

PŪRONGO Ā-TAU ANNUAL REPORT

Te Kaunihera o Papaioea
Palmerston North City Council

Matawhānui Papaioea
Palmerston North Vision

**He iti rā,
he iti pounamu**

**Small city benefits,
big city ambitions**

Whāinga 1: He tāone auaha, he tāone tiputipu

Goal 1: An innovative growing city

Whāinga 2: He tāone whakaihiihi, tapatapahi ana

Goal 2: A creative and exciting city

Whāinga 3: He hapori tūhonohono, he hapori haumarū

Goal 3: A connected and safe community

Whāinga 4: He tāone tautaiāo

Goal 4: An eco city

Whāinga 5: He Kaunihera ahunui, whakamana i te iwi

Goal 5: A driven and enabling Council

He Mihi

**Kei te mihi atu ki a Tararua te pae maunga
me tōna taumata Te Ahu ā Tūranga.**

**Ko te awa e rere mai nei ko Manawatū.
Ko Tānenuiarangi te tangata, ko Rangitāne te iwi,
no reira ka tuku whakamihi ki te iwi o Rangitāne
e pupuri nei i te mauri o tēnei whenua.**

Tini whetu ki te rangi, Rangitāne ki te whenua.

Tihei Mauriora!

The Palmerston North City Council respectfully recognises the local iwi Rangitāne and their customary relationship to this area and appreciates the ongoing support of the iwi in the development of this City and all of those people who have made it their home.

Council remains committed to fostering and strengthening our relationship with Rangitāne.

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Palmerston North cityscape

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YEAR IN REVIEW

KIA ORA TATOU,

Palmerston North currently has one of the country's hottest economies and has sustained a real pathway of growth in the past year. The 2020/21 financial year was marked by continued economic resilience and strength built off a broad economic base, coupled with over \$7 billion worth of projects either underway or in the pipeline. Our thriving city is continuing to develop its infrastructure, transport, cultural and sporting assets. We strengthened community spirit and stepped up progress which confirmed our vision of 'Small city benefits, big city ambition'.

MAJOR MILESTONES

This financial year included planning and commemorating the city's 150th sesqui-centennial anniversary as Te Papaioea - Palmerston North city, reflecting on its rich heritage, built on our strong Rangitāne o Manawatū foundation. In celebration of past, present and an exciting future of strong growth, our lively city commenced the commemoration through a year-long calendar of sporting, arts, cultural, business and recreational events.

In this context of reflection, we launched a fresh identity for Palmerston North centred on becoming the food innovation capital of New Zealand. This strategic positioning, based on world-class science and research, draws on the whole spectrum of food within our wider region.

From our farming and growing origins, through to significant food manufacturing and production capacity, but also our food innovation and logistics hub strengths.

Another milestone was the preparation of a new 10-Year Plan in consultation with residents, a plan undertaken with a new Deputy Mayor and a new Councillor after a Council by-election. Also rejuvenating democratic processes was the Council vote to establish a Māori ward or wards for the 2022 and 2025 local government elections. This was another sure step forward in our partnership with mana whenua Rangitāne o Manawatū, and it automatically triggered a representation review.

This was also a significant year as central government signalled major national reforms that will significantly transform local government. These encompassed a review of the Future for Local Government, the Resource Management Act, and a proposed centralisation of Three Waters (drinking, waste and stormwater services) into a streamlined model which will own infrastructure on behalf of Councils.

FINANCIAL POSITION

This year the economy bounced back more strongly than anticipated, although Covid-19 recovery in New Zealand, along with global impacts and supply chain issues, continue to impact the delivery of both the capital new programme and renewal programme.

The 2021 financial year ended with a \$4.3m favourable operating surplus from activities. The year saw operating revenue exceeding predictions of the pandemic effect. Increased revenue came from city development consenting, venues, parking, roading and recycling.

During the financial year, the capital budget was revised upward by \$13.9m (20%) from the Annual Plan, mostly due to government Three Waters stimulus funding. The capital new programme resulted in expenditure of \$39.9m against an Annual Plan budget of \$46.8m, which led to 85% of the capital new Annual Plan budget being spent compared with 49% of the previous year.



The capital renewal programme resulted in expenditure of \$23.3m (98%) spent against the Annual Plan budget of \$23.7m. Council had a number of external pressures, particularly from workforce and skills shortages through the country, and despite this achieved exemplary performance of our capital programme.

An assessment was completed on our operational land and buildings which resulted in a full revaluation of them as at 30 June 2021 due to the significant increases in land value in the past 12 months. This revaluation brought the total value of Council assets to over \$2 billion.

Our 10-Year Plan budgeting process struck a balanced course, weighted towards investing in infrastructure to manage strong growth patterns. After running at minimal levels to manage Covid-19 impacts, there was an overall rates increase of 8% in 2021/22 (compared to 1.95% for the previous year), of which 80% is an increase in the amount we are spending on infrastructural renewals and maintenance.

YEAR HIGHLIGHTS

Major Infrastructure

The region and city's multibillion dollar pipeline of development projects continued to progress. These drivers of growth include a group of major infrastructure and transport projects to move people and products around the city more efficiently and safely. Benefits range from reduced heavy traffic and lower carbon emissions through to attracting investment and building the profile for our city.

In 2020, and again in 2021, consultations took place on how we manage, treat and discharge our wastewater for up to the next 35 years. This last year has involved considerable planning, assessment and engagement around Nature Calls, our Wastewater Treatment Plant Upgrade. The next step is for Council to choose a BPO - Best Practicable Option for resource consent application. Concurrently we also progressed a range of crucial water supply development works as the city continues to expand.

Nature Calls is the largest financial decision our city faces, and building the Best Practicable Option is presently beyond Council's borrowing power. It is notable that if the government's Three Waters reform proposal transfers responsibilities for water services to larger publicly-owned entities in 2024, the \$350m plus burden of Nature Calls would be removed from our Council's balance sheet.

Housing

Palmerston North faces housing supply and affordability challenges similar to other high-growth centres, and Council must ensure there is land and infrastructure to meet demand.

We need an additional 13,000 homes by 2050, and Council has been a national leader through investing in housing. Earthworks and civil works progressed on Council's Tamakuku Terrace residential subdivision in Whakarongo towards sale of sections in late 2021. It is the first time in decades Council has converted its own land into sections for housing. Another Council-owned site that has potential for housing is 17 Summerhays Street, the former Terrace End Bowling Club site.

Palmerston North is also one of the only councils across the country developing new social housing. In July 2021 Prime Minister Jacinda Ardern opened stage two of Papaioea Place, and Council committed an additional \$14 million towards social housing as part of our 10-Year Plan. The Prime Minister congratulated us for keeping the fires burning after Covid-19 had put housing onto the back burner.

City Centre

Redevelopment of Central Energy Trust Arena's Entrance Plaza, Pits Relocation, and Southern and Western Embankment was completed, along with cultural and heritage overlay and other works.

The Speedway Pits were operational for New Zealand Stockcars Teams Championships in February, a weekend that contributes an estimated \$6m to our local economy.

Central Energy Trust Arena is a world-class venue and brilliant city showpiece that enables a multiplicity of sports and events. This magnet for visitors and residents alike will stimulate our local economy into the future.

In addition to this and other catalyst projects enlivening the city centre, this year notably saw the formal establishment of the Palmy BID (Business Improvement District), voted for by ratepayers and businesses, which gives business people a strong voice in shaping the CBD.



Manawatū River Network

He Ara Kotahi bridge and pathway, the centrepiece of a reinvigoration of our river network continued its remarkable winning streak. It won one of the top engineering awards and two of the top transport awards in New Zealand. He Ara Kotahi averages 11,000 users a week, and ahead of its second birthday on 7 June 2021 clocked more than a million users.

Development of the Manawatū River Framework continued, including upgrading the Victoria Esplanade river entranceway, and construction work progressed at the Park Road entrance. Our awa (river) and waterways are elemental to Palmerston North’s direction as an eco-city and this year the city released its first Environmental Sustainability Review. The report covers how Council is meeting its carbon emissions reductions and how the community are looking after the environment through sustainable practices.

Cultural Diversity

Celebrations over the year such as our annual Festival of Cultures in Te Marae o Hine-The Square reminded Palmerston North of the unique and changing fabric of our community. With a youthful population and thriving arts and culture scene, Palmerston North’s diverse ethnicity takes on particular significance as we look back, and plan forward, on our 150th anniversary in 2021.

Council will continue to empower Palmerston North’s growing, diverse populations so that each group prospers and thrives. In October 2020, Council highlighted our aspirations for local Pacific people by signing a Memorandum of Understanding with the Ministry for Pacific Peoples and the Ministry now has staff located in the city. In 2021 we celebrated the Māori New Year with a Matariki Puanga festival at our awa at the glowing path Tini whetū ki te rangi, ko Rangitāne nui ki te whenua.

STRONG OUTLOOK

Local government in New Zealand has entered a new era of challenge and significant change. Palmerston North will be the national stage for evaluating this when we host the Local Government New Zealand conference in July 2022. Our winning bid to host this forum underlines the attraction and growing importance of our bustling regional hub at a natural crossroads of the North Island.

Coming out of unsettling times our city has a bright outlook. Construction is continuing to support growth and is expected to underpin a flourishing regional economy in the years ahead. There is cautious optimism given the ongoing volatility and uncertainties in the external environment that may constrain our ambitious city growth agenda. Key related challenges for programme deliverability include border closure, pressures on supply chains, and shortages and delays in the skilled labour market.

Overall, Palmerston North is a city on the move, our reputation has improved and we are becoming a city of choice. We are investing in the city to support growth and liveability for a sustainable eco-city that residents are proud to call home. The city has confirmed its bold course, achieved solid momentum, and is set to manage projected growth. Council is ready to partner with our community as we create a thriving, modern and multi-cultural regional city.

Ngā mihi nui,



Grant Smith JP
Mayor

20 December 2021



Heather Shotter
Chief Executive

20 December 2021

FINANCIAL OVERVIEW

\$4.3M

OPERATING RATES-FUNDED SURPLUS IS \$4.3M HIGHER THAN BUDGET

\$23.3M

RENEWAL CAPITAL EXPENDITURE OF \$23.3M INCURRED, DOWN \$3.4M ON 2019/20

\$39.9M

NEW CAPITAL EXPENDITURE OF \$39.9M INCURRED, UP \$6.8M ON 2019/20

\$24.1M

NET DEBT INCREASED \$24.1M, LOWER THAN THE BUDGETED INCREASE OF \$35.6M

The financial performance shows that the Council continues to be in good shape and operating within its financial strategy.

Financially, the year has seen Council finish in a strong position, with debt significantly lower than planned, an operating surplus higher than budgeted, and total assets in excess of \$2 billion following the revaluation of Council operational assets.

Operating rates-funded surplus	\$4.3m higher than budget	\$2.1m was due to the Te Huringa Project to replace the finance system, which has had delays. This operating programme balance has been carried forward to 2021/22 to ensure the work required has the necessary funds to be completed. Other significant favourable variances relate to favourable net revenue in parking, planning services, building services and venues.
Renewal capital expenditure to maintain capabilities	\$23.3m spent, \$0.4m lower than budget and \$3.4m lower than 2019/20.	Despite supplier and contractor difficulties, 98% of budget was achieved, with unspent amounts being carried forward to future years through the Long Term Plan process.
New capital expenditure for growth and to increase capabilities	Spend of \$39.9m, \$6.8m lower than budget, but \$13.5m higher than 2019/20.	85% of budget was achieved, with the unspent amounts being carried forward to future years through the Long Term Plan process. Major amounts carried forward include seismic strengthening of Council properties, Papaioea Place stage 2, and urban cycle infrastructure network improvements.
Increase in net debt	Actual net debt increased by \$24.1m, lower than the budgeted increase of \$35.6m.	Net debt has not increased as much as budgeted. This is due to higher operating surplus and lower capital expenditure.

Council sets rates and fees to achieve the income necessary for funding community services. Our financial strategy is to make sure Council has allocated adequate funds for key projects from rates. This will allow us to maintain our services and allow for repayment of both existing and new debt. Calculation of these is detailed in the Groups of Activities section of the 2018-28 10-Year Plan and reported against in Section Two of this report.

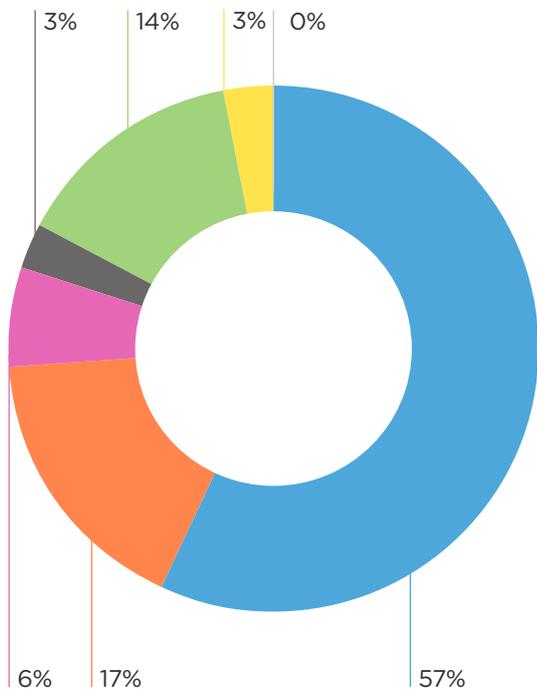
OPERATING REVENUE AND EXPENDITURE

Operating revenue

Many of the services required and appreciated by the community are primarily funded by rates. Council also aims to charge the users of services directly where practical. Sources of operating revenue are summarised below in the chart.

General rates are Council’s primary revenue source accounting for 57 per cent. This is followed by targeted rates for water, wastewater, rubbish and recycling, and metered water to recover specific service delivery costs.

Sources of revenue



- General rates
- Targeted rates
- Regulatory user charges and fees
- NZTA operating subsidies
- Other services and income
- Rental income
- Interest and dividend income

When compared to budget:

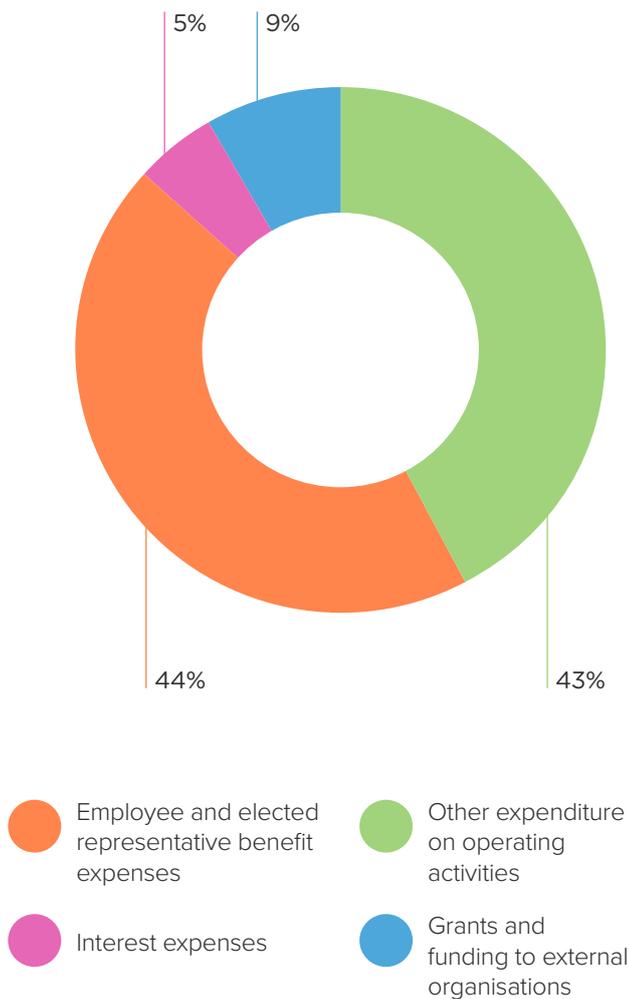
- Overall revenues were \$3.7m higher than budget. The budget for 2020/21 was lowered due to assumptions around post-Covid-19 lockdown economic factors.
- Rates received, including penalties, were 319k more than budget.
- Operating revenue generated from activities was 5.6m more than budget. This was due to lowered budget assumptions within parking, Central Energy Trust arena, building and resource consenting which did not occur as anticipated.
- Operating subsidies and grants were 655k higher than budget, with a significant factor in this being grants received from DIA to assist with three waters maintenance.
- Other gains were \$3.1m lower than budget due to delays in the Tamakuku Terrace development. See note 13 in section 3 for further information.
- Other non-operating capital revenues relating to capital expenditure from government transport subsidies, DIA waters, grants, development contributions, and vested assets, were also received.

The Council Revenue and Financing Policy in the 10-Year Plan 2018-28 includes information on how services are set to recover their operating expenses. This can be recovered through rates, fees/charges and other sources. A table summarising the actual performance compared to the targets is included in Section Two of this report.

OPERATING EXPENDITURE

Council services and facilities need to achieve a range of objectives to meet the Council’s vision of small city benefits, big city ambition. The following chart shows the operating expenditure (excluding depreciation) required to help achieve that vision.

Types of expenses incurred

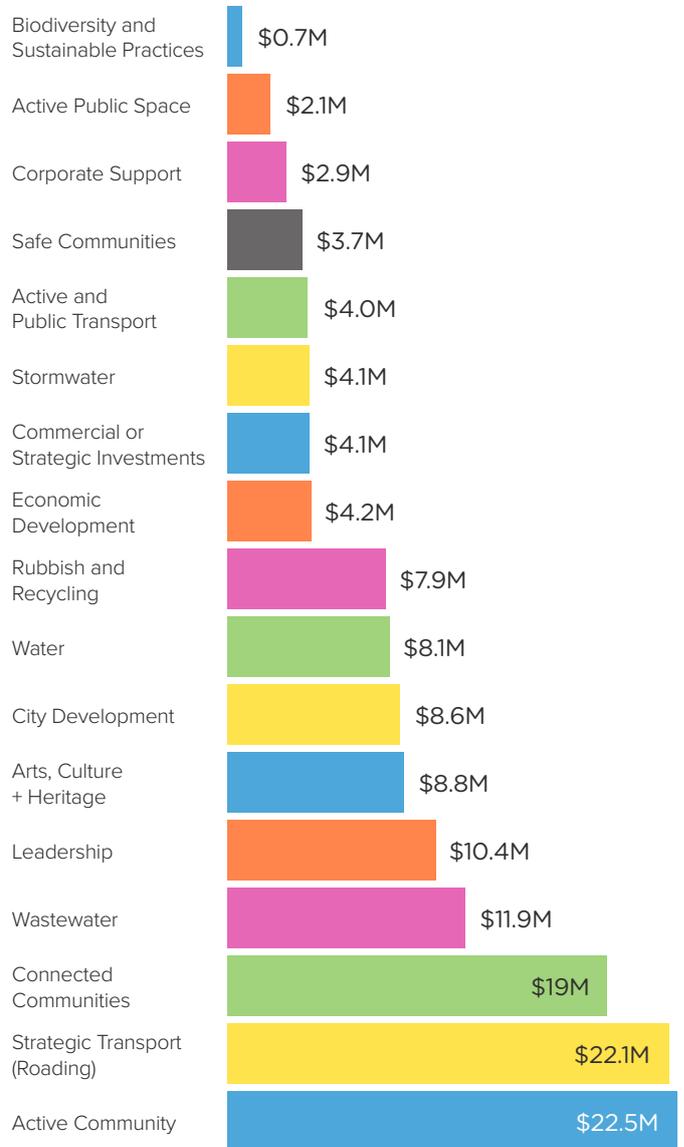


When compared to budget:

- Interest expense was \$0.6M lower than budget. This was due to less capital expenditure incurred than budget and a higher operating surplus.
- Overall operating expenses, excluding depreciation and financial instruments, were \$1.7M more than budget. This was due to additional expenses attached to additional revenue.

Total operating expenditure from activities was \$145.1m. This is detailed in Section Two by the services provided, known as Activities. The following chart summarises the operating expenditure, including depreciation, by Activity.

Operating expenditure by activity



Activities include the provision of infrastructure and services such as:

- water supply;
- wastewater;
- road maintenance;
- sport and recreation facilities;
- arts and cultural facilities;
- events and festivals; and
- provision of building and resource consents to assist in city development.

CAPITAL EXPENDITURE

Capital expenditure is required for the well-planned growth of the city and sustainable management of existing infrastructure.

This year, Council had a large capital programme budget, completing works totalling \$63.2m compared with \$53.1m in the previous year. This was a significant achievement, given difficulties in sourcing contractors to complete the work. Some major projects could only be commenced and not completed or were deferred without being started, a shortage of available contractors being a key cause of this.

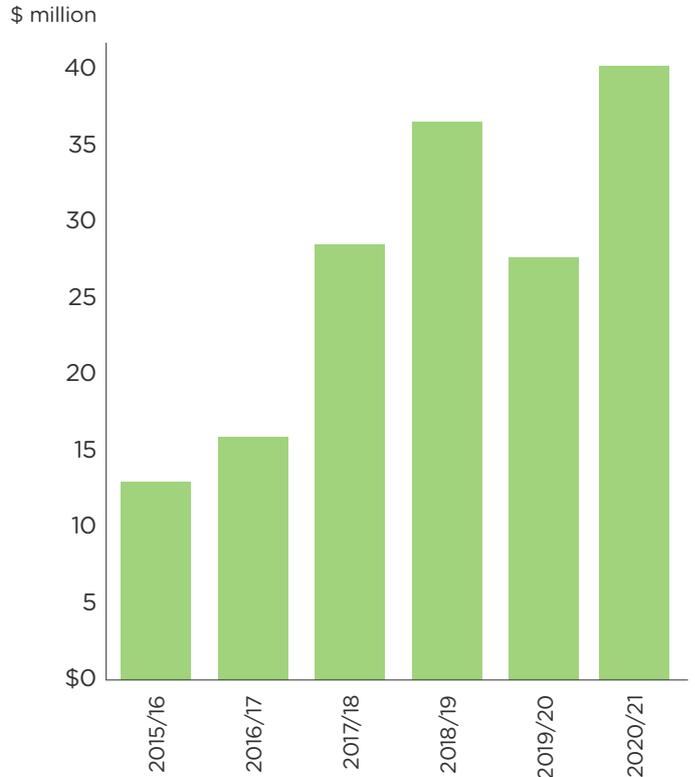
Many of these projects will be completed in 2021/22.

\$MILLION	ACTUAL 2020/21	BUDGET 2020/21	ACTUAL 2019/20
Renewal capital	23.3	23.7	26.7
New capital	39.9	46.8	26.5
Total	63.2	70.5	53.1

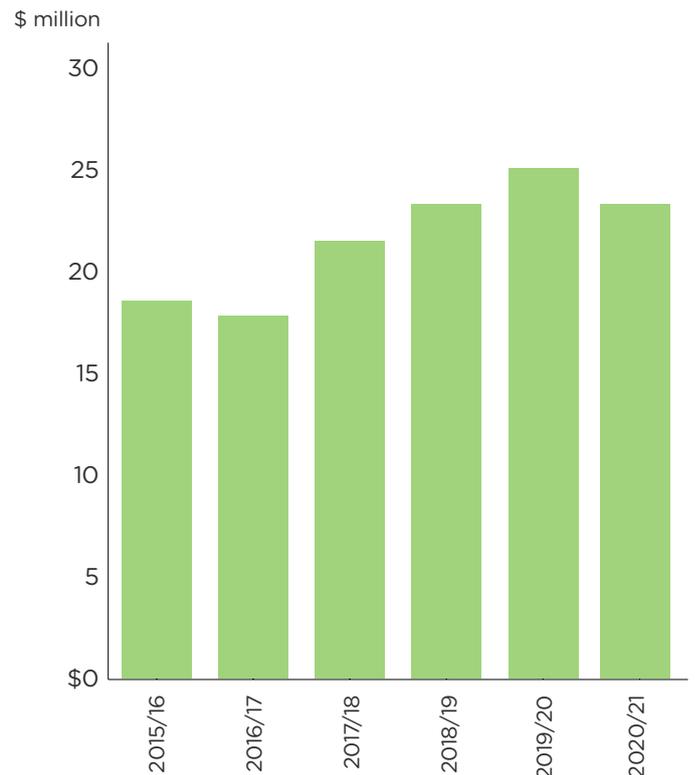
The following charts show how much capital has been spent in recent years for both new and renewal expenditure.

New capital expenditure increased by 51% compared to the previous year, and more than tripled compared to 5 years ago. Renewal capital expenditure decreased by 13% compared to the previous year and was 98% of budget in 2020/21 compared to 94% of budget in the previous year.

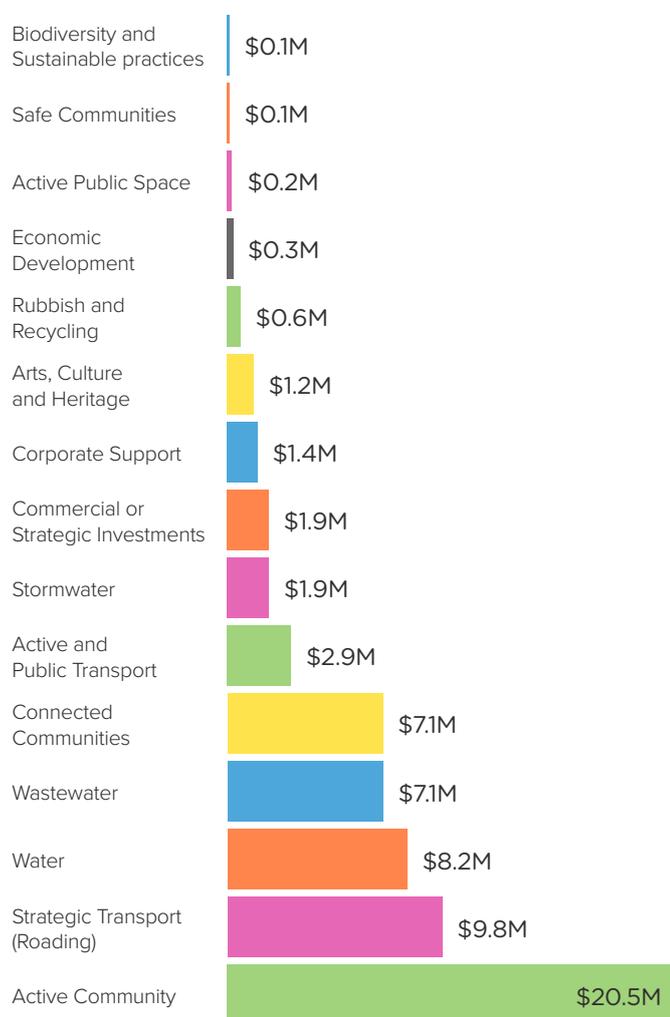
New capital expenditure spent



Renewal capital expenditure spent



Capital expenditure by activity



Some of the more significant new capital projects advanced in 2020/21 were:

Central Energy Trust Arena Manawatū Redevelopment

The major redevelopment of the Cuba and Waldegrave Street edge of Central Energy Trust Arena was completed in June 2021. This redevelopment included:

- The relocation and remodelling of the 17,000m² Speedway Pits area into a new multi-use space spanning along the Cuba Street edge of Central Energy Trust Arena;
- The creation of a new entrance plaza with an 8m wide pedestrian bridge spanning from the Public Plaza to the Stadium's south embankment;
- A redevelopment of the south embankment and concourse. This included construction of foundations for the embankment to support the future South Grandstand. It involved the erection of a new toilet block to service the south section of Arena along with the completion of a hardstand for a temporary seating concourse; and
- A new link bridge between the embankment and the existing grandstand was also constructed to improve connectivity.

Papaioea Place Redevelopment - Stage 2

Council continued with Stage 2 of the Papaioea Place housing redevelopment, which sees the construction of an additional 28 units within the complex. The first 18 of the Stage 2 units were completed in June 2021 with the remaining 10 to be completed in September 2021.

Stage 3 of the redevelopment will then commence immediately after, which will see the construction of the final 7 additional units as well as the construction of a tenant lounge in the centre of the complex.

Duplicate Water Pipeline from Lower Dam to Harts Road Reservoirs

Work continued on the 450mm diameter polyethylene duplicate main which runs between the Turitea Water Treatment Plant and Ngahere Park Reservoir rising main.

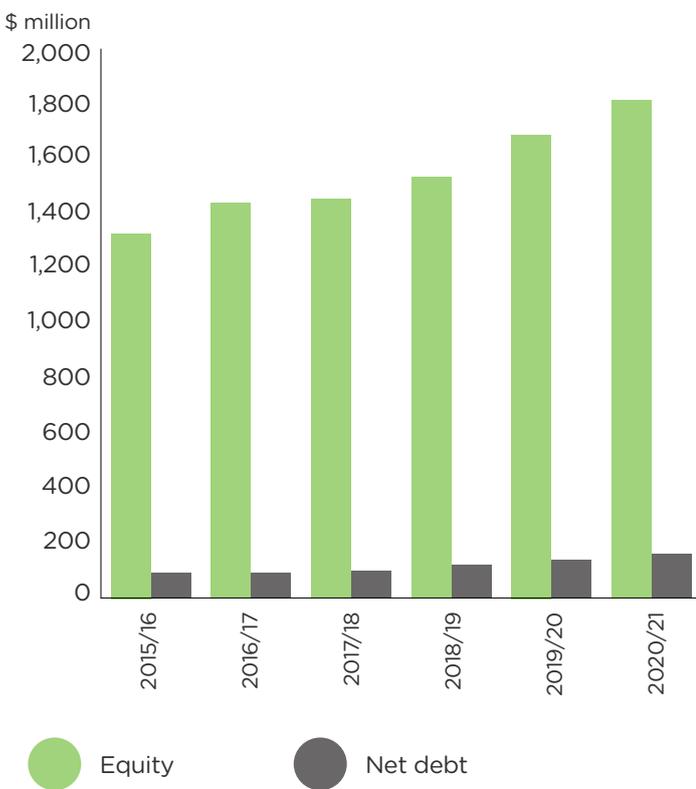
The duplicate main is approximately 3.5km long and had to be installed with care along the steep and narrow road going up to the Water Treatment Plant to avoid damaging the existing pipe. It's taken 18 months of construction, with just under 3 km built in the period July 2020 to June 2021. Having this duplicate pipe allows for maintenance of the existing concrete steel lined pipe and provides an alternative in case of a pipe burst. The new pipeline will also be more resilient should there be a major earthquake. There are a number of cross connections between the two pipes to further build this resilience. Additionally, the duplicate main connects to the Aokautere Reservoir booster pump station.

The work is due to be completed by the end of 2021.

EQUITY AND DEBT

Over the past 5 years, Council has increased its equity by 37% due to asset revaluations and accumulated surpluses. Council is mindful that there is a significant increase in debt forecast to fund infrastructure relating to forecast city growth and other activities such as the wastewater treatment plant and earthquake-prone buildings. To remain within the prudential debt limits, future commitments to unplanned projects will have to be carefully managed.

Equity and debt of the city

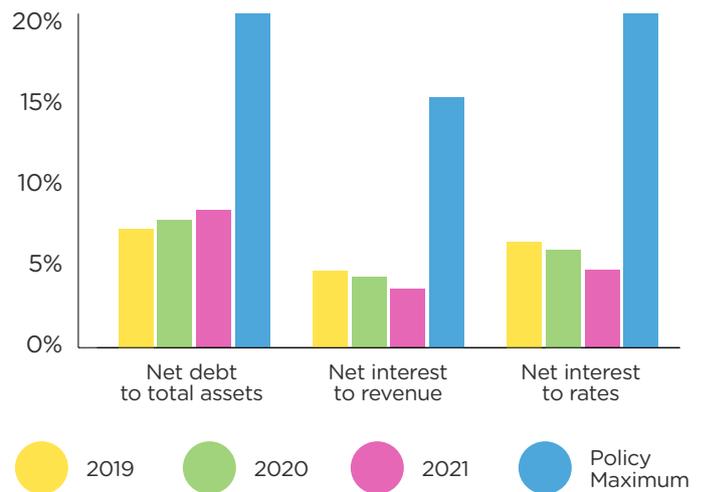


Statistics on equity and net debt per rateable property and per resident are provided in the following table. Equity increases compared to 2019/20 are due to operational property revaluation, which resulted in increases in revaluation reserves. Net debt increases are due to significant increases in capital projects being achieved.

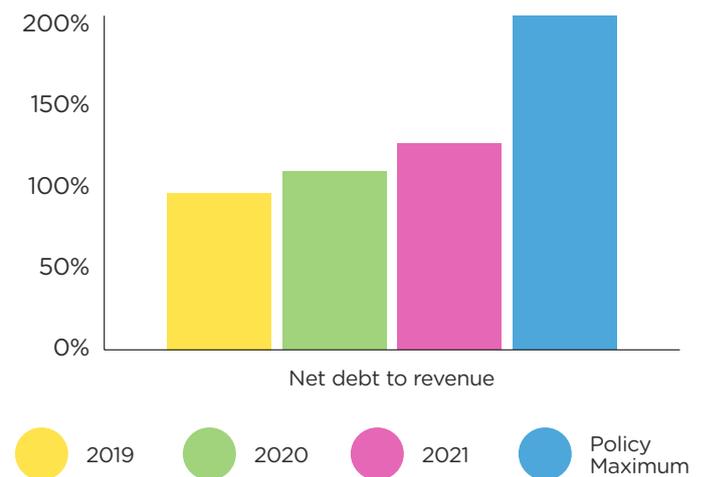
	2019/20	2020/21	% CHANGE LAST YEAR (UNFAV)
Equity per rateable property	\$50,366	\$53,674	6.6%
Equity per resident	\$19,119	\$20,071	5.0%
Net debt per rateable property	\$4,207	\$4,885	(16.1%)
Net debt per resident	\$1,597	\$1,827	(14.4%)

The financial strategy adopted by Council details the maximum level of borrowing considered sustainable, along with other practical limits. These graphs compare these limits in the 10-Year Plan 2018-28 budget to the actual amounts at financial year end.

Borrowing ratios at 30 June 2021



Borrowing ratios at 30 June 2021



Council debt has increased due to the increased capital spending. With significant projects planned within the new 10-Year Plan 2021-31, this is likely to continue to increase over the next 3 years. Beyond that, there is uncertainty due to the three waters reform and how this would impact Council debt. Currently, the debt and interest ratios are below those set by the Council’s Treasury Policy. This policy contains conservative prudential ratios of borrowing permitted against several benchmarks, as detailed in the graphs.

THE ROLE OF COUNCIL

The purpose of Palmerston North City Council is defined in the Local Government Act 2002. The Act governs local democratic decision-making to meet the current and future needs of communities. This includes cost-effective and good quality local infrastructure, local public services, and regulatory functions.

Put simply; Council delivers infrastructure, services and performance that are efficient, effective and appropriate. Both for present and anticipated future circumstances.

The community needs the Council to provide these essential services to support city function and growth. It's the role of elected councillors to determine how to achieve this and to plan for future needs.

A 10-Year Plan is completed every three years to help outline how Council will achieve its goals. This is a major exercise for determining what the community wants and what the city needs. It involves consulting with the community on proposed future services, the planned renewal of infrastructure, and new projects. Council considered submissions from the community before finalising the 10-Year Plan from 2021 to 2031, adopting the plan in July 2021.

The planning considered how city growth will be accommodated and what resources could be made available. Resources were considered in relation to Council's 30-Year Infrastructure Strategy, which covers its key infrastructure assets. The Strategy sets out an assessment of requirements, issues and the estimated costs of maintaining and renewing existing infrastructure over that period. It also examines how the city's infrastructure will meet growth requirements and new legislative requirements. The first ten years of this 30-year strategy are incorporated into the 10-Year Plan.

Protecting past investments in core infrastructure is important. It ensures that people and businesses can rely on the city's roads, water, stormwater and wastewater services. Even in tough economic times, allowing these amenities to become rundown would be short-sighted. Council is committed to maintaining and responsibly renewing them.

Planning for city growth is a constant challenge. Council requires a development framework that not only encourages city development and renewal but makes sure the costs are allocated evenly. These costs are reasonably split between developers funding new growth and the community funding capability maintenance.

Council will continue to provide other services such as supporting community groups and providing recreation facilities, like:

- Parks
- Sports fields
- Pathways
- Libraries
- Cemeteries
- Social housing
- Building services
- Animal control

These and the many other services provided allow Palmerston North to be a city where residents enjoy the benefits of small city living. While also having the opportunities found in a big city. A city where people want to live. More events are being held for the community to enjoy and attract visitors, many adding to the city's vibrancy.

Council will also keep working with businesses to ensure Palmerston North is a city that attracts, fosters and retains businesses. This will help preserve and create jobs for residents.

All other services and planning for these services are outlined in the 10-Year Plan.

The 10-Year plan also includes Council's Financial Strategy. This provides an overview of Council's attitude towards things like debt to fund growth and the types of activities funded by rates. The plan outlines the nature of the services provided by Council and how performance is measured.

The Council updates its budget through the Annual Plan (called Annual Budget) process. Each year a detailed audited Annual Report is produced showing Council's actual performance against plans, budgets and measures.

In planning for city growth and services, Council needs to identify the vision, guiding principles and strategic goals. These elements help us take advantage of opportunities and compete with other regional centres. This focus has been incorporated into the 10-Year Plan and is reflected in Council's vision:

HE ITI RĀ, HE ITI POUNAMU SMALL CITY BENEFITS, BIG CITY AMBITION

Further details are included in the 10-Year Plan 2021-2031, available on Council's website.



Left to right: Zulfiqar Butt, Renee Dingwall, Pat Handcock, Lorna Johnson, Leonie Hapeta, Rachel Bowen, Vaughan Dennison, Deputy Mayor Aleisha Rutherford,

COUNCIL STRUCTURE

The purpose of the Council is to enable democratic local decision-making and to provide cost-effective and good-quality local infrastructure, local public services and regulatory functions.

Council Representation

The Council is made up of 16 elected members – a Mayor and 15 Councillors. The Council appoints the Chief Executive to be in charge of Council operations, and certain management powers are delegated to that position. The Chief Executive implements and manages Council’s policies and objectives within the budgetary constraints established by Council.

Elections

Local elections take place every three years, with the most recent being held in October 2019 and a by-election in February 2021. The current Council comprises 15 Councillors, elected on a City-wide basis, and the Mayor. There are no Community Boards.

Council and Committee Structure

The Mayor and 15 Councillors work through committees to decide what Council will do and how work will be funded. The committee structure is reviewed every three years after each election. Our committees cover the strategic foci and legislative roles of Palmerston North City Council.

For the 2019-2022 term of Council, the following committees have been established. Unless otherwise advertised, most committees meet on Wednesdays at 9am or 1pm in the Council Chambers.

Monthly:

- Council
- Finance and Audit
- Infrastructure
- Planning and Strategy

Quarterly:

- Arts, Culture and Heritage
- Community Development
- Economic Development
- Environmental Sustainability
- Manawatū District/Palmerston North City Joint Strategic Planning
- Play, Sport and Recreation

As needed:

- Committee of Council
- Hearings
- Rangitāne o Manawatū



Mayor Grant Smith, Orphée Mickalad, Karen Naylor, Billy Meehan, Susan Baty, Brent Barrett, Lew Findlay, Bruno Petrenas.

Committees are made up of elected members and appointed members who bring specific knowledge and skills. There are currently six appointed members to committee. Appointed members sit on Finance & Audit, Community Development, Economic Development, Environmental Sustainability and Rangitāne o Manwatū committees.

Meetings are usually held in public and Council advertises the issues it will be considering. Agendas are available on the Council Meetings page on www.pncc.govt.nz, at least two working days before the meeting. Hard copies are available from the Central Library and Customer Services.

Interested residents are welcome to attend and observe. Most meetings also have a section for public comment. If you wish to speak to an item on the agenda, please make yourself known to an administrator upon arrival. There may also be an opportunity to make a presentation to the relevant committee. Please get in touch with Democracy and Governance ahead of time, should you wish to make a presentation.

If Council is talking about something confidential, the public may be excluded from that part of the meeting. As confidential decisions are made available, they can be accessed on our website.

Governance documents

The Council has adopted a Local Governance Statement, as required by the Local Government Act 2002. The statement ensures that the community has information about the

Council's processes when making decisions and taking action and how the community can influence these processes.

This information is available on our website alongside other governance documents such as the Code of Conduct, Policy on the Appointment of Directors to Council Organisations, and the Council's Standing Orders.

The Council believes that it is essential, in the interests of good management and effective administration, to encourage the delegation of decision making. The full list of delegations can be viewed in the Council's Delegations Manual. The overall responsibility for maintaining effective systems of internal control ultimately rests with the Council. Decisions are made within the law and according to Council policy and agreed strategic direction.

Legislative compliance

Being a regulatory body, the Council administers various regulations and laws. It is imperative that Council also complies with all relevant legislation. External law firms with local government expertise are contracted to help the Council comply with applicable legislation.

Māori involvement in decision-making process:

A report on the involvement of Māori in the decision-making process of Council can be found on page 131 under the heading Strengthening and Growing Partnership with Rangitane.

PUBLIC

Meetings with the Community



COUNCIL + 12 COMMITTEES

FINANCE AND AUDIT Chairperson: Susan Baty ^{JP}	PLANNING AND STRATEGY Chairperson: Aleisha Rutherford ^{JP}	INFRASTRUCTURE Chairperson: Vaughan Dennison
COMMUNITY DEVELOPMENT Chairperson: Lorna Johnson	ARTS, CULTURE AND HERITAGE Chairperson: Rachel Bowen	ECONOMIC DEVELOPMENT Chairperson: Leonie Hapeta ^{JP}
PLAY, RECREATION AND SPORT Chairperson: Billy Meehan	MANAWATŪ DISTRICT / PALMERSTON NORTH CITY JOINT STRATEGIC PLANNING Chairperson rotates each term	ENVIRONMENTAL SUSTAINABILITY Chairperson: Brent Barrett
COMMITTEE OF COUNCIL Chairperson: Grant Smith ^{JP}	HEARINGS COMMITTEE Chairperson: Aleisha Rutherford ^{JP}	RANGITĀNE O MANAWATŪ Chairperson: Grant Smith ^{JP}

Appointed member

COUNCILLORS AND THEIR PORTFOLIOS

Go to pncc.govt.nz/council for contact info

Grant Smith ^{JP} Mayor	Aleisha Rutherford ^{JP} Deputy Mayor	Renee Dingwall Climate Change Education and Students Housing People and Community Safe City	Bruno Petrenas Neighbourhoods, Villages and Rural Inner City/CBD Transport Whānau Ora Health and Wellbeing
Karen Naylor Housing Whānau Ora Health and Wellbeing	Lorna Johnson People and Community Climate Change Housing	Zulfiqar Butt ^{JP} Climate Change Education and Students Inner City/CBD People and Community	Rachel Bowen Education and Students Inner City/CBD People and Community
Lew Findlay ^{QSM} People and Community	Patrick Handcock ^{ONZM} Safe City Housing Inner City/CBD Neighbourhoods, Villages and Rural People and Community	Susan Baty ^{JP} Housing	Leonie Hapeta ^{JP} Inner city/CBD Education and Students Science, Technology and Innovation Transport Whānau Ora Health and Wellbeing
Billy Meehan Whānau Ora Health and Wellbeing Neighbourhoods, Villages and Rural People and Community	Orphée Mickalad Climate Change Housing Inner City/CBD	Brent Barrett Science, Technology and Innovation Transport Climate Change	
Vaughan Dennison Neighbourhoods, Villages and Rural Safe City			

MANAGEMENT AND EMPLOYEES

Council appoints the Chief Executive to oversee Council operations. Certain powers of management are delegated to that position in accordance with Section 42 and clauses 33 and 34 of Schedule 7 of the Local Government Act 2002. The Chief Executive is responsible for the day-to-day operation of the Council's activities, acting within delegated authority from the Council, as detailed in the Council's Delegation Manual.

The Chief Executive implements and manages Council's policies and objectives within the budgetary constraints established by Council, and employs all other staff members.

The managers of business units report to the Chief Executive. Important areas of focus for management are compliance with legislation, Council policy, management of risk, and acting in a sustainable manner while delivering agreed services within budget.

The Council is committed to ensuring that all staff have the capability to deliver the 10-Year Plan and Annual Budgets as agreed with the community. This involves training Council staff and providing an environment where its employees can work to their full potential. Council makes career development training frameworks that are linked to New Zealand Qualifications, available across the organisation.

PALMERSTON NORTH CITY COUNCIL ORGANISATIONAL CHART





Street art on George Street

WHAT'S HAPPENING IN THE CITY?

City Demographics

Palmerston North's population is growing strongly. Based on 2018 census figures, Statistics NZ estimated the city's population to be 90,400 in June 2020.

This was a 1.5% increase over the previous 12 months (the national increase was 2.1%). The estimate suggests Palmerston North has a 1.8% share of the national population.

Population projections prepared by Infometrics for the Council in March 2020, suggest the City's population will be 110,676 people by 2043.

Youthful population

In 2020, the median age of the City's population was 34.2 years. The national median age is 37.4 years, making Palmerston North, New Zealand's fourth youngest territorial authority after Hamilton, Wellington and Queenstown-Lakes. This is influenced by the large number of tertiary students attracted primarily for tertiary education and New Zealand's largest army base located within the city boundary at Linton Military Camp. About 19% of Palmerston North residents are Māori, compared with 16.7% nationally (2018 population estimate). Palmerston North is one of New Zealand's recognised refugee centres and prides itself on being a welcoming, diverse, inclusive and safe place for all its residents, with over 152 different ethnic communities calling the city home in March 2018.

Social, Cultural and Leisure Environment

Residents like the Palmerston North lifestyle. The 2021 Residents' Survey shows that over two-thirds of residents agree that the City has lots of opportunities to be physically active; is great for walking; has great parks, sportsfields and recreation opportunities; embraces different cultures; is great for student life; is great for cycling; has a creative arts scene; is safe; and is welcoming and friendly. Most of the remaining people were neutral rather than dissatisfied.

Housing is still relatively affordable

The city's average house price has risen 38.6% since June 2020 and is now \$705,306. That sits well below the national average of \$906,532, where average prices increased by 22.8% in the year to June 2021 (CoreLogic QV June 2021).

Due to the lower median age of the city's population, in 2018, only 62.7% of Palmerston North households lived in a house they owned (with or without a mortgage). This is slightly lower than the proportion of people nationwide who own their own houses (64.5%). The average median weekly rent was \$385 compared with the national median of \$471 (MBIE private sector rental bond data, year ended May 2021).

Data from MidCentral Health shows that age-adjusted mortality rates from all causes in Palmerston North match New Zealand's rate.

The City is well-provided with reserves and public open space. Approximately 12% of the urban area in the City is allocated for reserve purposes and approximately 19% of the urban area is in public open space of one kind or another. There are over 10 hectares of recreation parks and open space per 1,000 people. The national benchmark is 4 hectares per 1,000 people.

Active recreation opportunities are provided throughout the reserve network via six large destination city reserves, 24 sports fields, 83 suburb and neighbourhood reserves, three swimming pools and a 196 hectares outdoor adventure park.

With a thriving arts and culture scene, Palmerston North has excellent arts and cultural facilities, many superior to larger centres.

Environmental Sustainability

Council's strategic direction is for Palmerston North to be regarded as an environmentally concerned and caring eco-city.

There's a commitment to developing its shared pathway and cycleway network. This continues to encourage alternative means of transport and commuting while providing for safer leisure activities. An example of this in 2020/21 was the Innovating Streets programme, where tactical urbanism approaches were used to trial temporary lighter, quicker and cheaper options for making interesting and engaging safety improvements to Main Street, Ruha Street, Square Edge and George Street.

The Green Corridors programme continues to create open green spaces from the Taranaki Ranges to the Manawātū River. Since 2001 more than 170,000 trees have been planted in the Turitea Valley and Summerhill areas. These plantings have restored wonderful habitats for native birds, improved the water quality for native fish, and resulted in a scenic network of public tracks through the bush.

Sustainable practices are being continually developed and implemented by the Council to benefit the city and the surrounding environment.

The most prominent issue is wastewater disposal

Council is addressing the impact of the city's treated wastewater discharge on the Manawātū River. As a result of a formal review of the existing discharge consent in 2012, Council agreed with Horizons Regional Council to apply for new consents for the treatment and discharge of wastewater from the Wastewater Treatment Plant in Awapuni by June 2022, six years before current consents come to an end in June 2028. A Best Practicable Options Assessment (BPO) review for treating and disposing of the city's wastewater is well advanced. Following two rounds of community consultation and stakeholder engagement, Council is entering the final stages of the decision making process. Council negotiated with Horizons Regional Council a short 3-month extension to the BPO notification date to align engagement on the project with engagement on the Council's 10-year plan. Council is on track to select the BPO option by early September 2021, with an application to Horizons for resource consents due by June 2022. Council will ensure the resulting wastewater scheme is operational no later than five years after the new resource consents become effective.

Palmerston North has plentiful clean, fresh air supplies, and the risk of exceeding New Zealand Air Quality Standards is low. Horizons does not insist on the city having an air quality monitoring programme.

Economy, Visitor Numbers, Business Development and Employment

Palmerston North has experienced strong economic growth since 2000. Median annual salaries and wages in the city have been increasing faster than the rate of growth for New Zealand, with an increase of 93.2% between June 2000 and June 2020. The national increase over this period was 86.9%. Total income (salaries and wages and income from self-employment) was \$3,027 million in the year to March 2019, 138% higher than in 2000, while national income growth was 163% over this period.

Total visitor spending in the city has increased but declined between March and May 2020 due to Covid-19 travel restrictions. Domestic electronic card visitor spending was \$268 million in the year to June 2021 – an increase of 23% from the previous year, and international visitor spending was \$11 million – down 27%.

Two carriers operate scheduled services from Palmerston North Airport – Air New Zealand and Originair, with direct flights to Auckland, Christchurch, Nelson and Hamilton. In the year to June 2021, 401,000 passengers were carried. This was 19.5% below the previous financial year due to the impact of Covid-19. The airport is the third largest airfreight hub in New Zealand, with ten weekly overnight services to Auckland and Christchurch.

A key indicator of how well the city has recovered from the impact of Covid-19 controls on the city's economy is the number of beneficiaries. The total number registered in Palmerston North for Ministry of Social Development benefits in June 2021 was 1.8% lower than in June 2020, while national benefit numbers increased by 0.4%.

Electronic card retail spending in Palmerston North reached \$1,337 million in the year ended June 2021, an increase of 12.6% from the previous year, while national retail spending increased by 8.7%. The seven-week closure of most retail stores during Covid-19 Level-3 and 4 restrictions resulted in significant declines in spending during April and May 2020, leading to the strong growth rates recorded in 2021.

Employment trends in Palmerston North have shown encouraging growth across several business sectors. While tertiary education remains extremely important to the city, it is no longer the largest sector for total earnings (salaries and wages and self-employment income).

Between 2000 and 2020, job numbers have increased by 59% in logistics businesses (wholesale trade, transport, postal and warehousing). Numbers in healthcare and social assistance have increased by 55%. The public administration and defence sectors have increased by 91%. The range of sectors now contributing to growth reduces economic exposure should any downturn affect one or two sectors and provides for a more robust economy.

Construction is a key business confidence indicator. Total residential and non-residential building consents were \$373 million in the year to June 2021, an increase of \$6 million from the previous year – a 2% increase. The consents for an additional 513 new residential dwellings in the year ended June 2021, had a value of \$199 million. The number of consents for new dwellings was 9% lower than the previous year, while the value of the issued consents was 11% higher. A further 443 consents were issued for residential additions and alterations, an increase of 5% over the previous year. Non-residential consents issued in the year to June 2021 were \$158 million, a decline of 8% from the previous year.

Conclusion

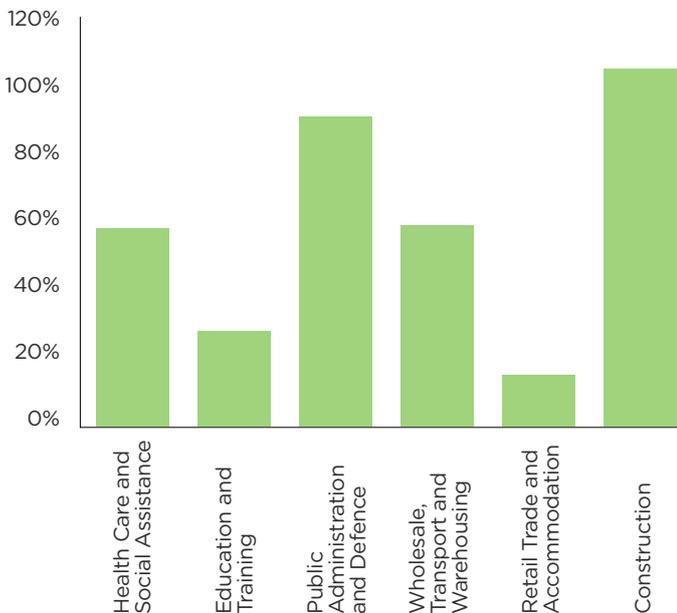
Covid-19 restrictions on business activity and movement of people between March and May 2020 contributed to a decline in economic activity and a rise in unemployment in the

city last year. Still, the city's economy has recovered strongly in the year to June 2021, with GDP in the city now higher than two years ago.

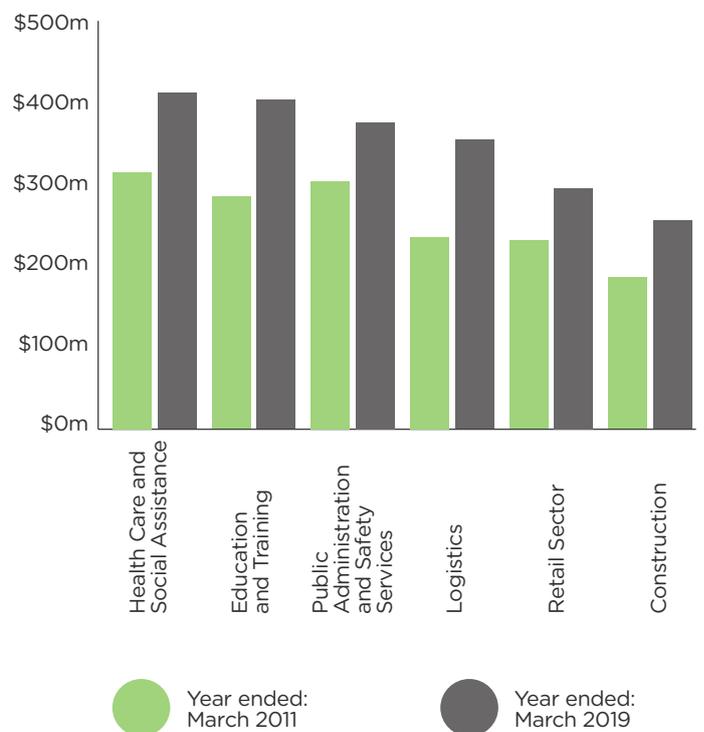
Overseas travel restrictions since February 2020 have impacted international visitor arrivals, both tourists and students, and the number of people moving here for employment. There will likely be some ongoing impacts on the economy from these travel restrictions, but international visitor spending in the city increased when the border with Australia was opened in April 2021.

An increase in major construction projects supports increased economic activity and brings more people to the city for work. The \$650 million Te Ahu a Turanga highway started in January 2021, with the workforce expected to peak in September 2021. Work is also continuing on the construction of the \$450 million Turitea wind farm. These projects are not included in the building consents data reported earlier.

PALMERSTON NORTH INCREASE IN JOB NUMBERS BETWEEN 2000 AND 2020:



PALMERSTON NORTH ANNUAL EARNINGS (\$M) YEAR ENDED:





Opening night of the Central Energy Trust Arena plaza entry bridge

WĀHANGA TUARUA

SECTION TWO

NGĀ MAHI A TE KAUNIHERA

WHAT THE COUNCIL DOES

Whāinga 1: He tāone auaha, he tāone tiputipu Goal 1: An innovative growing city					
City Development Activity	38	Active Community Activity	67	Whāinga 4: He tāone tautaiiao Goal 4: An eco city	
<i>(includes Housing and Future Development, Urban Design Heritage Management)</i>		<i>(includes Sport and Recreation, Parks, Sports fields and Reserves)</i>		Rubbish and Recycling Activity	98
Strategic Transport (Roading) Activity	44	Active and Public Transport Activity	76	Biodiversity and Sustainable Practices Activity	102
Economic Development Activity	49	<i>(includes cycle/pedestrian paths, buses and bike stands)</i>		Stormwater Activity	109
Whāinga 2: He tāone whakaihiihi, tapatapahi ana Goal 2: A creative and exciting city		Whāinga 3: He hāpori tūhonohono, he hāpori haumarū Goal 3: A connected and safe community		Wastewater Activity	113
Active Public Space Activity	56	Connected Communities Activity	82	Water Supply Activity	120
<i>(includes Placemaking, Events and Festivals, Palmy Unleashed)</i>		<i>(includes libraries, community centres, community groups and Social Housing)</i>		Whāinga 5: He Kaunihera ahunui, whakamana i te iwi Goal 5: A driven and enabling Council	
Arts, Culture and Heritage Activity	62	Safe Communities Activity	91	Leadership Activity	130
<i>(includes arts and cultural organisations/groups)</i>		<i>(includes animal control, civil defence, public health and safer community initiatives)</i>		Corporate Support Activity	136
				Commercial or Strategic Investments Activity	140

WHAT THE COUNCIL DOES

(Statement of service provision)

OVERVIEW

Our vision for Palmerston North is to embrace the benefits of small city living while still offering our residents and region the lifestyle, education and business opportunities of much larger metropolitan cities. Council’s vision is ‘Small city benefits, big city ambition’. To achieve this Palmerston North people and its businesses require Council to provide appropriate levels of services and facilities.

The 10 Year Plan and Annual Budgets (Plans) provide more detail on these services and how our performance can be measured. Council develops a vision and goals in consultation with the community. These are called community outcomes. Many of the community outcomes require collaboration and involvement from other organisations in the community to achieve them.

Council’s goals as set in the 10 Year Plan for 2018/28 were:

Whāinga 1: He tāone auaha, he tāone tiputipu

Goal 1: An innovative growing city

A city that is clever about the way it uses its natural advantages to encourage and support innovation, entrepreneurship and new industries. It positions itself to take advantage of change to fuel sustainable growth, prosperity and wellbeing.

Whāinga 2: He tāone whakaihiihi, tapatapahi ana

Goal 2: A creative and exciting city

A city that draws inspiration from the diversity within its culture and creates a vibrant urban environment. It attracts creative and clever people, and nurtures creative talent.

Whāinga 3: He hāpori tūhonohono, he hāpori haumarū

Goal 3: A connected and safe community

A city that includes, supports, connects and uses the talents and advantages of the whole community in the pursuit of prosperity and wellbeing. A city that has an international reputation as a safe city to live, study, work and play. A city that embraces its iwi heritage and partnership, where people connect with the city’s past and celebrate its history and heritage.

Whāinga 4: He tāone tautāiao

Goal 4: An eco city

A future-focused city that plans for and cares about the future, enhancing its natural and built environment. Our city will realise the benefits of creating clean energy, lowering carbon emissions, and reducing our ecological footprint.

Whāinga 5: He Kaunihera ahunui, whakamana i te iwi

Goal 5: A driven and enabling Council

A Council and organisation that works as one team with its communities, a catalyst and enabler for change in the city.

Each of these goals has activities or services which have been summarised here alongside the goals they contribute to. There is information to show how the Council has performed over the year detailing whether performance targets were met, what it cost and whether services were provided within budget.

There are explanations of significant capital projects for new acquisitions, to meet future growth requirements or increase levels of service. As well as renewals, to replace and maintain the standard of existing assets. The summaries also detail issues Council is facing, how we expect these to impact our city and residents, and how Council services are improving.

ACTIVITIES SUMMARY INFORMATION

The following tables summarise the following activity and service information:

- Operational requirement and funding
- Funding sources
- Capital expenditure
- Non-financial performance measures

Activity pages containing more detail can be found immediately after the tables within the relevant activities. Since the budget was prepared, circumstances have changed in some areas. Explanation of significant variances are included in the activities sections that follow.

FINANCIAL RESULTS

Operational Summary by Activity

All Activities

	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
REVENUE				
Innovative and Growing City				
City Development	6,010	4,088	1,922	5,189
Economic Development	862	727	135	1,164
Creative and Exciting City				
Active Community	2,831	1,384	1,447	2,911
Active Public Space	99	47	52	95
Arts, Culture and Heritage	113	98	15	93
Connected and Safe Community				
Connected Communities	3,927	3,883	44	3,775
Safe Communities	1,600	1,292	308	2,697
Eco-City				
Biodiversity and Sustainable Practices	58	-	58	42
Rubbish and Recycling	2,993	2,697	296	3,212
Transport				
Roading	8,017	6,841	1,176	6,894
Active and Public Transport	970	204	766	639
Stormwater	24	2	22	9
Wastewater	1,550	1,336	214	1,208
Water	43	37	6	256
Driven and Enabling Council				
Leadership	1,032	1,186	(154)	228
Corporate Support	649	427	222	328
Commercial or Strategic Investments	3,919	3,897	22	4,606
TOTAL REVENUE	34,697	28,146	6,551	33,346
EXPENSES				
Innovative and Growing City				
City Development	8,591	7,300	(1,291)	8,548
Economic Development	4,230	4,260	30	4,608
Creative and Exciting City				
Active Community	22,516	22,291	(225)	22,411
Active Public Space	2,103	1,996	(107)	2,434
Arts, Culture and Heritage	8,791	8,287	(504)	9,051
Connected and Safe Community				
Connected Communities	19,035	18,929	(106)	18,450
Safe Communities	3,714	3,408	(306)	5,135
Eco-City				
Biodiversity and Sustainable Practices	721	701	(20)	805
Rubbish and Recycling	7,850	7,801	(49)	7,729
Transport				
Roading	22,144	24,979	2,835	22,536
Active and Public Transport	4,005	5,179	1,174	4,947
Stormwater	4,084	4,022	(62)	4,764
Wastewater	11,861	10,623	(1,238)	11,636
Water	8,064	8,120	56	8,273
Driven and Enabling Council				
Leadership	10,385	10,562	177	9,620
Corporate Support	2,910	2,616	(294)	(367)
Commercial or Strategic Investments	4,095	6,669	2,574	5,000
TOTAL EXPENSES	145,099	147,743	2,644	145,580

	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
NET OPERATING COST OF ACTIVITY	(110,402)	(119,597)	9,195	(112,233)
RATING ALLOCATION				
Add back depreciation	36,784	40,430	(3,646)	36,483
Add back Transfers to/from reserves	-	4,087	(4,087)	-
Less Renewal capital expenditure	(23,310)	(23,711)	401	(26,688)
Add/(Less) borrowing effect of renewal 3 year averaging	1,052	1,052	-	5,794
Add external revenue for renewal capital	6,011	2,705	3,306	2,659
Add proceeds from sale of assets	175	-	175	74
Less provision for debt reduction	(7,131)	(5,748)	(1,383)	(3,386)
Add targeted rates allocation	23,252	23,047	205	23,582
Add general rates allocation	77,848	77,735	113	75,271
FUNDING SURPLUS/(DEFICIT)	4,279	-	4,279	1,555

The funding surplus represents funds generated from operations by the Activities and variance in renewal capital expenditure incurred. This is used to fund the movement in working capital over the year and for additional debt reduction. Part of the renewal capital expenditure budgeted and not incurred will be incurred in the future when this will effectively reduce the funding surplus.

The following table separates the operating requirements above to show the balance and variance from rates-funded operating activities. This balance funds renewal capital to maintain the standard and quality of assets and debt reduction.

	(110,402)	(119,597)	9,195	(112,234)
NET OPERATING COST OF ALL OPERATING ACTIVITIES	(110,402)	(119,597)	9,195	(112,234)
Add back non-cash depreciation	36,784	40,430	3,646	36,483
Add targeted rates allocation	23,252	23,047	205	23,582
Add general rates allocation	77,848	77,735	113	75,271
NET RATES-FUNDING AVAILABLE FOR RENEWAL CAPITAL EXPENDITURE AND DEBT REDUCTION	27,482	21,615	5,867	23,102

Council finished the year with a favourable variance of \$4.3m to its direct rates-funded operating cost budget. The major parts of the favourable variance were made up of:

- Operating Programme 1572-Enterprise Resource Planning (ERP) Te Huringa Project to replace the finance system (2.1M). This amount has been carried forward to 2021/22 to enable the completion of the project
- Net interest (0.8M)
- Significantly higher net revenue compared to budget for City Development (0.6M) and Parking (1.3M)

FUNDING OF ACTIVITIES AND SERVICES	General rates/targeted rates		User fees and charges		Other	
	Policy target	Actual	Policy target	Actual	Policy target	Actual
INNOVATIVE AND GROWING CITY						
Economic Development						
Economic Development	80-100%	93%	-	-	0-19%	7%
Conference and Function Centre	20-39%	52%	60-79%	48%	-	-
International Relations	80-100%	100%	-	-	-	-
City Development						
Building Services	20-39%	24%	60-79%	76%	-	-
Planning Services - Public	80-100%	100%	-	-	-	-
Planning Services - Private	-	-	80-100%	100%	-	-
Urban Design	80-100%	100%	-	-	-	-
Heritage Management	80-100%	100%	-	-	-	-
TRANSPORT						
Roading						
Parking	-	-	80-100%	100%	-	-
Roads	80-100%	79%	0-19%	6%	0-19%	15%
Street Facilities	80-100%	92%	-	-	0-19%	8%
Street Lighting	80-100%	79%	-	-	0-19%	21%
Traffic Services	80-100%	80%	-	-	0-19%	20%
Active and Public Transport						
Footpaths	80-100%	93%	-	-	0-19%	7%
Active Transport	80-100%	66%	-	-	0-19%	34%
Public Transport	60-79%	9%	-	-	20-39%	91%
CREATIVE AND EXCITING CITY						
Active Public Space						
Community and Commemorative Events	80-100%	94%	0-19%	6%	-	-
Economic Events	80-100%	100%	-	-	-	-
Place activation	80-100%	100%	-	-	-	-
Arts, Culture and Heritage						
Te Manawa	80-100%	99%	0-19%	1%	-	-
Other Cultural Facilities	80-100%	100%	-	-	-	-
Support to arts, culture and heritage groups	80-100%	96%	-	-	0-19%	4%
Active Community						
Central Energy Trust Arena	60-79%	70%	20-39%	30%	-	-
City-Wide Reserves	80-100%	97%	0-19%	1%	0-19%*	2%
Local Reserves	80-100%	95%	0-19%	4%	0-19%*	1%
Sportsfields	80-100%	98%	0-19%	2%	-	-
Swimming Pools	80-100%	95%	0-19%*	5%	-	-
Support to recreation groups	80-100%	100%	-	-	-	-
CONNECTED AND SAFE COMMUNITY						
Connected Communities						
Cemeteries	20-39%	36%	60-79%	64%	-	-
Community Centres	80-100%	86%	0-19%	14%	-	-
Libraries	80-100%	99%	-	-	0-19%*	1%
Public toilets	80-100%	100%	-	-	-	-
Social Housing	0-19%*	20%	80-100%	80%	-	-
Support to community groups	80-100%	99%	0-19%*	1%	-	-

FUNDING OF ACTIVITIES AND SERVICES	General rates/targeted rates		User fees and charges		Other	
	Policy target	Actual	Policy target	Actual	Policy target	Actual
Safe Communities						
Animal Control	0-19%	11%	80-100%	89%	-	-
Civil Defence	80-100%	88%	-	-	0-19%*	12%
Public Health	60-79%	55%	20-39%	45%	-	-
Safer Community Initiatives	80-100%	91%	-	-	0-19%*	9%
ECO-CITY						
Rubbish and Recycling						
Landfill Management	80-100%	4%	0-19%	96%	-	-
Waste Management	0-19%	29%	80-100%	71%	-	-
Waste Minimisation	80-100%	74%	-	-	0-19%	26%
Biodiversity and Sustainable Practices						
Biodiversity	80-100%	87%	-	-	0-19%*	13%
Support to environmental groups	80-100%	100%	-	-	-	-
Sustainable Practices	80-100%	92%	-	-	0-19%*	8%
Stormwater	80-100%	99%	0-19%	1%	-	-
Wastewater	80-100%	87%	0-19%	13%	-	-
Water	80-100%	99%	0-19%*	1%	-	-
DRIVEN AND ENABLING COUNCIL						
Leadership						
Councillor Meetings and Administration	80-100%	95%	0-19%*	5%	-	-
Direction Setting	80-100%	86%	0-19%	14%	-	-
Elections	80-100%	99%	-	-	0-19%	1%
Mayoral and Chief Executive's Office	80-100%	99%	-	-	0-19%*	1%
Corporate Support	0-19%*	-	-	-	80-100%	100%
Commercial or Strategic Investments	0-19%*	4%	-	-	80-100%	96%

*No targets were listed in LTP 2018-18 for these measures, but since there was funding from this source, it is assumed that it is a low funding target.

