

Te Kaunihera o PapaioeaPalmerston North City Council

PŪRONGO Ā-TAU ANNUAL REPORT 2021/22



He Mihi

Kei te rere ngā mihi maioha ki te iwi kainga ki a Rangitāne o Manawatū i runga i te ahua o te mahitahi me te Kaunihera o Papaioea, te whai i te ngā mātāpono o te Kawenata ki waenganui i a tāua.

No reira he tika te whakatairanga ake i ngā moemoea o te lwi me te Kaunihera tae atu ki ngā hāpori whānui o tēnei Taonenui.

Kia kaha tātou ki te hāpai ake ngā ohaki o ngā tipuna me ngā moemoea o ngā tamariki mokopuna kei te haere mai.

Tini whetu ki te Rangi, Ko Rangitāne nui ki te whenua.

Mauri tū mauri ora ki a tatou katoa.

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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YEAR IN REVIEW

KIA ORA TATOU,

Over the past two years we've often remarked on the unsettling times we're in and the uncertainties we face - and the past year was no different.

The 21/22 year kicked off again with another nationwide lockdown, and what quickly emerged was a significant supply chain issue which affected much of our work. As the months passed and we moved through the year there were more shocks in store-interest levels and inflation rising far higher than anyone predicted. Our city's growth means there's no shortage of work for people, but retaining and attracting staff and contractors for our construction work, and dealing with surging prices for materials, will continue to have effects for the coming year.

Our residents have felt these economic shocks too, they're noticing it in their own family life and how much their bills, food and petrol are costing. We've noticed that especially in the second half of the financial year. While the real estate industry is seeing declines in sales and property values, the three yearly valuations of our city's properties last December by independent valuer QV saw many homes increase in value by 100 per cent or more. That meant we had to make tough decisions in the annual budget for this coming year to reduce the impact on our ratepayers.

It hasn't all been doom and gloom though, over the last year our organisation has achieved so much.

Some of the big highlights include:

- We opened the Turitea Pā lookout along the Manawatū River, helping make a culturally significant site accessible again to our community
- We've made a number of safety upgrades to our roading network by altering some intersections and adding more raised platforms to slow motorists down
- We've again had growth in our consenting area, although this is now starting to decline due to material availability
- We completed upgrades to Memorial Park- with a new playground and the regions only free splashpad
- We completed construction on our duplicate water main, which means Palmerston North has a far more resilient water supply in the future
- We committed to a new discharge and treatment option for our wastewater in the future- which will see Palmerston North have one of the highest treatment levels in the country

- We've been making progress in the housing space- we've finished more homes at Papaioea Place, we're selling sections at Tamakuku Terrace and we have a number of rezoning consultations about to get underway
- We introduced new Pacifika and Seniors Reference Groups
- We completed construction on the new Bunnythorpe Community Centre so local residents now have a place to meet and be together

Despite the unknowns over the past couple of years, we have achieved some great things and Palmerston North continues to be a regional star in terms of its growth and economic development. We're now home to 90,500 people and this is expected to grow to 100,000 in 8 years time.

The Manawatū regional economy grew 6.8 per cent over the year to March 2022 compared with 5.2 per cent growth nationally. Consumers are supporting our local economy too with a 9.3 per cent rise in consumer spending in the year to March 2022 and our tourism spending was also up 17 per cent over the same period. Employment continues to rise- up 2.5 per cent over the past year with growth in the professional, scientific and technical services, retail, construction, transport and warehousing, and administrative services.

Construction continues to be a key driver for our region too with around \$10 billion invested in the coming decade. This should provide our residents and businesses with some comfort in the year ahead.

The year ahead is going to be a challenging one but if the last few years have taught us anything, we know we'll continue to find the opportunities and continue to look after our community.

Ngā mihi nui,



Grant Smith JP Mayor 14 December 2022



Chief Executive
14 December 2022

Waid Crockett

Graffield

FINANCIAL OVERVIEW

\$1.0M

\$26.6M

Operating rates-funded surplus is \$1.0m higher than budget

Renewal capital expenditure of 26.6m incurred, up \$3.3m on 2020/21

\$21.4M

\$6.7M

New capital expenditure of \$21.4m incurred, down \$18.5m on 2020/21

Net debt increased \$6.7m, lower than the budgeted increase of \$49.2m 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.

Operating rates- funded surplus	\$1.0m higher than budget	The key reason for this was due to digital transformation and ERP System Replacement, both of which have been carried forward to 2022/23 to enable completion.
Renewal capital expenditure to maintain capabilities	\$26.6m spent, \$4.2m lower than budget and \$3.3m higher than 2020/21.	Despite supplier and contractor difficulties, 86% of the budget was achieved, with most of the unspent amounts being carried forward to future years through the Annual Budget process.
New capital expenditure for growth and to increase capabilities	Spend of \$21.4m, \$45.8m lower than budget, and \$18.5m lower than 2020/21.	32% of the budget was achieved, with the unspent amounts being carried forward to future years through the Annual Budget process.
Increase in net debt	Actual net debt increased by \$6.7m, lower than the budgeted increase of \$49.2m.	Net debt has not increased as much as budgeted. This is due to a higher operating surplus and lower capital expenditure.

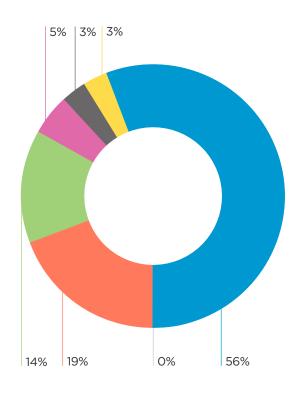
Council sets rates and fees to achieve the income necessary for funding community services. Our financial strategy is to make sure Council has allocated adequate funds for key projects from rates. This will allow us to maintain our services and allow for repayment of both existing and new debt. Calculation of these is detailed in the Groups of Activities section of the 2021-31 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.

Sources of revenue



General rates are Council's primary revenue source accounting for 56 per cent. This is followed by targeted rates for water, wastewater, rubbish and recycling, business improvement district, and metered water to recover specific service delivery costs.

When compared to budget:

- > Overall revenues were \$1.9m higher than budget.
- Rates received, including penalties, were 641k more than budget
- Operating revenue generated from activities was 76k more than budget
- Operating subsidies and grants were 435k higher than budget, with a significant factor in this being grants received from DIA to assist with 3 waters maintenance
- > Other gains were 329k higher than budget
- Other non-operating capital revenues relating to capital expenditure from government transport subsidies, DIA waters, grants, development contributions, and vested assets, were also received

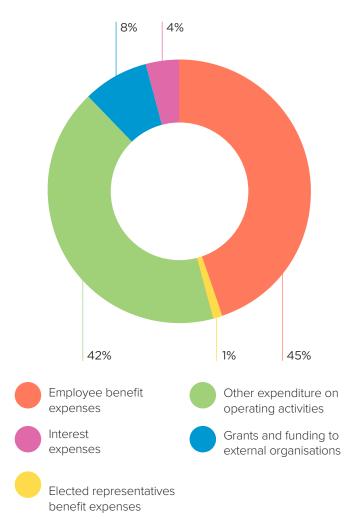
The Council Revenue and Financing Policy in the 10 Year Plan 2021-31 includes information on how services are set to recover their operating expenses. This can be recovered through rates, fees/charges, and other sources. A table summarising the actual performance compared to the targets is included in 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 and other losses) required to help achieve that vision.

Types of expenses incurred

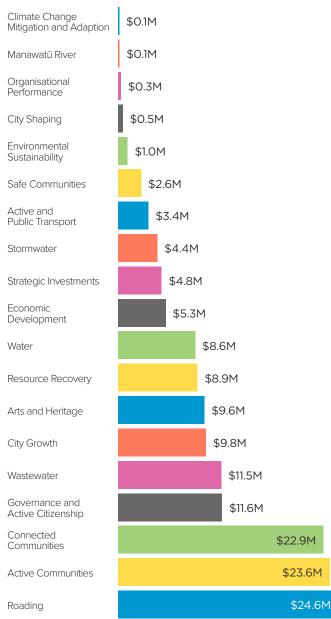


When compared to budget:

- Interest expense was 23k higher than budget. This was offset by interest revenue
- Overall operating expenses, excluding depreciation and financial instruments, were \$1.8M less than budget. This was due to additional expenses attached to additional revenue.

Total operating expenditure from activities was \$153.6m. This is detailed in Section Two by the services provided, known as Activities. The below 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;
- $\mathop{\hspace{.5em}\triangleright\hspace{.5em}}$ 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 completed works totalling \$48.0m compared with \$63.2m 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.

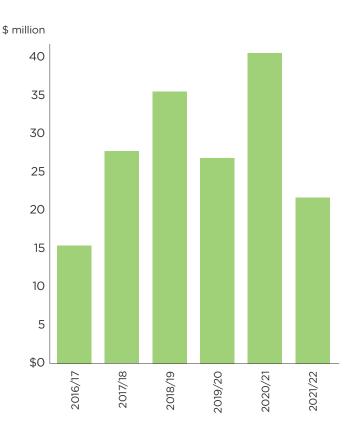
Many of these projects will be completed in 2022/23.

\$MILLION	ACTUAL 2021/22	BUDGET 2021/22	ACTUAL 2020/21
Renewal capital	26.6	30.8	23.3
New capital	21.4	67.2	39.9
Total	48.0	98.0	63.2

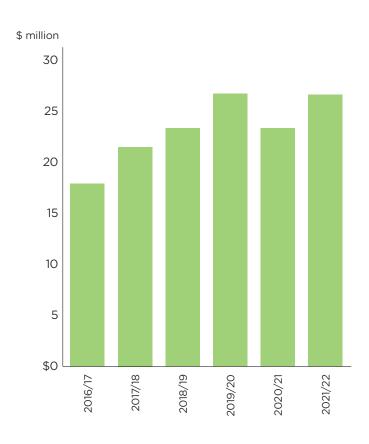
The following charts show how much capital has been spent in recent years for both new and renewal expenditure.

New capital expenditure decreased by 46% compared to the previous year and increased by 40% compared to 5 years ago. Renewal capital expenditure increased by 14% compared to the previous year and by 49% compared to 5 years ago.

New capital expenditure spent



Renewal capital expenditure spent



Capital expenditure by activity



Papaioea Place Redevelopment

28 units in our Papaioea Place development were completed. The design and consent for the third and final stage of the redevelopment were also completed, with construction commencing in May 2022. Stage 3 will complete the complex with the construction of 7 more units and a tenant lounge within the complex.

Memorial Park Splash Pad

At Memorial Park, a splash pad was developed as a new feature. It provides an accessible zero-depth water experience for a wide range of users. This was opened in December 2021, and has been well received by the public.

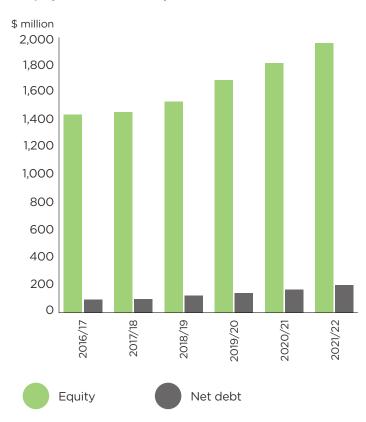
Manawatū River Turitea Pa

A significant project along the Manawatū River was the redevelopment of the Turitea Pa, which was blessed on Thursday 23rd June, just in time for Matariki. The site is of cultural significance to Rangitāne, who occupied the site until the mid-1800s. A tall wooden viewing platform once stood on the site, providing Rangitane with views both upstream and downstream of the site. The site now includes a viewing platform, pou whenua, native planting and signage. The platform is lit at night and can be seen from Ahimate Reserve. The design of the viewing platform, the carvings and surrounding plantings are the outcomes of a close working partnership with Rangitane.

EQUITY AND DEBT

Over the past 5 years, Council has increased its equity by 36% 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 earthquake-prone buildings and a new animal shelter. To remain within the prudential debt limits, future commitments to unplanned projects will have to be carefully managed.

Equity and debt of the city

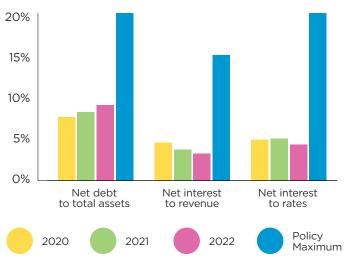


Statistics on equity and net debt per rateable property and per resident are provided in the following table. Equity increases compared to 2020/21 are due to operational property revaluation, which resulted in increases in revaluation reserves. Net debt increases are due to increases in capital projects being achieved.

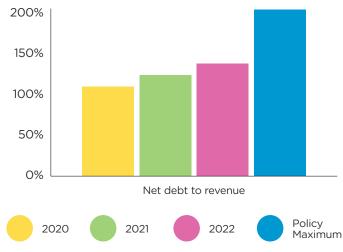
	2020/21	2021/22	% change last year (unfav)
Equity per rateable property	\$53,674	\$57,381	6.9%
Equity per resident	\$20,071	\$21,636	7.8%
Net debt per rateable property	\$4,885	\$5,769	(18.1%)
Net debt per resident	\$1,827	\$2,175	(19.1%)

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 2021-31 budget to the actual amounts at financial year end.

Borrowing ratios at 30 June



Borrowing ratios at 30 June



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 2 years. Beyond that, there is uncertainty due to the 3 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 wellbeing needs of communities. Council seeks to deliver quality local infrastructure, services and regulatory functions that are efficient, effective and appropriate. Both for present and anticipated future circumstances.

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

➢ Cemeteries

Sports fields

Libraries

Social housing

➢ Pathways

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.



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 2022 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:

- S 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



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 Manawatū 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.

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 142 under the heading Strengthening and Growing Partnership with Rangitāne.

PUBLIC

Meetings with the Community



Mayor And 15 Councillors

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: Wiremu Te Awe Awe

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

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

(Acting) Chief Executive **Chris Dyhrberg** Personal Assistant (Acting) **Sarah-Jane Bookless** Chief Financial Chief Planning Chief Chief Customer Chief People + **Assistant Chief** Officer Infrastructure Officer Performance Officer Executive Officer (Acting) Officer (Acting) Cameron Sarah **Kerry-Lee** Wavne **David Shervl** Wilson **McKay** Sinclair **Probert** Murphy **Bryant Finance** Asset Development People Strategic Marketing Management and Regulatrory Operations Planning **Procurement** Communications Solutions City Planning and Parks and Employee Risk and Governance Reserves Community Experience Urban Design Resilience Services Legal Services Transport and Strategy and Safety and Health Commercial Developments Palmy Venues Policy **Events** Advisory Organisation Strategic Facilities Performance Māori Advisory Resource Executive Finance strategy Recovery Support Customer **Digital Solutions** International Property Contact Relations **Business** People and Assurance Project Performance Community Management **Partners** Planning Office Three Waters



WHAT'S HAPPENING IN THE CITY?

CITY DEMOGRAPHICS

Palmerston North's population has increased slowly over the past two years due to the border closure. This resulted in a decline in international student numbers and a reduction in the number of former refugees arriving in the city. Based on 2018 census figures, Statistics NZ estimated the city's population to be 90,500 in June 2021. This was a 0.1% increase over the previous 12 months (the national increase was 0.6%). 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 2021, the median age of the city's population was 34.5 years. The national median age is 37.2 years, making Palmerston North, New Zealand's third youngest territorial authority after Hamilton, and Wellington. This is influenced by the large number of tertiary students and New Zealand's largest army base located within the city boundary at Linton Military Camp. About 19% of residents are Māori, compared with 16.7% nationally (2018 population estimate). Our city 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 more than 152 different ethnic communities calling the city home in March 2018.

SOCIAL, CULTURAL AND LEISURE ENVIRONMENT

The 2022 Residents' Survey showed that residents see the top strengths of our city are that it has lots of opportunities to be physically active; is great for walking; has great parks, sports fields and recreation opportunities; embraces different cultures; has a good standard of living; and is great for cycling. At least two-thirds of residents are very satisfied or satisfied with these areas (and most of the rest are neutral, rather than dissatisfied).

Two areas had dissatisfaction greater than 15%: We have a vibrant city centre (21%), and Palmy is safe (17%). Satisfaction in these areas was 46% and 58% respectively.

However, there has been a drop in satisfaction with many of the areas covered in the survey. Most other Councils doing the same survey also saw drops, so it is likely they are at least partly due to a negative national sentiment as a result of COVID, tough economic times and cost of living increases.

HOUSING IS STILL RELATIVELY AFFORDABLE

The city's average house value rose by 3.4% in the year to June 2022 and is now \$729,540. That sits well below the national average of \$1,016,902, where average values increased by 12.2% in the year to June 2022. Average house values in the city declined by 4.3% between March 2022 and June 2022. (CoreLogic).

Rising household incomes alongside softening house price growth is supporting housing affordability.

Housing affordability in the city improved from 7.1 times the average household income in December 2021 to 6.6 times the average household income in June 2022. This compares with an average house price equal to 8.5 times the average household income for New Zealand.

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 \$442 compared with the national median of \$514. Average rents in the city rose by 4.0% in the year to June 2022. (MBIE private sector rental bond data, year ended June 2022).

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

Our city is well-provided with reserves and spaces for recreation. 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 more than 10 hectares of recreation parks and or other recreation space per 1,000 people. The national benchmark is 4 hectares per 1,000 people.

Active recreation opportunities are provided throughout our reserves via six large destination city reserves, 24 sports fields, 84 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. We work with key partners to progress off-road walking and cycling infrastructure, such as the Manawatū River shared path network. We continue to encourage alternative means of transport and commuting through its landuse planning, capital programme and work with strategic partners such as Waka Kotahi and Horizons Regional Council.

The Green Corridors programme continues to create open green spaces from the Tararua Ranges to the Manawatū 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 DISCHARGE

As a result of a formal review of our 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. The Best Practicable Option (BPO) for treating and disposing of the city's wastewater was defined by Council in September 2021 after two rounds of community consultation and extensive stakeholder engagement. It will see highly treating the water before disposing to land or river. Work on the consent application is well underway and Council is on track to submit the consent application by the end of 2022, a date that was agreed with Horizons Regional Council.

It is expected that the resulting wastewater scheme will be operational no later than five years after the new resource consent is issued.

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 104.1% between June 2000 and June 2021. The national increase over this period was 97.7%. Total income (salaries and wages and income from self-employment) was \$3,260 million in the year to March 2020, 157% higher than in 2000, while national income growth was 183% over this period.

Less affected by COVID restrictions, total visitor spending in the city fell by 0.7% in the year to June 2022, while New Zealand tourism spending declined by 6.6%. Domestic electronic card visitor spending was \$257 million in the year to June 2022 – a decline of 0.7% from the previous year, and international card spending was \$17 million – up 47.9%.

