>5 August 2026</p> <p>4 November 2026</p>	<p>Quarterly Treasury Report</p> <p>Q3 January to March 2026</p> <p>Q4 April to June 2026</p> <p>Q1 July to September 2026</p>	<p>General Manager Corporate Services</p>		<p>Terms of Reference</p>
12.	<p>13 May 2026</p>	<p>City Central Indicative Business Case (CCIBC) Update</p>	<p>General Manager Strategic Planning</p>		<p>19 June 2024</p> <p>Clause 42-24</p>
13.	<p>3 June 2026</p> <p>2 September 2026</p> <p>2 December 2026</p>	<p>Health and Safety Quarterly Update</p> <p>Q3 January to March 2026</p> <p>Q4 April to June 2026</p> <p>Q1 July to September 2026</p>	<p>General Manager People & Capability</p>	<p>Alignment with Committee schedule</p>	

14.	3 June 2026 2 September 2026 2 December 2026	Wellbeing Quarterly Update Q3 January to March 2026 Q4 April to June 2026 Q1 July to September 2026	General Manager People & Capability	Alignment with Committee schedule	
15.	3 June 2026	Economic Profile: Agri-food (3 yearly)	General Manager Strategic Planning		30 August 2023 Clause 35-23
16.	3 June 2026	Palmerston North Airport Ltd - Final Statement of Intent for 2026-2029	General Manager Corporate Services		Terms of Reference
17.	3 June 2026	Additional lease or MaaS options to the PN City Council fleet	General Manager Corporate Services		20 August 2025 Clause 38
18.	3 June 2026 2 December 2026	Road Maintenance Contract (six monthly report on work programme and performance)	General Manager Infrastructure		16 March 2022 Clause 4-22
19.	3 June 2026	City Economic Structure Report (annually)	General Manager Strategic Planning		
20.	3 June 2026	CEDA – Final Statement of Intent for 2026-2029	General Manager Strategic Planning		Terms of Reference

21.	5 August 2026	Review of cyber security	General Manager Corporate Services	Overview of Cyber Security status was provided at June 2025 meeting; an audit to be scoped in 2026	6 March 2024 Clause 11-24
22.	5 August 2026	International Relations and Education Activities – six monthly update	General Manager Strategic Planning	Alignment with Committee schedule	Terms of Reference Council Clause 203-23
23.	5 August 2026	Business Assurance six monthly accountability report	General Manager Corporate Services	Alignment with Committee schedule	16 December 2020 Clause 68.2
24.	5 August 2026	Review of Legal Compliance Framework	General Manager Corporate Services		26 April 2023 Clause 2-23
25.	5 August 2026	2026-2027 Annual Plan – International Relations Activity	General Manager Strategic Planning		Council 5 June 2024 Clause 102-24
26.	5 August 2026	Report back on Investment options for Palmerston North Airport Ltd	General Manager Corporate Services		6 December 2023 Clause 197-23
27.	2 September 2026	Review Annual Report	General Manager Corporate Services		Terms of Reference
28.	7 October 2026	Palmerston North Airport Ltd – Annual Report 2025/26	General Manager Corporate Services		Terms of Reference

29.	7 October 2026	Revenue & Finance Policy review	General Manager Corporate Services		
30.	7 October 2026	Delegation Manual – Fees & Charges review	General Manager Corporate Services	Review alongside the Revenue and Financing Policy	8 May 2024 Clause 24
31.	7 October 2026	CEDA – Annual Report 2025/26	General Manager Strategic Planning		Terms of Reference
32.	2 December 2026	Road Maintenance Contract (six monthly report on work programme and performance)	General Manager Infrastructure		
33.	2 December 2026	CEDA - Statement of Expectations 2027-2030	General Manager Strategic Planning		30 August 2023 Clause 37-23
34.	2 December 2026	Economic Profile: For purpose organisations (5 yearly)	General Manager Strategic Planning		30 August 2023 Clause 35-23
35.	Early 2026	Ratepayer Assistance Scheme - Progress of implementation	General Manager Corporate Services	Awaiting Minister decisions on business case	6 August 2025 Clause
36.	As required	Fraud and Whistleblowing Policy quarterly update	General Manager Corporate Services	When new matters arise	26 April 2023 Clause 12-23
37.	TBC	Review of Contract Management Framework	General Manager Corporate Services	To be reviewed with Business Assurance work plan	26 April 2023 Clause 2-23