Variance Explanation for user fees and charges:

Conference and Function Centre

The policy target has not been achieved due to Covid-19 level changes creating uncertainty, although the outcome was 10% higher than budgeted for.

Roads

Outside of policy as higher percentage was funded from subsidies, grants and other revenue.

Active transport

Outside policy as more operating subsidies and grants from NZTA relating to active transport were received than budgeted for.

Public transport

Higher other revenues received than budget relating to public transport.

Social housing

Slightly outside policy for rates. This was budgeted to be outside policy due to increases in service levels in social housing.

Public Health

Higher than the policy target for user fees and charges due to lower expenditure than budgeted.

Landfill Management

Overall actual outcomes are consistent with budget expectations. The Revenue & Financing policy incorrectly states the funding intention and was corrected when the policy was updated for the Long Term Plan 2021-31.

Waste Management

Overall actual outcomes are consistent with budget expectations. The Revenue & Financing policy incorrectly states the funding intention and was corrected when the policy was updated for the Long Term Plan 2021-31.

CAPITAL EXPENDITURE SUMMARY BY ACTIVITY	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
CAPITAL RENEWAL				
Innovative and Growing City				
Economic Development	266	300	34	386
Creative and Exciting City				
Active Community	3,311	3,260	(51)	6,826
Active Public Space	-	-	-	23
Arts, Culture and Heritage	648	555	(93)	144
Connected and Safe Community				
Connected Communities	1,735	2,239	504	1,871
Safe Communities	-	37	37	71
Eco-City				
Rubbish and Recycling	129	176	47	513
Transport				
Roothing	3,492	4,579	1,087	4,688
Active and Public Transport	1,039	1,034	(5)	1,098
Stormwater	745	860	115	673
Wastewater	4,850	3,642	(1,208)	2,631
Water	3,959	3,277	(682)	3,794
Driven and Enabling Council				
Corporate Support	1,433	2,009	576	1,958
Commercial or Strategic Investments	1,703	1,743	40	2,012
TOTAL CAPITAL RENEWAL	23,310	23,711	401	26,688

CAPITAL EXPENDITURE SUMMARY BY ACTIVITY	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
Innovative and Growing City				
Economic Development	-	-	-	91
Creative and Exciting City				
Active Community	17,237	17,925	688	6,518
Active Public Space	182	71	(111)	357
Arts, Culture and Heritage	524	2,078	1,554	156
Connected and Safe Community				
Connected Communities	5,340	6,151	811	3,779
Safe Communities	103	300	197	671
Eco-City				
Biodiversity & Sustainable Practices	81	82	1	162
Rubbish and Recycling	430	246	(184)	303
Transport				
Roading	6,312	5,870	(442)	7,304
Active and Public Transport	1,817	3,195	1,378	1,618
Stormwater	1,160	1,761	601	597
Wastewater	2,256	2,813	557	914
Water	4,274	5,906	1,632	2,927
Driven and Enabling Council				
Leadership	4	155	151	-
Corporate Support	12	16	4	727
Commercial or Strategic Investments	190	185	(5)	329
TOTAL CAPITAL NEW	39,922	46,754	6,832	26,453
TOTAL CAPITAL PROJECTS	63,232	70,465	7,233	53,141

SUMMARY OF NON-FINANCIAL PERFORMANCE MEASURES

The following table records a summary of the non-financial performance achievement for each activity group. More details of the measures are found after each activity within this section.

	# OF MEASURES	# TARGETS MET
Whāinga 1: He tāone auaha, he tāone tiputipu		
Goal 1: An innovative growing city		
City Development	8	4
Strategic Transport (Roading)	8	4
Economic Development	2	2
Whāinga 2: He tāone whakaihihi, tapatapahi ana		
Goal 2: A creative and exciting city		
Active Public Space	6	5
Arts, Culture and Heritage	5	3
Active Community	5	5
Active and Public Transport	N/A ¹	N/A ¹
Whāinga 3: He hapori tūhonohono, he hapori haumaruru		
Goal 3: A connected and safe community		
Connected Communities	17	15
Safe Communities	7	7
Whāinga 4: He tāone tautaiiao		
Goal 4: An eco city		
Rubbish and Recycling	4	4
Biodiversity and Sustainable Practices	4	4
Stormwater	7	5
Wastewater	7	4
Water Supply	11	6
Whāinga 5: He Kaunihera ahunui, whakamana i te iwi		
Goal 5: A driven and enabling Council		
Leadership	3	3
Corporate Support	N/A*	N/A*
Commercial or Strategic Investments	N/A*	N/A*
Total Measures	94	71

1 - Included in Strategic Transport (Roading).

* - This area does not have external measures of Levels of Service that are reported on.



GOAL 1

**INNOVATIVE AND
GROWING CITY**

Central Energy Trust Arena plaza entry bridge during final stages of construction



CITY DEVELOPMENT ACTIVITY

WHAT THE COUNCIL DOES

Council develops, implements, and monitors the District Plan and Asset Management Plans. Through these, Council ensures there is enough land and infrastructure to support growth in the city's residential, commercial, and industrial areas.

As well as making sure the City looks after its natural and built environment, Council uses and promotes principles of good urban design to ensure Palmerston North has high quality public and private places. Council works with Rangitanē o Manawatū and the owners of heritage buildings to ensure heritage sites of significance are protected. This support includes the Council's Natural and Cultural Heritage Fund for projects that involve:

- conserving buildings, objects or sites listed in the Palmerston North District Plan; or
- public education and/or promotion of the city's heritage resources.

KEY ACHIEVEMENTS

Building consents increased by 27%

Kainga Ora Social housing projects consented and under construction

Innovating Streets trialed

Multi housing developments being constructed



Papaioea place social housing development

WHAT HAPPENED IN THE YEAR

Housing and Future Development

While the Sectional District Plan review is now complete, a series of District Plan changes are programmed to deliver on the City Development Strategy, the recommendations of the Housing and Business Needs Assessment, and new National Planning Standards.

Significant District Plan work was progressed throughout the year that focused on additional land for housing at:

- Napier Road
- Kikiwhenua
- Kakatangiaata
- Aokautere, informed by a new structure plan.
- Roxburgh Crescent
- Ashhurst
- Whiskey Creek

Rezoning at Napier Road and Kikiwhenua were made fully operative throughout the year. This has released zoned capacity for an additional 280 dwellings. Plan changes for Aokautere, Ashhurst, Roxburgh Crescent and Kakatangiaata are well progressed. These will all be notified in the second quarter of 2022. A private plan change request for housing at Whiskey Creek was approved for consultation at the end of the 2021 financial year. This private proposal seeks to rezone land for an additional 160 houses. Council is also progressing the proposed repurposing of Huia Street reserve and Summerhays Street reserve for housing.

Council completed an updated housing capacity assessment, which was required by the 2020 National Policy Statement for Urban Development. The report identified strong demand for housing and set growth targets for the short, medium and long term, which the Council is required to include in its District Plan. The following targets were set:

- Short-term – 1,514 dwellings with 55% attributed to intensification, 40% greenfield and 5% rural
- Medium-term – 3,532 dwellings with 50% attributed to greenfield, 45% intensification and 5% rural
- Long-term – 7,925 dwellings with 55% attributed to greenfield, 40% intensification and 5% rural

Building Control

The Building Services team had another busy year. Building consents continued to increase in numbers, as did the number of inspections conducted. Recruitment for additional staff continued. Interim measures were undertaken to meet the high demand for inspections, re-allocation of existing staff, and deploying additional vehicles

The number of building consent applications received for processing increased by 27% over the previous year (1506 received in 2020/21, up from 1187 received in 2019/20). Council fell just short of its target with 93% of these processed within the statutory timeframes. Driving this service shortfall was the large increase in consents and staff shortages because of our competitive job market. Significant projects

in the City continue to apply for building consents and this will flow into an increased workload for processing and inspections. The region's economic growth in major construction projects is still expected to continue for some time yet, which is against the trend of other regions.

The team continues to build strong relationships with key industry professionals, particularly owners, designers, builders, and developers. The challenges of working within the constraints of Covid-19 restrictions led to innovative methods of maintaining customer contact. Having an established online processing system proved beneficial, and there have been some more resilient practices adopted as a result.

Consultation with, and notification to owners of earthquake-prone buildings (EPB) on priority routes was completed, including other priority building owners (emergency services and education buildings). The national register continues to be populated with confirmed local EPBs, as per the new legislation. This programme has now moved into the next stage of issuing notices and notifying other, non-priority earthquake-prone building owners.

Planning

Land-use and subdivision consent application numbers remained high over the past year. We have also experienced high numbers of public enquiries on land development. We have filled planned vacancies, and this has helped us manage high workloads, yet we still need to use external consultants. We've exceeded expected revenue due to the high consent numbers, yet expenditure on consultants was higher than expected. Overall, our financial position was neutral.

Several significant consents were processed during the year including:

- A team of consultants and Council officers was set up to manage the consenting and approvals of Te Ahu a Turanga (the Manawatū – Tararua Highway project). This is a collaborative team that works for all three Councils (Tararua, Manawatū and PNCC). Construction is well underway, and the consenting and approval process has been working smoothly.
- Multiple Kainga Ora Social housing projects have been consented and are under construction.
- A Countdown Distribution warehouse in the North East Industrial Zone.
- All Saints Church.

The introduction of an Industry Engagement role has helped identify several areas where efficiencies can be gained. Effective KPI's have been developed and a real time electronic dashboard created which is helping the team to identify gaps and where resources are required to be focused.

Regular meetings with key developers and their agents have helped us gain a better understanding of their needs and helped to form positive relationships. This has proven useful during an extremely busy period for the development industry.

Urban Design

The city continues to promote, advocate, and collaborate to ensure sound urban design principles and practices are being applied across projects at many scales by city leaders, city partners, organisations, community groups, businesses, and individuals. The city continues to face many real issues other cities face globally – Covid-19, climate change, traffic congestion, pollution, heat, housing affordability, in-equality, social isolation, physical obesity, overall well-being, and safety. Continued focus is still required by all to work more collaboratively and creatively at all levels to confront and find the local solutions to urban issues.

New multi-unit housing developments are now being constructed and occupied around the city, better meeting our housing needs through higher density - SOHO Developments and Papaioea Place being good examples. The city is seeing an increase in multi-unit housing projects coming into council for pre-application and resource consent. Where many proposals were for single level, stand-alone infill or 2-3 unit duplex developments previously, many are now seeking a greater density and more terraced housing or apartments complexes over 2 –3 storeys. There is still little movement or interest from private developers in redeveloping city centre buildings to mixed use or residential living.

Council officers and some communities have made a substantial effort through Waka Kotahi's 'Innovating Streets' fund to trial temporary functional and experiential change in the use of our public realm. These being:

- Main St separated cycleway
- Weekends on George
- Square Edge
- Ruha St

All these projects are strategically aligned to council's vision and goals to deliver increased urban cycling infrastructure, improve transport mode choice, improve city centre destination experience, increase city centre vibrancy and improve overall community safety and well-being. These projects are crucial bottom-up urban design techniques that have allowed the city to test out public realm change that makes room for human scaled movement and experiences, re-allocates street space to accommodate other transport modes and contributes to public spaces being more diverse, interesting, comfortable, safe, vibrant, and active.

Further prototyping and trialling public realm change by the organisation and communities will continue to be encouraged to test ideas and learn of solutions before committing to permanent changes and higher financial investment. Collectively these are all types of projects that also allow the city to test how public realm change can assist to lower citywide carbon emissions.

Design review and pre-application processes for commercial and residential developments continued as part of the administration of the District Plan. The Delivering Change fund has been put to clever use on a range of strategically aligned commercial developments, medium density housing proposals and standing up of the Creative City Conversations programme.

Heritage Management

Working with owners of earthquake-prone heritage buildings was the key focus for heritage management. This meant we

concentrated on helping owners understand the process, options, and costs of addressing the earthquake-prone status of their buildings. Supporting this the allocation of the Heritage Fund was completed. An assessment of ground conditions in the city centre was started to provide greater certainty seismic assessments of earthquake-prone buildings.

ONGOING CONSIDERATIONS

Housing and Future Development

A key focus for Council will be improving residential land supply and assessing the distribution of retail and office activities in the city. These priorities have been determined by the Housing and Business Needs Assessment. Promotion of minor-dwellings to quickly increase affordable rental housing stock in the city will be undertaken. Council also needs to begin aligning its District Plan with new National Planning Standards, including preparing a fully electronic District Plan. Significantly more land for housing will be rezoned to provide for sufficient short, medium, and long-term growth requirements.

Building Control

As building consents grow in volume and complexity, the division is limited in attracting skilled building control staff and is proactively developing our staff. The cadet scheme, partnered with UCOL, has been successful, yet it is time-consuming and unable to meet current demand. New, unskilled staff require training to meet for on-the-job training requirements, adding pressure to existing staff and a heavier reliance on contracted resources. A remuneration and structure review, currently underway, will support the service more favourably to attract skilled staff.

Planning

A strong focus will be placed on the well-being of staff who operate in a pressure environment that involves meeting timeframes and dealing with difficult situations. Planning services will continue to focus on creating better efficiencies within our core roles. There will also be a focus on developing better development plans through the Growth track program. Collaboration with our neighbour Councils on consenting matters and the Resource Management Act reform proposals will also be a priority.

Urban Design

Council will continue to advocate, promote good 'city making' practices and communicate the benefits of good urban design outcomes with both the private development community and council officers delivering council led public projects. Although reduced, the 'Delivering Change' fund will continue to be used to co-create and shape good urban design outcomes across various key city developments, especially in assisting in delivering more medium-density housing projects. The Creative City Conversations programme will continue to provide opportunity for those seeking a deeper understanding of good 'city making' and allow to build a deeper reach and civic debate with citizens, interest groups, organisations, professionals, and city leaders.

Heritage Management

Continuing to build Council's relationships with owners of earthquake prone heritage buildings will be central to Council's priorities for the future. Earthquake prone buildings remain the most critical heritage management issue facing the city.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council rezones land and reviews the District Plan provisions to ensure land supply continues to exceed demand. [Housing and Future Development Plan]	1. There is a continual supply of land for at least 1,900 greenfield residential sections.	Target not met	There are 1,320 greenfield sections available, as identified in the 2021 Housing Capacity Assessment. While capacity is lower than the target set, housing supply is being provided primarily through infill/intensification, which places a lower emphasis on greenfield supply needing to be as high. New targets for 2022 require only a rolling supply of 200 lots per year for the next 3 years. Therefore, greenfield supply will be sufficient to meet central government's requirements for at least the next 3 years.
	2. Ratio of lower quartile home price to median household income. (This measures whether a household that is renting can afford to buy a home. It is part of the MBIE set of indicators and will allow comparisons with other Councils. Council has no target set yet.)	Target not met	The ratio of lower quartile price to median household income was 67.5% in the December 2018 quarter. The housing affordability indicator was last updated by the Ministry of Housing and Urban Development in July 2019. (2019/20 - 74% below the 2013 National Affordability Benchmark)
Council processes planning and building consents to support growth. [Housing and Future Development Plan]	3. At least 95% of resource consent applications are processed within statutory timeframes.	Target not met	85% (378 of 444) of consents were processed within statutory timeframes compared to last year's result which was 65%. Communication with the development community about potential delays will continue. Consent numbers and enquiries for development remain very high and analysis of resourcing requirements are regularly assessed. (2019/20 - 65% - 321 of 492)
	4. At least 95% of building consent applications are processed within statutory timeframes.	Target not met	Year to date: Of 1,413 consents processed, 1,321 (93%) were within the statutory timeframe. This year has seen an increase in both building consent volume and complexity while recruitment and retention of staff has become difficult. (2019/20 - 95% - 1,187 of 1,254)
	5. Council keeps its status as an accredited building consent authority.	Target met	PNCC was re-assessed as a Building Consent Authority in April 2021. Following successful completion of the current non-compliance action plan, re-accreditation is likely to be offered from July 2021.
Council provides water, transport and waste infrastructure to support growth. [Growth Infrastructure Plan]	6. At least three years of housing and business land with services is immediately available.	Target met	Housing will increasingly need to be accommodated through infill/intensification. More commercial land will need to be rezoned in 2023 to ensure ongoing supply matches demand needs.
Council uses and promotes the principles of good urban design to have high-quality public and private developments. [Urban Design Plan]	7. Council development projects reflect principles of good urban design.	Target met	Streets for people is giving effect to strategic direction regarding urban design. For example, Square East between the Plaza and bus depot and the Esplanade entrance.
Council manages its City Development Activity in a financially sustainable way.	8. Major services and projects are provided within budget.	Target met	Major services and projects have been delivered within budget.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
City Development				
REVENUE				
Building Services	4,414	3,255	1,159	4,216
Planning Services - Private	1,596	833	763	973
TOTAL REVENUE	6,010	4,088	1,922	5,189
EXPENSES				
Building Services	5,836	5,153	(683)	5,776
Heritage Management	194	195	1	177
Planning Services - Private	1,585	719	(866)	1,407
Planning Services - Public	595	880	285	777
Urban Design	381	353	(28)	411
TOTAL EXPENSES	8,591	7,300	(1,291)	8,548
NET OPERATING COST OF ACTIVITY	(2,581)	(3,212)	631	(3,359)
RATING ALLOCATION				
Add back depreciation	-	1	(1)	-
Add general rates allocation	2,581	3,211	(630)	3,359
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Building and resource consents processed were considerably higher than budgeted for leading to higher revenue in both Building Services and Planning Services-Private. This also incurred additional costs to ensure timely performance.



Street art near Main Street

STRATEGIC TRANSPORT (ROADING) ACTIVITY

WHAT THE COUNCIL DOES

Our transport network forms a vital part of Council’s vision for a growing and environmentally sustainable city. It is essential people have an integrated transport network enabling them to access business, social, cultural and recreational opportunities easily.

Council develops and manages our transport network to ensure safe and efficient movement for people, goods and services. Different methods of transport are effectively prioritised in our roading design to provide safe and convenient options for travel. Infrastructure such as cycleways, walkways, bus stops and bus shelters are provided to promote active transport as an alternative to vehicle traffic. Heavy vehicle use is discouraged on routes where residential or active transport is prioritised.

KEY ACHIEVEMENTS

Resealed 28 km of roading

Replaced 602m of kerb and channel

Speed limits changes were made, making our city safer

Regional freight ring road endorsed by Waka Kotahi



WHAT HAPPENED IN THE YEAR

Maintenance and Renewal

Throughout the year, our maintenance and renewal programmes sought to ensure our network standards continued to improve, with operational fault issues corrected to the required standard as soon as practicable. Contracted works were not fully delivered on the pavement renewal programme, resulting in a backlog of renewal work and continued deterioration on parts of the network. The expenditure realised from this underspend was directed to additional resurfacing jobs to enable improvements to network conditions.

Our investment in renewals around the network for 2020/21 included the following:

- Resealed 28 km of roading (5.4% of the sealed network)
- Replaced 602m of kerb and channel
- Undertook 1305 road surface repairs
- Vegetation management, street sweeping, sump cleaning, and asset inspection were generally undertaken according to the contract requirements.

Network Improvements

The key focus of capital investment continues to be safety improvements with the following initiatives completed:

- Raised Platforms and a raised school crossing were constructed on Benmore Avenue to calm traffic along the street due to high vehicle volumes and speeds.
- The intersection of Park Road, Cook Street and entrance to the Esplanade has been upgraded to traffic signals to improve accessibility for pedestrians, cyclists and vehicles.
- A roundabout has been constructed at the intersection of Monrad, Pencarrow, and Ronberg Streets to reduce vehicle speeds and improve road safety.
- A raised courtesy crossing has been constructed on Ruapehu Drive near Peren Park to improve pedestrian safety.
- A mid-block pedestrian refuge on Wood Street near Guy Avenue has been constructed to improve pedestrian safety.
- Right Turn Bays have been installed on Bunnythorpe Ashhurst Road at the intersections of Kelvin Grove Road and Watershed Road to reduce the likelihood of rear-end crashes and enable safer righthand turns.
- The intersection of Pioneer Highway, Lyndhurst Street and West Street has been modified to restrict specific movements to improve safety.
- Speed limits have changed in various parts of the city under Stage 1 of the Speed Limit Bylaw Review. Areas where changes have been made include Tennent Drive, Pahiatua Aokautere Road, Milson/Bunnythorpe and Ashhurst. In all cases speeds have been reduced to align with the new limit changes.
- Pedestrian steps and a new path have been constructed on Turitea Road near Valley Views

Streetlight upgrades across the city were completed. This work involved installing extra streetlights (infill streetlights) to improve evening lighting levels. The streets that were upgraded in 2020/21 were Ellesmere Crescent, Cobb Place, Sefton Avenue, Pencarrow Street, Chadwick Place, Aberdeen Avenue, Beresford Street, Forbury Avenue, Guy Avenue, Havill Street, Richmond Avenue, Carow Street, Fitchett Street, Dittmer Drive, Ruha Street and Patea Place.

Over the last 18 months, Council has been working with Waka Kotahi to transition the operation of the city's traffic signals to Waka Kotahi's Wellington Traffic Operations Centre. The process of traffic signals is highly technical, requiring external experience to ensure proper maintenance and optimisation. The transition to Waka Kotahi will see a more responsive system to faults and enables better planned maintenance. The network can be audited to improve traffic flow and prioritise specific modes (e.g. pedestrians or cyclists) and movements.

Regional Freight

Council is continuing to work collaboratively with Waka Kotahi, New Zealand Transport Agency and other partners to implement the various elements of the PNITI (Palmerston North Integrated Transport Initiative). Known as the Freight Ring Road – following the endorsement of the PNITI Network Options Report by the Waka Kotahi board in early 2021.

KiwiRail's Palmerston North Regional Freight Hub work is also progressing, with the Notice of Requirement for the designation of land publicly notified in February 2021. Both projects are highly complementary and are critical to ensuring that the city achieves its strategic goals of being a highly attractive freight and distribution hub for the region.

ONGOING CONSIDERATIONS

In line with government's new 'Road to Zero' road safety focus, Council has collaborated with NZTA to identify safety priorities and treatments across the network to be included in a safety network programme of work. This programme will be complemented by Council's minor road safety programme of work targeting minor safety interventions. Council is also working to adopt new mechanisms to develop and implement speed limits on the city's network, in conjunction with new guidance from Waka Kotahi and the Ministry of Transport.

As Palmerston North grows, congestion on key roads in the city will become more common. Resolving these capacity issues along with increased safety risks and generation of emissions will require major infrastructure and behavior change programmes aimed at making alternative modes such as walking, cycling and public transport more viable for more people more often. Council will continue to prioritise the development of infrastructure to support safer cycling routes, pedestrian-friendly spaces, and improved and accessible bus services.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council provides an interconnected transport system to safely, reliably and efficiently get freight, services, and people where they need to be. [Strategic Transport Plan]	1. Percentage of requests for service relating to roads and footpaths responded to (with at least an initial formal response) within three working days. (greater than 95%)	Target not met	4,520 of the 6,265 requests for service received (72.14%) were responded to within three working days. Achievement of this target is not considered achievable given most RFS relate to non-urgent work requests. Activity Managers will identify the subset of all RFS which should be responded to in three days based on urgency and criticality and seek an amendment to the KPI to reflect this. (2019/20 - 82.7% - 4,663 of 5,641)
Council provides an adequate supply of parking for economic growth and to encourage a strong culture of walking, cycling and public transport use. [Strategic Transport Plan]	2. The average quality of ride on the sealed local road network, measured by smooth travel exposure. (STE greater than 80%)	Target met	The average quality of ride on the sealed local road network is 85%. (2019/20 - 82%)
Council provides a safe, reliable and interconnected transport system that provide priority for active and public transport users. [Active Transport Plan]	3. Decline in the number of fatal and serious injury crashes from the previous financial year on the city's local roading network.	Target met	A total of 29 fatal and serious injury crashes have occurred in the 12 months to 30 June 2021, compared to 43 recorded in the 12 month period to 30 June 2020. (2019/20 - 43)
	4. Decline in five year rolling average in the number of fatal and serious injury accidents.	Target not met	A total of 32.8 fatal and serious injuries on average per year were recorded for the five year period ending 30 June 2021, compared with 32.8 fatal and serious injuries per annum for the five year period ending 30 June 2021 (2019/20 - 32.6)
Council provides transport infrastructure to support growth. [Growth Infrastructure Plan]	5. Percentage of sealed roads that are resurfaced each year. (Greater than 3.5%)	Target met	The total sealed network is 523.3km. Resurfaced network total for 20/21 is 28 km (3.5% of the network is 18.3km). (2019/20 - 3% - 16km)
	6. The percentage of footpaths that meet Council standard. (Note: Council is developing an improved system for monitoring footpath standards. It is based on IPWEA (Institute of Public Works Engineering Australasia). Footpath Condition Rating Standard, and Standard and will be a much more robust way of measuring and prioritizing footpath maintenance and renewals. The results in the first year of its use will be used to set new targets for subsequent years).	Target met	A repeat survey of footpath condition has just been completed which confirms that 95.5% of footpaths meet council standard, with a condition score of grade 1, 2 or 3. The total length of faults with a condition grading of 4 or 5 is 25.5km, which equates to 3,133 individual faults captured. (2019/20 - 90%)
	7. A 30-year Asset Management Plan is in place and major AMP projects approved in the 10 Year Plan are achieved.	Target not met	The 30 Year Asset Management Plan (2017-2047) for the 2018-21 LTP was adopted in 2018. Road pavement renewals for 2020/21 were not achieved. Contractor capacity and constraint on resources affected delivery.
Council manages its Strategic Transport (Roading) and Active and Public Transport Activities in a financially sustainable way.	8. Major services and projects are provided within budget.	Target not met	Routine maintenance and renewals for footpaths and sealed road resurfacing were delivered within budget. However, road pavement renewals were not delivered against budget, with Council's share (49%) of excess budget now carried forward into FY 2021/22. Contractor capacity and constraints on resources affected tendering and procurement of delivery. Community engagement and consultation on some programmes (Urban Cycle Network Development, Aokautere Drive Pedestrian Cycle Improvements, Summerhill Drive Pedestrian Cycle Improvement) and pending announcements on Kiwi Rail Hub led to delays in progressing works.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Strategic Transport (Roading)	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
REVENUE				
Parking	4,309	3,296	1,013	3,370
Roads	2,582	2,318	264	2,467
Street Facilities	207	135	72	161
Street Lighting	391	421	(30)	366
Traffic Services	528	671	(143)	530
TOTAL REVENUE	8,017	6,841	1,176	6,894
EXPENSES				
Parking	2,542	2,815	273	2,457
Roads	12,354	14,909	2,555	13,159
Street Facilities	2,703	2,513	(190)	2,494
Street Lighting	1,859	2,021	162	1,946
Traffic Services	2,686	2,721	35	2,479
TOTAL EXPENSES	22,144	24,979	2,835	22,535
NET OPERATING COST OF ACTIVITY	(14,127)	(18,138)	4,011	(15,641)
RATING ALLOCATION				
Add back depreciation	8,358	10,140	(1,782)	8,577
Less Renewal capital expenditure	(3,491)	(4,579)	1,088	(4,688)
Add/(Less) borrowing effect of renewal 3 year averaging	(1,234)	(1,234)	-	(288)
Add external revenue for renewal capital	2,142	2,184	(42)	2,659
Less provision for debt reduction	(1,397)	(1,397)	-	(920)
Add general rates allocation	9,749	13,024	(3,275)	10,301
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Parking revenue budget was lowered due to Covid-19 assumptions of reduced economic activity which did not eventuate. Roads expenses were lower mainly due to depreciation expense being lower than budget.

Significant Activity Capital Projects Strategic Transport (Roading)	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
CAPITAL RENEWAL				
74-City-wide - Street Light Replacements	96	141	45	
82-City-wide - Off Street Parking Resurfacing, Remarketing and Signage Replacement	8	15	7	
115-City-wide - Sealed Pavement Renewals	186	1,937	1,751	
122-City-wide - Road Drainage Replacements	292	358	66	
139-City-wide - Sealed Road Resurfacing	2,692	1,844	(848)	
155-City-wide - Street Tree Replacements	64	61	(3)	
162-City-wide - Vehicle Crossing Replacements	101	100	(1)	
1443-City-wide - Road Drainage Replacements (Unsubsidised)	53	123	70	
TOTAL CAPITAL RENEWAL	3,492	4,579	1,087	4,688

Significant Activity Capital Projects	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
Strategic Transport (Roading)				
CAPITAL NEW				
163-City-wide - New Street Tree Planting	85	90	5	
167-Urban Growth - Whakarongo - James Line Upgrade - Stage 4	28	143	115	
201-City-wide - Roading Subdivision Contributions	322	170	(152)	
244-City Centre Streetscape Plan - Square East (Plaza to ANZ)	1,374	500	(874)	
279-City-wide - Minor Road Projects	1,066	951	(115)	
324-Park Road / Cook Street - Intersection Upgrade	735	630	(105)	
719-College Street - Implementation Plan for Transport Upgrade	17	-	(17)	
910-Ferguson Street (Linton Street to Pitt Street) - Road Widening and Traffic Signal Installation	110	150	40	
1003-Urban Growth - Whakarongo - Intersection Upgrades	-	100	100	
1089-Industrial Growth - NEIZ - Richardsons Line Upgrade	60	-	(60)	
1183-Stoney Creek Road (School) Safety Upgrade	39	-	(39)	
1362-Roberts/Railway Road North Intersection Safety Realignment	32	300	268	
1367-Street Light Infill Improvements	923	865	(58)	
1440-Cuba Street urban streetscape improvements - Rangitikei to George Street (Stage 2)	173	605	432	
1488-Seal extension Rural Unsealed Road	257	511	254	
1578-Monrad Pencarrow Roundabout installation	824	600	(224)	
1615-City Wide - Parking and Traffic Signs and Marking	27	75	48	
1623-College Street Upgrade Parking Mitigation	240	180	(60)	
TOTAL CAPITAL NEW	6,312	5,870	(442)	7,304
TOTAL CAPITAL PROJECTS	9,804	10,449	645	11,992

Some of the capital projects have been unable to be proceeded with or completed and are to be carried forward to future years for completion. Some of the projects to be carried forward include:

- 115-City-wide - Sealed Pavement Renewals
- 244-City Centre Streetscape Plan - Square East (Plaza to ANZ)
- 1362-Roberts/Railway Road North Intersection Safety Realignment
- 324-Park Road / Cook Street - Intersection Upgrade
- 1578-Monrad Pencarrow Roundabout installation
- 1003-Urban Growth - Whakarongo - Intersection Upgrades
- 1440-Cuba Street urban streetscape improvements - Rangitikei to George Street (Stage 2)

ECONOMIC DEVELOPMENT ACTIVITY

CENTRAL ECONOMIC DEVELOPMENT AGENCY

CONFERENCE AND FUNCTION CENTRE

INTERNATIONAL RELATIONS

WHAT THE COUNCIL DOES

Council works directly alongside other organisations to create a robust economic environment for the city. Council provides business support services as well as funding for generating visitation and other activities that support economic development. Council works to increase the city's profile as a welcoming and productive city that offers attractive opportunities for business and employment. This includes funding to cement Palmerston North as a city of choice for events, and will attract visitors.

KEY ACHIEVEMENTS

119 media features **showcasing the City's economic strengths**

CEDA supported 170 business to **uplift their digital capability**

The Conference and Function Centre held **334 events** + contributed \$2.05m in **economic benefit to the city**

Sister City established in Mihara City, Japan

View of the Hopwood Clock Tower



WHAT HAPPENED IN THE YEAR

Central Economic Development Agency (CEDA)

The Central Economic Development Agency (CEDA) was established to drive economic growth across the Manawatū region. The organisation is a joint venture of Palmerston North City Council and Manawatū District Council and has been operating since September 2016.

Throughout this financial year, the Central Economic Development Agency (CEDA) implemented several strategic programmes and activities, including:

- The Central New Zealand Distribution Hub Draft Strategy has been completed, with the final strategy set for launch in late 2021. Terms of reference for the Reference and Steering Committee have been completed, with implementation to commence in July.
- The Regional AgriTech Strategy. Implementation for year three included partnering with an agency to promote the regions strengths in agritech, and support of Sprout Agritech and the Roaming Networker, ensuring collaboration across the region on Agritech. New Zealand AgriFood Week Collaboration lunch was held in November 2020 and the week itself delivered in May, with 17 events attended by over 1,200 people.
- Sort it Careers - Food and Fibre Edition was held as part of New Zealand AgriFood Week and hosted 18 exhibitors and 12 guest speakers. The key objective of the Food and Fibre edition was to highlight the career opportunities from food tech to farming in the region, along with those industries that provide support to this important sector.
- The Manawatū Destination Management Plan implementation for year two has included:
 - Securing of \$700,000 from MBIE's Strategic Tourism Asset Protection Programme (STAPP) to accelerate the implementation of the Plan.
 - Support of over 170 business to uplift their digital capability.
 - Partnership with Tourism New Zealand
 - Generation of over 917,000 views on imagery uploaded to Google Maps.
 - Coastal Arts Trail development in partnership with Whanganui and Taranaki to create a multi-region itinerary and touring route.
 - \$375,000 grant funding from MBIE for a Regional Events Fund with the purpose of stimulating domestic tourism.
- Facilitation of the Rangitāne o Manawatū Three Year Māori Tourism Strategy in conjunction with representatives from Rangitāne.
- Targeted marketing and content development initiatives to stimulate domestic tourism and regain and grow our pre-Covid visitor market.
- Marketing the city and region. More than 119 media features supported by CEDA provided coverage of the city and region's economic strengths and position and showcasing the region. This is a combined audience reach of more than 19 million readers, viewers and listeners. This outcome was supported by the \$700,000 in Strategic Tourism Asset Protection Programme funding secured by CEDA through MBIE to support regional tourism after the impacts of Covid-19.
- Spring Campaign. CEDA led a targeted marketing campaign across spring and early summer, providing support to the regions visitor sector and significantly lifting the profile in a competitive market. The campaign had an audience reach of more than 3.5million, increased website sessions to regional website ManawatūNZ.co.nz by 37.91% YOY.
- Te Āpiti - Manawatū Gorge tourism potential project has been integrated into Te Āpiti Master Plan, and a robust business case developed to outline the two catalyst projects required to transform Te Āpiti into an iconic lower North Island recreation destination. A high-level funding scope has been prepared to identify investment opportunities including public private partnerships, trusts and central government funding.
- CEDA led the implementation of a multi-regional partnership to support the NZ Defence Force with the relocation of their Whenuapai workforce to Ohakea. This included the creation of a micro-website and collateral to provide the Defence Force with key information and compelling lifestyle messaging to support their people relocating here.
- Te Aho Tāmaka. A network of local industry leaders provided mentoring, internships and investment to future regional leaders. 13 engagements were undertaken with Te Aho Tāmaka leaders including the induction of Dr David Kirk MBE into the programme to support raising global recognition of the programme and the region.
- Support provided to Talent Central, in the co-development of Pathways to Employment for the; Primary Sector; Dairy, Beef, Sheep, Horticulture and Logistics, Distribution and Transport, with industry.
- 345 Palmerston North businesses (including 13 Māori businesses) received support through engagement with CEDA and the Regional Business Partner Programme. \$902,955 vouchers were issued to these businesses through government Covid-19 support, the Tourism Transition Fund and NZTE capability funding.

Conference and Function Centre

Hosts a range of events that bring significant economic benefit to the city. The number of events and attendance over the past three years has been strong and the 2020/21 financial year was in line with previous years' achievements with the exception to conferences, which have been slow to get restarted after the impact of Covid-19 restrictions.

At the start of the financial year, consumer and business confidence was down due to fear of Covid-19 and the restrictions that were in place at different alert levels. Business improved significantly from October onwards as confidence grew and are very strong looking forward.

This year the venue hosted 334 events over the period, including:

- 236 Seminars/Meetings
- 83 Social Events
- 3 Exhibitions
- 2 Conferences
- 1 Wedding

The Conference and Function Centre contributed \$2.05m in direct economic benefit to the city over the past financial year. This was \$.6m less than last year, reflecting reduced conference activity due to Covid-19 factors.

International Relations

Council continues to build on the city's reputation with global partners. A key focus was advancing Palmerston North's Global City Partnerships (Sister Cities), including our newly established relationship with Mihara City, Japan, and raising the profile of Palmerston North with key embassies and high commissions in New Zealand.

These relationships have helped increase international awareness, and exchanges with our city, including education, business, tourism and community delegations. The International Relations Office continues to support Council's plan to strengthen international connections for a strong, diverse and sustainable economy.

The global Covid-19 pandemic travel restrictions affected much of Council's planned international delegation activities for 2020/21.

Despite this, global partnerships continued to be active and beneficial for the city. Council has pivoted the International Relations programme during the pandemic period and positioned the city well for future engagement. This included strengthened digital engagement (such as international video conferencing) with global city partners and planning for future international and diplomatic corps visits to support key parts of our local economy.

ONGOING CONSIDERATIONS

CEDA

It will be important that Council and CEDA continue to work closely to ensure the smooth transition of city marketing, business conferences and events and international education from CEDA to Council.

Council has signalled an intention to review the current shareholding arrangements for CEDA. This will require a conversation with Manawatū District Council and will need to be set within the context of pending Government reform that will likely impact the local government sector over the coming years.

Conference and function centre

Confidence has grown from the business and community sectors that risks associated with Covid-19 have diminished. This has seen a significant increase in bookings for the next 12 months in conferences with 15 booked for the next financial year compared with two hosted over the past year. From a venue's perspective, the focus over the past year has been on building confidence within the sectors we operate, marketing our services, and ensuring our service levels to clients are of the highest standard.

The venue must continue to actively market itself and the greater city benefits to prospective clients for the economic well-being of our community. There will continue to be greater competition as major cities around the country that generally focus on the international visitor market will target regional conferences and business activity due to border restrictions. The venue's flexibility, full-service options and points of difference will therefore continue to be important.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
<p>Council funds external organisations to create and enable opportunities for employment and growth in line with Council’s strategies. [Economic Development Plan]</p>	<p>1. Funding is distributed, and the contract deliverables achieved with the funding will be described.</p>	<p>Target met</p>	<p>Funding and deliverables in accordance with approved statement of intent. Eg CEDA worked on Central New Zealand Distribution Hub Draft Strategy and Regional AgriTech Strategy. AgriFood Week involved 17 events, attended by over 1,200 people. Multi-regional partnership to support the NZ Defence Force with the relocation of their Whenuapai workforce to Ohakea. 345 Palmerston North businesses (including 13 Māori businesses) received support through engagement with CEDA and the Regional Business Partner Programme. \$902,955 vouchers were issued to these businesses through government Covid-19 support, the Tourism Transition Fund and NZTE capability funding.</p>
<p>Council manages its Economic Development Activity in a financially sustainable way.</p>	<p>2. Major services and projects are provided within budget.</p>	<p>Target met</p>	<p>Services are provided within budget. Capital projects are on track on budget.</p>



FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
Economic Development				
REVENUE				
Conference and Function Centre	671	564	107	660
Economic Development	191	163	28	504
TOTAL REVENUE	862	727	135	1,164
EXPENSES				
Conference and Function Centre	1,392	1,483	91	1,594
Economic Development	2,638	2,476	(162)	2,747
International Relations	200	301	101	267
TOTAL EXPENSES	4,230	4,260	30	4,608
NET OPERATING COST OF ACTIVITY	(3,368)	(3,533)	165	(3,444)
RATING ALLOCATION				
Add back depreciation	534	470	64	544
Less Renewal capital expenditure	(266)	(300)	34	(386)
Add/(Less) borrowing effect of renewal 3 year averaging	(25)	(25)	-	(19)
Less Provision for debt reduction	(14)	(14)	-	(19)
Add general rates allocation	3,139	3,402	(263)	3,324
FUNDING SURPLUS/(DEFICIT)	-	-	-	-
Significant Activity Capital Projects				
Economic Development				
CAPITAL RENEWAL				
251-Conference and Function Centre - Replacement of Equipment	34	36	2	
270-Investment Properties - Holiday Park - Renewals	156	180	24	
664-Conference and Function Centre - Renewals	5	13	8	
1166-Conference and Function Centre - Equipment Purchases	71	71	-	
TOTAL CAPITAL RENEWAL	266	300	34	386
CAPITAL NEW				
TOTAL CAPITAL NEW	-	-	-	91
TOTAL CAPITAL PROJECTS	266	300	34	477



GOAL 2

**CREATIVE AND
EXCITING CITY**



ACTIVE PUBLIC SPACE ACTIVITY

WHAT THE COUNCIL DOES

Council works directly alongside other organisations to create a robust economic environment for the city. Council provides business support services as well as funding for generating visitation and other activities that support economic development. Council works to increase the city’s profile as a welcoming and productive city that offers attractive opportunities for business and employment. This includes funding to cement Palmerston North as a city of choice for events, and will attract visitors.

KEY ACHIEVEMENTS

- The ‘**Urban Eels**’ platform opened
- Bridge to Bridge pathway** sealed
- Albert Street forest **timber forts completed**
- Supported community led **fruit tree planting**
- Jazz and Blues festival** commemorated 53 years



He Ara Kotahi River Pathway

WHAT HAPPENED IN THE YEAR

Streetscape/City Centre Plan

Council's vision to create a vibrant and exciting city-centre with great places for all people, including families, continues to advance. Development of key city centre spaces is now well underway to create a highly accessible, walkable, connected and prosperous destination in the heart of our City.

Technical design and engagement on Streets for People has been wrapped up as one package of works to make the project more attractive for tendering.

The preliminary step for delivering stage two of the Cuba Link has commenced, with technical design and engagement completed and the project out for tender.

Innovating Streets for People projects have increased the level of identity around Square Edge, provided an easier way for George Street businesses to activate their street, and has increased cycle accessibility to the city centre from Highbury, Takaro, Awapuni, and Longburn.

The Business Improvement District Policy has been completed, and with a successful establishment vote to establish the Palmy BID Association, a partner representing central city stakeholders, will now be able to contribute to the shaping of programmes in the future.

People will be encouraged to arrive by different modes, connect easily, do business, stay longer and spend more time shopping, dining out and attending events with family and friends.

Manawatū River Framework

The Manawatū River Framework consists of several programmes to increase the vibrancy, appreciation, and overall visitation of the river and its environs.

Several projects have taken place over the 2020/21 financial year. Here are four key examples proving very popular with the public.

- In late July 2020, the 'Urban Eels' platform was formally opened. It gives the public a chance to view eels at close quarters from a safe concrete platform in a beautiful location at the river end of the Turitea Stream. The project is the outcome of a close working partnership of Rangitāne and community groups, Council and Horizons Regional Council.
- In another project, the 'bridge to bridge' section of the old limestone surface of the river pathway on the Massey side has been tar sealed. This provides a more resilient all-weather path making it especially easy for those with scooters, skateboards and strollers.
- Beside the Esplanade Rail Station works are nearing completion on the new entranceway to the river pathway which will feature a wide shared path with amenity planting, new fencing, seating and a shade structure. These features will provide for an upgraded access experience compared to the old narrow track it replaces.

- To the east in the Albert Street Forest area the natural play theme was enhanced with timber forts being built along with an extension to the existing mountain bike trail.

Placemaking and Palmy Unleashed

Council's vision is to have a city with great places for all people, particularly families. Placemaking supports this through making the contributions of the community to public space leadership easy and self-determining. The increase in community organising power observed at the Awapuni Shopping Centre (River Stop), 4412 area (Ora Konnect), and City Centre (Palmy BID), shows placemaking principles in effect.

Pilot projects centred around communities though the Innovating Streets for People Programme have proven the role that streets play as places, e.g. Weekends on George and the Square Edge Place Pilot.

The parklet programme has captured the attention of a broader business community beyond the city centre and has become a tool to reinforce visible public life in village centres. In collaboration with the New Zealand Institute of Landscape Architects, Palmerston North's first Park(ing) Day had captured the imagination of thirteen participants to highlight the many ways that parking space could be converted into a gathering place for people.

Capital programmes such as Streets for People and the Cuba Street Renewal continue to increase the amount of space that the business community can leverage for street engagement. Changes to communications about outdoor dining has seen an increase in activity at the street edge.

Rangitāne o Manawatū artists have been installing tactical art installations to increase meaning behind spaces and places, e.g. at the city entrances and within/around Te Marae o Hine - The Square. The expression of these artists is a sign that Council's 'permission to act' culture is working effectively.

Vegetation programmes have been effective at responding to community leadership and encouraging participation. Palmerston North had trialed its first community-led street tree planting with the Balrickard Way community, and the fruit tree programme has been supporting partnerships with youth in the Highbury area. Recent interest in community gardens has highlighted the need for enabling processes and guidelines.

The Unbox pop-up place had served as an effective engagement tool for the City Ambassador Programme during summer and continues to support the activation of greenspaces around the UCOL campus. Play pilots from the Unbox had successfully informed the installation of a semi-permanent streetball hoop in Te Marae o Hine - The Square. The third Passport to Play edition supported the Global Parents Network through the Welcoming Communities initiative to produce an activity trail that recognises some of the multicultural references in the City.

Palmy Unleashed continued to support new initiatives in the central city with most activations utilising Te Marae o Hine – The Square. A wide range of events were supported (small business, visual arts, music, sports and culturally significant).

These events were:

Downtown Spring Markets, Block Party in The Square, Spring films in The Square, City Summer Volleyball Fest in The Square and Dia de los Muertos – Day of the Dead on George Street.

Events and Festivals

Covid-19 continued to have a major impact on Events. This year saw the team navigate issues around contingency planning and community engagement. We continued to improve our successful annual economic and community event programme through four areas of focus: major events, festivals and cultural events, community and civic events, and Palmy Unleashed.

This year there was a significant increase in collaborative planning and delivery of cultural events and initiatives in the City:

- Matariki Puanga in collaboration with Rangitāne
- Diwali with Indian Communities, Manawatū Multicultural Council (MMC) and Office of Ethnic Communities
- Lunar New Year and Moon Festival with east Asian Communities, MMC and Office of Ethnic Communities
- Eid Fitr with Muslim Communities and Office of Ethnic Communities

We also successfully delivered a programme of community and commemorative events including Fireworks over the River, Christmas, New Year’s Eve, Explore Esplanade Day, the award-winning Festival of Cultures and Lantern Parade. Explore Esplanade Day was moved from Children’s Day to late April due to Covid-19 alert level changes. The team was able to deploy contingency plans and move this event.

Council continued facilitating opportunities for new and existing community-focused events and saw increased public space bookings post Covid-19 closures.

Anzac Day Dawn Service returned this year after Covid-19 cancellations in 2020. In collaboration with the PNAAOC and local RSA. Council’s events and communications team supported the delivery of Anzac services along with a service Charter Parade to tie in with Palmerston North’s 150th commemorations. This was a fitting addition to recognise the return of Anzac Day services this year.

Significant Events and Partnerships

Significant events Council contributed to, or delivered directly, that contributed to the economic development activity through local visitor economy included:

- Gravel and Tar UCI Road Cycling Events

The Gravel and Tar Classic cycling race is the only UCI accredited 1.2 level (one day, level 2) cycling event in Australasia designed to showcase the Manawatū region to elite and local recreational cyclists.

- Ford Ranger New Zealand Rural Games

The New Zealand Rural Games is New Zealand’s premier celebration of rural sports attracting top competitors, including national and world champions, from throughout New Zealand and Australia. In 2020, the Rural Games was the last of the large-scale events permitted to be delivered under New Zealand’s Covid-19 alert level system.

- Manawatū Jazz and Blues Festival

The Jazz and Blues Festival commemorated 53 years of Jazz performances in the City with a vibrant café performance schedule and large shows at The Globe and Regent Theatre. While primarily catering to local audiences, several out-of-town performers and bands were welcomed to the city. The secondary school’s competition continue to attract bands from throughout the country.

- National Young Performer Awards

Palmerston North has been home to the National Young Performer Awards (NYPA) for the past six years, and in 2018, Palmerston North City Council entered a Civic Partnership with PACANZ, naming Palmerston North as the permanent home to the event. The three-day event is held annually at The Regent, is a national competition comprising of alternating performing art forms.

ONGOING CONSIDERATIONS

Streetscape/City Centre Plan

To support the activation of the CBD and Te Marae o Hine - The Square, Council is working on a package of speed limit reductions supported by infrastructure improvements to slow traffic through the centre of the City and prioritise pedestrians and active transport users.

Following completion of the Cuba link from Taonui to Rangitikei, the focus will move to completing the link from Te Marae o Hine - The Square to the Central Energy Trust Arena precinct through a streetscape upgrade to the section of Cuba Street from Pitt to Waldegrave Streets.

As part of broader place activation, a programme of work to introduce slow speed environments supported by infrastructure improvements to improve safety and access for pedestrians and active transport users in the city neighbourhood centres is being considered.

The two City Centre Play programmes for pop-up and fixed network play will start this financial year. Coinciding with the formation of the Palmy BID Association and Sport Manawatū new premises around Te Marae o Hine - The Square. This programme will be able to enhance the level of interest within and between precincts to increase pedestrian circulation.

The Parklet Manual is currently under review and will be accepting applications when that is completed this year.

The long-term plan has a dedicated budget to co-fund future tactical urbanism projects with Waka Kotahi, New Zealand Transport Agency. Future priorities and co-creation with the City Centre to reinforce precincts and prototype streetscape plans and elements will need to be considered.

The City Centre Framework will be reviewed this financial year. This project will need to coordinate in with the insights gathered from Streets for People and the Civic and Cultural Precinct Masterplan. Rangitāne o Manawatū and Palmy BID will be integral to the development of a new spatial framework that can be championed across organisational boundaries.

Manawatū River Framework

Another busy programme is planned for the financial year ahead with significant physical works lined up with forward planning on the roll out of other features in later years. The programme includes:

- Installation of Fitzherbert Bridge lighting to provide a large-scale light projection display with capability to easily change presentation material.
- More natural play features built at Albert Street Forest enhance the offering targeted at youth in this area.
- A two-storey high viewing platform is to be constructed at the Turitea Pa to provide expansive views of the Manawatū River, Ahimate Park and the City beyond from this elevated setting.
- The detailed design phase will be entered at the culturally significant Marae Tarata area immediately east of the single channel of the Mangaone Stream and Manawatū River. The high-level aspiration is to naturalise the former gravel extraction pits into a series of large wetlands over the next decade. It is expected that public engagement will begin during the year along with ongoing partnership work with iwi.

Placemaking and Palmy Unleashed

The Placemaking initiative has experienced a growth in local initiatives that require little or no seed funding. Many of these projects have benefitted from enhanced processes and guidelines, which the Placemaking Plan seeks to put a future focus on. The funding commitments Council has made to support parklets and the Passport to Play via the Placemaking seed fund will mean that Council will need to focus seed funding toward overcoming process or policy barriers for community-led projects, rather than resources to enhance projects. The maintenance of the Placemaking seed fund as an operating budget rather than a contestable grant is key to its continued success in supporting agile partnerships with the community.

Future support for the Street Prints Papaioea Festival will be dependent on the availability of external funding, or the festival will be scaled down.

The elimination of the Palmy Unleashed seed fund in the last Long-Term Plan means that the Palmy Unleashed programme will need to be scaled down to an advisory service and connector to other funding sources. Having no operating budget significantly reduces Palmy Unleashed being able to respond to community activation opportunities.

Events and Festivals

Successfully rebuilding the City's event's environment post-Covid-19 to deliver a creative and exciting city with plenty of evening and weekend activities impacts funding ability, event capability and capacity. Continuing to develop our events capability and develop a sustainable city event strategy that enables the delivery of a proportionally blended portfolio of cultural, community, sporting, arts, music, food and beverage events that showcase and use our natural environment and best complement the existing Palmerston North programmed facility-based events are essential to rekindle momentum and growth.

The Kōanga Bonfire event at Ahimate Park has had no dedicated funding since its inception was seed-funded. This event may need to be scaled down or seek co-contributions to continue in the future. This issue is also a consideration for cultural community events such as Diwali, Eid, Lunar New Year, Holi and Moon Festival. A framework is required to consider when community-driven events become part of a council delivered annual programme.

There is no capital budget for renewing community events assets, including event equipment and a community mobile stage. This will impact what Council can support in future community events.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council implements the City Centre Streetscape Plan to increase city centre vibrancy and improve the perception of the city [City Centre Plan]	1. Projects from the City Centre Streetscape Plan are implemented on time and budget.	Target met	This year's work focused on design with a draft technical concept design for Streets for People completed. Stakeholder engagement will commence during the next quarter, along with developing a strategic procurement strategy to mitigate the impacts of delays incurred to date.
Council implements the Manawatū River Framework to increase the use of the river environment for active and passive recreation [Manawatū River Plan]	2. Projects from the Manawatū River Framework are implemented on time and budget.	Target met	Overall the Manawatū River Framework programme is ahead of time and on budget. Cultural: The old shed at Maraetarata will be leased to Rangitāne to accommodate a carving workshop, subject to them obtaining resource consent. Riverside Cycle Activities: Planning is underway for more track development and another skills area. Exercise Equipment: The design work has progressed. There are now three full concepts deployed in computer-aided design for construction. Victoria Esplanade River Entranceway: Concrete is completed up to the rail ticket booth, the pagola is up, and all drainage in place. Turitea Pa site: Fabrication is underway. Wayfinding: All slow-down signs are made and ready for installation. Subway maps are being finalised. Albert Street Tree Forts: The new forts design is now complete. Te Motu o Poutoa: Development of the design scope has progressed at pace, via the working group.
Council provides seed funding and support for people wanting to lead public space projects to develop accessible, active, comfortable and social public places [Placemaking and Palmy Unleashed Plans]	3. Description of the range of public space projects and their outcomes.	Target met	The innovating streets programme delivered the Main Street Cycleway, Sunday's on George Street car free days, Square Edge activation and Ruha Street traffic calming. These projects have utilised tactical urbanism approaches to creating safer environments for active transport. Square East was opened. This finalised the first stage of the Streets for People programme. Central Energy Trust Arena gateway entrance onto Cuba Street and Waldegrave Street was opened. This connection provided an inviting entrance way into the arena and helps activate Cuba Street as part of the wider Cuba Street renewal programme, which seeks to create a pedestrian friendly place experience between the CBD and Arena. Construction of the new Esplanade entrance on Park Road and Cook Street began. Once completed, this new entrance way will provide a safer environment for visitors to access the Victoria Esplanade. It will also provide a safer environment for users of the Lido.
Council co-ordinates the delivery of the city's community and commemorative events and initiatives so Palmerston North has a full events calendar that caters well for different sectors of the city's population [Events and Festivals Plan]	4. Description of the range of community events and initiatives.	Target met	Community events and initiatives were impacted at the beginning of the year due to Covid-19 restrictions on gathering sizes. A range of large Community events were hosted throughout the year including relaunching Passport to Play, Streets for People Party, Spring Films, Koanga Bonfire, Fireworks over the River, Festival of Arts, A Very Palmy Christmas, Lunar New Year, Gravel and Tar and the rescheduled Explore Esplanade Day and Anzac Day commemorations. A diverse range of culturally lead events continue to be developed, partially funded and provided with operational support including Eid Fitr and Diwali. The 150th Event Seed Fund was well subscribed with additional sponsorship money being sourced to allow for a total of \$28,850 grant funding - up from initial amount of \$20,000.
Council funds external organisations to facilitate economic events that will create and enable opportunities for employment and growth in line with Council's strategies. [Events and Festivals Plan]	5. Funding for economic events is distributed and the contract deliverables achieved with the funding are described	Target met	This year funds from the Major Event Fund went to Manawatū Cycling Spree (Gravel and Tar), Armageddon, Jazz Festival, National Young Performer Awards and the Rural Games. In spite of Covid-19 restrictions on events, these major events contributed to the vibrancy of the city and delivered significant economic benefit and visitation.
Council manages its Active Public Space Activity in a financially sustainable way.	6. Major services and projects are provided within budget.	Target not met	Services were not provided on budget. Some capital projects were carried forward to 2021/22.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary

Active Public Space

	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
REVENUE				
Community and Commemorative Events	99	47	52	95
TOTAL REVENUE	99	47	52	95
EXPENSES				
Community and Commemorative Events	1,587	1,420	(167)	1,764
Economic Events	163	206	43	242
Place activation	353	370	17	428
TOTAL EXPENSES	2,103	1,996	(107)	2,434
NET OPERATING COST OF ACTIVITY	(2,004)	(1,949)	(55)	(2,339)
RATING ALLOCATION				
Add back depreciation	11	5	6	8
Less Renewal capital expenditure	1	-	1	(23)
Add/(Less) borrowing effect of renewal 3 year averaging	-	-	-	-
Less provision for debt reduction	(69)	(69)	-	(22)
Add general rates allocation	2,061	2,013	48	2,376
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Significant Activity Capital Projects

Active Public Space

	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
CAPITAL RENEWAL				
TOTAL CAPITAL RENEWAL	-	-	-	23
CAPITAL NEW				
1330-Placemaking Co-created Project	14	15	1	
1473-City Centre Lighting and Projection Demonstration Project	97	-	(97)	
1476-City Centre Laneways Programme	71	20	(51)	
1492-Wayfinding signage CBD area for key public institutions	-	36	36	
TOTAL CAPITAL NEW	182	71	(111)	357
TOTAL CAPITAL PROJECTS	181	71	(110)	380

Some of the capital projects have been unable to be proceeded with or completed and are to be carried forward to future years for completion. Some of the projects to be carried forward include:

1473-City Centre Lighting and Projection Demonstration Project (budget approved through Council with external funding attached)

ARTS, CULTURE AND HERITAGE ACTIVITY

WHAT THE COUNCIL DOES

Thriving arts, cultural and heritage sectors helps create a vibrant and liveable city. This builds local pride, encourages visitors and supports businesses in attracting and retaining talented employees. Council supports the arts and cultural expression in Palmerston North by funding grants for a variety of individual events and projects.

Council resources two major cultural facilities Te Manawa Museum of Art, Science and History, and the Regent on Broadway Theatre. Council also supports several other facilities, such as the Globe Theatre, Caccia Birch, Square Edge and The Stomach music facility.

KEY ACHIEVEMENTS

The 150 Year Community Event Seed fund **supported 21 arts and cultural performances**

Te Manawa is the first museum in NZ to be **certified Dementia Friendly**

Caccia Birch celebrated its **125th anniversary**

The Regent developed **innovative ways to host in Covid-19 Alert Level 2**



Square Edge Arts Centre

WHAT HAPPENED IN THE YEAR

Council supports the Palmerston North art sector with significant community funding. One major scheme is Creative Communities Fund which provides funds to organisations and individuals running projects which encourage participation in local arts activities and support diverse artistic and cultural traditions. The Fund included extra funding from Creative New Zealand as a one-off increase under Government's Arts and Culture Covid-19 Recovery Programme announced in Budget 2020.

The Celebrating Communities Fund also provides grants towards the running of cultural celebrations and City events. Twenty-seven groups received funding, supporting events such as the 2020 Punjabi Festival, the Massey University Student Association Arts and Cultures Festival and Tongan Language Week.

The 150 Year Community Event Seed fund supported 21 arts and cultural performances celebrating the city's 150th anniversary, including the Palmerston North History Symposium, Puoro o te Ngakau – Music of the Heart, and Profiling Pasifika Pioneers in Palmerston North City by the Papaioea Pasifika Trust.

In addition to Council Controlled Organisations (CCOs), we support other art facilities and organisations - Centrepoin, PACIFICA Inc., Rangiwahia Environmental Arts Centre, Square Edge, Snails and Creative Sounds, through our Strategic Priority Grants to enable artists and community members of all ages to enjoy and participate in the arts.

The City welcomed three Artists in Residence during the year: multimedia artist Sorawit Songsataya, Summer Shakespeare director Mel Cook (returning for a second year), and writer Mikaela Nyman, who launched her book *Sista, Stanap Strong!* A Vanuatu Women's Anthology at Square Edge in May. This is a partnership programme with Square Edge Community Arts, Council and Massey University's School of Humanities, Media and Creative Communication.

Council carried out consultation on a proposal to bring Caccia Birch House in-house rather than deliver this service through a CCO. In June, Council decided to proceed with this change, including the development of ongoing community involvement in service delivery.

Cultural Facilities

Council Controlled Organisations (CCOs) were established by Council to govern and operate facilities and services on behalf of Council. Statements of Intent (SOI), similar to annual plans, are negotiated annually and include core activities, budgets and performance measures. In 2020/2021, Council paid over \$3.6 million to CCOs in operating funds, distributed as follows:

- Te Manawa - \$3,231,908
- The Regent - \$238,285
- The Globe - \$116,855
- Caccia Birch - \$108,077

The Covid-19 pandemic continued to have a significant impact on all CCOs due to the threat of lockdown and social distancing requirements. The Cultural CCOs operated under alert level 2 for a total of seven weeks, which restricted the size of events they could host up to 100 people and required social distancing measures to be in place. They have adapted well to managing under the different Covid-19 alert levels and have developed ways to operate under social distancing rules, such as holding additional performances and re-organising audience numbers so the show can go on.

Council carried out a Section 17A Review (Local Government Act 2002 – Delivery of services) on Caccia Birch House. This involved reviewing the cost-effectiveness of current arrangements for the delivery of services. Council consulted on two options: delivery by the Council itself, or by a Council Controlled Organisation (status quo).

After completing the review, Council decided to bring the delivery of Caccia Birch Homestead and Gardens in-house by July 2022. Council agreed that an in-house delivery would enable greater operational efficiencies and economies of scale, which would increase the financial sustainability of the property. Internal management also allows Council to have more direct influence over the service.

Council Owned Buildings

Council has a robust renewals and facilities management programme to help enhance the City's existing arts and culture buildings. These facilities are important in achieving the Council's aspirations and meeting the community's needs.

Buildings that sit in Council's Cultural Facilities portfolio are:

- The Globe Theatre
- The Regent Theatre
- Square Edge
- Te Manawa
- Creative Sounds
- Caccia Birch House

There were several improvements and refurbishment projects undertaken this year throughout this portfolio, including:

- A new service extension was built at Caccia Birch House.
- Replacement of Te Manawa's old air-conditioning unit.
- A significant amount of the old lighting was converted to LED lighting within Te Manawa.
- The consented design was completed for the upgrade of the performer's bathrooms at The Globe Theatre in preparation for works in the coming year.
- Improvements in the backstage green room area at The Regent Theatre.
- The fire safety upgrades commenced at the Square Edge Building and will continue into the new financial year.

Te Manawa

Te Manawa is the largest and most complex of the CCOs. The 'TM2025 Museum of the Future' plan that Te Manawa had been developing is now being led by Council as it develops a Civic and Cultural Precinct Masterplan.

Highlights of the year included:

- Hosting of the Children's Holocaust Memorial exhibition
- New Zealand film Rūrangi shown for the first time in the Manawatū in association with Palmerston North old boy and co-director of the film Max Currie
- First museum in Aotearoa to be certified Dementia Friendly
- Entered into a commercial agreement with Rangitāne, this partnership model is considered to be a first for New Zealand museums.

The Globe Theatre

Despite Covid-19, the Globe Theatre continued an upward trend in meeting its performance targets. The Globe management team, along with event organisers, worked together to bring shows postponed by the lockdown to the stage.

Highlights of the year included:

- Successfully re-organised the performance of the Michael Houstoun/Rodger Fox concert to comply with Level 2 restrictions. The performers agreed to do two shows and patrons were contacted to rearrange their attendance. Of 194 people who originally paid to attend the concert, 179 attended.
- A number of shows that were postponed due to the lockdown were able to be performed during the reporting period; this often required the co-operation with other groups to fit them in to a busy theatre schedule.
- Continued to establish new Memorandums of Understanding with local groups, building community relationships and assuring the future of the Globe.
- Continue to work with hirers to promote their shows to the Manawatū public resulting in shows returning to the theatre on an annual basis.

Regent

The Regent Theatre has had a challenging year due to the continued Covid-19 restrictions on international touring acts. This also impacted national touring shows that often postponed their performance(s) at short notice, making it difficult to find replacements.

With the return to Alert level 1, The Regent on Broadway hosted Crowded House, the Wiggles and Sol3 Mio, to name just a few.

Highlights of the year included:

- Collaborating with Act 3 Productions, they developed an innovative way to hold performances and events under Covid-19 Level 2 restrictions.

This allowed the Regent to be the only operating theatre in the country during August/September 2020.

- Hosted a wide range of diverse events over the year which included Sister Act (performed under Level 2 restrictions); The Cat and the Hat; Tina, Simply the Best and numerous dance events, prize-givings and award ceremonies.

Caccia Birch

Caccia Birch celebrated the 125th anniversary of Caccia Birch House in November 2020. An estimated 400 visitors attended.

There were more publicly accessible events due to postponed events (Bridal Fair and 125th anniversary) from the previous year. The building was maintained by both in-house Trust Staff and Council contractors and presented in an excellent condition.

In June, following community consultation, Council decided to bring the management of Caccia Birch House into the Council. This will result in the Caccia Birch Trust Board dissolving and Council having full responsibility for the management and delivery of Caccia Birch House as a venue for hire, while preserving its heritage value. This transition will be completed by July 2022. Council also decided to consider ways to include ongoing community involvement in the in-house service delivery.