Two carriers operate scheduled passenger services from Palmerston North Airport – Air New Zealand and Originair, with direct flights to Auckland, Christchurch, Nelson and Hamilton. Charters were also operated by Air New Zealand and Air Chathams during the year. In the year to 30 June 2022, 315,000 passengers were forecasted to be carried. The forecast represents a 21% decline on the previous financial year, and a twenty year low in passenger volumes due to ongoing impacts of COVID-19, notwithstanding a relatively strong recovery commencing in May 2022. The airport remains the third largest airfreight hub in New Zealand, with express freight volumes remaining strong. A total of ten overnight services to Auckland and Christchurch are operated in a typical week.

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 Job Seeker beneficiaries. The total number registered in Palmerston North for Ministry of Social Development benefits in June 2022 was 11.9% lower than in June 2021, while national benefit numbers declined by 10.2%. Benefit numbers in the city are just 2.8% higher than in June 2019, while national benefit numbers are 25.3% higher.

Electronic card retail spending in Palmerston North reached \$1,372 million in the year ended June 2022, an increase of 2.7% from the previous year, while national retail spending was unchanged. The three-week closure of most retail stores during COVID-19 Level-3 and 4 restrictions resulted in significant declines in spending during August and September 2021, leading to the slowing in annual retail growth.

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 2021, the total workforce (employees and self-employed) in the city rose by 29%, to 54,359 people in March 2021. Workforce numbers have increased by 53% 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 81% and construction increased by 88%. The range of sectors contributing to growth reduces economic exposure should any downturn affect one or two sectors and provides for a more robust economy

CONCLUSION

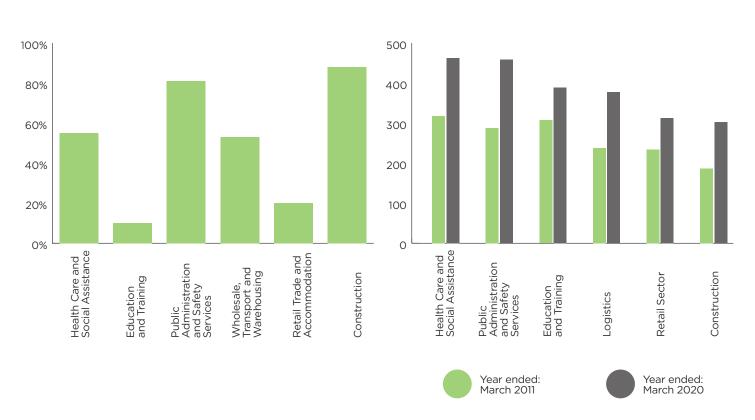
COVID-19 restrictions on business activity and movement of people since March 2020 contributed to brief periods of weak economic growth and a rise in unemployment in the city. Still, the city's economy has recovered strongly, with GDP in the city 7.4% higher than two years ago (years ended March). The growth rate for New Zealand was 3.7%.

Overseas travel restrictions since February 2020 have impacted international arrivals, including tourists, students, former refuges and 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. International visitor and migrant arrivals will increase once the border is fully opened to migrants from all countries later in the year.

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 the 2022-23 Summer. 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 2021:

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





WĀHANGA TUARUA SECTION TWO

NGĀ MAHI A TE KAUNIHERA WHAT THE COUNCIL DOES

Whāinga 1: He tāone auaha, he tāone tiputipu		Whāinga 3: He hapori tūhonoho he hapori haumaru	no,	Whāinga 5: He Kaunihera ahunui, whakamana i te iwi		
Goal 1: An innovative growing city	′	Goal 3: A connected and safe community		Goal 5: A driven and enablin	g Counc	
City Growth (Includes Housing and Future Development and Urban Design)	38	Connected Communities (Includes Community Facilities,	84	Good Governance and Active Citizenship	14	
Economic Development	44	Community Development, Social Housing Healthy Communities, Events and Festiv	0.	Council's Performance Strategic Investments	14 15	
(Includes Economic Development and International Relations)		Safe Communities	95			
Active and Public Transport	51					
Strategic Transport (Roading)	56	Whāinga 4: He tāone tautaiao				
		Goal 4: An eco city				
Whāinga 2: He tāone whakaihiihi tapatapahi ana	,	Climate Change	102			
Goal 2: A creative and exciting cit	У	Environmental Sustainability	106			
Active Communities	64	(Includes Sustainable Practices and Biodiversity)				
Arts and Heritage	72	Manawatū River	112			
City Shaping	77	Resource Recovery	116			
(Includes City Making, City Centre, Placemaking)		Stormwater	121			
		Wastewater	126			
		Water	132			

WHAT THE COUNCIL DOES

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. The council develops a vision and goals in consultation with the community. These are called community outcomes. Many of the community outcomes also require collaboration and involvement from other organisations in the community to achieve them.

Council's goals as set in the 10-Year Plan for 2021/31 were:

Whāinga 1 - He tāone auaha, he tāone tiputipu Goal 1 - 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, and positions itself to take advantage of the change to fuel sustainable growth, prosperity and wellbeing.

Whāinga 2 - He Tāone whakaihiihi tapatapahi ana Goal 2 - Creative + Exciting City

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

Whāinga 3 - He hapori tūhonohono he hapori haumaru Goal 3 - Connected + 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 in which to live, study, work and play. A city that embraces its lwi heritage and partnership, and where people connect with the city's past, celebrating its history and heritage.

Whāinga 4 - He Tāone Tautaiao Goal 4 - 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 to society from creating clean energy, lowering carbon emissions, and reducing our ecological footprint.

Whāinga 5 - He kaunihera ahunui whakamana i te iwi Goal 5 - Driven + Enabling Council

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

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 is included in the activities sections that follow.

FINANCIAL RESULTS

Operational Summary by Activity

All Activities

	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
REVENUE				
Innovative and Growing City				
City Growth	5,639	6,048	(409)	6,010
Economic Development	851	1,136	(285)	862
Creative and Exciting City				
Active Communities	3,488	2,813	675	2,831
Arts and Heritage	233	96	137	113
City Shaping	-	-	-	-
Connected and Safe Community				
Connected Communities	4,959	4,789	170	4,630
Safe Communities	1,020	866	154	1,078
Eco-City				
Climate change mitigation and adaption	-	-	-	-
Environmental sustainability	2	-	2	58
Manawatū River	-	10	(10)	-
Resource Recovery	3,593	3,105	488	2,993
Transport				
Roading	8,473	8,824	(351)	8,017
Active and Public Transport	403	1,197	(794)	970
Stormwater	33	6	27	24
Wastewater	1,513	1,431	82	1,550
Water	111	95	16	43
Driven and Enabling Council				
Governance and Active Citizenship	1,084	220	864	1,032
Organisational performance	718	401	317	649
Strategic Investments	3,867	4,051	(184)	3,837
TOTAL REVENUE	35,987	35,088	899	34,697
				· ·
EXPENSES				
Innovative and Growing City				
City Growth	9,787	9,847	60	8,366
Economic Development	5,296	5,477	181	4,483
Creative and Exciting City				
Active Communities	23,605	20,466	(3,139)	21,928
Arts and Heritage	9,616	8,914	(702)	8,985
City Shaping	508	618	110	353
Connected and Safe Community				
Connected Communities	22,906	23,021	115	21,760
Safe Communities	2,570	2,274	(296)	2,550
Eco-City			, ,	
Climate change mitigation and adaption	131	222	91	-
Environmental sustainability	1,048	1,006	(42)	721
Manawatū River	140	142	2	56
Resource Recovery	8,856	8,416	(440)	7,850
Transport	,,,,,	-,	(- /	,
Roading	24,551	26,150	1,599	22,144
Active and Public Transport	3,382	5,817	2,435	4,005
Stormwater	4,369	4,435	66	4,084
Wastewater	11,496	11,940	444	11,861
Water	8,585	8,938	353	8,064
Driven and Enabling Council	0,303	0,550	555	0,004
	11 507	Ω 21/1	(2 272)	10 /12
Governance and Active Citizenship	11,587 309	9,214	(2,373) 2,801	10,412
Organisational performance		3,110 4,701		3,524
Strategic Investments TOTAL EVENUES:	4,841	4,791 45.4.709	(50)	3,953
TOTAL EXPENSES	153,583	154,798	1,215	145,099

	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
NET OPERATING COST OF ACTIVITY	(117,596)	(119,710)	2,114	(110,402)
RATING ALLOCATION				
Add back depreciation	38,801	38,210	591	36,784
Add back Transfers to/from reserves	-	3,324	(3,324)	=
Less Renewal capital expenditure	(26,631)	(30,778)	4,147	(23,310)
Add/(Less) borrowing effect of renewal 3 year averaging	619	619	-	1,052
Add external revenue for renewal capital	4,842	4,719	123	6,011
Add proceeds from sale of assets	111	-	111	175
Less provision for debt reduction	(8,576)	(5,443)	(3,133)	(7,131)
Add targeted rates allocation	27,442	27,303	139	23,252
Add general rates allocation	82,258	81,756	502	77,848
FUNDING SURPLUS/(DEFICIT)	1,270	-	1,270	4,279

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.

NET OPERATING COST OF ALL OPERATING ACTIVITIES	(117,596)	(119,710)	2,114	(110,402)
Add back non-cash depreciation	38,801	38,210	(591)	36,784
Add targeted rates allocation	27,442	27,303	139	23,252
Add general rates allocation	82,258	81,756	502	77,848
NET RATES-FUNDING AVAILABLE FOR RENEWAL CAPITAL EXPENDITURE AND DEBT REDUCTION	30,905	27,559	3,346	27,482

Council finished the year with a favourable variance of \$3.3m to its direct rates-funded operating cost budget. The major parts of the favourable variance were made up of the operating programmes for Digital Transformation and Enterprise Resource Planning (ERP) (2.6M). These amounts have been carried forward to 2022/23 to enable completion of the projects.

Note: Some of the 2021 comparatives have changed because individual activities within groups of activities have changed.

Since the time the 10-Year Plan 2021-31 was developed, we have determined that certain items are better disclosed against different lines in the Long Term Plan 2021/22 budget. These items are:

ITEM	REASON FOR CHANGE TO BUDGET		
Business improvement district (BID)	It was ascertained that this should be reported as a targeted rate rather than general rates, and in the city centre subactivity rather placemaking subactivity.		
Cuba Street urban streetscape improvements – Rangitikei to George Street (Stage 2)	For consistency with the new budget, the carry forward budget has been added to the capital project within City Shaping rather than Strategic Transport (Roading).		
Seismically brace the HVAC piping	For consistency with prior year budget, the carry forward budget has been treated as Capital Renewal instead of Capital New.		

Policy target	Actual	Policy target	Actual	Policy target	Actual
80-100%	90%	-	-	0-19%	10%
80-100%	94%	-	-	0-19%	6%
80-100%	100%		-	0-19%	-
20-39%	62%	60-79%	38%	-	-
80-100%	98%	-	=	0-19%*	2%
20-39%	32%	60-79%	68%	-	-
80-100%	100%		=	-	-
0-19%*	22%	80-100%	78%	-	-
80-100%	100%	0-19%	-	-	-
80-100%	100%	-	-	-	-
-	=	80-100%	100%	-	-
80-100%	76%	0-19%	=	0-19%	24%
80-100%	94%	-	=	0-19%	6%
80-100%	80%	-	=	0-19%	20%
80-100%	74%	-	=	0-19%*	26%
80-100%	94%	-	-	0-19%	6%
80-100%	90%	-	-	0-19%	10%
60-79%	18%	-	-	20-39%	82%
,					
80-100%	-	0-19%	-	0-19%	-
80-100%	100%	0-19%	-	0-19%	-
80-100%	100%	0-19%	-	0-19%	-
80-100%	100%	-	-	-	-
80-100%	100%	0-19%	-	0-19%	-
80-100%	92%	0-19%		0-19%*	8%
80-100%	100%	0-19%	=	0-19%	=
60-79%	73%	20-39%	27%	=	-
80-100%	80%	0-19%	19%	0-19%*	1%
80-100%	96%	0-19%	3%	0-19%*	1%
80-100%	96%	0-19%	4%	-	-
80-100%	100%	0-19%*	-	-	-
80-100%	97%	0-19%*	3%	-	-
		_			
20-39%	44%	60-79%	56%	-	-
80-100%	87%	0-19%	13%	-	-
	80-100% 80-100% 20-39% 80-100% 20-39% 80-100%	80-100% 94% 80-100% 100% 20-39% 62% 80-100% 98% 20-39% 32% 80-100% 100% 0-19%* 22% 80-100% 100% 80-100% 94% 80-100% 94% 80-100% 94% 80-100% 94% 80-100% 90% 60-79% 18% 80-100% 100% 80-100% 100% 80-100% 100% 80-100% 100% 80-100% 100% 80-100% 100% 80-100% 100% 80-100% 100% 80-100% 100% 80-100% 92% 80-100% 100% 80-100% 96% 80-100% 96% 80-100% 96% 80-100% 96% 80-100% 96% 80-100% 96% 80-100% 96% 80-100% 96% 80-100% 96% 80-100% 96% 80-100% 96% 80-100% 96% 80-100% 96% 80-100% 96% 80-100% 96% 80-100% 96% 80-100% 96% 80-100% 96%	80-100% 94% 100% 20-39% 62% 60-79% 80-100% 98% - 20-39% 32% 60-79% 80-100% 100% - 0-19%* 22% 80-100% 80-100% 100% 0-19% 80-100% 94% - 80-100% 94% - 80-100% 94% - 80-100% 94% - 80-100% 94% - 80-100% 94% - 80-100% 90% - 60-79% 18% - 80-100% 100% 0-19% 80-100% 100% 0-19% 80-100% 100% 0-19% 80-100% 100% 0-19% 80-100% 100% 0-19% 80-100% 100% 0-19% 80-100% 100% 0-19% 80-100% 100% 0-19% 80-100% 100% 0-19% 80-100% 100% 0-19% 80-100% 100% 0-19% 80-100% 100% 0-19% 80-100% 100% 0-19% 80-100% 100% 0-19% 80-100% 96% 0-19% 96% 0-19% 96% 0-19% 96% 0-19% 96% 0	80-100% 94% - - - 20-39% 62% 60-79% 38% 80-100% 98% - - 20-39% 32% 60-79% 68% 80-100% 100% - - 0-19%* 22% 80-100% 78% 80-100% 100% 0-19% - 80-100% 76% 0-19% - 80-100% 76% 0-19% - 80-100% 74% - - 80-100% 94% - - 80-100% 94% - - 80-100% 94% - - 80-100% 94% - - 80-100% 94% - - 80-100% 90% - - 80-100% 100% 0-19% - 80-100% 100% 0-19% - 80-100% 100% 0-19% - 80-100% 100% 0-19% - 80-100% 100% 0-	80-100% 94% 0-19% 0-19%* 20-39% 62% 60-79% 38% - 0-19%* 20-39% 32% 60-79% 68% - 0-19%* 20-39% 32% 60-79% 68% 0-19%* 20-39% 32% 80-100% 78% 0-19%* 80-100% 100% 0-19% - 0-19%* 80-100% 94% 0-19% 0-19%* 80-100% 94% 0-19%* 80-100% 94% 0-19%* 80-100% 94% 0-19%* 80-100% 94% 0-19%* 80-100% 94% 0-19%* 80-100% 94% 0-19%* 80-100% 94% 0-19%* 80-100% 94% 0-19%* 80-100% 94% 0-19%* 80-100% 94% 0-19%* 80-100% 90% 0-19%* 80-100% 90% 0-19%* 80-100% 100% 0-19% - 0-19%* 80-100% 100% 0-19% - 0-19%* 80-100% 100% 0-19% - 0-19%* 80-100% 100% 0-19% - 0-19%* 80-100% 100% 0-19% - 0-19%* 80-100% 100% 0-19% - 0-19%* 80-100% 100% 0-19% - 0-19%* 80-100% 100% 0-19% - 0-19%* 80-100% 100% 0-19% - 0-19%* 80-100% 100% 0-19% - 0-19%* 80-100% 100% 0-19% - 0-19%* 80-100% 96% 0-19% 3% 0-19%* 80-100% 96% 0-19% 4%

FUNDING OF ACTIVITIES	General rates/ta	General rates/targeted rates		d charges	Other		
AND SERVICES	Policy target	Actual	Policy target	Actual	Policy target	Actual	
Public toilets	80-100%	100%	0-19%	=	-	-	
Social Housing	0-19%	20%	80-100%	80%	-	-	
Support to community groups	80-100%	98%	-	=	0-19%*	2%	
Central Energy Trust Wildbase	80-100%	100%	0-19%	-	0-19%		
Community and Commemorative Events	80-100%	91%	0-19%*	9%	0-19%	-	
Public Health	60-79%	74%	20-39%	26%	-	-	
Safe Communities							
Animal Control	0-19%	10%	80-100%	90%	-		
Civil Defence	80-100%	92%	0-19%	-	0-19%*	8%	
Safer Community Initiatives	80-100%	100%	-	-	-		
ECO-CITY							
Resource recovery							
Landfill Management	80-100%	21%	0-19%	79%	-		
Waste Management	0-19%	37%	80-100%	63%	-		
Waste Minimisation	80-100%	67%	0-19%	26%	0-19%	7%	
Environmental sustainability							
Climate Change and Mitigation	80-100%	100%	-	=	-	-	
Biodiversity	80-100%	100%	-	=	-	-	
Support to environmental groups	80-100%	100%	-	-	-		
Sustainable Practices	80-100%	100%	-	=	-	-	
Manawatū river	80-100%	100%	-	-	-		
Stormwater	80-100%	100%	0-19%	-	-		
Wastewater	80-100%	87%	0-19%	10%	0-19%*	3%	
Water	80-100%	99%	0-19%*	1%	0-19%*		
DRIVEN AND ENABLING COUNCIL	'						
Governance and active citizenship							
Councillor Meetings and Administration	80-100%	99%	0-19%*	1%	-	-	
Direction Setting	80-100%	86%	0-19%*	14%	-	-	
Elections	80-100%	100%	-	-	0-19%	-	
Mayoral and Chief Executive's Office	80-100%	99%	-	-	0-19%*	1%	
Organisational performance	-	-	-	-	80-100%	100%	
Strategic investments	0-19%*	20%	_	-	80-100%	80%	

^{*}No targets were listed in LTP 2021-31 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 framework, meaning the venue was unable to be utilised for periods of the year.

Planning Services

Private - Higher expenses due to use of professional services to meet legislative timeframes.

Cemeteries

Net variance was within budget. Activity was budgeted to be outside policy for 2021/22.

Waste management

Outside policy due to higher wage expenses than budgeted.