38.	TBC	City Centre (Streets for People) 6 monthly update	General Manager Infrastructure	Paused until Steering Group reconvenes	Terms of Reference 28 February 2024 Clause 18-24
39.	TBC	Annual presentation: The Factory			

MEMORANDUM

TO: Finance, Performance & Audit Committee

MEETING DATE: 1 April 2026

TITLE: Strategic Risk Management Reporting October to December 2025 (Quarter 2)

PRESENTED BY: Stephen Minton, Risk Management Advisor

APPROVED BY: Cameron McKay, General Manager Corporate Services

RECOMMENDATION(S) TO FINANCE, PERFORMANCE & AUDIT COMMITTEE

1. That the Committee receive the following strategic risk assessments:
 - Strategic Risk 3: Failure to Manage and Protect Council Information; and
 - Strategic Risk 8: Failure to Meet Legal Obligations.
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1. ISSUE

- 1.1 Council agreed on 11 Strategic Risk statements at the Risk & Assurance Committee on 6 March 2024 and all assessments have been presented to committee at least once since then.
- 1.2 Officers will undertake iterative reviews of the strategic risks periodically.

2. BACKGROUND

- 2.1 Officers have completed an iterative review of Strategic Risks listed in the recommendation above. The reviews have considered any new or emerging contextual aspects of the risk, and progress on the detailed action plan/considerations articulated in the last assessment.
- 2.2 The 'Conclusion & Action Plan/Considerations' commentaries have been updated. The individual action plans have had a few additions with the notation 'New'. A current update on the action plans has been created and included. Progress of the detailed action plans is within the expected timeframes. Key controls are unchanged from the last report (apart from a couple of rewordings without contextual change) as Officers still consider these to be current in the existing risk environment.

3. STRATEGIC RISK DASHBOARD

- 3.1 The full strategic risk dashboard is set out below. The risk ratings have been determined based on the current risk environment and consequences of the risk event, the controls and their effectiveness, and the reliance on individual controls.
- 3.2 The reassessment of the residual risk rating of Strategic Risk 9 is under review and nearing completion and is expected to be reassessed at High on the basis of several items in the plan having progressed.

STRATEGIC RISK DASHBOARD			
AS AT MARCH 2026			
Risk Name	Raw Risk	Residual Risk	Target Risk
Risk 1: Failure to meet financial obligations	Extreme	Medium	Medium
Risk 2: Failure to deliver on key projects and programmes	Extreme	Medium	Medium
Risk 3: Failure to manage and protect Council information	Extreme	High	Medium
Risk 4: Failure to adapt to the effects of climate change	Extreme	Medium	Medium
Risk 5: Ineffective relationship and stakeholder engagement	Very High	Medium	Medium
Risk 6: Major failure of health, safety and wellbeing policies and procedures	Extreme	Low	Low
Risk 7: Failure to attract and retain staff	Very High	Medium	Medium
Risk 8: Failure to meet legal obligations	Extreme	High	Medium
Risk 9: Significant disruption to Council’s continuity and/or lifeline utility disruption	Extreme	Very High	Medium
Risk 10: Failure to manage critical/strategic assets	Extreme	High	Medium
Risk 11: Loss of public trust	Very High	High	Medium

4. NEXT STEPS

- 4.1 Further Strategic Risks will be assessed and presented to the Committee going forward, with a focus on those risks deemed to have changes in the control/mitigation scene or new/emerging changes to the risk context, and at least annually.
- 4.2 The Committee is reminded that reviews may also be triggered if there is a significant change in one of the following parameters:
- 4.2.1 Significant change in the internal or external context, including major organisational or process changes (Reference Risk Management Framework, Section 4.3.1 for external and internal context descriptors).
 - 4.2.2 Major risk event that is deemed to have an influence on the strategic risk.
 - 4.2.3 Substantial control or mitigation failure.

5. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these objectives?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to: Whāinga 3: He hapori tūhonohono, he hapori haumarū Goal 3: A connected and safe community	
The recommendations contribute to the achievement of objective/objectives in: 14. Mahere mana urungi, kirirautanga hihiri 14. Governance and Active Citizenship Plan The objective is: Oversee Council operations and communicate outcomes and decisions to our communities.	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	The risk management objectives cover all aspects of Council, including strategy, tactics, operations and compliance. The Risk Management Framework sets out the basis for managing risk across Council and a large part of this is culminated through the creation of risk registers and

	the strategic risk assessments.
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ATTACHMENTS

1. Strategic Risk 3: Failure to Manage and Protect Council Information - **Confidential**
2. Strategic Risk 8: Failure to Meet Legal Obligations [↓](#) 

Strategic Risk No. 8: Failure to Meet Legal Obligations

Group Owner: General Manager Corporate Services/Chief Financial Officer

Date: 20/3/26

Raw Risk: Extreme
Current Residual Risk: High
Target Residual Risk: Medium
Control Rating: Partially Effective
Control Reliance: High

Overview

Risk Description: Loss or legal penalty that can result from lack of awareness or misunderstanding of, ambiguity in, or reckless indifference to, the way law and regulation apply to Council, its relationships, processes, products and services. Extends to contractual dysfunction resulting in financial loss or undue burden placed on the Council

Implications: In the absence of effective, robust management of the Council’s contractual arrangements and legislative/regulatory obligations, there is significant risk of long-term financial and legal consequences. Also, contractual outcomes could be burdensome long term or create unnecessary obligations for Council that can’t be unwound. Secondary outcomes would be significant reputational damage as well. Worst case could include Ministerial intervention and appointment of a commissioner.

Control Environment: The existing controls and mitigation are focused, however, the robustness and connectivity remain partially effective. Resources to provide an effective control mechanism require further definition. A degree of uncertainty on the effectiveness of current controls warrant a more in-depth assessment and agreement on end state controls. This will be addressed through an independent Business Assurance review along with a contract management platform and embedding the Legal Framework.

Conclusion & Action Plan/Considerations

Conclusion: There continues to be strong demand/need for internal legal support which creates challenges in setting the stage for a stronger management of the legal risks from both a contractual and legislative perspective which at times provides resourcing challenges. With the implementation of ComplyWith (new compliance and reporting tool) and fully embedding the new Legal Framework, these will assist in better managing legal risk, while the journey continues in reducing uncertainty and consequences. There is a genuineness to protect the Council from legal/contractual risk. The initiation of scoping the benefits of a contract management platform will also assist in reducing legal risk.

Action Plan: With the creation of the Legal Framework, management will need to continue to assist with embedding this in the organisation. A timely Assurance review will assist in identifying any further improvement actions to further reduce residual legal risk.