ONGOING CONSIDERATIONS

Council Owned Buildings

Work planned within the cultural facilities portfolio next year include:

- Continuation of the fire safety upgrades in the Square Edge Building.
- Further advancement of the seismic upgrade planning and design across the cultural facilities portfolio.
- Upgrading the performers' toilets at the Globe Theatre.
- Improvement to the carpark and grounds at Caccia Birch House.
- Partial renewal of the Te Manawa roof.

Te Manawa, The Regent on Broadway, Caccia Birch and The Globe

The financial impact of Covid-19 was not as severe as initially forecast. Several CCOs found that local performances cancelled during the lockdown were re-scheduled in the second half of 2020 and were busier than they initially planned.

The forthcoming year will be a transition period for Caccia Birch Trust Board and staff, work has started to bring the delivery of the property inhouse.

The Regent Board will be looking to recruit a permanent manager in the next 12 months, as a result of a resignation.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council funds and enhances the cultural Council Controlled Organisations (and other external organisations), to help make Palmerston North a creative and exciting city and an arts powerhouse. [Arts Plan]	1. Funding is distributed and the key objectives achieved with the funding are described.	Target met	Creative Communities Scheme funding was completed for the year with 62 applicants of which 42 were successful in receiving funding. Successful application was made in partnership with Square Edge Community Arts to the Creative New Zealand Local Government Arts Fund to engage community members in arts leadership and mentoring programmes for \$49,300 in funding. Whanau Day programme in the Papaioea Festival of the Arts 2021 received support from Arts Initiatives to ensure activities could be offered to the community free of charge. PNCC, Square Edge Community Arts and Massey University resolved to continue the Artist in Residence programme. Launch of Falling Water was planned in association with project partners Te Manawa Museum and the Palmerston North Public Sculpture Trust.
Council protects and enhances places of Māori heritage to incorporate Rangitāne history and aspirations in modern-day Palmerston North. [Culture and Heritage Plan and Heritage Management Plan]	2. Sites of significance to Rangitāne are identified, protected or acknowledged.	Target met	The District Plan continues to protect all the sites requested to be protected by Rangitāne. A review of the District Plan in 2022 will provide an opportunity to identify additional sites for protection.
Council takes a whole-of-council approach to proactively work with owners of heritage buildings and features to preserve the city's heritage. [Heritage Management Plan]	3. Increase in the number of scheduled heritage features contained in the District Plan. (Current numbers are 7 Sites of Significance to Tangata Whenua, 89 Buildings and Objects, 2 Heritage Areas, 117 Notable Trees and Groups of Trees, and 15 Habitats of Local Significance).	Target not met	This will be considered in a future plan change (scheduled for 2022).
	4. Increase in investment in earthquake-prone heritage buildings.	Target met	Heritage fund is continuing to assist landowners to strengthen their buildings, eg All Saints Church.
Council manages its Arts, Culture and Heritage Activity in a financially sustainable way.	5. Major services and projects are provided within budget.	Target not met	Operational expenses were over budget due to depreciation. Capital projects were carried forward to 2021/22.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
Arts, Culture and Heritage				
REVENUE				
Other cultural facilities	1	-	1	1
Support to arts, culture and heritage groups	84	64	20	68
Te Manawa	28	34	(6)	24
TOTAL REVENUE	113	98	15	93
EXPENSES				
Other Cultural Facilities	2,255	2,097	(158)	2,375
Support to arts, culture and heritage groups	2,010	1,843	(167)	1,968
Te Manawa	4,526	4,347	(179)	4,708
TOTAL EXPENSES	8,791	8,287	(504)	9,051
NET OPERATING COST OF ACTIVITY	(8,678)	(8,189)	(489)	(8,958)
RATING ALLOCATION				
Add back depreciation	2,493	2,049	444	2,493
Less Renewal capital expenditure	(649)	(555)	(94)	(144)
Add/(Less) borrowing effect of renewal 3 year averaging	229	229	-	(106)
Less provision for debt reduction	(67)	(67)	-	(97)
Add general rates allocation	6,672	6,533	139	6,812
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Total expenses for Arts, Culture and Heritage were greater than budget mainly due to depreciation expense.

Significant Activity Capital Projects	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
Arts, Culture and Heritage				
CAPITAL RENEWAL				
213-Cultural Facilities - Replacement of Structures, Internal Fit Out and Services	648	555	(93)	
TOTAL CAPITAL RENEWAL	648	555	(93)	144
CAPITAL NEW				
902-Property - Seismic Strengthening of Council Owned Buildings	524	2,078	1,554	
TOTAL CAPITAL NEW	524	2,078	1,554	156
TOTAL CAPITAL PROJECTS	1,173	2,633	1,460	300

Some of the capital projects have been unable to be proceeded with or completed and are to be carried forward to future years for completion. Some of the projects to be carried forward include:

902-Property - Seismic Strengthening of Council Owned Buildings

ACTIVE COMMUNITY

ACTIVITY

WHAT THE COUNCIL DOES

Palmerston North has many recreational facilities used by our active residents. These include more than 170 reserves and sports fields. These range from small urban 'pocket parks' to large outdoor recreation areas, such as Arapuke (Kahuterawa) Forest Park and reserves alongside the Manawatū River. Palmerston North's key sports and events hub, the Central Energy Trust Arena, has a variety of indoor and outdoor venues. The Arena plays a key regional events role, as well as providing entertainment and recreation opportunities for residents. Council also owns the Lido and Freyberg aquatic complexes, which meet competitive, learn-to-swim and leisure needs. Council's partner, Sport Manawatū, has a critical role in sport and recreation leadership, with its vision of 'everyone active every day'.

KEY ACHIEVEMENTS

Central Energy Trust Arena hosted 3,004 bookings

Memorial Park playground upgrade completed

Central Energy Trust Wildbase Recovery Centre had 93,621 visitors

Free swimming for under 5s continued to be popular



Memorial Park playground

WHAT HAPPENED IN THE YEAR

Central Energy Trust Arena

Central Energy Trust Arena was affected by the Covid-19 restrictions for the first 3 months of the financial year before business resumed at pre-Covid-19 levels. Once restrictions on activity were lifted, numerous events that had been postponed during alert level changes were able to take place and the calendar quickly filled with events of significance essentially every weekend along with the regular community activity throughout the week. Following the Christmas and New Year break, the Arena was booked throughout the calendar year with many new events taking place that were attracted to the venue and the city. With Fly Palmy Arena back online after considerable upgrades, this has enabled the venue to host significant indoor events without interruptions to community sport activity.

Central Energy Trust Arena hosted many major events during the year which brought significant economic benefit to the City. These included:

- Manawatū Home and Lifestyle Expo
- Property Brokers Company Day
- Property Brokers Christmas Dinner
- Mitre 10 Cup
- Speedway Regular Season
- Blindspott Concert
- Devilskin/ Kora concert
- ENZED Superstock Teams Champs
- Māori Wardens Conference
- Women's Lifestyle Expo
- Jets Basketball Season
- Pulse Netball

Central Energy Trust Arena hosted 3,004 individual bookings in 2020/2021 with more than 303,000 in attendance.

A highlight has been the Arena Masterplan project which was completed in April. This involved the construction of a new entrance plaza, speedway pits, northern grandstand link and the southern embankment/ablution block. After Covid-19 disruptions, this created a boost to the local construction industry and progressed the facility's improvements for the benefit of competitors and attending public. These upgrades have dramatically improved the aesthetics and operational ability of the venue. These will make Central Energy Trust Arena a more marketable venue to major event organisers to complement the existing use by Robertson International Speedway and the Manawatū Rugby Union.

We would like to acknowledge the contribution from Central Energy Trust towards the construction project outlined above.

Fly Palmy Arena (Arena 2) after having undergone significant building renewals work such as the LED lighting, fire protection systems, recladding and ceiling tiles is now back in

full operation. This has dramatically lifted the availability of space for the larger significant events and provides additional space for community sport. With the venue essentially being out of action for the past two years, after also suffering flooding and replacement of the sprung wooden floor, having the main flagship indoor venue available going forward has made a significant difference for future bookings.

City-Wide Reserves/Local Reserves

The asset management plan (AMP) for Parks and Reserves was updated utilising data on the existing condition of asset, the level of service provision at each park and reserve and forecast future demand. The operational budgets needed to deliver the agreed levels of service were rebuilt from a zero base. The AMP document was reconfigured, to better align with the activities of Council and was used to inform the 2021-31 draft 10-Year Plan.

There have been many projects undertaken during the year:

Manawatū River Park

- The entrance from the Esplanade to the river has progressed more slowly than expected with various delays due to contractor availability and poor weather. By year end the project was progressing at pace and is expected to open in July 2021.
- Construction of the Turitea Pa viewing platform has commenced, with steel work fabrication off site. An accessway across Massey farmland has been laid to assist with the installation in the 2021/22 year.
- The programme of minor projects has been completed including new play forts, bike tracks and signage.

Memorial Park

- A major upgrade of the park commenced early in the new year. The project was initially delayed due to insufficient external funding for the Splashpad, and then further delayed by contractor availability.
- The playground was redeveloped to make it more inclusive and to introduce new play experiences. It has a distinctive poppy theme. The playground was completed by year end and opened on the 2nd July.
- The development of the splashpad is still in progress. When completed, it will provide an accessible zero – depth water experience, suitable for a wide range of users. The pipework, pump shed, and hard stand area were completed by the end of June. The safety surface and equipment will be installed in the new year, with the splashpad scheduled to be open for use in November 2022.
- Other upgrades completed this year at Memorial Park include a new barbeque area, furniture, signage and paths

Te Marae o Hine - The Square

- The three pou removed for restoration some months ago were reinstalled and blessed in a ceremony. The ceremony included the unveiling of two new pou carved by Rangitāne principal carver, Warren Warbrick.
- The glass brick wall at the base of the Clocktower suffered significant damage due to repeated vandalism was replaced with a more resilient material. The lighting controls for the clocktower have also been upgraded.

Victoria Esplanade

- The reconfiguration of the entrance from Park Road began during the year, in conjunction with the upgrade to the Cook Street/ Park Road intersection. The project has progressed well during the year and will be finished in July 2021.
- The wayfinding strategy for the Esplanade has been completed. The strategy incorporates the new Palmy Branding. The new signage will begin to be installed from 2021/22 onwards.
- The design for the renewal of the existing Lath House, and development of a bonsai display house was completed. As the estimated cost of the combined project exceeded the budget provision, and applications for external funding were unsuccessful, the project could not proceed in 2020/21. Council has resolved to move the project into Year 4 of the 2021 LTP and revisit the design and project budget.

Hokowhitu Lagoon

- Stage 2 of the restoration of the lagoon edge was completed. The new edging includes planting, which has greatly enhanced the wider lagoon area.

Linklater Reserve

- New features added during the year include an old plane repurposed as a play experience, new tracks and fencing. Additional shade trees have also been planted.

Peace Tree Reserve

- The development of Peace Tree reserve commenced, utilising a landscape plan which integrates Japanese and New Zealand cultures. At the heart of the reserve is a Camphor tree, donated to the City as a cutting from a tree which survived the atomic bomb at Hiroshima. This Special Character reserve will be opened in September 2021 as part of the 150-year celebrations.

Central Energy Trust Wildbase Recovery Centre

Central Energy Trust Wildbase Recovery has been operating since February 2019. This year was its first year of full delivery.

The centre has had 93,621 visitors since 1 July 2020 which is slightly below the projected visitor numbers. This is expected as the reduction in international visitors and temporary restrictions domestically is impacting visitor numbers.

The education and outreach components of the centre have continued to be developed over the year for students from

early childhood to high school and other community groups. These developments have seen 1,441 students over 81 groups access the free education programmes. This also allowed for special events such as Quiet Sessions for Autism Awareness which happens quarterly.

The Central Energy Trust Wildbase Recovery community has increased its volunteer team to over 80 who are engaging with the daily operations of the centre including visitor hosting, food preparation, cleaning and pest management.

Over the past year, the centre has continued to connect with a broad range of community groups using our primary engagement channels (free public access, education programmes, and guided tours). Using social media and digital tools, the centre reached a wider audience, and these systems will continue to be developed and improved. This includes the release of a fully bilingual website which can be changed between te reo Māori and English which has strengthened our focus on te reo Māori throughout the centre.

Central Energy Trust Wildbase Recovery is made possible thanks to substantial community assistance and support. Palmerston North City Council acknowledges major grants received from:

- Wildbase Recovery Community Trust
- Central Energy Trust
- NZ Lotteries Commission
- Powerco
- NZ Community Trust
- Eastern and Central Community Trust
- The Lion Foundation
- The Sargood Bequest and
- Pub Charity. There have been many others who have supported the project, such as community groups and several trade-related parties who have contributed in-kind.

Sportsfields

The flow on impacts of Covid-19 meant that the 2020 winter playing season was disrupted and a few tournaments were cancelled or postponed. By year end, sport fixtures had largely returned to normal.

Sportsfields continued to perform well throughout the year, with no weekend closures of grounds required.

- Tennis courts at Awapuni and Vautier parks were resurfaced.
- The main cricket block at Fitzherbert Park was renewed.
- Gravel banding and verti-draining was completed on several fields to improve drainage.
- Council purchased a robotic line marker which will greatly reduce the staff time taken to mark out sports surfaces in the future.

Swimming Pools

- The free swimming for supervised under 5 year olds continued to be popular throughout the year. 19,112 children and 16,377 caregivers used the programme to enter the three Council pools for free. This represents a 33% increase on 2019/20, noting that last year the pools were closed for an extended period due to Covid-19.
- Further investment at Splashhurst to improve the level of service was completed including heating and improving the outdoor area.
- Delays in the delivery of products from overseas has resulted in part of the renewal programme for the Lido slipping into the next financial year.

Support To Recreation Groups

The Council’s primary support to sport and recreation groups is through its partnership with Sport Manawatū. This year was the second year of the three-year funding agreement and partnership plan between Council and Sport Manawatū. Outcomes in the agreement align to the active community, active and public transport, events and festivals, and economic development plans. Highlights over the 2020/21 year, include:

- Demonstration of a wide range of sector leadership opportunities to build the sector’s capacity and capability to ensure a more active community.

- Administration of the Active Communities Fund with 61 residents receiving support to overcome financial barriers to being more active.
- Provision of regional leadership for the implementation of the Regional Sports Facility Plan through guiding proponent groups wanting facilities, through the investment decision-making process.
- Delivery of the national Bike Ready cycle skills programme to over 1,300 students (Grade 1 and 2 instruction).
- Increased investment into play opportunities such as community Pop Up ‘Places to Play’ (aimed at promoting play and promoting local parks and reserves).
- Support to 26 sporting events through the Sports Event Partnership Fund (SEPF) over this period contributing an estimated \$7.3 million to the city’s economy.
- Approval of unspent SEPF funds from 2019/20 to support the development of a sports event attraction and retention plan.

Council also supported a wide-range of sport and recreation groups through leasing arrangements on Council property. Other groups are supported through operating grants such as the Manawatū Mountain Bike Club, and Massey University to assist with costs of the Manawatū Community Athletics Track.



ONGOING CONSIDERATIONS

Central Energy Trust Arena

Confidence of the public and business community has returned following the upheaval created by Covid-19 last year and the alert level changes and restrictions placed on events. Any potential return of restrictions must remain top of mind and the venue must be prepared to manage any changes to ensure as much continuity as possible. There will continue to be a focus on strategies to market the venue and develop new event opportunities for the benefit of the venue and the community.

There will continue to be greater competition as other cities around the country, which usually focus on the international visitor market, target traditional regional events due to border restrictions. The venue's flexibility, full-service options and points of difference will be at the forefront.

City-Wide Reserves/Local Reserves

Our City Reserves are our most used reserves, and the assets within them wear out faster than in other reserves. Our asset management plan identified that increased investment in renewals in these spaces was needed, in order to maintain the existing levels of service. Additional funding has been provided within the 2021-31 LTP.

The 2021 assessment of the performance of park assets highlighted that the level of service provision is variable across the city. A focus over the next four years will be to begin to address identified level of service gaps, starting with the largest gaps first. This will ensure, in time, that there is a more consistent level of service across the city within each park category.

The changing climate will continue to put pressure on the assets located within Parks, as a result of intense rainfall events and extended drought periods. Of immediate concern is the impact on walkways, where slips are becoming more common. We plan to increase investment in drainage and retaining walls. Ultimately, we will avoid cutting paths and walkways into areas prone to slipping.

The Manawatū Mountain Bike Club will continue to develop mountain bike trails at Arapuke Park. Council is continuing to collaborate with the Manawatū Mountain Bike Club in the development of the park.

Central Energy Trust Wildbase Recovery Centre

The ongoing issue for the Central Energy Trust Wildbase Recovery Centre is ensuring the level of service to the community is maintained while balancing the needs of the patients. This provides a unique challenge where the centre attempts to provide as many services as possible while not negatively impacting animal welfare. This is managed through clear messaging about the importance of the primary function of the facility and animal welfare. This will enable the centre to celebrate the goal of being a community focused Council while balancing the eco-city approach.

Another key issue for the centre will be ensuring that community access will be made available wherever possible. This includes the education programme but also focuses on the wider community groups who may have accessibility restrictions which need to be considered. The interpretation of material and educational programmes will need to be continuously developed to ensure that they are relevant to the current climate.

Covid-19 has impacted the centre by reducing visitor numbers through limited international travel and temporary domestic restrictions.

Sportsfields

The demand for sports and training fields is changing, and this trend will continue. We forecast there will be an increased demand for training fields and training lights. We will work with Sport Manawatū to assess the existing network's capacity, including opportunities to reassign and redevelop existing green spaces to meet these changing needs.

Support to Recreation Groups

The worldwide Covid-19 pandemic continues to impact on the sport and recreation sector as the potential of changing alert levels provide uncertainty to the delivery of competition and events. Sport Manawatū will continue to support any changes this brings to the sector as well as responding to changing national priorities. Council's support to recreation groups, either directly and indirectly, is critical in ensuring that physical activity and its benefits contribute to community well-being.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
<p>Council provides a wide range of accessible and well-maintained sports facilities to increase levels of participation in sport and active recreation. [Active Community Plan] (Note: These facilities are city-wide reserves, amenity reserves and playgrounds, reserves, sports fields, the Central Energy Trust Arena, walkways and shared paths, and swimming pools.)</p>	<p>1. A 30-year Asset Management Plan is in place and major AMP projects approved in the 10-Year Plan are achieved.</p>	Target met	<p>The 30-Year Asset Management Plan (2017-2047) for the 2018-21 LTP was adopted in 2018 for sports facilities. All major AMP projects approved in the 10-Year Plan were achieved including reconstruction of cricket blocks at Fitzherbet, Manawaroa and Ongley Parks. Synthetic court refurbishments at Vautier and Takaro Parks and Recreation Ground changing room replacements are now underway in Bunnythorpe.</p>
	<p>2. Sports fields are available for weekend organised use. (At least 85%)</p>	Target met	<p>Sports field grounds were available for organised weekend use, 100% of the year. (2019/20 - 86.5%)</p>
	<p>3. Swimming pool annual usage:</p> <ul style="list-style-type: none"> ➤ Lido (more than 330,000 people). ➤ Freyberg (more than 110,000 people). 	Target met	<p>The overall recorded attendance improved significantly at all swimming pool facilities in 2020/21. The total number of users recorded in the 12 months to June 2021 at the Lido was 379,020, an increase of 29% from 2020 and the total under 5's for the year recorded 13,918, also an increase of 22% from last year. Freyberg achieved a total attendance figure of 191,282, up 28% from last year, citing a significant increase in attendance due to hosting a number of large swimming carnivals throughout 2020/2021. The total under 5's attendance reached 5,055, an increase of 35% from this time last year. Splashhurst recorded a total of 36,923 attendances for the last 12 months, a significant increase of 49% compared to this time last year. Attendance figures for the under 5's group reached 740, which also was an increase from the same period last year of 10%. Please note that the previous year 2019/2020 was impacted by Covid-19.</p> <p>(2019/20 - Lido - 286,065) (2019/20 - Freyberg - 154,604)</p>
<p>Council funds and works in partnership with external recreation organisations to help increase levels of participation in sport and active recreation. [Active Community Plan]</p>	<p>4. Funding is distributed and the key objectives achieved with the funding are described.</p>	Target met	<p>Sport Manawatū receives Council funds to assist the community's participation in play, active recreation and sport through various activities and programmes. It also allocates funds on Council's behalf (such as the Active Communities Fund). Sport Manawatū hosted a 10-year plan sector forum in April with many attending organisations going on to make submissions on the Council's active communities activity. In preparation for several proposed 10-year plan sports facility research reports, Sport Manawatū has also been involved with Council on a 'sports readiness project'. Sport Manawatū continued to assist the local sport and recreation sector through its wide range of activities. Their annual report for 2020/21 will be presented to the Play, Sport and Recreation Committee in October.</p>
<p>Council manages its Active Community Activity in a financially sustainable way</p>	<p>5. Major services and projects are provided within budget</p>	Target met	<p>Services are provided on budget. Capital projects are on track on budget.</p>

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Active Community	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
REVENUE				
Central Energy Trust Arena	2,305	1,019	1,286	2,332
City-Wide Reserves	139	92	47	72
Local Reserves	181	116	65	131
Sportsfields	80	57	23	180
Swimming Pools	126	100	26	196
TOTAL REVENUE	2,831	1,384	1,447	2,911
EXPENSES				
Central Energy Trust Arena	7,652	6,289	(1,363)	7,188
City-Wide Reserves	4,804	4,969	165	4,852
Local Reserves	3,680	4,070	390	3,997
Sportsfields	3,352	3,329	(23)	3,128
Support to recreation groups	394	979	585	542
Swimming Pools	2,634	2,655	21	2,704
TOTAL EXPENSES	22,516	22,291	(225)	22,411
NET OPERATING COST OF ACTIVITY	(19,685)	(20,907)	1,222	(19,500)
RATING ALLOCATION				
Add back depreciation	6,369	6,889	(520)	5,765
Less Renewal capital expenditure	(3,309)	(3,260)	(49)	(6,826)
Add/(Less) borrowing effect of renewal 3 year averaging	859	859	-	3,574
Add external revenue for renewal capital	99	-	99	-
Less provision for debt reduction	(869)	(869)	-	(623)
Add general rates allocation	16,536	17,288	(752)	17,610
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Central Energy Trust Arena’s budgeted revenue and expenses for 2020/21 were reduced due to Covid-19 expected impacts, but the reduction did not eventuate.

Support to recreation groups had lower expenditure due to staff vacancies.

Significant Activity Capital Projects	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
Active Community				
CAPITAL RENEWAL				
98-Citywide Reserves - Renewals (Victoria Esplanade, Memorial Park, Ashhurst Domain and The Square)	586	450	(136)	
173-Citywide - Playground Renewals	345	354	9	
174-Citywide - Replacement of Furniture on Reserves	86	126	40	
177-Citywide - Replacement of Gardens on Reserves	31	32	1	
182-City Wide - Restoration of Waterways on Reserves	10	10	-	
184-Walkways and Shared Paths - Refurbishments and Replacements	43	47	4	
190-Citywide - Replacement of Trees on Reserves	25	13	(12)	
195-Citywide - Renewal of Hardsurface Areas on Reserves	142	142	-	
234-Sportsfields and Outdoor Courts - Changing Room Refurbishments	-	200	200	
257-Sportsfields and Outdoor courts - Fitzherbert/Manawaroa/Ongley Parks - Cricket Block Replacements	32	-	(32)	
258-Citywide - Refurbishment and Replacement of Boundary Fences on Reserves	36	47	11	
267-Sportsfields and Outdoor Courts - Fitzherbert/Manawaroa/Ongley Parks - Cricket Wicket Renovations	17	13	(4)	
269-Sportsfields and Outdoor Courts - Vautier Park - Synthetic Court Refurbishments (Plexipave)	45	46	1	
596-Aquatics - Lido Pool - Asset Renewals	432	469	37	
598-Aquatics - Freyberg Community Pool - Asset Renewals	20	20	-	
819-Central Energy Trust Arena - Replacement of Equipment	43	45	2	
1051-Central Energy Trust Arena Manawatū - Combined Asset Refurbishment	1,205	1,064	(141)	
1108-Cultural/Heritage Reserve - Hokowhitu Lagoon - Bank Renewal	199	131	(68)	
1474-City-wide - Renewal of park buildings and structures	14	51	37	
TOTAL CAPITAL RENEWAL	3,311	3,260	(51)	6,826

Significant Activity Capital Projects	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
Active Community				
CAPITAL NEW				
93-City Reserves - Memorial Park Reserve Development Plan Implementation	166	726	560	
94-Walkways and Shared Path - Purchase of Land to Extend Network	224	102	(122)	
95-Walkways and Shared Path - Construction	69	72	3	
111-Neighbourhood Reserves - Roslyn - Edwards Pit Park Development	30	31	-	
140-Neighbourhood Reserves- Aokautere - Peace Tree Reserve Development	192	310	118	
144-Urban Growth - Whakarongo - Reserves Land Purchases	9	659	650	
158-Citywide - Safety Improvements to Reserves	35	35	-	
160-Citywide - Improved Access to Reserves for Persons with Disabilities	38	38	-	
165-Outdoor Adventure Reserves - Arapuke Forest Park/Kahuterawa Development	73	65	(8)	
196-Caccia Birch - Lagoon Embankment Upgrade	88	90	2	
558-Neighbourhood Reserves - Takaro - Oriana Reserve Development	-	80	80	
560-Cultural/Heritage Reserves - Te Motu o Poutoa / Anzac Park Reserve Development	64	-	(64)	
587-Neighbourhood Reserves - Kelvin Grove - Linklater Reserve Development	112	113	1	
697-Clearview Reserve Development	-	31	31	
716-Urban Growth - Whakarongo - Walkways Land Purchases	2	150	148	
752-City Reserves - Manawatū River - Framework Implementation	1,012	1,078	66	
967-Citywide - Edibles Planting	5	5	-	
1081-City Reserves -Victoria Esplanade - Park Road Entrance and Parking Reconfiguration	500	746	246	
1082-Central Energy Trust Arena Manawatū - Speedway Relocation and Artificial Pitch	-	2,000	2,000	
1083-Central Energy Trust Arena Manawatū - Entrance Plaza	-	1,346	1,346	
1097-Sportsfields - Drainage to Increased Capacity	88	89	1	
1099-Parks and Reserves - Shade Development	26	28	2	
1127-City Reserves - Victoria Esplanade - Bonsai and Shade House	9	-	(9)	
1175-Citywide - Shade Trees	10	10	-	
1182-Citywide - Recreation spaces - Improved Lighting	21	21	-	
1357-Urban Growth - Ashhurst - Reserve Land Purchase	-	396	396	
1407-Sports fields - Vacated Bowling Club Land Conversion to Other Uses	-	10	10	
1439-Culture/Heritage - Urban Eels Project Contribution	(9)	-	9	
1454-City Reserves - Victoria Esplanade Development Plan	62	-	(62)	
1523-Ashhurst Pool Enhancements	147	85	(62)	
1534-Central Energy Trust Arena Manawatū - Embankment Redevelopment	14,163	9,509	(4,654)	
1622-Central Energy Trust Arena Manawatū - New Truss	101	100	(1)	
TOTAL CAPITAL NEW	17,237	17,925	688	6,518
TOTAL CAPITAL PROJECTS	20,548	21,185	637	13,344

Some of the capital projects have been unable to be proceeded with or completed and are to be carried forward to future years for completion. Some of the projects to be carried forward include:

144-Urban Growth - Whakarongo - Reserves Land Purchases

94-Walkways and Shared Path - Purchase of Land to Extend Network

1081-City Reserves -Victoria Esplanade - Park Road Entrance and Parking Reconfiguration

716-Urban Growth - Whakarongo - Walkways Land Purchases

ACTIVE AND PUBLIC TRANSPORT ACTIVITY

ACTIVE TRANSPORT

FOOTPATHS

PUBLIC TRANSPORT

WHAT THE COUNCIL DOES

Council provides a transport system that offers multimodal transport choices as part of an easy-to-use and efficient system. Council ensures this system meets the needs of people, businesses and the environment. Council’s focus is encouraging a strong culture of walking, cycling and public transport for commuting to work and education. People want to move easily around Palmerston North on safe roads. This means travelling through intersections that allow traffic to flow freely. If not roads, then on safe cycle-friendly access routes, on well-maintained footpaths, and safe and easy-to-use pedestrian crossings. The network includes 568km of footpaths, 42km of off-road shared pathways, 88 bus shelters and 428 cycle-stands.

KEY ACHIEVEMENTS

Pedestrian and cycling link completed from Whakarongo School

Millionth user crossed **He Ara Kotahi**

Renewed 2.960km of footpath

1.519km of **footpath extensions completed** to improve safety



Victoria Avenue

WHAT HAPPENED IN THE YEAR

Active Transport

In 2020/21, Council continued its journey towards creating an easily accessible and maneuverable city with key improvements to the active transport network. Cycle path improvements were provided through the continued development of College Street cycleway network (from Fitzherbert Avenue to Victoria Avenue), provision of a separated cycleway along Main Street West (Pitt to Botanical), as part of Waka Kotahi's Innovating Streets programme, and commencement of construction of Summerhill separated cycleway (from Springdale Road to Old West Road).

Engagement also commenced for proposed cycleways along Featherston Street, Albert Street and Milson Line. Waka Kotahi's Innovating Streets programme, designed to test alternative use of road space, enabled a series of temporary street closures of George Street over multiple Sundays, traffic calming measures in Ruha Street, and footpath activation outside Square Edge. The proposed Innovating Streets programme in Hokowhitu Village saw initial engagement with the local community, although this was not able to be implemented in the required timeframe. This Innovating Streets programme was 90% funded by Waka Kotahi.

Shared pathway improvements were provided through the following:

- New pedestrian and cycling link from Whakarongo School to the shared path between Stoney Creek Road and James Line.
- New shared path constructed along Turitea Road (280m).
- Limestone shared path upgraded to asphalt from He Ara Kotahi to Fitzherbert Bridge (1.2km) along the southern side of the Manawatū River.
- Palmerston North-Feilding shared path adopted as a priority project in the Regional Land Transport Plan (programmed for construction in 2021/22, subject to Waka Kotahi co-funding). The alignment of this shared path has taken account of the proposed Central New Zealand Distribution Hub, and proposed closure of two-level road crossings, and Railway Road.
- Investigation of options to secure land for completion of the Manawatū River Pathway between Riverside Drive and Raukawa Road, as well as investigation of alternative routes along Te Matai, Raukawa and Napier Road.

Council also worked closely with schools across the city to improve cycling awareness and uptake. About 660 students received cycling education through Bike Ready, a programme funded by Waka Kotahi and delivered by Sport Manawatū. Four schools received Bikes in Schools funding - Central Normal School, Te Kura O Wairu, Hokowhitu School and Russell Street School. This grant funding enabled the construction of tracks on school premises (accessible by the general public) as well as a fleet of bikes and helmets. Council also funded school travel plans for Central Normal School and PN Intermediate Normal School.

Other transport initiatives that improved active transport access included the substantially completed signalised upgrade of the Cook and Park Street intersection, and the completed Streets for People stage 2 (Te Marae o Hine - The Square East) from Main Street to Church Street. The millionth user crossed He Ara Kotahi in May 2021, exceeding anticipated user numbers when the project was initiated.

Discussions continued with three scooter-share operators during 2020/21, with proposals being considered for a rollout later in 2021. The inaugural Palmy Pedal took place as part of Bike Month (February), with Elected Members from both Palmerston North City and Horizons Regional Councils cycling together across He Ara Kotahi to Urban Eels and back to Te Marae o Hine - The Square.

Footpaths

Council has invested strongly in maintaining and upgrading footpaths around the City and Ashhurst, since identification of serious footpath faults in late 2018, and Council working through an enhanced work programme to address these faults. In 2020/21, more than 420 faults were addressed. This has resulted in 2.960km of renewed footpaths, and footpath maintenance including concrete grinding and lichen spraying.

In 2020/21 several footpaths were extended to improve pedestrian levels of services mainly in areas with limited footpaths or new growth areas of the City. Completed footpath extensions totaling 1.519km were undertaken on:

- Oxford Street, Ashhurst
- Mulgrave St, Ashhurst
- Worcester St, Ashhurst
- Paradise Place alleyway
- Racecourse Rd
- Ngaire St, Longburn
- Napier Road
- Mihaere Drive

Waka Kotahi also delivered transport improvements in Ashhurst as part of the gorge detour enhancement work. This has included several new footpaths and shared paths within the township. These works complement Council's programme of footpath extensions and improvements in Ashhurst as outlined above.

Public Transport

Horizons Regional Council provides the City's public transport services while Palmerston North City Council provides infrastructure such as bus stops and shelters. Both councils work together to ensure services meet residents' needs.

In 2020/21, Palmerston North City Council investigated several opportunities to install and upgrade bus shelters around the City. Nine new bus shelters have been installed, providing a total of 126 bus shelters across the city.

To deliver a more effective public transport service, both Councils have worked together on a bus service review of network options that balances coverage against frequency. In August 2020, Horizons Regional Council launched the Bee card system for bus services, from which data will inform future service options.

ON-GOING CONSIDERATIONS

Active Transport

Council will continue to deliver the other projects set out in the Urban Cycling Masterplan, which its vision is the delivery of the priority cycle network for the City.

The construction of a cost-effective active transport network will require trade-offs, particularly in the allocation of road space. The impacts of cycleways on car parking will require ongoing engagement with the community. Council will need to ensure the benefits of an active city are achieved with acceptable impacts on existing road users. To help in

developing a future-focused integrated transport network, Council is undertaking work to clarify how the road space might be allocated. This work is key to meeting the needs of different users and transport modes.

Footpaths

Council will continue the strong focus on renewals of assets, and the targeting of serious faults in the network. Subject to Waka Kotahi co-funding confirmation, a similar level of funding has been allocated to the programme as in 2020/21.

With key progress made to extending the extent of the walking network, the focus will shift to joining up existing elements of the network. This will provide enhanced and safer options for pedestrians and better connections with our off-road pathway network.

Specific investment in creating streets and places for people will continue within and around Te Marae o Hine - The Square and Central Business District. The 'Streets for People' and Cuba Street stage two projects will continue to invest in cycle and pedestrian prioritised spaces.

Public Transport

Council will continue to work collaboratively with Horizons Regional Council to deliver improved public services. This will include continued investment in infrastructure for improved bus stops, more bus shelters and an upgraded central city bus terminal. These investments will be scheduled and designed to support and integrate with Horizons Regional Council's Bee Card service and the outcomes from a review of the services.

HOW DID WE PERFORM

The levels of service and performance measures for this Activity are included with the Strategic Transport (Roading) levels of service page 46.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
Active and Public Transport				
REVENUE				
Active Transport	510	15	495	182
Footpaths	149	104	45	106
Public Transport	311	85	226	351
TOTAL REVENUE	970	204	766	639
EXPENSES				
Active Transport	1,516	1,680	164	1,812
Footpaths	2,146	3,286	1,140	2,861
Public Transport	343	213	(130)	274
TOTAL EXPENSES	4,005	5,179	1,174	4,947
NET OPERATING COST OF ACTIVITY	(3,035)	(4,975)	1,940	(4,308)
RATING ALLOCATION				
Add back depreciation	1,625	3,335	(1,710)	3,498
Less Renewal capital expenditure	(1,039)	(1,034)	(5)	(1,098)
Add/(Less) borrowing effect of renewal 3 year averaging	(12)	(12)	-	(5)
Add external revenue for renewal capital	-	521	(521)	-
Less provision for debt reduction	(450)	(450)	-	(416)
Add general rates allocation	2,911	2,615	296	2,329
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Footpaths expenditure was lower than budget due to depreciation.

Total Revenue was higher than budget due to unbudgeted NZTA subsidies.

Significant Activity Capital Projects Active and Public Transport	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
CAPITAL RENEWAL				
64-City-wide - Footpath Renewals and Replacements	1,030	1,023	(7)	
648-City-wide - Replacement of Deteriorating Cycle Stands	9	11	2	
TOTAL CAPITAL RENEWAL	1,039	1,034	(5)	1,098
CAPITAL NEW				
114-City-wide - New Cycle Stands and Shelters	10	18	8	
148-City-wide - Bus Stop Improvements	66	64	(2)	
235-Manawatū River (Ashhurst to Riverside Drive) - Cycle/Pedestrian Pathway	122	-	(122)	
636-Aokautere Drive Pedestrian Cycle Improvements	27	517	490	
732-Summerhill Drive - Pedestrian and Cycle Improvements	76	250	174	
1095-Palmerston North to Bunnythorpe - Cycle/Pedestrian Pathway	12	102	90	
1125-Park Road (from Fitzherbert Avenue to Katene Street) - Cycle/Pedestrian Improvements	5	53	48	
1155-City-wide - Street Seats	11	11	-	
1216-City-wide - Additional Cycle Lanes	83	208	125	
1257-City-wide - Cycle Phases at Intersections	-	84	84	
1358-Footpath extensions city wide	716	443	(273)	
1361-Turitea Road - Pedestrian Path/Steps	84	26	(58)	
1444-Shared path resilience improvements - Limestone to concrete	190	203	13	
1559-Urban Cycle Network Development	230	1,216	986	
1694-Summerhill Drive - On-Street Parking Infrastructure	185	-	(185)	
TOTAL CAPITAL NEW	1,817	3,195	1,378	1,618
TOTAL CAPITAL PROJECTS	2,856	4,229	1,373	2,716

Some of the capital projects have been unable to be proceeded with or completed and are to be carried forward to future years for completion. Some of the projects to be carried forward include:

1559-Urban Cycle Network Development

1444-Shared path resilience improvements - Limestone to concrete

732-Summerhill Drive - Pedestrian and Cycle Improvements



GOAL 3
**CONNECTED AND
SAFE COMMUNITY**



CONNECTED COMMUNITIES ACTIVITY

SOCIAL HOUSING

LIBRARY SERVICES

COMMUNITY CENTRES

SUPPORT TO COMMUNITY GROUPS

CEMETERIES

DECISION MAKING AND COMMUNITY ENGAGEMENT

WHAT THE COUNCIL DOES

The Council provides the City Library, which includes the Central Library, four community libraries (Ashhurst, Awapuni, Te Pātikitiki Highbury, and Roslyn), the mobile library, Blueprint: The City Library Makerspace and Youth Space. The Council also has eight community centres and is planning new centres at Bunnythorpe, Highbury and Kelvin Grove. It has cemeteries at Kelvin Grove, Terrace End, Ashhurst and Bunnythorpe and a crematorium at Kelvin Grove. Council also provides public toilets throughout the City in parks and reserves, community centres, libraries and in public areas.

KEY ACHIEVEMENTS

18 Units in **Papaioea Place stage 2** development completed

98% of our Social Housing **Tenants expressing satisfaction**

The library had over 729,000 physical visits

Blueprint had 21,380 **makers bring their ideas to life**

548 children participated in the **Summer Reading Program**



WHAT HAPPENED IN THE YEAR

Social Housing

Council continued with Stage 2 of the Papaioea Place housing redevelopment, which sees the construction of an additional 28 units within the complex. The first 18 of the Stage 2 units were completed in June 2021 with the remaining 10 to be completed in September 2021.

Additionally, Council completed a thorough investigation of the housing portfolio to determine the areas to be improved to ensure the entire portfolio fully meets the Healthy Homes standards. All matters identified will be addressed over the next 12-18 months to meet these standards.

Occupancy levels across Council's social housing portfolio remained high with demand continuing to exceed availability.

Tenant satisfaction remains high, with 98% of tenants who responded to the survey, expressing satisfaction with their units, complex and service received from Council.

Library Services

The City Library (all eight sites) continued to be one of the most heavily used Council facilities, even with changing Covid-19 Alert levels, with over 729,000 physical visits this year. The City Library website had 834,141 page views and 185,560 sessions; Manawatū Heritage had 342,881 page views and 74,900 sessions; and the use of the Library App grew to 64,590 page views and 13,110 sessions. The library continues to be innovative in the way it responds to community needs by providing a range of physical and digital content, services, programmes, connections and experiences.

The digital library continued to grow, and the breadth of digital content allowed people to stream 16,198 films through Beamafilm and Kanopy; read 25,245 titles through Press Reader; and use Ancestry 56,851 times. The Library App also saw significant growth in uptake with 63,778 sessions this year versus 12,530 last year. The Children's digital page was really appreciated by the community.

Development work to build in the capacity for Manawatū Heritage to act as a finding aid for our collections commenced this year. This work will make Manawatū Heritage a one-stop shop for our archival and heritage collections, and will provide the ability to search Council and Community Archives at the same time.

This year 2,026 activities, programmes and events were delivered and attended by 67,082 people. Programmes were designed with the intention of fostering and supporting the goals of literacy, lifelong learning, creative expression, celebrating heritage and enhancing social connection and wellbeing. Successful examples included book launches, film festivals and poetry readings, sustainability workshops, through to activities supporting Local Heritage Week and content creation.

"Learning by doing" is one of the cornerstone philosophies of lifelong learning and also of Blueprint: The City Makerspace, and "making" is an important part of the Blueprint experience. Innovation and creative problem solving are becoming more critical as people need to learn new skills and develop new business opportunities. Technology will drive many of

the new business and work opportunities and the space offers access to tools, resources and support for members of the community to invent, prototype, and bring their ideas to physical life. Blueprint was used by 21,380 makers and actively supports a growing maker community across the city.

Now in its 24th year, the Summer Reading Programme sponsored by the Eastern and Central Community Trust was highly successful with over 548 children participating across the City Library's seven facilities. Te reo Māori and multi-language summer reading streams continued to go from strength to strength and for the third year the programme was offered in 14 languages. The iRead programme had 75 children participating through the Central Library, and the Ashhurst and Roslyn community libraries.

There has been a continued focus on youth development through daily activities and regular events and programmes that utilize Youth Space as a base. The Youth Space team have been innovative and taken a leading role in building the capacity of the organisation to engage young people and students with Council including supporting the Youth Council to actively participate in the 10-Year Plan process. The focus this year continued to be on employment and preparing for work with development opportunities offered on CV writing, personal branding, being work ready and youth leadership. Often these courses have been run in conjunction with local organisations including Careers NZ, Youth Chamber of Commerce and tertiary education providers. The potential of the tertiary sector and students continues to be a focus and student involvement in city and community programmes continues to increase. The Youth Co-lab team continued to facilitate community (youth) lead development of programmes and services enabling Youth Space to continue to be far more innovative in its service delivery.

For the first time in the 50-year history of Home Service, the total number of customers receiving regular scheduled long-term deliveries exceeded the 100 mark. There was also a steady increase in the use of temporary Home Service options, which includes Get-Well bags for children, Swag bags for teenagers and Wellness bags for adults. A key factor in the success of the Home Service is the regular and extensive promotion of service options across the broader community through networking with key stakeholders such as rest homes, retirement village administrators, health professionals and whānau. This is supported by regular outreach visits – on average around 35 visits per month. The reasons for these visits vary. Some are to sign up new users, others to deliver Wellness bags at short notice, or to drop off and collect library materials (often combined with updating customers' reading preferences); and to assist senior residents to access our digital resources such as Press Reader and eBooks.

The service also responded to a change in policy from the Blind Low Vision Foundation to primarily provide iPads and Amazon's 'Alexa' virtual assistant. This can be a huge challenge to elderly customers who have little or no prior knowledge of digital technology and who also may not be able to afford a broadband plan or be unable to connect to suitable fast broadband in the rest homes where they reside. This encouraged us to increase the number of Victor Readers (Digital Talking Book Players) to thirteen and currently all these easy-to-use sturdy players are on long term loans to Home Services customers.

Community Centres and Support to Community Groups

Council's Community Development Team works with the local community sector to build the capability of community groups enabling them to identify issues and develop community led solutions. The Strategic Priority Grants are the primary fund that Council uses to support Community groups who contribute to Council's strategic outcomes.

Uptake of the Covid-19 relief fund by community groups and individuals involved in impacted community events has been steady.

Eight outdoor movie nights were hosted over the summer period in collaboration with local community representatives. Community events supported included Whānau Konnect Day in Highbury. Community funding options were promoted to the community via a funding roadshow. We contributed to the Food Resilience collective, Impact network and Ora Konnect kaupapa.

Regular meetings were held with community centres management committees. Hall user hours exceeded expected numbers. In particular, Milson, Papaioea Pasifika Centre, Kelvin Grove and Palmerston North Community Leisure Centre have had a considerable increase in usage numbers. A contributing factor has been strong cohesive committees with refreshed membership. Ashhurst had a considerable increase in numbers since repairs to the centre earlier in the year, while Highbury Whanau Centre continues to be well supported by the community providing social service support. Website improvements and online booking availability via Skedda have been implemented.

The construction of the Bunnythorpe Community Centre commenced.

Many initiatives were delivered under the Welcoming Communities programme, including cultural celebrations with the support of external funding, and the launch of He Kupu Rangatira – The Proverb Pathway, on Te Arapiki a Tāne – The Stairway of Tāne. A partnership project between Palmerston North City Council, mana whenua Rangitāne o Manawatū, and Massey University, He Kupu Rangatira is a site-specific arts initiative that recognises our bicultural foundations and our multiculturally diverse city in an interactive, recreation-based installation. The Welcoming Communities Advisory Group also published a new strategic plan for 2020-2023, which aims to guide the city towards achieving Advanced Welcoming Community accreditation.

Cemeteries

Plans to incorporate an office within the crematorium building in conjunction with the seismic strengthening project have been completed. Construction will commence early in the new year. The existing office will be closed and once vacant, incorporated into the existing staff room to meet the needs of the operational staff.

New beams have been laid in a new burial section, Section W which, when completed, will provide for burials for the next 12-15 years. More niche walls were constructed this year as they continue to be popular.

The new fence on the James Line frontage has been completed and provides improved security as well as improved amenity.

Decision Making and Community Engagement

This area is about community involvement in Council's decisions. This is part of Council's Connected Communities and Leadership Activities. Information on what we did this year is in the Leadership Activity section – see pages 130-135.

ONGOING CONSIDERATIONS

Social Housing

Council will continue with Stage 2 of the Papaioea Place housing redevelopment, completing the remaining 10 units in September 2021. Stage 3 of the redevelopment will then commence, which will see the construction of the final seven additional units as well as the construction of a tenant lounge in the centre of the complex.

Council will begin addressing matters identified in respect to the Healthy Homes standards to ensure Council's housing portfolio fully complies with these standards.

There continues to be high demand for social housing in Palmerston North and Council works closely with other social housing providers to ensure there is a coordinated understanding of housing demand and availability.

Library Services

The Central Library building was designated Earthquake-prone in December 2018. The City Library continues to occupy the building with complete services while work continues considering options for the Central Library building in relation to the Civic and Cultural Precinct Masterplan.

Community Centres and Support To Community Groups

Community centre management agreements will be updated in the coming year. A community facilities stocktake and needs assessment review will be conducted and will consider community centres.

Applications will be received and assessed for Strategic Priorities Grants for 2022-2024. A new Community-Led Initiatives Fund will be implemented, based on the outcomes of the community funding policy review.

Further Welcoming Communities initiatives will be implemented in collaboration with community groups, and involvement will continue in Food Security and Ora Konnect kaupapa.

Cemeteries

The cemetery administration office will be relocated close to the chapel and ashes areas. The office will include a separate space where families and staff can discuss burial arrangements in private. This will result in an increased level of service for users.

The development of the Tamakuku subdivision will result in residential housing on the Southern boundary of the cemetery. A new fence will be required to ensure that the amenity value within the cemetery is not lost.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council provides library services, including physical and digital content and the facilitation of programmes to support digital inclusion, access to information, literacy, lifelong learning, cultural and creative expression and social inclusion. [Community Services and Facilities Plan]	1. Library visitor numbers. (More than 800,000 connections a year)	Target met	On track. Year to date there have been 729,012 physical visits to the eight City Library locations. Visitors to Blueprint: The City Library Makerspace continues to grow with 21,830 makers using the space this year versus 13,771 last year. This year there has been 834,141 City Library website page views and 185,560 City Library website sessions; Manawatū Heritage had 342,881 website page views and 74,900 website sessions; the library hosted 64,329 PC sessions and 202,500 Wi-Fi sessions. There was also an increase in the uptake of digital help sessions (5,983 this year versus 4,877 last year) and heritage enquiries (1,443 this year versus 760 last year). Please note opening hours for both this year and the previous year were impacted by Covid-19.
	2. Use of physical collections. (Average use per item per year is at least 4)	Target met	On Track. Physical item use has significantly increased (915,731 this year versus 756,061 last year). Items are used an average of 4.93 times per year. For comparison, the national average is 3.42 times per year. Please note that the previous year 2019/2020 was impacted by Covid-19.
	3. Use of digital collections.	Target met	The eBook and eAudiobook use continues to increase as the range of collections and offerings continue to expand (99,791 this year compared to 90,799 last year). The use of digital databases, eResources and streaming services continues to increase month on month. Use of the streaming services Beamafilm and Kanopy increased significantly: Beamafilm (3,149 films versus 810 last year) and Kanopy (13,049 films versus 7,853 last year). PressReader (titles read) increased to 25,245 versus 5,819 last year and Ancestry was used 56,851 times this year versus 34,708 last year. The Library App continues to have great uptake with 63,778 sessions this year versus 12,530 last year.
	4. Description of the range of programmes and events.	Target met	2,026 activities, programmes, events, celebrations, and commemorations (attended by 67,082 people) all aligned to the following categories: Creative Expression, Cultural Expression, Digital Inclusion, Heritage, Informational Literacy, Lifelong Learning, Literacy, Social Connectivity, Employment, and Health and Wellbeing. Key programmes this year were Off the Page (a partnership with Massey University); the Manawatū Writers Hub; Game Changers; the Sustainability workshop series; and Local History Week. Blueprint was used by 21,380 makers and actively supports a growing maker community across the city. This year 548 children completed the ECREAD Summer Read Programme, with 140 children completing book chats across fourteen languages. Youth Space programmes specifically looked to reduce social isolation, increase resilience, increase employability and encourage active citizenship. Highlights include supporting youth leadership programmes; partnering with home school and alt-ed; and supporting the Youth Council to engage their peers in the 10-Year Plan process. This year, for the first time in the 50-year history of Home Service, the total number of customers receiving regular scheduled long-term deliveries exceeded 100. A key factor in the success of the Home Service was the extensive promotion of service options across the wider community through networking with key stakeholders such as rest homes, retirement village administrators, health professionals and whanau. This is supported by regular outreach programming – on average around 35 visits per month. Alongside Welcoming Communities, the City Library team also supported the Festival of Cultures, the Lunar New Year programme and He Kupu Rangatira - the proverbs pathway.
Council provides public toilets throughout the city, in parks and reserves, community centres and hubs, libraries and civic areas to meet people's needs. [Community Services and Facilities Plan]	5. Public toilets are accessible, appropriately located and gender neutral.	Target met	Upgrades to the Ladies Rest and Square public toilets were completed and the new toilet block on the Linton pathway is now open, fully accessible and gender neutral. All planned public toilet refurbishments and any new toilet builds are determined by the area of most need. When undertaking these works it is ensured toilets are accessible and gender neutral if appropriate.

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council provides community centres and hubs to cater to the diverse needs of local communities. [Community Services and Facilities Plan]	6. A 30-year Asset Management Plan is in place and major AMP projects approved in the 10-Year Plan are achieved. (Renewals as a group)	Target met	Asset Management Plans were adopted by Council in June 2018 and are being implemented as per 2018-2028 10-Year Plan. The Draft 2020-2050 AMP is currently underway, and will be finalised after LTP consultation and Council decision making on asset management funding.
	7. Levels of community centre use. (Narrative measure, including use of at least 1,400 hours per centre per year)	Target met	Total community centre use for 2020/21 as follows; Ashhurst 1,707, Awapuni 3,813, Highbury Whānau Centre 1666, Kelvin Grove 2,270, Milson 4,811, PN Community Leisure Centre 4,407, Pasifika/Westbrook 2,467, Rangiora 2,506. Hall user hours have exceeded expected numbers. In particular Milson, Papaioea Pasifika Community Trust, Kelvin Grove and Palmerston North Community Leisure Centre have had a considerable increase in usage numbers; a contributing factor is their strong cohesive committee membership with newer members. Awapuni continues to demonstrate consistently high usage, Rangiora also has consistent usage across quarters (both centres due to high number of regular user groups). Ashhurst has had a considerable increase since repairs to the centre earlier in the year. Highbury Whānau Centre continues to be well supported by the community providing social service support.
Council provides cemeteries and a crematorium to meet community needs. [Community Services and Facilities Plan]	8. A 30-year Asset Management Plan is in place and major AMP projects approved in the 10 Year Plan are achieved.	Target met	The 30-Year Asset Management Plan (2017-2047) for the 2018-21 LTP was adopted in 2018 for cemeteries. All major AMP projects approved in the 10-Year Plan were achieved including Terrace End Cemetery site enhancements. Construction of additional burial berms, Niche walls and roading and footpath refurbishments at Kelvin Grove Cemetery.
	9. Cemetery provision meets legislative requirements.	Target met	The operation of Palmerston North Cemeteries meets all requirements of the Burial and Cremation Act and resource consent conditions.
Council provides warm and safe housing units for people in line with Council's priorities. [Council Housing and Support Plan]	10. Council housing is tenanted. (At least 95%, excluding units not available due to renovations)	Target met	Average occupancy rate for the year is 98% (2019/20 - 98%)
	11. Council tenants are satisfied with the standard of housing (two-yearly survey). (At least 90%)	Target met	Overall tenant satisfaction level from this year's survey is 98% (2019/20 - 96%)
	12. Units meet the Otago Medical School He Kainga Oranga Rental Warrant of Fitness Standard. (Papaioea Place - not met)	Target not met	At least 95% of our housing portfolio meet the requirements of the WOF standards in 2020/21, however, these requirements have since increased considerably with the new healthy homes standards legislation. Planned works are in place in the 2021/22 and 2022/23 financial years to address all components that no longer meet these WOF standards or the healthy homes standards.
	13. A 30-year Asset Management Plan is in place and major AMP projects approved in the 10-Year Plan are achieved. ¹	Target met	Asset Management Plans were adopted by Council in June 2018 and are being implemented as per 2018-2028, 10-Year Plan. The Draft 2020-2050 AMP is currently underway, and will be finalised after LTP consultation and Council decision making on asset management funding.

¹ Renewals as a group

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council supports and funds community groups to build community, neighbourhood and organisational resilience, capacity and capability. [Community Support Plan]	14. Funding is distributed according to Council's Community Funding Policy and the key objectives achieved with the funding are described.	Target met	Celebrating Communities Funding supported 27 events this year. Covid-19 Relief fund supported 18 organisations this year, with a total of \$68,953 distributed to date. Strategic Priority Grants supported organisations with a total of \$1.3M paid in 2020/21. Planning has commenced for Strategic Priority Grants 2022-2025, with applications opening in September 2021.
Council engages on a wide range of decisions and projects so that people and organisations from all sectors actively are involved in Council decision making. [Active Citizenship Plan]	15. Positive feedback from residents on Council's community engagement. (Narrative measure).	Target met	The Residents' Survey (of 400 randomly selected residents annually) includes questions on satisfaction with Council's community engagement. Most people were satisfied (44%) or neutral (40%). Only 16% were dissatisfied. There has been an increase in the number of people who are satisfied with the ease of having a say in Council's decision making. The other figures have been fairly constant over the three years of the survey.
	16. Description of the range of engagement techniques used by Council. (Narrative measure).	Target met	Many people prefer online engagement so Council has been emphasising this. An online engagement hub is available on council's website for people to locate projects and issues Council is seeking feedback on. Although online engagement is a focus, Council still ensures that people have a wide range of online and non-online ways in which they can become involved in decisions. For example, Council's engagement on the 2021 Proposed 10-Year Plan included: partnership meetings with Rangitāne o Manawatū; meetings on social media, economic, environmental and cultural wellbeing cohosted with sector groups; working with schools; providing online and printed information; supporting community groups and networks to run their own 10-Year Plan meetings; sending a summary document to all households; holding a 10-Year Plan stall at community markets; running Facebook live and social media discussions; and promoting the Plan on radio, print, social media, billboards and movie theatres.
Council manages its Connected Communities Activity in a financially sustainable way.	17. Major services and projects are provided within budget. ²	Target not met	Operating spending has exceeded the budget by 3% due to Covid-19 related cleaning costs on public amenities. Capital projects are on track and on budget.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Connected Communities	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
REVENUE				
Cemeteries	789	706	83	731
Community Centres	138	141	(3)	138
Libraries	85	215	(130)	139
Public toilets	3	-	3	-
Social Housing	2,890	2,821	69	2,697
Support to community groups	22	-	22	70
TOTAL REVENUE	3,927	3,883	44	3,775
EXPENSES				
Cemeteries	1,232	1,159	(73)	1,232
Community Centres	978	766	(212)	966
Libraries	9,864	10,110	246	9,608
Public toilets	1,028	434	(594)	418
Social Housing	3,630	3,667	37	3,826
Support to community groups	2,303	2,793	490	2,400
TOTAL EXPENSES	19,035	18,929	(106)	18,450
NET OPERATING COST OF ACTIVITY	(15,108)	(15,046)	(62)	(14,675)
RATING ALLOCATION				
Add back depreciation	3,697	3,960	(263)	3,350
Less Renewal capital expenditure	(1,735)	(2,239)	504	(1,871)
Add/(Less) borrowing effect of renewal 3 year averaging	496	496	-	313
Less provision for debt reduction	(402)	(402)	-	(237)
Add general rates allocation	13,052	13,231	(179)	13,120
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Public toilets expenditure was higher than budget due to Covid-19 related additional cleaning.

Significant Activity Capital Projects Connected Communities	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
CAPITAL RENEWAL				
37-Cemeteries - Terrace End - Site Enhancements	17	9	(8)	
178-Central Library Replacement of Shelving, Furniture and equipment	117	267	150	
180-Social Housing - Citywide - Community Housing Refurbishments	114	148	34	
186-Public Toilets - Refurbishments and Replacements	30	110	80	
188-City Library Replacement and Purchase of Library Materials	728	726	(2)	
202-Central Library Interior Design Renewals	265	257	(8)	
203-Interior Design of Community Libraries, Youth Space, and Mobile Library	63	62	(1)	
265-Citywide - Community Centre Refurbishments	187	200	13	
278-Cemeteries - Kelvin Grove - Roading and Footpath Refurbishment	26	38	12	
567-Crematorium - Chapel Interior Renewals	-	66	66	
1120-Community Libraries - Renewals	-	53	53	
1138-Digital Technology to Support 21st Century Citizens and Service (Renewal)	15	15	-	
1139-Radio Frequency Identification (RFID) Materials Management	-	95	95	
1151-City Libraries - Building Security System Renewal	33	30	(3)	
1575-Seismically brace the HVAC piping	140	163	23	
TOTAL CAPITAL RENEWAL	1,735	2,239	504	1,871
CAPITAL NEW				
107-Cemeteries - Kelvin Grove - Ash Plot developments and Childrens area extension	62	38	(24)	
133-Cemeteries - Kelvin Grove - New Burial Sections Footpaths and Roading Extension	53	-	(53)	
147-Cemeteries - Kelvin Grove, Ashhurst and Bunnythorpe - New Burial Berms	42	125	83	
161-Public Toilets - Citywide programme	91	202	111	
1196-Cemeteries - Kelvin Grove - New Staff Facility	7	5	(2)	
1219-Social Housing - Papaioea Stage 2	4,271	4,860	589	
1413-Bunnythorpe Community Facility	814	921	107	
TOTAL CAPITAL NEW	5,340	6,151	811	3,779
TOTAL CAPITAL PROJECTS	7,075	8,390	1,315	5,650

Some of the capital projects have been unable to be proceeded with or completed and are to be carried forward to future years for completion. Some of the projects to be carried forward include:

1219-Social Housing - Papaioea Stage 2

1413-Bunnythorpe Community Facility

1575-Seismically brace the HVAC piping



SAFE COMMUNITIES

ACTIVITY

CIVIL DEFENCE EMERGENCY MANAGEMENT (CDEM)

ANIMAL CONTROL

PUBLIC HEALTH

SAFETY ADVISORY BOARD/SAFE CITY ACCREDITATION

WHAT THE COUNCIL DOES

Council provides a local disaster recovery coordination plan, an emergency operations centre, and a Civil Defense response team of trained Council staff and volunteers. Council is also responsible for Civil Defense public education programmes. We work closely with other emergency service providers to meet our statutory responsibilities.

Animal Control Services protect the community's health and enhance safety through the administration of the Dog Control Act 1996 and Impounding Act 1955. The service aims to achieve compliance through the provision of information, education and enforcement in the following activities:

- Investigation of dog attacks on people and other animals and complaints relating to dog fouling and behavior, excessive barking and roaming dogs.
- Attending to secured dog notifications.
- Enforcement of dog registration.
- Classifying dogs as menacing or dangerous.
- Carrying out 'preferred owner' property inspections.
- Operating the Council's Pound.
- Ensuring the securing of unattended stock on roads.

Public Health Services provide regulatory services that protect the community's health and enhance safety. The service aims to achieve compliance with legislation, bylaws, and policies through the provision of information, education and enforcement in the following areas:

- Registration of food premises, hairdressers, camping grounds, funeral directors and offensive trades.
- Audit and verification of Food Control Plans and investigation of food complaints.

- Investigation and resolution of public nuisances, housing issues and overgrown vegetation complaints.
- Response to hazardous substance issues not covered by other agencies.
- Investigation of complaints of excessive noise and monitoring compliance with the district plan noise levels.
- Investigation of complaints relating to signs in public places and animals and bees.
- Inspection of and reporting on licensed premises and manager certificates.

KEY ACHIEVEMENTS

Our **volunteer response team** was deployed nine times to assist Emergency Services

Palmy has 7120 **registered dog owners**, and 2912 preferred owners

Rehomed 43 animals

105 new **food premise applications** received and processed

Maintained our **Safe City Accreditation**

Six **City Ambassadors** employed over summer

KEY ACHIEVEMENTS

WHAT HAPPENED IN THE YEAR

Civil Defence – Emergency Management

Our Civil Defence Emergency Management (CDEM) function has monitored the Covid-19 Risk to Palmerston North throughout the past year. We have had to prepare our Emergency Operations Centre twice due to the risk to Palmerston North and New Zealand. We continue to learn from the Nationwide lockdown during March-May 2020, and how as a city, we responded to this emergency and how we build on the great work our community did.

We sent a staff member to Napier during their November 2020 flooding event and provided opportunities for other councils to join our training courses to continue to develop our working relationships.

Nationally, we have a representative on the New Zealand Response Team Steering Group to ensure our Emergency Response team has a voice on the New Zealand Response Teams future direction and the new accreditation frameworks.

Our volunteer response team has been deployed nine times to assist Emergency Service in rescues and search and rescue situations. Regular training and exercising is provided to ensure our rescue team is prepared to respond at any time.

Council has continued to strengthen our relationships with our community partners and Government agencies. We have been present at the Manawatū Home and Garden show, Esplanade day and engaging with community groups to provide information to enable our residents to become more prepared for an emergency. We also have an ongoing programme for education and community engagement with community groups, as requested.

Council provides a 24/7 emergency management duty officer to monitor and respond to community risks and hazards. The CDEM team organise and chair our local Emergency Management Committee and Local Welfare Coordinating Groups and sit on other committees working with our partners for continuous risk assessment and best practice.

Animal Management

As a result of the Code of Welfare amendment for the Temporary Housing of Companion Animals Code coming into force in 2018, the current dog pound facility is no longer fit for purpose. A project to build a new animal shelter is now underway. Council officers anticipate lodging for consent in October 2021 before procuring a construction contractor.

A new Animal Management and Education Team Leader was appointed in April, with the intention of extending the team's focus to improve efficiency of service to customers.

The number of registered dogs in the city decreased from 9,193 in 2019/20 to 9,021 in 2020/21, with 7,120 owners, of whom 2,912 are approved as a "preferred owner".

During the year there were 113 reported dog attacks:

- 31 'dog-on-person' attacks
- 49 'dog-on-dog' attacks
- 33 'dog-on-other animal' attacks

Animal Control Officers issued 183 infringement notices (36 were waived or cancelled due to extenuating circumstances). There were no prosecutions brought before the courts.

- 160 non-registration.
- 21 failing to have a dog under control or confined.
- 1 failing to microchip a dog.

Animal Control Officers impounded 369 animals, 367 dogs, 1 sheep and 1 goat.

- 295 animals were returned to their owners (52 of these had zero fees).
- 43 animals were rehomed, (15 through an external agency).
- 41 dogs were euthanised.
- 1 animal was stolen.

The Animal Control team participated in several public events, such as Linton Family Day, Esplanade Open Day and the Rural Games. Educational events targeting bite prevention were offered to local schools, feedback from supporting schools suggest this was valuable and this service will be offered to more schools in the coming year.

Public Health

Council maintained its Ministry of Primary Industry accreditation as a recognised agency, with each of the Environmental Health Officers retaining their status as recognised persons under the Food Act (2014).

Food safety training was provided to stall holders for the Festival of Cultures.

The agreement with New Zealand Defence Force Health Protection to provide reciprocal training and work experience opportunities is ongoing, although this year it was impacted by Covid-19.

During 2020/21 a high volume of applications and requests were processed and addressed by Council:

Environmental Health Officers processed:

- 105 new food premise applications.
- 408 food control plans were verified.
- 111 food enquiries were responded to.
- 13 food premises complaints were investigated.

Council received and processed the following complaints:

- 300 complaints regarding overgrown vegetation.
- 10 complaints regarding cats.
- 53 cat trap requests were received.
- 46 complaints relating to poultry.
- 16 complaints relating to bees.
- 13 complaints relating to signage.
- 337 complaints relating to abandoned vehicles.

In 2020/21 there were 3,955 noise complaints, compared to 3,365 noise complaints in 2019/20, 3,493 in 2018/19 and 3,319 in 2017/18.

Palmerston North has 89 registered hairdressers, three funeral homes, one camping ground and one offensive trade.

Palmerston North City Council continues to provide Environmental Health services to Tararua District Council in relation to the Food Act function, Health Act registered premises and health complaints.

During the 2020/21 year the following alcohol licenses and manager certificates were processed:

- 15 new on-licenses
- 2 new off licenses
- 44 on-license renewals
- 11 off license renewals
- 10 club license renewals
- 103 special licenses
- 121 new Manager Certificates
- 158 Manager Certificate renewals
- 13 temporary authorities

Safe City Accreditation and Safety Advisory Board

Palmerston North City Council has maintained its Safe City Accreditation throughout 2020/21.

Following the review of their scope and purpose in 2019/20, the Safety Advisory Board devised the Palmerston North Safe City Strategic Outcomes Plan 2019-2024. Utilising an outcomes-focused results based accountability approach, the Strategic Outcomes Plan outlines the strategic direction, priorities and proposed actions of the Safety Advisory Board partners with a view to creating a safe, secure and connected city. Six focus areas are described, including Youth, Resilience, Housing, Crime, Health and Safety, with outcomes statements, indicators, lead agencies and suggested actions attached to each.