CAPITAL EXPENDITURE SUMMARY BY ACTIVITY	Actual 2022 \$000	2022	Variance 2022 \$000	Actual 2021 \$000
CAPITAL RENEWAL				
Innovative and Growing City				
Economic Development	479	661	182	266
Creative and Exciting City				
Active Communities	2,519	4,144	1,625	3,311
Arts and Heritage	735	885	150	648
City Shaping	-	-	=	-
Connected and Safe Community				
Connected Communities ¹	2,548	3,134	586	1,735
Safe Communities	108	131	23	-
Eco-City				
Environmental sustainability	-	-	=	-
Manawatū River	1	2	1	-
Resource Recovery	410	421	11	129
Transport				
Roading	4,494	5,336	842	3,492
Active and Public Transport	581	872	291	1,039
Stormwater	841	875	34	745
Wastewater	4,004	5,040	1,036	4,850
Water	4,157	4,376	219	3,959
Driven and Enabling Council				
Organisational performance	2,086	2,581	495	1,433
Strategic Investments	3,669	2,320	(1,348)	1,703
TOTAL CAPITAL RENEWAL	26,631	30,778	4,147	23,310

¹Refer to page 30

CAPITAL EXPENDITURE SUMMARY BY ACTIVITY	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
Innovative and Growing City				
Economic Development	16	15	(1)	-
Creative and Exciting City				
Active Communities	2,079	3,768	1,689	17,237
Arts and Heritage	355	2,618	2,263	524
City Shaping ¹	802	4,470	3,668	182
Connected and Safe Community				
Connected Communities ¹	2,566	4,308	1,742	5,340
Safe Communities	595	2,320	1,725	103
Eco-City				
Climate change mitigation and adaption	-	1,000	1,000	-
Environmental sustainability	316	145	(171)	81
Manawatū River	1,539	2,671	1,132	=
Resource Recovery	330	770	440	430
Transport				
Roading ¹	3,465	17,461	13,996	6,312
Active and Public Transport	940	5,631	4,691	1,817
Stormwater	1,523	7,062	5,539	1,160
Wastewater	3,172	5,825	2,653	2,256
Water	2,063	7,724	5,661	4,274
Driven and Enabling Council				
Governance and Active Citizenship	-	80	80	4
Organisational performance	746	836	90	12
Strategic Investments	824	511	(313)	190
TOTAL CAPITAL NEW	21,331	67,215	45,884	39,922
TOTAL CAPITAL PROJECTS	47,962	97,993	50,031	63,232

Note: Further information for individual capital programmes can be found within the activity pages.

Note: There are some negative values for actuals in 2022 against programmes. This is due to estimates made in 2021 that ended up being slightly higher than the actual expenditure.

¹Refer to page 30

SUMMARY OF NON-FINANCIAL PERFORMANCE MEASURES

The following table records a summary of the non-financial performance achievements 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 tāor Goal 1 - An innovative growing city	ne tiputipu	
City Growth	5	2
Strategic Transport (Roading)	5	3
Active and Public Transport	N/A	N/A
Economic Development	2	1
Whāinga 2 - He tāone whakaihiihi, ta Goal 2 - A creative and exciting city	apatapahi ana	
Active Communities	5	3
Arts, Culture and Heritage	5	3
City Shaping	2	1
Whāinga 3 - He hapori tūhonohono, Goal 3 - A connected and safe comm		
Connected Communities	9	7
Safe Communities	3	3
Whāinga 4 - He tāone tautaiao Goal 4 - An eco city		
Climate Change	3	3
Resource Recovery	2	2
Environmental Sustainability	2	2
Stormwater	5	4
Wastewater	5	4
Water Supply Manawatū River	9	8
	I	· · · · · · · · · · · · · · · · · · ·
Whāinga 5 - He Kaunihera ahunui, w Goal 5 - A driven and enabling Counc		
Good Governance and Active Citizenship	1	0
Organisational Performance	N/A*	N/A*
Strategic Investments	N/A*	N/A*
Total Measures	64	47

 $^{^{\}ast}$ - This area does not have external measures of Levels of Service that are reported on.





CITY GROWTH

WHAT THE COUNCIL DOES

City Growth covers our plans for housing and future development and urban design. For more information see our City Growth Plan.

Housing and Future Development

The National Policy Statement for Urban Development requires us to provide enough land to meet the expected demand for development. Well-designed and connected city development helps contribute to more affordable housing and long-term prosperity. Housing and Future Development also provides direction on where and how the city will develop to meet strong projected growth.

Urban Design

Where and how we develop and grow has a direct impact on both the competition for space and the function and quality of the places and spaces we create, like neighbourhoods, streets, buildings and open spaces. Good urban design is both the process and the outcome of creating connected, attractive, vibrant and prosperous places and spaces for people. This is a fundamental consideration in all elements of our city's growth and is a key tool to encourage development, attract and retain talent, promote the health and wellbeing of individuals and communities; and enhance our city's reputation. We're focused on being a leader

in applying urban design best practices to create new opportunities for Palmy to prosper and grow sustainably. This includes work on some of our own key city projects as well as how we work alongside and support the development community.





WHAT HAPPENED IN THE YEAR

Building Services

The Building Services team had another busy year. Building consent applications continued to stream in as did the number of inspections conducted. However, the continued effects of COVID-19 on the industry and severe supply chain issues have slowed construction activity in the latter part of the year.

Our Building Services team is better poised to meet current and future demands following some recruitment and retention measures that occurred in previous years.

The number of building consent applications dropped by 13% over the previous year (1287 received in 2021/22, down from 1506 received in 2020/21). Council fell just short of its target with 94% of these processed within the statutory timeframes. Driving this service shortfall was the staff shortages because of the competitive job market and COVID-19-related absences throughout the industry. The region's growth in major construction projects has slowed a little due to supply chain and economic drivers, however, there is still a large forward projected workload in this area, particularly in Defence Force projects at Linton Camp and Ohakea Base.

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) has continued, with all potentially EPB having now been identified and notified. The national register continues to be populated with confirmed local EPBs, as per the new legislation and approximately 30% of all notices have now been issued.

Business

The city's land-use strategies for business and industrial development are well embedded. Our strategy to prioritise pedestrian-based retail in the city centre and destination vehicle-orientated retail in the outer business areas fronting key arterial city entrance roads is working well. Retail growth in the city has been solid over the last 12 months with the city's role as a regional shopping hub strengthening. Further development of large format retail activity has occurred in the Outer and Fringe Business Zones in the last 12 months after a period of low investment in the past.

The Notice of Requirement process for the 177-hectare KiwiRail freight hub was completed in late 2022. Following the completion of the KiwiRail Regional Freight Hub and ongoing investigations by Waka Kotahi regarding the Regional Freight Ring Road, CEDA and the Council have now turned their attention to a collaborative exercise that sought to ensure the KiwiRail Regional Freight Hub contributed to the development of a nationally significant, integrated multi-modal freight and distribution hub that offered more

than just co-location benefits for freight operators. The Te Utanganui Master Plan (Central New Zealand Distribution Hub) project was initiated in late 2021 in partnership with Rangitāne and key stakeholders. The purpose of the master plan is to develop a land-use planning framework to respond to the region's future needs for freight and distribution activities and give local, central government, institutional and private stakeholders confidence to invest in the city.

Housing

A series of District Plan changes are underway or will soon be, to deliver on our 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:

- ➢ Roxburgh Crescent
- Whiskey Creek (Private Plan Change)
- Intensification (in response to the National Policy Statement Urban Development)

Plan changes for Aokautere, Ashhurst, Roxburgh Crescent, Intensification and Kakatangiata are well underway. Aokautere and the Intensification Plan Changes will be notified in the second half of 2022/early 2023. We expect that Kakatangiata will be reported to Council seeking approval in February 2023 for notification in December 2023.

The private plan change request for 160 houses at Whisky Creek will finish its commissioner hearing on 11 July 2022. Subject to appeals, it is envisaged the plan change will be operative and the land rezoned in the last quarter of 2022. We're also progressing the proposed repurposing of Huia Street reserve and Summerhays Street reserve for housing with the associated plan change being developed in the last quarter of 2022.

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.

Council has initiated a work programme to update the housing capacity assessment due to be completed in mid-2023.

Planning

583 Planning applications were lodged with Council over the past year with 459 consents being granted. These numbers are high but are comparable to last year. We have recruited two vacancies during the year, and this has helped us manage the high workloads. The need to use external consultants for processing purposes however still exists.

Public enquiries on land development also remain high. We've exceeded expected revenue due to the high consent numbers, yet expenditure on consultants was higher than expected. Overall, our financial position was moderately negative.

Significant consents granted and currently being processed during the year included:

- > A variation to an existing Windfarm consent
- Multiple Kāinga Ora social housing projects
- Several multi-unit developments
- Multiple residential and lifestyle subdivisions

Several initiatives to improve efficiencies are currently being developed including; improving the customer journey, reviewing the pre-application process, providing development guidance documents and improving the coordination between Planning, Building and Infrastructure to provide a better customer experience.

The Build Palmy forum has been developed to better connect with the development community to share our initiatives and information and receive external feedback.

This forum provides us with the opportunity to understand the issues facing the development community from their perspective.

This will help us to develop responses accordingly.

Urban Design

The city continues to face many of the urban issues other cities are facing globally that are impacting overall well-being - COVID-19, effects of climate change, congestion, increased housing and living costs, inequality, and safety. We continue to promote, advocate and collaborate to ensure good urban design principles and practices are being applied across many projects at varying scales to address such challenges. There is an increasing need to work more collaboratively and creatively at all levels to confront and find the local solutions to such urban issues and challenges.

There is an increasing presence of higher density, multiunit housing developments now being constructed and occupied across the city assisting to provide a muchneeded boost in new housing choice and supply to the market. Proposals previously consented are now moving into construction though increased construction costs and supply chain issues are impacting speed and confidence by some to deliver. There is still a high interest in achieving greater density on many residential zoned sites with 2–3 storey terraced housing and apartments proposals now being commonplace when presented during pre-application meetings for resource consent. There has been a slight increase in interest from private developers in redeveloping city centre buildings to mixed-use or residential living, though generally, the majority is still moving at a slow pace.

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 to the Creative City Conversations programme.



ONGOING CONSIDERATIONS

Building Services

A remuneration and structure review was completed in the latter half of 2021 for the Building Services team and will support the service more favourably to attract skilled staff as well as define a more structured career growth path for developing staff. Already the changes have been beneficial in both attracting and retaining staff, with highly experienced officers now available to provide mentoring and coaching opportunities for sustained development. Continuous improvement enhancements within current practices and further adoption of digitization throughout the range of Building Services activities continue to raise performance and accurate record keeping.

Business

The city continues to give effect to a settled centres-based retail strategy where pedestrian-based retail activity is promoted in the city centre and vehicle-based destination retail is provided for in the Outer and Fringe Business Zones that front city entrance roads. Providing regulatory settings to promote investment in office development in the city centre is becoming an important resource management issue as out-of-centre office investment continues to be preferred by the market. The regulatory requirement need to remedy earthquake-prone buildings over the next decade provides an opportunity to promote investment in city centre office development over this period. Local suburban centres continue to meet the needs of their communities. The promotion of residential intensification within walkable distances to suburban centres will further strengthen the commercial and connected community function these suburban centres play.

Council's Industrial Landuse Strategy is complete. A shortage of industrial land for small to medium-scale industrial development is being addressed in part by Plan Change H, Kakatangiata, urban growth plan change. However, further work is needed to identify additional land for industrial development. Large-scale industrial development for the fast-growing logistics and distribution sector is provided for at the North East Industrial Zone (NEIZ) and has been further supported by the proposed co-location of the KiwiRail freight distribution hub in the area. Work is being undertaken to look at opportunities to rezone additional land to provide opportunities to further develop a multi-modal freight and distribution hub at the NEIZ.

Housing

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. Plan Change I, Residential Intensification, is being developed in response to NPS direction and will provide an additional planning tool to enable housing supply in a timelier manner. The promotion of minor-dwellings to assist with enabling affordable rental housing stock in the city will continue to be supported. Council also needs to begin aligning its District Plan with new National Planning Standards. Significantly more land for housing will be rezoned to provide for sufficient short, medium, and long-term growth requirements.

Planning

A strong focus will be placed on implementing a more appropriate team structure that supports the the well-being and development of Officers who operate in a complex environment, gaining efficiencies through enhanced processes, collaboration with neighboring Councils and the proposed RMA reforms.

Urban Design

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

HOW DID WE PERFORM

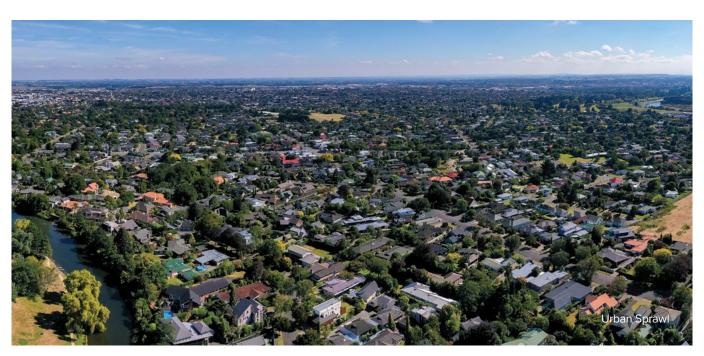
WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Provide enough development capacity to meet expected demand for housing and business in the short, medium and long term.	Enough land is zoned, infrastructure enabled and feasible to develop, to meet growth demand. Target: At least three years of housing and business land with services is immediately available.	Target Not Met	Greenfield supply is limited, due to insufficient land being zoned and existing land at Whakarongo and Kikiwhenua not yet being serviced. Plan Change G: Aokautere has been approved to be notified, and will eventually provide additional capacity of 1000 houses to accommodate short-medium growth needs. Despite a lack of greenfield land, growth has been stronger than projected and has been able to be accommodated through infill and intensification. In excess of 25 years of supply is available for infill and intensification and, if the trend continues, can provide for housing needs until additional greenfield capacity has been enabled.
Perform the regulatory planning role under the Local Government Act and Resource Management Act.	Resource consent applications are processed within statutory frameworks. Target: 95%	Target Not Met	459 consents were processed for the year with 337 processed within timeframes (73%). It has been another extremely busy year for Planning Services with 583 consents lodged. A number of efficiency initiatives should place the team in a better position to improve the statutory timeframe percentage in 2022/23. (2020/21 – 85% - 378 of 444)
	3. Building consent applications are processed within statutory frameworks.	Target Not Met	Of 1287 consents processed, 1204 (94%) were within the statutory timeframe. This year has been affected by the continued effects of COVID-19.
	Target: 95%		(2020/21 – 93% - 1,321 of 1,413)
Provide public spaces (streets, open spaces, civic and community buildings, and infrastructure) that are sustainable, connected, diverse, integrated, adaptable, interesting, comfortable and safe.	4. City-wide urban design principles are reflected in planning advice and decision-making. (met through projects at Manawatū River, City Centre, Esplanade and Central Energy Trust Arena) Target: Narrative measure outlining how urban design principles are being implemented.	Target Met	Urban design expertise is informing council led District Plan changes under development including residential intensification to meet NPS-UD and other major greenfield growth projects in Aokautere, Kakatangiata and Roxburgh Cres. The Whiskey Creek Private Plan demonstrates a strong urban design led approach and clearly demonstrates closer alignment to city strategic direction. There is a higher level of integrated transport and land use planning (movement & place) underway that will greatly impact and improve future urban structure, form and function for the city. This includes projects such as Te Utanganui, Palmerston North System Improvement Plan, and the Palmerston North Parking Framework. COVID-19, staff resourcing and procurement is negatively impacting timing and delivery of key projects such as Streets for People and the Urban Transit Hub.
Work with the development community to increase knowledge and influence urban design outcomes.	5. There is an increase in range of building types being built in the city centre and local neighbourhoods (e.g. different densities, cohousing, CBD residential, green buildings). (Currently there is little innovation in the type of houses being built to meet changing demographics and needs) Target: Narrative measure outlining trends in the range of building types.	Target Met	Developers outside of the city are making enquiries into existing city centre commercial sites looking to convert buildings to mixed use models including studio apartments, though generally city-centre housing is not being developed at any real pace. Medium density housing applications around the periphery of the city-centre and across the broader Residential Zone of the city are still occurring though a little slower likely due to more challenging construction and economic conditions. Many proposals are still looking to deliver two-storey, duplexes and terraced rows at higher densities as land values remain high and the availability of developable land is tight. Work is underway to prepare a residential intensification plan change under National Policy Statement on Urban Development to make it easier to develop intensified housing in appropriate locations across the city.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary	Actual 2022	Budget 2022	Variance 2022	Actual 2021
City Growth	\$000	\$000	\$ 000	\$000
REVENUE				
Building Services	4,036	4,747	(711)	4,414
Planning Services - Private	1,603	1,302	301	1,596
TOTAL REVENUE	5,639	6,049	(410)	6,010
EXPENSES				
Building Services	5,942	6,406	464	5,805
Housing and Future development	275	524	249	-
Planning Services - Private	2,064	1,381	(683)	1,585
Planning Services - Public	1,002	1,058	56	595
Urban Design	504	478	(26)	381
TOTAL EXPENSES	9,787	9,847	60	8,366
NET OPERATING COST OF ACTIVITY	(4,148)	(3,798)	(350)	(2,356)
RATING ALLOCATION				
Add back depreciation	_	1	(1)	-
Add back Transfers to/from reserves	-	200	(200)	-
Add general rates allocation	4,148	3,597	551	2,356
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Building consents revenue and expenses were lower due to the impact of COVID-19 on our ability to source resources to complete consenting.

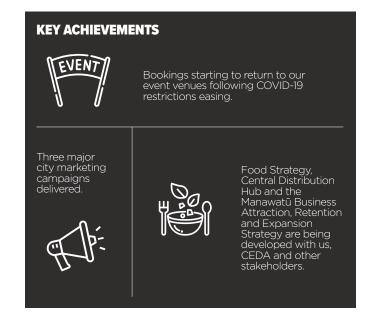
Planning Services expenses higher due to high number of consents needing to be processed. This was offset by higher revenue.



ECONOMIC DEVELOPMENT

WHAT THE COUNCIL DOES

Economic Development: Community wellbeing and increasing living standards are supported by a productive and sustainable local economy. A strong local economy will bring higher incomes and greater wealth to share throughout the community. The purpose of economic development is to support local industries and encourage investment in our city. Many of the actions for this Plan and Activity will be implemented through contractual relationships. These are currently with the Central Economic Development Agency (CEDA). International Relations: The focus of international relations activities between Palmerston North and other cities, regions, and governments is to promote the reputation and economic interests of the city. Its purpose is to strengthen international partnerships, including Sister Cities, to support the city's priority sectors and to encourage students and other visitors to Palmerston North.