Key Controls and Mitigations Summary

Category	Key Controls	Control Rating	Control Reliance	Action Plan/Considerations
Obligations Register	<ul style="list-style-type: none"> Register of legislative and regulatory obligations of Council. Annual attestation of obligations compliance by General Managers. 	Partially Effective	Very High	<ul style="list-style-type: none"> Digitalisation of obligations register and attestation. E Review granularity requirements under the obligations register. E Officer edification. E
Documentation Precedents and Minimum Standards Policies	<ul style="list-style-type: none"> Suite of document precedents/statutory documents reviewed and set by Legal Counsel, including NZS construction contract (3910) and New Zealand Government Standards. Policy on minimum standards, including for liability and risk transfer, performance obligations and undue performance burdens. Detailed, step-by-step guides to precedent completion. Periodic review of precedents. 	Partially Effective	Very High	<ul style="list-style-type: none"> Create a clear line of ownership of standard precedents, including changes, across Council. E Create policy and procedures (which include guidance) on liability/indemnity/insurance standards. E Ensure the availability of clear, unambiguous procedures for precedent completion. E Create periodic review timeframe for all precedents. E Review all notices issued under legislation and regulation. E
Good Decision Making	<ul style="list-style-type: none"> Creation of defensible positions in compliance with the law. Consultation protocols and procedures and administrative principles of law. 	Effective	Medium	<ul style="list-style-type: none"> Ongoing effectiveness improvement of controls under this Strategic Risk. E
Legal Advice Capacity and Capability	<ul style="list-style-type: none"> Inhouse admitted solicitors and barristers holding current practising certificates. Approved panel firms, including identified specialisation. Legal capacity aligned with workflow requirements along with approved panel firms for specialist advice and workload overflows. Panel firms follow engagement principles and protocols, and KPIs for firms. Legal Services Operational Framework, with direction on internal legal engagement. 	Partially Effective	Very High	<ul style="list-style-type: none"> Review of local government peer’s in-house legal capability and capacity. E Consider whether the internal legal capacity balance is resourced adequately. E Roll out Legal Framework. E
Contract Pre-Execution Legal Review	<ul style="list-style-type: none"> Legal counsel pre-execution review, or procedures for officer execution protocols for non-standard agreements or changes to Schedule 2 (Govt. model contract). Standardised templates in the Procurement portal. 	Partially Effective	High	<ul style="list-style-type: none"> Roll out the Legal Framework and determine appropriate legal signoff points. E
Regulatory and Enforcement Risk	<ul style="list-style-type: none"> Prosecution and enforcement framework, including procedures for investigation. 	Partially Effective	Medium	<ul style="list-style-type: none"> Creation and rollout of the Prosecution Framework. E Incorporation of Solicitor General’s prosecution guidelines with tailoring across PNCC. E
Debt Covenant Compliance	<ul style="list-style-type: none"> Trustee monitoring of borrowing covenants. Periodic liquidity testing in line with the debenture trust deed. 	Effective	Medium	<ul style="list-style-type: none"> Continued management of debenture tasks. E
Public Liability and Professional Indemnity Insurance	<ul style="list-style-type: none"> Insurance in place for negligence giving rise to public and professional liabilities. 	Effective	Medium	<ul style="list-style-type: none"> As part of annual insurance renewal programme, ensure cost and risk-effective options are placed in the market. E
Rates Setting and Valuation Roll	<ul style="list-style-type: none"> Set order of resolutions, with legal review and procedures set by Taituara. Data matching, valuation model validation and unlinked parcels/exception reviews. 	Effective	Low	<ul style="list-style-type: none"> Review operational processes to ensure the completeness of resolutions. E
Privacy Act	<ul style="list-style-type: none"> Cyber security controls in compliance with CSERT. User access restrictions with audit trail. Privacy Policy and Privacy Officer. 	Partially Effective	Medium	<ul style="list-style-type: none"> See Strategic Risk 3: Failure to Manage and Protect Council Information. E Internal privacy policy. E Creation of Privacy Impact Assessments. N
Consent Management (Resource and Building)	<ul style="list-style-type: none"> Application of industry and Council standards processes and checklists. Use of expert advice to support judgements and recommendations. Building Consent Authority audits. 	Partially Effective	Medium	<ul style="list-style-type: none"> Legal capacity and capability resources in consents. E
Legal Advice Library	<ul style="list-style-type: none"> Categorised repository of legal advice and opinions (Corporate knowledge). 	Partially Effective	Low	<ul style="list-style-type: none"> Ensure cross-council advice held. E Ensure ongoing publishing and maintenance. E