Safe communities initiatives delivered during the year included the establishment of a Safe Trading Zone and the City Ambassadors programme. The Safe Trading Zone was launched in October opposite the iSite in Te Marae o Hine - The Square. Marked with green signage and covered by CCTV surveillance, the goal of this initiative is to provide a safe place in the city for online traders to meet publicly to complete their transactions. This was a low cost initiative that has received positive feedback from the community.

The City Ambassadors programme was run for the fourth time in the CBD over the summer months. Six Ambassadors were employed for the duration of the programme (double the number of previous years, made possible by successfully obtaining external funding from MBIE). This increase in capacity, and some new innovations including a more structured connection with the Unbox play equipment store, support for city events and improved data collection, meant that the programme was demonstrably more successful than previous iterations. An independent evaluation of the programme was conducted in April, which was used to support consideration of ongoing funding for the City Ambassadors via the 10-Year Plan.

ONGOING CONSIDERATIONS

Civil Defence Emergency Management (CDEM)

Our emergency management staff continue to monitor the Covid-19 situation and will assist with the rollout of the Covid-19 vaccine. Council will continue to take learnings from our Covid-19 response and we will update plans to ensure our community continues to build resiliency and awareness of Emergency Management. We will continue to develop staff to deliver essential services and key Civil Defence Emergency Management functions during an emergency.

Public Health

A review under section 137 of the Food Act has been carried out by MPI. The outcome of the review was to keep the status quo with Council's retaining exclusive rights to Food Control Plans operating within its boundary.

Safe City Accreditation And Safety Advisory Board

The Safety Advisory Board will develop and implement detailed action plans for each of the six focus areas of the Strategic Outcomes Plan.

The City Ambassadors Programme will be run again over summer, with consideration of the recommendations of the independent evaluation conducted in April, including further improvement in data collection and a focus on engagement with retailers in the Central Business District. Consideration will be given to the role of the City Ambassadors programme in addressing retailer's concerns with the behaviour of people who beg in the CBD.

Relationships will be maintained with the community groups who are funded through Strategic Priority Grants and who work in the Safe Communities area.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council co-ordinates and facilitates the work of the Safety Advisory Board to prevent crime and injury. [Safe Communities Plan]	1. The range of SAB initiatives and the outcomes they achieve.	Target met	Completion of the safety advisory board (SAB) strategic outcomes framework, and launch event held with stakeholders. Key stakeholder group established to address issues related to begging and street people in the CBD. A local initiatives map has been established to track what is happening across the city and who is working in key areas relating to the SAB.
Council works with the Manawatū-Whanganui Civil Defence Emergency Management Group to build resilience and disaster preparedness for civil defence and emergency situations. [Safe Communities Plan]	2. Palmerston North retains its accreditation as a Safe City.	Target met	Accreditation remains valid and reporting requirements are up to date.
	3. Council works with local communities to get people prepared for emergencies.	Target met	Council regularly engages with community groups, providing strategies to prepare themselves and those they engage with for emergencies. Our water tank promotion is ongoing and has good engagement at community events and sales online.
Council enforces bylaws and legislation to ensure dog owners and residents are aware of safety, protection and etiquette around dogs, and to ensure that food premises comply with the Food Act. [Safe Communities Plan]	4. Three dog education campaigns and / or community events attended.	Target met	The following were attended; Esplanade Open day, Rural Games (multiple days), Linton Family/Community days (3), Wakey water day, School Education programmes (6 Schools) and Internal training for Building Services.
	5. Council is an accredited Food Act verifier. (99% of verifications are conducted within statutory timeframes)	Target met	Council has maintained accreditation as a Food Act verifier. Due to Covid-19, verifications of non-essential food businesses were delayed. MPI has introduced legislation with a six month extension period, verifications are being completed within this timeframe.
Council implements policies and bylaws to promote healthy lifestyles. [Healthy Community Plan]	6. Description of healthy lifestyle initiatives.	Target met	Sun Protection Policy - Planting of shade trees were implemented during the last financial year as per 2018-2028 10-Year Plan. Smokefree Outdoors Policy, Smokefree signage is displayed in all playgrounds.
Council manages its Safe Communities Activity in a financially sustainable way	7. Major services and projects are provided within budget.	Target met	Major services and projects have been delivered within budget.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Safe Communities	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
REVENUE				
Animal Control	902	781	121	773
Civil Defence	144	-	144	1,455
Public Health	522	511	11	469
Safer Community Initiatives	32	-	32	-
TOTAL REVENUE	1,600	1,292	308	2,697
EXPENSES				
Animal Control	1,009	908	(101)	1,007
Civil Defence	1,202	818	(384)	2,560
Public Health	1,164	1,294	130	1,261
Safer Community Initiatives	339	388	49	307
TOTAL EXPENSES	3,714	3,408	(306)	5,135
NET OPERATING COST OF ACTIVITY	(2,114)	(2,116)	2	(2,438)
RATING ALLOCATION				
Add back depreciation	187	43	144	157
Less Renewal capital expenditure	-	(37)	37	(71)
Add/(Less) borrowing effect of renewal 3 year averaging	(27)	(27)	-	22
Less provision for debt reduction	(83)	(83)	-	(5)
Add general rates allocation	2,037	2,220	(183)	2,335
FUNDING SURPLUS/(DEFICIT)	-	-	-	-
Significant Activity Capital Projects Safe Communities	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
CAPITAL RENEWAL				
1269-Bylaw Signage - Replacement	-	6	6	
1512-CCTV replacements	-	31	31	
TOTAL CAPITAL RENEWAL	-	37	37	71
CAPITAL NEW				
1513-New emergency operations centre (EOC) Fit Out	26	-	(26)	
1552-Council Pound Development	77	300	223	
TOTAL CAPITAL NEW	103	300	197	671
TOTAL CAPITAL PROJECTS	103	337	234	742

Some of the capital projects have been unable to be proceeded with or completed and are to be carried forward to future years for completion. Some of the projects to be carried forward include:

1552-Council Pound Development

A close-up photograph of two juvenile Ruru owls perched on a tree branch. The owls have brown and grey mottled feathers and bright yellow eyes. The background is a soft-focus green forest. The text 'GOAL 4 ECO-CITY' is overlaid in the bottom left corner.

GOAL 4
ECO-CITY



RUBBISH AND RECYCLING ACTIVITY

WHAT THE COUNCIL DOES

Council provides rubbish and recycling services for Palmerston North City. The community needs a reliable and efficient waste and recycling service where Council’s ability to recycle is continuously reviewed.

KEY ACHIEVEMENTS

Increased the range of **materials diverted from landfill**

Third successful **hazardous waste day** held

Emptied 670,000 **recycling bins**, 271,000 **glass crates** and collected 608,000 **rubbish bags**



Awapuni Recycling Resource Centre

WHAT HAPPENED IN THE YEAR

Post-Covid-19, the Rubbish and Recycling team has been actively diverting waste from landfill, increasing operational efficiencies, and responding to requirements in the Waste Management and Minimisation Plan.

The Waste Management and Minimisation Plan, adopted in 2019, helps guide us on how we manage and minimise waste in the city.

Initiatives to increase waste diversion and maintain or improve the services we provided throughout the city were:

- Increasing the range of materials we can divert from landfill – cooking oil can now be dropped off to Ferguson Street, and there is a flat glass (eg window and windscreen glass) drop-off point at Awapuni for registered companies. All types of polypropylene (plastic number 5) can now be accepted by our local recycler – previously they could only accept around one third of this product.
- After public consultation, we stopped accepting hard-to-recycle plastic grades 3,4,6 and 7 in May 2021. This was accompanied by a thorough education campaign. This change is supported by central government who later announced phasing out these grades of plastic nationally by 2025.
- Continuing to investigate markets for hard to recycle materials including coloured PET (Polyethylene terephthalate), plastic number 1, polystyrene and tyres.
- Commissioning 2 new rubbish trucks to improve our collection efficiency and safety.
- Constructing a truck washdown bay at our site in Awapuni, enabling our collection vehicles to be washed onsite to increase operational efficiencies.
- Begin upgrades to compost site facilities, which will include the establishment of an onsite testing facility.
- Establishing the Zero Waste Action Group, a forum for collaboration to reduce waste within Palmerston North.
- A third annual hazardous waste day was held, and this will become a biannual event from year three of the long-term plan.
- Supporting community and business groups with community clean ups.
- Working closely with businesses to implement site-specific ways for them to increase waste diversion.
- Increasing engagement with schools to begin identifying their barriers to recycling.

Capital improvements include completing the upgrade of the Awapuni recycling drop-off point, commissioning new recycling trucks, and constructing a truck washdown bay at Awapuni. Work is underway to upgrade the compost staff facilities and establish an on-site laboratory for plant growth trials and moisture testing.

This year, we have increased the volume of material composted by 152 tonnes, which would otherwise have gone to landfill.

We emptied 670,000 recycling bins and 271,000 glass crates and collected 608,000 rubbish bags from the kerb. Citywide, 4,500 tonnes of recycling, 2,600 tonnes of glass, and 3,820 tonnes of rubbish was picked up from residents, drop-off points and commercial customers.

Our team processed 5,320 tonnes of recycling in the materials recovery facility, cleared 330 tonnes of rubbish from public space bins and picked up 45 tonnes of illegally dumped items.

Commercial customers signed up to our invoiced service are steadily increasing, and the amount of glass, mixed recycling and food waste diverted from landfill has increased by 14% during the year. We have worked closely with several large businesses in the city to implement site specific ways for them to divert waste. We've also increased our engagement with schools and begun to identify their barriers to recycling.

ONGOING CONSIDERATIONS

Contamination in kerbside recycling continues to be a problem. Post Covid-19, this peaked at over 24%, however is now sitting back around 21%. This surpasses the citywide contamination threshold of 15%. As well as increasing operational costs for waste disposal, contamination also poses a health and safety risk to recycling processors and creates inequality as some residents are effectively subsidising others 'free' waste disposal. Dedicated resource will be required to implement education campaigns and monitoring of repeat offenders.

Central government has been making many legislative changes to minimise the harmful effects of waste on our environment. Recent changes include:

- The expansion and increase of the waste levy has a direct impact on this activity, doubling from \$10 to \$20 per tonne from July 1, and rising to \$60 per tonne by 1 July 2025. This, coupled with increasing costs in the Emissions Trading Scheme, will see increases in waste disposal costs. The implications of an increased waste levy are more funds available to invest in waste minimisation initiatives to increase the amount of waste diverted from landfill. Part of this increased funding will mean stringent reporting requirements; local authorities will also be required to report waste composition (which includes information from council run and private operators) in their jurisdiction – both of these elements will require a robust Information Management system for data capture, analysis and reporting.
- The National Environmental Standards of outdoor storage of tyres will come into effect in July 2021, and this will implicate the Rubbish and Recycling activity and its tyre piles. Tyre's stored outside in the volumes we currently store them will need a resource consent. We are investigating options to remove and recycle these tyres and have plans in place to start a user pays tyre drop-off point. We have also enquired about becoming a registered collection point through Tyrewise, the industry body for tyre product stewardship.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
<p>Council provides:</p> <ul style="list-style-type: none"> ➤ a kerbside solid waste collection service ➤ a kerbside recycling collection service ➤ recycling drop-off points ➤ a greenwaste drop-off service <p>to manage waste in an environmentally responsible manner and maximise the amount of waste diverted from landfill. [Waste Plan]</p>	<p>1. Rubbish and recycling placed in Council's official bags or bins are collected on the stated day. (At least 98%)</p>	Target met	<p>99.98% rubbish and recycling placed in Council's official bags and bins were collected on the stated day. There were a total of 147 missed recycling bins and crates, and 169 total missed rubbish bags. (2019/20 - 99.99%)</p>
	<p>2. Compliance with resource consents for the Rubbish and Recycling Activity measured by the number of:</p> <ul style="list-style-type: none"> ➤ abatement notices ➤ infringement notices ➤ enforcement orders ➤ convictions. 	Target met	Complete compliance with resource consent conditions during the period.
	<p>3. A 30-year Asset Management Plan is in place and major AMP projects approved in the 10-Year Plan are achieved.</p>	Target met	Asset Management Plans are in place for Rubbish and Recycling service and major AMP projects approved in the 10-Year Plan are on schedule. Major AMP projects completed included a new truck wash down bay and a new falling main from Awapuni to the Waste Water Treatment Plant.
<p>Council manages its Rubbish and Recycling Activity in a financially sustainable way.</p>	<p>4. Major services and projects are provided within budget.</p>	Target met	Services are provided on budget. Capital projects are on track and on budget.



Recycling collection

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Rubbish and Recycling	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
REVENUE				
Landfill Management	227	247	(20)	227
Waste Management	1,270	1,213	57	1,261
Waste Minimisation	1,496	1,237	259	1,724
TOTAL REVENUE	2,993	2,697	296	3,212
EXPENSES				
Landfill Management	236	233	(3)	336
Waste Management	1,799	1,781	(18)	1,720
Waste Minimisation	5,815	5,787	(28)	5,673
TOTAL EXPENSES	7,850	7,801	(49)	7,729
NET OPERATING COST OF ACTIVITY	(4,857)	(5,104)	247	(4,517)
RATING ALLOCATION				
Add back depreciation	677	923	(246)	606
Less Renewal capital expenditure	(130)	(176)	46	(513)
Add/(Less) borrowing effect of renewal 3 year averaging	(129)	(129)	-	208
Less provision for debt reduction	(893)	(811)	(82)	(1,338)
Add targeted rates allocation	5,332	5,297	35	5,554
FUNDING SURPLUS/(DEFICIT)	-	-	-	-
Net operating cost of Waste Minimisation due to favourable revenue from recycling collection and processing and favourable depreciation expense.				
Significant Activity Capital Projects Rubbish and Recycling	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
CAPITAL RENEWAL				
185-Closed Landfills and Transfer Stations - Site Infrastructure Renewals	52	93	41	
612-Recycling - City Wide Wheelie Bin and Crate Renewals	58	60	2	
1368-City Wide Public Space Rubbish and Recycling Bins Renewals	15	15	-	
1374-City Wide Public Recycling Facilities Renewals	4	8	4	
TOTAL CAPITAL RENEWAL	129	176	47	513
CAPITAL NEW				
506-City Wide Public Space Rubbish and Recycling Bins	38	40	2	
657-Recycling - City Wide Wheelie Bins and Crates to Additional Properties	66	58	(8)	
721-Awapuni Landfill - Landscaping	15	17	2	
1371-Closed Landfills and Transfer Stations - Site Infrastructure	199	56	(143)	
1373-City Wide Public Recycling Facilities	71	43	(28)	
1410-Recycling - Recycling Bins and Crates to Non Residential Properties	41	32	(9)	
TOTAL CAPITAL NEW	430	246	(184)	303
TOTAL CAPITAL PROJECTS	559	422	(137)	816

BIODIVERSITY AND SUSTAINABLE PRACTICES ACTIVITY

GREEN CORRIDORS

SUSTAINABLE PRACTICES / CAMPAIGN

ECO DESIGN HOMES

BIODIVERSITY – PLANT AND PEST CONTROL

SUPPORT TO ENVIRONMENTAL GROUPS

WHAT THE COUNCIL DOES

The Council plays its part in regenerating biodiversity by:

- re-establishing bush, particularly along walkways.
- controlling introduced predators.
- working in partnership with iwi.
- supporting community efforts and community groups such as Green Corridors. (Green Corridors is a Council managed project to enhance areas of native bush along streams, provide a place for wildlife to thrive, improve water quality, and create open green spaces from the Tararua Ranges to the Manawatū River).

It also encourages residents to become more sustainable through education and making it easy for them to make good choices. The Council also works with Horizons Regional Council to deliver the EnviroSchools programme in schools and early childhood centres, to reduce waste and energy use and engage with biodiversity. Council also has an EcoDesign Advisor (EDA) programme to advise residents on how they can make their homes warmer and drier while reducing their power bills and environmental footprint.

KEY ACHIEVEMENTS

Planted 15,000 **native plants**

Campaigned a **summer water use trial**

Became a member of the **Sustainable Living Education Trust**

Sponsored 27 Cafes and Establishments to **join Refill NZ**

750kgs of **hazardous waste was diverted from landfill** at our waste drop off event

Hosted **eco design workshops** for the community

Toutouwai (NZ Robin) reintroduced to Turitea Reserve

A Toutouwai during their release at Turitea Reserve



WHAT HAPPENED IN THE YEAR

Green Corridors

We managed the planting of 15,000 eco-sourced native plants throughout the Green Corridors network of gullies and streams. This aligns with Council's strategic direction to extend the Green Corridors programme.

Community planting events were not possible during 2020 due to Covid-19 restrictions. Volunteer planting and maintenance resumed in 2021 in a limited capacity, largely focused in Aokautere, where regular community working bees were carried out. Significant volunteer efforts were coordinated by community members of the Green Corridors Committee in Adderstone Reserve, Valley Views, Lower Titoki Reserve and Upper Pari Reserve. Community volunteer efforts have been substantial.

Significant maintenance was carried out, including the removal of vast amounts of invasive weeds, problematic exotic species and fly-tipping from neighbouring reserves. Community working bees are a regular monthly activity organised by Green Corridors and volunteer numbers continue to grow.

Sustainable Practices/Campaigns

Council staff continued to promote sustainable practices within the City with activities, events and campaigns promoted through media, social media and Council's website. Promotions included:

- Our website's Guru's Guide that outlines where items can be recycled or disposed of correctly. Content has been continuously updated.
- Creating and releasing videos about:
 - recycling of chemical waste and Ferguson Street Recycling Centre.
 - how garden green waste dropped off at our Awapuni Resource Recovery Centre is turned into compost.
- New and improved recycling drop-off point at our Awapuni Resource Recovery Park.
- Recycling of used household cooking oil at Ferguson Street Recycling Centre.
- Positive steps taken to avoid illegal dumping.
- Information and educational campaigns about the change of what plastics will be collected for recycling and what will no longer be collected and why.
- Informational campaign against flushing wet wipes, tissues, and face masks down toilets.

- Campaign for summer water use trial that encouraged voluntary practice of Level 2 water restrictions.
- Encouraging public to refill their water bottles at locations and establishments that are part of Refill NZ Initiative.
- Encouraging people to collect their own rainwater for emergency or outdoor use.
- Educational video about why and how we should keep our gully traps in good working condition to avoid stormwater entering them. This relieves pressure to sewage reticulation and treatment facilities.
- Promoting Aotearoa Bike Challenge, and celebrating cycling during Bike Month in February, encouraging staff to cycle more, and showcased some of Palmy's best rides.
- Informing and inviting the public to participate in community planting days (eg in Ahimate Park, Linklater and Schnell Wetland Reserves).

Hazardous Household Waste Drop-off Event

PNCC organised its third consecutive hazardous household waste drop-off event. It attracted 126 registrations and diverted 750kgs of household chemicals for proper treatment and disposal.

Sustainable Living Programme

After coming out of Covid-19 lockdown, PNCC became a member of the Sustainable Living Education Trust. This offers Palmy residents' access to a nationwide Sustainable Living Programme towards a greener, more sustainable lifestyle and cut down on household expenses. Materials are available online for free (sustainableliving.org.nz) and through a facilitated programme. This is based on materials and structure developed by Sustainable Living Education Trust covering eight weekly sessions on the topics of gardening, waste, water, eco-building, energy, food choices, transport and resilience.

To grow a pool of facilitators to deliver this programme three facilitated workshops were held. These were conducted by the National Coordinator of the Sustainable Living Programme and were attended by local community group members and Council staff.

Eco Design Advisor piloted Palmy's Sustainable Living Programme among Council staff prior to offering two programmes to the public. Palmy's Sustainable Living Programmes are held with the support of the Central Library and delivered by various experts from PNCC (civil defence, water, eco design, waste, active transport); Non Government Organisations (Water Protection Society, and Supergrans) and volunteers.

Community based Zero Waste Action Group

Council supported the establishment of a community-based zero-waste action group. Its initial meeting included Council staff, and other stakeholder group representatives from Rangitāne, community groups, academia, and business sector. Regular meetings were held to germinate ideas for collaboration including a working version of its vision and mission: Interested parties working together for Palmerston North, to collaborate, encourage and share information working towards zero waste and a circular economy.

Environment Network Manawatū (ENM) and other key members (Just Zilch, and Council) co-developed and submitted an expression of interest for an application to the Waste Minimisation Fund 2021 on food rescue/waste.

Support for joining Refill NZ Initiative

Twenty-seven cafés and establishments were sponsored to join Refill NZ – a nationwide initiative that allows the public to fill up their drink bottles for free without obligation to buy anything. The initiative provides a map of these locations (including public drinking fountains) on its website and phone app. This drive is in collaboration with Palmy's Plastics Pollution Challenge project and is aimed at reducing single-use plastic bottles, mitigating the need for more public water fountains, and supporting healthier living.

Moata Carbon Portal Trial

Palmerston North City Council is one of two councils that are participating in the MOATA Carbon Portal for local council use offered by EQUIP Local Government NZ in partnership with Mott MacDonald. We explored using the portal to estimate carbon footprint of four projects during this collaborative trial. Two of these were developed as case studies. The experience is useful for understanding the meaning and implications of estimating the embodied carbon emissions of infrastructure projects; gaps and needs for an internal approach for carbon management; and increasing carbon literacy in general.

Other Sustainable Practices

A booth was set up at Massey University Flating Expo to promote recycling and diversion of waste.

Upon request from the Palmerston North Community Services Council, Council delivered a workshop on Sustainability Working for Community Groups. This two-hour workshop was designed to help community organisations identify practical ways to be more sustainable, focusing on waste, water, transport, and energy.

Continuation of informal collaboration meetings with Massey University lead to the decision to trial a food waste collection at student accommodation to divert waste from landfill. Meetings involving students, Massey University, contractors, and Council will be held to plan for activities focused on this trial.

Eco Design Homes

Council's Eco Design Advisor (EDA) continued to provide a comprehensive service to the community in the form of in-home consultations with homeowners and tenants, providing free, unbiased advice on achieving and maintaining a healthy interior home environment.

The EDA ran several innovative community-based workshops on heating and cooling tips, permaculture and water conservation information and presentations of a range of these initiatives to community-based groups.

The EDA also attended regular community-based support services meetings to provide valuable expert input, assisted with media campaigns and dispersed regular healthy home advice through radio and other media channels. The EDA is part of a wider national network represented by six other Councils throughout the country.

Biodiversity, Plant and Pest Control

Council continued its investment in pest and weed management in parks and reserves including Arapuke Forest Park and Kahuterawa. This included regular predator trapping, noxious weed removal and monitoring and reporting of species trapped.

Council's ongoing investment in pest management in the Turitea Reserve is vindicated through native bird species monitoring. Results confirmed a population increase of triple numbers in species such as bellbird, tūi and kereru over the last ten years. A significant milestone for the year was Toutouwai (NZ Robin) being re-introduced into the Turitea Reserve. The work in this reserve is now recognised as an example of best practice pest management in unfenced reserves. A scientific report due next year will report on the outcomes of 16 years of intensive pest management in Turitea Reserve. Council continues to work beyond the Turitea Reserve to manage pests and weeds in adjacent locations:

- Hardings Park.
- Arapuke Forest Park.
- Turitea Green Corridors.
- as well as more isolated pockets as widespread as Victoria Esplanade, Bledisloe Bush, and Ashhurst Domain.

Construction of Mercury's Turitea Wind farm caused the closure of the Turitea Reserve for recreational deer hunting. However, deer hunting activity has been stepped-up by Council's pest control contractor to maintain control of these animals entering the reserve from adjacent private land and Department of Conservation reserves.

A weed and willow clearance programme also commenced, along the lower reaches of the Turitea and Mangaone Streams with follow-up planting with the support of matching funding from the Ministry of Environment's Freshwater Improvement Fund.

Council supports residents managing pests on their properties with advice and training and provides traps to groups willing to work collectively to make predator-free pockets.

Council continues to contribute to Horizons led biodiversity enhancements in the Te Apiti/Manawatū Gorge and the Weedbusters programme. Year 2 of the 5 Year Ministry for the Environment's Freshwater Improvement Fund saw work shift to the right bank of the lower Mangaone Stream restoration with clearing before planting. The Freshwater Improvement Fund is also boosting Green Corridors work on the Turitea Stream.

Support to Environmental Groups

Through the Strategic Priority Grants (SPG) funding, the Council contributes \$218,642 towards the environmental sector. Through this contribution, four groups are supported, and they influence outcomes for four of the eco-city priorities. The groups promote sustainability through educational programmes, food sovereignty and other activities. Environment Network Manawatū has the contract to administer small grant funding to resource the effective implementation of environmental initiatives to ensure the city can reach its eco-city goals; this was a reallocation of funding during the year.

ONGOING CONSIDERATIONS

Green Corridors

The management of pest plants is an ongoing issue in the Green Corridors. As plantings increase, so too does the area that requires ongoing maintenance. Careful budget management is required to ensure that habitat can continue to be increased, but also managed in a sustainable manner. Increased focus on managing pest plants may be necessary in the coming years to ensure that plants are adequately protected and maintained. This may necessitate a reduction in new plants to offset the cost of maintenance. Furthermore, an increase in long-lived succession plants will be required in areas with pioneer species.

Pioneer species such as manuka, kanuka and ribbonwood are only short-lived. Bigger canopy trees like totara, tawa, titoki and kahikatea need to be grown in a nursery for at least five years before they can be planted. They also require a supporting sub-canopy so they can be protected from the elements. Because the Green Corridors network is growing year-on-year, it was decided to grow 5,000 long-lived canopy trees annually to ensure the succession of pioneer, to subcanopy to canopy trees can be achieved over 10 years in each location.

After 20 years, an area should be self-sustaining. Some maintenance of pest plants will likely always be needed, given the risk of fly-tipping from neighbouring properties or pest plants washing downstream. The first crop of 5,000 canopy trees per year will be available in four years. Until then, a smaller supply of canopy trees is available each year, based on the funding available five years ago, which was significantly less than now. Because there is added expense in propagating longer lived trees, due to re-potting and nursery hire, there may be a need to reduce the number of pioneer species being planted in the future, causing a delay of planting-up the Green Corridors network. This could become a problem because significant areas of new Green Corridor space are expected as a result of the upcoming Aokautere residential rezoning. Most likely, 170 hectares of gully's will be vested to Council as an outcome of future development. Significant additional future funding may be needed to ensure these new areas are planted-up in a timely manner. This should be investigated in the 2024/34 10-Year Plan, once rezoning has been confirmed.

Sustainable Practices/Campaigns

In addition to promotional and education campaigns, the Council will be supporting the delivery of sustainable living education. This will build upon the positive response and feedback from running Sustainable Living Programme in Palmy using the structure and materials developed by Sustainable Living Education Trust covering topics on waste, energy, eco-building, gardening, transport, water, food choices and resilience. These provide opportunities for participants to interact and engage in discussion with various experts and resource persons from Council and local community groups. Similar seminars and talks will be customised to meet the needs of targeted audience or purpose. We will be collaborating and partnering with community groups and other likeminded organisations to reach out to wider audiences to encourage and promote sustainable practices.

Eco Design Homes

The Eco Design Advisor (EDA) service is established nationwide, however has struggled to gain traction as a mainstream service that local authorities provide to the community. Part of the role's focus is providing upfront pre-application engagement to capture eco-design fundamentals at the concept stage of a building's design. This area, unfortunately, is not well accessed by the construction design industry, despite our EDA network efforts to promote the service. One consideration would be to further target the design fraternity more and pro-actively to ensure eco-design is not an afterthought. The post-construction advisory service with a largely tenant based consumer market is all too regularly well subscribed when this effort could be better served at getting the construction more well-designed at the outset, where it is more cost and long-term benefit effective.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council works with iwi and community groups to re-establish bush, particularly along waterways, and to control introduced predators. [Biodiversity Plan]	1. 15,000 green corridors trees planted per year. (This is an average over three years, because as the number of trees increases so does the work required to look after the total number of planted trees.)	Target met	Over 15,000 trees have been planted. (2019/20 - 15,000)
Council fosters sustainable practices and behaviours so that city residents and organisations become more sustainable. [Sustainable Practices Plan and Energy Plan]	2. Number and description of sustainable practices campaigns.	Target met	The community-lead zero waste action group continued efforts to plan for activities. Key members (namely by Environment Network Manawatū (ENM), Just Zilch, and Council) were involved in co-developing an expression of interest for an application to Waste Minimisation Fund 2021. The application is lead by ENM and is related to food rescue / waste. Participation of Sustainable Living Programme offered by Council has been positive and sustained. This eight weekly two-hour sessions (covering the topics on gardening, waste, water, eco-building, energy, food choices, transport and resilience) are facilitated based on materials and structure developed by the Sustainable Living Education Trust. The Sustainable Living Programme received 38 registrations. Council is one of two city councils participating in the MOATA Carbon Portal for local council use. This portal by Mott McDonald allows detailed embodied carbon accounting and planning at all stages of the project. A two-hour workshop on Sustainability Working for Community Group designed to help community organisations identify practical ways to be more sustainable, focusing on waste, water, transport, and energy. Informal collaboration meetings with Massey University have occurred. As of mid-June, food waste collection trial at student accommodation had commenced to assist in diverting waste to landfill.
	3. Number and description of Eco Design home consultations.	Target met	This year has seen 155 in-home consultations taking place. In addition, there were 31 community workshops/presentations and professional participation in six service provider meetings. Media activities undertaken have consisted of a continuation of the weekly show on Manawatū People's Radio, plus four other general media engagements.
Council manages its Biodiversity and Sustainable Practices Activity in a financially sustainable way.	4. Major services and projects are provided within budget.	Target met	Services are provided on budget. Capital projects are on track on budget.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Biodiversity and Sustainable Practices	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
REVENUE				
Biodiversity	39	-	39	42
Sustainable Practices	19	-	19	-
TOTAL REVENUE	58	-	58	42
EXPENSES				
Biodiversity	302	314	12	262
Support to environmental groups	160	160	-	158
Sustainable Practices	259	227	(32)	385
TOTAL EXPENSES	721	701	(20)	805
NET OPERATING COST OF ACTIVITY	(663)	(701)	38	(763)
RATING ALLOCATION				
Less provision for debt reduction	(13)	(13)	-	(1)
Add general rates allocation	676	714	(38)	764
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Significant Activity Capital Projects Biodiversity and Sustainable Practices	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
CAPITAL NEW				
1077-Citywide - Biodiversity Enhancement Through Native Planting	18	21	3	
1451-Council Facilities LED Lighting Upgrades	63	61	(2)	
TOTAL CAPITAL NEW	81	82	1	162
TOTAL CAPITAL PROJECTS	81	82	1	162

STORMWATER ACTIVITY

WHAT THE COUNCIL DOES

Protection of people, homes, workplaces and businesses from flooding during rain events is essential in any well-planned and organised city. To achieve this, Council operates and manages a stormwater system to protect residential and commercial buildings, with minimal environmental impact.

Council seeks to minimise the impact of new development on existing flood risks by requiring effective control of stormwater discharge quality and quantity. Council also invests in upgrades to the stormwater system.

WHAT HAPPENED IN THE YEAR

Stormwater Management

A significant increase in sub-division activities, particularly infill development has continued within the city. Council has worked proactively with property owners and developers to support their infrastructure provision which mitigates the quality and quantity effects of the additional stormwater runoff from new land development, and to provide growth infrastructure connections into our systems. This has become more critical with the impact of climate change on rainfall intensities and expected changes to National Freshwater Policies setting higher water quality standards for discharges. Stormwater Management Plans are now a standard requirement for all sub-division and major building consent applications. There is also an increased understanding of the requirements for developers' design of measures to treat stormwater discharge and control stormwater peak flows.

To guide the measures to be employed, Council is developing a Stormwater Management Framework, following discussions

KEY ACHIEVEMENTS

Renewed and refurbished Birmingham and Ellesmere **pump stations**

A flood model for areas north of the airport and Bunnythorpe has been completed

Our CCTV inside the pipe inspection saw 3km of **our critical network inspected**

1.3km of **waterways were cleared** and 430m of **stream were planted**

and stakeholder engagement workshops. When completed, the framework will provide applicants for subdivision and/or building consents with an overview of the challenges in each stormwater catchment in the City which must be addressed as part of their development. The framework will set priorities for action as well as provide guidance on engineering and non-engineering solutions to mitigate stormwater effects. It will also guide future investment by Council in flood mitigation and water quality improvements in already developed areas of the city.

Specific projects were designed and delivered this year to reduce stormwater issues in catchments with high frequency flooding. Council has continued its focus on identifying and addressing local stormwater efficiency and nuisance flooding issues and completed significant investments in new and upgraded infrastructure in the following areas:

- Kent Crescent and Wincanton Place
- Churchill Avenue
- Hospital Line

Many of the pump stations in the city currently are running on either one pump or equipped with pumps at the end of their life span. This is the second year of Council's programme to renew and refurbish the major stormwater pump stations in the city. Last year saw significant work completed on Birmingham and Ellesmere pump stations. Although there was significant delay in implementation of the work this year due to limited contractor availability, work is at 80% completion at Sutton and Paisley pump stations with minor pipe works at Vautier park pump station. Sutton and Paisley pump stations now have new duty and standby pumps with the appropriate level of service. These pump stations also had significant upgrade of electrical cabinets as part of works standardising the operation and settings across the city's other pump stations.

A flood model for areas north of the airport and Bunnythorpe has been completed. Modelling work was extended to include Aokautere and is at a final draft stage. On-going discussions are held with the Regional Council on sharing of flood maps and district advice for flooding. There is keen interest to collaborate by both parties to ensure the right advice is given to the rate payers regarding minimum floor levels and flooding extent for planning purposes.

Network Performance

There were no reported cases of habitable property flooding during this year. Incidents of localised ponding, road and property flooding were reported; however, these were at levels similar to the previous year. Some immediate mitigation work was undertaken to clear the local network of blockages and investigation work is underway to identify cost-effective improvements to reduce the risk of future flooding events in these areas.

Council has an on-going investment in CCTV inspection of critical and aged parts of the pipe network, which runs a camera through the pipe network to pick up faults through visual inspection. This year 3km of the critical network was inspected, mostly covered sections of Kawau Stream. This data will be used to plan priorities for renewal works for the next few years. The CCTV inspections, as well as condition assessments of pump stations, also identified areas of the network in urgent need of renewal. A city-wide inspection of the open drain and streams network identified a significant backlog in maintenance work. Additional funding was approved by Council to begin to address this issue over the next ten years. A programme of work has been developed to address some of the most critical sections of the network. In 2020/21, 1.3km of waterways were cleared and 430m of Stream E along McGregor were planted. The planting was limited to a short section as it was a piloting exercise to ensure the right approach is implemented. Emphasis was given to waterways and ponds within parks and reserves which required a lot more effort.

Sections of the stream network that have been cleared includes:

- Milson Stream at Venus Way
- Stream E Goodman Fielder
- Ruamahunga Stream and Golf Course Pond
- Jamiesons Drain
- Kawau Stream at Monrad
- Schnell Reserve Stormwater system
- Kawau at Cottleville

ON-GOING CONSIDERATIONS

Stormwater

While there were no major flood events during the year, significant areas of the City remain at risk of flooding. Work needs to continue using modelling and improved understanding of the network and property risks to identify high-risk areas in the City. This will help us to identify effective and affordable flood mitigation options.

In June 2021, we experienced a rain event that lasted for long hours, causing significant road flooding and ponding in mostly in low lying parts of the city. This was partly caused by the high-water level in the Kawau and the Mangone receiving system preventing most outlets from discharging and triggering pump stations working at full capacity.

Central government has signalled its desire to achieve significant improvements in freshwater quality. This will be reflected in higher quality standards for discharges to freshwater. The urban streams and waterways of Palmerston North are heavily degraded due to overgrowth of exotic vegetation, litter and significant levels of contaminants entering via the stormwater system. Council will need to work proactively with the community to achieve improved stormwater quality. This can be achieved through a combination of investment in treatment systems at the source where possible and remediation of the existing urban waterways. Council will also consider regulatory action to address illegal discharges.

To support this, Council has started work on a comprehensive city-wide freshwater monitoring programme called Hai Manga Oranga in close collaboration with Rangitāne. Rangitāne has completed their first round of monitoring at 12 monitoring points covering sensitive environments and along the Kawau Stream and is currently concluding the draft report. The framework on joint monitoring reporting system to report the scientific and the cultural parameters have been completed. The next step is to start the scientific monitoring and establish an interactive reporting platform.

The city's stormwater infrastructure continues to age. Use of CCTV, physical inspection, and condition assessments will enable Council to develop a robust assessment of renewal requirements. It is likely increasing investment in the stormwater network will be required to maintain levels of service.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council provides stormwater services to protect buildings from inundation from flooding in major events. [Three Waters Plan]	1. The number of flood events per year resulting in stormwater from Council's stormwater system entering a habitable floor in an urban area. (No more than 5)	Target met	There have been no recorded flood events resulting in stormwater entering a habitable floor in the 2020/2021 financial year.
Council provides stormwater infrastructure to support growth. [Growth Infrastructure Plan]	2. The number of habitable floors per 1,000 properties within urban stormwater service areas affected by a flood event. (No more than 2)	Target met	There have been no recorded flood events resulting in stormwater entering a habitable floor in the 2020/2021 financial year.
	3. Median time to attend a flooding event (Less than 2 hours). (Note: A flooding event is one resulting in stormwater entering a habitable building.)	Target met	There have been no recorded flood events resulting in stormwater entering a habitable floor in the 2020/2021 financial year.
	4. The number of complaints received about the performance of Council's stormwater system per 1,000 properties connected. (No more than 15)	Target not met	In the 2020/2021 financial year, a total of 560 complaints have been received for the year or 16.7 complaints per 1,000 properties connected. The complaints include 76 complaints relating to storm water events, 49 related to sump/grate problems, 97 associated with pipe/underground services damage, 34 cases of on-property flooding or drainage problems, 284 cases of roadside ponding and 20 complaints related to waterway or open drain problems. The KPI was not achieved for this financial year.
	5. Compliance with resource consents for discharge from Council's stormwater system measured by the number of: <ul style="list-style-type: none"> ➤ abatement notices ➤ infringement notices ➤ enforcement orders ➤ convictions in relation to stormwater resource consents	Target met	All stormwater consent conditions have been fully complied with, such that no convictions, abatement, infringement or enforcement orders have been received.
	6. A 30-year Asset Management Plan is in place and major AMP projects approved in the 10 Year Plan are achieved.	Target not met	The 30 Year Asset Management Plan (2017-2047) for the 2018-21 LTP was adopted in 2018. The major network renewal programmes of work have been largely completed as planned with the exception of pump stations where progress is delayed by contractor and equipment availability.
Council manages its Stormwater Activity in a financially sustainable way.	7. Major services and projects are provided within budget.	Target met	Routine maintenance and programmed renewal and capital improvement works are delivered within budget

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Stormwater	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
REVENUE				
Stormwater Collection and Disposal	24	2	22	9
TOTAL REVENUE	24	2	22	9
EXPENSES				
Stormwater Collection and Disposal	4,084	4,022	(62)	4,764
TOTAL EXPENSES	4,084	4,022	(62)	4,764
NET OPERATING COST OF ACTIVITY	(4,060)	(4,020)	(40)	(4,755)
RATING ALLOCATION				
Add back depreciation	1,925	1,909	16	1,802
Less Renewal capital expenditure	(744)	(860)	116	(673)
Add/(Less) borrowing effect of renewal 3 year averaging	(1)	(1)	-	51
Less provision for debt reduction	(206)	(206)	-	(159)
Add general rates allocation	3,086	3,178	(92)	3,734
FUNDING SURPLUS/(DEFICIT)	-	-	-	-
Significant Activity Capital Projects Stormwater	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
CAPITAL RENEWAL				
20-City-wide - Stormwater Pump Station Renewals	21	230	209	
1062-City-wide - Stormwater Renewal Works	724	630	(94)	
TOTAL CAPITAL RENEWAL	745	860	115	673
CAPITAL NEW				
51-City-wide - Stormwater Subdivision Contributions	35	51	16	
1001-Urban Growth - Whakarongo - Installation of Stormwater Systems	152	100	(52)	
1060-City-wide - Stormwater Improvement Works	920	1,300	380	
1372-City-Wide SW Pump Stations	53	310	257	
TOTAL CAPITAL NEW	1,160	1,761	601	597
TOTAL CAPITAL PROJECTS	1,905	2,621	716	1,270

WASTEWATER ACTIVITY

WHAT THE COUNCIL DOES

Reliable, safe and well-maintained wastewater (sewerage) systems are fundamental requirements for health and the general well-being of people and the environment.

The Council operates wastewater systems for the safe and reliable collection, treatment and disposal of sewage from residential and commercial properties in an environmentally acceptable way. The system made up of five interconnected public networks in Palmerston North, Linton, Ashhurst, Bunnythorpe and Longburn, conveys waste to a central treatment plant in Totara Road.

KEY ACHIEVEMENTS

Extensive **BPO consultation and engagement** held

Investment from three waters reform enabled an additional 9.34M to be **invested in our water and wastewater**

Design work for our **biogas project** has been initiated

Seismic strengthening of our digesters is underway

Wastewater treatment facility in Awapuni



WHAT HAPPENED IN THE YEAR

Totara Road Wastewater Treatment Plant

Council successfully operated and maintained the wastewater system throughout the year in compliance with the requirements of its resource consents. With all wastewater directed to the Totara Road wastewater treatment plant (WWTP), effective operation of the plant is critical. During the year, seven upgrade projects at the Totara Road wastewater treatment plant (WWTP) were initiated:

- A significant investment has been made to hydraulically model the flows and flow distribution through the screen room. Therefore, only one of the four lift pumps have been installed and the second one will be installed within the next three months.
- The designs for the electrical high-and low voltage upgrades are almost completed and will be tendered for construction in 2021/22.
- Design work for the biogas improvement project has been initiated and will entail significant health and safety upgrades as well as some minor process improvements.
- All mechanical and electrical components in three sedimentation tanks have been renewed.
- Phase 1 of the seismic strengthening has started with the de-loading of the roof of the sedimentation tanks. Phase 2 is the strengthening of the digesters and design is currently underway.
- A programme of work has been initiated to upgrade the screen room, which entails upgrading the gantry crane to an electric crane, mechanical modifications and installing the third inlet screen. The gantry crane has already been installed and commissioned, with the other work planned for completion in 2021/22.
- A new storage shed, and workshop will be built at the treatment plant, building consent has been approved and issued for construction.

These upgrades are important to ensure the plant is capable and robust enough to handle current flows and future flows through to 2025 when a new wastewater treatment and disposal system will need to be in place following the conclusion of the Wastewater BPO project.

Significant work has been completed at the wastewater treatment plant. A lot of projects are interdependent and have caused delays during construction, but council officers have done extremely well to deliver projects in challenging conditions. These challenges are envisaged to continue due to the nature of the projects and operating conditions at the plant. These upgrades are important to ensure the plant is capable and robust enough to handle current flows and future flows through to 2025 when a new wastewater treatment and disposal system will need to be in place following the conclusion of the Wastewater BPO project.

Best Practicable Options (BPO) Project – Nature Calls

The critical project to identify the best practicable option for a new wastewater treatment system is well underway. The Project Steering Group includes partners Rangitāne, guided by the project's technical advisers Stantec, legal advisers Simpson Grierson and in-house project delivery team.

Council identified a long list of 26 options for an initial assessment. With the support of a range of technical, cultural and environmental assessments, Council went through several rounds of workshops. These involved the Project Steering Group and external stakeholder representatives. The Project Steering Group endorsed the selection of a shortlist of six options to move to the next stage. More detailed cultural and technical assessment work into river water quality, fish and ecological studies and land and groundwater assessments were completed. This work has informed community and stakeholder consultation and engagement as well as assisting the further deliberations by Council and Rangitāne later in 2020 to select a preferred option.

An extensive consultation and engagement process to seek feedback from the community and interested stakeholders on their preferred approach was undertaken during June to help Council determine the preferred option. Summary material for each option was developed and sent to every resident and ratepayer, supported by a wide variety of web and media material.

The shortlist options represent all the potential receiving environments and are all considered capable of meeting the key project objectives at least in part. Investigations will be comprehensive and wide-ranging.

Wastewater Network

Government investment from the 3 Waters Reform programme is enabling an additional \$9.34million to be invested in our water and wastewater assets across 25 individual projects, during the period of November 2020 to March 2022. This includes work at the Wastewater treatment plant discussed above. At the end of the 2020/21 financial year, 53% of this additional investment has been delivered. Of this investment, an additional \$3.32million has been allocated to wastewater renewal and new projects, alongside further asset condition assessments and technology and system improvement investments.

While the treatment plant has operated effectively, some parts of the wastewater network struggle to accommodate the high peak flows occurring because of large quantities of stormwater entering the network.

Challenges exist in Bunnythorpe, Longburn and parts of the College Street catchment. A network capacity model has been generated and can assist council on determining areas where significant focus should be given. An improvement plan has been generated to develop a planned programme of works to increase network capacity to reduce frequency of network overflows and minimize risk. Monitoring programmes have been initiated to determine the extent of inflow and infiltration in problematic catchments. Council has continued its investment in the renewal of the mains network. Along with a comprehensive mains renewal programme, a total length of 1.7km of critical mains have been relined as well. Significant work and planning have been done to improve health and safety elements around pump stations. There has been a renewal and five pumps, design initiated of 4 electrical cabinets and internal pipe renewals at two pump stations are designed. The Centennial drive pressure sewer network has vested with council and the Council officers and operators have been inducted on how the system operates. On-going condition assessment of the plant and equipment at the Waste Water Treatment Plant (WWTP) and key pump stations around the city has confirmed the extent of the backlog in renewal and upgrade work. These upgrades will be critical to ensure the reliable operation of the wastewater system and high standards of health and safety for Council staff and contractors.

Significant investment in CCTV inspection of the network has continued to identify parts of the network in urgent need of renewal. This information has been used to plan the long-term funding profile required to ensure the network meeting the expected level of performance. A short-to medium term (two to five years) renewal strategy was developed to guide investment in network renewals.

A complete CCTV investigation of Bunnythorpe was done to determine the existing condition of the network. All available information on the Bunnythorpe network has been collated to develop a strategy to renew and replace assets. Relining of critical assets in private property and below existing infrastructure have been planned.

ONGOING CONSIDERATIONS

The most significant challenge continues to be the continuing high levels of stormwater inflow and infiltration to the wastewater network during wet weather events. These can increase flows by a factor of five or six times compared to dry periods. This has resulted in some key parts of the network operating close to capacity if not beyond.

Council will be using the now completed wastewater network model to identify and understand the key capacity constraints. Modelling analysis has identified a range of mitigation measure to reduce the volume and frequency of wastewater discharges to the environment, including upsizing of some key mains and provision of storage to smooth peak flows.

In parallel with the capacity modelling work, Council will continue to consider the options and funding required to reduce stormwater inflows and infiltration to the network practically. The work will target parts of the network with very high inflows. Council will look to evaluate cost effective diagnostic techniques, specific interventions and the effectiveness of the work. As the city moves towards selecting a best practicable option for managing wastewater, identifying effective strategies to limit and even reduce stormwater inflow to the system will be key to finding a cost-effective solution. An educational video has been released to assist property owners in recognizing defects with on property infrastructure and how owners can help mitigate inflow and infiltration. Condition of on property laterals remains a concern.

Separate programmes are proposed to fund inflow and infiltration work and renewal of the larger diameter wastewater trunk mains. Investigations have also identified a significant length of abandoned sewer mains in the network that need to be decommissioned to avoid the risk of private property and road subsidence. A separate programme of work is being developed to fund this decommissioning.

Given the WWTP is almost 50 years old, on-going condition assessment of key mechanical, instrumentation and electrical components and some key pump stations remains a high priority. Although further, more detailed work is required, initial assessments have identified key vulnerabilities and weaknesses. If the WWTP is to continue to perform reliably and adequately over the next six to eight years, significant additional investment will be required. This will need to include renewal and replacement of critical electrical and mechanical infrastructure.

The most important focus in wastewater activity is advancing the assessment of a best practicable option to enable consent preparation for future wastewater management for the city. Within the next 12 months, Council will need to have selected a preferred option, and initiated detailed investigation and analysis of that option to inform a consent application.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council provides wastewater services for the safe collection, treatment and disposal of the city's wastewater. [Three Waters Plan]	1. Number of dry weather wastewater overflows from Council's wastewater system per 1,000 connections per year. (No more than 1)	Target not met	There were 34 recorded incidents of a dry weather wastewater overflow during the 2020/21 financial year, which is equivalent to 1.03 overflows per 1,000 connections. This KPI has been exceeded this financial year. (2019/20 - 20 incidents, 0.605 overflows per 1,000 connections)
Council provides wastewater infrastructure to support growth. [Growth Infrastructure Plan]	2. Complaints per 1,000 connections about: <ul style="list-style-type: none"> ➤ wastewater odour (no more than 1) ➤ Wastewater system faults (no more than 3) ➤ Wastewater system blockages (no more than 10) ➤ Council's response to issues with the wastewater system. (No more than 1) Total target: no more than 15) 	Target met	480 complaints or RFS were received during the 2020/21 FY or an average of 14.59 complaints per 1,000 connections. Complaints included 27 for wastewater odour (0.8 per 1,000 connections), 94 manhole faults (2.85 per 1000 connections) and 345 relating to network blockages or wastewater leaks (10.9 per 1,000 connections). (2019/20 - 411 complaints, equating to 12.43 per 1,000 connections)
	3. Median time for attending to overflows resulting from blockages or other faults. (Less than 1.5 hours)	Target met	Median time for attending to an overflow resulting from a blockage is 0.67 hours. Maximum time for attending to an overflow resulting from a blockage is 1,008.7 hours. (2019/20 - Median response time 0.56 hours - Maximum response time 207 hours)
	4. Median time for resolution of overflows resulting from blockages or other faults.	Target met	The median time for resolution of an overflow resulting from blockages or other faults is 6.01 hours. The maximum time for resolution of overflows resulting from blockages or other faults 1,657.5 hours. (2019/20 - Median resolution time 4.27 hours -Maximum resolution time 517.77 hours)
	5. Compliance with resource consents for discharge from Council's wastewater system as measured by the number of (zero): <ul style="list-style-type: none"> ➤ abatement notices ➤ infringement notices ➤ enforcement notices ➤ convictions received by Council in relation to resource consents 	Target met	Council has not received any abatement notices for non-compliance with resource consents. However, during the third and fourth quarter of the financial year, there has been three incidents of resource consent non compliance. Ammonia in the river exceeded the consent limit. The non-compliance is a result of extremely low flow in the Manawatū River which resulted in insufficient mixing of discharge with the Manawatū River downstream of the treatment plant discharge point. Remedial work to increase mixing flow during low flow period has been proposed to the Horizons Regional Council. Council is currently working through practicable options with HRC River Management Team. (2019/20 – no notices or convictions)
	6. A 30-year Asset Management Plan is in place and major AMP projects approved in the 10-Year Plan are achieved.	Target not met	The 30 Year Asset Management Plan (2017-2047) for the 2018-21 LTP was adopted in 2018. The major network renewal programmes of work have been completed as planned with the exception of pump stations and telemetry renewals where progress has been delayed by contractor and equipment availability. The major wastewater treatment plant renewal projects are also only partially complete for similar reasons.

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council manages its Wastewater Activity in a financially sustainable way.	7. Major services and projects are provided within budget.	Target not met	Operations and maintenance expenditure exceeded budget due to significant additional expenditure required on the Wastewater BPO Consent Project as well as higher investigation and planning work required to advance Council's programme of work. Key capital new and renewal programmes of work were only partly completed due to internal and external project and contract management resourcing gaps, long delays to procurement of materials and equipment particularly from overseas suppliers and significant project scope changes. Significant additional funding from DIA added to the work delivery pressures.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Wastewater	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
REVENUE				
Wastewater Collection	100	955	(855)	49
Wastewater Treatment and Disposal	1,450	381	1,069	1,159
TOTAL REVENUE	1,550	1,336	214	1,208
EXPENSES				
Wastewater Collection	5,673	4,827	(846)	6,087
Wastewater Treatment and Disposal	6,188	5,796	(392)	5,549
TOTAL EXPENSES	11,861	10,623	(1,238)	11,636
NET OPERATING COST OF ACTIVITY	(10,311)	(9,287)	(1,024)	(10,428)
RATING ALLOCATION				
Add back depreciation	4,375	4,251	124	3,692
Less Renewal capital expenditure	(4,852)	(3,642)	(1,210)	(2,631)
Add/(Less) borrowing effect of renewal 3 year averaging	615	615	-	383
Add external revenue for renewal capital	2,733	-	2,733	-
Less provision for debt reduction	(1,148)	(466)	(682)	75
Add targeted rates allocation	8,588	8,529	59	8,909
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Wastewater collection and Wastewater Treatment and Disposal revenues overall were close to budget. However, the actual revenues were mainly associated to the Treatment and Disposal sub-activity. This was corrected as part of the budget process for the Long Term Plan 2021-31.

Wastewater Collection expenses were unfavourable due to depreciation expense being higher than budgeted.

Significant Activity Capital Projects	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
Wastewater				
CAPITAL RENEWAL				
54-City-wide - Wastewater Pipe Renewal	3,074	2,101	(973)	
65-City-wide - Wastewater Pump Station Renewal	104	255	151	
179-Totara Road Wastewater Treatment Plant - Minor Equipment Renewals	719	260	(459)	
1059-Totara Road Wastewater Treatment Plant - Replacement of Grit Removal Systems	115	268	153	
1068-Totara Road Wastewater Treatment Plant - Replacement of Inlet Pumps	811	432	(379)	
1351-Eastern Trunk Main - Hokowhitu Campus Renewal	16	-	(16)	
1380-Totara Rd WWTP - Biogas Generator Major Overhauls	-	26	26	
1620-Totara Road Wastewater Treatment Plant - High Voltage Power renewals	2	300	298	
1685-Replacement of potable water service in WWTP	9	-	(9)	
1693-PS Telemetry unit compatibility upgrade	-	-	-	
TOTAL CAPITAL RENEWAL	4,850	3,642	(1,208)	2,631

Significant Activity Capital Projects	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
Wastewater				
CAPITAL NEW				
73-City-wide - Wastewater Subdivision Contributions	-	103	103	
210-Urban Growth - Installation of Wastewater Systems for New Industrial Areas - NEIZ extension area	19	-	(19)	
1000-Urban Growth - Whakarongo - Installation of Wastewater Systems	(39)	-	39	
1043-Totara Road Wastewater Treatment Plant - Inlet Main Duplication	-	500	500	
1048-Totara Road Wastewater Treatment Plant - Construction of New Food Waste Facilities	193	110	(83)	
1055-Urban Growth - City West - Installation of Wastewater Systems	5	-	(5)	
1074-Totara Road Wastewater Treatment Plant - Earthquake Strengthening of Civil Structures	845	600	(245)	
1412-Urban Growth - Ashhurst - Wastewater	20	-	(20)	
1579-WWTP - Health and Safety Upgrades	218	200	(18)	
1616-City Wide Wastewater Pump Station - Capacity Upgrade	87	100	13	
1617-Totara Road Wastewater Treatment Plant - Biogas System Improvements	98	150	52	
1618-Totara Road Wastewater Treatment Plant - High Voltage Power resilience upgrades	138	400	262	
1619-Totara Road Wastewater Treatment Plant - Inlet Screens	427	500	73	
1621-Totara Road Wastewater Treatment Plant - New Storage Shed for critical equipment.	113	150	37	
1688-Three Waters Resilience - Installing Telemetry	4	-	(4)	
1689-Three Waters Data Centre Upgrade	128	-	(128)	
TOTAL CAPITAL NEW	2,256	2,813	557	914
TOTAL CAPITAL PROJECTS	7,106	6,455	(651)	3,545

Some of the capital projects have been unable to be proceeded with or completed and are to be carried forward to future years for completion. Some of the projects to be carried forward include:

179-Totara Road Wastewater Treatment Plant - Minor Equipment Renewals

1055-Urban Growth - City West - Installation of Wastewater Systems

1619-Totara Road Wastewater Treatment Plant - Inlet Screens

54-City-wide - Wastewater Pipe Renewal

1685-Replacement of potable water service in WWTP

1068-Totara Road Wastewater Treatment Plant - Replacement of Inlet Pumps

65-City-wide - Wastewater Pump Station Renewal

1618-Totara Road Wastewater Treatment Plant - High Voltage Power resilience upgrades

1620-Totara Road Wastewater Treatment Plant - High Voltage Power renewals

1621-Totara Road Wastewater Treatment Plant - New Storage Shed for critical equipment.

1579-WWTP - Health and Safety Upgrades

WATER SUPPLY ACTIVITY

WHAT THE COUNCIL DOES

A secure, safe, and high-quality water supply is essential to the health and wellbeing of all City residents.

Council is committed to providing a secure, safe, and high-quality water supply to City residents. It understands the importance of its obligations and role in facilitating and managing the supply of water from its source to the customer, to ensure the protection of public health.

Council maintains and develops a safe and reliable supply of water to residential and commercial properties in the supply area. Council also manages a water conservation strategy that promotes efficient water use.

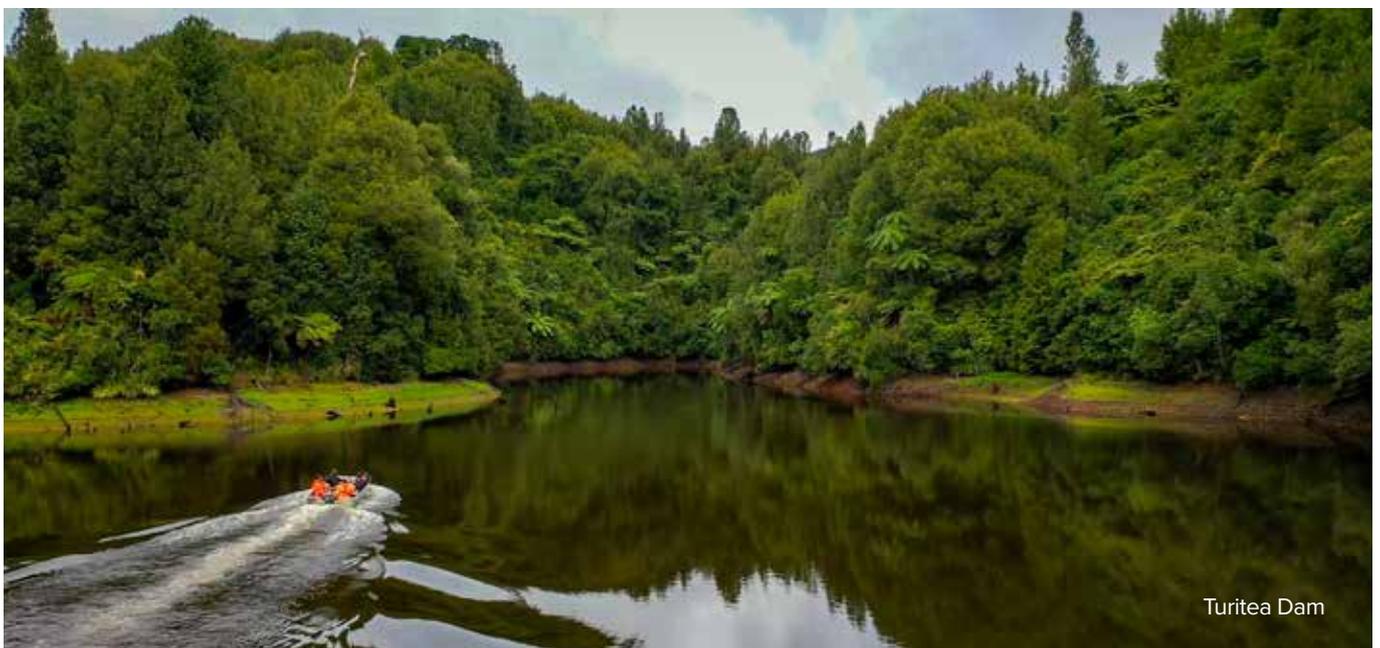
KEY ACHIEVEMENTS

Had **no mandatory water restrictions** over the summer

Refurbished generator installed at Keith Street bore

Multi-year **seismic strengthening project for Turitea Water Treatment Plant** was finalised and tendered

Improved safety for our **construction and operation crews**



Turitea Dam

WHAT HAPPENED IN THE YEAR

Quantity and Quality of Supply

In summer 2020/21 we trialed a new approach to water demand management. Our Summer Water Use campaign encouraged consumers across our four water supplies (Palmerston North, Ashhurst, Bunnythorpe and Longburn) to conserve water throughout summer, regardless of the weather or the water levels in our Turitea Dams. The campaign was successful in that we managed to get through summer without imposing mandatory restrictions. The campaign was about behaviour change long term and working alongside our residents to ensure we all have enough water to go around.

On 25 September 2020 there was a burst on our 525 mm diameter trunk main which supplies water from the Turitea Dams to Palmerston North. This was a major event which required a shut-down of this supply and a reliance on our reservoirs from early Friday morning until early Saturday morning. Consumers showed how well they can respond in an emergency, and together managed to “flatten the peak”, reducing peak demand and conserving water so that repairs to the main occurred without the city running out of water. Only a small number of consumers were without water during the shutdown - they were supplied with bottled water. Our Communications campaign during this event won silver at the Public Relations Institute of New Zealand annual awards. This event meant that for the 2020/21 reporting year, we did not achieve the Ministry of Health requirement of having no shutdowns lasting longer than 8 hours. The Turitea Duplicate Main project currently under construction will provide resilience against a repeat event.

On 31 December 2020, an issue with lime dosing equipment at our Turitea Water Treatment Plant (WTP) resulted in non-compliant water entering our reservoirs. We investigated this incident fully and believe there was no impact on public health. Several actions have been completed to reduce the chance of this happening in the future. As part of our seismic strengthening work at the plant we will also review our chemical treatment area to make further improvements.

The 5-yearly groundwater residence time testing for both Bunnythorpe and Longburn bores was completed late, and a delay in processing of samples at the specialist lab involved meant that this generated non-compliances for the 2020/21 year. Follow-up sampling has confirmed that there is no risk to public health as a result, and it is expected that secure bore status for these bores and full compliance is achieved in 2021/22.

Other than the issues noted above, all our water sources, plants and supplies were fully compliant with the Drinking Water Standards and resource consent conditions in the reporting year.

Risk and Resilience

The generator previously used at our Aokautere booster station was refurbished and installed at our Keith Street bore. This means that our Keith Street source is more resilient to electricity supply disruption. If electricity supply is lost, the generator will start, and we can continue to provide water from here without delay.

The hoist for the chemical store at Turitea WTP was certified, with minor modifications made to ensure that it was compliant. Safe operation of this equipment, which lifts bulk chemicals from ground up to storage, is essential for Health and Safety and resilience.

The major, multi-year seismic strengthening project for Turitea WTP was finalised and tendered. The work has been divided into stages, with the first stage for completing being the office/control room and amenities. This will help to ensure the safety of our staff and critical systems, so we're able to respond even after a major earthquake.

The Annual Dam Safety Reviews for our Upper and Lower Turitea Dams indicated no significant issues. This year, we signed a contract for monthly satellite monitoring of our dams. This enables us to detect any movement in parts of these structures, more frequently than we could with physical surveys on the ground. It also costs less to carry out, and eliminates the risks associated with surveyors working at height from the top of the Upper Dam.

As mentioned above, the Turitea Duplicate Main once complete will provide additional redundancy for the Turitea Dam source, which supplies most of the water for Palmerston North. During 2020/21 we finalised plans for seismic shutoff valves at our Ngahere Park reservoirs. These will help ensure that we have still have enough water stored even after a major earthquake. We're currently requesting tenders from contractors who wish to complete the physical work.

We've purchased trench shielding so it's easier for our construction and Operations crews to access the equipment they need to safely work in deep excavations. Improving Health and Safety is a key focus at Palmerston North City Council, so we can reduce the risk of our staff, contractors or others being harmed.

We initiated several separate but related projects to improve the resilience of our telemetry networks, which provide real-time information on how our water supplies are performing.

Network Investment

Council continued its rolling renewal programme in the 2020/21 year. This ensures that the 560km of water mains and all our treatment plant assets are replaced at the end of their economic life. This reduces the number of interruptions affecting consumers and manages our maintenance costs to an affordable level. Other than projects specifically mentioned elsewhere, we spent:

- \$3.252k on water main renewals.
- \$244k replacing tobies, meters and backflow preventers at customer connections.
- \$236k for renewing assets at Turitea WTP.
- \$121k renewing assets at our other water treatment or network facilities.

Government investment from the 3 Waters Reform programme is enabling an additional \$9.34million to be invested in our water and wastewater assets across 25 individual projects, during the period of November 2020 to March 2022. At the end of the 2020/21 financial year, 53% of this additional investment has been delivered. Of this investment, an additional \$2.9million has been allocated to water supply renewal and new projects, alongside further asset condition assessments and technology and system improvement investments.

We also scoped critical customer meter replacements that will provide 2-3 years of planned works. Design and tender documentation for these major connection replacements is being finalised now. It's expected that the work will go to tender and be awarded before the end of 2021.

Work on the pump and chemical buildings at Railway Road bore is progressing well. Once this is completed then fencing, planting and roads at the site will be constructed prior to final commissioning. When this source is put into use, it will provide additional water supply to service the North-East Industrial Zone, then in the medium term the KiwiRail Freight Hub followed by extension to Bunnythorpe.

An agreement has been reached with Palmerston North Airport Ltd for a cost share on a new PRV (Pressure Reducing Valve) station along Airport Drive. Once complete, the City and Kelvin Grove water supply zones can be connected. This will improve the level of service available and support development along Airport Drive.

Creation of a pressure management zone in the south-west of Palmerston North was investigated. It was concluded that without the installation of three PRV stations, pressure in this area could not be actively managed without impacting on the firefighting water supply to some of the larger non-residential properties in the area. This meant that it would not be economical to introduce. In 2021/22 we'll continue to investigate other areas on our water supplies where pressure management can be used to actively reduce leakage.

ONGOING CONSIDERATIONS

Water Supply Activity

Planning commenced for a programme to install reservoirs at all bore sites. This will enable minimum chlorine contact times to be achieved before water enters the reticulation. It will also buffer peak water demand from the network enabling reduced pump running hours and stop/starts of the pumps. We're updating previous work, so we allow enough storage for resilience, as well as the minimum required for chlorine contact time.

Work was undertaken on improving how connections to the water network are made with an emphasis on water safety, backflow prevention, meeting Council's conditions of supply, customer obligations, and managing water demand, especially where large water users are involved. This work is complementary to the adoption of a new Water Supply Bylaw which is scheduled for 2021 and will include a greater focus on water safety, ensuring conditions of supply are observed and managing water demand.

An updated Water Supply Asset Management Plan was prepared, and asset valuations were updated.