WHAT HAPPENED IN THE YEAR

Business and Employment

CEDA's work across the key pillars of Economic Development, People, Place and Business, in partnership with our stakeholders, iwi and business community, has been as active as ever in continuing to support the region in identifying opportunities for success. CEDA has been working with partners on positioning our region as Central New Zealand's Distribution Hub through the development and implementation of Te Utanganui. This is our Strategy to future-proof our regional and national transport network, supporting population growth, competition in the logistics market and the increase in freight volumes predicted in future decades. The ongoing development of the Manawatū Food Strategy will be key in progressing our region to become a leading agrifood, science and innovation hub. This work will be undertaken in collaboration with key industry players to contribute to a healthy and sustainable food system for New Zealand andbeyond. Further to this the Manawatū Business Attraction, Retention and Expansion Strategy has been developed following engagement with industry and business leaders. The Strategy outlines key areas of focus and opportunities in the region, which we look forward to implementing through increased engagement across the business community. In the last six months CEDA has developed sector profiles and action plans for the Infrastructure and Construction, and Food and Fibre sectors, taking a partnership approach with the industry to identify areas of focus in the development, attraction and retention of talent and skills. This has led to the establishment of the Te Rōpū Tuapapa Infrastructure and Construction Collective Action Group to implement key actions identified as a result of the sector profiles. Another significant project for the region was rolling out the new regional identity, an asset that strategically positions the region, increasing recognition and pride and enabling us to tell our story of the region to raise our profile in a uniquely Manawatū way. Additional government funding secured through the Ministry of Business, Innovation and Employment as part of the Support, Recover, and Reset tourism funding, has meant opportunities for an increased level of activity in profiling the region through media, and a refreshed regional website to reflect the new regional identity and support our marketing initiatives.

Economic Events

The Palmy Conference + Function Centre hosts a range of events that bring significant economic benefits to the city. A number of events and the number of people attending events were adversely affected over the past year due to COVID-19 restrictions being in place for an extended period and the uncertainty this created for event organisers. Conference activity has been badly affected with only six taking place during the financial year. In comparison to the year prior to COVID-19 where 15 occurred, these events bring significant economic benefit through out-of-town visitation and spending. Bookings for the coming year are strong with 15 conferences already booked in the first six months of the new financial year. There are a lot of previously postponed or cancelled events back on the calendar and the venue is positioned well to bounce back from two trying years. Consumer and business confidence is returning in the events sector, and it appears that people are wanting to re-engage face to face, with a return to normality.

This year the venue hosted 260 events over the period, including:

- > 186 Seminars / Meetings

- Neddina

The Conference and Function Centre contributed \$1.97m in direct economic benefit to the city over the past financial year. This was \$.75m less than last year, reflecting reduced activity due to COVID-19 factors.

Major Events

Successful Major Event Fund applicants were severely impacted by COVID-19 Alert Level restrictions. Most events were cancelled or restricted and reframed by organisers.

Gravel and Tar UCI Road Cycling Events

This internationally significant, UCI accredited cycling event was cancelled due to border restrictions, limiting high-performance cyclists and their ability to travel to Palmerston North.

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. In 2022, planning was well advanced to deliver an event under several scenarios. Restrictive changes meant no plans were tenable and a full cancellation was made with an intent to return to Palmerston North in 2023.

Manawatū Jazz and Blues Festival

The Jazz and Blues Festival held performances in the city with a vibrant café performance schedule and mid-sized shows at The Globe Theatre. While primarily catering to local audiences, several out-of-town performers and bands were welcomed to the city. The secondary school's competition continues to attract bands from throughout the country. International artists are yet to return.

National Young Performer Awards

Palmerston North has been home to the National Young Performer Awards (NYPA) for the past seven years, and in 2018, Palmerston North City Council entered a Civic Partnership with PACANZ, naming Palmerston North as the permanent home of the event. The three-day event is held annually at The Regent and is a national competition comprising alternating performing art forms. This event was cancelled in 2021 and aims to return at 2022 Labour Day weekend.

Armageddon Expo

Palmerston North played host to this unique experience for the first time in 2021 and will return to Central Energy Trust Arena in 2022 and 2023.

City Marketing + Business Events

City marketing and business events have come inhouse, from CEDA, to be managed. We have completed multiple campaigns all with the purpose of growing the recognition of the city and making brand ambassadors for our residents. One of the biggest pieces of work we completed this year was setting up a base of promotional material for the city. As this was a new function, we were starting from nothing so it was important that we could quickly and easily tell the story of the city we all love.

Calling your city boring, landlocked, tasteless, and flat does not seem like the best idea. But for us, this tongue-in-cheek approach was just what we needed to make waves in the market and show how incredible our city is to live and play. Historically, Palmy has been the butt of the nation's jokes and our "Famous for" campaign was set to bust some myths and change people's perceptions about our slice of "Palmydise." This integrated campaign was around having a wide reach over the summer period. We had itinerary ads and articles in a range of publications from Air New Zealand to Ads on Demand.

The Palmy Pathways campaign focused on encouraging our residents to get out and explore their local pathways and gain a greater understanding of the breadth and depth of what is to offer in Palmy. We pushed out a campaign encouraging residents to tell us their favourite pathways boosting organic engagement.

Leveraging our city's strategic positioning, Palmy being the Food + Innovation capital of Aotearoa we have rolled out our "A taste of Palmy" campaign. This campaign focused on promoting the 200-plus bars, restaurants cafes and bakeries that we have in the city. We created the promotional campaign pushing customers directly into businesses by creating the Burnese on the road campaign.

Business Events

The business events industry has struggled significantly during COVID-19, so it has been an important focus for our team. We have built a good connection with the industry as the Manawatū Convention Bureau. We have worked to understand their business so we can continue to promote their venues and services.

We have begun planning for the implementation of the City and Business Events Forum. This forum will be an opportunity for the business events industry to come together and give us industry insight and knowledge and share upcoming information that will affect the region.

Meetings 2022 in Christchurch was our biggest opportunity to sell the region as a destination for business events and conferences. The conference gave us the chance to engage with a range of different conference professionals who are all ready and excited to bring their business to Palmy and Manawatū.

International Relations

Due to COVID interruptions and staff vacancies for half of 2021, a key focus for Council has been reconnecting with Palmerston North's Global City Partners 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 ongoing COVID-19 pandemic continues to prevent Council's planned international delegation activities for 2021/22. The International Relations Office continues to utilize digital engagement with global city partners and planning for future international and diplomatic corps visits to support key parts of our local economy as the world reopens.

In addition, the international education portfolio was returned to Council from CEDA. The global COVID-19 pandemic has had a detrimental impact on the sector so the key focus for Council is to work with Education New Zealand to support education providers with recovery and see the return of international students to the city.

ONGOING CONSIDERATIONS

Business and Employment

After a period of change, CEDA has settled into its work under a new board and Chief Executive with a refined focus on inward investment. Good progress has been made on Te Utanganui, the Central New Zealand Distribution Hub Strategy as it moves towards implementation. Further work is required on the Food Strategy to bring key stakeholders and partners on the journey. Given the close relationship between CEDA and Council's activities, it will be important that CEDA forms strong relationships at all levels of the Council from elected members, contract management and the Council, as a stakeholder of CEDA's activities. It will be important that CEDA monitors strategic discussions occurring amongst surrounding councils as part of local government reform and reflect on what that may mean for their activities and partnerships going forward.

Economic Events

Palmy Conference + Function Centre

It appears that with the easing of COVID-19 restrictions in April, the confidence of the business and community has begun to increase, which has is reflected in the significant increase in conference bookings for the next 12 months, with 15 booked for the first six months of the next financial year compared with six 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 within, 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 city benefits to prospective clients. It is anticipated that there will continue to be greater competition as major cities around the country who pre-COVID-19 focused on the international visitor market, will target regional conferences and business activity until full international travel confidence and visitation return. The venue's flexibility, full-service options and points of difference will therefore continue to be important to attracting events.

City Marketing + Business Events

All existing Major Event Fund recipients will be delivering their projects in the city in the coming year. Each has a unique and significant economic impact on Palmerston North through increased retail, hospitality and accommodation spending. They each deliver to discrete sectors such as sporting, arts and pop culture and contribute to the diversity of the local events sector.

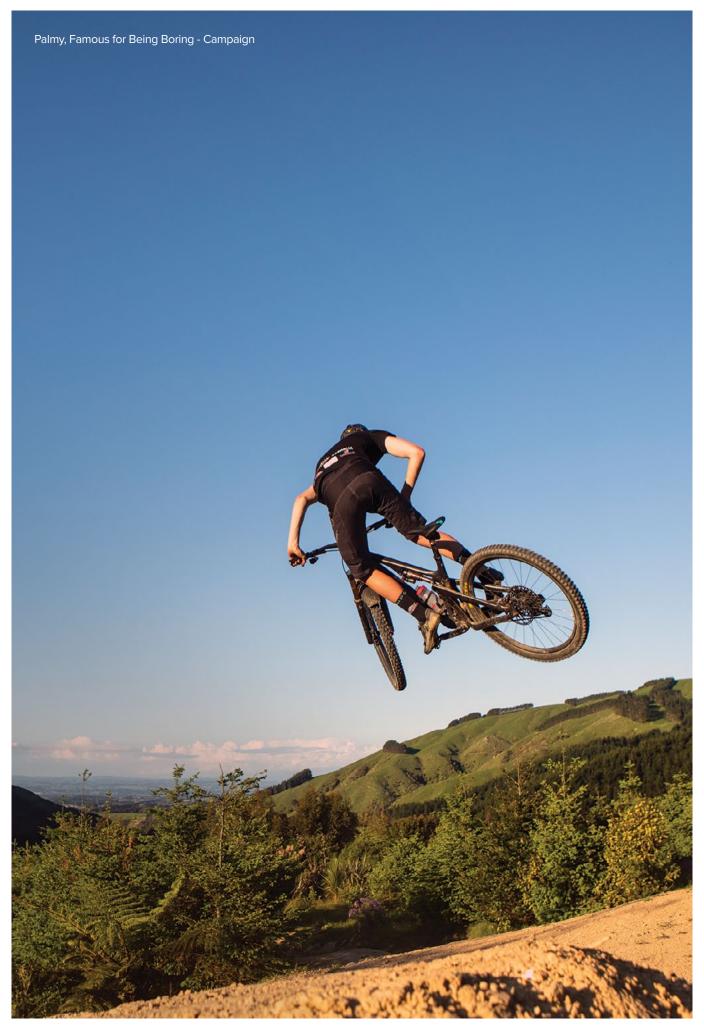
We'll continue to promote the city as a place to visit and enjoy all the natural advantages our city has to offer. City marketing and business events do not have a specific budget for implementation. We will have to review what level of campaigns we can do due to these budget constraints. Having limited budget for this area will mean a reduced level of service for the business events sector and a reliance on social media for city promotion.

International Relations

We're working with our global city partners to celebrate our 30th anniversary with Guiyang and 40th anniversary with Missoula, MT. An international delegation will be planned for 2023 to reconnect and assist the recovery of the international education sector. The International Relations Office will continue to work as a catalyst for the city's international growth.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Support economic wellbeing through funding of external organisations.	Funding is distributed, and the key objectives achieved. Target: Narrative measure outlining outcomes achieved by the funded organisations.	Target Met	CEDA funding was provided for 2021/22 with a 6 month report presented to the March meeting of the Joint Strategic Planning Committee. The Annual Report will be presented to the Joint Strategic Planning Committee later in 2022. The statement of expectations was rolled over for 2022/23.
Achieve a positive city reputation.	A positive city reputation is recognized. Target: Increases in positive sentiment, increase in levels of engagement, and formal survey/research.	Target Not Met	Media analysis shows there were 1538 media items related to Palmerston North in the year 25% were positive, 61% neutral and 14% negative. Many of the negative comments were about the tragic drownings in the city over the Christmas period. The city marketing campaign 'Famous for" continued to resonate with audiences within a two hour drive of the city. Other campaigns/collateral developed during this period included Palmy Proud, Palmy Food Guide and the Pathways guide which all help to build a positive sentiment for the city and encourage residents and visitors to experience the exciting opportunities Palmy has to offer. The 2022 Residents' Survey shows that residents' overall perceptions of Palmerston North declined in the past 12 months. There have been similar drops in their perceptions of Council's trust, reputation and services. There have also been drops for other Councils doing the same survey, so it is likely that the results are being impacted by the negative national mood due to Covid-19, cost of living, etc. Nevertheless, the results do reflect residents' attitudes towards Council.



FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Economic Development	Actual 2022	Budget 2022	Variance 2022	Actual 2021
REVENUE	\$000	\$000	\$000	\$000
City Marketing	53	100	(47)	65
Conference & Function Centre	639	910	(271)	671
Economic Development	151	126	25	126
International Relations	8	-	8	-
TOTAL REVENUE	851	1,136	(285)	862
EXPENSES				
City Marketing	550	590	40	139
Conference & Function Centre	1,668	1,875	207	1,392
Economic Development	2,547	2,346	(201)	2,589
Economic Events	170	200	30	163
International Relations	361	466	105	200
TOTAL EXPENSES	5,296	5,477	181	4,483
NET OPERATING COST OF ACTIVITY	(4,445)	(4,341)	(104)	(3,621)
	(4,443)	(4,541)	(104)	(3,021)
RATING ALLOCATION				
Add back depreciation	584	470	114	534
Less Renewal capital expenditure	(479)	(661)	182	(266)
Add/(Less) borrowing effect of renewal 3 year averaging	43	43	-	(25)
Less Provision for debt reduction	(7)	(7)	-	(14)
Add general rates allocation	4,304	4,496	(192)	3,392
FUNDING SURPLUS/(DEFICIT)			-	
Significant Activity Capital Projects Economic Development	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
CAPITAL RENEWAL				
251-Conference & Function Centre - Replacement of Equipment	21	36	15	
270-Holiday Park - Renewals	308	445	137	
664-Conference & Function Centre - Renewals	43	50	7	
1166-Conference & Function Centre - Equipment Purchases	93	70	(23)	
1730-Information Centre - Building Renewals	9	10	1	
1943-Information Centre Refurbishment	5	50	45	
TOTAL CAPITAL RENEWAL	479	661	182	266
CADITAL NEW				
CAPITAL NEW	40	45	443	
1933-Brand and Marketing Critical Equipment	16	15	(1)	

16

495

15

676

(1)

181

266

TOTAL CAPITAL NEW

TOTAL CAPITAL PROJECTS

ACTIVE AND PUBLIC TRANSPORT

WHAT THE COUNCIL DOES

Active and public transport have health and environmental benefits for our city. Walking and cycling are the most common forms of active transport, but there are also micro-mobility options like scootering and skateboarding.

Public transport in the city consists of the urban bus service and bus connections to surrounding towns and villages. The purpose is to increase the availability and uptake of active and public transport options.





WHAT HAPPENED IN THE YEAR

Footpaths

Council has invested strongly in maintaining and upgrading footpaths around the city and Ashhurst. In 2021/22, 2,862m2 of footpaths have been repaired or upgraded and 337m2 new paths built. A significant amount of footpath grinding has occurred to address 1,552 identified faults. Additionally, 47 pedestrian refuges and islands have been refreshed.

Several improvements have been made towards improving pedestrian safety on the network. This includes the construction of five new raised pedestrian crossings and one crossing upgraded to a raised crossing.

Planning work has occurred on the Highbury shopping precinct under the new streetscape improvement programme which aims to improve pedestrian access and amenity across all Palmy's neighbourhood retail and community centres. Officers are working with Ora Konnect, artists and other community stakeholders to co-design the space, which will be implemented later in 2022. The work aligns with other improvement projects in the area, including the new pedestrian crossings and upgrades to the public toilet facility.

Concept designs for Streets for People - Te Marae o Hine / The Square - have been developed, with additional detailed design work and costings for Stage 3, Square East, including the intersection with Broadway.

Active Transport

Council continues to plan, facilitate and deliver active transport improvements within the city. In 2021, e-scooters became available in the city with operators Beam, Flamingo and Lime making e-scooters available across the city. Since the launch on 1 November around 225,000 trips have been taken and over 400,000 kilometres covered.

Following the trial separated cycleway on Main Street West between Botanical Road and Pitt Street, Council approved for the cycleway to be made permanent. The trial materials have been replaced with temporary measures while the design of the permanent infrastructure is developed. The permanent cycleway is intended to be completed in 22/23.

A new shared path in Savage Park to connect College Street and Park Road has been constructed, and work has commenced on the Cloverlea Park path, to connect Benmore Avenue and Herbert Avenue.

Planning work has continued to progress in 2021/22 on some of our key strategic links. The Palmerston North Feilding pathway is being designed which is anticipated to be constructed in 22/23.

Work is underway on the Manawatū River Pathway to designate the necessary land, under the Resource Management Act. Additionally preliminary investigations have been undertaken on route options.

Preliminary options analyses on the cycling network across Aokautere and Summerhill has begun to connect the city to residential growth areas around Pacific Drive and Johnstone Drive. Several key links have been identified and are being investigated.

Several initiatives are being planned by Waka Kotahi. This includes the clip-on to the Ashhurst Bridge for pedestrians and cyclists and a shared path along Napier Road between Macpherson Grove and Roberts Line.

Investigations will continue into improvements for cycle storage across the city, covering e-bike charging, lockers, shelters, rails, racks and tool poles. During the 2021/22 financial year 6 new bike racks have been installed across Palmy. A bike port that can accommodate 10 bikes will also be installed later this year.

Palmy successfully obtained pre-implementation funding for Waka Kotahi Streets for People Programme (the 2021/22 iteration of the previous Innovating Streets programme). This foundation funding, 90% co-funded by Waka Kotahi, is enabling us to develop plans and build resources to implement a section of Featherston Street as part of the Urban Cycle Network Masterplan.

Council is committed in encouraging people to cycle:

- Through Sport Manawatū, Council funded over 1,000 children and 16 staff from 12 primary schools to participate in the bike ready programme.
- Palmy participated in February Bike Month where over 6,700 kilometres were ridden by officers as part of the Aotearoa Bike Challenge.

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 21/22 Horizons' reviewed their bus service and are looking to deliver a new service in late 2023 that aims to provide more direct routes and an overall better service for the community. To support the new service, Council is reviewing existing supporting infrastructure and identifying new infrastructure is needed. Additionally preliminary work is being undertaken on the Transit Hub in Main Street east, where a business case is planned to be developed.



ONGOING CONSIDERATIONS

As the city expands and population increases, there will be growing pressure on the transport network which is expected to lead to increased travel times and congestion. Provision for active and public transport can relieve the pressures on the network by moving people more efficiently by better utilising space and assets.

Cycling infrastructure projects continue to be challenging to implement due to the need to reallocate space within the road carriageway. It is recognised that a greater emphasis is needed on engaging with the community to develop buy-in and support for such projects moving forward.

Footpaths

Infrastructure work to support walking in the city will focus primarily on targeting faults and maintaining the footpath network.