E: Existing / N: New

Strategic Risk No. 8: Failure to Meet Legal Obligations

Category	Action Plan/Considerations	Current Update	Due Date
Obligations Register	<ol style="list-style-type: none"> Digitalisation of obligations register and attestation. Review granularity requirements under the obligations register. Officer edification. 	<ol style="list-style-type: none"> Council has acquired a platform, ComplyWith, to digitalise all obligation and attestation requirements. Stage 1 complete. Assessment and assurance of outcomes of implementation to be undertaken along with any remedial actions. Will be undertaken as part of 1 above Will be undertaken as part of 1 above 	<p>12/26</p> <p>6/26</p> <p>6/26</p>
Documentation Precedents and Minimum Standards Policies	<ol style="list-style-type: none"> Create a clear line of ownership of standard precedents, including changes, across Council. Create policy and procedures (which include guidance) on liability/indemnity/insurance standards. Ensure the availability of clear, unambiguous procedures for precedent completion. Create periodic review timeframe for all precedents. Review all notices issued under legislation and regulation. 	<ol style="list-style-type: none"> Will form part of other action under this category. While there exists a broad understanding, the nature of responsibilities under ownership need to be well documented. Activities started in consolidating available parameters and measures. Engagement with key stakeholders and move towards creation of balanced, practical guidelines to be rolled out. Work is being conducted, including with external consultation, on user guides for completion of Standards New Zealand 39XX suite of contracts in house (most frequently use contracts). Other contracts to follow. To be determined once refresh of guidance in 6 above completed. This is a significant piece of work, including the initial stocktake of current state. Will be picked up after precedents are closed off. Management have awareness of needs and seek input when one-off changes required. 	<p>6/26</p> <p>6/26</p> <p>6/26</p> <p>6/26</p> <p>6/27</p>
Good Decision Making	<ol style="list-style-type: none"> Ongoing effectiveness improvement of controls under this Strategic Risk. 	<ol style="list-style-type: none"> Review overall state, including conclusion above. 	<p>BAU</p>
Legal Advice Capacity and Capability	<ol style="list-style-type: none"> Review of local government peer's in-house legal capability and capacity. Consider whether the internal legal capacity balance is resourced adequately. Roll out Legal Framework. 	<ol style="list-style-type: none"> See 11 below. Within the budgetary constraints for greater legal capacity, Panel of external firms created to whom work can be assigned (at agreed rates), albeit budget for this can at times be a challenge. Ongoing revisiting required. Framework has been approved by SLT and rolled out in Sept. '25. Activities underway to embed fully in what we do. 	<p>12/26</p> <p>12/26</p> <p>6/26</p>
Contract Pre-Execution Legal Review	<ol style="list-style-type: none"> Roll out the Legal Framework and determine appropriate legal signoff points. 	<ol style="list-style-type: none"> Refer 12 above. 	<p>6/26</p>
Regulatory and Enforcement Risk	<ol style="list-style-type: none"> Creation and rollout of the framework. Incorporation of Solicitor General's prosecution guidelines with tailoring across PNCC. 	<ol style="list-style-type: none"> Refer 12 above. Litigation guidelines being drafted. Litigation guidelines in 14 above will incorporate Solicitor General's guidance as well. 	<p>9/26</p> <p>6/26</p>
Debt Covenant Compliance	<ol style="list-style-type: none"> Continued management of debenture tasks. 	<ol style="list-style-type: none"> Matters are being managed within contractual requirements and expectations. 	<p>BAU</p>
Public Liability and Professional Indemnity Insurance	<ol style="list-style-type: none"> As part of annual insurance renewal programme, ensure cost and risk-effective options are placed in the market. 	<ol style="list-style-type: none"> Placement has been completed for 2025. Some softening seen in market. Work towards more formalised risk/reward assessment to be undertaken for 2026 renewals. 	<p>6/26</p>
Rates Setting and Valuation Roll	<ol style="list-style-type: none"> Review operational processes to ensure the completeness of resolutions. 	<ol style="list-style-type: none"> Creation of robust Standard Operating Procedures underway for management of rates end to end within Authority Altitude. Seen as a significantly large piece of work. 	<p>6/26</p>
Privacy Act	<ol style="list-style-type: none"> See Strategic Risk 3: Failure to Manage and Protect Council Information. Internal privacy policy. Creation of Privacy Impact Assessments. 	<ol style="list-style-type: none"> Work ongoing. External context continues to be a challenge. Privacy Policy subject to upcoming review. New procedures for officers will also be rolled out. Privacy Impact Assessments to be created and rolled out. 	<p>BAU</p> <p>8/26</p> <p>9/26</p>
Consent Management (Building and Resource)	<ol style="list-style-type: none"> Legal capacity and capability resources in consents. 	<ol style="list-style-type: none"> See 11 above 	<p>6/26</p>
Legal Advice Library	<ol style="list-style-type: none"> Ensure cross-council advice held. Ensure ongoing publishing and maintenance. 	<ol style="list-style-type: none"> To be undertaken with 24 below Embedding the new Legal Framework fully should ensure that all information can be captured and collated into the library. Further work is required on this to have a comprehensive suite of opinions and advice. 	<p>9/26</p> <p>9/26</p>

BAU: Business as usual although periodically monitor ongoing effectiveness on action