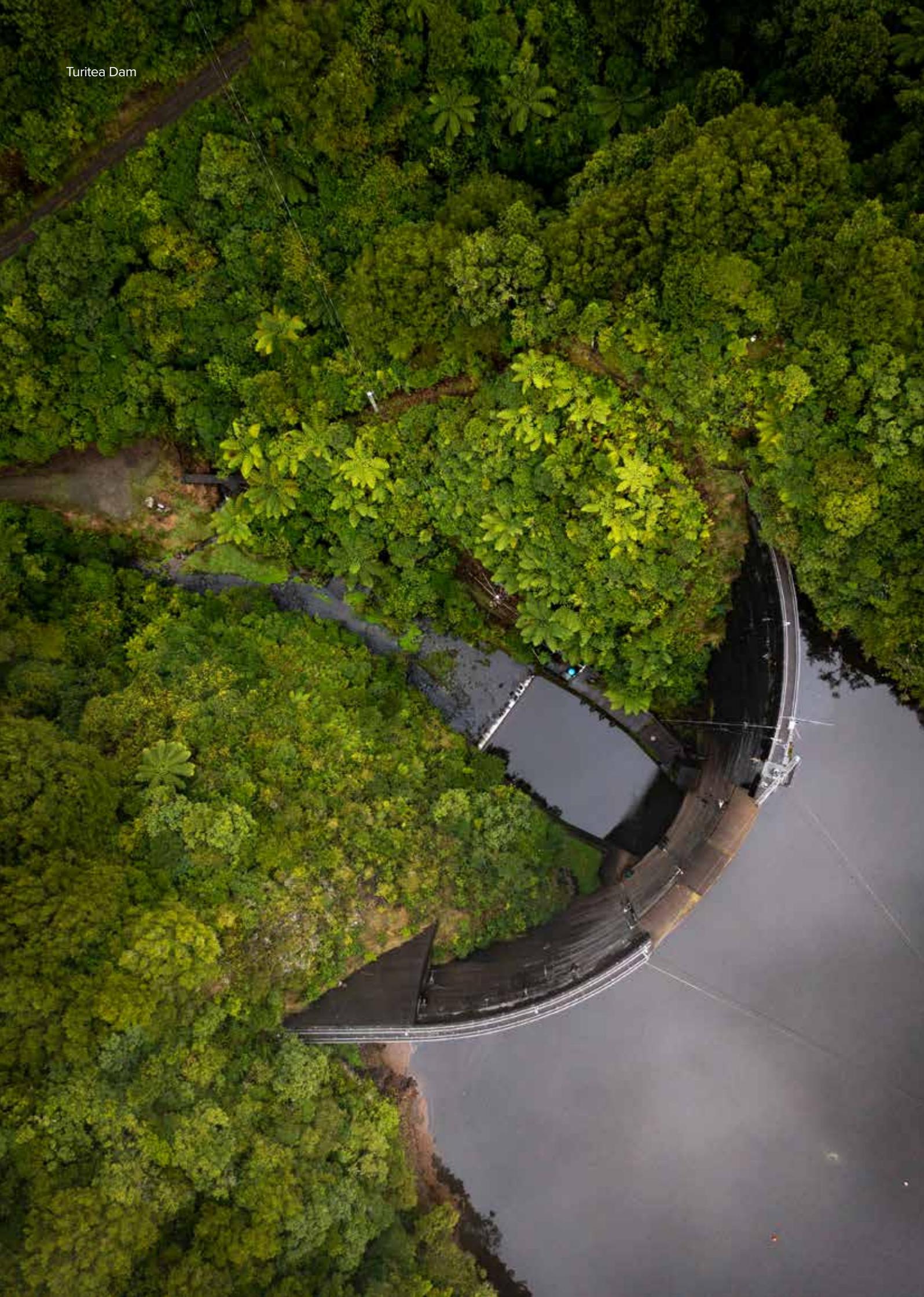
Work is scheduled to begin in 2021 on a multi-year water toby replacement programme across all our water supplies. These tobies are being replaced with manifolds that incorporate a backflow prevention device alongside the service valve. The backflow prevention device furthers Council's multi-barrier approach to water safety and enables compliance with Health Act requirements.

The main priorities in our capital programme for the next 30 years (as seen in our latest 10-Year Plan) are:

Drinking Water Standards compliance

- Resilience
- Sustainability
- Reliability
- Growth

Turitea Dam



HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council provides water services for the provision of safe and readily available water. [Three Waters Plan]	1. Compliance with Part 4 (bacteria compliance criteria) of the Public Health Act 1956 (as amended by the Health (Drinking Water) Amendment Act 2007). (target 100%)	Target not met	A bacterial non-compliance occurred on the 30th December 2020 as a result of a plant fault. An overdose of hydrated lime occurred, causing the pH to rise in the clear well tank. This resulted in elevated pH in the equivalent free available chlorine (FAC) levels in the treated water falling below 0.2ppm for 4% of the monitoring period. The standard restricts supply of non-compliant water to not more than 2% of the monitoring period. To prevent a recurrence of this type of transgression, training with staff to understand the issue and ensure critical controls take place immediately after any incident. A refresher session is being planned, and the Standard Operating Procedure is being finalised. The compliance assessment report is not due until Q2 of the 2021/2022 year.
Council provides water infrastructure to support growth. [Growth Infrastructure Plan]	2. Compliance with Part 5 (protozoal compliance criteria) of the Public Health Act 1956 (as amended by the Health (Drinking Water) Amendment Act 2007). (target 100%)	Target met	All monitoring data received to date indicates full compliance with protozoal compliance criteria included in the New Zealand Drinking Water Standards. However, Council has missed residence time sampling for Bunnythorpe and Longburn bores. This will require a change to the sampling frequency. The missed sampling time has resulted in noncompliance for the 2020/21 financial year.
	3. The number of complaints per 1,000 connections relating to clarity, taste odour, continuity of water supply, drinking water pressure or flow, and Council's response to any of these issues (no more than 40)	Target not met	A total of 1,352 complaints were received for the last twelve months or 41 complaints per 1,000 connections. The 1,352 complaints included 57 mains bursts, 35 low pressure issues, 62 issues associated with continuity of supply, 52 for meter faults, 669 toby faults, 8 for bad smell, 74 for discoloured water, and 6 for bad taste. (2019/20 - 43.65 complaints per 1,000 connections)
	4. Average consumption of drinking water per day per resident. (no more than 360 litres per person per day)	Target met	Average consumption of drinking water per day per resident is estimated at 186.3L, below well below the 360 litre target. (2019/20 - 197 litres per day)
	5. Median response time for urgent call-out attendance. (2 hours or less)	Target met	The median response time for urgent call-outs during the quarter for which a response time is recorded was 0.23 hours. The maximum response time was 48.15 hours. (2019/20 - Median response time 0.225 hours - Maximum response time 10.25 hours)

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
	6. Median response time for resolution of urgent call outs. (7 hours or less)	Target not met	The median resolution time for urgent call-outs during the quarter for which a response time is recorded was 19.78 hours. The maximum response time was 191.3 hours. (2019/20 - Median resolution time 0.73 hours - Maximum resolution time 68.85 hours)
	7. Median response time for nonurgent call-out attendance. (10 hours or less)	Target met	The median response time for non urgent call-outs during the quarter for which a response time is recorded was 2.47 hours. The maximum response time was 1653.783 hours. (2019/20 - Median response time 2.03 hours - Maximum response time 283.17 hours)
	8. Median response time for resolution of non-urgent callouts. (75 hours or less)	Target met	The median resolution time for non-urgent call-outs during the quarter for which a response time is recorded was 52.45 hours. The maximum response time was 5,177.75 hours. (2019/20 - Median resolution time 4.8 hours - Maximum resolution time 2044.95 hours)
	9. Percentage of real water loss from the water reticulation network. (less than 20%)	Target not met	Real water loss from the water reticulation network is calculated at 25%, more than the targeted 20%. The calculation for real water loss was revised this year with more accuracy due to updated census data and more representative survey metering. The methodology used is taken from the Benchmarking of Water Losses NZ Manual (2008) (2019/20 - 18.2%)
	10. A 30-year Asset Management Plan is in place and major AMP projects approved in the 10-Year Plan are achieved.	Target met	The 30 Year Asset Management Plan (2017-2047) for the 2018-21 LTP was adopted in 2018. The major network renewal programmes of work have been completed as planned.
Council manages its Water Activity in a financially sustainable way.	11. Major services and projects are provided within budget.	Target not met	Operations and maintenance expenditure exceeded budget due to additional unbudgeted and unavoidable expenditure in investigation and planning, subdivision consent processing and pest management in the Turitea water catchment. Key capital programmes of work were not completed due to longer than anticipated procurement phases in a tight contractor market, internal project and contract management gaps and construction delays on tendered projects ie Duplicate Water Main and Railway Road Bore upgrades. Significant additional funding from DIA added to the work delivery pressures.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
Water Supply				
REVENUE				
Water Collection	(25)	29	(54)	158
Water Distribution	22	8	14	6
Water Treatment	46	-	46	92
TOTAL REVENUE	43	37	6	256
EXPENSES				
Water Collection	2,199	2,001	(198)	2,469
Water Distribution	4,425	3,900	(525)	4,096
Water Treatment	1,840	2,219	379	1,708
TOTAL EXPENSES	8,464	8,120	(344)	8,273
NET OPERATING COST OF ACTIVITY	(8,421)	(8,083)	(338)	(8,017)
RATING ALLOCATION				
Add back depreciation	3,498	3,271	227	3,074
Add internal rates recovered	400	-	400	-
Less Renewal capital expenditure	(3,959)	(3,277)	(682)	(3,794)
Add/(Less) borrowing effect of renewal 3 year averaging	(530)	(530)	-	908
Add external revenue for renewal capital	1,038	-	1,038	-
Less provision for debt reduction	(1,321)	(602)	(719)	(1,250)
Add targeted rates allocation	9,295	9,221	74	9,079
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Water distribution expenses were unfavourable due to a change in accounting for internal rates for metered water, formerly treated as an offset of expenses, to show as part of the rating allocation (add internal rates recovered).

Significant Activity Capital Projects	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
Water Supply				
CAPITAL RENEWAL				
199-City-wide - Water Bore Headworks and stations Renewal	141	153	12	
207-Turitea Water Treatment Plant - Equipment and Facility Renewals	239	297	58	
214-City-wide - Water Toby and Meter Replacements	244	350	106	
218-City-wide - Water Pipe Replacements	2,288	2,117	(171)	
663-Ashhurst - Bore to Reservoir Pipe Replacement	964	300	(664)	
1058-City-wide - Groundwater Bores Renewal	10	60	50	
1063-Turitea Water Treatment Plant - Replacement of SCADA System Hardware and Software	73	-	(73)	
TOTAL CAPITAL RENEWAL	3,959	3,277	(682)	3,794
CAPITAL NEW				
91-Turitea Water Treatment Plant - Construction of Duplicate Water Pipeline from Lower Dam to Harts Road Reservoirs	3,270	3,895	625	
124-Turitea Water Treatment Plant - Upgrade to Respond to Review of Drinking Water Standards	-	50	50	
246-City-wide - Water Subdivision Contributions	-	205	205	
651-City-wide - Seismic Strengthening of Water Structures	157	754	597	
985-Kelvin Grove Water Supply Zone - New Bore	-	283	283	
1004-Urban Growth - Whakarongo - Installation of Water Supply Systems	-	100	100	
1005-Industrial Growth - Installation of Water Supply Systems to an Expanded North East Industrial Zone	20	-	(20)	
1384-Citywide - New water supply reservoirs to replace an earthquake prone reservoir and enhance supply storage through out the city	530	300	(230)	
1385-City-wide - Water Supply Resilience - Telemetry Replacement	133	131	(2)	
1386-Ashhurst water supply upgrade to address fire fighting shortfalls and cater for growth	60	-	(60)	
1388-Citywide Water Conservation Management - New pressure zone and District Meter Area Implementation	44	188	144	
1607-City-wide - Health and Safety - Water Treatment Chemical Handling	60	-	(60)	
TOTAL CAPITAL NEW	4,274	5,906	1,632	2,927
TOTAL CAPITAL PROJECTS	8,233	9,183	950	6,721

Some of the capital projects have been unable to be proceeded with or completed and are to be carried forward to future years for completion. Some of the projects to be carried forward include:

91-Turitea Water Treatment Plant - Construction of Duplicate Water Pipeline from Lower Dam to Harts Road Reservoirs

651-City-wide - Seismic Strengthening of Water Structures

207-Turitea Water Treatment Plant - Equipment and Facility Renewals

1384-Citywide - New water supply reservoirs to replace an earthquake prone reservoir and enhance supply storage through out the city

1388-Citywide Water Conservation Management - New pressure zone and District Meter Area Implementation

199-City-wide - Water Bore Headworks and stations Renewal

A photograph of a campus landscape. In the upper left, a multi-story building with a balcony and windows is visible. The middle ground is dominated by large, leafy trees with green and yellow foliage. In the lower right, there is a green lawn and a small pond with a few people. The sky is clear blue.

GOAL 5
**DRIVEN AND
ENABLING
COUNCIL**



LEADERSHIP ACTIVITY

COMMUNITY ENGAGEMENT

STRATEGIES, PLANS AND POLICIES

DIRECTION SETTING

COUNCIL MEETINGS AND ELECTIONS

MAYORAL AND CHIEF EXECUTIVE'S OFFICE

WHAT THE COUNCIL DOES

Leadership is about having open and transparent Council meetings and involving people in Council's decision making. Council holds its meetings in public as per the Local Government Meetings and Official Information Act and is involved in a wide range of civic functions and other less formal meetings.

It consults with the public on a wide range of topics. Council collaboratively develops Strategies and Plans with the City's organisations and residents. It also works to develop Council's relationship with Rangitāne and is responsible for advocating on behalf of the City, especially to Central Government. Council also holds three-yearly Council elections. Council's Strategies and Plans (including the District Plan the 10-Year Plan and the strategies and plans outlined above) sit under Leadership Activity. The overarching goal of this activity is to lead the City and achieve the Council's vision for Palmerston North: Small City benefits, Big City Ambition.

KEY ACHIEVEMENTS

Created participate Palmy tab on our website to **increase engagement**

Auahi Kore Smokefree and Vapefree Policy adopted

Held a **by-election**

Held 65 **Council Meetings**

Over 700 people and groups made submissions during the **10-Year Plan consultation**

Council voted to **introduce Māori wards** in the 2022 election

WHAT HAPPENED IN THE YEAR

Community Engagement

During 2020/21 Council curated into one place on the website all of the information people who are wishing to engage with Council decisions might need. This is called the Participate Palmy tab and is where you will find all of our consultations and invitations for submissions, council and committee meeting agendas, election information, public notices etc. We have had great engagement from residents on our Facebook page, we are consistently the highest in the country. Instagram engagement increased by 130% year on year. We ran Facebook Live Questions and Answers sessions for the 10-Year Plan and Nature Calls consultations. Youth Space developed a TikTok to encourage youth to vote in the by-election, and Youth Council used Instagram polls to investigate young people's position on some of the proposals in the 10-Year Plan.

Social and digital media are not our only focus and Council ensures that people have a wide range of ways in which they can become involved in decisions. For example, Council's engagement on the 2021 Proposed 10-Year Plan included: partnership meetings with Rangitāne o Manawatū; meetings on social, economic, environmental and cultural wellbeing cohosted with sector groups; working with schools; providing online and printed information; supporting community groups and networks to run their own 10-Year Plan meetings; sending a summary document to all households; providing a simple postcard format for response which could be placed in consultation boxes in each of our community libraries and promoting the Plan on radio, print, social media, billboards and movie theatres.

We were out and about with the community. We held a Council Chamber Open Day and hosted several community groups to the Chamber. Councillors were present at community events such as Esplanade Day, Rural Games and the Highbury touch competition where Council staff team competed. The 10-Year Plan team hosted a consultation stall at several morning markets. Nature Calls popped up at The Plaza and Mitre 10 Mega. By-election information was distributed in 15 languages. Information about what Council is doing was shared with residents who attended our eight movie nights in the suburbs and villages over the summer. City Ambassadors were also able to talk with people about the work of Council and our Palmy Proud magazine distribution continues to widen to both residents and visitors to the City.

There have also been opportunities for people to be involved with developing Council actions. For example in creating our new Global Passport for children in the city; Youth Space involvement in Play Policy development, stakeholders contributing to development plans for Te Motu o Poutoa and Marae Tarata, introducing a quiet zone to aid accessibility at Esplanade Day; designing and painting outside Square Edge.

Strategies, Plans and Policies

Key milestones during 2020/21 were:

- Stage One of the Speed Limits Bylaw was completed
- The Rēhia Papaioea! Play Palmy, Play Policy was adopted
- The Smokefree Outdoor Areas Policy was revised and adopted as the Auahi Kore Smokefree and Vapefree Policy
- A provisional Draft Local Alcohol Policy was adopted

The initial review stage of the Trade waste, Water supply and Stormwater bylaws was also completed.

Direction Setting

Council's vision He iti rā, he iti pounamu – Small city benefits, big city ambition was set as part of the 2018 Long Term Plan and has now been updated with the adoption of Palmy 2021-31, the 10-Year Plan.

Council also published the City Dashboards on the PNCC website. The information on the Dashboards is presented under each of the strategic goals and provide demographic information about Palmerston North people. Council's direction setting is informed by the Dashboards, the Economic profiles (Defence, Non-profit, and Manufacturing sectors were all updated this year), and the Citywide emissions inventory.

Strengthening and Growing Partnership With Rangitāne

Council and Rangitāne o Manawatū continue to build on the foundations of the Partnership Agreement signed in 2019.

In this term of council Rangitāne are represented by Iwi appointees on the Community Development, Economic Development, and Environmental Committees, as well as representation on the Rangitāne (Comanagement) Committee for Te Motu o Poutoa (Anzac Park). The Council also resolved that there would be a Māori ward or wards for the city at the next local body elections.

The Iwi worked proactively with the council this year in our review of strategies and policies, leading up to the resolution of the 10-Year Plan.

Rangitāne continues to provide leadership with the Manawatū River Framework through the Te Ohunga Mauri forum as council staff and Rangitāne work together with the community and stakeholders to create an engaging environment that affirms and promotes cultural narratives and sustainable aspirations. Iwi have been at the heart of emerging major events at the river and this year the winter Puanga-Matariki event at the Tini Whetu ki te Rangi grounds was very well attended. The River Park continues to be showcased as a key place where the city gathers to enjoy the environment and celebrate community. Planning for new initiatives along the River is well underway for the Turitea Pā site platform and the Te Motu o Poutoa site.

Rangitāne leaders continue as members of the Best Practicable Options (BPO) Wastewater Steering Group to ensure Rangitāne is fully involved through all stages of this major project, while also advancing joint work on improving the health and mauri of our waterways which extends to our urban and rural streams.

Social development is a focus of the partnership with Council and Rangitāne building on their collective work with regional Iwi's response to Covid-19. Other community development projects this year included engagement and provision of public housing at Papaioea Place, and rangatahi training and employment pathways being advanced alongside a well performing local economy.

Key cultural spaces were opened this year including the unveiling of two new carvings of the ancestors Rongorito and Hineapounamu on Te Marae o Hine – The Square, as well as Rangitāne with his two grandmothers, Reretua and Hinerau, alongside him, reinstalled after restoration, on the council chambers.

The new Arena plaza was also opened in 2021 with Rangitāne having a key role. This bold and refreshing entranceway has added a unique and powerful element to the facility.

Work has begun on developing a Civic and Cultural Masterplan for the central business district working closely with Rangitāne as the project begins with a key focus on the cultural and historical elements of the area. The Streets for People programme is also working with Rangitāne on how indigenous values can be reflected in our public spaces.

Council Meetings and Elections

Because of Deputy Mayor Tangi Utikere’s election to Parliament in October 2020, Aleisha Rutherford was appointed Deputy Mayor. A by-election was held in February 2021. Councillor Orphee Mickalad was elected. In December 2020 Mr Chris Whaiapu resigned as Appointed Member to the Environmental Sustainability Committee and Mr Peter Te Rangi was appointed in February 2021 to the position.

The focus of the year has been in development of the Long-Term Plan. Over 700 people and groups made submissions to the process. Ten other formal consultation processes were undertaken in 2020/21, with 211 people speaking to their submissions, facilitated by the Democracy and Governance team and heard by councillors.

Council held 65 meetings. All committee meetings are open to the public for comment and presentations. A highlight this year was the Youth Council involvement through a presentation to the Community Development Committee and to the Long-term Plan hearings. All Council and committee meetings are now streamed on the Council YouTube channel, and available for viewing following the meeting. Councillors and members of the public can address a meeting remotely.

Public release of confidential reports is up to date and regular. Local Government Official Information requests have increased and continue to be administered within required timeframes.

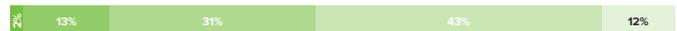
Council’s 2021 Annual Residents’ Survey shows that 62% of respondents are satisfied with the overall performance of the Mayor and Councillors, 30% are neutral and 9% are dissatisfied. The number of people satisfied has improved significantly in the past 24 months (+7%). Satisfaction with Council’s overall leadership has increased from 55% to 65% in the past two years (27% are neutral and 9% dissatisfied). Trust in Council has also increased – 54% of respondents trust Council (compared with 46% in 2019), 34% are neutral, and 12% lack trust.

ONGOING CONSIDERATIONS

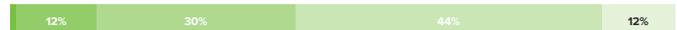
Community Engagement

Every year Council surveys over 400 randomly selected residents to understand how they view Council and its services. The survey includes questions on their satisfaction with Council’s information and decision making processes. The table shows the results from the 2021 survey.

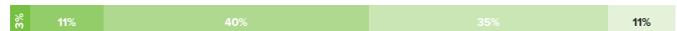
QUALITY OF INFORMATION FROM COUNCIL



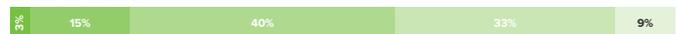
AVAILABILITY OF INFORMATION FROM COUNCIL



OPPORTUNITY TO ‘HAVE A SAY’



EASE OF ‘HAVING A SAY’



■ VERY DISSATISFIED (1-2) ■ DISSATISFIED (3-4) ■ NEUTRAL (5-6) ■ SATISFIED (7-8) ■ VERY SATISFIED (9-10)

Most people are satisfied or neutral. Less than 20% are dissatisfied. There has been an increase in the number of people who are satisfied or very satisfied with the ease of having a say in Council’s decision making (36% in 2019 and 2020 and 42% this year). The other figures have been constant over the three years of the survey.

The high number of neutrals suggests many people have a passive approach to being involved in Council decision-making. Council wants to hear from these people so is making its engagement relevant and easy so that people are more motivated to have their say. In the coming year we will continue to develop our use of tools which have been successful, for example, trial more use of Facebook live opportunities and provision of simple postcard response forms using the recognisable consultation boxes. We will continue to strengthen our relationship with Council’s partner Rangitāne and key sector groups and look to widen our network by establishing several new reference groups.

Direction Setting, Strategies, Plans and Policies

The strategic framework, comprising strategies and plans, was reviewed and adopted as part of the direction setting process of the 10-Year Plan. Each activity of Council is aligned with actions in one or more plans, and these were publicly consulted on as part of Palmy 2021-2031. All ongoing development of Council-adopted policies and plans will be informed by the new strategic direction and by the information gathered and reported for the City Dashboards.

Council Meetings and Elections

In April 2021 Council voted to introduce Māori wards for the 2022 election. A representation review is underway to consider how this impacts the city’s representation arrangements. A final proposal will be made by the Council in October in time for the following year’s local election.

Review of governance policies, support and committee structure will continue as we prepare for the next triennium.

Tini whetū ki te rangi,
Ko Rangitāne nui ki te whenua.

Like the myriad of stars in the sky,
So are the people of great Rangitāne upon the land.



HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
<p>Council engages on a wide range of decisions and projects so that people and organisations from all sectors are actively involved in Council decision making. This level of service is also part of the Connected Communities Activity.</p>	<p>1. Positive feedback from residents on Council’s community engagement.</p>	<p>Target met</p>	<p>The Residents' Survey (of 400 randomly selected residents annually) includes questions on satisfaction with Council's community engagement. Most people are satisfied (44%) or neutral (40%). (16%) are dissatisfied. There has been an increase in the number of people who are satisfied with the ease of having a say in Council’s decision making. The other figures have been fairly constant over the three years of the survey.</p>
	<p>2. Description of the range of engagement techniques used by Council.</p>	<p>Target met</p>	<p>Many people prefer online engagement so Council has been emphasising this. We have an online engagement hub on our website for people to locate projects and issues we are seeking feedback on. Although online engagement is a focus, Council still ensures that people have a wide range of online and non-online ways in which they can become involved in decisions. For example, Council’s engagement on the 2021 Proposed 10-Year Plan included: partnership meetings with Rangitāne o Manawatū; meetings on social, economic, environmental and cultural wellbeing cohosted with sector groups; working with schools; providing online and printed information; supporting community groups and networks to run their own 10-Year Plan meetings; sending a summary document to all households; holding a 10-Year Plan stall at community markets; running Facebook live and social media discussions; and promoting the Plan on radio, print, social media, billboards and movie theatres.</p>
<p>Council has Plans, Strategies and Policies in place to deliver on the Vision.</p> <p>Council works on the Plans, Strategies and Policies with city stakeholders to lead the city and deliver on the Vision in a collaborative way.</p>	<p>3. Strategies, Plans and Policies are in place, monitored and reviewed.</p>	<p>Target met</p>	<p>Council has now reviewed and adopted a new strategic direction, comprising of four goals and a corresponding suite of plans. These plans contain all the actions to be carried out by Council over the next three years (including the review of bylaws and policies) which will be reported in various ways through governance processes. Citywide monitoring is reported on the publicly available City Dashboards on Council’s website.</p>

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Leadership	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
REVENUE				
Councillor Meetings and Administration	113	20	93	10
Direction Setting	903	1,160	(257)	90
Elections	1	6	(5)	128
Mayoral and Chief Executive's Office	15	-	15	-
TOTAL REVENUE	1,032	1,186	(154)	228
EXPENSES				
Councillor Meetings and Administration	2,476	2,618	142	2,343
Direction Setting	6,237	6,399	162	5,239
Elections	159	43	(116)	327
Mayoral and Chief Executive's Office	1,513	1,502	(11)	1,711
TOTAL EXPENSES	10,385	10,562	177	9,620
NET OPERATING COST OF ACTIVITY	(9,353)	(9,376)	23	(9,392)
RATING ALLOCATION				
Add back depreciation	3	3	-	3
Less provision for debt reduction	(10)	(10)	-	-
Add general rates allocation	9,360	9,383	(23)	9,389
FUNDING SURPLUS/(DEFICIT)	-	-	-	-
Significant Activity Capital Projects Leadership	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
CAPITAL NEW				
1188-Land Use Monitoring	-	75	75	-
1676-Improve participation in Council and Committee meetings	4	80	76	-
TOTAL CAPITAL NEW	4	155	151	-
TOTAL CAPITAL PROJECTS	4	155	151	-

CORPORATE SUPPORT ACTIVITY

CIVIC ADMINISTRATION BUILDING

MARKETING AND COMMUNICATIONS

DIGITAL SOLUTIONS

DIGITAL TRANSFORMATION

CUSTOMER SERVICES

FINANCIAL SERVICES

PEOPLE AND PERFORMANCE

WHAT THE COUNCIL DOES

The Corporate Support Activity consists of the Civic Administration Building, customer services, financial services, human resources, information services and marketing and communications. These support the other Activities of Council.

KEY ACHIEVEMENTS

Construction of a new **accessibility ramp** to our administration building

Our refreshed identity has seen **knowledge of Council services increase**

Our **Facebook engagement** is consistently the highest of any council in the Country

Instagram engagement increased by 130%

WHAT HAPPENED IN THE YEAR

Civic Administration Building (CAB)

Fire compliance works in the building continued during the year. Stage 3 of the four-stage fire safety upgrade programme focused on the conversion of doors to fire doors and the installation of additional detection throughout areas of the building. Stage 3 also saw considerable fire safety improvements undertaken in the Council Chamber and in the external tenancy, leased by Verdict Café.

Other works completed in the CAB this year included:

- The installation of energy-efficient LED lighting in parts of the building.
- Replacement of the air conditioning chiller unit.
- The construction of a new accessibility entrance ramp to the main door of the administration side of the building.

Marketing and Communications

Council's new identity was successfully implemented in October 2020. The positioning of the city as a food innovation powerhouse continues as our reputation grows with large investments supporting this positioning. These include the Kiwirail distribution hub, work at Food HQ, Sprout Agritech, and the National Food Awards coming back to Palmy for 2021.

The refreshed identity has seen knowledge of Council services increase as digital material and other promotional materials have been produced using the new look. This process is ongoing as physical and wayfinding signage is only renewed as needed.

Market research gathered on our city reputation shows satisfaction with council services increased with champions rising to 58% up from 52% last year. Champions are people who trust council leadership and are satisfied with council services.

Media sentiment has increased over the last 12 months rising from 25% in September last year to 37% in the June quarter this year.

The website was redesigned to reflect the new Palmy identity and made lots of small improvements aimed at enhancing accessibility and usability. These included developing new functionality for online tools, redesigning content and digitising forms to streamline and simplify processes and adding the Women's Refuge Shielded Site tool to make it safer for victims of abuse to ask for help.

Palmy's Facebook engagement is now consistently the highest in the country, compared to other local councils. This past year we had 133,000 engagements on our Facebook page (likes, shares, comments). The next highest was Christchurch at 93,919 engagements.

Our Instagram is the next most popular channel. Our Instagram engagement increased by 130% up to 24,767 engagements from 10,773 engagements. This also made us third in the country for highest engagement when comparing other Councils and just behind Auckland and Wellington.

People love to reach out to us online and ask questions because they know they can get information quickly. In the past year, we had over 800 people direct message us on Facebook and Instagram with the average for other Councils around 100. This is a 78% increase compared to last year.

We continue looking for opportunities and tools that uplift our customer experience, and ways we to create efficiencies and enable users to self-serve their inquiries.

We've also put in the groundwork to respond for any Covid-19 resurgence, ensuring we can quickly let our staff and the public know what to expect.

We've proudly waved an open for business flag, hosting and marketing events that have drawn people from throughout the country to spend money that supports our city economy.

Digital Transformation

Council developed a Digital Strategic Plan which defines our technology vision, captures programmes required to enable our small city benefits, big city ambition vision, and provides framework to progress Digital Transformation.

Work to modernise our core systems commenced with progress inhibited by Covid-19 restrictions. However, some of the Covid-19 implications have had a positive effect in accelerating our use of technology which enables greater collaboration, knowledge exchange and virtual connection.

ONGOING CONSIDERATIONS

Civic Administration Building

There will be a further focus on compliance works, energy efficiency and improving the working environments next year:

- Complete Stage 4 of the Fire Safety Upgrade Programme.
- Replacing the remaining old lighting with energy-efficient LED lighting.
- Continue to advance a consented detailed design for earthquake strengthening works required in the building.
- Replacement of old office furniture which has reached the end of its useable life.
- Water tightness improvements and renewals.
- Replacement of the remaining old seismically heavy ceiling tiles in a couple of areas.

Marketing and Communications

Marketing and communications will focus on delivering support for our long-term plans and majors projects, seeking to further increase engagement and supporting consultations. We will be assessing priorities to deliver services within current resources. Rollout of the identity will continue as opportunity arises.

A new web platform expected early in 2022 will further enable residents' access to information and online tools to assist everyday activities such as paying rates, dog registrations and much more.

Over the next year we have a particular focus on the transfer of City Marketing and Conference and Business Events Marketing functions from CDEA. We are working closely with CEDA to ensure this transfer is seamless and to provide a solid foundation for the future relationship as CEDA retains its Regional Tourism Organisation function.

HOW DID WE PERFORM

This area does not have external measures of levels of service that are reported on.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
Corporate support				
REVENUE				
Civic Administration Building	236	260	(24)	159
Financial Services	405	101	304	153
Human Resources	-	-	-	(7)
Information Services	-	-	-	-
Marketing and Communications	-	-	-	13
Print Synergy	8	66	(58)	10
TOTAL REVENUE	649	427	222	328
EXPENSES				
Civic Administration Building	(51)	235	286	74
Customer Services	(3)	-	3	-
Financial Services	1,219	693	(526)	(92)
Human Resources	(36)	18	54	(6)
Information Services	2,661	2,604	(57)	574
Marketing and Communications	113	113	-	147
Print Synergy	15	(78)	(93)	(114)
TOTAL EXPENSES	3,918	3,585	(333)	583
NET OPERATING COST OF ACTIVITY	(3,269)	(3,158)	(111)	(255)
RATING ALLOCATION				
Add back depreciation	1,658	1,620	38	1,449
Add internal rates recovered	1,008	969	39	950
Add back Transfers to/from reserves	-	2,090	(2,090)	-
Less Renewal capital expenditure	(1,434)	(2,009)	575	(1,958)
Add/(Less) borrowing effect of renewal 3 year averaging	417	417	-	382
Less provision for debt reduction	(190)	(190)	-	(151)
Add targeted rates allocation	37	-	37	40
Add general rates allocation	1,773	261	1,512	(457)
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Financial Services was higher than budget due to interest expenses, offset by higher interest revenue from a term deposit.

Significant Activity Capital Projects	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
Corporate support				
CAPITAL RENEWAL				
53-Computer Replacement - Rolling Replacements	98	273	175	
58-Network Additions and Upgrades	32	42	10	
68-Aerial Photography	22	28	6	
86-Council Wide - Furniture Replacements	139	138	(1)	
272-Staff Cafeteria - Replacement of Equipment	6	6	-	
281-Operational Property -Civic Administration Building - Refurbishments	1,093	1,243	150	
318-Telecommunications Replacement - Council Buildings	10	156	146	
755-Replacement of Parking Enforcement Hand Helds and iPhones	11	-	(11)	
784-Replacement of Council's Photocopiers/Printers	22	123	101	
TOTAL CAPITAL RENEWAL	1,433	2,009	576	1,958
CAPITAL NEW				
60-Information Management Strategic Plan Project - New Software Applications	-	16	16	
1187-PNCC Website Customisation	12	-	(12)	
TOTAL CAPITAL NEW	12	16	4	727
TOTAL CAPITAL PROJECTS	1,445	2,025	580	2,685

Some of the capital projects have been unable to be proceeded with or completed and are to be carried forward to future years for completion. Some of the projects to be carried forward include:

53-Computer Replacement - Rolling Replacements

COMMERCIAL OR STRATEGIC INVESTMENTS ACTIVITY

EXTERNAL CONTRACTS

INVESTMENT PROPERTIES

INVESTMENTS (INCLUDING INVESTMENT FUND)

INVESTMENTS IN COMPANIES (INCLUDING AIRPORT)

WHAT THE COUNCIL DOES

Commercial or Strategic Investments covers the assets Council owns for commercial or strategic reasons. These include Palmerston North Airport Ltd and the Gordon Kear Forest. The Council also has contracts to provide other councils and organisations with an after-hours call centre and building services. These provide a positive return to Council and reduce the amount needed in rates.

KEY ACHIEVEMENTS

Provide 45% of local government with **afterhours call centre services**

We **monitor alarms** for more than 900 lone workers countrywide.

Investment properties were fully leased

Gordon Kear Forrest clearwood underwent pruning

WHAT HAPPENED IN THE YEAR

External Contracts

After-hours call centre

Council provides after-hours contact centre services for Palmerston North and the wider local government sector for other cities, districts and region. Another council acquired our services during 2020/21, raising our share of the sector to 45%. The fledgling Facebook Monitoring service is now used by 9 councils and we monitor alarms for more than 900 lone workers countrywide.

Building services

Building Services (as a brand) continued to be delivered to Manawātū District Council with the level of activity, increasing throughout the year. Resourcing increased to meet demand because of regional economic growth. The Building Services arrangement continues to be recognised as a consistent delivery model within the region and remains unique within New Zealand.

Parking enforcement

Council provides parking enforcement administration for parking infringements issued by Palmerston North Airport. There were 59 parking infringements issued in 2020/21 as compared to 669 in 2019/20, 1,116 in 2018/19 and 364 in 2017/16. This drop in the number of infringements is attributed to the impact of Covid-19.

Investment Property

Several Council properties are leased to generate revenue. Typically, this occurs when part of a purchased property is not required by Council, or until the property is used for its intended purpose.

Council's investment property portfolio remained relatively static throughout the year. All tenancies remained fully leased at market rentals for most of the year. In the few instances where there was tenant turnover, tenancies were typically re-leased within a month from being vacant. The portfolio also maintained low levels of arrears.

Investments

Council owns the commercial pine plantation known as Gordon Kear Forest as part of its investment portfolio. The primary reason for the investment is to generate revenue as an alternative funding source for future city development.

Gordon Kear Forest – The Council's commercial pine plantation is in its second rotation. The trees were planted in winter each year following the harvest of the first tree crop. They are currently aged from five to 11 years.

Areas identified as suitable for clearwood (free of knots or blemishes caused by original branches) have undergone further pruning. Timing of silvicultural operations depends on tree growth and work is expected to continue for at least six more years, including pruning and thinning (the removal of trees not selected for the final crop).

Investments in Companies (Including Airport)

Council owns Palmerston North Airport Ltd (PNAL) to ensure the City has an appropriate air gateway for passengers and freight. PNAL has been on a significant growth path both in terms of passenger numbers and financial returns. However, like all airports PNAL has been significantly impacted by Covid-19. This meant passenger volumes for the year were 401,000 compared with 498,422 in 2020 and 687,147 the year before that. The net profit after tax to shareholders funds was 0.0% compared with 2.4% in 2020 and 4.1% in 2019. By arrangement with the Council no dividend was paid compared with \$685,238 in 2020 and \$643,650 in 2019.

ONGOING CONSIDERATIONS

External Contracts

Demand for the service remains buoyant, strengthened by the multi-channel offering. An external review of the contact centre was undertaken to assess the future viability of the service. Recommendations include a programme to establish foundations for a future-proof service including investment in technology and operational capabilities to sustain profitability and enable potential growth. Determining the strategy and purpose of the centre will inform the future design of the service, and once the foundations have been laid, consideration as to the most appropriate delivery structure for the centre can be given.

Building Services

Regional growth within the construction sector remains solid and likely to continue at a similar pace. The contract with Manawātū District Council for building services is likely to continue with levels of service maintained within the current staffing model. Recruiting proved difficult in this competitive job market, yet this looks set to improve with a new structure planned. Proposed technology improvements by the online building consenting vendor will further align the consistency and capabilities of Building Services across the two sites soon.

Investments

Gordon Kear Forest. Forestry is a long-term investment with at least 28-30 years between planting and harvesting or realisation of the investment. The current tree crop is relatively young, aged from five to 11 years. Log prices, particularly for the export market, are subject to fluctuation and cycles. However, there is flexibility about the exact timing of returns so the scheduling of harvest, once the tree crop is mature, can be varied to suit the market.

Investments in Companies (Including Airport)

Airport

Palmerston North Airport Ltd's (PNAL) investment plan has had to be scaled-back significantly due to the impacts of Covid-19. Its current focus is on maintaining its core infrastructure and to seek innovative ways of continuing the development of the company's Ruapehu Business Park. Based on improved passenger growth through the latter part of 2021 PNAL has returned to its plans to upgrade the terminal building, and accelerate plans for subdivision and development of its land holdings. To date it has been assumed this would be undertaken without further shareholder input. The Council has accepted that in the immediate future PNAL will not be able to pay dividends.

HOW DID WE PERFORM

This area does not have external measures of levels of service that are reported on.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Commercial or Strategic Investments	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
REVENUE				
External Contracts	3,519	3,483	36	3,217
Investment Property	271	294	(23)	233
Investments (including Investment Fund)	129	120	9	471
Investments in Companies (including Airport)	-	-	-	685
TOTAL REVENUE	3,919	3,897	22	4,606
EXPENSES				
External Contracts	3,338	3,489	151	3,889
Investment Property	428	2,432	2,004	742
Investments (including Investment Fund)	216	447	231	221
Investments in Companies (including Airport)	113	301	188	148
TOTAL EXPENSES	4,095	6,669	2,574	5,000
NET OPERATING COST OF ACTIVITY	(176)	(2,772)	2,596	(394)
RATING ALLOCATION				
Add back depreciation	1,374	1,561	(187)	1,466
Add back Transfers to/from reserves	-	1,997	(1,997)	-
Less Renewal capital expenditure	(1,703)	(1,743)	40	(2,012)
Add/(Less) borrowing effect of renewal 3 year averaging	394	394	-	371
Add proceeds from sale of assets	175	-	175	74
Less provision for debt reduction	-	(99)	99	1,777
Add general rates allocation	4,215	662	3,553	275
FUNDING SURPLUS/(DEFICIT)	4,279	-	4,279	1,557

Investment property expenses were \$2m under due to Tamakuku development. Costs relating to this development were to be treated as expenditure as sales are recognised, but the development has been delayed so no sales had occurred as at 30 June 2021. See note 13 in Section 3 (page 177) for further information.

Significant Activity Capital Projects Commercial or Strategic Investments	Actual 2021 \$000	Budget 2021 \$000	Variance 2021 \$000	Actual 2020 \$000
CAPITAL RENEWAL				
63-Council's Plant and Vehicles - Replacements	1,491	1,479	(12)	
80-Council's Plant and Equipment - Replacement	173	174	1	
85-Council's Depot Buildings and Structures	39	90	51	
TOTAL CAPITAL RENEWAL	1,703	1,743	40	2,012
CAPITAL NEW				
99-New Vehicles and Plant to enable the delivery of improved Council services	190	185	(5)	
TOTAL CAPITAL NEW	190	185	(5)	329
TOTAL CAPITAL PROJECTS	1,893	1,928	35	2,341



A rainbow above Te Marae o Hine - The Square





Kids on wheels at the Memorial Park playground

WĀHANGA TUATORU

SECTION THREE

PUAKANGA AHUMONI

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the readers of Palmerston North City Council's annual report for the year ended 30 June 2021

The Auditor-General is the auditor of Palmerston North City Council (the City Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Debbie Perera, using the staff and resources of Audit New Zealand, to report on the information in the City Council's annual report that we are required to audit under the Local Government Act 2002 (the Act).

We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the City Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the City Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 20 December 2021. This is the date on which we give our report.

OPINION ON THE AUDITED INFORMATION

Unmodified opinion on the audited information, excluding the statement of service provision

In our opinion:

- the financial statements on pages 152 to 210:
 - present fairly, in all material respects:
 - the City Council and Group's financial position as at 30 June 2021;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;

- the funding impact statement on page 216, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual plan;
- the statement about capital expenditure for each group of activities on pages 33 to 143 and 217 to 225, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's long-term plan; and
- the funding impact statement for each group of activities on pages 217 to 225, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's long-term plan.

QUALIFIED OPINION ON THE STATEMENT OF SERVICE PROVISION

In our opinion, except for the possible effects of the matter described in the "Basis for our opinion" section of our report, the statement of service provision on pages 28 to 143:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2021, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand.

REPORT ON THE DISCLOSURE REQUIREMENTS

We report that the City Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and

- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 211 to 213, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council's audited information and, where applicable, the City Council's long-term plan and annual plans.

BASIS FOR OUR OPINION ON THE AUDITED INFORMATION

The City Council is required to report against the performance measures set out in the Non-Financial Performance Measure Rules 2013 (the Rules) made by the Secretary for Local Government. These include mandatory performance measures relating to:

- The number of complaints received in relation to its wastewater system, drinking water supply, and performance of the stormwater system (per 1,000 connections).
- The time taken to attend and resolve water supply and wastewater faults.

We identified significant issues with these performance measures as described below. As a result of these issues, our work was limited and there were no practicable audit procedures we could apply to obtain assurance over the reported results for these performance measures. Our opinion on these performance measures was also qualified for the 2020 performance year.

TOTAL NUMBER OF COMPLAINTS RECEIVED – WATER SUPPLY, WASTEWATER, AND STORMWATER

The Department of Internal Affairs has issued guidance to assist local authorities in applying the Rules, including how to count complaints. Our audit testing found that the City Council has not been counting complaints in accordance with this guidance and the City Council's method of counting was likely to have understated the actual number of complaints received. Furthermore, complete records for all complaints made to the City Council were not available.

ATTENDANCE AND RESOLUTION TIMES – WATER SUPPLY, AND WASTEWATER

The City Council did not maintain sufficient appropriate evidence to support the time taken to attend and resolve water supply and wastewater faults.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

EMPHASIS OF MATTER – THE GOVERNMENT'S THREE WATERS REFORM PROGRAMME ANNOUNCEMENT

Without further modifying our opinion, we draw attention to note 31 on page 200, which outlines that subsequent to year-end, the Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the City Council will no longer deliver three waters services.

RESPONSIBILITIES OF THE COUNCIL FOR THE AUDITED INFORMATION

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the City Council and the Group or there is no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDITED INFORMATION

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the City Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service provision, as a reasonable basis for assessing the levels of service achieved and reported by the City Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the City Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the City Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER INFORMATION

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 27, 144 to 147 and 257 to 263, but does not include the audited information, the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

We are independent of the City Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have audited the City Council's 2021-2031 long-term plan and performed a limited assurance engagement related to the City Council's debenture trust deed. These engagements are compatible with those independence requirements.

Other than these engagements, we have no relationship with or interests in the City Council or its subsidiaries and controlled entities.

Debbie Perera

Audit New Zealand

On behalf of the Auditor General
Palmerston North, New Zealand

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

COMPLIANCE

1.The Council of Palmerston North City Council hereby confirms that all statutory requirements relating to the Annual Report adopted on 20 December 2021 have been complied with.

RESPONSIBILITY

2.The Council and management of Palmerston North City Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.

3.The Council and management of Palmerston North City Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

4.In the opinion of the Council and management of Palmerston North City Council, the annual Financial Statements for the year ended 30 June 2021 fairly reflect the financial position and operations of Palmerston North City Council.



Grant Smith
Mayor

20 December 2021



Heather Shotter
Chief Executive

20 December 2021

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

for the year ended 30 June 2021 - Palmerston North City Council

	Notes	COUNCIL			GROUP	
		Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
OPERATING REVENUE						
Rates revenue	2	101,100	100,781	98,852	100,706	98,480
Finance revenue	3	274	17	1,043	286	384
Other revenue	4	30,454	24,787	28,690	40,056	38,734
Operating subsidies and grants	5	3,967	3,343	3,613	4,164	4,228
Other gains	6	851	3,995	119	851	120
TOTAL OPERATING REVENUE		136,646	132,923	132,317	146,063	141,946
CAPITAL REVENUE						
Capital subsidies and grants	5	13,978	7,321	6,808	13,978	6,808
Development contributions		2,187	1,891	2,992	2,187	2,992
Vested assets		294	2,000	2,841	339	2,863
TOTAL CAPITAL REVENUE		16,459	11,212	12,641	16,504	12,663
TOTAL REVENUE	7	153,105	144,135	144,958	162,567	154,609
EXPENSES						
Employee and elected representatives benefit expenses	8	47,974	49,176	48,494	52,022	52,840
Depreciation and amortisation	17 & 18	36,785	40,430	36,483	39,060	38,748
Finance costs	3	(2,226)	5,557	8,129	(1,748)	8,660
Other expenses	9	55,362	52,579	55,069	56,561	55,884
Other losses	6	749	-	(19)	1,654	380
TOTAL EXPENSES		138,644	147,742	148,156	147,549	156,512
NET SURPLUS/(DEFICIT) BEFORE TAX		14,461	(3,607)	(3,198)	15,018	(1,903)
Share of associate's surplus/(deficit)	15	-	-	-	(92)	(95)
Income tax refund/(expense)	10	41	-	95	(397)	424
Movement in deferred tax	10	-	-	-	-	-
NET SURPLUS/(DEFICIT) AFTER TAX		14,502	(3,607)	(3,103)	14,529	(1,574)
OTHER COMPREHENSIVE REVENUE AND EXPENSE						
Increase/ (decrease) in operating property valuations	26	111,710	-	157,202	114,410	154,120
Financial assets at fair value through other comprehensive revenue and expense	26	56	-	(306)	56	(306)
Movement in deferred tax on revaluations	26	-	-	-	-	507
TOTAL OTHER COMPREHENSIVE REVENUE AND EXPENSE		111,766	-	156,896	114,466	154,321
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		126,268	(3,607)	153,793	128,995	152,747

Explanations of significant variances against budget are detailed in Note 36.

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2021 - Palmerston North City Council

	Notes	COUNCIL			GROUP	
		Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	11	1,522	2,671	2,039	2,888	3,337
Trade and other receivables	12	17,218	8,130	12,845	17,990	13,499
Inventories	13	230	3,768	385	266	612
Other financial assets	14	-	-	-	987	934
Derivative financial instruments	16	-	-	-	-	-
TOTAL CURRENT ASSETS		18,970	14,569	15,269	22,131	18,382
NON-CURRENT ASSETS						
Inventories	13	9,261	-	5,104	9,261	5,104
Other financial assets	14	-	-	-	5	-
Investments in CCOs and industry companies	14	14,500	13,051	13,925	3,658	3,083
Investment in Associate	15	1	1	1	280	371
Derivative financial instruments	16	1,005	-	-	1,005	-
Property, plant and equipment	17	1,973,020	1,749,519	1,835,362	2,066,524	1,931,454
Intangible assets	18	1,153	1,337	1,281	1,190	1,304
Forestry assets	20	1,430	897	1,419	1,430	1,419
Investment property	21	5,390	4,262	4,550	19,176	11,075
TOTAL NON-CURRENT ASSETS		2,005,760	1,769,067	1,861,642	2,102,529	1,953,810
TOTAL ASSETS		2,024,730	1,783,636	1,876,911	2,124,660	1,972,192
LIABILITIES						
CURRENT LIABILITIES						
Trade and other payables	22	27,237	37,150	23,489	29,671	24,960
Provisions	23	889	-	754	889	754
Employee benefit liabilities	24	5,897	-	6,001	6,384	6,502
Borrowings	25	10,000	-	20,000	15,000	23,700
Derivative financial instruments	16	2,719	-	2,925	2,719	2,925
TOTAL CURRENT LIABILITIES		46,742	37,150	53,169	54,663	58,841
NON-CURRENT LIABILITIES						
Provisions	23	576	1,923	631	576	631
Employee benefit liabilities	24	1,196	1,131	1,297	1,199	1,300
Borrowings	25	156,125	178,240	122,000	163,825	130,000
Deferred tax liability	10	-	-	-	6,516	6,543
Derivative financial instruments	16	5,645	-	11,636	5,645	11,636
TOTAL NON-CURRENT LIABILITIES		163,542	181,294	135,564	177,761	150,110
TOTAL LIABILITIES		210,284	218,444	188,733	232,424	208,951
EQUITY ATTRIBUTABLE TO PNCC						
Retained earnings	26	1,060,497	1,046,511	1,046,309	1,094,107	1,079,935
Other reserves	26	753,949	518,681	641,869	798,129	683,306
TOTAL EQUITY		1,814,446	1,565,192	1,688,178	1,892,236	1,763,241

Explanations of significant variances against budget are detailed in Note 36.

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2021 - Palmerston North City Council

	Notes	COUNCIL			GROUP	
		Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
BALANCE AT 1 JULY		1,688,178	1,568,799	1,534,385	1,763,241	1,610,494
Total comprehensive revenue and expense for the year		126,268	(3,607)	153,793	128,995	152,747
BALANCE AT 30 JUNE	26	1,814,446	1,565,192	1,688,178	1,892,236	1,763,241

Explanations of significant variances against budget are detailed in Note 36.

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2020 - Palmerston North City Council

	Notes	COUNCIL			GROUP	
		Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from rates revenues		100,544	100,782	98,627	100,150	98,255
Interest received		247	17	(21)	260	10
Dividends received		4	-	1,035	4	350
Operating subsidies and grants		6,519	3,343	3,443	6,620	3,930
Receipts from other revenue		27,514	28,782	27,434	37,196	38,278
Capital subsidies and grants		14,360	7,321	5,853	14,360	5,853
Development contributions		2,186	1,891	2,992	2,186	2,992
Receipts from tax losses		41	-	95	41	95
Payments to suppliers and employees		(107,156)	(101,757)	(103,336)	(112,570)	(109,319)
Interest paid		(4,975)	(5,557)	(5,535)	(5,453)	(6,066)
Income tax paid (net)		-	-	-	(355)	(971)
Goods and Services Tax (net)		(429)	-	374	(444)	337
Net cash from operating activities	27	38,855	34,822	30,961	41,995	33,744
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property		175	-	227	175	227
Proceeds from sale of biological assets		-	-	-	-	-
Purchase of intangible assets		-	-	(74)	-	(77)
Purchase of property, plant and equipment		(63,136)	(70,466)	(52,029)	(64,558)	(53,946)
Purchase of investment property		(39)	-	(108)	(2,638)	(108)
Other advances made, repayment received		(497)	-	(528)	(497)	(528)
Repayment, acquisition of investments		-	-	119	(53)	(285)
Net cash from investment activities		(63,497)	(70,466)	(52,393)	(67,571)	(54,717)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from borrowings		44,125	41,391	33,000	46,825	38,000
Repayment of borrowings		(20,000)	(5,748)	(12,200)	(21,700)	(13,550)
Net cash from financing activities		24,125	35,643	20,800	25,125	24,450
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		(517)	(1)	(632)	(451)	3,477
Cash, cash equivalents and bank overdrafts at the beginning of the year		2,039	500	2,671	3,337	(140)
Cash, cash equivalents and bank overdrafts at the at the end of the year	11	1,522	499	2,039	2,886	3,337

The Income tax paid (net) and GST (net) component of operating activities reflects the respective net amounts paid and received with the Inland Revenue Department. These have been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

THE MOVEMENT IN NET DEBT FOR THE YEAR COMPRISES THE TOTAL OF:	\$000
Proceeds from borrowings	44,125
Repayment of borrowings	(20,000)
Increase in net debt for the year	24,125

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2021

REPORTING ENTITY

Palmerston North City Council (PNCC) is a territorial local authority governed by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The parent 'council' financial statements are for PNCC as a separate legal entity. The Palmerston North City Council 'group' financial statements incorporate the Palmerston North City Council, its 100% share of its subsidiary Palmerston North Airport Limited (PNAL) and the following Council Controlled Organisations (CCO's) (100% share) with all incorporated in New Zealand:

- Caccia Birch Trust Board,
- Globe Theatre Trust Board,
- Palmerston North Performing Arts Trust Board,
- The Regent Theatre Trust, and
- Te Manawa Museums Trust.

PNCC's 50% equity share of its associate Central Economic Development Agency Limited (CEDA) is equity accounted into the group financial statements.

PNCC and group provide local infrastructure, regulatory services and local public services to the community. The Council does not operate to make a financial return. Accordingly, PNCC has designated itself and the group as public benefit entities ("PBE") for financial reporting purposes.

The financial statements of PNCC and entities included in the group are for the year ended 30 June 2021. The financial statements were authorised for issue by Council on 20 December 2021.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

STATEMENT OF COMPLIANCE

The financial statements of PNCC have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ Public Benefit Entity International Public Sector Accounting Standards, and are prepared in accordance with Tier 1 PBE Standards.

MEASUREMENT BASE

The financial statements have been prepared on an historical cost basis, modified by the revaluation of land and buildings, infrastructural assets, investment property, biological assets and certain financial instruments (including derivative instruments).

PRESENTATION CURRENCY AND ROUNDING

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000), unless shown otherwise.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the financial year as a consequence of changes in accounting standards.

STANDARDS ISSUED AND NOT YET EFFECTIVE THAT HAVE NOT BEEN EARLY ADOPTED

PNCC expects there will be minimal or no change to these accounting policies in applying any currently updated or proposed accounting standards.

SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue and expenses of entities in the group on a line-by-line basis. All significant intra-group balances, transactions, revenue and expenses are eliminated on consolidation.

SUBSIDIARIES

PNCC consolidates as subsidiaries in the group financial statements all entities where PNCC has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where PNCC controls the majority voting power on the governing body or

where such policies have been irreversibly predetermined by PNCC or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

PNCC measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, in exchange for control of the subsidiary.

Any excess of the cost of the business combination over PNCC's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If PNCC's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the surplus or deficit.

Investment in subsidiaries is carried at cost in PNCC's own "parent entity" financial statements.

ASSOCIATE

An associate is an entity over which the Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. PNCC's associate investment is accounted for in the group financial statements using the equity method. The investment in an associate is initially recognised at cost and the carrying amount in the group financial statements is increased or decreased to recognise the group's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment in the group financial statements.

If the share of deficits of an associate equals or exceeds its interest in the associate, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that PNCC has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the group transacts with an associate, surpluses or deficits are eliminated to the extent of the group's interest in the associate.

Dilution gains or losses arising from investments in associates are recognised in the surplus or deficit.

The investment in the associate is carried at cost in the PNCC's parent entity financial statements.

JOINT VENTURES

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

For jointly controlled assets, PNCC recognises in its financial statements its share of jointly controlled assets, the liabilities and expenses it incurs, its share of liabilities and expenses incurred jointly, and revenue from the sale or use of its share of the output of the joint venture.

REVENUE

Revenue is measured at the fair value of consideration received or receivable when it is probable that the economic benefit will flow to PNCC.

Rates revenue

The following policies for rates have been applied:

- General rates, targeted rates (excluding metered water), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from metered water rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rate remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

Agency revenue

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on that transaction.

Provision of services

Revenue from the rendering of services is recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

Sale of goods

Sales of goods are recognised when a product is sold to the customer. Sales are usually in cash or by credit card. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.

Government subsidies and other grants

PNCC receives government subsidies from the New Zealand Transport Agency, which subsidises part of PNCC's costs of maintenance and capital expenditure of the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Traffic and parking infringements

Traffic and parking infringements are recognised when the infringement notices are issued, less assessed impairment losses determined by considering the collection history over the last year.

Vested assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as capital revenue when control over the asset is obtained. Fair value is determined by reference to the cost of constructing the asset or construction cost of the property developer.

Development contributions

Development and financial contributions are recognised as revenue when PNCC provides, or is able to provide, the service for which the contribution was charged. Otherwise development and financial contributions are recognised as liabilities until such time that PNCC provides, or is able to provide, the service.

Development contributions are classified as part of “Capital Revenue” in the Statement of Comprehensive Revenue and Expense.

Interest and dividends

Interest revenue is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.

GRANT EXPENDITURE

The Council’s grants awarded have no substantive conditions attached.

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where PNCC has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of PNCC’s decision.

INCOME TAX

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates that have been enacted or substantively enacted by balance date.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary

differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting surplus nor taxable surplus.

Current tax and deferred tax are recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly in equity.

OPERATING LEASES

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

FINANCIAL ASSETS

Financial assets and liabilities are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which PNCC commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and PNCC has transferred substantially all the risks and rewards of ownership.

PNCC classifies its financial assets into the following categories:

- fair value through surplus or deficit,
- loans and receivables,
- held-to-maturity investments, and
- fair value through other comprehensive revenue and expense.

The classification depends on the purpose for which the financial asset was acquired. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit taking. Derivatives are also categorised as held for trading unless they are designated as hedges (PNCC does not apply hedge accounting).

Assets in this category are classified as current assets unless settlement is beyond twelve months and in management's assessment they are likely to be held to maturity or are not expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. PNCC's loans and receivables comprise cash and cash equivalents, trade and other receivables, term deposits, community and related party loans.

After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans to community organisations made by PNCC at nil, or below market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that PNCC has the positive intention and ability to hold to maturity.

After initial recognition they are measured at amortised cost, using the effective interest method to each repricing date, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Assets in this category include NZLGFA borrower notes.

Financial assets at fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date. PNCC's financial assets at fair value through other comprehensive revenue and expense include:

- investments that PNCC intends to hold long-term but which may be realised before maturity (i.e. unlisted shares held in Civic Financial Services Ltd), and
- shareholdings that PNCC holds for strategic purposes.

PNCC's investments in its subsidiary companies are not included in this category as they are held at cost (as allowed by PBE IPSAS 35 Consolidated Financial Statements and PBE IPSAS 36 Investments in Associates and Joint Ventures) whereas this category is to be measured at fair value.

After initial recognition these investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Fair value

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments (including financial assets at fair value through surplus or deficit) that are not traded in an active market is determined using appropriate valuation techniques. PNCC uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as discounted expected cash flows, are used to determine fair value for the remaining financial instruments.

Impairment of financial assets

At each balance sheet date PNCC assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Impairment of a loan or receivable is established when there is objective evidence that PNCC will not be able to collect all amounts due according to the original terms. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

Impairment for all other financial assets is established when there is objective evidence that PNCC will not be able to collect amounts due on original terms or there is a significant or prolonged decline in fair value of an investment. Any impairment losses are recognised in the surplus or deficit.

INVENTORIES

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services are measured at cost adjusted for any loss of service potential.

The amount of any write down from cost for any loss of service potential is recognised in the surplus or deficit.

When land held for development and future resale is transferred from property, plant and equipment to inventory, the fair value of the land at the date of transfer is its deemed cost.

Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural assets which are capitalised to property, plant and equipment.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of:

Operational assets - include land, buildings, recreation and community facilities, landfill post-closure, library books, heritage and art collections, plant and equipment, and motor vehicles.

Restricted assets - are parks and reserves owned by PNCC which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets - are the fixed utility systems owned by PNCC and the group. The infrastructure networks owned by PNCC include transport, water, wastewater and stormwater networks, waste management and airport utility assets (PNAL). Each asset class includes all items that are required for the network to function, for example, wastewater reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Revaluation

The following property, plant and equipment asset groups are revalued at least every three years to ensure their carrying amount does not differ materially from fair value:

- roading (except land under roads) and parking network,
- water, wastewater and stormwater networks, and
- parks, building property, recreation, sportsfields and community facilities.

All other asset classes are carried at depreciated historical cost.

PNCC assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

PNCC accounts for revaluations of property, plant and equipment on a class of asset basis.

Land under roads is generally considered 'non tradable' due to the perpetual nature of community use. As there is no generally accepted methodology for the valuation of land under roads, PNCC is not revaluing this land and will carry this at deemed cost. Under the previous NZ IFRS PNCC has elected to use the fair value of land under roads as at 1 July 2005 as deemed cost.

Accounting for revaluation

The results of revaluing are included in other comprehensive revenue and expense and credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to PNCC and group and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired through a non-exchange transaction, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to PNCC and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment (except as referred to in the following paragraph), at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Land, land under roads, restricted assets, assets under construction, investment properties, biological assets, and the museum, art gallery and heritage assets are not depreciated.

The heritage and art collection assets of Te Manawa Museums Trust have not been depreciated, as it is the Trust's policy to maintain the collections in its current state, in accordance with the Trust's Conservation Policy. Donated objects are recorded at fair value, or depreciated replacement cost, or nil value if considered unrealisable or irreplaceable. There is a portion of the heritage and art collection that is not formally owned by the Te Manawa Museums Trust. These assets are held and maintained by the Trust by agreement with the owners.

The useful lives used to determine associated depreciation rates of major classes of assets have been estimated as follows:

OPERATING ASSETS	Years
Buildings	50-100
Building fit-out	10-50
Plant and equipment	3-25
Furniture and fittings	4-25
Motor vehicles	3-18
Computer equipment	2-7
Library books	3-10
Exhibitions	1-5
Leasehold improvements	1-30

INFRASTRUCTURAL ASSETS**Roading**

Bridges and culverts	25-125
Sub-base and base course	100
Surfaces	1-20
Footpaths	15-99
Kerb and channel	80
Signage	20
Signals, streetlights	10-80
Trees	100
Vehicle crossing	80

Carparks

Carpark buildings	50
Sub-base and base course	100
Surfaces	20-40
Waste Management	
Buildings	50-100
Safety fence, portable screens	40
Pumps	30
Sumps, drainage	100
Machinery	15-35
Wheelie bins	15

Stormwater

Pipework	100-250
Sumps	150
Laterals, manholes	120-150
Pumping station/pumps	10-100

Wastewater

Pipeworks, laterals, manholes	75-120
Pumps	15-30
Pumping stations	30-100
Buildings	50-100
Treatment plants	15-120

Water

Pipeworks, laterals	50-120
Hydrants	75
Tobies	50-70
Valves	80
Water meters	15-25
Pumping stations	10-100
Dams	15-1000
Reservoirs	100

Airport

Runway, taxiways, and aprons	2-99
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The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

INTANGIBLE ASSETS

Goodwill

Goodwill on acquisition of subsidiaries is included in "Intangible Assets".

Separately recognised goodwill is tested for impairment annually and carried at cost less accumulated impairment losses. An impairment loss recognised for goodwill is not reversed in any subsequent period.

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by PNCC are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Costs associated with maintaining computer software and staff training costs are recognised as an expense when incurred.

Other intangible assets

Costs incurred are capitalised on assets constructed on third party land, such as an athletic track, which have long term access available to residents.

Carpark leases

Acquired carpark leases are capitalised on the basis of the costs incurred to acquire and bring to use the specific carparks.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives used to determine amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software and licences	3-7 years
Athletic track	9 years
Carpark leases	50 years

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, and goodwill, are not subject to amortisation and are tested annually for impairment.

Property, plant, and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

FORESTRY ASSETS

Standing investment forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions.

Gains or losses arising on initial recognition of biological assets at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell are recognised in the surplus or deficit.

The costs to maintain the forestry assets are included in the surplus or deficit when incurred.

Compensating emission units relating to pre-1990 forest land are recorded at a nil cost. Possible deforestation penalties relating to pre-1990 forest land are not recognised. Refer Note 29 for details.

INVESTMENT PROPERTY

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, PNCC measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

TRADE AND OTHER PAYABLES

Trade and other payables are recorded at their face value.

EMPLOYEE BENEFITS

Short-term employee benefits

Employee benefits that PNCC expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date, retirement gratuities and long service leave entitlements expected to be settled within 12 months, time in lieu and sick leave.

PNCC recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that PNCC anticipates it will be used by staff to cover those future absences.

Long-term employee benefits

Entitlements that are payable beyond 12 months, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information, and
- the present value of the estimated future cash flows discounted at a current market determined rate.

Superannuation schemes

Defined contribution schemes - obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

Defined benefit schemes - PNCC belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme the extent to which the scheme's surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme. Further information on this scheme is disclosed in note 29.

PROVISIONS

PNCC recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

FINANCIAL GUARANTEE CONTRACTS

A financial guarantee contract is a contract that requires PNCC to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received a provision is recognised based on the probability PNCC will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation, however if PNCC assesses that it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

BORROWINGS

Borrowings are initially recognised at the amount borrowed plus transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless PNCC and group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

EQUITY

Equity is the community's interest in PNCC and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- retained earnings,
- special reserves and funds,
- asset revaluation reserves, and
- fair value through other comprehensive revenue
- and expense.

Special reserves and funds

Special reserves and funds are a component of equity generally representing a particular use to which various parts of equity have been assigned. Special reserves and funds may be legally restricted or created by PNCC.

Special reserves and funds are those subject to specific conditions accepted as binding by PNCC and which may not be revised by PNCC without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in special reserves and funds are reserves restricted by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

PNCC's objectives, policies and processes for managing capital are described in note 35.

Asset revaluation reserves

Asset revaluation reserves relates to the revaluation of property, plant and equipment to fair value.

Fair value through other comprehensive revenue and expense

Fair value through other comprehensive revenue and expense reserve relates to the cumulative net change of fair value of financial assets through other comprehensive revenue and expense.