Improving pedestrian outcomes will be key to leveraging improvements to public transport infrastructure and servicing the new network. Infrastructure improvements making it easier to cross the road to/from a bus stop is key, as well as improving walking links - covering the first and last mile of public transport journeys.

Public Transport

Council will continue to work collaboratively with Horizons Regional Council to deliver improved public transport services. With the change to bus routes under the Horizons Bus Network review, Council will be planning and investing in new bus stop infrastructure to support the new routes. The new service is anticipated to deliver a higher level of service to customers making it more attractive to use which will help support the city's strategic transport goals.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Active and Public Transport	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
REVENUE	\$000	2000	3000	3000
Active Transport	102	827	(725)	510
Footpaths	126	139	(13)	149
Public Transport	175	231	(56)	311
TOTAL REVENUE	403	1,197	(794)	970
EXPENSES				
Active Transport	996	2,480	1,484	1,516
Footpaths	2,172	2,967	795	2,146
Public Transport	214	370	156	343
TOTAL EXPENSES	3,382	5,817	2,435	4,005
NET OPERATING COST OF ACTIVITY	(2,979)	(4,620)	1,641	(3,035)
RATING ALLOCATION				
Add back depreciation	1,685	2,931	(1,246)	1,625
Less Renewal capital expenditure	(581)	(872)	291	(1,039)
Add/(Less) borrowing effect of renewal 3 year averaging	(16)	(16)	-	(12)
Add external revenue for renewal capital	-	367	(367)	-
Less provision for debt reduction	(387)	(387)	-	(450)
Add general rates allocation	2,278	2,597	(319)	2,911
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Footpaths expenditure was lower than budget due to depreciation.

Active transport revenue from Waka Kotahi subsidies were lower due to Covid-19 impact on supply chains and contractors. This also led to lower expenses.

Significant Activity Capital Projects Active and Public Transport	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
CAPITAL RENEWAL				
64-City-wide - Footpath Renewals (Waka Kotahi Subsidies)	580	650	70	
181-City-wide - Public Transport Infrastructure Renewals	-	30	30	
648-City-wide - Supporting Cycle Infrastructure Renewals	1	20	19	
2110-City-wide - Footpath Renewals (No Subsidy)	-	172	172	
TOTAL CAPITAL RENEWAL	581	872	291	1,039
CAPITAL NEW				
235-Manawatū River (Ashhurst to Riverside Drive) - Cycle/Pedestrian Pathway	8	45	37	
243-Urban Bus Terminal Redevelopment	-	75	75	
732-Summerhill Drive - Pedestrian and Cycle Improvements	-	103	103	
1039-Shared Path Connection - Riverside Drive to Railway Road	-	33	33	
1095-Palmerston North to Bunnythorpe Shared Path	-	90	90	
1257-City-wide - Cycle Phases at Intersections	-	42	42	
1358-City-wide - Footpath extension	-	38	38	
1444-City-wide - Shared path resilience	-	125	125	
1559-City-wide - Urban Cycle Infrastructure Network improvements	389	1,659	1,270	
1694-Summerhill Drive - On-Street Parking Infrastructure	65	50	(15)	
1803-Neighborhood Streetscape Improvements	83	330	247	
2026-Active Transport Measurement	75	200	125	
2056-City-wide - Supporting Cycle Infrastructure Improvements	27	76	49	
2057-Regional Shared Path Network Improvements	137	1,832	1,695	
2120-City-wide - Off Road Shared Path Network Improvements	153	415	262	
2121-City-wide - Footpath Improvements	3	518	515	
TOTAL CAPITAL NEW	940	5,631	4,691	1,817
TOTAL CAPITAL PROJECTS	1,521	6,503	4,982	2,856

STRATEGIC TRANSPORT (ROADING)

WHAT THE COUNCIL DOES

Strategic transport: Palmy's transport network needs to accommodate freight transport, recreational users, and commuters. The purpose of our Strategic Transport plan is to provide transport infrastructure that supports day-to-day city activity and city growth in ways that integrate active and public transport.





WHAT HAPPENED IN THE YEAR

Strategic Transport

We've established a Palmerston North Intergrated Transport Initaitive working group with Horizons, Waka Kotahi and Manawatū District Council to ensure the various stages and packages of the initative - covering regional freight, walking and cycling, public transport and land-use all continue to be delivered by us and our partners.

The key to enabling the safety, economic and livability outcomes of the initiative is to optimise the use of our roads and key transport routes to ensure they're functioning as intended. Over the past year, we have been working to define all our roads according to a movement or place hierarchy which will then lead to greater clarity around how we safely, efficiently and deliberately prioritise certain types of travel on each road across our network. For example - some streets where heavy trucks are the primary user will have none or minimal cycling features, and vice versa. This work is being finalised and will lead to the development of Palmy's Roads and Streets Framework to supersede our 2013 Street Design Manual.

We're also currently developing a citywide strategic parking framework to guide future decision-making on Council - controlled parking spaces for on-street and off-street parking. The framework will set out our aspirations and objectives for parking across the city, define priorities of use in different parts of the city, guide our strategies for managing supply and demand and outline our approach to setting parking fees and other restrictions. The past year has seen us undertake preliminary studies as well as initial engagement with key partners with a view to implementing the framework in 2023.

We have also been actively supporting Horizons through the development of the Regional Public Transport Plan 2022-32 and advocating for transformational changes for our residents in the Palmerston North Service Review 2022. We're investigating how the improvement and management of the city's public transport assets - including the Main Street East Urban Bus Terminal - can support the new network when it is implemented in late 2023.

Maintenance and Renewal

In 2021/22 Fulton Hogan became our new road maintenance contractor. Under the new road maintenance contract, new relationships, processes and programmes have been developed to improve our roading network. In the first year we've:

- Resealed 21 km of roading. We spent 60 per cent of our budget upgrading some of the asphalt roads in our residential areas, while the remainder went on chip sealing some rural or urban roads
- ➤ Replaced 272 m of kerb and channel
- > Undertook \$1.5 million worth of road surface repairs
- Made repairs to the joints on the Fitzherbert Bridge joints and Atawhai Rd retaining wall. Repaired Kahuterawa Road guardrails and Turitea Road bridge abutment storm damage repairs and stabilisation
- Vegetation management, street sweeping, sump cleaning and asset inspection were generally undertaken in line with the contract requirements

Network Improvements

The key focus of our capital investment has been on road safety improvements which have targeted safety infrastructure around schools, traffic calming of local roads and pedestrian safety crossings. The following safety improvements were installed:

- Raised platforms on Havelock Avenue
- Raised platforms on Churchill Avenue
- Raised platform and raised school crossing on Brighton Crescent
- Raised pedestrian crossing on Highbury Avenue near Pembroke Street
- Raised pedestrian crossing on Pembroke Streer near Highbury Avenue
- Raised school crossing on Highbury Avenue near Ronberg Street (Te Kura O Takaro)
- Raised school crossing on Highbury Avenue near Drayton Place (Te Kura O Wairau)
- Raised school crossing on Fairs Road near Rutland Place (Milson School)

Design work progressed for several projects which are anticipated to be delivered in early 22/23. These projects include:

- Raised platforms and raised school crossing on Herbert Avenue
- ➢ Pedestrian refuge islands on Fitzroy Street
- Raised crossing on Raymond Street outside Bunnythorpe Community Centre
- Ruahine Street raised school crossing outside Terrace End School
- Raised crossing upgrade outside Vogel Street Shops near Tremaine Avenue

Streetlight upgrades have also been completed on several streets within the city, to bring them up to lighting standard. The roads upgraded include, Acacia Street, Hilton Grove, Motuoapa PI, Karamea Cr, Mahia PI and Rhodes Drive.

An ongoing issue we're working on is an increase in street racing especially in our industrial areas. We've already added some physical deterrents like speed humps to make these areas less appealing for these types of motorists.

Regional Freight

We have worked collaboratively with Waka Kotahi and other partners to define and implement the various elements of the PNITI programme, including the setting up of a working group with partners to ensure progress is tracked and accounted for. Council is also progressing the development of Te Utanganui (Central New Zealand Distribution Hub) Masterplan which will align transformational and long-term developments at Palmerston North Airport, the North East Industrial Zone, KiwiRail Freight Hub and PNITI projects into a single spatial plan that maximises Palmerston North's appeal and competitiveness as one of New Zealand's primary multi-modal freight and logistics hubs.

ONGOING CONSIDERATIONS

Strategic Transport

As Palmerston North grows, congestion on key roads in the city will become more common. Resolving these issues along with increased safety risks and generation of emissions will require major infrastructure and behaviour 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.

Maintenance and Renewal

A major issue the city faces is the deterioration of our road network due to heavy traffic and the thin road structures. Maintaining and improving the ride quality and comfort for customers across the road network is a key focus for our maintenance and renewal programmes over the next couple of years. The focus will be on pothole repairs, heavy maintenance patching and resurfacing to help keep the seal intact. In future, a significant programme of road rehabilitation will be required to address the impact of heavy vehicles and keep on top of the deteriorating network.

Network Improvements

In line with the government's 'Road to Zero' vision, Council has collaborated with Waka Kotahi to identify safety priorities across the city to be included in a safety network programme of work. This programme will be complemented by our own minor road safety programme of work targeting minor safety interventions.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Provide an integrated multi- modal transport network that connects people and goods with destinations in a safe, efficient and sustainable manner and evolves to meet new transport demands	The change in the number of fatal and serious injury crashes from the previous year on the city's local road network. Target: Fewer than	Target Not Met	A total of 43 fatal and serious injury crashes have occurred in the 12 months to 30 June 2022, compared to 31 recorded in the 12 month period to 30 June 2021. (2020/21 – 29)
with less reliance on private motor-vehicles.	2. The average quality of ride on the sealed local road network, measured by smooth travel exposure. Target: Greater than 80%.	Target Met	The average quality of ride on the sealed local road network, measure by smooth travel exposure is 87%. (2020/21 – 85%)
	3. The percentage of the sealed local road network that is resurfaced. Target: More than 3.5%	Target Met	3.8% of the road network was resealed. (2020/21 – 5.4%)
	4. The percentage of footpaths that meet Council standard. Target: Greater than 93% rated 3 or above.	Target Met	The percentage of footpaths rated 3 or above is 96.5%. Footpath renewals will target footpaths rated poor (2) and very poor (1) as a priority for 22/23. (2020/21 – 95.5%)
	5. Percentage of requests for service relating to roads and footpaths responded to (with at least an initial response) within three working days). Target: Greater than 95% of safety and critical requests.	Target Not Met	9,634 out of 10,423 requests for service received (91%) were responded to within three working days. The majority of RFS relate to non-urgent work requests. Improvements to the RFS reporting system are required to report specifically on safety and critical requests. (2020/21 – 72.14% - 4,520 of 6,265)

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary

Strategic Transport (Roading)				
	Actual	Budget	Variance	Actual
	2022 \$000	2022 \$000	2022 \$000	2021 \$000
REVENUE		-	·	
Parking	3,885	4,853	(968)	4,309
Roads	3,258	2,961	297	2,582
Street Facilities	221	110	111	207
Street Lighting	355	394	(39)	391
Traffic Services	754	506	248	528
TOTAL REVENUE	8,473	8,824	(351)	8,017
EXPENSES				
Parking	2,481	2,728	247	2,542
Roads	13,582	15,428	1,846	12,354
Street Facilities	3,774	3,512	(262)	2,703
Street Lighting	1,790	1,851	61	1,859
Traffic Services	2,924	2,631	(293)	2,686
TOTAL EXPENSES	24,551	26,150	1,599	22,144
NET OPERATING COST OF ACTIVITY	(16,078)	(17,326)	1,248	(14,127)
RATING ALLOCATION				
Add back depreciation	8,931	10,007	(1,077)	8,358
Less Renewal capital expenditure	(4,494)	(5,336)	842	(3,492)
Add/(Less) borrowing effect of renewal 3 year averaging	707	707	-	(1,234)
Add external revenue for renewal capital	2,331	2,149	182	2,141
Less provision for debt reduction	(972)	(972)	-	(1,397)
Add general rates allocation	9,575	10,771	(1,196)	9,751
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Parking revenue budget was lower than budget due to assumptions around extended chargeable parking hours that did not end up progressing.

Roads expenses were lower due to depreciation expense being lower than budget, and the impact of Covid-19 on supply chains and ability to source contractors.

Significant Activity Capital Projects

Strategic Transport (Roading)

	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
CAPITAL RENEWAL	\$000	\$000	\$000	\$000
74-City-wide - Street Light Renewals	23	90	67	
82-Off-street Parking Renewals	20	65	45	
115-City-wide - Sealed Pavement Renewals (Waka Kotahi Subsidies)	1,121	2,491	1,370	
122-City-wide - Road Drainage Renewals	425	373	(52)	
139-City-wide - Sealed Road Resurfacing	2,794	2,000	(794)	
162-City-wide - Vehicle Crossing Renewals	-	103	103	
1443-City-wide - Road Drainage Replacements (Unsubsidised)	5	65	60	
1805-City-wide - Transport structure component renewal	106	100	(6)	
2109-City-wide - Sealed Pavement Renewals (No Subsidy)	-	49	49	
TOTAL CAPITAL RENEWAL	4,494	5,336	842	3,492
CAPITAL NEW				
201-Urban Growth - Development Contributions - Transport	190	200	10	
244-City Centre Streetscape Plan - Square East	(17)	351	368	
279-City-wide - Minor transport improvements	621	1,649	1,028	
324-Park Road / Cook Street - Intersection Improvements	388	200	(188)	
684-Longburn Rongotea Road/No. 1 Line Intersection - Safety Upgrade	_	250	250	
719-College Street - Implementation Plan for Transport Upgrade	20	=	(20)	
910-Ferguson Street (Linton Street to Pitt Street) - Road Widening and Traffic Signal Installation	-	9	9	
1003-Whakarongo - Intersection Upgrades	-	100	100	
1089-NEIZ - Richardsons Line Upgrade	-	15	15	
1362-Roberts/Railway Road North Intersection Safety Realignment	3	223	220	
1367-City-wide - Street Light Infill	574	846	272	
1578-Monrad Pencarrow Roundabout installation	427	196	(231)	
1615-City-wide - Parking and Traffic Signs and Marking	72	55	(17)	
1695-PNITI – Intersection & bridge improvements	5	918	913	
1804-Road drainage improvements	_	80	80	
1807-City-wide - Car park infrastructure improvements	64	475	411	
1808-City-wide - Street amenity improvements	182	274	92	
2058-Urban Growth - NEIZ - Transport	161	7,650	7,489	
2059-Urban Transport Improvements - Enabling PNITI				
2065-Urban Growth - Whakarongo - Transport	201	1,950	1,749	
5	514	200	(314)	
2119-Road to Zero - Transport Safety Improvements	42	1,170	1,128	
2123-Urban Growth - Kakatangiata - Transport	-	400	400	
2124-Urban Growth - Ashhurst - Transport	18	250	232	
TOTAL CAPITAL NEW	3,465	17,461	13,996	6,312
TOTAL CAPITAL PROJECTS	7,959	22,797	14,838	9,804

¹Refer to page 30

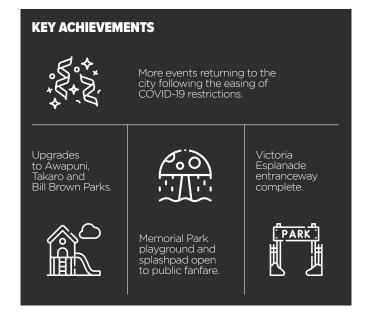


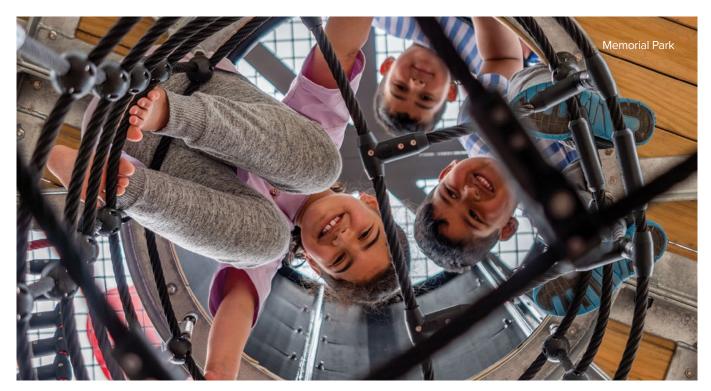


ACTIVE COMMUNITIES

WHAT THE COUNCIL DOES

People are generally healthier and happier in places where decision-makers prioritise physical activity. Being active contributes to all aspects of health; te whare tapa whā. The purpose of this Activity and Plan is for our community to access a range of play, active recreation and sports environments.





WHAT HAPPENED IN THE YEAR

Play and Active Recreation

Our 2021 asset assessment highlighted that our level of service varies across the city's parks. There has been a continued focus in 2021/22 on closing gaps at Suburb Reserves, with improvements to facilities completed at Awapuni, Takaro and Bill Brown Parks. Neighbourhood basketball courts were also upgraded across the city and fixed-height hoops were replaced with adjustable hoops to encourage junior players. All courts were marked with NBA court markings in combinations of Palmy brand colours.

Despite the impacts of COVID on the availability of contractors and materials, several projects have been completed during the year, and others are underway.

Memorial Park

- A major upgrade of the park commenced in the 2020/21 year and continued into 2021/22.
- A splash pad was developed as a new feature at the park. It provides an accessible zero-depth water experience, suitable for a wide range of users. The pipework, pump shed, and hard stand area was completed in June 2021, but the final stages of the project were heavily impacted by contractor availability and weather. The splash pad finally opened in December 2021.
- Other upgrades completed this year at Memorial Park include a new entrance to the paddling pool/ playground area, new caretakers shed, new hard surfaces and fencing around the paddling pool, and additional signage and furniture.

Te Marae o Hine - The Square

- The lights within the clock tower have been upgraded. In conjunction with the controller installed last year, the lights provide Council with a wide spectrum of colour combinations to light the tower.
- A design for a new hard surface around the clock tower was completed. The project will result in the existing limestone being replaced with a more accessfriendly coloured concrete surface, incorporating a cloak pattern. Construction has been delayed by the weather and is due to commence in November 2022.

Victoria Esplanade

- The new entrance on Park Road was finished at the start of the year. This project involved creating a new road and car park, to connect to the realigned intersection of Cook Street and Park Road and retaining the old entranceway and historical gates to create a pedestrian boulevard and active transport corridor. A lighting sculpture was installed in this repurposed area, alongside planting and furniture. The new intersection is functioning well, including closing the entrance until 9 am on weekdays to discourage cars from using the park as a bypass route.
- A design palate for wayfinding signs and furniture has been developed for the Esplanade. The entry signs and seats for the central area are currently in manufacture. Signs and furniture will be rolled out gradually.