GOODS AND SERVICES TAX (GST)

All items in the financial statements are stated exclusive of GST, except for trade and other receivables and trade and other payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

BUDGET FIGURES

The budget figures are those approved by the Council prior to the beginning of the year in the relevant 10 Year Plan or Annual Budget. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by PNCC for the preparation of these financial statements.

COST ALLOCATION

PNCC has derived the cost of service for each significant activity of PNCC using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements PNCC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Landfill aftercare provision

Estimating the landfill aftercare provision – see note 23.

Property, Plant and Equipment Revaluation

Estimating the fair value of groups of property, plant and equipment – see note 17.

Infrastructural assets

Estimating depreciated replacement cost (DRC) valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example PNCC could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by PNCC performing a combination of physical inspections and condition modelling assessments of underground assets.
- estimating any obsolescence or surplus capacity of an asset.
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then PNCC could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit. To minimise this risk PNCC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the New Zealand Asset Management Support Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the PNCC's asset management planning activities, which gives PNCC further assurance over its useful life estimates.

Experienced staff engineers perform PNCC's infrastructural asset revaluations which are certified by independent valuers or reviewed and confirmed as appropriate by independent engineers.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Management has exercised the following critical judgements in applying accounting policies for the period ended 30 June 2021.

Classification of property

PNCC owns a number of residential rental properties (community housing), which are maintained primarily to provide housing to older people and people with special needs. The receipt of market-based rental from these properties is not the prime reason for holding these properties. The properties are held for service delivery objectives as part of PNCC's social housing policy. The properties are therefore accounted for as property, plant and equipment and not investment property.

For the purpose of assessing impairment indicators and impairment testing, PNCC classifies non-financial assets as either cash-generating or non-cash-generating assets.

PNCC classifies a non-financial asset as a cash-generating asset if the primary objective of the asset is to generate commercial return. All other assets are classified as non-cash-generating assets.

All property, plant and equipment and intangible assets held by PNCC and the group are classified as non-cash-generating assets. This includes assets that generate fee revenue or other cash flows, as the cash flows generated are generally not sufficient to represent commercial return on the assets. Forestry Assets and Investment Property are classified as cash-generating assets as these assets generate cash returns.

Reporting format

These financial statements incorporate applicable amendments to legislation governing financial reporting requirements. In addition, the 2020/21 Annual Budget may incorporate changes from 2018/28 10 Year Plan.

NOTE 2

RATES REVENUE	COUNCIL	
	Actual 2021 \$000	Actual 2020 \$000
GENERAL RATES (INCLUDING UAGC)	78,322	75,694
Rates penalties	535	527
Targeted rates attributable to activities:		
Water	6,772	6,772
Wastewater	8,588	8,909
Rubbish and recycling	5,332	5,554
Metered water	2,922	2,306
Warmup Palmy	37	40
	102,508	99,802
Less internal rates	(1,408)	(950)
Total revenue from rates	101,100	98,852

PNCC is required by the NZLGFA Guarantee and Indemnity Deed to disclose in its financial statements its annual rates revenue, as defined in that Deed. For this purpose the total revenue from rates above is as defined in that Deed.

RATES REMISSIONS

Rates revenue is shown net of rates remissions. PNCC has adopted rates remission policies that provide for rates to be remitted for a variety of purposes. During the year the following sums have been remitted in accordance with these policies.

	Actual 2021 \$000	Actual 2020 \$000
Community organisations	142	121
Arts, recreation and sporting organisations	24	26
Wastewater charges for non-residential properties	-	13
Penalties	127	103
Wastewater charges for educational establishments	158	143
Residential land in commercial or industrial areas	5	5
Total remissions	456	411

In accordance with the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. This includes schools, universities, hospitals, places of religious worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of wastewater, water, rubbish and recycling. Non-rateable land does not constitute a remission under PNCC's rates remission policy.

PNCC's rating base information at the end of the preceding financial year are detailed below:

	Actual 2021	Actual 2020
Number of rating units (units)	33,805	33,518
Total capital value of rating units (\$million)	19,957	19,736
Total land value of rating units (\$million)	10,144	10,087

NOTE 3

FINANCE REVENUE AND FINANCE COSTS	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
FINANCE REVENUE				
Interest revenue	270	8	282	34
Dividend received	4	1,035	4	350
Total finance revenue	274	1,043	286	384
FINANCE COSTS				
Interest on borrowings:				
Secured loans	4,975	5,535	5,453	6,066
Finance lease liabilities	-	-	-	-
Effect on provisions of discount unwind (note 23)	-	-	-	-
Fair value movement through surplus or deficit:				
Loss/(gain) on derivative financial instruments	(7,201)	2,594	(7,201)	2,594
Total finance costs	(2,226)	8,129	(1,748)	8,660
Net finance revenue (costs)	2,500	(7,086)	2,034	(8,276)

NOTE 4

OTHER REVENUE	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
Regulatory user charges and fees	7,735	6,015	7,735	6,015
Rendering of services and other revenue (excludes metered water)	17,785	17,836	27,387	27,880
Rental revenue from investment properties	270	227	270	227
Rental revenue from operating properties	4,077	4,057	4,077	4,057
Fuel tax	584	550	584	550
Impairment of receivables recovered	3	5	3	5
Total other revenue	30,454	28,690	40,056	38,734

NOTE 5

SUBSIDIES AND GRANTS	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
OPERATING SUBSIDIES AND GRANTS				
Receipt of grants	260	626	457	1,241
Three waters stimulus grant	216	-	216	-
NZ Transport Agency subsidies	3,491	2,987	3,491	2,987
Total operating subsidies and grants	3,967	3,613	4,164	4,228
CAPITAL SUBSIDIES AND GRANTS				
Revenue for capital expenditure	4,241	458	4,241	458
Three waters stimulus grant	4,771	-	4,771	-
NZ Transport Agency subsidies	4,966	6,350	4,966	6,350
Total capital subsidies and grants	13,978	6,808	13,978	6,808

There are no unfulfilled conditions and other contingencies attached to government grants recognised (2020 nil).

The three waters stimulus grant was paid to PNCC by the Department of Internal Affairs, starting in the year ending 30 June 2021, for opting into the MOU for the three waters reform. The purpose of the grant is to improve the quality of waters infrastructure.

NOTE 6

OTHER GAINS/(LOSSES)	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
OTHER GAINS				
Gain on changes in fair value of forestry assets (note 20)	11	119	11	119
Gain on harvest of investment forest	-	-	-	-
Gain on changes in fair value of investment property (note 21)	840	-	840	1
Other gains on investments	-	-	-	-
Total other gains	851	119	851	120
OTHER LOSSES				
Reversal (impairment) of property, plant and equipment	-	-	-	-
Financial asset fair value adjustment	-	-	-	-
Loss on changes in fair value of investment property (note 21)	-	(84)	(846)	(482)
Net gain/(loss) on disposal of property, plant and equipment	(749)	103	(808)	102
Total other losses	(749)	19	(1,654)	(380)
Total gains/(losses)	102	138	(803)	(260)

Gains/(losses) on changes in fair value arises from the annual revaluation of investment properties, forestry assets and other valuation changes. In accordance with PBE accounting standards, all changes in the fair value of these assets must be recognised in surplus or deficit.

NOTE 7

EXCHANGE AND NON-EXCHANGE REVENUE	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
EXCHANGE REVENUE				
Elections	1	128	1	128
External contracts	3,519	3,217	3,519	3,217
Investment property	1,111	233	1,111	233
Investments	132	592	141	611
Investments in companies	-	685	-	-
Print Synergy	8	10	8	10
Civic Administration Building	236	160	236	160
Provision of goods and services	-	-	9,435	10,366
Total exchange revenue	5,007	5,025	14,451	14,725
NON-EXCHANGE REVENUE				
Revenue from rates				
Rates	101,100	98,852	100,706	98,480
REVENUE FROM TRANSFERS				
Provision of goods and services	17,116	17,503	17,286	17,188
Fines and infringements	1,721	1,309	1,721	1,309
Regulatory user charges and fees	7,735	6,015	7,735	6,015
Operating subsidies and grants	3,967	3,613	4,164	4,229
Capital subsidies and grants	13,978	6,808	13,978	6,808
Development contributions	2,187	2,992	2,187	2,992
Vested assets	294	2,841	339	2,863
Total non-exchange revenue	148,098	139,933	148,116	139,884
Total revenue	153,105	144,958	162,567	154,609

Revenue is classified as exchange or non-exchange based on the funding of the underlying activity which generates the revenue.

NOTE 8

	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
SALARIES, WAGES AND EARNED COMPENSATION	45,547	45,051	49,497	49,231
Elected representatives total remuneration	952	995	952	995
Employer contributions to multi-employer defined contribution plans	1,680	1,377	1,778	1,476
Increase/(decrease) in employee benefit liabilities	(205)	1,071	(205)	1,138
Total employee and elected representatives benefit expenses	47,974	48,494	52,022	52,840

Employer contributions to superannuation plans include those required as an employer, for example to KiwiSaver, plus contributions paid by the employer as part of the employees' remuneration package, excluding any employee salary contribution.

Chief Executive

The Chief Executive of PNCC is appointed under section 42 of the Local Government Act 2002. Heather Shotter received total remuneration (including any non-financial benefits) of \$380,246 (2020 \$378,124).

Executive Leadership Team Remuneration

The table below includes detail of the key management personnel, being the Chief Executive and members of the executive leadership team. Details of Councillors are excluded and detailed below.

	COUNCIL	
	Actual 2021 \$000	Actual 2020 \$000
Total remuneration	2,152,882	2,209,997
Full-time equivalent members	8	8

Elected Representatives Elected representatives received the following remuneration:

MEMBER	POSITION	Annual Salary 2021 \$	Non Salary \$000	Total Remuneration 2021 \$000	Annual Salary 2020 \$	Non Salary \$000	Total Remuneration 2020 \$000
CURRENT ELECTED REPRESENTATIVES							
Smith G	Mayor	143,402	-	143,402	144,956	-	144,956
Rutherford A	Deputy Mayor	71,193	11,237	82,430	56,268	3,007	59,275
Barrett B	Councillor	50,671	1,187	51,858	49,948	1,187	51,135
Baty S	Councillor	56,153	7,344	63,497	62,778	8,891	71,669
Bowen R	Councillor	50,671	1,807	52,478	53,608	3,038	56,646
Butt Z	Councillor	47,356	691	48,047	33,264	479	33,743
Dennison V	Councillor	53,986	1,187	55,173	49,318	1,187	50,505
Dingwall R	Councillor	47,356	592	47,948	33,195	410	33,605
Findlay L	Councillor	47,356	1,187	48,543	47,882	1,187	49,069
Handcock P	Councillor	47,356	871	48,227	33,194	409	33,603
Hapeta L	Councillor	51,130	987	52,117	52,183	987	55,343
Johnson L	Councillor	50,671	1,530	52,201	51,965	3,204	55,169
Meehan B	Councillor	49,064	593	49,657	33,196	411	33,607
Mickalad O	Councillor	19,671	348	20,019	-	-	-
Naylor K	Councillor	47,356	2,314	49,670	47,830	1,134	48,964
Petrenas B	Councillor	47,356	2,727	50,083	48,100	987	49,087

MEMBER	POSITION	Annual	Non	Total	Annual	Non	Total
		Salary	Salary	Remuneration	Salary	Salary	Remuneration
ELECTED REPRESENTATIVES TO OCTOBER 2020		2021	2021	2021	2020	2020	2020
		\$	\$000	\$000	\$	\$000	\$000
Utikere T	Deputy Mayor	24,709	12,284	36,993	89,636	13,105	102,741
ELECTED REPRESENTATIVES TO OCTOBER 2019							
Broad A	Councillor	-	-	-	16,919	365	17,284
Bundy-Cooke G	Councillor	-	-	-	14,276	365	14,641
Jefferies J	Councillor	-	-	-	15,737	365	16,102
McCann D	Councillor	-	-	-	17,693	304	17,997
Total remuneration		952,343			995,141		
Number of elected representatives		16			16		

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

With the enactment of the Local Government Act 2002, the Remuneration Authority is now responsible for setting the remuneration levels for elected members. The PNCC monetary remuneration (salary) detailed above was determined by the Remuneration Authority. As permitted under the Authority's guidelines PNCC has chosen for its elected members to receive an annual salary for the 2020/21 financial year rather than the alternative option of a combination of meeting fee payments and annual salary.

The determination issued by the Remuneration Authority also provides for the payment of hearing fees for those Councillors who sit as members on the Hearings Committee. This includes hearings of resource consent applications lodged under the Resource Management Act 1991 and any other hearings required, such as for the Sectional District Plan Review. The fees for members who act in this capacity are paid at the rate of \$100 per hour for the Chair and \$80 per hour for other members of the Committee. Councillors may also sit as members on the District Licensing Committee with fees paid at the rate of \$78 per hour for the Chair and \$51 per hour for other members. Fees received by Councillors who have sat on these Committees are included under the heading Monetary Remuneration - Non-salary.

Councillors also receive a communications allowance and are able to claim an allowance for mileage. These allowances are set by the Remuneration Authority with the communications allowance to reimburse for costs incurred and is included under the heading Monetary Remuneration - Non-salary. The allowance for mileage is paid to Councillors when using their personal vehicle to travel from their normal place of residence to official PNCC meetings where the distance exceeds the threshold distance set by the Authority. The mileage allowance paid to individual Councillors is not included under this disclosure as it is a reimbursement of costs incurred and not considered remuneration.

In addition, the Mayor and Councillors can receive non-monetary remuneration in relation to car parking exemptions provided. The Councillors have shared working space available for use and access to computers. The Mayor, Grant Smith, was also provided with a motor vehicle for use on PNCC business and private use in addition to the Mayors remuneration above. Professional indemnity and trustee liability insurance is also provided to Councillors against any potential legal litigation which may occur while undertaking PNCC business.

Employee Remuneration

The table below includes details of employees and their remuneration, including members of key management but excluding elected representatives.

NUMBER OF EMPLOYEES RECEIVING TOTAL ANNUAL REMUNERATION AT 30 JUNE OF:	COUNCIL	
	Actual 2021 \$000	Actual 2020 \$000
Less than \$60,000	322	354
Between \$60,001 and \$79,999	128	132
Between \$80,000 and \$99,999	82	77
Between \$100,000 and \$119,999	44	49
Between \$120,000 and \$139,999	23	25
Between \$140,000 and \$159,999	16	12
Between \$160,000 and \$239,999	-	6
Between \$160,000 and \$259,999	8	-
Between \$240,000 and \$379,999	-	6
Between \$260,000 and \$399,999	3	-
Total employees	626	661

As required by legislation where the number of employees in any band is 5 or fewer, the number for that band has been combined with the next highest band or bands.

THE TOTAL EMPLOYEES COMPRISES:	COUNCIL	
	Actual 2021 \$000	Actual 2020 \$000
Full-time employees	512	560
Full-time equivalent of all other employees (basis 40 hour working week)	71	57
Total full-time equivalent	583	617

Severance payments

For the year ended 30 June 2021, PNCC made 2 severance payments exceeding contractual entitlements totalling \$108,609 (2020, three, total \$125,617). The value of each severance payments were \$98,389 and \$10,220.

The term severance payment includes non-monetary benefits but excludes salary, holiday pay, superannuation contributions and any other contractual entitlements to which the employee was already entitled. The precise amount of each severance payable to each individual is required to be disclosed. Employees are not required to be named, however, section 33 of schedule 10 of the Local Government Act 2002 requires the disclosures of the severance paid to a Chief Executive.

NOTE 9

OTHER EXPENSES	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
Fees to principal auditor:				
Audit fees for financial statement audit	238	219	374	339
Audit fees for NZCT audit	-	1	-	1
Audit fees for 10 year plan audit	126	-	126	-
Audit fees for debenture trust deed audit	5	5	5	5
Impairment of receivables	65	191	73	191
Minimum lease payments under operating leases	978	833	1,034	833
Direct expenses from investment property	657	657	657	5,105
Grants for community support and economic promotion	9,223	9,192	5,557	5,399
Professional service costs	13,860	12,906	14,185	13,251
Insurance premiums	2,236	2,031	2,496	2,321
Transition payment to Manawatū District Council	447	439	447	439
Other operating expenses	27,527	28,595	31,607	28,000
Total other expenses	55,362	55,069	56,561	55,884

Audit fees above exclude disbursements.

In the context of reporting by local authorities, donations are interpreted as per their common usage, that is, discretionary charitable gifts, and exclude any grants made in terms of PNCC's normal funding programme that seek to achieve the objectives of the Council. There have been no donations during the year.

NOTE 10

TAX	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
COMPONENTS OF TAX EXPENSE				
Current tax expense	-	-	(479)	(685)
Adjustments to current tax for prior years	41	95	56	95
Deferred tax expense	-	-	26	1,014
Deferred tax adjustment from removal of tax depreciation on buildings	-	-	-	-
Income tax refund/ (expense)	41	95	(397)	424
RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT:				
Surplus/(deficit) before tax	14,461	(3,198)	15,018	(1,903)
Tax at 28% (2020 28%)	(4,049)	895	(4,205)	532
Non-deductible expenditure	-	-	-	-
Non-taxable revenue, permanent differences	4,049	(895)	3,757	(904)
Prior year adjustment, deferred tax adjustment	-	-	15	-
Deferred tax adjustment for the year and deferred tax movement at revaluation	41	95	36	796
TAX CHARGE FOR THE YEAR	41	95	(397)	424
Movement in deferred tax due to tax depreciation changes	-	-	-	-
Movement in deferred tax due to tax rate changes	-	-	-	-
Tax refund / (expense)	41	95	(397)	424

DEFERRED TAX ASSETS/(LIABILITIES)	Property, plant and equipment	Employee entitlements	Other provisions	Total
GROUP				
Balance at 1 July 2019	(8,098)	37	5	(8,056)
Charged to surplus or deficit	1,007	4	(4)	1,007
Charged to other comprehensive income	506	-	-	506
Balance at 30 June 2020	(6,585)	41	1	(6,543)
Charged to surplus or deficit	25	(1)	2	26
Charged to other comprehensive income	-	-	-	-
Charged to equity - revaluation surplus	-	-	-	-
Balance at 30 June 2021	(6,560)	40	3	(6,517)

Additional disclosures

During the year, tax losses were transferred to PNAL by tax loss offset with payment of \$41,000 and loss effect of \$196,000.

A deferred tax asset has not been recognised in relation to unused tax losses of \$148,000 (2020 \$212,000) with a tax effect of \$41,000 (2020 \$59,000).

Imputation credits of \$4.5m (PNAL) are available to impute distributions from subsidiaries.

NOTE 11

CASH AND CASH EQUIVALENTS	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
Cash at bank and on hand	272	1,039	1,385	2,110
Short term bank deposits with maturities of less than three months	1,250	1,000	1,503	1,227
Total cash and cash equivalents	1,522	2,039	2,888	3,337

The carrying value of short term deposits with maturity dates of three months or less approximates their fair value.

The Construction Contracts Act 2002 requires that where PNCC holds retention money deducted from commercial construction contracts those retentions be held “on trust” in the form of cash or other liquid assets for the benefit of those contractors. This relates to contracts entered into or renewed on or after 31 March 2017. At June 2021 PNCC has designated that \$1,250,000 of the short term bank deposits are held on trust for those contractors. At June 2021 the actual retentions held amounted to \$1,222k.

The total value of cash and cash equivalents that can only be used for a specified purpose as outlined in the relevant trust deeds is \$nil (2020 \$nil).

Cash and cash equivalents are held by each entity within the group. Each of the group entities are governed by controlling documents, for example trust deeds, with those documents determining the availability of the cash and cash equivalents to other members of the group. The requirements of those documents in applying group cash amounts means that the amounts may not be available to other members of the group.

Cash and bank overdrafts include the following for the purposes of the cash flow statement:

CASH AND CASH EQUIVALENTS	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
Cash at bank and on hand	272	1,039	1,385	2,110
Short term bank deposits with maturities of less than three months	1,250	1,000	1,503	1,227
Bank overdrafts (note 25)	-	-	-	-
	1,522	2,039	2,888	3,337

NOTE 12

TRADE AND OTHER RECEIVABLES	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
Rates receivables	1,184	1,611	1,184	1,611
Other receivables	9,677	4,261	10,328	4,772
Related party receivables	30	29	-	-
Water debtors	382	467	382	467
Tax receivable (includes GST receivables)	1,742	1,312	1,765	1,354
Prepayments and accruals	4,513	5,414	4,649	5,544
	17,528	13,094	18,308	13,748
Less provision for impairment of receivables	(310)	(249)	(318)	(249)
Total current trade and other receivables	17,218	12,845	17,990	13,499
TOTAL RECEIVABLES COMPRISES:				
Receivables from exchange transactions	901	824	901	824
Receivables from non-exchange transactions	16,317	12,021	17,089	12,675

The carrying value of trade and other receivables approximates their fair value.

PNCC does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow PNCC to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgment, then PNCC can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

Rates and penalties receivable and overdue at balance date comprise the following:

	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
Current year	1,088	1,544	1,088	1,544
Past due one year	96	64	96	64
Past due two years	-	3	-	3
Carrying amount	1,184	1,611	1,184	1,611

PNCC has consistently collected more than 50% of rates receivable at balance date within two months and 95% within six months of balance date. No forced sales have been necessary in the current year.

The status of receivables, excluding rates receivables, as at 30 June 2021 and 2020 are detailed below:

COUNCIL	Actual 2021 \$000			Actual 2020 \$000		
	GROSS	IMPAIRMENT	NET	GROSS	IMPAIRMENT	NET
Not past due	2,828	-	2,828	2,196	-	2,196
Past due 1-30 days	2,099	-	2,099	448	-	448
Past due 31-60 days	2,921	-	2,921	202	-	202
Past due > 60 days	1,829	310	1,519	1,415	249	1,166
	9,677	310	9,367	4,261	249	4,012

GROUP	Actual 2021 \$000			Actual 2020 \$000		
	GROSS	IMPAIRMENT	NET	GROSS	IMPAIRMENT	NET
Not past due	3,459	-	3,459	2,657	-	2,657
Past due 1-30 days	2,101	-	2,101	479	-	479
Past due 31-60 days	2,922	-	2,922	220	-	220
Past due > 60 days	1,839	310	1,529	1,416	249	1,167
	10,321	310	10,011	4,772	249	4,523

As of 30 June 2021 and 2020, all overdue receivables, except for rates receivable, have been assessed for impairment and appropriate provisions applied, as detailed below. PNCC holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provision has been calculated based on expected losses for PNCC's debtors determined based on a review of specific debtors. No collective impairment provision is considered necessary.

Movements in the provision for impairment of receivables and community loans are as follows:

	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
At 1 July	249	75	249	75
Additional provisions made during the year	66	190	66	190
Provisions reversed during the year	(3)	(10)	(3)	(10)
Receivables written-off during the period	(2)	(6)	(2)	(6)
At 30 June	310	249	310	249

NOTE 13

INVENTORIES	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
CURRENT PORTION				
Depot Store - roading, water, stormwater and wastewater reticulation spares and various network parts	199	304	235	355
Plant nursery	22	75	22	75
Fuel and other consumables	9	6	9	6
Assets held for sale	-	-	-	176
Total Current Portion	230	385	266	612
NON CURRENT PORTION				
Tamakuku land development - land held for sale	4,730	4,730	4,730	4,730
Tamakuku land development - work in progress	4,531	374	4,531	374
Total non-current portion	9,261	5,104	9,261	5,104

All inventory held for distribution is valued at cost. The write-down of inventories for loss of service potential amounted to \$nil (2020 \$nil).

No inventories are pledged as security for liabilities (2020 \$nil).

Land is classified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than continuing use. It is measured at the lower of the carrying amount and fair value less costs to sell.

The Council is currently developing land for future sale (Tamakuku Terrace, showing as Whakarongo in 2020), and 100% of the costs to date (including the value of land transferred to inventory) of \$9,261k are not expected to be recovered until after 30 June 2022 (2020 100% of \$5,104k).

NOTE 14

OTHER FINANCIAL ASSETS	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
CURRENT PORTION				
Short term bank deposits with maturities of 4-12 months	-	-	987	934
Total current portion	-	-	987	934
NON-CURRENT PORTION				
Investments in CCOs and industry companies:				
Shares in subsidiaries (Palmerston North Airport Ltd)	10,842	10,842	-	-
Unlisted shares - Civic Financial Services Ltd	395	382	395	382
Unlisted shares - New Zealand Local Government Funding Agency	394	352	394	352
Borrower notes - New Zealand Local Government Funding Agency	2,869	2,349	2,869	2,349
	14,500	13,925	3,658	3,083
Other financial assets:				
Bank deposits with maturities beyond 12 months	-	-	5	-
Total non-current portion	14,500	13,925	3,663	3,083
Total other financial assets	14,500	13,925	4,650	4,017

Impairment

There are no impairment provisions for other financial assets. None of the financial assets are either past due or impaired.

Fair value

The carrying value of loans and receivables, short term bank deposits and other advances approximates their fair value, except as detailed below.

Palmerston North Airport Limited owns and operates Palmerston North Airport. As at 30 June 2021 PNCC owned 100% (2020 100%) of the issued and paid up share capital of the Company.

Palmerston North Airport Limited's share capital at 30 June 2021 comprised 9,195,000 fully paid ordinary shares (2020 9,195,000 fully paid ordinary shares). All shares carry equal voting rights and the right to any share in surplus on the winding up of the company. None of the shares carry fixed dividend rights.

Civic Financial Services Ltd provides financial services primarily to New Zealand local government. PNCC holds a 3.73% (2020 3.73%) shareholding in the entity. There is no intention to dispose of this investment and there has not been a business valuation to establish fair value. As the holding is not material, net asset backing has been used as a proxy to assess fair value.

PNCC is a shareholder of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. During the 2013 year PNCC subscribed for \$200,000 of shares, including \$100,000 of uncalled capital. There is no intention to dispose of this investment and there has not been a business valuation to establish fair value. As the holding is not material, net asset backing has been used as a proxy to assess fair value.

When a local authority obtains debt from the NZLGFA it is required to subscribe for "borrower notes" for a portion of the debt. These notes have maturity as for the debt, accrue interest and are repayable when the associated debt is repaid. Interest has been accrued and included in the total outstanding.

Short term bank deposits held by group entities are governed by each entities controlling documents, for example trust deeds. Those documents determine the requirements in applying funds and availability of the bank deposits to other members of the group. The requirements of those documents in applying group cash amounts means that the amounts may not be available to other members of the group.

NOTE 15

INVESTMENT IN ASSOCIATE	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
NON-CURRENT PORTION				
Investment in Central Economic Development Agency Limited (CEDA) at cost	1	1	1	1
Equity accounted share of associate's surplus/(deficit)	-	-	279	370
Total non-current portion	1	1	280	371

PNCC's 50% share of associate's group summarised financial information:

Assets	792	564
Liabilities	513	194
Revenues	1,996	1,686
Surplus/(deficit)	(92)	(95)
Group's interest	50%	50%

Share of contingent liabilities incurred jointly with other investors

The CEDA group includes the Events Manawatū Trust as CEDA has the capacity to control the trust's governing body.

NOTE 16

DERIVATIVE FINANCIAL INSTRUMENTS	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
CURRENT ASSET PORTION				
Interest rate swaps	-	-	-	-
Total current asset portion	-	-	-	-
NON-CURRENT ASSET PORTION				
Interest rate swaps	1,005	-	1,005	-
Total non-current asset portion	1,005	-	1,005	-
CURRENT LIABILITY PORTION				
Interest rate swaps	2,719	2,925	2,719	2,925
Total current liability portion	2,719	2,925	2,719	2,925
NON-CURRENT LIABILITY PORTION				
Interest rate swaps	5,645	11,636	5,645	11,636
Total non-current liability portion	5,645	11,636	5,645	11,636

All derivative financial instruments are categorised as held for trading at fair value through surplus or deficit. The fair value of interest rate swaps have been determined using discounted cash flow valuation techniques based on quoted market prices.

Outstanding interest rate swap contracts at 30 June 2021 comprised the following:

No notional value of swaps in which PNCC will pay fixed interest rate (2020 4.6%) and receive floating on a monthly basis (2020 \$5m).

\$79m notional value of swaps in which PNCC will pay fixed interest varying from 1.3% to 6.1% (2020 1.3% to 6.3%) and receive floating on a quarterly basis (2020 \$86m)

\$88m notional value of forward start swaps in which PNCC will pay fixed interest varying from 0.4% to 3.9% (2020 1.3% to 4.0%) and receive floating on a quarterly basis (2020 \$56m).

NOTE 17

Note: Pages 180-181 (Property, plant and equipment) table should be read as one continuous table across both pages.

PROPERTY, PLANT AND EQUIPMENT	Accumulated depreciation and impairment charges		Carrying amount	Reclassification	Current year additions constructed by Council	Current year vested asset additions
	Cost/revaluation	impairment charges				
	1-Jul-20 \$000	1-Jul-20 \$000				
2021						
COUNCIL OPERATIONAL ASSETS						
Land	132,162	-	132,162	-	75	-
Buildings	187,012	8,366	178,646	-	10,932	-
Improvements	73,749	4,745	69,004	-	16,796	-
Office equipment, furniture and fittings	28,600	22,915	5,685	-	1,059	-
Library materials	6,462	4,212	2,250	-	729	-
Motor vehicles and plant	24,709	17,747	6,962	-	1,857	-
Total operational assets	452,694	57,985	394,709	-	31,448	-
COUNCIL INFRASTRUCTURAL ASSETS						
Waste management	26,527	155	26,372	598	595	-
Wastewater						
- treatment plants and facilities	38,132	241	37,891	-	2,644	-
- other assets	173,147	857	172,290	-	3,199	21
Water						
- treatment plants and facilities	50,219	164	50,055	-	4,661	-
- other assets	131,558	678	130,880	-	5,212	18
Stormwater	217,377	478	216,899	-	1,904	-
Roading network	424,270	2,376	421,894	(598)	13,514	255
Land under roads	357,289	-	357,289	-	2	-
Total infrastructural assets	1,418,519	4,949	1,413,570	-	31,731	294
COUNCIL RESTRICTED ASSETS						
Land	27,083	-	27,083	-	-	-
Total restricted assets	27,083	-	27,083	-	-	-
Total PNCC property, plant and equipment	1,898,296	62,934	1,835,362	-	63,179	294
COUNCIL CONTROLLED ORGANISATIONS						
PROPERTY, PLANT AND EQUIPMENT						
Land	31,828	-	31,828	(3,999)	8	-
Buildings	14,036	346	13,690	-	23	-
Improvements	1,071	875	196	-	68	-
Infrastructural assets	37,275	5,400	31,875	(1,113)	47	-
Plant and equipment	8,274	5,421	2,853	(4)	571	-
Office equipment, furniture and fittings	1,313	1,004	309	(42)	27	-
Collection assets	15,327	-	15,327	-	92	45
Motor vehicles	26	12	14	-	1,054	-
Total CCO property, plant and equipment	109,150	13,058	96,092	(5,158)	1,890	45
Total Group property, plant and equipment	2,007,446	75,992	1,931,454	(5,158)	65,069	339

Current year disposals	Reversal of accumulated depreciation on disposal	Current year depreciation	Revaluation surplus	Reversal of accumulated depreciation on revaluation or reclassification	Cost/revaluation	Accumulated depreciation and impairment charges	Carrying amount
\$000	\$000	\$000	\$000	\$000	30-Jun-21 \$000	30-Jun-21 \$000	30-Jun-21 \$000
462	-	-	92,894	-	224,669	-	224,669
472	97	8,367	9,419	16,636	206,891	-	206,891
8	1	3,968	(31,019)	8,712	59,518	-	59,518
-	-	1,414	-	-	29,659	24,329	5,330
1,163	1,162	1,008	-	-	6,028	4,058	1,970
694	587	1,528	-	-	25,872	18,688	7,184
2,799	1,847	16,285	71,294	25,348	552,637	47,075	505,562
-	-	719	-	-	27,720	874	26,846
-	-	955	-	-	40,776	1,196	39,580
-	-	3,417	(93)	-	176,274	4,274	172,000
-	-	741	-	-	54,880	905	53,975
-	-	2,757	(35)	-	136,753	3,435	133,318
-	-	1,926	-	-	219,281	2,404	216,877
-	-	9,773	(102)	-	437,339	12,149	425,190
-	-	-	-	-	357,291	-	357,291
-	-	20,288	(230)	-	1,450,314	25,237	1,425,077
-	-	-	15,298	-	42,381	-	42,381
-	-	-	15,298	-	42,381	-	42,381
2,799	1,847	36,573	86,362	25,348	2,045,332	72,312	1,973,020
-	-	-	1,173	-	29,010	-	29,010
-	-	358	-	-	14,059	704	13,355
22	21	47	-	-	1,117	901	216
13	9	1,215	-	187	36,196	6,419	29,777
302	242	557	-	4	8,539	5,732	2,807
31	72	87	-	37	1,267	982	285
5	-	-	1,527	-	16,986	-	16,986
-	-	-	-	-	1,080	12	1,068
373	344	2,264	2,700	228	108,254	14,750	93,504
3,172	2,191	38,837	89,062	25,576	2,153,586	87,062	2,066,524

Note: Pages 182-183 (Property, plant and equipment) table should be read as one continuous table across both pages.

PROPERTY, PLANT AND EQUIPMENT	Accumulated depreciation and impairment charges		Carrying amount 1-Jul-19 \$000	Reclassification \$000	Current year additions constructed by Council \$000	Current year vested asset additions \$000
	Cost/revaluation 1-Jul-19 \$000	1-Jul-19 \$000				
	2020					
COUNCIL OPERATIONAL ASSETS						
Land	131,787	-	131,787	-	375	-
Buildings	184,715	62	184,653	-	2,297	-
Improvements	56,477	1,442	55,035	-	17,272	-
Office equipment, furniture and fittings	25,518	21,723	3,795	-	3,082	-
Library materials	5,677	3,414	2,263	-	793	-
Motor vehicles and plant	22,616	16,336	6,280	-	2,439	-
Total operational assets	426,790	42,977	383,813	-	26,258	-
COUNCIL INFRASTRUCTURAL ASSETS						
Waste management	23,427	1,140	22,287	-	815	-
Wastewater						
- treatment plants and facilities	36,944	1,457	35,487	-	2,519	-
- other assets	130,420	5,286	125,134	-	2,172	628
Water						
- treatment plants and facilities	44,812	1,088	43,724	-	3,792	-
- other assets	117,895	4,620	113,275	-	522	435
Stormwater	188,493	3,457	185,036	-	1,939	700
Roading network	388,810	21,614	367,196	-	13,929	1,078
Land under roads	355,675	-	355,675	-	1,161	-
Total infrastructural assets	1,286,476	38,662	1,247,814	-	26,849	2,841
COUNCIL RESTRICTED ASSETS						
Land	27,083	-	27,083	-	-	-
Total restricted assets	27,083	-	27,083	-	-	-
Total PNCC property, plant and equipment	1,740,349	81,639	1,658,710	-	53,107	2,841
COUNCIL CONTROLLED ORGANISATIONS PROPERTY, PLANT AND EQUIPMENT						
Land	32,004	-	32,004	(176)	-	-
Buildings	13,541	-	13,541	-	495	-
Improvements	1,055	825	230	-	16	-
Infrastructural assets	38,734	4,192	34,542	(4)	355	-
Plant and equipment	7,476	4,881	2,595	4	807	-
Office equipment, furniture and fittings	1,276	957	319	-	93	-
Collection assets	16,542	-	16,542	-	36	22
Motor vehicles	12	12	-	-	14	-
Total CCO property, plant and equipment	110,640	10,867	99,773	(176)	1,816	22
Total Group property, plant and equipment	1,850,989	92,506	1,758,483	(176)	54,923	2,863

* Includes transfer of \$438k from Land to Improvements.

Current year disposals	Reversal of accumulated depreciation on disposal	Current year depreciation	Revaluation surplus	Reversal of accumulated depreciation on revaluation or reclassification	Cost/revaluation	Accumulated depreciation and impairment charges	Carrying amount
\$000	\$000	\$000	\$000	\$000	30-Jun-20 \$000	30-Jun-20 \$000	30-Jun-20 \$000
-	-	-	-	-	132,162	-	132,162
-	-	8,304	-	-	187,012	8,366	178,646
-	-	3,303	-	-	73,749	4,745	69,004
-	-	1,192	-	-	28,600	22,915	5,685
8	8	806	-	-	6,462	4,212	2,250
346	138	1,549	-	-	24,709	17,747	6,962
354	146	15,154	-	-	452,694	57,985	394,709
-	-	589	2,285	1,574	26,527	155	26,372
-	-	820	(1,331)	2,036	38,132	241	37,891
-	-	2,871	39,927	7,300	173,147	857	172,290
-	-	592	1,615	1,516	50,219	164	50,055
-	-	2,482	12,706	6,424	131,558	678	130,880
-	-	1,802	26,245	4,781	217,377	478	216,899
-	-	11,971	20,453	31,209	424,270	2,376	421,894
-	-	-	453	-	357,289	-	357,289
-	-	21,127	102,353	54,580	1,418,519	4,949	1,413,570
-	-	-	-	-	27,083	-	27,083
-	-	-	-	-	27,083	-	27,083
354	146	36,281	102,353	54,580	1,898,296	62,934	1,835,362
-	-	-	-	-	31,828	-	31,828
-	-	346	-	-	14,036	346	13,690
-	-	50	-	-	1,071	875	196
-	-	1,208	(1,810)	-	37,275	5,400	31,875
13	11	551	-	-	8,274	5,421	2,853
56	55	102	-	-	1,313	1,004	309
-	-	-	(1,273)	-	15,327	-	15,327
-	-	-	-	-	26	12	14
69	66	2,257	(3,083)	-	109,150	13,058	96,092
423	212	38,538	99,270	54,580	2,007,446	75,992	1,931,454

ASSETS UNDER CONSTRUCTION

Included in property, plant and equipment are the following assets under construction:

	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
OPERATIONAL ASSETS				
Land	-	-	20	20
Buildings	529	851	3,600	3,922
Improvements	9,295	9,803	9,295	9,803
Office equipment, furniture and fittings	747	1,011	757	1,021
Library	-	-	-	-
Motor vehicles and plant	1,196	1,060	1,233	1,097
	11,767	12,725	14,905	15,863
INFRASTRUCTURAL ASSETS				
Waste management	23	1,585	23	1,585
Wastewater	9,133	3,290	9,133	3,290
Water	6,734	3,652	6,734	3,652
Stormwater	657	670	657	670
Roading network	6,526	8,639	6,526	8,639
Infrastructure - CCO's	-	-	642	642
	23,073	17,836	23,715	18,478
Total assets under construction	34,840	30,561	38,620	34,341

CAPITAL COMMITMENTS

Capital expenditure contracted for at balance date but not yet incurred comprises the following:

	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
Buildings	1,260	16,456	1,260	16,456
Improvements	-	17	-	17
Library materials	-	-	-	-
Motor vehicles and plant	-	-	-	-
Roading network	1,767	720	1,767	720
Waste management	-	-	-	-
Stormwater	-	-	-	-
Wastewater treatment plants and facilities	868	363	868	363
Wastewater other assets	349	-	349	-
Water treatment plants and facilities	341	-	341	-
Water other assets	281	-	281	-
CCO capital commitments	-	-	24	24
Total capital commitments	4,866	17,556	4,890	17,580

PNCC currently has no construction contracts.

REVALUATION OF ASSETS

Property, plant and equipment have been valued in accordance with the accounting policy set out in the Statement of Accounting Policy, under the 'asset revaluation' section (note 1).

Assets are valued to 'fair value' under the highest and best use scenario. Fair value is the amount for which an item could be exchanged or settled between knowledgeable willing parties in an arm's length transaction.

Where the fair value of the asset can be determined by reference to the price in an active market for the same asset or similar asset, the fair value of the asset is determined using this information. Where direct evidence of value is not available from an active market, fair value is determined from market-based evidence by appraisal, undertaken by a professionally qualified valuer. If there is no market-based evidence of fair value because of the specialised nature of the asset and the asset is rarely sold, fair value will be determined using the optimised depreciated replacement cost approach.

OPERATIONAL LAND, BUILDINGS, SPORTSFIELDS AND RECREATIONAL AND COMMUNITY FACILITIES

Fair value of land and buildings was determined from market-based evidence by an independent valuer. Where buildings and site improvements have been identified as being earthquake prone, then the valuation has been reduced by the estimated earthquake strengthening costs. The most recent valuation was performed by Andrew Walshaw (ANZIV, SPINZ) of Morgans Property Advisors, last valued effective 30 June 2021.

For site improvements valuation at fair value is determined by optimised depreciated replacement cost basis. The most recent valuation was performed by Andrew Walshaw (ANZIV, SPINZ) of Morgans Property Advisors, last valued effective 30 June 2021.

RESTRICTED LAND AND BUILDINGS

Fair value was determined from market-based evidence by an independent valuer. The most recent valuation was performed by Andrew Walshaw (ANZIV, SPINZ) of Morgans Property Advisors, effective 30 June 2021.

INFRASTRUCTURAL ASSET CLASSES: ROADS, WATER RETICULATION, WASTEWATER RETICULATION, STORMWATER NETWORKS AND WASTE MANAGEMENT

Infrastructure assets were last valued effective 31 March 2020.

The fair value of infrastructure assets, excluding land, was determined on an optimised depreciated replacement cost basis, assuming continuation of current asset capability and processing requirements. The valuation was prepared by staff engineers employed by PNCC (led by Eng Lim - BE, ME, CMEngNZ, PGDipBusAdmin) and was carried out using the New Zealand Infrastructure Asset Valuation and Depreciation Guidelines produced by New Zealand Asset Management Support (NAMS) Group. The valuation was reviewed by Stephen Garlick (BE, Diploma in Civil Engineering Asset Management (Strategic), CMEngNZ), an Associate Director from AECOM New Zealand Limited, who confirmed that the valuation basis is appropriate for external reporting purposes.

Infrastructure land (excluding land under roads) was valued in 2020 on the basis of 'open market value' derived from sales evidenced for 17 urban localities in Palmerston North, Ashhurst and Aokautere and one rate for rural area. The open market value was in turn discounted to provide the specific rates for undeveloped land. While some infrastructure land (particularly off-street parking land) has independent certificates of title and therefore can be disposed of, the reality is that infrastructure land is required to be retained by PNCC for community use. The fair value was determined by Andrew Walshaw (ANZIV, SPINZ) of Morgans Property Advisors.

Additions and acquisitions to infrastructure assets since valuation date are valued at cost.

LAND UNDER ROADS (ROAD RESERVES), INFRASTRUCTURE LAND AND OFF-STREET PARKING LAND

Valuation of infrastructure land is generally considered 'non tradable' due to the perpetual nature of community use. It was valued at 31 March 2020 based on the undeveloped land value of the adjoining land with a discount applied to recognise the non-tradable nature of the asset. This asset class is re-valued as part of the infrastructural assets revaluation. The fair value was determined by Andrew Walshaw (ANZIV, SPINZ) of Morgans Property Advisors.

Land for off-street carparks, that have independent 'certificates of title' and can be disposed of, have been individually valued by registered valuer on an open market value basis, which is the price for which the property might reasonably be expected to be sold at the operative date between a willing buyer and willing seller in an arms length transaction. The fair value was determined by Andrew Walshaw (ANZIV, SPINZ) of Morgans Property Advisors at 31 March 2020.

Land under roads was valued based on the fair value of adjoining undeveloped land determined by Chris Leahy (Registered Valuer FNZIV, FNZPI) of CL Property Solutions Ltd, effective 30 June 2005. On transition to NZ IFRS PNCC has elected to use the fair value of land under roads as at 30 June 2005 as deemed cost. Land under roads is no longer revalued.

REPLACEMENT COST

The most recent estimate of the replacement cost of infrastructural assets detailed above as at 30 June 2021 is:

	Council \$000
Wastewater	
- treatment plants and facilities	79,049
- other assets	348,741
Water	
- treatment plants and facilities	88,475
- other assets	224,235
Stormwater	315,603
Roading network	733,162

PALMERSTON NORTH AIRPORT

Land and buildings owned by Palmerston North Airport Ltd are recorded at fair value. Land fair value has been determined using the market value in alternative use highest and best use methodology with buildings using an optimised depreciated replacement cost basis. An independent registered valuer, Morgans Property Advisors, last re-valued the assets as at 30 June 2019.

Airside infrastructure assets owned by Palmerston North Airport Ltd have been valued at fair value. Fair value was last determined by independent valuers AECOM New Zealand Ltd on an optimised depreciated replacement cost basis as at 30 June 2020.

LIBRARY COLLECTIONS

Library books were valued as at 30 June 1993, at their deemed cost. The NZ Pacific collection is valued at cost. All other books are valued at cost less accumulated depreciation. Additions since valuation date are stated at cost.

HERITAGE AND ART COLLECTION

The art collection assets are re-valued every three years and the heritage collection assets every four years.

The entire art collection (owned and custodial) was valued as at 30 January 2018 by Art + Object Auckland, on the basis of a fair, minimum value realisable.

The entire heritage collection (owned and custodial) was valued as at 30 June 2015 by Webb's, Auckland, on the basis of a fair, minimum value realisable.

ASSETS PLEDGED AS SECURITY

The net carrying amount of plant and equipment held under finance leases is \$nil (2020 \$nil). Except for assets subject to the housing improvement suspensory loan of \$480k (2020 \$480k) secured by mortgage against the relevant housing units, PNCC does not have any assets pledged as security for liabilities.

A registered first debenture and mortgage is secured over assets and property owned by Palmerston North Airport Ltd. The borrowings are from the Bank of New Zealand and at 30 June 2021 land, buildings and other property assets with a carrying value of \$79m has been pledged as security.

SIGNIFICANT ACQUISITIONS AND REPLACEMENT OF ASSETS

In accordance with the provisions of clause 24 of Schedule 10 of the Local Government Act 2002, the What the Council Does section contains more information on the significant acquisitions and renewals of assets on an activity basis.

NOTE 18

INTANGIBLE ASSETS	COUNCIL					GROUP
	Computer Software	Computer Licences	Athletic Track	Carpark Leases	Council Total	Group Total
2021	\$000	\$000	\$000	\$000	\$000	\$000
BALANCE AT 1 JULY 2020						
Cost	5,336	369	675	1,016	7,396	7,526
Accumulated amortisation and impairment	(4,827)	(370)	(675)	(243)	(6,115)	(6,222)
Opening carrying amount	509	(1)	-	773	1,281	1,304
YEAR ENDED 30 JUNE 2021						
Additions	84	-	-	-	84	105
Amortisation charge	(193)	1	-	(20)	(212)	(223)
Reclassification - Cost	-	-	-	-	-	42
Reclassification - accumulated depreciation	-	-	-	-	-	(37)
Disposals cost	-	-	-	-	-	(13)
Disposal accumulated amortisation	-	-	-	-	-	12
Closing carrying amount	400	-	-	753	1,153	1,190
BALANCE AT 30 JUNE 2021						
Cost	5,420	369	675	1,016	7,480	7,660
Accumulated amortisation and impairment	(5,020)	(369)	(675)	(263)	(6,327)	(6,470)
Closing carrying amount	400	-	-	753	1,153	1,190
2020						
BALANCE AT 1 JULY 2019						
Cost	5,262	369	675	1,016	7,322	7,452
Accumulated amortisation and impairment	(4,650)	(366)	(675)	(223)	(5,914)	(6,015)
Opening carrying amount	612	3	-	793	1,408	1,437
YEAR ENDED 30 JUNE 2020						
Net additions	74	-	-	-	74	74
Amortisation charge	(177)	(4)	-	(20)	(201)	(211)
Disposals cost	-	-	-	-	-	-
Disposal accumulated amortisation	-	-	-	-	-	4
Closing carrying amount	509	(1)	-	773	1,281	1,304
BALANCE AT 30 JUNE 2020						
Cost	5,336	369	675	1,016	7,396	7,526
Accumulated amortisation and impairment	(4,827)	(370)	(675)	(243)	(6,115)	(6,222)
Closing carrying amount	509	(1)	-	773	1,281	1,304

Computer software includes software and systems under development of \$14k (2020 \$24k).

The carpark leases are for the lease of carparks for a period of 999 years with amortisation over the life of the carpark.

No intangible assets are pledged as security for liabilities (2020 \$nil).

There are no restrictions over the title of intangible assets except for the athletic track. The athletic track is on third party land with the cost reflecting PNCC construction cost. PNCC has a long term access agreement for residents.

NOTE 19

ACTIVITY DEPRECIATION AND AMORTISATION

Included in activity expenditure in section 2 are the following amounts of depreciation and amortisation:

	COUNCIL	
	Actual 2021 \$000	Actual 2020 \$000
Innovative and Growing City	534	545
Creative and Exciting City	8,873	8,265
Connected and Safe Community	3,885	3,507
Eco-City	677	606
Driven and Enabling Council	3,035	2,918
Transport	9,982	12,073
Stormwater	1,925	1,802
Wastewater	4,376	3,693
Water	3,498	3,074
Total Activity Depreciation and Amortisation	36,785	36,483

NOTE 20

FORESTRY ASSETS

	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
Balance at 1 July	1,419	1,300	1,419	1,300
Increases due to purchases, replanting	-	-	-	-
Gains/(losses) arising from changes in fair value less estimated point of sale costs	11	119	11	119
Decreases due to harvest	-	-	-	-
Balance at 30 June	1,430	1,419	1,430	1,419

PNCC owns two forests held for harvest: Turitea and Gordon Kear. The forest assets referred to in this note are limited to the biological asset, being the forest crop (and do not include forest land or site improvements).

Turitea Forest is a pinus radiata plantation located within the water catchment reserve. During the 2019 period most of the older trees were harvested. The remaining planation comprising 27 hectares is at varying stages of maturity ranging from 26 to 46 years. The land that has been harvested is being restored back into native vegetation.

Gordon Kear Forest is a second rotation pinus radiata plantation located in the upper Kahuterawa Valley, comprising 372.6 hectares aged from 5 to 11 years. A remapping exercise was undertaken during June 2021 resulting in a reduction in the net stocked area by 7% due to gaps and poor establishment in some steep areas where there is abundant native vegetation regrowth.

Forestry assets (biological assets) were valued as at 30 June 2021 by an independent registered forestry consultant Alan Bell (Registered Forestry Consultant - NZ Institute of Forestry). A pre-tax discount rate of 8.5% (2020 8.5%) has been used in discounting the present value of expected cash flows to determine fair value of the forestry crops. Valuation has been on a going concern basis and only includes the value of the current crop, based on current average costs and three year historical rolling average sales prices. The forest crops are valued on an annual basis.

There are no capital commitments in relation to forestry assets.

Financial risk management strategies

PNCC is exposed to financial risks arising from changes in timber prices. PNCC is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore, has not taken any measures to manage the risks of a decline in timber prices. PNCC reviews its outlook for timber prices regularly in considering the need for active financial risk management.

NOTE 21

INVESTMENT PROPERTY	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
Balance at 1 July	4,550	4,620	11,075	11,433
Additions and acquisitions	-	14	2,857	124
Transfer to/(from) property, plant and equipment	-	-	5,074	-
Reclassification from assets held for sale	-	-	176	-
Disposals	-	-	-	-
Fair value gains/(losses) on valuation (note 6)	840	(84)	(6)	(482)
Balance at 30 June	5,390	4,550	19,176	11,075

PNCC's investment properties are valued annually at fair value effective 30 June. All investment properties were valued based on open market evidence to determine fair value. The valuation was performed by Andrew Walshaw (ANZIV, SPINZ) of Morgans Property Advisors.

There are no contractual obligations in relation to investment properties at balance date not recognised in the financial statements for either capital expenditure or operating expenditure.

Whilst PNCC does not have any contractual commitment for capital expenditure, there is an intention (as detailed in the Property Asset Management Plan) to maintain and renew all investment property.

Palmerston North Airport Ltd has investment properties. These are valued annually at fair value effective 30 June, performed by Morgans Property Advisors.

NOTE 22

TRADE AND OTHER PAYABLES	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
Trade payables	5,251	5,525	5,969	6,353
Deposits and bonds	3,845	3,203	3,994	3,221
Accruals and capital creditors	11,670	10,743	11,770	11,089
Amounts due to related parties	-	35	-	-
Fees and grants in advance	3,516	755	3,562	761
Rates in advance	1,618	1,461	1,618	1,461
Retentions	1,222	1,245	1,222	1,245
Tax payable (includes GST payables)	-	-	178	153
Other payables	115	522	1,358	677
Total trade and other payables	27,237	23,489	29,671	24,960
TOTAL PAYABLES COMPRISES:				
Payables from exchange transactions	22,103	21,273	24,313	22,591
Payables from non-exchange transactions	5,134	2,216	5,358	2,369

Trade and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value.

Retentions are amounts deducted from commercial construction contracts. The Construction Contracts Act 2002 requires that for contracts entered into or renewed on or after 31 March 2017 those retentions be held "on trust" in the form of cash or other liquid assets for the benefit of those contractors. At June 2021 of the total retentions held, \$1,222k was required to be held on trust (2020 \$1,160k). PNCC has designated that a \$1,250k short term bank deposit is held on trust for those contractors (2020 \$1,000k).

NOTE 23

PROVISIONS	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
CURRENT				
Landfill aftercare provision	92	91	92	91
Building weather tightness claims	591	617	591	617
Building claims	46	46	46	46
Restructuring provision	160	-	160	-
Total current provisions	889	754	889	754
NON-CURRENT				
Landfill aftercare provision	576	631	576	631
Total non-current provisions	576	631	576	631
COUNCIL AND GROUP	Landfill aftercare \$000	Building weather tightness claims \$000	Building Act claims \$000	Restructuring provision \$000
Balance at 30 June 2019	755	633	46	489
Additional provisions made during the year	-	-	-	-
Amounts used during the year	(33)	(16)	-	(489)
Balance at 30 June 2020	722	617	46	-
Additional provisions made during the year				
Amounts used during the year	(54)	(26)	-	160
Balance at 30 June 2021	668	591	46	160

Landfill aftercare provision

PNCC, as owner and operator of the Awapuni landfill since 1952, has a legal obligation under resource consent to provide ongoing maintenance and monitoring of its landfill post-closure. The landfill closed at the end of January 2007. Post-closure activities include leachate, water, gas monitoring and remedial measures such as ongoing site maintenance, drainage systems and wastewater treatment, final clay capping, soil covering and vegetation.

Estimates of future monitoring costs and remedial works have been made by council engineers. These engineering estimates are the basis upon which PNCC has established this financial provision. The provision includes all expected future costs and obligations associated with landfill post-closure.

The provision has been estimated taking into account and based upon known technology, existing knowledge and current legal requirements for the remaining closure and ongoing maintenance and monitoring costs.

The amount of the provision is the present value of future cash flows expected to be incurred, using a discount rate of 2.8%. PNCC engineers and accountants review the amount of the landfill provision at least once a year. The long term nature of the landfill liability means that there are inherent uncertainties in estimating costs that will be incurred.

Cash outflows for post-closure remedial works were completed in 2015, with consent monitoring costs expected to continue for up to 8 years (until 2029).

Landfill post-closure remedial works are capitalised to the landfill asset where they give rise to future economic benefits. Components of the capitalised landfill asset are then depreciated over their useful lives.

The landfill provision of \$668k (2020 \$722k) is for consent monitoring costs.

No reimbursement from other sources outside of PNCC is expected.

Building weather tightness claims

PNCC has unresolved weather tightness claims. Refer to note 29 for further details. PNCC is unable to assess its exposure to these claims with the cost of any successful claims against PNCC expected to be substantially covered by provisions made.

PNCC also has exposure to possible calls relating to professional indemnity insurance cover, mainly relating to weather tightness claims. Refer to note 29 for further details. Current expectations are that one final call of an amount less than \$167k will be made in either 2023 or 2024.

PNCC has made a provision of \$591k (2020 \$617k) to cover unresolved and future weather tightness claims and future insurance pool calls.

Building Act claims

PNCC has further unresolved Building Act claims. Refer to note 29 for further details. PNCC is unable to assess its exposure to these claims with the cost of any successful claims against PNCC expected to be substantially covered under PNCC's insurance policies.

PNCC has made a provision of \$46,000 (2020 \$46,000) to cover unresolved and future building claims, although the potential liability and timing of any payment is uncertain.

NOTE 24

EMPLOYEE BENEFIT LIABILITIES	COUNCIL		GROUP	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Accrued pay (includes time in lieu and deductions payable)	845	689	1,005	864
Annual leave	4,234	4,550	4,551	4,863
Long service leave	533	525	546	538
Retirement gratuities	1,263	1,309	1,263	1,309
Sick leave	218	225	218	228
Total employee benefit liabilities	7,093	7,298	7,583	7,802
COMPRISING:				
Current	5,897	6,001	6,384	6,502
Non-current	1,196	1,297	1,199	1,300
Total employee benefit liabilities	7,093	7,298	7,583	7,802

Entitlements for long service leave and retirement gratuities that are payable beyond 12 months have been calculated on an actuarial basis. The amount of the provision is the present value of future cash flows expected to be incurred, using a discount rate of 2.8% and 2.8% (2020 3.5% and 3.5%) being for maturities that approximate the estimated future cash outflows. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred.

NOTE 25

BORROWINGS	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
CURRENT				
Bank overdraft	-	-	-	-
Commercial paper	-	-	-	-
Secured loans	10,000	20,000	15,000	23,700
Finance lease liabilities	-	-	-	-
Total current borrowings	10,000	20,000	15,000	23,700
NON-CURRENT				
Secured loans	156,125	122,000	163,825	130,000
Finance lease liabilities	-	-	-	-
Total non-current borrowings	156,125	122,000	163,825	130,000
TOTAL BORROWINGS	166,125	142,000	178,825	153,700

Secured Loans

PNCC has a total bank overdraft facility of \$0.5m (2020 \$0.5m) with interest being charged at the bank's prime lending rate.

PNCC has bank multi-option credit lines totalling \$43 million with \$9.125m drawn at 30 June 2021 (2020 nil). When drawn interest is currently incurred at the OCR rate plus 1.08%, payable in arrears.

Interest on PNCC's floating rate debenture stock is payable quarterly in arrears.

PNCC has debt raised with the New Zealand Local Government Funding Agency. At 30 June 2021, \$152 million is outstanding with maturities from 2022 to 2029. \$137 million of this is drawn with interest rates are reset quarterly at the bankbill rate plus a margin varying from 0.3% to 0.8% with interest payable in arrears. The balance is drawn at fixed interest rates from 1.1% to 1.4%.

Effective interest rates, including line fees, are 2.9% (2020 4.2%). PNCC manages interest rate risk by use of interest rate swaps.

There are no conditions or covenants which, if contravened, would significantly alter the terms of the borrowing instruments or arrangements.

PNCC manages its borrowings in accordance with its funding and financial policies, which includes a Treasury Policy. These policies have been adopted in conjunction with PNCC's 10 Year Plan.

Security

All of PNCC's secured loans plus the overdraft are secured under the terms of the Debenture Trust Deed between the PNCC and Covenant Trustee Services Ltd, as Trustee. Security is by a charge over the Council's ability to levy rates in favour of the Trustee. Pursuant to the Debenture Trust Deed PNCC has issued to its bankers security certificates totalling \$98m to secure the various bank loan facilities, bank overdraft, guarantees issued on behalf of PNCC and other general banking facilities (excluding commercial paper). Security certificates have also been issued to secure the debt raised with the New Zealand Local Government Funding Agency.

In 2010 and 2011 PNCC received a total of \$480,000 as part of a housing improvement scheme operated by Housing New Zealand. This loan has been utilised in improving community housing, is interest free and secured against those housing units. The loan is suspensory providing PNCC continues to own the units for 20 years, as is intended. PNCC has treated this as a grant and included this in revenue for capital expenditure as it intends to own these units indefinitely.

PNAL's borrowing is secured by a registered first debenture and mortgage over the assets and property of the Company. The balance outstanding is \$12.7m (2020 \$11.7m).

FAIR VALUE	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
Fair values of the secured loans are as follows:				
Floating rate bank loans	9,125	-	9,125	-
Fixed rate bank loans	-	-	7,700	8,000
Floating rate debenture stock	5,000	5,000	10,000	8,700
Fixed rate debenture stock	-	-	-	-
Commercial paper, short term	-	-	-	-
New Zealand Local Government Funding Agency	152,000	137,000	152,000	137,000
Fixed rate table loan	-	-	-	-
Housing improvement suspensory loan	-	-	-	-
Forestry encouragement loans	-	-	-	-
Total	166,125	142,000	178,825	153,700
Current portion	(10,000)	(20,000)	(15,000)	(23,700)
Non-current portion	156,125	122,000	163,825	130,000

The carrying amounts of the short term borrowings approximate their fair values due to interest rates on debt predominantly being reset to the market rate every three months.

NOTE 26

EQUITY	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
RETAINED EARNINGS				
As at 1 July	1,046,309	1,049,412	1,079,935	1,081,569
Transfers from/(to) special funds	-	-	(43)	(60)
Transfers from asset revaluation reserve on disposal of property	709	-	709	-
Surplus/(deficit) for the year	14,502	(3,103)	14,529	(1,574)
Transfers (to)/from retained earnings	(1,023)	-	(1,023)	-
As at 30 June	1,060,497	1,046,309	1,094,107	1,079,935
SPECIAL RESERVES AND FUNDS				
As at 1 July	-	-	349	289
Transfers (to)/from retained earnings	-	-	43	60
As at 30 June	-	-	392	349
Special reserves and funds consist of:				
- Endowment fund	-	-	11	11
- Collection development fund	-	-	26	16
- Historic building maintenance reserve	-	-	22	22
- Development reserve - exhibitions	-	-	333	300
Total Special Reserves and Funds	-	-	392	349

EQUITY	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE				
As at 1 July	(780)	(474)	(780)	(474)
Revaluation of shares in industry companies	56	(306)	56	(306)
Transfers (to)/from retained earnings	1,023	-	1,023	-
As at 30 June	299	(780)	299	(780)
ASSET REVALUATION RESERVES THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE				
As at 1 July	642,649	485,447	683,737	529,110
Revaluation gains/(losses) of operating property (net of deferred tax)	111,710	157,202	114,410	154,627
Transfer to retained earnings on disposal of property	(709)	-	(709)	-
As at 30 June	753,650	642,649	797,438	683,737
ASSET REVALUATION RESERVES CONSISTS OF:				
Operational assets				
Land	139,344	46,735	160,728	66,946
Buildings	104,840	101,516	107,094	104,276
Airside infrastructure	-	-	12,823	12,317
Improvements	-	-	-	-
Heritage collection	-	-	143	143
Art collection	-	-	7,184	5,657
Infrastructural assets				
Wastewater system	95,389	95,482	95,389	95,482
Water system	63,809	63,844	63,809	63,844
Stormwater system	105,250	105,250	105,250	105,250
Roading network	213,577	213,679	213,577	213,679
Waste management	5,314	5,314	5,314	5,314
Restricted assets				
Land	26,127	10,829	26,127	10,829
Total Revaluation Reserve	753,650	642,649	797,438	683,737
TOTAL EQUITY	1,814,446	1,688,178	1,892,236	1,763,241

Special reserves and funds include those held by CCO's. These originate from funds received for a specific purpose or reserves designated to be used for a specific purpose by the CCO.

NOTE 27

RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
Surplus/(Deficit) after Tax	14,502	(3,103)	14,529	(1,574)
ADD/(LESS) NON-CASH ITEMS:				
Depreciation and amortisation	36,785	36,483	39,060	38,747
Vested assets	(294)	(2,841)	(339)	(2,863)
Provision movement	78	(537)	78	(537)
Share of associates deficit	-	-	92	95
(Gains)/losses in fair value of biological assets	(11)	(119)	(11)	(119)
(Gains)/losses in fair value of investment property	(840)	84	6	(314)
Financial asset fair value adjustment	-	-	-	-
(Gains)/losses in fair value of derivative financial instruments	(7,201)	2,594	(7,201)	2,594
Deferred tax movement	-	-	(26)	(31)
ADD/(LESS) ITEMS CLASSIFIED AS INVESTING OR FINANCING ACTIVITIES:				
(Gains)/losses on disposal of property, plant and equipment	748	(19)	748	(19)
ADD/(LESS) MOVEMENTS IN WORKING CAPITAL ITEMS:				
Accounts receivable	(3,943)	(2,844)	(4,072)	(2,289)
Goods and Services Tax (net)	(430)	374	(342)	282
Inventories	(4,002)	158	(3,811)	157
Accounts payable (inclusive of employee benefits)	3,463	731	3,284	(385)
Net Cash inflow/(outflow) from operating activities	38,855	30,961	41,995	33,744

NOTE 28

Operating leases and other commitments

OPERATING LEASES AS LESSEE

PNCC leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable remaining term of 18 months. The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows.

	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
NON-CANCELLABLE OPERATING LEASES AS LESSEE				
Not later than one year	406	362	538	455
Later than one year and not later than five years	1,136	1,131	1,216	1,272
Later than five years	1,038	993	1,041	993
Total non-cancellable operating leases	2,580	2,486	2,795	2,720

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2020 \$nil).

Lease amounts payable have been determined on the basis of current annual rent payable and have not been discounted or inflation adjusted.

Leases can be renewed at PNCC's option, with rents set by reference to current market rates for items of equivalent age and condition. PNCC does have the option to purchase some of the leased assets at the end of the lease term.

There are no restrictions placed on PNCC by any of the leasing arrangements.

Operating Leases as Lessor

PNCC leases its investment property and some operational assets under operating leases. The majority of these leases have a non-cancellable term of 24 or 36 months. For some leases the lessee has the right for further renewal periods. The future aggregate lease payments to be collected under non-cancellable operating leases are as follows:

	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
NON-CANCELLABLE OPERATING LEASES AS LESSOR				
Not later than one year	984	916	2,685	2,318
Later than one year and not later than five years	3,110	2,946	6,839	6,617
Later than five years	3,092	3,514	8,406	9,305
Total non-cancellable operating leases	7,186	7,376	17,930	18,240

No contingent rents have been recognised in the statement of comprehensive revenue and expense during the period.

Non-cancellable Energy Contracts

PNCC has a contract with Meridian Energy Ltd to supply electricity to all its complexes with the contract expiring on 30 September 2022. Electricity is charged on an actual usage basis.

PNCC has a contract with Trustpower Ltd to supply gas to all its complexes with the contract expiring on 30 September 2021. Gas is charged on an actual usage basis.

Boundary alteration

Effective 1 July 2012 the boundary between PNCC and Manawatū District Council ("MDC") was altered. This brought some additional areas into PNCC together with the transfer of assets and liabilities related to those areas. As a consequence of the boundary alteration PNCC is also required to make a transitional payment to MDC. This payment is to be made for ten years from 1 July 2012 funded from the net additional revenue increase that PNCC will receive. As such no provision has been made for either the payments or additional revenue in future years. The payment for 2021 included in other expenses was \$447k (2020 \$439k) and increases each year by an inflation factor.

NOTE 29

CONTINGENCIES

CONTINGENT LIABILITIES	COUNCIL		GROUP	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Building Act claims and RiskPool insurance (net of provision)	-	-	-	-
Financial guarantees	-	-	-	-
Other legal proceedings	-	-	-	-
Uncalled share capital	100	100	100	100
Housing improvement suspensory loan	480	480	480	480
Total contingent liabilities	580	580	580	580

Litigation

As at 30 June 2021, there were no material legal actions being taken against PNCC which may result in a potential liability to PNCC (2020 no actions). Should any claims be received they would be contested with any liability uncertain and would be substantially covered by PNCC's public liability or professional indemnity insurance policies which have an excess payment requirement against all claims.

Building Act Claims

The Building Act 2004 imposes certain obligations and liabilities on local authorities in respect to the issue of building consents and inspection of work done.

PNCC has three claims or potential claims relating to weather tightness issues of homes in the Palmerston North area which name PNCC as well as other parties (2020, 4). These are claims lodged with either the Weathertight Homes Resolution Service (WHRS), the Financial Assistance Programme, awaiting assessment for the programmes or outside these programmes which name PNCC. It is not yet certain whether these claims are valid and whom will be liable for the building defects, therefore, PNCC is unable to assess its exposure to the claims and the timing of any payment is uncertain. There are also two other building claims (2020, 2). The costs of any successful weather tightness claims against PNCC are expected to be substantially covered from provisions made with successful building claims against PNCC expected to be substantially covered under PNCC's insurance policies or from provisions made. The estimated maximum potential liability for weather tightness claims to PNCC is \$190,000 (2020 \$390,000) and other building claims of \$20,000 (2020 \$20,000). A provision has been recognised for weather tightness claims and other Building Act claims, refer note 23.

PNCC is also exposed to potential future claims which have not been advised. The amount of these claims and any potential liability are not able to be reliably measured and are therefore not quantifiable.

RiskPool Insurance

PNCC obtained public liability and professional indemnity insurance cover from New Zealand Mutual Liability RiskPool until 30 June 2016. This operates as a mutual fund where each member makes an annual contribution to obtain cover, however should claims exceed contributions then calls can be made on the members of that fund year, for the shortfall amount. PNCC may be exposed to calls until it ceased to be a member of the pools on 30 June 2016. A call of less than \$167k is anticipated in either 2023 or 2024. No specific provision has been made for this, however the provision for weather tightness claims (note 23) would be used to be any call.

Financial Guarantees

The value of guarantees disclosed as contingent liabilities reflects PNCC's assessment of the undiscounted portion of financial guarantees that are not recognised in the statement of financial position. PNCC has been the guarantor of the bank loans for a small number of community organisations with facilities built on PNCC land however at 30 June 2021 there are no balances outstanding.

PBE IPSAS 29 requires financial guarantees to be recognised at their fair value based on the probability PNCC will be required to reimburse a guarantee holder for a loss incurred, discounted to present value. The portion that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability. The value of financial guarantees recognised has been assessed as \$nil, because PNCC believes that the probability of being called upon to honour any guarantees given is currently unlikely.

PNCC is a participating employer in a Defined Benefit Plan Contributors Scheme ("the scheme"), which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the scheme, PNCC could be responsible for the entire deficit of the scheme. Similarly, if a number of employers ceased to participate in the scheme, PNCC could be responsible for an increased share of the deficit.

New Zealand Local Government Funding Agency Limited

PNCC is a shareholder of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from S&P Global of AA+. PNCC is one of several shareholders of the NZLGFA. In that regard it has uncalled capital of \$0.1m. When aggregated with the uncalled capital of other shareholders, this is available in the event that an imminent default is identified. Also, together with the other shareholders, PNCC is a guarantor of all of NZLGFA's borrowings. At 30 June 2021 NZLGFA had borrowings totalling \$14,420m (2020 \$12,438m). Financial reporting standards require PNCC to recognise the guarantee liability at fair value. However, PNCC has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. PNCC considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that we are not aware of any local authority debt default events in New Zealand and local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Housing improvement suspensory loan

In 2010 and 2011 PNCC received a total of \$480,000 as part of a housing improvement scheme operated by Housing New Zealand. This loan has been utilised in improving community housing, is interest free and secured against those housing units. The loan is suspensory providing PNCC continues to own the units for 20 years, as is intended. PNCC has treated this as a grant and not a loan and included this in revenue for capital expenditure as it intends to own these units indefinitely. Should any of these units be sold within the 20 year period the related loan would be repayable.

Emission Units

PNCC owns land and forests subject to the New Zealand emissions trading scheme. This has implications should the land be deforested with the Government providing compensation emission units for this restriction. PNCC has received 34,470 compensating emission units relating to qualifying pre-1990 forests which are recorded at a nil value.

Should forest land be deforested, PNCC may be liable for deforestation penalties relating to pre-1990 forest land of approximately 620 hectares. As it is intended to re-plant this land, or allow it to regenerate, in forest species with no current intention of deforestation, no liability is provided.

Unquantified contingent liabilities

There are various claims that PNCC are currently contesting which have not been quantified due to the nature of the issues, the uncertainty of the outcome and/or the extent to which PNCC have a responsibility to the claimant. The possibility of any outflow in settlement in these cases is assessed as remote.

Palmerston North Airport Ltd had been using PFOS foam for firefighting training exercises at the airport until the late 1980s. All PFOS foam was successfully removed from fire appliances and storage containers onsite during the 2019 financial year. Future outflows associated with monitoring and treating PFOS are expected to be incurred in future accounting periods. However, the timing and value of outflows are not able to be reliably estimated at 30 June 2021.

CONTINGENT ASSETS

PNCC enables sports clubs to construct facilities (eg club rooms) on reserve land. These clubs control the use of these facilities and PNCC will only gain control of the asset if the club vacates the facility. Until this event occurs these assets are not recognised as assets in the Statement of Financial Position.

PNCC had provided a loan to the Manfeild Park Trust to assist with the construction of a multi-purpose indoor/outdoor stadium at Manfeild Park. Repayment of the loan has been suspended and will be required only if certain conditions are incurred, primarily relating to winding up of the Trust or sale by the Trust of its assets. As this is not expected to occur in normal ongoing operations of the Trust the loan asset is not recognised in the Statement of Financial Position.

NOTE 30

RELATED PARTY TRANSACTIONS

In this section PNCC disclose the related party transactions between the parent PNCC, its five Council Controlled Organisations (CCO's), its equity accounted CCO, and those transactions involving Councillor's and key management personnel. Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect PNCC would have adopted in dealing with the party at arm's length in the same circumstances.

Other than the grants provided to CCO's below, PNCC does not provide any other financing to those CCO's.

PNCC is the ultimate parent of the group and controls five entities, being Caccia Birch Trust Board, Globe Theatre Trust Board, Palmerston North Airport Limited, The Regent Theatre Trust, and Te Manawa Museums Trust. PNCC also has influence over its 50% owned associate Central Economic Development Agency Ltd.

Key management personnel of PNCC include the Mayor, Councillors, Chief Executive and the seven staff who make up the executive leadership team.

RELATED PARTY TRANSACTIONS WITH SUBSIDIARIES AND CCO'S	Actual 2021 \$000	Actual 2020 \$000
CACCIA BIRCH TRUST BOARD		
Grants provided by PNCC	108	107
Services provided by PNCC	-	5
Services provided to PNCC	2	2
Accounts payable by PNCC	-	3
GLOBE THEATRE TRUST BOARD		
Grants provided by PNCC	88	116
Services provided by PNCC	3	4
Services provided to PNCC	3	2
Accounts payable by PNCC	-	29
PALMERSTON NORTH AIRPORT LIMITED		
Dividends paid to PNCC	-	685
Services provided by PNCC	58	54
Services provided to PNCC	7	47
Rates paid to PNCC	392	372
Accounts payable by PNCC	-	2
Accounts receivable by PNCC	8	9
Tax loss offset paid to PNCC	41	95
THE REGENT THEATRE TRUST		
Grants provided by PNCC	238	370
Rates paid to PNCC	1	1
Services provided by PNCC	1	4
Services provided to PNCC	3	15
Accounts payable by PNCC	-	1
TE MANAWA MUSEUMS TRUST		
Grants provided by PNCC	3,232	3,200
Services provided by PNCC	244	181
Services provided to PNCC	1	1
Rates paid to PNCC	1	
Accounts receivable by PNCC	22	20
CENTRAL ECONOMIC DEVELOPMENT AGENCY LTD		
Service funding provided by PNCC	2,410	2,015

In addition to the above transactions PNCC also owns the premises used by Caccia Birch, Globe Theatre, Regent Theatre and Te Manawa Museum. While some are used pursuant to leases, the premises are effectively provided as an additional grant.

No doubtful debt provision has been required for any advances made.

Transactions with Councillors and Key Management

There are close family members of some key management personnel employed by PNCC. The terms and conditions of

these arrangements are no more favourable than PNCC would have adopted if there were no relationship to key management personnel.

In addition to any transactions within a normal supplier or client/recipient relationship there are some Councillors who are trustees or officers of organisations who receive grants from PNCC in addition to those detailed above for CCO's. These grants were approved by Council on the same basis as other grant recipients after considering all requests for grants. Amounts paid by Council to organisations in which Councillors or a close family member have an interest were:

COUNCILLOR	ORGANISATION	Actual 2021 \$000	Actual 2020 \$000
Appointed Member Armstrong	Armstrong Business Services Ltd	19	-
Councillors Baty and Utikere	Reach Palmerston North Trust	5	5
Councillor Bowen	Total Learning Ltd	3	-
Councillor Bowen	Christian Community Church	-	1
Councillor Bowen	Access Manawatū	2	1
Councillor Broad	Midcentral District Health Board	-	1
Councillor Bundy-Cooke	Fonterra	-	1
Councillor Bundy-Cooke	Rotary Club	-	2
Councillor Bundy-Cooke & McCann	Chamber of Commerce	-	2
Councillor Handcock	Methodist Social Services	1	4
Councillor Hapeta	Fast Forward Group Ltd (Aberdeen on Broadway)	1	1
Councillor Hapeta	MBH Coachman 2006 Ltd	-	1
Councillor Hapeta	UCOL Board Member	-	2
Councillor Utikere	Freyberg Board of Trustees	-	1
Councillor Utikere	Sime Darby	11	8
Councillor Meehan	Boatshed Catering	6	14
Councillor Meehan	Palmerston North Boys High School	1	4
Councillor Naylor	Midcentral District Health Board	-	1
Deputy Mayor Rutherford	Digits	17	17

Note - Transactions previously included have been removed as a pecuniary interest does not arise under Section 3 of Local Authorities (Members' Interests) Act 1968.

NOTE 31

EVENTS AFTER THE BALANCE SHEET DATE

Covid-19 lockdown

On the 17th August 2021 all of New Zealand went into a Level 4 Covid-19 lockdown and Palmerston North has since moved down to Level 2. This has caused operational disruption to Council, but hasn't had a material financial impact.

Three waters service delivery reforms

On 27 October 2021, the Local Government Minister announced that central government will proceed with the three waters service delivery reforms using a legislated "all in" approach. The three waters reform involves the creation of four statutory water services entities to be responsible for the service delivery and infrastructure from local authorities from 1 July 2024. There is still a number of uncertainties associated with the new three waters delivery model including the mechanism for how assets will be transferred to the newly established entities, and the control and governance

of these entities. Notwithstanding the current uncertainty the announcement once legislated will mean Council is no longer responsible for the delivery and infrastructure of three water services from 1 July 2024.

Accounting policy - judgement

Following the announcement by the Local Government Minister on 27 October 2021 regarding central government proceeding with the three waters service delivery reforms using a legislated "all in" approach, Council continues to recognise its three waters assets at 30 June 2021 in accordance the accounting policies set out on pages 156 to 165. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to the new water entity. It is expected central government will develop details around the mechanism for the transfer of the water assets and this will be completed prior to 1 July 2024. As further details are established this may require adjustments to Council's three water assets either in respect of disclosure or measurement.

NOTE 32

FINANCIAL INSTRUMENT CATEGORIES

The accounting policies for financial instruments have been applied to the category items below:

	COUNCIL		GROUP	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
FINANCIAL ASSETS				
Loans and receivables				
Cash and cash equivalents	1,522	2,039	2,888	3,337
Trade and other receivables	17,218	12,845	17,990	13,499
Other financial assets	-	-	992	934
Borrower notes - New Zealand Local Government Funding Agency	2,869	2,349	2,869	2,349
Total loans and receivables	21,609	17,233	24,739	20,119
Fair value through surplus or deficit - held for trading				
Derivative financial instruments assets	1,005	-	1,005	-
Total fair value through surplus or deficit	1,005	-	1,005	-
Fair value through other comprehensive revenue and expense				
Unlisted shares - Civic Financial Services Ltd	395	382	395	382
Unlisted shares - New Zealand Local Government Funding Agency	394	352	394	352
Total fair value through other comprehensive revenue and expense	789	734	789	734
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Trade and other payables	27,237	23,489	29,671	24,960
Borrowings	166,125	142,000	178,825	153,700
Total financial liabilities at amortised cost	193,362	165,489	208,496	178,660
Fair value through surplus or deficit - held for trading				
Derivative financial instruments liabilities	8,364	14,561	8,364	14,561

NOTE 33

FAIR VALUE HIERARCHY DISCLOSURES

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- quoted market price (level 1) for financial instruments with quoted prices for identical instruments in active markets.
- valuation technique using observable inputs (level 2) for financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- valuation techniques with significant non-observable inputs (level 3) for financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

COUNCIL AND GROUP 2021	COUNCIL		GROUP	
	Total \$000	Quoted market price \$000	Observable inputs \$000	Significant non- observable inputs \$000
Financial assets				
Unlisted shares	789	-	-	789
Derivative financial instruments	1,005	-	1,005	-
Financial liabilities				
Derivative financial instruments	8,364	-	8,364	-
COUNCIL AND GROUP 2020				
Financial assets				
NZ bonds	-	-	-	-
Unlisted shares	734	-	-	734
Derivative financial instruments	-	-	-	-
Financial liabilities				
Derivative financial instruments	14,561	-	14,561	-

There were no transfers between the different levels of the fair value hierarchy.

Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	COUNCIL		GROUP	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Balance at 1 July	886	886	886	886
Additional new shares purchased	-	-	-	-
Gains and losses recognised in other comprehensive revenue and expense	-	-	-	-
Balance at 30 June	886	886	886	886

NOTE 34

FINANCIAL INSTRUMENT RISKS

PNCC has adopted a Treasury Policy which prescribes the framework within which the financial assets and liabilities will be managed. The policy has a particular focus on risks associated with financial instruments. It does not allow any transactions which are speculative in nature to be entered into.

PwC New Zealand is engaged as advisors in relation to PNCC's term borrowings.

PNCC has financial assets and liabilities as outlined in note 11 (cash and cash equivalents), note 12 (trade and other receivables), note 14 (other financial assets), note 16 (derivative financial instruments), note 22 (trade and other payables) and note 25 (borrowings).

The level of borrowing is determined by the Council through the 10 Year Plan as modified each year by the Annual Budget. All external debt must be authorised by resolution of the Council. The Treasury Policy contains not only guidelines aimed at minimising the impact of various types of risk but also sets what are assessed as being prudent maximum borrowing limits.

MARKET RISKS

Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices. PNCC is exposed to equity securities price risk on its share investments intended to be held long term. This price risk arises due to market movements in listed securities or unlisted shares.

Currency risk

Currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates. PNCC has no exposure to currency risk.

Fair value interest rate risks

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowing issued at fixed rates expose PNCC to fair value interest rate risk. PNCC's Treasury Policy prescribes that interest rate risk is managed and mitigated by ensuring that forecast gross debt will be within a series of prescribed fixed/floating interest rate risk control limits. Fixed to floating interest

rate swaps are entered into to hedge the fair value interest rate risk arising where PNCC has borrowed at fixed rates in excess of prescribed levels. In addition investments at fixed interest rates expose PNCC to fair value interest rate risk.

Cash flow interest rate risks

Cash flow interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose PNCC to cash flow interest rate risk. PNCC manages its cash flow interest rate risk on borrowings by using interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if PNCC borrowed at fixed rates directly. Under interest rate swaps, PNCC agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit risk

Credit risk is the risk that a third party will default on its obligation to PNCC, causing PNCC to incur a loss. Financial instruments will potentially subject PNCC to credit risk.

Credit risk is minimised as a result of several key controls including maintaining maximum limits for each broad class of counterparty and individual counterparties, limiting investments to organisations with a S&P Global's investment grade rating or equivalent, and controlling the level and spread of trade and other receivables outstanding. As a result there are no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position and the face value of off-balance sheet guarantees to community groups (refer Note 29).

PNCC has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

PNCC is exposed to credit risk as a guarantor of all of the NZLGFA's borrowings. Refer note 29 for details.

PNCC's maximum credit exposure for each class of financial instrument is as follows:

	COUNCIL		GROUP	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Cash and cash equivalents and bank deposits	1,522	2,039	3,880	4,271
Trade and other receivables	17,218	12,845	17,990	13,499
Financial guarantees	-	-	-	-
Derivative financial instruments	1,005	-	1,005	-
Other advances	-	-	-	-
Borrower notes - New Zealand Local Government Funding Agency	2,869	2,349	2,869	2,349

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to S&P Global's credit ratings (if available) or to historical information about counterparty default rates:

	COUNCIL		GROUP	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
COUNTERPARTIES WITH CREDIT RATINGS				
Cash and cash equivalents				
AA	-	-	-	-
AA-	1,522	2,039	3,880	3,620
Borrower notes - New Zealand Local Government Funding Agency				
AA+	2,869	2,349	2,869	2,349
NZ bonds				
AA- or better	-	-	-	-
AA	-	-	-	-
A	-	-	-	-
A-	-	-	-	-
BB+	-	-	-	-
BBB+	-	-	-	-
BBB	-	-	-	-
BBB-	-	-	-	-
Derivative financial instrument assets				
AA-	-	-	-	-
COUNTERPARTIES WITHOUT CREDIT RATINGS				
Loans to related parties				
Existing counterparty with no defaults in the past	-	-	-	-
Other advances				
Existing counterparty with no defaults in the past	-	-	-	-

Trade and other receivables mainly arise from PNCC's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. PNCC has no significant concentrations of credit risk in relation to receivables as it has a large number of credit customers, mainly ratepayers, and PNCC has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers. Palmerston North Airport Limited is exposed to credit risk as there is a limited base of customers for the services provided by the Company. Although considered fully recoverable 90% of receivables at 30 June 2021 are from 13 customers.

Liquidity risk

Liquidity risk is the risk that PNCC will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. PNCC aims to maintain flexibility in funding by keeping committed credit lines available.

PNCC manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management Policy. These policies have been adopted as part of PNCC's Treasury Policy.

The table on the next page analyses PNCC's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying amount \$000	Contractual cash flows \$000	Less than 1 year \$000	1-2 years \$000	3-5 years \$000	More than 5 years \$000
COUNCIL 2021						
Trade and other payables	27,237	27,237	27,237	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured loans	9,125	9,125	9,125	-	-	-
Debentures	5,000	5,054	50	5,004	-	-
Commercial paper, short term	-	-	-	-	-	-
New Zealand Local Government Funding Agency	152,000	158,780	11,509	21,407	69,954	55,910
Finance leases	-	-	-	-	-	-
Total	193,362	200,196	47,921	26,411	69,954	55,910
GROUP 2021						
Trade and other payables	29,671	29,671	29,671	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured loans	16,825	24,855	9,689	564	14,602	-
Debentures	10,000	10,108	100	10,008	-	-
Commercial paper, short term	-	-	-	-	-	-
New Zealand Local Government Funding Agency	152,000	158,780	11,509	21,407	69,954	55,910
Finance leases	-	-	-	-	-	-
Total	208,496	223,414	50,969	31,979	84,556	55,910
COUNCIL 2020						
Trade and other payables	23,489	23,489	23,489	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured loans	-	-	-	-	-	-
Debentures	5,000	5,094	45	45	5,004	-
Commercial paper, short term	-	-	-	-	-	-
New Zealand Local Government Funding Agency	137,000	143,246	21,362	11,192	62,591	48,101
Finance leases	-	-	-	-	-	-
Total	165,489	171,829	44,896	11,237	67,595	48,101
GROUP 2020						
Trade and other payables	24,960	24,960	24,960	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured loans	11,700	15,730	564	564	14,602	-
Debentures	5,000	5,094	45	45	5,004	-
Commercial paper, short term	-	-	-	-	-	-
New Zealand Local Government Funding Agency	137,000	143,246	21,362	11,192	62,591	48,101
Finance leases	-	-	-	-	-	-
Total	178,660	189,030	46,931	11,801	82,197	48,101

PNCC is exposed to liquidity risk as a guarantor of all of the NZLGFA's borrowings. This guarantee becomes callable in the event of the NZLGFA failing to pay its borrowings when they fall due. Refer note 29 for details.

The table below analyses PNCC's derivative financial instrument liabilities to be settled on a net basis in relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows

	Carrying amount \$000	Contractual cash flows \$000	Less than 1 year \$000	1-2 years \$000	3-5 years \$000	More than 5 years \$000
Council and Group 2021						
Net settled derivative liabilities	8,364	8,595	2,725	1,971	2,440	1,459
Council and Group 2020						
Net settled derivative liabilities	14,561	15,130	3,304	2,932	5,638	3,256

The table below analyses PNCC's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest revenue.

	Carrying amount \$000	Contractual cash flows \$000	Less than 1 year \$000	1-2 years \$000	3-5 years \$000	More than 5 years \$000
COUNCIL 2021						
Cash and cash equivalents and bank deposits	1,522	1,522	1,522	-	-	-
Trade and other receivables	17,218	17,218	17,218	-	-	-
Derivative financial instruments	1,005	1,159	17	17	51	1,074
Other advances	-	-	-	-	-	-
Borrower notes - New Zealand Local Government Funding Agency	2,869	2,858	184	342	1,211	1,121
Total	22,614	22,757	18,941	359	1,262	2,195
GROUP 2021						
Cash and cash equivalents and bank deposits	3,880	3,880	3,880	-	-	-
Trade and other receivables	17,990	17,990	17,990	-	-	-
Derivative financial instruments	1,005	1,159	17	17	51	1,074
Other advances	-	-	-	-	-	-
Borrower notes - New Zealand Local Government Funding Agency	2,869	2,858	184	342	1,211	1,121
Total	25,744	25,887	22,071	359	1,262	2,195
COUNCIL 2020						
Cash and cash equivalents and bank deposits	2,039	2,039	2,039	-	-	-
Trade and other receivables	12,845	12,845	12,845	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Other advances	-	-	-	-	-	-
Borrower notes - New Zealand Local Government Funding Agency	2,349	2,437	379	180	1,040	838
NZ bonds	-	-	-	-	-	-
Total	17,233	17,321	15,263	180	1,040	838
GROUP 2020						
Cash and cash equivalents and bank deposits	4,271	4,271	4,271	-	-	-
Trade and other receivables	13,499	13,499	13,499	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Other advances	-	-	-	-	-	-
Borrower notes - New Zealand Local Government Funding Agency	2,349	2,437	379	180	1,040	838
NZ bonds	-	-	-	-	-	-
Total	20,119	20,207	18,149	180	1,040	838

NOTE 35

CAPITAL MANAGEMENT

PNCC's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires PNCC to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by PNCC. Intergenerational equity requires

today's ratepayers to meet the costs of utilising PNCC's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, PNCC has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires PNCC to make adequate and effective provision in its 10 Year Plan and in its Annual Budget (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that PNCC is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in PNCC's 10 Year Plan.

NOTE 36

EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variances from PNCC's budget figures in the 2020/21 Annual Budget are detailed below.

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Other revenue	Budget assumptions were lowered due to assumptions around the impact of Covid-19 on venues, parking and regulatory consents, which did not occur. The regulatory and venues revenues had accompanying higher expenses.
Operating subsidies and grants	Additional unbudgeted three waters stimulus operating grants were received from Department of Internal Affairs relating to 3 waters.
Capital subsidies and grants	Additional unbudgeted three waters stimulus operating grants were received from Department of Internal Affairs relating to 3 waters.
Other gains	Gains budgeted to be higher due to Tamakuku development sales. No sales on this development had occurred as at 30 June 2021.
Vested assets	Lower due to timing of receiving, which is inherently difficult to budget relating to developments that can span several years. These have no rating impact.
Employee and elected representative benefit expenses	Lower costs than budgeted relating to: <ul style="list-style-type: none"> ⊗ high vacancies being carried due to difficulties in recruitment ⊗ reduction in accrued holiday through management of leave liability
Depreciation and amortisation	Lower than budget due to changes in useful life assumptions out of infrastructure revaluation.
Finance costs	Unbudgeted favourable non-cash valuation on derivative financial instruments with no rates impact, as well as lower interest rates and borrowings than budgeted.
Other expenses	Due to difficulties in recruitment, higher professional and contracted services than budgeted were used to enable completion of work needed.
Increase in operating property valuations	No revaluation was anticipated in 2020/21, but due to the value of properties increasing significantly, an early revaluation was completed to ensure asset and equity were not significantly misstated.

STATEMENT OF FINANCIAL POSITION

Cash and cash equivalents	Lower than budget due to reductions in cash balance compared to budget.
Trade and other receivables	Higher other receivables due to the timing of other revenues and size of year-end accruals.
Current and non-current inventories	Higher than budget due to development of Tamakuku Terrace anticipated budgeted to be sold in 2020/21 now anticipated to be sold in 2022/23
Investments in CCOs and industry companies	Higher than budget due to increase in value of NZLGFA shares and borrower notes.
Derivative financial instruments (assets and liabilities)	Asset balances and overall Lower balances than budget due to valuation at year end. Actual cost incurred during the year is included in interest expense.
Property, plant and equipment	Higher than budget due to early revaluation of operational properties.
Forestry assets	Sale of trees were budgeted in 2019/20, but none occurred. This flowed through to the 2020/21 budgeted balance.
Total current liabilities	Higher due to unbudgeted current borrowings.
Provisions	Lower than budgeted due to drawing down on existing provisions from previous year.
Borrowings	Lower than budgeted due to lower new capital expenditure through the year.
Derivative financial instruments	Lower balances than budget due to valuation at year end. Actual cost incurred during the year is included in interest expense.
Equity	Higher than budget due to unbudgeted operational property revaluation completed a year earlier than originally planned.

Statement of Cash Flows

Refer above for explanation of major variances that affect the cash flow variances.

ANNUAL REPORT DISCLOSURE STATEMENT

FOR YEAR ENDING 30 JUNE 2021

What is the purpose of this statement?

The purpose of this statement is to disclose the council’s financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

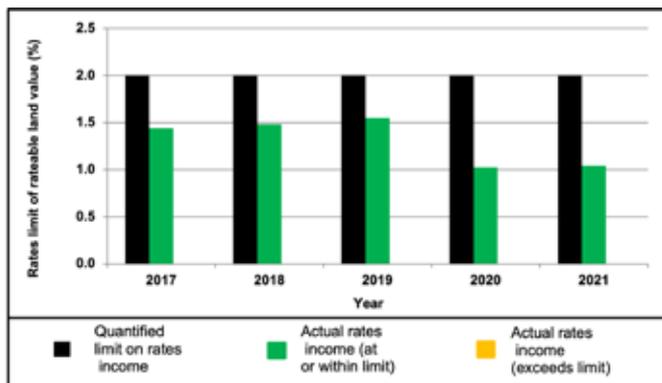
Rates affordability benchmark

The council meets the rates affordability benchmark if—

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

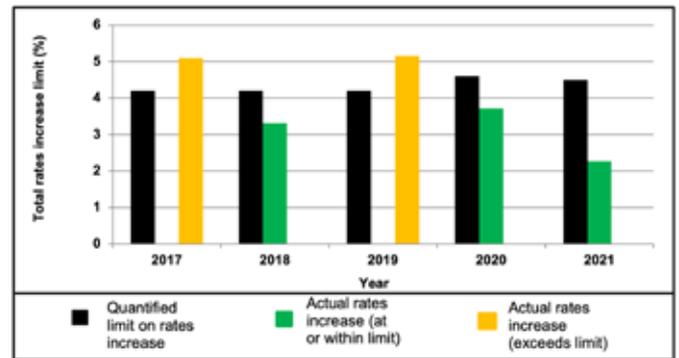
Rates income affordability

The following graph compares the council’s actual rates income with a quantified limit on rates contained in the financial strategy included in the council’s long-term plan. The quantified limit has applied from 2012/13 and is that total rates will be no more than 2% of the City’s rateable land value.



Rates increases affordability*

The following graph compares the council’s actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council’s long-term plan. The quantified limit has applied from 2012/13 and is that total rates will increase by no more than the Local Government Cost Index plus the growth in the rating base plus 2%. From 2018/19 this limit was changed to add an allowance for accelerated debt repayment.



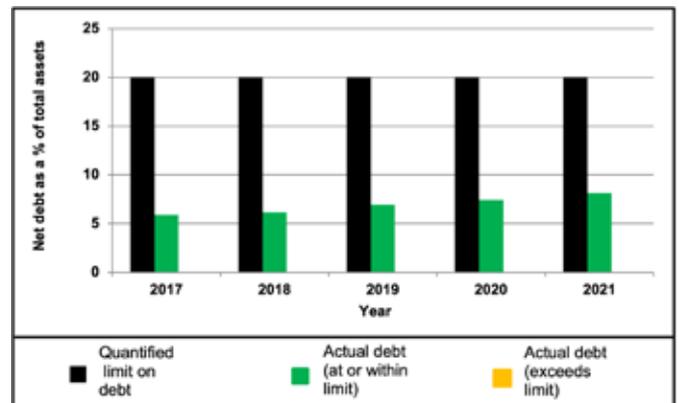
*Refer to additional information or comment on page 213 for further explanation.

Debt affordability benchmarks

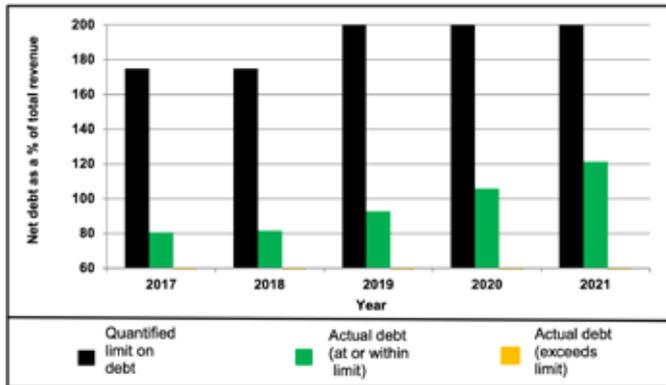
The council meets the debt affordability benchmarks if its actual borrowing is within each quantified limit on borrowing.

The following five graphs compare the council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council’s long-term plan.

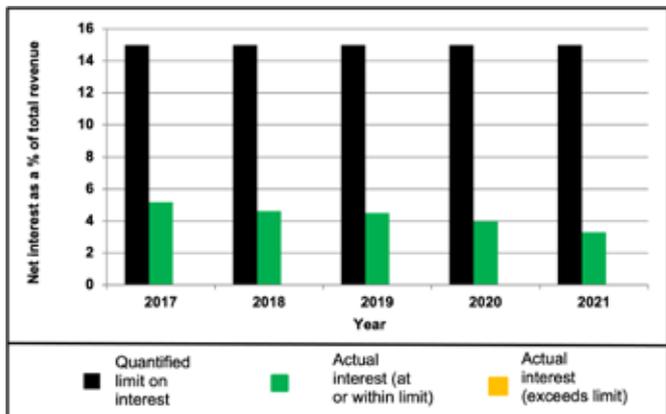
The quantified limit for this graph is that net external debt as a percentage of total assets will not exceed 20%.



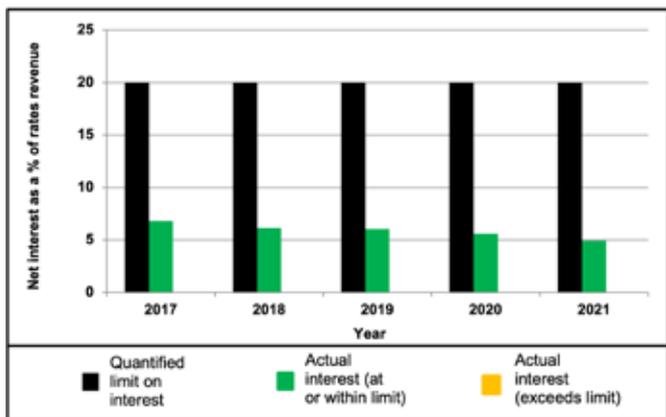
The quantified limit for this graph is that net external debt as a percentage of total revenue will not exceed 200%.



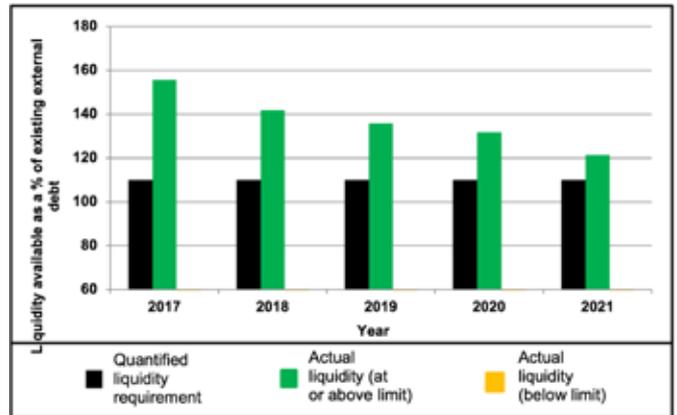
The quantified limit for this graph is that net interest as a percentage of total revenue will not exceed 15%.



The quantified limit for this graph is that net interest as a percentage of annual rates income will not exceed 20%.



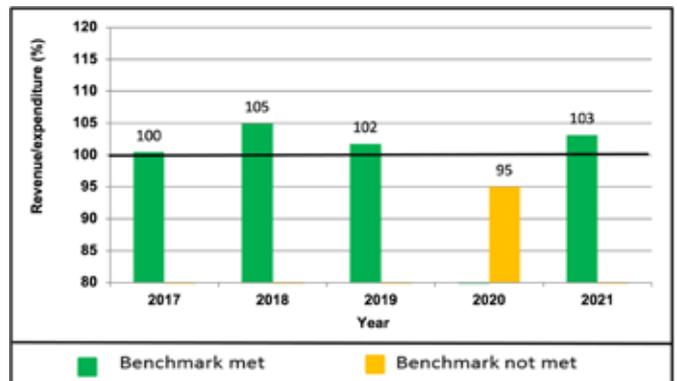
The quantified limit for this graph is that liquidity available will exceed 110% of existing external debt. Liquidity available is defined as the sum of existing external term debt, unused committed bank/loan facilities and liquid investments.



Balanced budget benchmark *

The following graph displays the council’s revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The council meets this benchmark if its revenue equals or is greater than its operating expenses.

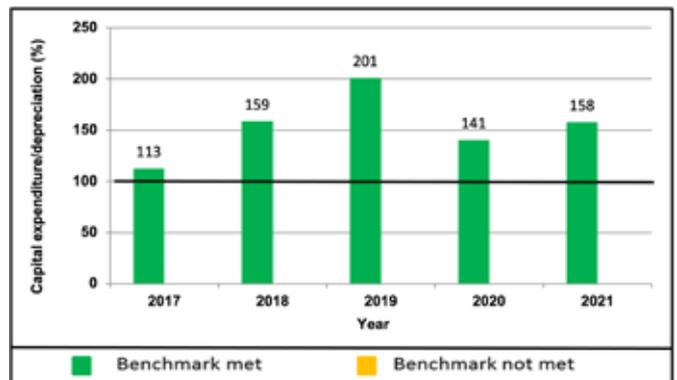


* Refer to additional information or comment on page 213 for further explanation.

Essential services benchmark *

The following graph displays the council’s capital expenditure on network services as a proportion of depreciation on network services.

The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

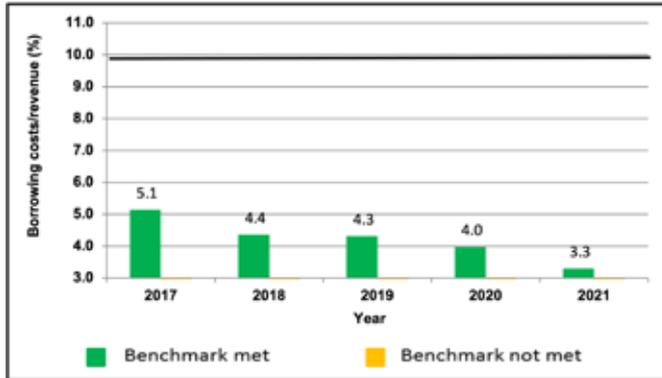


* Refer to additional information or comment on page 213 for further explanation.

Debt servicing benchmark

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

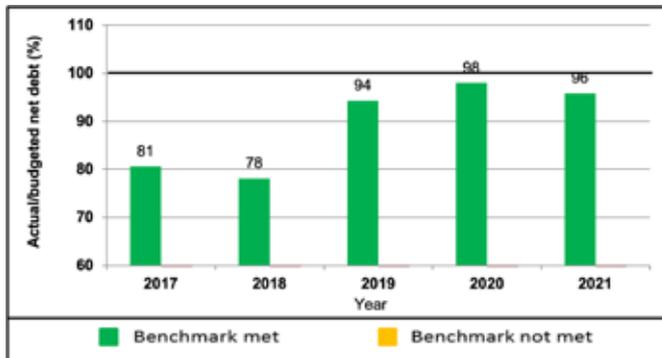
Because Statistics New Zealand projects the council's population will grow as fast as the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



Debt control benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

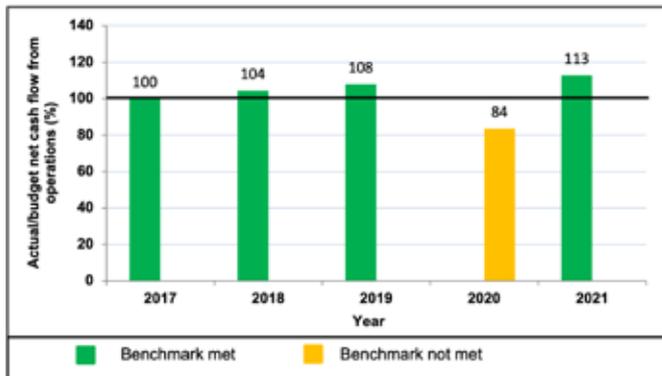
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control benchmark *

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



*Refer to additional information or comment on page 213 for further explanation.

ADDITIONAL INFORMATION OR COMMENT

Rates increases affordability

In 2016 there was a significant downward adjustment to rates relating to a number of earlier years reducing actual rates in that year. Allowing for this adjustment the increase in actual rates to 2017 complies with the benchmark.

In 2019, to meet its Vision and Goals for the City, the Council believes rates need to increase by more than its target limit in the short term.

Balanced budget benchmark

The Council's financial strategy includes ensuring that rates fund operating services, capital renewals to maintain capability, and debt repayment to ensure financial capability for future generations. This strategy reflects the assessed intergenerational requirements and asset capability with non-cash depreciation (included in the benchmark) not requiring to be fully funded to avoid building up unnecessary cash reserves. Additionally part of the maintaining asset capability in the future will be funded from external grants, for example with Roothing by NZTA subsidies. Council's asset management plans ensure that the Council is appropriately planning for renewals and its financial strategy is to make adequate provision to fund renewals from rates revenues.

In each year from 2017 to 2019, and in 2021 there was a surplus from cash rates-funded requirements. In 2020, this measure was not achieved due to Covid19 reducing Council's ability to generate revenue from such sources as venues and parking.

Essential services benchmark

This benchmark compares capital expenditure with depreciation for infrastructure assets. The Council is committed to maintaining and renewing these assets in a responsible manner so that their condition is not run down. As many of the City's key assets are around the middle of their life cycles the total cost of renewing them is not forecast to be required until approximately 15 to 20 years time. Every three years asset management plans are prepared to assess the ongoing capital expenditure requirements with current capital expenditure reflecting the assessment of requirements to maintain asset condition and levels of service.

Operations control benchmark

The 2019/20 was not achieved due to Covid19, which led to higher unbudgeted expenses relating to welfare. These costs are to be reimbursed by central government, but were unpaid as at 30 June 2020. It also lowered the ability to generate revenues from such sources parking and venues.

INSURANCE OF ASSETS

Details of insurance of assets (as required by the Local Government Act 2002) are shown in the following table.

ASSETS FROM STATEMENT OF FINANCIAL POSITION	Carrying value as at 30 June 2021 \$000
Property, plant and equipment	1,973,020
Forestry assets	1,430
Investment property	5,390
	1,979,840
Less:	
Land component of operational assets	224,669
Land component of infrastructural assets	42,319
Land under roads	357,291
Land - restricted assets	42,381
	666,660
Net non-financial assets (excluding land)	1,313,180

	Insured value as at 30 June 2021 \$000	
INSURANCE ARRANGEMENTS		
Material damage cover for buildings, plant, contents	613,557	Subject to various deductibles including: \$10k for most claims except for earthquake or volcanic eruption where deductible is 5% of site sum insured or 10% for pre 1935 buildings. Subject to maximum loss limit per claim and in the aggregate pa of \$200m for fire.
Motor vehicle insurance cover (including leased vehicles)	7,184	Insured for market value - carrying value assumed for this purpose.
Forestry/timber cover	1,364	Additional benefit of \$0.9m for replanting. Deductible of 1.5% of declared value.
RISK SHARING ARRANGEMENTS		
Cover for infrastructure assets as a member of LAPP	363,100	Sum equates 40% of the ORV value of scheduled assets however maximum cover is \$56m based on 40% of a disaster of \$140m. A claim threshold of \$1.5m with a deductible of \$0.6m applied.
Central Government assistance		It is anticipated (though cannot be guaranteed) that under the terms contained in the Guide to the Civil Defence Emergency Management Plan central government may fund 60% of the qualifying cost of reinstating essential infrastructure with a deductible of \$1.39m.
Council arrangements for covering deductibles and/or uninsured assets		As at 30 June 2020 the Council had undrawn committed credit lines with banks totalling \$43m. These are not specifically tagged as part of the risk management strategy but the Council could utilise a significant portion of these credit lines if required as a short term funding measure.
	985,205	
Sum not specially insured	327,975	Note the 60% portion of the the ORV of infrastructure assets which may be funded by central government equates \$465.4m.

The Council has no insurances relating to financial or intangible assets.

FUNDING IMPACT STATEMENTS

for the year ended 30 June 2021 - Palmerston North City Council

The Local Government (Financial Reporting and Prudence) Regulations 2014 prescribe the format for funding impact statements to show the sources and application of funds for the whole of Council and for each group of activities of the Council.

These statements are designed to show where operational and capital funding come from, and how they are used.

In the following pages actual results are detailed along with the budgets from the 2020/21 10-Year Plan. This information is presented in two ways: Firstly, at the “Whole of Council” level, and in a slightly different form at the “Group of Activities” level. At the Group of Activities level, internal revenue and expenditure are shown as separate items, while at the Whole of Council level they are not displayed as the amounts balance each other out.

Capital expenditure is grouped into three broad categories based on which one the programme most relates to.

The three categories are:

- to meet additional demand,
- to improve the level of service, or
- to replace existing assets.

The three categories do not clearly represent the fact that some programmes will contribute to more than one purpose.

In addition to the statements mentioned the Council also provides Activity Operational Requirement and Funding Summary statements for each Group of Activities and for all Activities which show the revenue and expenses for the services provided, as well as how the rates are allocated (refer section 2).

Please Note: The totals appear different between the two statements due to the different way the figures have been categorised. The Funding Impact Statements include rates revenue, whereas the Activity Operational Requirement and Funding Summary separate rates out to clearly show how they have been calculated and the actual amount required to deliver that service. In addition, the Activity Operational Requirement and Funding Summary include depreciation in the expenses to show the full cost of the activity, while this is not included in the Funding Impact Statements.

The Local Government (Financial Reporting and Prudence) Regulations 2014 prescribe that each of the group of activities funding impact statements include budget information from the 10-Year Plan.

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021 FOR:

WHOLE OF COUNCIL

	10-Year Plan 2020 \$000	Annual Budget 2020 \$000	Actual 2020 \$000	10-Year Plan 2021 \$000	Annual Budget 2021 \$000	Actual 2021 \$000
SOURCES OF OPERATING FUNDING						
General rates, UAGC and rates penalties	75,931	75,200	75,271	80,093	77,735	77,848
Targeted rates (including metered water)	23,776	23,655	23,582	24,755	23,047	23,252
Subsidies and grants for operating purposes	3,233	3,322	3,613	3,576	3,343	4,050
Fees and charges	5,367	5,353	6,015	5,525	6,479	7,735
Interest and dividends from Investments	567	567	1,042	617	17	273
Local authority fuel tax, fines, infringement fees and other receipts	23,887	23,748	22,769	20,296	22,303	22,678
TOTAL SOURCES OF OPERATING FUNDING	132,761	131,845	132,292	134,862	132,924	135,836
APPLICATIONS OF OPERATING FUNDING						
Payments to staff and suppliers	95,559	96,907	104,288	98,508	101,756	103,937
Finance costs	9,451	7,616	5,535	11,637	5,557	4,975
Other operating funding applications	-	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	105,010	104,523	109,823	110,145	107,313	108,912
SURPLUS/(DEFICIT) OF OPERATING FUNDING	27,751	27,322	22,469	24,717	25,611	26,924
SOURCES OF CAPITAL FUNDING						
Subsidies and grants for capital expenditure	8,411	7,822	6,808	8,407	6,989	13,978
Development and financial contributions	1,476	1,476	2,992	1,891	1,891	2,187
Increase/(decrease) in debt	38,085	44,792	20,800	39,686	35,643	24,125
Gross proceeds from sale of assets	402	402	74	-	-	175
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	48,374	54,492	30,674	49,984	44,855	40,465
APPLICATIONS OF CAPITAL FUNDING						
Capital expenditure						
- to meet additional demand	8,377	5,369	1,331	9,935	2,241	995
- to improve the level of service	44,816	46,565	24,399	40,310	41,470	37,964
- to replace existing assets	22,932	29,880	27,413	24,456	26,754	24,273
Increase/(decrease) in reserves	-	-	-	-	-	4,157
Increase/(decrease) of investments	-	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	76,125	81,814	53,143	74,701	70,466	67,389
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(27,751)	(27,322)	(22,469)	(24,717)	(25,611)	(26,924)
FUNDING BALANCE	-	-	-	-	-	-

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021 FOR:

INNOVATIVE AND GROWING CITY

	10-Year Plan 2020 \$000	Annual Budget 2020 \$000	Actual 2020 \$000	10-Year Plan 2021 \$000	Annual Budget 2021 \$000	Actual 2021 \$000
SOURCES OF OPERATING FUNDING						
General rates, UAGC and rates penalties	5,962	6,405	6,683	6,122	6,614	5,720
Targeted rates (including metered water)	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-
Fees and charges	4,001	4,001	4,792	4,131	4,051	5,340
Internal charges and overheads recovered	989	949	1,151	1,010	883	1,015
Local authority fuel tax, fines, infringement fees and other receipts	1,236	1,236	1,561	1,262	763	1,532
TOTAL SOURCES OF OPERATING FUNDING	12,188	12,591	14,187	12,525	12,311	13,607
APPLICATIONS OF OPERATING FUNDING						
Payments to staff and suppliers	8,427	8,794	10,556	8,649	9,001	10,543
Finance costs	3	14	10	4	2	2
Internal charges and overheads applied	3,465	3,482	3,197	3,563	2,969	2,757
Other operating funding applications	-	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	11,895	12,290	13,763	12,216	11,972	13,302
SURPLUS/(DEFICIT) OF OPERATING FUNDING	293	301	424	309	339	305
SOURCES OF CAPITAL FUNDING						
Subsidies and grants for capital expenditure	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase/(decrease) in debt	23	15	53	(39)	(39)	(39)
Gross proceeds from sale of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	23	15	53	(39)	(39)	(39)
APPLICATIONS OF CAPITAL FUNDING						
Capital expenditure						
-to meet additional demand	-	-	-	-	-	-
-to improve the level of service	54	54	91	-	-	-
-to replace existing assets	262	262	386	270	300	266
Increase/(decrease) in reserves	-	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	316	316	477	270	300	266
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(293)	(301)	(424)	(309)	(339)	(305)
FUNDING BALANCE	-	-	-	-	-	-

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021 FOR:

CREATIVE AND EXCITING CITY

	10-Year Plan 2020 \$000	Annual Budget 2020 \$000	Actual 2020 \$000	10-Year Plan 2021 \$000	Annual Budget 2021 \$000	Actual 2021 \$000
SOURCES OF OPERATING FUNDING						
General rates, UAGC and rates penalties	26,431	25,449	26,798	27,031	25,855	25,269
Targeted rates (including metered water)	-	-	-	-	-	-
Subsidies and grants for operating purposes	63	112	241	65	64	204
Fees and charges	-	-	-	-	-	-
Interest and dividends from Investments	-	173	550	-	924	772
Local authority fuel tax, fines, infringement fees and other receipts	2,076	2,089	2,858	2,119	1,465	2,838
TOTAL SOURCES OF OPERATING FUNDING	28,570	27,823	30,447	29,215	28,308	29,083
APPLICATIONS OF OPERATING FUNDING						
Payments to staff and suppliers	14,015	17,111	19,256	14,327	18,105	19,655
Finance costs	2,035	1,619	1,181	2,529	1,398	1,209
Finance costs	8,336	4,998	5,746	8,584	5,074	5,299
Other operating funding applications	-	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	24,386	23,728	26,183	25,440	24,577	26,163
SURPLUS/(DEFICIT) OF OPERATING FUNDING	4,184	4,095	4,264	3,775	3,731	2,920
SOURCES OF CAPITAL FUNDING						
Subsidies and grants for capital expenditure	1,011	913	237	630	529	993
Development and financial contributions	230	230	306	294	294	185
Finance costs	9,251	16,061	9,215	10,831	19,336	17,804
Increase/(decrease) in debt	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	10,492	17,204	9,758	11,755	20,159	18,982
APPLICATIONS OF CAPITAL FUNDING						
Capital expenditure						
- to meet additional demand	1,351	1,065	587	1,431	1,119	203
- to improve the level of service	8,285	12,173	6,288	8,903	16,877	17,218
- to replace existing assets	5,040	8,061	7,147	5,196	5,894	4,481
Increase/(decrease) in reserves	-	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	14,676	21,299	14,022	15,530	23,890	21,902
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(4,184)	(4,095)	(4,264)	(3,775)	(3,731)	(2,920)
FUNDING BALANCE	-	-	-	-	-	-

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021 FOR:

CONNECTED AND SAFE COMMUNITY

	10-Year Plan 2020 \$000	Annual Budget 2020 \$000	Actual 2020 \$000	10-Year Plan 2021 \$000	Annual Budget 2021 \$000	Actual 2021 \$000
SOURCES OF OPERATING FUNDING						
General rates, UAGC and rates penalties	15,147	15,325	15,455	16,093	15,454	15,089
Targeted rates (including metered water)	-	-	-	-	-	-
Subsidies and grants for operating purposes	6	6	67	6	6	91
Fees and charges	1,213	1,193	1,215	1,238	1,262	1,365
Internal charges and overheads recovered	526	516	505	537	478	468
Local authority fuel tax, fines, infringement fees and other receipts	3,970	3,970	5,190	4,053	3,907	4,070
TOTAL SOURCES OF OPERATING FUNDING	20,862	21,010	22,432	21,927	21,107	21,083
APPLICATIONS OF OPERATING FUNDING						
Payments to staff and suppliers	11,947	13,500	14,366	12,192	12,819	13,395
Finance costs	1,042	908	659	1,386	594	512
Internal charges and overheads applied	5,690	4,488	5,557	5,894	5,403	5,426
Other operating funding applications	-	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	18,679	18,896	20,582	19,472	18,816	19,333
SURPLUS/(DEFICIT) OF OPERATING FUNDING	2,183	2,114	1,850	2,455	2,291	1,750
SOURCES OF CAPITAL FUNDING						
Subsidies and grants for capital expenditure	580	651	-	-	582	3,228
Development and financial contributions	-	-	-	-	-	-
Increase/(decrease) in debt	8,331	7,769	4,543	3,909	5,854	2,200
Gross proceeds from sale of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	8,911	8,420	4,543	3,909	6,436	5,428
APPLICATIONS OF CAPITAL FUNDING						
Capital expenditure						
-to meet additional demand	-	-	-	-	-	-
-to improve the level of service	8,439	7,485	3,780	4,358	6,451	5,443
-to replace existing assets	2,655	3,049	2,613	2,006	2,276	1,735
Increase/(decrease) in reserves	-	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	11,094	10,534	6,393	6,364	8,727	7,178
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(2,183)	(2,114)	(1,850)	(2,455)	(2,291)	(1,750)
FUNDING BALANCE	-	-	-	-	-	-

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021 FOR:

ECO-CITY

	10-Year Plan 2020 \$000	Annual Budget 2020 \$000	Actual 2020 \$000	10-Year Plan 2021 \$000	Annual Budget 2021 \$000	Actual 2021 \$000
SOURCES OF OPERATING FUNDING						
General rates, UAGC and rates penalties	835	774	764	748	714	676
Targeted rates (including metered water)	5,269	5,517	5,554	5,405	5,297	5,332
Subsidies and grants for operating purposes	338	338	318	346	350	19
Fees and charges	-	-	-	-	-	-
Interest and dividends from Investments	16	16	12	16	42	3
Local authority fuel tax, fines, infringement fees and other receipts	2,640	2,410	2,936	2,698	2,347	3,031
TOTAL SOURCES OF OPERATING FUNDING	9,098	9,055	9,584	9,213	8,750	9,061
APPLICATIONS OF OPERATING FUNDING						
Payments to staff and suppliers	502	5,917	5,627	404	5,629	5,748
Finance costs	486	330	300	489	207	216
Finance costs	6,929	1,669	2,013	7,114	1,786	1,933
Other operating funding applications	-	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	7,917	7,916	7,940	8,007	7,622	7,897
SURPLUS/(DEFICIT) OF OPERATING FUNDING	1,181	1,139	1,644	1,206	1,128	1,164
SOURCES OF CAPITAL FUNDING						
Subsidies and grants for capital expenditure	-	-	(1)	-	-	8
Development and financial contributions	-	-	-	-	-	-
Finance costs	(375)	(42)	(666)	(310)	(624)	(532)
Increase/(decrease) in debt	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	(375)	(42)	(667)	(310)	(624)	(524)
APPLICATIONS OF CAPITAL FUNDING						
Capital expenditure	-	-	-	-	-	-
- to meet additional demand	-	-	-	-	-	-
- to improve the level of service	463	581	455	483	311	495
- to replace existing assets	343	516	522	413	193	145
Increase/(decrease) in reserves	-	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	806	1,097	977	896	504	640
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(1,181)	(1,139)	(1,644)	(1,206)	(1,128)	(1,164)
FUNDING BALANCE	-	-	-	-	-	-

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021 FOR:

DRIVEN AND ENABLING COUNCIL

	10-Year Plan 2020 \$000	Annual Budget 2020 \$000	Actual 2020 \$000	10-Year Plan 2021 \$000	Annual Budget 2021 \$000	Actual 2021 \$000
SOURCES OF OPERATING FUNDING						
General rates, UAGC and rates penalties	8,999	9,332	9,207	8,924	10,305	15,348
Targeted rates (including metered water)	-	-	40	-	-	37
Subsidies and grants for operating purposes	-	4	-	-	4	28
Fees and charges	153	153	(2)	156	1,160	904
Internal charges and overheads recovered	36,156	26,911	30,106	37,424	28,428	26,923
Local authority fuel tax, fines, infringement fees and other receipts	8,474	8,557	5,258	4,480	8,340	4,710
TOTAL SOURCES OF OPERATING FUNDING	53,782	44,957	44,609	50,984	48,238	47,950
APPLICATIONS OF OPERATING FUNDING						
Payments to staff and suppliers	32,964	28,058	32,751	34,360	34,748	32,026
Finance costs	817	517	290	762	445	506
Internal charges and overheads applied	13,379	9,386	9,123	13,822	9,897	8,490
Other operating funding applications	-	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	47,160	37,961	42,164	48,944	45,090	41,022
SURPLUS/(DEFICIT) OF OPERATING FUNDING	6,622	6,996	2,445	2,040	3,148	6,928
SOURCES OF CAPITAL FUNDING						
Subsidies and grants for capital expenditure	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-
Increase/(decrease) in debt	(3,572)	(2,311)	2,510	1,100	960	396
Gross proceeds from sale of assets	-	-	74	-	-	175
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	(3,572)	(2,311)	2,584	1,100	960	571
APPLICATIONS OF CAPITAL FUNDING						
Capital expenditure						
- to meet additional demand	-	-	-	-	-	-
- to improve the level of service	416	696	1,058	410	356	207
- to replace existing assets	2,634	3,989	3,971	2,730	3,752	3,135
Increase/(decrease) in reserves	-	-	-	-	-	4,157
Increase/(decrease) of investments	-	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	3,050	4,685	5,029	3,140	4,108	7,499
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(6,622)	(6,996)	(2,445)	(2,040)	(3,148)	(6,928)
FUNDING BALANCE	-	-	-	-	-	-

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021 FOR:

TRANSPORT

	10-Year Plan 2020 \$000	Annual Budget 2020 \$000	Actual 2020 \$000	10-Year Plan 2021 \$000	Annual Budget 2021 \$000	Actual 2021 \$000
SOURCES OF OPERATING FUNDING						
General rates, UAGC and rates penalties	15,669	14,737	12,630	18,275	15,639	12,660
Targeted rates (including metered water)	-	-	-	-	-	-
Subsidies and grants for operating purposes	2,825	2,861	2,987	3,159	2,918	3,491
Fees and charges	-	-	2	-	-	76
Interest and dividends from Investments	-	-	23	-	-	380
Local authority fuel tax, fines, infringement fees and other receipts	4,722	4,722	4,543	4,813	4,127	5,419
TOTAL SOURCES OF OPERATING FUNDING	23,216	22,320	20,185	26,247	22,684	22,026
APPLICATIONS OF OPERATING FUNDING						
Payments to staff and suppliers	10,788	12,012	9,737	11,639	10,622	10,613
Finance costs	2,963	2,345	1,712	3,867	1,560	1,358
Finance costs	4,190	3,197	3,983	4,414	4,501	4,574
Other operating funding applications	-	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	17,941	17,554	15,432	19,920	16,683	16,545
SURPLUS/(DEFICIT) OF OPERATING FUNDING	5,275	4,766	4,753	6,327	6,001	5,481
SOURCES OF CAPITAL FUNDING						
Subsidies and grants for capital expenditure	6,820	6,259	6,572	7,777	6,210	4,978
Development and financial contributions	513	513	1,197	657	657	948
Finance costs	16,703	11,376	2,187	15,660	1,809	1,253
Increase/(decrease) in debt	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	24,036	18,148	9,956	24,094	8,676	7,179
APPLICATIONS OF CAPITAL FUNDING						
Capital expenditure						
- to meet additional demand	3,680	2,017	289	5,867	563	520
- to improve the level of service	19,901	15,146	8,634	17,160	8,501	7,610
- to replace existing assets	5,730	5,751	5,786	7,394	5,613	4,530
Increase/(decrease) in reserves	-	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	29,311	22,914	14,709	30,421	14,678	12,660
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(5,275)	(4,766)	(4,753)	(6,327)	(6,001)	(5,481)
FUNDING BALANCE	-	-	-	-	-	-

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021 FOR:

STORMWATER

	10-Year Plan 2020 \$000	Annual Budget 2020 \$000	Actual 2020 \$000	10-Year Plan 2021 \$000	Annual Budget 2021 \$000	Actual 2021 \$000
SOURCES OF OPERATING FUNDING						
General rates, UAGC and rates penalties	2,889	3,177	3,734	2,900	3,179	3,086
Targeted rates (including metered water)	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-
Fees and charges	-	-	3	-	-	19
Internal charges and overheads recovered	18	18	-	19	19	-
Local authority fuel tax, fines, infringement fees and other receipts	2	2	6	2	2	5
TOTAL SOURCES OF OPERATING FUNDING	2,909	3,197	3,743	2,921	3,200	3,110
APPLICATIONS OF OPERATING FUNDING						
Payments to staff and suppliers	1,307	2,037	2,123	1,259	1,902	1,906
Finance costs	299	276	202	341	174	152
Internal charges and overheads applied	535	100	637	553	57	101
Other operating funding applications	-	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	2,141	2,413	2,962	2,153	2,133	2,159
SURPLUS/(DEFICIT) OF OPERATING FUNDING	768	784	781	768	1,067	951
SOURCES OF CAPITAL FUNDING						
Subsidies and grants for capital expenditure	-	-	-	-	-	-
Development and financial contributions	98	98	67	126	126	8
Increase/(decrease) in debt	1,002	1,166	422	671	1,428	946
Gross proceeds from sale of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	1,100	1,264	489	797	1,554	954
APPLICATIONS OF CAPITAL FUNDING						
Capital expenditure						
- to meet additional demand	666	666	46	367	151	187
- to improve the level of service	525	705	550	588	1,610	974
- to replace existing assets	677	677	674	610	860	744
Increase/(decrease) in reserves	-	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	1,868	2,048	1,270	1,565	2,621	1,905
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(768)	(784)	(781)	(768)	(1,067)	(951)
FUNDING BALANCE	-	-	-	-	-	-

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021 FOR:

WASTEWATER

	10-Year Plan 2020 \$000	Annual Budget 2020 \$000	Actual 2020 \$000	10-Year Plan 2021 \$000	Annual Budget 2021 \$000	Actual 2021 \$000
SOURCES OF OPERATING FUNDING						
General rates, UAGC and rates penalties	-	-	-	-	-	-
Targeted rates (including metered water)	8,989	8,924	8,909	8,718	8,529	8,588
Subsidies and grants for operating purposes	-	-	-	-	-	216
Fees and charges	-	5	3	-	5	14
Interest and dividends from Investments	41	41	21	42	42	15
Local authority fuel tax, fines, infringement fees and other receipts	1,298	1,293	1,205	1,449	1,331	1,321
TOTAL SOURCES OF OPERATING FUNDING	10,328	10,263	10,138	10,209	9,907	10,154
APPLICATIONS OF OPERATING FUNDING						
Payments to staff and suppliers	3,442	6,165	6,625	3,289	5,830	6,637
Finance costs	714	687	506	765	455	399
Finance costs	2,979	215	834	2,992	127	465
Other operating funding applications	-	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	7,135	7,067	7,965	7,046	6,412	7,501
SURPLUS/(DEFICIT) OF OPERATING FUNDING	3,193	3,196	2,173	3,163	3,495	2,653
SOURCES OF CAPITAL FUNDING						
Subsidies and grants for capital expenditure	-	-	-	-	-	3,159
Development and financial contributions	376	376	708	482	482	570
Finance costs	1,822	3,666	664	(88)	2,478	724
Increase/(decrease) in debt	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	2,198	4,042	1,372	394	2,960	4,453
APPLICATIONS OF CAPITAL FUNDING						
Capital expenditure						
- to meet additional demand	704	704	389	771	103	5
- to improve the level of service	2,109	3,455	525	262	2,210	1,823
- to replace existing assets	2,578	3,079	2,631	2,524	4,142	5,278
Increase/(decrease) in reserves	-	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	5,391	7,238	3,545	3,557	6,455	7,106
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(3,193)	(3,196)	(2,173)	(3,163)	(3,495)	(2,653)
FUNDING BALANCE	-	-	-	-	-	-

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021 FOR:

WATER

	10-Year Plan 2020 \$000	Annual Budget 2020 \$000	Actual 2020 \$000	10-Year Plan 2021 \$000	Annual Budget 2021 \$000	Actual 2021 \$000
SOURCES OF OPERATING FUNDING						
General rates, UAGC and rates penalties	-	-	-	-	-	-
Targeted rates (including metered water)	9,518	9,213	9,079	10,632	9,221	9,295
Subsidies and grants for operating purposes	-	-	-	-	-	-
Fees and charges	-	-	2	-	-	18
Internal charges and overheads recovered	100	173	349	102	189	415
Local authority fuel tax, fines, infringement fees and other receipts	36	36	254	37	37	25
TOTAL SOURCES OF OPERATING FUNDING	9,654	9,422	9,684	10,771	9,447	9,753
APPLICATIONS OF OPERATING FUNDING						
Payments to staff and suppliers	1,507	4,329	4,452	1,477	4,174	4,160
Finance costs	1,093	919	673	1,493	715	621
Internal charges and overheads applied	3,002	244	423	3,128	149	200
Other operating funding applications	-	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	5,602	5,492	5,548	6,098	5,038	4,981
SURPLUS/(DEFICIT) OF OPERATING FUNDING	4,052	3,930	4,136	4,673	4,409	4,772
SOURCES OF CAPITAL FUNDING						
Subsidies and grants for capital expenditure	-	-	-	-	-	1,612
Development and financial contributions	259	259	714	332	332	476
Increase/(decrease) in debt	4,901	7,091	1,871	7,953	4,442	1,373
Gross proceeds from sale of assets	402	402	-	-	-	-
Lump sum contributions	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	5,562	7,752	2,585	8,285	4,774	3,461
APPLICATIONS OF CAPITAL FUNDING						
Capital expenditure						
- to meet additional demand	1,975	916	20	1,499	305	80
- to improve the level of service	4,626	6,269	3,018	8,145	5,154	4,194
- to replace existing assets	3,013	4,497	3,683	3,314	3,724	3,959
Increase/(decrease) in reserves	-	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	9,614	11,682	6,721	12,958	9,183	8,233
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(4,052)	(3,930)	(4,136)	(4,673)	(4,409)	(4,772)
FUNDING BALANCE	-	-	-	-	-	-

A view above George Street



WĀHANGA TUAWHĀ

SECTION FOUR

NGĀ TŌPŪTANGA
A TE KAUNIHERA

COUNCIL CONTROLLED
ORGANISATIONS

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CACCIA BIRCH TRUST BOARD



CENTRAL ECONOMIC DEVELOPMENT AGENCY



GLOBE THEATRE TRUST BOARD



THE REGENT THEATRE TRUST



TE MANAWA MUSEUMS TRUST



PALMERSTON NORTH AIRPORT LTD

OVERVIEW

The Council provides some of its services and facilities through Council Controlled Organisations (CCOs). These organisations independently manage Council facilities or deliver specific services and developments on behalf of residents.

A CCO is an organisation where Council (or Councils) owns or controls at least 50 per cent of the voting rights or has the right to appoint at least 50 per cent of the directors or trustees.

These organisations can bring business and community expertise that Council may not be able to access easily. They can also attract funding from sources other than ratepayers.

Run by independent boards, CCOs and Council Control Trading Organisations (CCTOs) operate at arm's length from the Council and annually agree on the services they will provide. This agreement is called a Statement of Intent. Council then provides funding (if required), so the Board can implement their Statement of Intent.