- ➤ The upgrade of the pedestrian entrance to the Esplanade has commenced after delays due to contractor availability. When completed, it will provide better visibility of the existing pathway between the Manawaroa car park and the central area of the Esplanade and should encourage more use of this carpark - helping relieve pressure on other car parks.
- Other improvements in the Esplanade this year include the replacement of an existing plant propagation house and the completion of signs in the rose garden.

Awapuni Park

- The junior playground at Awapuni Park was replaced and new fencing and safety surfaces were installed. The playground is now more suited to preschoolers, and the fencing and surfaces are more accessible.
- Minor changes were made to senior play equipment including moving a module to create better sightlines into the park, installing an adjustable basketball hoop and remarking the basketball court.
- A new pedestrian entrance was installed from the street, linking across the car park to the new pathway alongside the community centre and down to the tennis courts.
- Overall, accessibility and user safety at the park have improved as a result of the developments undertaken.

Savage Reserve

- A new pathway has been built across the middle of Savage Reserve providing a better connection between College Street and Park Road, and on towards He Ara Kotahi.
- The new playground was completed in October 2022. The development is sensitive to the heritage of the surrounding area and includes equipment reminiscent of what would have been in a playground in the era the housing area was developed. The development also includes a shelter and planting.

Takaro Park

- A shelter has been installed, close to the basketball courts and playground, to provide shade, shelter and seating for users of the park.
- Netball hoops have been installed, to extend the range of court sports available at the park.

Peace Tree Reserve

The developments at Peace Tree reserve, which started in 2020/21 are now complete. The park design 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 that survived the atomic bomb at Hiroshima. The park includes a small junior playground, paths, seating and extensive planting.

Water Recreation

- Overall there was a reduction in visitors to Council swimming pools in 2021/22. The period of decline coincides with the period of pool closures and entry restrictions as a result of COVID alert level and traffic light restrictions.
- Fewer families accessed the free swimming for supervised Under 5-Year-Olds programme, with a fall in Under-five swimmers from 19,112 to 14,463. The period of decline corresponded to periods of COVID restrictions.
- Delays in the availability of architectural services have resulted in the upgrade of the Lido changing rooms being delayed until the 2022/23 financial year.

Sport

The change from COVID alert levels to the Protection Framework, resulted in less disruption to the outdoor sport than in 2020, even with COVID circulating within the community. In general summer sports went ahead as usual. Winter sports were disrupted in June by a period of wet weather, causing the closure of training grounds mid-week and partial closure of the grounds one weekend. Council worked closely with sports codes to reallocate grounds to minimise the impact on competitions.

Despite the long dry summer delaying ground renovations, and the wet period in June, sportsfields continued to perform well throughout the year, with only the one partial weekend closure of playing fields required.

- Netball / Tennis courts at Vautier park were resurfaced.
- Neighbourhood basketball courts were surfaced at Peren, Awapuni, Takaro and Bill Brown Parks.
- Netball hoops were installed at Takaro Park and basketball hoops at Wallace Park.
- Gravel banding and verti-draining were completed on several fields to improve drainage.

Central Energy Trust Arena

Central Energy Trust Arena was again this year adversely affected by the COVID-19 restrictions throughout the year until they eased in early April. Once restrictions eased, numerous events that had been postponed were able to take place including the ENZED Superstock Teams Champs, to the point that going forward, most weekends have significant events with regular community activity throughout the week.

During the period of restrictions, CET arena was able to accommodate Mid-Central DHB by providing venues for COVID-19 vaccinations and testing in the Fly Palmy Arena and the redeveloped Speedway Pits areas of the complex. This provided some revenue during extremely trying times but also demonstrated the flexibility of the venues as well as supporting important community service. Events and bookings going forward are extremely heavy with many events which had been postponed, now back on the calendar for the next financial year. After considerable upgrades and interruptions over the past couple of years, Fly Palmy Arena is now fully operational and able to host large indoor events without interruptions to the community sports activity.

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

- ➢ Armageddon Expo
- ➤ Manawatū Home and Lifestyle Expo
- ➢ Property Brokers Company Day
- NZ Junior Badminton Nationals
- ➢ Bunnings NPC Rugby
- ➢ Robertson Prestige International Speedway Regular Season
- ➤ ENZED Superstock Teams Champs (1 night)
- ➢ Women's Lifestyle Expo
- Jets Basketball Season
- ➢ Pulse Netball

Central Energy Trust Arena hosted 2,598 individual bookings in 2021/2022 with more than 316,000 in attendance.

In a massively interrupted year, a highlight has been the Armageddon Expo being held for the first time in the city which attracted more than 15,000 attendees and is locked in for the following 2 years. Following the completion of the Arena Masterplan project in April 2021, which saw the construction of a new entrance plaza, speedway pits, northern grandstand link and the southern embankment / ablution block, the venue has been able to operate with enhanced public and operational services which has dramatically improved the offerings for not only our clients but the public attending events. Exciting events are already being attracted off the back of the enhancements, such as the Juicy Festival in January, with a large collection of international Rap artists performing.

Partnerships and Support

The Council's primary support to sports and recreation groups is through its partnership agreement with Sport Manawatū. This year was the third year of the three-year funding agreement and partnership plan between the Council and Sport Manawatū. Outcomes in the agreement aligned with Council's strategic direction, particularly the Active Community Plan. Key points to note in the 2021/22 year, include:

- The COVID-19 pandemic continued to disrupt the delivery of activities and events to the community by Sport Manawatū and the wider sport and recreation sector.
- Over the year Sport Manawatū played a key role in implementing the 'return to play guidelines and reviewing safety plans for sports codes.
- Sport Manawatū continued to drive the implementation of the Regional Sports Facility Plan and initiated an evaluation of the plan in late 2021 as a leadin to a full review of the Plan in 2022/23. Several sports facility proposals are moving through the investment decision-making process in the Plan.

- With the discontinuation of Bike Ready (the national cycle skill education programme) funding, this programme was supported through Council budgets to ensure continuity of delivery and to support Council's aim to increase active transport participation.
- Localised pop-up play initiatives were organised by Sport Manawatū in various locations around the city supporting actions in the Council's Play Policy.
- The pandemic also impacted many events supported through the Sports Event Partnership Fund. Only thirteen events were funded, and only ten events were able to be successfully delivered, This reduced the expected economic benefits to the city.
- Allocation of over \$9,000 to 34 people from the Active Communities Fund enables them to overcome financial barriers to being more active.
- Negotiations commenced on a new funding agreement for 2022-25.

Council also supported a wide range of sports and recreation groups through community occupancy / 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 the costs of the Manawatū Community Athletics Track.

ONGOING CONSIDERATIONS

Play and Active Recreation

The 2021 assessment of park assets highlighted that the level of service varies across the city. There will be a continued focus on closing these levels of service gaps, with an initial focus on Suburb Reserves.

The triennial shade audit identified that whilst there have been improvements made in the number of reserves with shade, there is still a high proportion of reserves that have yet to have achieved the status of having 'plenty of shade'. This is in part due to the time it takes before a newly planted tree provides shade for users.

The changing climate continues to put pressure on the assets located within Parks, especially during intense rainfall events. For example, two significant storm events during the year brought heavy rain and strong winds, resulting in several trees being blown over and the temporary closure of some walkways due to slips.

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 Arena

Confidence in the business and community is returning following the upheaval created by COVID-19 over the past couple of years. 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 until international traveler confidence returns. The venue's flexibility, full-service options and points of difference will be at the forefront.

Water Recreation

There is pressure on pool space within Council facilities during certain times of the day, whilst at other times of the day, usage is low. The Aquatic facilities and water recreation sport preliminary feasibility study / needs analysis in 2022/23 will help quantify the extent of the need and identify the options available to address the current demand issues.

Sport

The demand for sports and training fields is changing, and this trend will continue. There were two requests for new training light installations received during the year. We will continue to work with Sport Manawatū to assess the capacity of the existing network including opportunities to reassign and / or redevelop existing green spaces to meet these changing needs. Provision has also been made within the 2021-31 LTP for the development of additional sports fields in growth areas.

Partnerships and Support

The worldwide COVID-19 pandemic continues to impact the sports and recreation sector as the potential of changing alert levels provides uncertainty to the delivery of competition and events. Sport Manawatū will continue to support the sector through any changes this brings, as well as respond to changing national priorities.

The Council's support of recreation groups, either directly or indirectly, is critical in ensuring that physical activity and its benefits continue to contribute to well-being.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Provide a wide range of accessible and well-maintained play, active recreation and sports facilities to increase levels of physical activity and participation in sport and active recreation and meet a diverse range of local	Increase in use of parks, sports fields and playgrounds. Target: Narrative measure outlining Parks Check Survey results.	Target Met	Visitors to our parks, sports fields, and playgrounds are asked how frequently they visit. On average, across all park types, 62% of people visit at least once a week. This is an increase of 12% on the results for 2020/21, when only 50% visited at least once a week. The survey shows that 20% of respondents visit parks every day, 27% several times a week, and 15% once a week.
a diverse range (of local communities. (Note: these facilities are city reserves, suburb reserves, local reserves, sports fields, the Central Energy Trust Arena, walkways and shared paths, and swimming pools).	Increase in use of aquatic facilities. Target: Usage numbers at Lido, Freyberg and Ashhurst Pools.	Target Not Met	COVID-19 lockdowns and restrictions under the traffic light system, reduced the number of people visiting pools during the first six months of the year. As a result there was a decrease in use of aquatic facilities in 2021/22, when compared to 2020/21. The number of users at the Lido was 325,154, which represents 86% of the level in 2020/21. 11,534 Under 5's visited the Lido, 83% of the number that visited last year. Freyberg achieved a total attendance figure of 154,600. This represents 81% of the 2020/21 figure. 2,899 Under 5's visited the pool, which is only 57% of the number in 2020/21. Splashhurst recorded 29,369 attendances. This is 80% of the level of attendance in 2020/21. Attendance by the under 5's group was 473, 64% of the level in 2020/21. Despite the drop in use compared to 2020/21, usage was 12% higher than when the pandemic began in 2019/20, Overall, 0.5 million users still chose to use Council pools in 2021/22. (2020/21 – Lido – 379,020) (2020/21 – Freyberg – 191,282)
	3. Increase in use of Central Energy Trust Arena for community sport and active recreation. Target: Narrative measure outlining number of community events and hours.	Target Not Met	Disruptions attributable to COVID-19 restrictions on use throughout the year had a major effect on availability and number of attendees to events which has meant reduced community sport and active recreation. Central Energy Trust Arena hosted 2,312 individual Community Sport bookings (89% of all bookings) which saw 6,660 hours of use (53% of all hours of use). The number of Community Sport bookings was down 520 compared to 2020/21, and the hours of use 1,499.
	Increase in satisfaction of Council's sport and recreation facilities. Target: Narrative measure outlining trends in user and resident feedback and surveys.	Target Met	The overall satisfaction rating, across all park types, is 98.5%, made up of respondents who were either satisfied or very satisfied. This is a similar result to 2020/21, when the overall satisfaction was 97.9%. The overall satisfaction result is one of the highest of the fourteen Councils who use the survey, and well above the average of 95.6%.
Work in partnership with external recreation organisations, and facility providers, to help increase levels of participation in play, active recreation and sport.	5. Council works in partnership with external organisations. Target: Narrative measure outlining partnership initiatives designed to increase participation and their outcomes.	Target Met	The partnership with Sport Manawatū is reaching the end of the three-year agreement. Sport Manawatū has reported every six months to Council and outlined their progress towards agreed actions and outcomes. These have been reported through the Play, Recreation and Sport Committee. Highlights of the past three years include the allocation of funding to a variety of active communities opportunities and events and the implementation of the Regional Sports Facility Plan. The relationship between Sport Manawatū and Council is positive and constructive.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary **Active Communities**

	Actual 2022	Budget 2022	Variance 2022	Actual 2021
REVENUE	\$000	\$000	\$000	\$000
Central Energy Trust Arena	2,359	1,925	434	2,305
City Reserves	767	557	210	139
Local Reserves	174	131	43	181
Sportsfields	112	120	(8)	80
Swimming Pools	76	80	(4)	126
TOTAL REVENUE	3,488	2,813	675	2,831
EXPENSES				
Central Energy Trust Arena	8,763	6,613	(2,150)	7,652
City Reserves	3,913	3,797	(116)	3,739
Local Reserves	4,200	3,421	(779)	3,823
Sportsfields	2,946	3,174	228	3,331
Support to recreation groups	970	1,037	67	749
Swimming Pools	2,813	2,424	(389)	2,634
TOTAL EXPENSES	23,605	20,466	(3,139)	21,928
NET OPERATING COST OF ACTIVITY	(20,117)	(17,653)	(2,464)	(19,097)
RATING ALLOCATION				
Add back depreciation	7,213	5,820	1,393	6,432
Less Renewal capital expenditure	(2,519)	(4,144)	1,625	(3,311)
Add/(Less) borrowing effect of renewal 3 year averaging	(347)	(347)	=	859
Add external revenue for renewal capital	-	-	=	99
Less provision for debt reduction	(1,028)	(1,028)	-	(870)
Add general rates allocation	16,798	17,352	(554)	15,888
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Central Energy Trust Arena and Local Reserves expenses were higher than budget due to depreciation changes after a revaluation as at 30 June 2021.

Central Energy Trust Arena's operating expenses were also higher than budget, offset by higher revenue.

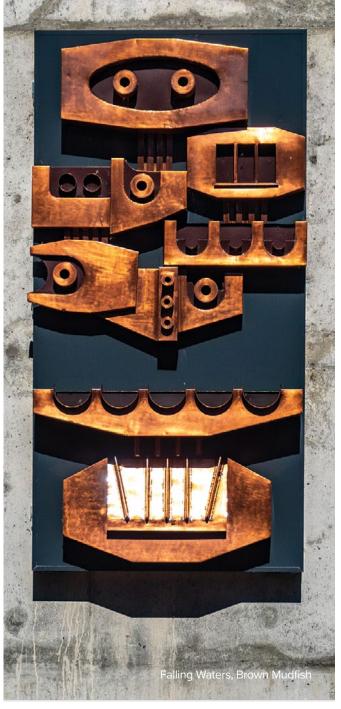
Significant Activity Capital Projects

Active Communities

	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
CAPITAL RENEWAL				
98-Citywide Reserves - Renewals (Victoria Esplanade, Memorial Park, Ashhurst Domain and Te Marae o Hine)	(6)	54	60	
258-City-wide - Refurbishment and Replacement of Boundary Fences on Reserves	-	18	18	
596-Aquatics - Lido Pool - Asset Renewals	(7)	=	7	
819-Central Energy Trust Arena - Replacement of Equipment	47	45	(2)	
1051-CET Arena - Arena Renewals	304	1,489	1,185	
1759-CET Arena - Grounds Renewals	39	45	6	
1786-Recreational Buildings - Sports Pavilion and Changing Room Renewals	143	200	57	
1827-Local Reserves - Renewals	749	715	(34)	
1829-Sportsfields and Artificial Turfs - Renewals	285	285	-	
1830-City Reserves - Memorial Park - Renewals	168	163	(5)	
1831-City Reserves - Te Marae o Hine - The Square - Renewals	52	52	-	
1832-City Reserves - Ashhurst Domain - Renewals	46	51	5	
1834-City Reserves - Walkways - Renewals	104	101	(3)	
1835-City Reserves - Linklater Reserve - Renewals	4	3	(1)	
1837-Swimming Pools - Pool Renewals	331	453	122	
1840-City Reserves - Victoria Esplanade- Renewals	246	305	59	
1962-Arena Security Card System	14	15	1	
1964-Arena Indoor Stadium Sound System Replacement	-	150	150	
TOTAL CAPITAL RENEWAL	2,519	4,144	1,625	3,311

	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
CAPITAL NEW				
94-Walkways and Shared Path - Purchase of Land to Extend Network	(2)	349	351	
111-Local Reserves - Roslyn - Edwards Pit Park Development	41	35	(6)	
140-Neighbourhood Reserves- Aokautere - Peace Tree Reserve Development	118	60	(58)	
144-Urban Growth - Whakarongo - Reserves Land Purchases	-	639	639	
165-Outdoor Adventure Reserves - Arapuke Forest Park/Kahuterawa Development	4	7	3	
196-Caccia Birch - Lagoon Embankment Upgrade	4	=	(4)	
558-Urban Growth - Local Reserves - Takaro - Oriana Reserve Development	-	80	80	
697-Clearview Reserve Development	-	31	31	
716-Urban Growth - Whakarongo - Walkways Land Purchases	-	148	148	
752-City Reserves - Manawatū River - Framework Implementation	(15)	-	15	
967-City-wide - Edibles Planting	6	5	(1)	
1081-City Reserves -Victoria Esplanade - Park Road Entrance and Parking Reconfiguration	443	159	(284)	
1099-Parks and Reserves - Shade Development	27	30	3	
1127-City Reserves - Victoria Esplanade - Bonsai & Shade House	-	66	66	
1534-Central Energy Trust Arena Manawatū - Embankment Redevelopment	(73)	-	73	
1763-CET Arena - Property Purchase	-	450	450	
1845-City Growth - City Reserves - Te Marae o Hine - The Square - Capital New	114	138	24	
1846-City Growth - City Reserves - Walkway Extensions - Capital New	332	229	(103)	
1847-City Growth - City Reserves - Victoria Esplanade - Capital New	207	111	(96)	
1848-City Growth - City Reserves - Linklater Reserve - Capital New	71	68	(3)	
1850-City Growth - City Reserves - Memorial Park - Capital New	264	548	284	
1852-Local Reserves - Improvements to existing reserves to close identified level of service gaps	154	150	(4)	
1853-Local Reserves - Development of Existing Reserves - Capital New	28	25	(3)	
1854-Swimming Pools - Splashhurst Pool Enhancements	59	60	1	
1856-Urban Growth - Hokowhitu - Reserves - Purchase and Development	49	41	(8)	
1884-Local Reserves - Accessibility and Safety Improvements	100	99	(1)	
1966-Arena 4 Powerlock Install for Emergency Connection	50	50	=	
2006-City Centre Play - Fixed Play Development	-	70	70	
2112-Arapuke Forest Park - Manawatū Mountain Bike Club Co-Funding building of shelter	94	100	6	
2113-Mobility Scooters for Public Use	4	20	16	
TOTAL CAPITAL NEW	2,079	3,768	1,689	17,237
TOTAL CAPITAL PROJECTS	4,598	7,912	3,314	20,549

ARTS AND HERITAGE



WHAT THE COUNCIL DOES

'The arts' refer to expressions of creativity and include craft and object art, visual arts, ngā toi Māori, Pacific arts, theatre, dance, literature, music and film. The arts bring the city to life, challenge ideas, and generate excitement about future possibilities. Communities of identity, interest and place express cultural identity through the arts; for example, by coming together to design a neighbourhood mural or to perform a traditional dance. Many people work in arts-related jobs, and city organisations rely on people with creative skills. The opportunity to participate in the arts contributes to all aspects of health; te whare tapa whā. The purpose of Council's support for the arts is to develop a culturally rich city and to provide people with opportunities to express their creativity and cultural identity.