Reporting CCOs:

- Caccia Birch Trust Board
- Central Economic Development Agency Ltd (CEDA)
- Globe Theatre Trust Board
- Te Manawa Museums Trust
- The Regent Theatre Trust

Apart from CEDA, these CCOs meet their obligations by:

- Providing a range of entertainment and recreational opportunities for a wide variety of performers and audiences.
- Preserving and promoting the City's heritage.
- Adding to the City's science, education and research base.

By cultivating a vibrant and creative city that enhances its attractiveness to residents and visitors, these CCOs add to the City's economic development and cultural capital.

CEDA contributes to the City's economic sustainability by attracting, nurturing and retaining businesses and jobs.

Council Controlled Trading Organisations (CCTO)

- Palmerston North Airport Ltd (PNAL)

PNAL advances the region by maximising connectivity, stimulating investment and providing support for its range of economic sectors.

Exempted Organisations

- Palmerston North Performing Arts Trust
- Manawatū-Wanganui Regional Disaster Relief Fund Trust

Council can exempt small CCOs from the planning and reporting requirements of the Local Government Act. These are called exempted organisations.

CACCIA BIRCH TRUST BOARD

OBJECTIVES

Historic Caccia Birch House (CBH) is listed as a Category 1 Heritage NZ property. Established in 1991, Caccia Birch Trust Board has overseen the complete restoration, ongoing maintenance, and further development of this significant heritage property on behalf of the community. To ensure continued use and preservation, the building operates as a venue for hire and hosts conferences, functions, weddings, events, and tours.

WHAT THE BOARD DOES

The Board preserves and protects the Category 1 Historic Caccia Birch Homestead for the community and future generations to use and enjoy. To enable asset management and development, the Board oversees the internal refurbishment and redecoration programme as agreed with the Council. Caccia Birch Trust Board provides the local community with a significant heritage property that celebrates local history and provides a valuable resource.

KEY ACHIEVEMENTS

Bridal Fair was hosted with 350 visitors

125th Jubilee celebration was successfully hosted

The Board completed upgrading the original **Coach House archive display**

A wide variety of **publicly accessible events** were held this year, exceeding our target



Caccia Birch House yard

WHAT HAPPENED IN THE YEAR

Covid-19 operating restrictions continued to plague the hospitality industry during the first half of the financial year. We were fortunate to work with our regular clientele to make their meetings and events happen. A wide range of nationalities from our community hosted birthdays, weddings, vowel renewals, baby showers—many ethnic communities doing their own catering.

The Bridal Fair, scheduled for April 2020, took place in August 2020, with approximately 350 people attending. Three hundred visitors attended the April 2021 Bridal Fair.

Co-hosting the Manawatū Art Trail brought a few hundred people to the property during the weekend. Positive feedback was received from many first-time visitors.

The 125th Jubilee celebration was very successful and brought together many people involved in saving Caccia Birch House, all impressed and proud at how the property has developed and operated.

The Trust Board partnered with promoter Roger Buchanan for the Family Day Out. Manawatū Toyota, TRC Toyota, Pub Charity, Central Energy Trust and the Mayoral Fund sponsored this event.

Open Afternoons held throughout the year saw over a thousand visitors. The Covid-19 staycation drew people from outlying areas like Dannevirke, Feilding and Levin. During the summer months, visitors from all around the country stopped on their way through Palmerston North.

ONGOING CONSIDERATIONS

Council decided to bring the Caccia Birch Homestead and Gardens in-house by July 2022, following the completion of the Section 17a review. The Board's 10-year strategic plan, which highlighted the potential development of the property and business, was put on hold during the section 17a review.

The Board will continue to focus on the day-to-day operations and maintaining the property to a high level.

HOW DID WE PERFORM

MEASURE	TARGET	RESULT	COMMENT
Planned capital new and renewal programme is completed	100%	Target met	100% completed
Number of Trust / Council and stakeholder operated publicly accessible events	Target 5	Target met	6 public events (120%)
Number of visitors to Free Open Days	580	Target met	1161 (200%)
Number of visitor experience surveys were completed (RBA see below)	100	Target met	152 surveys (150%)
Number of hires	425	Target not met	368 (92% Covid-19 affected loss of hires)
Number of Community Group hires	30	Target met	48 (160%)
Income from venue hire including net catering	\$85,000	Target not met	\$65,545 (77% Covid-19 affected loss of hires)

CENTRAL ECONOMIC DEVELOPMENT AGENCY (CEDA)

OBJECTIVES

CEDA is a limited liability company incorporated and registered under the Companies Act 1993 that is 50 per cent owned by the Council and 50 per cent by the Manawatū District Council.

It has operated since September 2016. The primary objective of CEDA is to drive and facilitate the creation and growth of economic wealth for Manawatū and beyond.

WHAT THE BOARD DOES

CEDA's purpose is to drive and facilitate the creation and growth of economic wealth for Manawatū and beyond. With a vision for Manawatū to be New Zealand's most progressive region by 2025, CEDA has three strategic goals for the city and region:

1. To be recognised as one of the top three agrifood hubs in the world,
2. To become a leading distribution hub leveraging off its role in central New Zealand,
3. To be renowned for its exceptional lifestyle, competitive advantages and is a magnet for business, investment, and talent.

CEDA's annual programme of projects and initiatives aim to achieve these three goals and are guided by the Letter of Expectations set by their Shareholders, which outline three priority areas of focus:

- Inward investment, national and international,
- Retention and expansion of businesses in the Manawatū region, and
- Developing a talent pipeline.

CEDA's work is undertaken in partnership with local and central government, iwi, and the business community.

KEY ACHIEVEMENTS

Secured \$700,000 **Strategic Tourism Asset Protection Programme Funding**

Hosted TVNZ showcasing the region **'The Breakfast Backyard Break'**

A four-page spread in Kia ora Magazine on a Weekend in Palmy

Successful application to the **Provincial Growth fund** for the development of Te Āpiti – Manawatū Gorge

WHAT HAPPENED IN THE YEAR

CEDA has led the development of the Central New Zealand Distribution Hub Strategy on behalf of PNCC, which aims to develop Palmerston North and Manawatū into a significant freight hub within the national network and unlock the region's potential. The precinct includes the KiwiRail Regional Freight Hub, the Northeast Industrial Zone, Palmerston North Airport, and the planned Regional Freight Ring Road.

The Manawatū Agritech Strategy builds on the sector's strengths in positioning the region as a hub of world-leading expertise and developing opportunities for start-ups and investors. CEDA worked alongside its partners to implement the three-year action plan based on the four pillars of; fueling doers, growing talent, creating a temple, and building a brand.

Seven investment opportunities for the region have been supported or led by CEDA, including the Australian Defense Apparel relocation from Auckland to Palmerston North, e-waste processing, hydrogen heavy vehicle refuelling, potential investments in bio forestry plants into the broader region, an e-Scooter rental company, a hi-tech audio business looking to set up in Palmerston North, and Te Āpiti Tourism Potential project opportunities.

Te Āpiti – Manawatū Gorge Opportunities Identified through a successful application to the Provincial Growth Fund for the development of Te Āpiti into a significant lower North Island tourism destination by reinvigorating the Old Gorge Road as a walking/cycling track, incorporating a skywalk that transverses Te Āpiti from north to south, and the development of a predator free, environmental eco-sanctuary.

CEDA secured \$700,000 Strategic Tourism Asset Protection Programme funding from the Ministry of Business, Innovation and Employment to accelerate the implementation of the Manawatū Destination Management Plan, support the visitor sector to recover and grow from the impacts of Covid-19, lift the region's businesses digital capability, and increase visitation from around the country.

Under the Regional Business Partner Programme, 779 Businesses, including 86 businesses that identify as Māori, were assisted. These engagements consisted of developing the capability of the business, matching businesses with mentors, and support through the impacts of Covid-19. Over \$2 million in capability development support for training was issued.

The Central Region Talent and Skills Advisory Group has been formed to have a more strategic role for the region and as a mechanism to report on the actions and outcomes of the regions Talent and Skills Strategy.

The Regional International Education Strategy was completed with industry partners with the aspiration to create a resilient International Education Sector that helps Manawatū thrive through a diverse community, rich international connections, and a strong global network. The Strategy sets out the key objectives for the next four years.

The 'Anything But Square' spring and summer marketing campaign gained over 3.6 million impressions with 1.5 million people reached on digital channels, Facebook and Instagram, and NZ Herald and Stuff.co.nz.

CEDA established a partnership pilot with Tourism New Zealand, the first region in New Zealand to do so, which has increased media coverage, seven local businesses now signed up to Qualmark, three businesses showcased on Breakfast TV, and ten local tourism operators being featured in the New Finder domestic travel tool. CEDA hosted TVNZ in the region to gain coverage on 'The Breakfast Backyard Break' feature segment showcasing the region to a national audience.

ONGOING CONSIDERATIONS

Covid-19 continues to have an impact on New Zealand. Despite this ongoing uncertainty, our diverse economy underpinned by our farming, food production and agrifood sector, and the resilience of our distribution, research, health, public service, and defence sectors coupled with low unemployment and our strong domestic visitor market give confidence that the regional economy will continue to do well. Gross Domestic Product for the region for the year was up slightly. At the same time, New Zealand saw a decline, and non-residential building consents in the region hit remarkable highs, reinforcing the rapid rate of recovery and growth here.

Covid-19 continues to create a challenging and changing environment. As an organisation with a primary objective to support business and grow the regional economy, the approach will require being flexible and responsive to our community's changing needs and demands. Additional funding secured through the Ministry of Business, Innovation and Employment will continue into 2021/22 to support businesses and the visitor sector through the impacts of Covid-19.

CEDA will continue its work towards achieving the three big goals for the City and region, informed by the expectations of shareholders and the community.

PNCC's economic development activity was reviewed in the 2020/21 financial year, and CEDA's funding has been confirmed for three years from July 2021.

HOW DID WE PERFORM

Attract, Retain and Develop Talent in the Region

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2020/2021	OUTPUTS/ACHIEVEMENTS
Develop the talent pipeline to grow a skilled workforce and better utilise the existing labour market	Understanding of the future of work in the region and how best to prepare the region for change	Develop a Manawatū future of work project, in collaboration with Massey, UCOL, employers and Infometrics	The Future of Work project is underway, focusing on the Food and Fibre (including Beef and Sheep, Dairy, Horticulture, Agrifood, Agribusiness and Agritech) and Infrastructure and Construction sectors. Initial research and data collection have been completed, including Infometrics and trend analysis on the Future of Work and specific sector trends relating to these two key sectors of strength. Key industry, business and relevant stakeholders have been identified for further qualitative research.
	Implementation of the talent attraction and retention strategy	Talent attraction campaign delivered in partnership with sector stakeholders	A talent outreach programme was commenced to connect employers, human resource professionals, real estate agents, and recruitment agencies to the Manawatū Toolkit, which CEDA created to support the collective work in attracting talent to the region. The online information was sent to 14,000 people with an open rate of 32.8% and 230 people linking to the toolkit. CEDA led the implementation of a multi-region partnership to support the NZ Defence Force with the relocation of their Whenuapai workforce to Ohakea. Led a review of the Manawatū and Taranaki Talent and Skills Working Group, which resulted in the formation of the Central Region Talent and Skills Advisory Group, created to have a more strategic role for the region and as a mechanism to report on the actions and outcomes of the regions Talent and Skills strategy.
		Grow career opportunity engagement aligned to recommendations of the review of Manawatū NXTStep	A review of the pilot programme with NXTStep and the impact and outcomes achieved to date has resulted in a move away from this programme and into a partnership with MyMahi, a work ready platform that gets students' work ready' and connects them with businesses. Nine Schools in the Manawatū region are using MyMahi and nearly 100 job roles have been advertised.
		Deliver the Te Aho Tāmaka 3-year strategy, year one action plan including 6 leader engagements	13 engagements with Te Aho Tāmaka leaders have been achieved, including the induction of Dr David Kirk MBE into the programme, to support raising global recognition of the programme and the region. As well as the engagements, eight leader videos and seven inspirational leader Q&A articles have been developed, and regular social media posts were pushed out to ensure an ongoing national presence of the region.
Driving the development of skills in the region and supporting linkages to job opportunities	Support Special Projects Skills Hub in developing pathways for employment		CEDA has secured formal agreements with Central Skills Hub (formerly Special Projects Skills Hub), Talent Central, and the National Driver Training Centre to enable facilitation across the region to build an integrated and coordinated approach to the talent pipeline for the region development of pathways to employment. All these organisations form part of the Central Region Talent and Skills Advisory Group. CEDA has met with each entity individually quarterly and with them collectively once a month.
	Sort It Expo Careers Expo 3-Year strategy and action plan developed and implemented for 2021		Following on from the in-depth review of Sort It Careers Expos in consultation with schools, tertiary providers, key stakeholders, students, and parents, Sort It Careers – Food and Fibre Edition was established for 2021. Held at the Palmerston North Conference and Function Centre, with a key objective to highlight the career opportunities from food tech to farming in the region, along with those industries that support this vital sector.

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2020/2021	OUTPUTS/ACHIEVEMENTS
	Implementation of the action plan as a result of the primary sector skills gaps analysis	Development of talent pathways to employment for the primary sector	Talent Central has co-developed with industry Pathways to Employment for the Primary Sector; Dairy, Beef and Sheep and Horticulture and Logistics, Distribution and Transport, with industry.
		Increase the employability of migrants in the region through the improvement of employer capability	The Connecting Migrant Employees and International Students to Employers webinar was delivered for prospective migrant employees, international students, and employers to help get work ready with 42 people attending online. The webinar, along with other employability resources, were also provided to six organisations.
Lead and develop programmes and initiatives to attract more international students to the region	Increase the value of international students in the region	Lead the review and refresh of the regional strategy, and the development and implementation of the annual work plan with a focus on stabilising the existing international student market	<p>A new regional International Education Strategy to 2024 has been completed with industry partners aspiring to create a resilient International Education Sector that helps Manawatū thrive through a diverse community, rich international connections, and a strong global network. The Strategy sets out the key objectives for the next four years and was adopted at the June 2021 International Education Leadership Group Meeting.</p> <p>CEDA led the coordination and delivery of an Agent Event hosted in Auckland with international education agents. Secondary schools and tertiary providers were able to connect with over 60 agents at the event. In a follow up to this event, 100% of these agents said they would promote Manawatū as a study destination.</p> <p>CEDA organised a familiarisation trip to the region for 9 international education agents from Auckland.</p> <p>CEDA and PNCC secured \$125,000 of Education New Zealand funding for the 2021/22 financial year.</p> <p>In June, CEDA coordinated the Manawatū International Education Market Development Working Group to attend an Educational New Zealand Agent Mini-Fair in Auckland. The Working Group got to interact with approx. 70 international agents.</p>
	Enhance the experience of international students while they are here	Deliver 6 cross institutional engagement activities with tertiary sector partners	<p>CEDA has delivered the following student engagement activities to enhance the experience of students while they are in the region:</p> <ul style="list-style-type: none"> ➤ Mayoral Welcome hosted in Palmerston North City Council Chambers with over 50 registrations. ➤ Specialised tour of Massey University's Engineering and Food Technology facilities for international students. ➤ Summer programme of activity launched online at ManawatūNZ.co.nz. This was promoted at Education New Zealand's Summer Fair. ➤ 25 students from secondary schools graduated from a virtual certificate course on Global competencies with peer students in Vietnam.
	Increase the employability of international students	Assist students into employment opportunities in essential sectors, including delivery of 4 webinars and development of employability resources, linking students with employers or industry	<p>A webinar was delivered for prospective and international students to the region shows, tertiary education options available, reasons to study here, student experiences and pathways to employment.</p> <p>The employability resources have also been provided to tertiary providers, Manawatū Network of Skilled Migrants, English Teaching College, Tertiary Providers, English Language Partners and Welcoming Communities.</p>

Attract, Retain, and Develop Business and Investment in the Region

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2020/2021	OUTPUTS/ACHIEVEMENTS
<p>Support our sectors of strength to grow through targeted business development and retention initiatives and activities</p>	<p>Assess and support opportunities for growth through key business engagement, cluster development and sector strategies and relationships with Māori</p>	<p>Implementation of the Destination Management Plan year one actions, including operator capability and product development</p>	<p>Year two implementation of the Manawatū Destination Management Plan included:</p> <ul style="list-style-type: none"> ➤ Secured \$700,000 from MBIE’s Strategic Tourism Asset Protection Programme (STAPP) to accelerate the implementation of the Manawatū Destination Management Plan. ➤ Funded a Google Destination Management programme to lift the city and regions digital footprint and assist visitor sector businesses. ➤ Coastal Arts Trail development in partnership with Whanganui and Taranaki to create a multi-region itinerary and touring route. ➤ Secured \$375,000 from MBIE from the Regional Events Fund to stimulate domestic tourism. NZ AgriFood Week and Sentinel Homes Trans-Tasman International Hockey tournament were funded for 2020-21. ➤ Finalised the Regional Identity with shareholder and partner endorsement. ➤ New data and insights secured and curated. Provided to visitor sector businesses to leverage through marketing and to inform long term decisions.
		<p>Implement year three of the Agritech Strategy 3-year action plan</p>	<p>The implementation of year three of the Manawatū Agritech Strategy included funding for Sprout Agritech, with the Quarterly Roaming Networker reports capturing regional agritech activity and insights. Further funding support was provided to the Sprout Accelerator and The Factory Innovate programmes (see below). CEDA also partnered with a public relations agency to promote the region’s strengths in agritech and agrifood.</p>
		<p>Implement year two of the New Zealand AgriFood Week Foundational Strategy</p>	<p>New Zealand AgriFood Week (NZAFW) Collaboration Lunch was held with 40 senior leaders across the agri value chain, focusing on traceability in the agrifood sector to identify actionable outcomes for the region.</p> <p>New Zealand AgriFood Week 2021 was successfully delivered. There were 17 events of various sizes attended by over 1,200 people.</p> <p>CEDA delivered three key events across the Week:</p> <ul style="list-style-type: none"> ➤ opening pōwhiri ➤ AgResearch Our Food Our Future panel discussion ➤ Whakawhanaungatanga – Celebrating Connections & Partnerships <p>We partnered with The Factory on the AgTech Hackathon. We supported key events such as Ngā Kai Whakatō Whenua – emerging proteins dinner, Beef + Lamb NZ AgInnovation Conference, and the Emerging Proteins in NZ launch.</p>
	<p>Retain businesses in the region through engagement and identification of barriers to growth</p>	<p>Business Retention Strategy developed and implemented</p>	<p>Development of the regional Business Retention, Expansion and Attraction Strategy is underway. The strategy will ensure structured and regular engagement with existing investors in the region to identify blockages to investments and facilitate attraction, retention and business expansion.</p>

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2020/2021	OUTPUTS/ACHIEVEMENTS
	Develop and grow businesses by delivering information, advice, and support	550 businesses supported through CEDA business development and support activities, including the Regional Business Partner Programme.	779 unique businesses received support through engagement with CEDA, including 86 Māori owned, 538 businesses impacted by Covid-19, and 19 businesses supported through the government Tourism Transitions Fund. This also includes 37 Businesses who were matched with a Business Mentor through the Business Mentors NZ programme, facilitated by CEDA. \$2,087,329 vouchers issued through Covid-19, Tourism and Regional Business Partner Capability funding. Four Navigating Covid-19 webinars were delivered, with 53 people attending the online webinars and 113 views on CEDA.nz
		Celebrate and showcase business success in the region through a business awards programme	Westpac Choose Manawatū Business Awards were successfully delivered. The awards recognised business resilience, especially through the impacts of Covid-19. There were 81 entries from businesses across the region's priority sectors, with 24 finalists selected and 10 winners announced.
	Facilitate access to specialist innovation, business development and start-up expertise	Provide support to the Factory including the Innovate Programme	The Factory attracted 61 entries to Innovate 20. With CEDA as a major sponsor, seven finalists were selected and underwent a 12-week mentorship programme with The Factory, culminating in an awards night held in November.
		Partner with the Global Sprout Accelerator	Partnership agreement with Sprout Agritech, including funding for the Sprout Accelerator Programme, to support profiling the capability and expertise within the region to attract talent and investment. CEDA was part of the 2021 cohorts' selection processes, along with partners, shortlisting 43 applicants from entries from various countries and across a range of agritech disciplines. CEDA was also in the selection panel to shortlist 12 teams for the Accelerator program.
		Facilitate access to grants and research and development support through Callaghan Innovation for 35 managed businesses	Callaghan Innovation portfolio of managed companies: 40 as of 30 June 2021. Regional Callaghan Research and Development funding support to businesses totalling \$863,081 made up of the following: <ul style="list-style-type: none"> ➤ 2 x Getting Started Grants ➤ 2 x Project Grants ➤ 5 x Student Fellowship Grants ➤ 3 x Student Career Grants (see below) ➤ 28 x Student Experience Grants (see below) In addition, CEDA supported 13 businesses receiving research and development loans from Callaghan Innovation, totaling \$3,734,129 in response to Covid-19.
		30 student opportunities to support business research and development through Callaghan Innovation student grants	31 Student Grants facilitated, linking tertiary students directly to businesses, resulting in increased research and development capacity for 15 businesses.

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2020/2021	OUTPUTS/ACHIEVEMENTS
Attract business and investment to the region	Implementation of Inward Investment strategy with regional partners, targeting the Agriculture, and Distribution and Logistics sectors	Investment profile for the region developed and investment ready opportunities identified	<p>A suite of investment prospectuses for the region have been created by engaging with sector leaders, landowners, and our shareholders, ready for launch in the new financial year.</p> <p>Seven investment opportunities for the region are being supported or led by CEDA, including the Australian Defence Apparel relocation from Auckland to Palmerston North, e-waste processing, hydrogen heavy vehicle refueling, potential investments in bio forestry plants within the wider region, an e-Scooter rental company, a hi-tech audio business looking to set up in Palmerston North, and Te Āpiti Tourism Potential</p>
		Support the development of the PNCC Transport and Logistics Master Plan by development of roadmap and plan for strategy execution.	The final draft Central New Zealand Distribution Hub Strategy has been completed and socialised with central and local government and stakeholders. The final Strategy is set for launch in the first quarter of 2021/22. Terms of reference for the Reference and Steering Committee have also been completed, with implementation to commence in July. Throughout the year, a communications plan was developed in partnership with Palmerston North City Council to support information sharing and the profile of the Hub. Work on the Regional Freight Ring Road was also undertaken following KiwiRail's notice of the requirement to acquire land for the planned site for the freight hub, with stakeholder workshops held.
		Te Āpiti – Manawatū Gorge tourism investment profile and business case developed.	Following the successful Provincial Growth Fund application earlier this calendar year, CEDA undertook the development of an extensive business case for investment in Te Āpiti's tourism potential, which identified two anchor attractions in Te Āpiti Master Plan. A high-level funding scope has been prepared to identify investment opportunities, including public-private partnerships, trusts and central government funding.
Attraction of Conference and Business Events that bring economic benefit to the region	Attraction of Conference and Business Events that bring economic benefit to the region	Targeted conference attraction strategy for region implemented, including the development of a local to local initiative to re-establish the conference sector	<p>Targeted conference attraction activities included:</p> <ul style="list-style-type: none"> ➤ Meet in Manawatū local to local initiative, targeting businesses and conference organisers within a three-hour drive, delivered through a partnership with Meeting Newz with a readership of 20,095. ➤ Attended the BE Reconnected Conventions and Incentives NZ event in Auckland. ➤ Two bids were submitted to attract conferences to the region. ➤ Attended MEETINGS 2021 in Auckland and completed 20 pre-scheduled appointments and 2 walk-ins over 2 days <p>A regional Conference and Business Events Strategy was developed in consultation with stakeholders and industry, which defines the strategic regional value proposition and the key initiatives needed for business conference attraction over the next three years.</p>

Profile the Region to Attract People, Business, and Investment

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2020/2021	OUTPUTS/ACHIEVEMENTS
<p>Profile Manawatū locally, nationally and globally</p>	<p>Lead and develop the stories of Manawatū, creating a narrative and a unified positioning, incorporating the cultural heritage of iwi</p>	<p>Implement the Regional Identity project outcomes across sectors, including talent attraction and retention and visitation (business and leisure)</p>	<p>The regional identity was finalised in May, with support from our iwi partners and shareholders. The resulting identity and regional pepeha provide a strong, modern visual identity that will tie together our areas of work and provide a platform for regional partners.</p> <p>A new Liveability Prospectus was created for the region in partnership with Neat Places to showcase the region and provide recruitment agencies and our wider business community to help attract more talent.</p> <p>CEDA has curated 79 stories and content pieces across business, visitor, talent, investment, and innovation to showcase the best of our people and places. These stories are published on ManawatūNZ.co.nz, PalmyProud and OnTrack magazines, and partner publications such as NZ Entrepreneur and Neat Places.</p> <p>A full audit of ManawatūNZ.co.nz was undertaken, and new wireframe was developed, ready for implementation in the new financial year.</p> <p>Using the insights and theme of the regional identity, CEDA led a targeted Spring/Summer campaign, 'Anything But Square', to drive visitation to the region.</p> <p>A curated photoshoot captured fresh new imagery and video and footage of 18 locations and businesses across Palmerston North and Manawatū over January and February 2021.</p> <p>In late 2020 the Paddock to Plate six-week campaign targeted potential visitors from Wellington to support the hospitality sector through the impacts of Covid-19, had a digital reach of more than 1 million people, while media partnerships resulted in 11 features and interviews.</p> <p>200 photographs were added to Google Maps as Places of Interest across the City and district in late 2020. New content was captured to create new Google Maps footage to raise the profile of the City and region nationally and globally, which has resulted in 917,104 views.</p>
	<p>Lead the creation of quality, targeted regional content for distribution on owned and third-party platforms, working with media partners to showcase our region's strengths.</p>	<p>20 direct media features published profiling the region</p>	<p>119 media features profiling the City and region were achieved across various publications and with a calculated combined audience reach of more than 19 million readers, viewers and listeners.</p> <p>Highlights include:</p> <ul style="list-style-type: none"> ➤ a four-page spread in Kia Ora Magazine on a Weekend in Palmy. ➤ more than 35 minutes of coverage on TV1 Breakfast, showcasing the region. <p>Note that the high level of features can be partially attributed to the Strategic Tourism Asset Protection Programme funding that was secured through MBIE to support Regional Tourism Organisations due to the impact of Covid-19.</p> <p>15,000 Neat Places pocket guides were published and distributed across motels, venues and activities throughout the lower North Island.</p> <p>ManawatūNZ Media Library launched, creating a free resource of high-quality images and videos for businesses and media to use.</p>
	<p>Grow engagement on the regional web and digital platforms for increased promotion of and information on the region</p>	<p>10% increase in sessions on ManawatūNZ.co.nz, and social media engagement across all channels</p>	<p>ManawatūNZ.co.nz has had a 39.10% increase in sessions year to date (229,586 to 319,344).</p> <p>Palmerston North City and Manawatū Facebook followers are up 12.27% year to date (13,337 to 14,973).</p> <p>MyManawatū Facebook followers are up 6.53% year to date (10,579 to 11,270).</p> <p>Manawatū NZ Instagram followers are up 50.16% year to date (5,106 to 7,667).</p>

Lead Inclusive and Sustainable Economic Development for the Region

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2020/2021	OUTPUTS/ACHIEVEMENTS
<p>Develop strategic partner relationships, leveraging opportunities</p>	<p>Continue to build on relationships with shareholders, central government agencies, key regional stakeholders, local iwi and Māori, and business support groups through the stakeholder engagement plan</p>	<p>Stakeholder satisfaction survey increased percentage on 2019/20 year to 70%</p>	<p>Stakeholder satisfaction survey is now biennial, as agreed with shareholders, and will be completed at year-end 2022.</p>
		<p>Partnership agreements and work plans reviewed and new plans in place, including PNCC, MDC, and iwi</p>	<p>Partnership agreements with Rangitāne o Manawatū, Sprout Agritech, The Factory, My Young Professionals Network, Rural Innovation Lab, Talent Central, Central Skills Hub, National Driver Training Center, and UCOL completed.</p>
		<p>Two partnership projects identified in conjunction with iwi</p>	<p>CEDA has facilitated the development of the Rangitāne o Manawatū Three Year Māori Tourism Strategy in partnership with representatives from Rangitāne.</p> <p>Rangitāne o Manawatū were a key partner and advisor in developing the Regional Identity, which was finalised this year and incorporated a regional pepeha. We were guided to engage with a local Māori Artist through our partnership, which ensured a fresh, modern approach that is unique to Manawatū.</p> <p>CEDA and Tourism New Zealand’s pilot partnership initiated this year has also included connecting with Rangitāne o Manawatū on their tourism aspirations.</p>
<p>Data and insights communications on the performance of the region’s economy</p>	<p>Economic impact information is regularly communicated to stakeholders and businesses, including iwi and Māori business sector</p>	<p>70 stakeholder engagements/communications delivered</p>	<p>91 communications have been delivered to CEDA’s stakeholders and business community consisting of:</p> <ul style="list-style-type: none"> ➤ 60 seconds: 72 ➤ Quarterly Economic Updates: 4 ➤ Training & Development Guide: 13 ➤ Visitor Industry Updates: 2 <p>CEDA.nz had a 4.68% decrease in sessions year to date (31,212 to 29,752).</p> <p><i>Note that the previous year’s sessions saw a significant increase due to Alert Level impacts of Covid-19</i></p>
		<p>Māori economy data and insights developed in partnership with shareholders</p>	<p>Manawatū-Whanganui Māori Business data and insights have been developed in partnership with Massey University, Te Au Rangahau and Palmerston North City Council to support Māori sector development.</p>
<p>Work plan aligned to the delivery of Statement of Service Performance</p>	<p>Development of Business Plan with outcomes on delivery of the Statement of Intent</p>	<p>Business Plan developed and delivered to shareholders by 31 October**</p>	<p>Business Plan developed and delivered to shareholders.</p>



ZEALAND'S
ST ATHLETE
FRIENDLY UNIVERSITY
SPORT @ MASSEY

MASSEY
UNIVERSITY

GLOBE THEATRE TRUST BOARD

OBJECTIVES

The Globe Theatre comprises two community theatres run for the Council by the Globe Theatre Trust Board.

The Board controls, develops, promotes, enhances and maintains the Globe Theatre to be used and enjoyed by residents and visitors to the Manawatū region.

WHAT THE BOARD DOES

The Board works to secure the future of the theatres and develop new markets for continued viability and growth. It also develops relationships with key stakeholders, acknowledging that the theatres provide the primary venue and home for the Manawatū Theatre Society. The Globe Theatre also has a Memorandum of Understanding (MOU) with The Comedy Hub, DIY Comedy, Equippers Church, the Michelle Robinson Dance Studio, Alliance Francaise, Tall Poppies Community Performance Trust, the Sunday Matinee Series and the Rose Academy of Dance and Performing Arts.

The theatre offers state of the art and affordable venues for hire and plays host to a wide and varied performance set. Theatre, music, dance, comedy, film, weddings, graduations, presentations and conferences have all played a part in the growth of the Globe Theatre. In doing this, the theatre contributes to developing the city's Cultural Village complex for the community to enjoy supporting the Councils goals for creativity and vibrancy.

KEY ACHIEVEMENTS

Exceeded our targets for **usage nights and performances**

Hosted The Comedy Club
Mini Comedy Festival

Manawatū Youth Theatre
production The Little Mermaid
attended by 2,492 people

Hosted the **Manawatū Jazz**
Festival Decanted

WHAT HAPPENED IN THE YEAR

In 2020/21, Council provided operating funds of \$116,855 paid in quarterly instalments.

The year started well with the Manawatū Youth Theatre (MYTHs) production of *The Little Mermaid*. During the school holidays, 2,492 people attended the 13 performances.

The Globe Theatre is well known throughout the region as a Community Theatre, and this sentiment was evident over the October Labour Weekend. The Manawatū Jazz Festival usually takes place in June over the Queen's Birthday Weekend. Unfortunately, the Covid-19 pandemic prevented the festival from taking place in June.

The Manawatū Jazz Club, Rodger Fox and the Globe Theatre worked together and came up with the Manawatū Jazz Festival Decanted and approached the Manawatū Theatre Society (MTS) to see if they would allow access to the theatre for the slightly smaller jazz festival. The theatre society usually takes possession of the theatre in late October in preparation for their November show. MTS were more than happy to step aside, as it were, to allow the Manawatū Jazz Festival Decanted to take place. An excellent example of community groups working together. The jazz festival went ahead and was very well attended. In November, the theatre society was back on stage with *The Pirates of Penzance*.

The theatre continued to be busy with a wide variety of shows & events. While New Zealand had a short lockdown in September, we were buoyed by the support of the local community, who continued to attend shows throughout the year and understood when shows were postponed or cancelled.

Several key productions assisted the Globe's success for 2020/21:

- Manawatū Youth Theatre (MYTH) – *The Little Mermaid*
- Manawatū Theatre Society – *The Pirates of Penzance*
- Tofiga – *Sorry Bout It*
- Chamber Music New Zealand – *Amalia Hall* along with *Stephen de Pledge*, *Tales of the '20s*, *Transfigured Night*, *Quarte for the End of Time*
- Aotearoa Country Music Awards
- Sunday Matinee Series
- The Comedy Hub – *Mini Comedy Festival*
- *Houstoun/Fox Project*
- *Manawatū Jazz Festival Decanted*
- *Four Friends and a Funeral*
- *Monthly French Film Nights with Alliance Francaise de Palmerston North*
- *Bi-monthly productions from Lola and Friends/Boom Boom Room Burlesque*

ONGOING CONSIDERATIONS

The 2020/21 long-awaited and badly needed upgrade of the Globe 1 Theatre backstage toilets was rescheduled to January – March 2022. This upgrade will allow the Globe Theatre to maximise its limited storage space. The theatre continues to upgrade its equipment and will welcome a new projector and screen for Globe 1 in August 2021.

Bookings for 2021/22 are encouraging, with many local and national acts looking forward to returning to Palmerston North.

HOW DID WE PERFORM

Due to the uncertainty of Covid-19 restrictions, targets for 2020/21 were reduced. The targets for 2019/2020 are listed in brackets.

MEASURE	TARGET	RESULT	COMMENT
Usage Nights	380 (550)	Target met	535
Performances	190 (185)	Target met	285
Audience	12,635 (22,000)	Target met	23,225
Participants	1,156 (1,400)	Target met	3,351
National and international productions	11 (10)	Target met	17 productions were held, including: <ul style="list-style-type: none"> ➤ Chamber Music NZ ➤ Tofiga ➤ Aroha String Quartet ➤ Houstoun/Fox Project ➤ Manawatū Jazz Festival Decanted ➤ Darren Watson ➤ Simon O'Neill/Rodger Fox ➤ Jan Preston ➤ Dauphin of Mississippi ➤ Manawatū Jazz Festival ➤ Angie Farrow ➤ Dusty Room Productions ➤ Albi and the Wolves ➤ You, Me, Everybody ➤ Wanderlust Opera ➤ Wellington Light Opera ➤ Hogsnoort Bulldogs Goodtime Band
Satisfaction (hirers)	≥ 97%	Target met	100% rate the Globe as an Excellent or Good venue. Getting hirers to complete surveys continues to be an issue. Only 18 Hirer Surveys were completed, which prevents us from showing an accurate result.
Satisfaction (audiences)	≥78%	Target met	94% rate the Globe as an Excellent or Good venue. Survey sent to 3,936 audience members, of which 179 responded. The lack of completion of the surveys prevents us from showing an accurate result.



THE REGENT THEATRE TRUST

OBJECTIVES

The Regent Theatre (Regent on Broadway), constructed as a movie theatre in 1930, is one of the Council's major arts and cultural facilities.

Completely refurbished in 1998, it consists of a 1,400-seat civic auditorium and is a regional centre for the performing arts run for the Council by The Regent Theatre Trust.

It develops, promotes, enhances and maintains the Regent as a vibrant and unique venue for live performances, community events, graduations and the performing arts attracting international, national and local performances.

WHAT THE TRUST DOES

The Trust works to secure the future of the Theatre by providing and enabling strategic direction to develop and increase audiences and bring new events to the Theatre. It also maintains and preserves the physical infrastructure, fixtures and fittings of a recognised heritage building as a pillar of the City's cultural heritage.

The Theatre promotes and operates the Regent to retain its vision of being New Zealand's most vibrant provincial Theatre. This contributes to the City's attractiveness by providing an exciting and innovative venue for cultural and community events with broad appeal.

The Theatre assists the City's economic growth by acting as a cultural and entertainment option for city visitors.

KEY ACHIEVEMENTS

31 events held throughout the year

Hosted **Crowded House**

Eight events held with
the **Te Papaioea Festival**

Hosted **the Wiggles**

WHAT HAPPENED IN THE YEAR

With Covid-19 still having a significant effect on our business, our ticketing provider, Ticket Rocket, being placed into liquidation affecting the revenues of both promoters and the Theatre, and the change of General Managers throughout the year has certainly made this year a year of challenges.

The year started in July with our first production since the country's lockdown in March, with two performances of *Cat in The Hat*. We were unaware at that stage if the public was ready or willing to return to Theatre and were pleasantly surprised when we had an attendance of 1,055 for this production. Following on from this, our local Act 3 society commenced their season of *Sister Act*. Creative minds shone during this challenging period of Covid-19 versus *Sister Act*. Act 3 divided the Theatre into four different quadrants, increasing the allowable number of attendees permitted from 100 to 400.

During level 2 lockdown, we were the only Theatre in Aotearoa (and possibly globally) to have a show on stage playing to a live audience. This innovation gave Act 3 productions and us several awards from within the industry. Other theatres throughout the country subsequently followed suit.

We have been very fortunate in securing several amazing events during the past 12 months that possibly would not have happened pre-Covid-19. Shows such as *Crowded House*, *The Wiggles*, *Russell Howard* *Bill Bailey*, *Ben Elton*, and *Celtica* perform to capacity or near capacity houses. Tribute shows *Sweet Caroline*, *Tina Simply the Best*, *ABBA* and *New Zealand* production touring shows *Pink Floyd*, *The Boss*, *Howard Morrison*, *Gold Dust* helped provide entertainment for the region and had great audience numbers in attendance.

We were excited to hold the inaugural of *Te Papaioea Festival* in February. Although the numbers attending were not high, we hope that this event will continue to grow. The return of *Kapa Haka Competitions* and local *Dance competitions* also contributed to achieving some of our targets for the year.

We did not achieve our attendance targets for the year, being 78,055 down 9,545 on our predicated budgeted figure. Yet, we continued to value the relationships that we have built with our hirers and loyal patrons.

ONGOING CONSIDERATIONS

The Board continues its aims in meeting its key objectives by ensuring that the Theatre is well equipped and available for hire by national, international, and local community and professional performing arts events and celebrations. It aims to balance availability for national and international touring events with the needs of many local groups for a grand venue for their events and celebrations. The latter includes graduation and end-of-year school ceremonies and opportunities for local amateur dramatic and operatic societies to stage magnificent productions in a historic proscenium theatre. Although the future continues to be uncertain and challenging during these times, we will endeavour to progress the Theatre in whichever way the country allows.

We have maintained close working relationships with several of our hirers, including *Performing Arts Competitions New Zealand (PACANZ)*, who has confirmed *Palmerston North* as the permanent home for future competition festivals and its performances/competitions principally at the Regent on Broadway.

Forward Bookings from our local community groups are still encouraging. Local schools and cultural groups are feeling more confident in utilising the venue following the Covid-19 restrictions. Considerable effort is made to attract schools and other education providers to use the Theatre. It is principally through these types of events that involve our youth where we see growth in the performing arts by creating the performers and audiences of tomorrow. Commitment and networking to our commercial hirers are ongoing so that the Regent on Broadway remains a strategic venue for all appropriate professional and commercial performers and events.

HOW DID WE PERFORM

MEASURE	TARGET	RESULT	COMMENT
Total number of main auditorium national/international venue hirers (actual live performances) to be not less than	30	Target met	31 events were held during this year, with some major acts gracing our stage. Crowded House would have been the biggest act (both in name and technically) together with Three International British Comedians, Three Australian touring Tribute shows all helped achieve our target. The Royal NZ Ballet cancelled one tour due to Covid-19, but two other tours took place.
Total number of ethnically diverse concerts and productions, both community and professionally produced not less than	6	Target met	Eight events held with the Te Papaioea Festival contributing to this target
The total number of tertiary graduation ceremonies held not less than	11	Target met	A total number of 14 ceremonies were held. Massey Graduation ceremonies were holding 11 ceremonies, and UCOL was having three.
The total number of school prize-giving ceremonies held not less than	14	Target not met	The cancellation of many school prize-giving ceremonies following the Covid-19 outbreak resulted in not achieving our targeted figure of 14, with only 7 events held
Total Attendances to all events held, not less than	88,600	Target not met	We failed to meet our target attendance figure for the year of 88,600. Our total attendance of 78,055 was a pleasing result due to the difficult six months that we experienced at the start of the year due to Covid-19 restrictions. This figure was an increase of 12,755 from the previous year.
The total number of the main auditorium hires annually (days the auditorium is used) to be not less than	158	Target not met	The total number of main auditorium hires were 47, below target. Although we achieved 111 hires from a target of 158, the quality of the hires helped us financially to exceed our budget by 18%. The Covid-19 restrictions had a dramatic impact on our business during the first 6 months of trading, with over 35 shows/ events cancelled or postponed
Income from commercial use	≥58%	Target met	Professional events held in the auditorium accounted for 59.8% of the revenue received and 33.66% of our attendance.
Attendances (community events)	≥65%	Target not met	Local Community Events held in the auditorium accounted for 61.7% of our total attendances and 29.54% of the revenue received.
Community satisfaction	95%	Target not met	Insufficient forms returned to assess an accurate result
Events in foyer and function rooms	147	Target met	176



TE MANAWA MUSEUMS TRUST

OBJECTIVES

Te Manawa is one of the Council's major arts and cultural facilities.

It consists of the museum, science centre and art gallery and is managed for the Council by the Te Manawa Museums Trust. It has key roles in promoting and supporting Kaupapa Māori and Rangitāne, the arts, culture and science, and educating visitors by providing challenging experiences and programmes.

WHAT THE TRUST DOES

The Trustees govern and manage Te Manawa as a significant regional cultural institution encompassing a museum, gallery and science centre.

Te Manawa is a 'Museum without Boundaries' of, by and for all the community and co-creates and provides educational and challenging experiences.

It is a storehouse of regionally and nationally important collections of Taonga Māori, New Zealand contemporary art and social history.

Te Manawa hosts international touring exhibitions and develops homegrown exhibitions that challenge and stimulate the mind and celebrate the region. These are supported by learning programmes, special events, and public programmes.

KEY ACHIEVEMENTS

Presented with **Dementia Friendly certification**

Reopened Tamariki with an in-play helicopter and electric vehicle

BUGS! Our Backyard heroes was visited 38,979 times

Rūrangi shown at Te Manawa first for the Manawatū region

WHAT HAPPENED IN THE YEAR

Covid-19 alert levels heavily impacted Te Manawa throughout the year, which impacted visitor numbers.

We held internal workshops across our teams to work on understanding and embracing our organisation's vision. This led to an updated booklet highlighting our vision goals under three clear umbrellas Manaakitanga, Creativity and Freedom. This new skin of the vision increases our collective understanding of, and empowerment to embody the values that drive us.

Te Manawa has not been able to tour exhibitions developed in-house to other venues due to the impact of Covid-19 restrictions.

The Redesigning of our website increased its flexibility and intuitiveness. Having employed new tools such as an interactive events calendar, interactive puzzles featuring collections images, new blog templates for storytelling and alert bars for Covid-19 Alert Level shifts. We will be adding payment functionality in the future and have had excellent feedback.

Opening the International Wildlife Photographer of the Year exhibition and developing and funding a Manawatū Wildlife Photo Competition. Planning continued for the opening of Curious Contraptions, including sourcing selected automata from Blair Somerville in Owaka as the New Zealand segment in the exhibition.

The exhibition, Operation Grapple: We Were There, opened with some local connections, including Roy Sefton Q.S.M., acknowledged for their part in advocating for the veterans of the Pacific Nuclear tests.

The Children's Holocaust Memorial exhibition opened at the beginning of March. Massey University contributed in a major way to the Children's Holocaust Memorial through the involvement of designer Mathijs Siljee (School of Design, Massey University) and his work with the Holocaust Centre New Zealand to bring this Memorial to life as a touring exhibition.

The Te Manawa staff wellbeing plan is being implemented, with the latest initiative focusing on improving organisational communication and leadership capability. To improve our internal communications and increase engagement across teams, we began a staff intranet in March. Leadership and managers undertook a programme to embed our working vision together and incorporate te ao Māori.

Our most popular long-term attraction Tamariki was closed for redevelopment, which impacted visitor numbers. Tamariki reopened in December and included an in-play helicopter and electric vehicle.

BUGS! Our Backyard Heroes, in MacDiarmid Gallery, was very popular, with 38,979 visits recorded.

The ground-breaking New Zealand film and television series, Rūrangi, was shown at Te Manawa first for the Manawatū region. During his visit, Max Currie, Co-Director of the film, visited his previous schools, Palmerston North Boys High and Awatapu College, and Palmerston North Girls High, to talk about his work in the film industry and the rainbow community. Consequently, the Hulu television network purchased the series, and New Zealand On Air funds the next series of Rūrangi.

Dementia Friendly certification presented to Te Manawa as the first museum to be certified in New Zealand.

Moa bones found during the Te Ahu a Turanga: Manawatū Tararua Highway construction, replacing Manawatū Gorge road, were delivered to Te Manawa for temporary storage, with a significant ceremony led by Rangitāne.

The Business Plan was completed, and progress was made on several strategies, including strategic partnerships and fundraising.

Work progresses on Qualmark certification. Integral to that is a report on the environmental impact of Te Manawa led by Event Insights, due for completion around September 2021. We have since undertaken a self-assessment through Tourism New Zealand and have been certified as a Covid-19 Clean experience provider.

PN150 Initiation of a programme of events and activities to celebrate the 150th Anniversary of Palmerston North City. On 20 June 2021, Palmybilia allowed Palmy to dress in period costumes and have portraits taken using a combination of old and new photographic techniques.

Who We Are? is a project which is a Manawatū performing artists collaboration with the Globe Theatre and Te Manawa. It will feature a trail of performances through the museum and Art Gallery with participation from multiple groups.

Collections

Collection acquisition highlights include a rare Bessie Murray Mother and child Māori doll made in Taihape, 1920 -1956; a Covid-19 test kit; Poi Corona II (2021) by artist Jude Te Punga Nelson in response to the Covid-19 pandemic; student drawings by notorious Foxton art forger Karl Sim; Palmerston North MP, Tangi Utikere's childhood Cook Islands pāreu kiri'au, or dance skirt; a locally made tōtara occasional table from the 1870s, an Arts and Crafts style sampler made by local artist Elizabeth Berry shortly before she was killed in the Battle of Britain in 1940; photographs of Manawatū buildings by Laurence Aberhart taken 2008 and 2019-20; photographs of the Manawatū Gorge taken in the 1880s; a detailed itinerary for a tour of New Zealand in February 1964 by Queen Elizabeth II and the Queen Mother which never eventuated; a painting by Professor Huhana Smith Hīkoitia te Ao (2020); and a collection of some 85 pieces of souvenir Palmerston North china and silver metal items from the 1900s to 1950s.

Te Manawa has loaned artworks to the important exhibitions Toi Tū Toi Ora at Auckland Art Gallery, the first major nationwide survey of contemporary Māori visual art since 2008. Two Ralph Hotere paintings were lent for a large survey exhibition of the artist's work held at Dunedin Public Art Gallery and Christchurch Art Gallery.

A 1900s ballgown was loaned to Te Papa for photography and inclusion on a new book by Te Papa Press and Claire Regnault on colonial fashion in Aotearoa, New Zealand.

Covid-19 disrupted scheduling, but we could still show 22 exhibitions, one touring exhibition, 37 onsite events, and 12 off-site events.

ONGOING CONSIDERATIONS

The impact of Covid-19 is ongoing, with museums and arts organisations closing in force around the globe. National tourism has almost reached its peak. New Zealand venues that depend on significant tourism have to think of new products and ways to engage their public.

Planning

Te Manawa has developed a robust Business Plan to include solid stakeholder relationship management and inclusion, fundraising and a three-year programme of exhibitions, upgrades and key events supported by innovative learning programmes.

Te Manawa has engaged a part-time Manager Sustainable Funding, which will drive forward digital and physical experiences.

HOW DID WE PERFORM

MEASURE	TARGET	RESULT	COMMENT
Visits to TM	150,000	Not met	135,817 considered good numbers for a regional museum, especially over Covid-19 impacted times. The impact of Covid-19 Alert Levels can be attributed to the tune of around 14,000 visitors
Visits to TM exhibitions at other venues and off-site events	50,000	Not met	38,715 due to the impact of Covid-19. Some major events were cancelled, and Te Manawa touring exhibitions could not be taken by other venues due to the impact of Covid-19 on those venues
Online reach (including e-visits)	500,000	Target Met	528,514. Target increased from 400,000 to 500,000 in 2020/21
Third-party revenue	\$574,154	Target Met	672,709 Attained almost \$100,000 over target
Visitor satisfaction (TM surveys)	>96%	Target Met	99.95% Good to excellent (0.05% average)
Deliver on out-of-the-box thinking	3	Target Met	Several experimental exhibitions and programmes delivered during Alert Level 2



PALMERSTON NORTH AIRPORT (PNAL)

OBJECTIVES

Palmerston North Airport Ltd is a limited liability company and is 100 per cent owned by the Council.

The principal activities of the company are to provide airport facilities and services to airlines and airport users (both commercial and non-commercial) through the ownership and operation of Palmerston North Airport.

WHAT THE BOARD DOES

The Board protects shareholder value and provides a return to the Council in the form of growth in company value and annual dividends.

The Airport provides a key transport gateway that contributes to the economic development of the city and surrounding region.

The Airport's domestic terminal facilities are the principal Central New Zealand passenger and freight hub, and a lead for Manawatū regional economic development.

The Airport contributes to the economic growth of the city and region by providing transportation services such as its airfreight operations that link businesses to domestic and international suppliers and markets, and by bringing visitors to the city.

It also enhances a positive image of the city as a good place to do business.

KEY ACHIEVEMENTS

Zero lost-time injury hours

Out-performed targets set in Statement of Intent, a strong recovery from the initial outbreak of Covid-19

Total Comprehensive Income was 254% ahead of last year.

WHAT HAPPENED IN THE YEAR

Palmerston North Airport Limited is a Council Controlled Organisation (CCO) and a limited liability company formed in 1989. In 2020/21 the Board reaffirmed its approach to preserving and enhancing shareholder value. The Airport's vision to be New Zealand's leading regional airport is underpinned by five strategic objectives:

- **Commercial:** operating a financially sustainable business enabling long term success.
- **Compliance:** maintaining a safe and secure operation.
- **Customer:** improving the customer experience for all airport users.
- **Community:** contributing to regional prosperity.
- **Culture:** empowering our team members and working as one-team.

The safety and wellbeing of its people, customers and tenants remain a focus of the Company with the achievement of zero lost-time injury hours this year being a testament to its safety programmes and the support from the airport community. A significant milestone was achieved in 2020/21 with the Company's Safety Management System implementation plan (SMS) being certified by CAA in December 2020.

The 2020/21 year can best be described as a year of two contrasting halves. A significant reset of the Company and its priorities took pace during the first six months of the financial year, with survival a key driver of decision making given the ongoing uncertainty around the extent of Covid-19 impacts on the aviation industry.

In the first six months to December 2020, 177,000 passengers were carried, being a 49.5% decline compared to the six months to December 2019. This led to a decline in aeronautical revenue of 38% compared to the prior period, however this was still 45% ahead of the Statement of Intent target, illustrating the faster recovery than was initially anticipated.

In the second half of 2020/21, the Company witnessed modest growth in passenger volumes, with a total of 224,000 passengers carried. This was 22% above the same period in the prior year, which included the Covid-19 lockdown period. Aeronautical income also recovered, with an increase of 29% over the first six months of the financial year, 177% ahead of the Statement of Intent target.

The EBITDAE result of \$3.60 million was 12% below last year and 128% ahead of the Statement of Intent illustrating a strong recovery from the initial outbreak of Covid-19.

Net Loss After Taxation of \$0.03 million, was 97% above the Statement of Intent target and 102% behind the previous year, being negatively impacted by the accounting revaluation of investment property.

The revaluation of investment property resulted in an overall fair value loss of \$0.84 million. This was a result of the subdivision of Stage 1 of Zone B which was in progress at 30 June 2021. This subdivision required substantial and upfront capital investment by the Company, including the upgrade of Airport Drive. While this has driven an accounting revaluation loss in the 2021 income year, this one-off investment will subsequently benefit remaining stages of this project, when these are developed in subsequent income years.

Total Comprehensive Income of \$1.15 million was 254% ahead of last year and total shareholder equity increased by \$1.2 million to \$68.27 million, reflecting the additional wealth created by the Company during the year, for the benefit of the Palmerston North community.

Capital expenditure during the year was \$4.3m, predominantly occurring in the second half of the year, following the recommencement of capex programs that were suspended to preserve cash due to Covid-19. This included the recommencement of the Wairaka Place subdivision project within the Ruapehu Business Park, and pavement upgrade programmes. The Company continued to invest in insourcing the Rescue Fire team, including progress payments towards purchasing from Singapore, and refurbishing in Brisbane, two Rosenbauer 6x6 rescue fire vehicles, due to arrive during the 2021/22 financial year.

Carpark enhancements gathered pace in the second half of the financial year, with a dedicated pick-up & drop-off area created at the front of the General carpark. With capacity for 35 vehicles, including mobility impaired, the area is now well patronised. Architectural designs are now being finalised for the covered canopies which will ultimately extend into covered pedestrian areas within the General carpark. Planning for the Terminal Development also re-commenced, with the finalisation of a procurement strategy progressing at year end. The three-year project has an estimated price tag of \$18 million, however is subject to design acceptance.

ONGOING CONSIDERATIONS

The Company approaches the 2022 financial year with a degree of cautious optimism that passenger demand will continue to consolidate. This is based on a resilient and diversified regional economy combined with unprecedented levels of construction and infrastructure spend across the public and private sector.

The Company recognises the role it plays within the regional economy and has recommenced major projects with clear economic benefits to our region and shareholder. The Terminal Development Plan with an estimated price tag of \$18 million will ensure the airport is ready should hold-bag, passenger and carry-on bag screening become mandated for regional airports. Without this investment the airport could lose air services with a corresponding impact on our regional economy.

The Company's planned investment of over \$10 million during the next three years in the Wairaka Place development within Ruapehu Business Park will have significant income diversification and balance sheet benefits in the medium to long term, ultimately benefitting our region and shareholder.

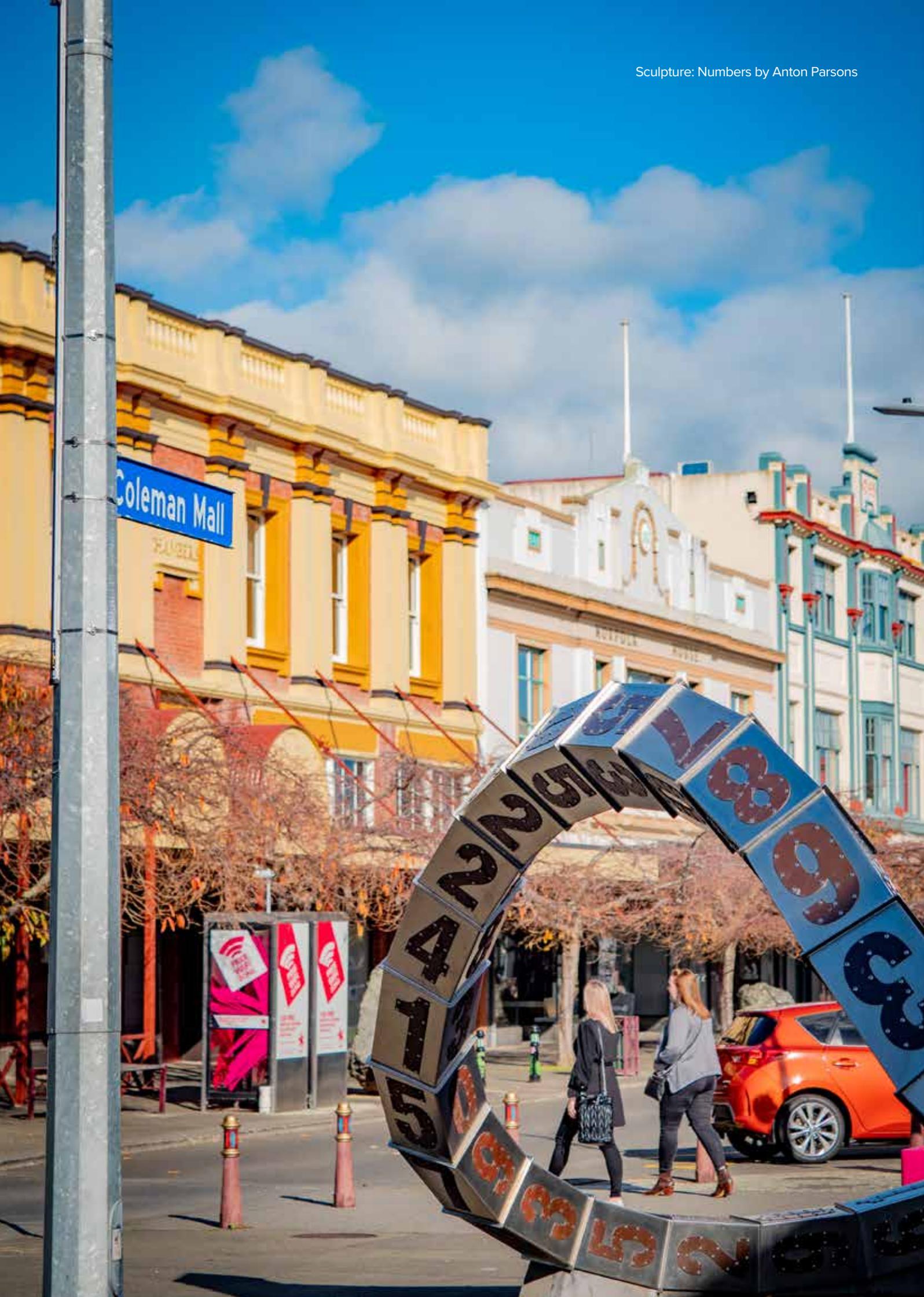
In addition, the Company plans to continue to re-invest in strategic infrastructure including runway and apron areas.

The capital investment by the Company is significant given its timing and the Covid-19 threat, which remains present. The Company will therefore continue to adopt a cautious approach to expenditure and also continue to seek shareholder support via the ongoing suspension of dividend payments.

HOW DID WE PERFORM

MEASURE	TARGET	RESULT	COMMENT
A ratio of net surplus before interest/tax/revaluations to total assets.	2.0%	4.0%	Ongoing recovery from Covid-19 has exceeded expectations.
A ratio of net surplus after tax to consolidated shareholders' funds inclusive of revaluation reserve	-1.0%	0.4%	Ongoing recovery from Covid-19 has exceeded expectations. Net surplus after tax negatively impacted by revaluation loss.
To maintain a ratio of consolidated shareholder's funds to total assets at no less than 40%.	74%	76%	Ongoing recovery from Covid-19 has exceeded expectations.
To maintain an interest coverage ratio of net surplus before interest at or above 2.25 times.	-1.6	1.9	FY21 result negatively impacted by revaluation (non-cash) loss on investment properties. Excluding revaluation, this ratio increases to 3.63.
To maintain a tangible net worth (total tangible assets after revaluations less total liabilities) above \$50m.	\$67.6m	\$68.3m	Ongoing recovery from Covid-19 has exceeded expectations.
To maintain a Net Promoter Score of 55 or above. Measured on an annual basis.	50	32	<p>An audit of Net Promoter Score data undertaken in FY21 highlighted a material level of invalid survey submissions e.g. children repeatedly entering submissions. A subsequent program of cleansing data prior to reporting has been developed. In addition, lower passenger volumes have impacted on the number of monthly submissions, with increased variability in scores now occurring.</p> <p>A more accurate benchmark of 30, based on the aviation and tourism industries, has been set for the FY22-FY24 SOI.</p>
To achieve targeted annual passenger movement projections.	265,500	400,467	Ongoing recovery from Covid-19 has exceeded expectations.
To achieve zero lost-time injuries to those who work within our airport community	Zero	Zero	
Maintain Civil Aviation Rule Part 139 certification	Maintain	Maintain	The five yearly CAA audit of PNAL's compliance with Part 139 was last completed in July 2019. Monthly audits are undertaken by an independent third party to gauge PNAL's ongoing compliance with Part 139 requirements and PNAL's adherence to its exposition and Safety Management System.
Complete company roadmap to carbon neutrality	Implemented	Implemented	<p>PNAL is a member of the Airport Council International Airport Carbon Accreditation (ACA) program, and as at 30 June PNAL was working towards achievement of Level 2 of the ACA program.</p> <p>PNAL's roadmap to carbon neutrality has been re-named 'Sustainability Plan' and reflects an extension of activities, beyond the reduction of greenhouse gas emissions, to include activities undertaken to reduce waste to landfill and water consumption.</p>
Safety Management System audited and certified	Certify	Certified	CAA certification of SMS achieved in December 2020.





WĀHANGA TUARIMA SECTION FIVE

KŌRERO ĀPITIHANGA ADDITIONAL INFORMATION

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HOW TO FIND US

POSTAL ADDRESS

Private Bag 11034
Manawatū Mail Centre
Palmerston North 4442

CUSTOMER SERVICE CENTRE

32 Te Marae o Hine The Square, Palmerston North

Open Hours:

Monday, Tuesday, Thursday and Friday, 8am-5pm

Wednesday, 9am-5pm

Contact details for all enquiries, service requests, or to contact anyone who works for the Palmerston North City Council are:

pncc.govt.nz | info@pncc.govt.nz | 06 356 8199

The Council operates a 24-hour, seven day a week, 365 days a year phone Contact Centre. This is supported by the Customer Service Centre on Te Marae o Hine The Square. There is a translation service for any who need it.

The Council's other main source of contact is through the City Library, which also has copies of Council plans and agendas.

CITY LIBRARIES

Central Library

4 The Square, PO Box 1948, Palmerston North

citylibrary.pncc.govt.nz | 06 351 4100

webmanager@library.pncc.govt.nz

Ashhurst Library

Cnr Cambridge Street and Bamfield Street, Ashhurst

06 326 8646

Awapuni Library

Cnr College Street and Pitama Road, Palmerston North

06 356 7634

Roslyn Community Library

8 Kipling Street, Palmerston North

06 357 9287

Te Pātikitiki (Highbury) Community Library

157 Highbury Avenue, Palmerston North

06 357 2108

Youth Space

Corner Coleman Mall and George Street, Palmerston North

06 351 4126

Mobile Library

Has regular stops throughout the City.

COUNCIL MEETINGS

The Council encourages public participation in its activities. Meetings of the Council and its Committees are open to the public and are normally held in the Council Chamber. For information about meeting agendas and dates, contact the Customer Service Centre, look in the public notices section of newspapers, or look at our website.

pncc.govt.nz

AUDITORS

Audit New Zealand

31 Amesbury Street, Palmerston North

(on behalf of the Auditor General)

BANKERS

Westpac Banking Corporation

SOLICITORS

Cooper Rapley

227 Broadway Avenue, Palmerston North

Simpson Grierson

HSBC House - 195 Lambton Quay, Wellington



GLOSSARY

10-YEAR PLAN (LTP OR LONG TERM PLAN)

A 10-Year Plan prepared by Council every three years. It describes Council's planned contributions to its vision and goals, shows why they are necessary, how much they are expected to cost, and how success will be judged.

ACTIVITY

The goods or services that the Council provides to the community. The Council has 18 Activities, e.g. Cemeteries, Water, or Parks, Sport and Recreation.

ANNUAL BUDGET (PREVIOUSLY ANNUAL PLAN)

This is a budget document that shows how the Council will fund any year of the 10-Year Plan. Produced in years two and three of the 10-Year Plan, it provides consistency and direction to Council activities.

ASSET MANAGEMENT PLANS (AMPS)

These ensure that the Council's major infrastructural assets are maintained to ensure high environmental standards and meet the future needs of the city at the lowest possible cost over the long term. Council has AMPs for roading and parking, stormwater, rubbish and recycling, wastewater, water, property, and recreation and community facilities.

CAPITAL NEW

Expenditure which will increase the value of or create new Council assets (land, infrastructure, plant and equipment). A household analogy would be expenditure to build a new bedroom.

CAPITAL RENEWAL

Keeping existing infrastructure and facilities up to standard.

CAPITAL REVENUE

Some capital new and capital renewal expenditure is partly funded by amounts received from government or other parties for transport subsidies, grants and development contributions.

COMMUNITY OUTCOMES

Short or long-term outcomes that a local authority aims at to promote the social, economic, environmental, and cultural well-being of its district or region. They are the Council's Vision, Goals and Strategies.

COUNCIL CONTROLLED ORGANISATION (CCO)

An organisation in which Council (or Councils) owns or controls at least 50 per cent of the voting rights, or has the right to appoint at least 50 per cent of the directors or trustees. CCOs are mostly set up to independently manage Council facilities or deliver specific services on behalf of residents.

COUNCIL CONTROLLED TRADING ORGANISATION (CCTO)

As for CCO but trading with the main purpose or intention to make a profit.

DEPRECIATION

Spreading the costs of assets over their useful life.

DEVELOPMENT CONTRIBUTIONS

Development Contributions provide Council with a way of obtaining contributions to fund infrastructure requirements due to growth. A Development Contributions Policy is required as a component of the Funding and Financial Policies in the 10-Year Plan under section 102(2)(d) of the Local Government Act 2002.

FINANCIAL YEAR

The Council's financial year runs from 1 July to 30 June. The 2021 financial year therefore covers the period 1 July 2020 to 30 June 2021.

GROUP OF ACTIVITIES

Groups of Activities show how the Council will work towards community outcomes. The Council has 11 Groups of Activities. Activities that provide similar services have been grouped together. Changes to the Local Government Act mean that infrastructural Activities are also Groups of Activities.

LEVEL OF SERVICE

A measurable description of what the Council does (or is planning to do) for residents.

MAINTENANCE COSTS

Expenditure in relation to repairs and maintenance of Council's assets.

OPERATING EXPENDITURE

Expenditure that is necessary for the normal activities of Council. Using a household analogy, this would be paying for electricity or food.

PERFORMANCE MEASURES

Performance measures show how people can judge the success of the Council. The measures in the current 10-Year Plan are part of the Council's performance framework. The Council has other more technical performance measures in documents such as Asset Management Plans.

PROGRAMMES

Programmes are the detailed financial actions that include capital and non-capital works within any financial year to achieve Council's outcomes.

TREASURY POLICY

This sets out when and how Council will invest, and for what purposes, and when and how Council will borrow, and for what purposes.

UNIFORM ANNUAL GENERAL CHARGE (UAGC)

A component of the general rate that is levied as a uniform amount on every property.



Te Kaunihera o Papaioea Palmerston North City Council

pncc.govt.nz / info@pncc.govt.nz / 06 356 8199 / Te Marae o Hine – 32 The Square, Palmerston North