WHAT HAPPENED IN THE YEAR

Arts Creative New Zealand

Council, in partnership with Square Edge Community Arts, received \$49,000 in funding from the Creative New Zealand Local Government Arts Fund. The funding ensured two pilot community art programmes developed by Square Edge Community Arts in 2021 were able to continue and be extended to include more underserved community members in leadership and mentoring programmes that teach skills, build confidence and community engagement, and offer opportunities to develop sustainable careers in the arts.

The Creative Community Scheme funding was allocated over two funding rounds, with just over \$6000 unspent and to be carried forward to 22/23.

Art Event Fund

The Art Event Fund, which offers community groups support to host art events that have regional or national significance and that bring economic benefits to the city, was fully allocated. Art Trail Manawatū was one of the recipient events. The Art Trail showcases Palmy artists and artists from the wider Manawatū each year in October. More than 100 artists were involved in the Art Trail Manawatū 2021 and while the visitor numbers were down from previous years, more than 12,000 people took part in the weekend of art exhibitions and events.

Arts Initiatives

Arts Initiatives is an operational programme that funds smaller-scale community arts projects and arts initiatives. This year one of the projects funded was a music instrument and sound system library of equipment offered by Creative Sounds Society Incorporated through the Stomach music studio. Community members can borrow the equipment at low cost.

Care and Maintenance of public art and sculpture

Following assessment of the care and maintenance needs of all public artworks owned or managed by the Council in the previous year, a regular maintenance programme commenced in 21/22. Due to COVID we have been delayed in getting this work underway but made a start with a specialist stone conservator checking and reporting on the Bunnythorpe War Memorial.

Cultural Council Controlled Organisations

COVID-19 significantly affected the performance of all of the Council's cultural CCOs in the first six months of the year 2021-22. COVID restrictions caused the cancellation or postponement of several performances / touring shows and affected attendance levels and the financial situation for all cultural CCOs.

In response to COVID, CCO Trust Boards have taken a more conservative approach to performance targets and expected sales in 2022/23.

The Regent Theatre

The Regent's ability to operate was severely affected by the COVID lockdown and restrictions. Because the Regent Theatre caters for larger events, it experienced significant cancellations as it was not financially feasible for shows to run with an audience of only 100 people.

The Globe Theatre

The Globe was able to continue to host shows under Alert level 2 by using the larger theatre, to accommodate the social distancing requirements.

The Globe actively encouraged community use of the venue during this reporting period.

Community use of the Globe has increased significantly over the last few years - from 31% (year-end) in 2019 to 77% in (first six months) 2021. This is a substantial contribution to the objective of supporting the local performing arts community.

Te Manawa

Te Manawa also experienced a decline in visitor and participation numbers due to the attendance restrictions required under Alert Level 2. For example, visitor numbers for the first six months of the year declined from 71,050 in 2019 to 45,683 in 2021.

Te Manawa has invested substantial time during this reporting period to progress several plans and strategies to improve their understanding of their visitors' needs and identify strategic partners and their economic and environmental impact. This work will provide valuable information for Te Manawa to shape its future operations and performance targets.

Heritage

The operations of Caccia Birch House transitioned into Council from December 2021. During this time the operational team have focused on ensuring services were not disrupted to the community. This process involved retaining key contracts and implementing Council policies while looking for opportunities to increase utilisation of the house and grounds.

Working with owners of earthquake-prone heritage buildings was the key focus of 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.

ONGOING CONSIDERATIONS

Arts

We will continue to support the arts community of Palmerston North through Arts Initiatives and Arts Event funding, as well as administering the Creative Communities Scheme.

As part of the maintenance programme for public memorials, an inspection report was completed for the Bunnythorpe War Memorial on 21/22, and this will be used as evidence to apply for funding from the Environment and Heritage Lottery Grants Fund to restore the memorial. We will work with the Bunnythorpe community to support the restoration of the Memorial in the coming year.

We will also be supporting our arts venues to get back into full production through their annual grants, supporting applications they may make to central Government and other funders, and connecting them to opportunities such as hosting Palmy's new Drag Festival and associated events.

Heritage

With the operations of Caccia Birch House now being transitioned to Council, the focus of the facility will shift towards seeking opportunities for community engagement and revenue generation. This includes the adoption of a community engagement model which will allow for involvement in decision-making processes and provide expert advice. This will be critical in the future planning for Caccia Birch House to ensure the views of all stakeholders are considered.

Continuing to build the 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
Provide support to community organisations, cultural Council-Controlled organisations and individuals to help make Palmerston North a creative and exciting city	Increase in patronage of Council-owned cultural facilities (Te Manawa, Globe Theatre, and Regent Theatre), as measured by reports provided by operators. Target: Annual patronage numbers for the CCOs increase.	Target Not Met	The target for each facility was not met due to the COVID framework settings. The patronage for Te Manawa 2021/22 was 77,319. This is down from 135,817 the previous year. The patronage for the Globe Theatre 2021/22 was 14,657. This is down from 23,225 the previous year. The patronage for the Regent Theatre 2021/22 was 28,083. This is down from 78,055 the previous year.
Maintain and enhance cultural facilities that provide a range of opportunities for people to access and participate in the arts.	Funding is distributed, and the key objectives achieved. Target: Narrative measure outlining outcomes achieved by the CCOs.	Target Not Met	All budgeted funding has been distributed to the CCOs. COVID framework and outbreaks have affected the CCOs ability to deliver on their outcomes. The outcomes achieved by the CCOs are outlined in section 4.
Work closely with Rangitāne o Manawatū to support it to be kaitiaki of its heritage places and to increase the wider community's understanding and appreciation of Rangitāne o Manawatū heritage.	Sites of significance to Rangitāne o Manawatū are identified, protected or acknowledged. Target: Narrative measure outlining the number and description of sites.	Target Met	During the year the historic Turitea Pa site was developed in partnership with Rangitāne and Massey University, the site was last occupied in the 1850's. The development includes a large viewing platform, pouwhenua, native plantings and signage. The viewing platform is lit at night and can be seen from Ahimate reserve. Planning is underway for the restoration and development of Te Motu o Poutoa. Initial stakeholder engagement has been completed and the working party used the findings to develop a series of key features for the site. Rangitāne and Council have each held workshops to provide feedback to the working party on the site features proposed the next step is to prepare two development options for community consultation.
Invest in cultural heritage buildings and places to give the community the opportunity to use and appreciate their heritage values.	4. Increase in investment of earthquake-prone heritage buildings. Target: Narrative measure outlining investment in buildings and its outcomes.	Target Met	The Heritage Incentives Fund has been well accessed and oversubscribed. There has been significant interest from earthquake prone building owners to seek funding assistance to get their buildings up to Building Code standards.
Promote and celebrate local history.	5. Heritage is part of the multi-disciplinary approach to working on Council projects. Target: Narrative measure outlining the projects and their multi-disciplinary nature.	Target Met	The Civic and Cultural Precinct Masterplan has been the lead Council project that has addressed heritage through a multidisciplinary approach. This is still under development. Once completed, it will influence how city-center heritage buildings like the Library are integrated into physical changes to the streetscape and vice versa.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Arts and Heritage	Actual 2022	Budget 2022	Variance 2022	Actual 2021
REVENUE	\$000	\$000	\$000	\$000
Other Cultural Facilities	42	4	42	4
	13	1	12	1
Support to arts, culture & heritage groups	188	64	124	84
Te Manawa	32	31	1	28
TOTAL REVENUE	233	96	137	113
EXPENSES				
Heritage Management	133	195	62	194
Other Cultural Facilities	2,499	2,160	(339)	2,255
Support to arts, culture & heritage groups	2,308	2,213	(95)	2,010
Te Manawa	4,676	4,346	(330)	4,526
TOTAL EXPENSES	9,616	8,914	(702)	8,985
NET OPERATING COST OF ACTIVITY	(9,383)	(8,818)	(565)	(8,872)
	(3,303)	(0,010)	(303)	(0,072)
RATING ALLOCATION				
Add back depreciation	2,671	2,049	622	2,493
Less Renewal capital expenditure	(735)	(885)	150	(649)
Add/(Less) borrowing effect of renewal 3 year averaging	236	236	=	229
Less provision for debt reduction	(181)	(181)	=	(67)
Add general rates allocation	7,392	7,599	(207)	6,866
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Expenses overall higher due to changes in depreciation from revaluation as at 30 June 2021.

TOTAL CAPITAL PROJECTS	1,090	3,503	2,413	1,172
TOTAL CAPITAL NEW	355	2,618	2,263	524
902-Property - Seismic Strengthening of Council Properties	355	2,618	2,263	
CAPITAL NEW				
TOTAL CAPITAL RENEWAL	735	885	150	648
1144-Manawatū Heritage (Archives Digital Repository) Renewal	11	10	(1)	
777-Heritage Genealogy Equipment	26	25	(1)	
213-Cultural Facilities - Renewals	698	850	152	
CAPITAL RENEWAL				
Arts and Heritage	2022 \$000	2022 \$000	2022 \$000	2021 \$000
Significant Activity Capital Projects	Actual	Budget	Variance	Actual

CITY SHAPING

WHAT THE COUNCIL DOES

City Making - Cities around the world are trying to turn around decades of disjointed city planning to provide better outcomes for communities. The Council is well-positioned to connect local groups and sectors to maximise the collective impact of both public and private projects. This makes the City Making creative, effective and collaborative.

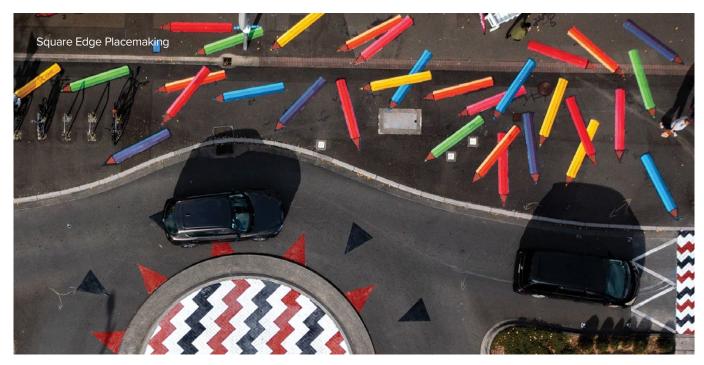
City Centre - The city centre plays a key role in creating the perception of any city. Some New Zealand city centres have been weakened by mall development in outlying areas, suburban sprawl, and natural constraints. Palmerston North has a stable city centre, supported by the retention of The Plaza and Downtown Shopping Centre, the centre-based office and retail hierarchy within the District Plan, the compact nature of the city, and investment in quality public space design.

Placemaking - Placemaking is a community-based approach for the creation of public space. Placemaking provides opportunities for community leadership and participation in Council processes and activities.

Mā te tangata e whai wairua ai ngā wāhi huihui o Papaioea It is through people that the gathering places of Palmerston North gain spirit.

The purpose of Placemaking is to involve communities and reinforce our unique city identity by creating public spaces.





WHAT HAPPENED IN THE YEAR

City Making

Palmy Unleashed has now ceased funded event delivery in line with the intent of the Long Term Plan budgets. Public, ad-hoc space bookings are continuing in the central city and initiatives driven by Palmy BID are starting to gain momentum such as George Street Retro Markets. Palmy Unleashed has now transitioned to an advice and guidance programme delivered by Council officers in the Events Team. Very limited equipment is available to the community through the Recreational Hire Pool. As items reach the end of life they are being retired and not replaced. It is hoped local hire and supply companies will be able to deliver a similar service at a cost to the community going forward.

City Centre

Council's vision to create a vibrant and exciting city centre that has 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 economically prosperous destination in the heart of our city. Detailed design and engagement for our City Centre Transformation Streets programme (to create more inviting and attractive streets bordering Te Marae o Hine to induce more economic activity and vibrancy) is ongoing with capital works expected to be delivered in future. Construction is about to commence on Stage Two of the Cuba Link regeneration project with an anticipated construction time of four months.

Placemaking

Council's vision is to have a city that has great places for all people, particularly families. Placemaking supports this by 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 through 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. Palmerston North's first Park(ing) Day in collaboration with the New Zealand Institute of Landscape Architects had captured the imagination of thirteen participants to highlight the many ways that parking spaces could be converted into a gathering place for people. However, due to COVID the second Park(ing) Day was postponed. It is hoped that it can be held in 2022/23.

Capital programmes such as City Centre Transformation - Cuba Street continue to increase the amount of space that the business community can leverage for street engagement. Changes to communications about outdoor dining have 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 expression of these artists is a sign that Council's 'permission to act' culture is working effectively, we have developed more free walls which are in constant use.

Vegetation programmes have been effective at responding to community leadership and encouraging participation. Palmerston North had trialled 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. Future placemaking and upgrades to the Highbury shop area are being established. We have enabled the process to allow more community gardens and have been working with the community to create and enable more berm gardens.

The Unbox pop-up place had served as an effective engagement tool for the City Ambassador Programme over the 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 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.

ONGOING CONSIDERATIONS

City Making

The success of Pop-Up play programmes requires ongoing and genuine collaboration with community partners to guarantee buy in from the public and to ensure any adhoc activations provide meaningful play opportunities in the central city. An evolving events landscape will provide new opportunities to explore this area in the year ahead.

City Centre

Following completion of the Cuba link from Taonui to Rangitikei, the focus will be moving to complete the link from 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 wider 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 long-term plan has a dedicated budget to co-fund future tactical urbanism projects with Waka Kotahi. Future priorities and co-creation with the City Centre to reinforce precincts and prototype streetscape plans and elements will need to be considered.

Placemaking

We will continue to enable more placemaking across the city and grow local initiatives, Council will continue to support the parklet program and establish more ways to allow more 'permission to act' moments. Placemaking initiatives that were put on hold during the pandemic will be re-established when possible.



HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Implement the City Centre Streetscape Plan to increase city centre vibrancy and improve the perception of the city.	City Centre Streetscape Plan is successfully implemented. Target: Narrative measure outlining progress on implementing the Plan.	Target Not Met	The wider streetscape plan programme is in developed design phase and detailed design of Square East Stage 3 is now awaiting final design completion and physical implementation.
Implement City Shaping Plan actions in partnership with other agencies. Provide seed funding and support for people to lead public space projects to develop accessible, active, comfortable and social public places. Promote multidisciplinary working on Council and community projects to drive outcomes that deliver on multiple Council objectives.	2. A wide range of public space projects are implemented. Target: Narrative measure outlining the public space projects, their multi stakeholder / multidisciplinary nature, and their outcomes.	Target Met	Turitea Pā is now completed and open for public use furthering progress of key sites along the river network with attention now turning to the construction of Albert St Entrance. Both projects have been closely developed alongside Rangitāne under the Manawatū River Framework. Construction of the next stage of Cuba St link was been delayed until 2022/23.



FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary City Shaping	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
REVENUE				
TOTAL REVENUE	-	-	-	-
EXPENSES				
City Centre 1	295	375	80	11
Place activation ¹	98	110	12	231
Placemaking	115	133	18	111
TOTAL EXPENSES	508	618	110	353
NET OPERATING COST OF ACTIVITY	(508)	(618)	110	(353)
RATING ALLOCATION				
Add back depreciation	8	5	3	3
Less provision for debt reduction	(39)	(39)	-	(47)
Add targeted rates allocation	249	256	(7)	-
Add general rates allocation	290	396	(106)	397
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

TOTAL CAPITAL PROJECTS	802	4.470	3.668	182
TOTAL CAPITAL NEW	802	4,470	3,668	182
TOTAL CAPITAL NEW	002	4.470	2.660	400
2122-CBD Streets for People	625	2,959	2,334	
1473-City Centre Lighting and Projection Demonstration Project	-	118	118	
Rangitikei to George Street (Stage 2) 1	177	1,378	1,201	
1440-Cuba Street urban streetscape improvements -				
1330-Placemaking Co-created Project (capital)	-	15	15	
CAPITAL NEW				
Significant Activity Capital Projects City Shaping	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000

¹Refer to page 30





CONNECTED COMMUNITIES

WHAT THE COUNCIL DOES

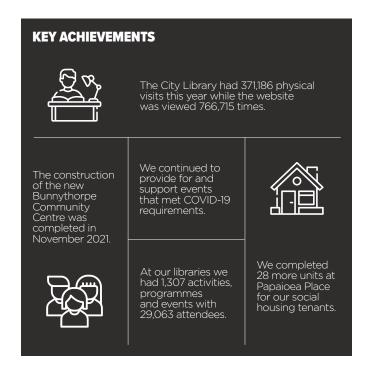
Community facilities - Our community facilities provide opportunities for people to participate in their communities. Opportunities to take part are encouraged when community facilities are planned and delivered in partnership with the communities they serve. Our libraries, community centres, cemeteries and other community facilities will be responsive to community needs.

Community development - Palmerston North is home to diverse communities of identity, interest and place. Community development is "the process of enabling diverse groups to share concerns, plan for the future, capitalise on opportunities and strive toward wellbeing". Empowered and well-connected communities, served by sustainable for-purpose organisations, can support every person to thrive. For-purpose organisations are sustainable when they have funding, volunteer support, and the time to build relationships and learn from others. The purpose of this chapter is to have strong for-purpose organisations that support communities to achieve their aspirations.

Social housing - Access to adequate housing is a major public health issue in New Zealand. Poor quality housing is associated with negative social outcomes, for individuals and for communities. The provision of social housing is one of the responses Council can make to contribute to an improvement in social outcomes for the community. The purpose of this chapter is to provide warm, safe and affordable social housing and to have a strong social housing sector.

Healthy communities - Community wellbeing includes all aspects of health, te whare tapa whā, and includes the promotion of physical wellbeing. Community venues, events, and public spaces provide opportunities to improve the health of communities. The purpose of this chapter is to improve the health of communities in Palmerston North.

Events and festivals - Community events bring significant benefits to Palmerston North people. They provide opportunities to support community identity, and to celebrate our city. A strong events sector enables these benefits to be realised.





WHAT HAPPENED IN THE YEAR

COMMUNITY FACILITIES

Community Centres

The construction of the new Bunnythorpe Community Centre was completed in November 2021. The Rangiora Community Centre received considerable refurbishment and the Ashhurst Village Valley Centre had a full roof replacement, with an exterior repaint planned for the second half of 2022. This will complete the substantial refurbishment project that has been undertaken over the last few years at the Ashhurst facility.

Regular meetings were held with the Management Committees of each Community Centre throughout the year. A cross-centre hui was planned for February, but due to COVID-19 event restrictions had to be rescheduled for later in 2022.

Bookings and user hours have fluctuated in line with changing COVID-19 restrictions. During the lockdown, the Papaoiea Pasifika Community Trust opened the Pasifika Centre as both a food distribution centre and vaccination site for the community with support from the council. Milson Community Centre was also used by MidCentral DHB as a low sensory vaccination site.

Refreshed street signs at each centre and an improved presence on the new Council website and enhanced visibility.

Cemetery

The project to incorporate an office within the crematorium building has been delayed by the associated seismic strengthening project. The project funds have been carried forward into the 22/23 financial year.

There has been an increase in demand for graves in a non-decorated area of the Kelvin Grove Cemetery. This has necessitated the laying of two further beams in burial Section W of Kelvin Grove Cemetery, where the decoration of graves is not permitted.

More niche walls were constructed this year as they continue to be popular.

Considerable landscaping work was undertaken at Terrace End Cemetery during the year, including the removal of some boundary trees and shrubberies, pruning of branches overhanging graves, and replanting of empty grave plots. The existing lights in the cemetery have been converted to LED lamps, and a new pole installed to improve the level of lighting on the main cemetery path connecting Upper Main Street to Napier Road.

CITY LIBRARY

City Library

The City Libraries continued to be valued by the community, across changing COVID-19 Alert levels, and the requirement for Vaccine Passes for entry. The City Library had 371,186 physical visits this year; The City Library website had 766,715 page views and 179,344 sessions; Manawatū Heritage had 304,748 page views and 72,310 sessions, and use of the Library App grew to 85,457 page views and 85,511 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 continues to grow, and the breadth of digital content allowed people to stream 19,008 films through Beamafilm and Kanopy; read 1697 titles through Press Reader, and use Ancestry 2909 times. The Library App also saw significant growth in uptake with 85,511 sessions this year versus 63,778 last year.

Development work continued to increase the capacity of Manawatū Heritage for our collections. This work will enable Manawatū Heritage to be a "one-stop-shop" for our archival and heritage collections and will also provide the ability to search Council and Community Archives at the same time. The reach of Manawatū Heritage continues to grow nationally and internationally.

Our programmes, initiatives and events offered by the City Library are achieved by continuing (and often long-standing) partnerships and collaborations with many of the city's organizations, cultural institutions and the wider community. These programmes are essential to contributing to a sense of place; enhancing community cohesion; and helping to increase the vibrancy of the city through encouraging lifelong learning and creativity.

This year 1,307 activities, programmes and events were delivered with 29.063 attendees.

Blueprint

The City Makerspace, and "making" is an important part of the Blueprint experience "Learning by doing" is one of the cornerstone philosophies of lifelong learning. Due to the impact of COVID-19, innovation and creative problem solving became more critical as people needed to learn new skills and develop new business opportunities. Technology continued to drive many new business and work opportunities and Blueprint continued to offer 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 14,700 makers and continues to actively support a growing maker community across the city.

Summer Reading

The City Library reading programmes are sponsored by the Eastern and Central Community Trust. Winter Warmers; Summer Reading (including in Te Reo Māori); and iRead, enabled 775 children to continue to participate in reading and literacy programmes during a time when traditional and familiar modes of delivery were impossible under COVID-19 restrictions. Children enjoyed reading through exploring The Galaxies of Imagination - Tūhura Paenga Kore.

Our Te Reo Māori reading programme continued to excel, with a Te Ao Māori immersive approach producing 100% achievement for all participants. The programme was delivered alongside kaiako and incorporated waiata, karakia, pēpeha/whakapapa, korero mē pānui pukapuka i roto i te reo Māori. Tamariki built a small whare and this was used to house all the new Kupu they were learning.

In the programme co-designed with our multicultural community, and through our partnership with Manawatū Multicultural Council (MMC), children who spoke another language earned 133 Global Legends badges through reading stories in 12 different languages - Arabic, Chinese, Farsi, French, Hindi, Italian, Japanese, Portuguese, Russian, Spanish, Tamil, and Urdu. Legends and proverbs were also shared from - Aotearoa New Zealand, Brazil, China, France, Iraq, Ireland, Scotland, Sri Lanka, and the United States.

iRead was delivered to 104 participants using Beanstack with 877 books read; 674 book reviews written, and 1,006 reading badges earned.

Youth Space

Although impacted by COVID-19, this year saw a continued focus on youth development through daily activities and regular events and programmes that utilize Youth Space. Our team continued to have great engagement with community groups scheduling regular visits to the facility amidst changing COVID-19 restrictions.

The Regional Youth Employability Conference (with Tararua REAP and the Auckland-based Comet Youth Service) was held at Youth Space enabling young people and the employment sector to come together for a full-day conference.

The facilitation of twenty-five young people to attend The Festival for the Future, the annual social innovation and enterprise conference in Wellington. The team collaborated with the Manawatū Young Professionals Network (MYPN), the YES programme, the Palmerston North Youth Council and TUIA, to ensure a wide range of young people could access this opportunity. The team also supported our Tuia Te Here Tangata (TUIA) leaders to complete their community projects. The aspiration of the wānanga was to provide the Tangimoana Rakatau whānau an opportunity to revitalize the Mātauranga Māori passed down from Paul Tangimoana Rakatau to today's generation.

The team successfully applied to the Sport New Zealand Tu Manawa Fund to run a collaborative skateboard project that connected Rangatahi with the resources to make their own board, and then attend a programme to learn how to skate safely. Youth Space was connected with Inclusive Aotearoa, leading to the co-facilitation of 'Te Toto Kei Roto: A Treaty That Resonates with all Kiwis'. Twenty young people across secondary schools, the Youth Council, and the TUIA Te Here Tangata leadership programme contributed to a two-hour session held at Youth Space.

Representatives from the Palmerston North Youth Council (PNYC) presented their submission to the proposed 2022-23 Annual Budget. The Youth Council surveyed 200 young people across the city and collated this information into their submission to the council. The themes touched on were City Safety, the Environment, Active Transport and improving youth engagement practices.

COMMUNITY DEVELOPMENT

Governance and Training

The Community Development team has continued to build capacity and capability in the for-purpose sector and the wider community. Governance support and funding advice have been provided to a range of community groups, and we are trialling providing access to an external programme called Funding HQ for groups who we have identified as having the potential to benefit from more intensive one-on-one mentoring support. A training coordination group has been established, with representation from several key community organisations who typically facilitate training for the wider sector; the group will work with staff to plan training and allocate the training fund.

Funding

Our grant funding has been well subscribed, with an increase in demand in the last quarter as COVID-19 restrictions have eased. A new fund, Community-Led Initiatives, was launched. The COVID-19 relief fund has enabled targeted support to be provided to community groups and event organisers directly impacted by restrictions. Applications for Strategic Priority Grants for 2022-25 were received and assessed, and funding contracts have been negotiated with the 43 successful groups. Of those, seven groups have been identified as meeting the criteria for a Sector Lead partnership agreement, which is a new mechanism under the Support and Funding Policy 2022.

Neighbourhoods

We have continued to be active in the Ora Konnect network and squads, assisting community-led activities in the 4412 neighbourhoods. Highlights of 21/22 have included work to revitalize the Highbury Shops and work on burglary prevention initiatives.

Environment

The Food Security network has been facilitated and was instrumental in the response to COVID-19 in the community. A Community Garden Guide has been completed and distributed, and mapping of fruit trees across the city has been conducted. A campaign for Neighbours Day 2022 was conducted in collaboration with Library Services around the theme of 'kai connections'.

Community Reference Groups

Community Reference Groups are designed to facilitate stronger relationships between Council and community, providing Council with a better understanding of community needs and perspectives, and providing communities with a dedicated forum to have their views and ideas heard by Council. This year, a Seniors Reference Group and a Pasifika Reference Group have been set up, in addition to the already established Disability Reference Group. The Disability Reference Group has contributed to a range of projects, including the introduction of e-scooters and the early phases of an accessibility review of council infrastructure. The Companion Card programme trial has continued, though uptake has been hampered by COVID-19 being present in the community.

Pasifika

Capacity has been reinstated in the Pasifika community development portfolio, and as a result relationships with the Pasifika communities and the Ministry for Pacific Peoples have been revived. Language week celebrations have been promoted, and an arts initiative where Pasifika youth created a zine of their stories was supported.



Welcoming Communities

Resource constraints and COVID-19 restrictions have slowed the implementation of the Welcoming Plan 2021/22. Despite this, there have been several new initiatives rolled out, and the foundations of the programme remain strong due to the commitment and connection of our Advisory Group partners. Achievements of the year have included:

- Finding creative ways to mark Diwali and Lunar New Year in the absence of events. For Diwali, a radio message was created with the community to communicate the meaning of the celebration, and we commissioned Happy Diwali flags which were hung around the city centre. To mark Lunar New Year, the Happy Lunar New Year banner was hung, an exhibition was displayed in the Library and a video of community performances was captured.
- ▶ In late 2021, an opportunity to welcome newcomers arriving through the refugee resettlement, family reunification and evacuation pathways was identified, and a Welcome Video was created with messages from key leaders and community members, including the various first languages of the refugee-background communities. The video was circulated to agencies to use in their welcoming interactions, such as orientation sessions and language classes. We also promoted the video on social media.
- The Welcoming Schools pilot programme was started, with the support of external funding, and is being delivered through the Manawatū Multicultural Council.
- In response to the drownings over the summer in the Manawatū River, a water safety working group was established to find ways to improve water safety outcomes for newcomer and ethnic communities.

Rainbow Communities

A suitable safe drop-in space for members of the rainbow community was identified, in collaboration with MALGRA, and is now being operated out of Hancock Community House. A gathering was organised for the raising of an inclusive rainbow flag in Te Marae o Hine to mark international Pride month in June.

People without Homes

Initial scoping work was conducted to investigate options for a study into solutions to address homelessness in the city, and as a result, a project was commissioned to conduct in-depth research and engagement with the community to develop ideas and recommend the next steps for solutions.

SOCIAL HOUSING

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

We completed another 28 units in our Papaioea Place development. The design and consent for the third and final stage of the redevelopment were also completed, with construction commencing in May 2022. Stage 3 will complete the complex with the construction of 7 more units and a tenant lounge within the complex.

Additionally, Council commenced the upgrade work across the housing portfolio to ensure the entire portfolio fully meets the Healthy Homes standards. This work sees an upgrade to heating, ventilation, draft stopping, and insulation being undertaken where required. This will be completed by July 2023.

HEALTHY COMMUNITIES

Council supports healthy community choices in a variety of ways. The Smokefree Reference Group, including members from partner organisations including the Midcentral DHB and the Cancer Society, continue to promote the implementation of the Auahi Kore Smokefree and Vapefree Policy. Council-funded events are promoted as smoke-free and vapefree and Council continues to support smokefree and vapefree outdoor dining through the implementation of permit conditions for outdoor dining under the Signs and Public Places Bylaw. All council-funded and delivered events are also required to meet Sun Protection and Healthy Beverages policies. Event locations are chosen with both natural and built shade options and where this is not possible, shade items such as gazebos and umbrellas are sourced to provide a safe environment for event-goers.

Rangitāne o Manawatū has opportunities for involvement in the development and review of council policies and initiatives to promote community health and wellbeing through discussions at the regular Rangitāne engagement hui. Progress has not yet been made towards incorporating a wider health impact assessment into the policy process due to pandemic-related constraints.

All new projects consider the relevant healthrelated policies in the design phase.

During the year Council completed its triennial assessment of the level of shade in parks, particularly associated with playgrounds. The level of shade in parks has increased with 31 of the 47 playgrounds assessed having some shade. Three parks were identified where no shade was provided, and no new trees had already been planted. The shade tree planting programme has been re-prioritised to focus on planting trees in these three parks, and in parks and at sportsfields where shade is currently inadequate.

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. Council continued to improve the 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 Ministry of Ethnic Communities.
- Lunar New Year and Moon Festival with east Asian Communities, MMC and Ministry of Ethnic Communities.
- Eid Fitr with Muslim Communities and Ministry of Ethnic Communities.

A number of the city's key events were cancelled due to Alert level restrictions including Waitangi Day, Festival of Cultures, Explore Esplanade Day and New Year's Eve. Cultural events were also impacted by the cancellation of Lunar New Year, Diwali in The Square, Festival of Colours and Moon Festival.

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

In collaboration with the PNAAOC and local RSA, we supported the delivery of reduced Anzac services. A single service for the city was undertaken due to the reduction of support from the Defence Forces.

ONGOING CONSIDERATIONS

COMMUNITY FACILITIES

Community Centers

Community Centre Management Agreements will be reviewed in the coming months to strengthen alignment with the council's aspirations for Community Centres to be places that create a sense of community ownership and inclusion, and to ensure the Agreements reflect the characteristics of each centre and its community.

Community Places, a stocktake and needs assessment review of all community facilities including the centres, will be completed and presented to Council.

Kelvin Grove Community Centre is planned to have a substantial upgrade in the coming year with a new car park, accessibility improvements and interior refurbishment planned.

Cemetery

The demand for non-decorated and decorated grave areas within the Kelvin Grove cemetery will require careful management going forward. There will be a need to ensure that there is a clear separation between the areas whilst still meeting demand in an organised and cost-effective manner.

The main barrier to the provision of a natural burial cemetery within the city is soil typography. The soil types within the three city cemeteries are not suited for natural burial due to their poor drainage. Council will continue to discuss with Manawatū District Council the feasibility of a natural burial area within the district, under some type of shared arrangement between the two councils.

Library

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

CITY LIBRARY

This coming year a Maara Kai (vegetable garden) and Wao Hua (urban food forest) will be established at Te Pātikitiki Library to provide a nurturing space that models Māori food sovereignty through maara kai and food forest principles. Both the library and garden will encourage the use of Te Reo Māori and include Rangitāne and wider iwi Māori values.

COMMUNITY DEVELOPMENT

Community-led initiatives will continue to be supported across the community, and efforts to build for-purpose groups' capacity and capability will be maintained. The Funding HQ programme will be made available to more community groups. The local Social Wellbeing Forum and the national Tonic Conference for non-profit organizations will be supported to occur in the city.

We will continue to be active in community networks such as Ora Konnect, and the three Community Reference Groups will be supported. The Companion Card pilot will be completed this year, and a report prepared to determine whether it should be continued as a permanent programme.

Implementation of the Welcoming Plan will increase the pace, and preparations will begin for an Advanced Welcoming Communities accreditation application in late 2023.

A report providing recommendations on the next steps for solutions to address homelessness will be prepared.

SOCIAL HOUSING

Our social housing is provided to older people on low incomes, people with disabilities on low incomes, and people on low incomes who experience other barriers to accessing housing in the private market.

Our social housing is warm and safe, as shown by compliance with the Otago Medical School He Kāinga Oranga Rental Housing Warrant of Fitness Standard.

We will continue with Stage 3 of the Papaioea Place housing redevelopment, completing the remaining 7 units and the tenant lounge within the complex.

We will continue the upgrade work across the housing portfolio to ensure the entire portfolio fully meets the Healthy Homes standards.

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

HEALTHY COMMUNITIES

The development of a new Policy Framework provides a useful foundation for Council's commitment to including a health impact assessment in all ongoing policy development and review. This framework includes a more explicit and ongoing assessment to ensure that Council's health-promoting policies (Auahi Kore Smokefree and Vapefree Policy, Health Beverages Policy, and Sun Protection Policy) are consistently implemented. Council also intends to work with health agencies to include a health impact assessment in the policy process, although this will need to take into account the availability of resources during the health reforms.

EVENTS AND FESTIVALS

Successfully rebuilding the city's events environment post-COVID-19 to deliver a creative and exciting city with 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. A framework is required to consider when community-driven events become part of a council-delivered annual programme and ensure appropriate resourcing to provide acceptable levels of service.

Continuing to develop our events capability and develop a sustainable city event strategy that enables the delivery of a well-rounded calendar is vital.

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Provide city libraries that collect, curate and provide access to knowledge, ideas and works of the imagination	Library users are satisfied with the services and programmes provided (physical and online).	Target Not Met	Physical visitor numbers continued to be significantly impacted across the year by the way both our community and the City Library sites responded to the continuing impact of Covid-19.
that are primarily focused on meeting the needs of communities with the greatest needs and reflect the diverse and changing needs of communities.	Target: More than 800,000 visits a year. Average use per item per year is at least 4 (physical items).		This year there were 371,186 physical visits across our eight City Library locations - this compares to 729,012 physical visits last year. The Mobile Library is back on the road and is our third most visited location over the past two months. The collection continues to work hard with the average use per item being 4.12 (this compares to a national average of 2.91) and 'virtual' visits continued to grow with 766,715 City Library website page views and 179,344 website sessions
			Manawatū Heritage had 304,748 website views and 72,310 website sessions. Our libraries hosted 38,359 PC sessions and 158,603 Wi-Fi sessions for the eleven months to the end of May (full year statistics were not available at the time of reporting). There were 972 heritage enquiries; 3401 digital help sessions; and 29,063 people were assisted with manual contact tracing requirements.
			The digital library continued to grow and allowed people to stream 19,008 films through Beamafilm and Kanopy; read 1697 titles through Press Reader, and use Ancestry 2909 times. Our eBook & eAudio collections now consist of over 40,000 titles and this year saw 117,570 items issued which is about 13% of total issues. The Library App also saw significant growth in uptake with 85,511 sessions this year versus 63,778 last year. This year the library team delivered regular, scheduled Home Service deliveries to 102 members of our community; and supported 1252 "Click and Collect" holds as part of contactless delivery options for our community.
Provide library programmes that support the development of literacy in all its forms.	2. Library programmes reflect the changing needs of communities. Target: Narrative measure number and description of programmes and their outcomes.	Target Met	Due to the on-going impact of Covid-19 restrictions, the design and delivery of programmes this year has been challenging, and much of our programming had to be put on hold. The team delivered 1307 activities, programmes, events, celebrations and commemorations attended by 29,063 participants this year vs 2237 programmes with 72,590 attendees last year.
			Key programmes for this year were Off The Page (in partnership with Massey University); the Manawatū Writers Hub; the Summer Reading Programme (including iRead) and Local History Week. The second Ka Mua, Ka Muri expo was successful. We continue to co-ordinate freelance historical writers for the Back Issues series in the Manawatū Standard. Each feature includes 800-1000 words on a local history topic and images often sourced from our digital repository Manawatū Heritage. We successfully hosted Author visits and book launches.
			We also contributed to several community programmes. Programmes that enhanced community connection and wellbeing included garden and seed exchanges; budgeting advice and support sessions; CV writing and digital inclusion programmes delivered in schools and residential care facilities. Pop-up children's activities included "Grab and Go" bags and interactive play kits. Blueprint was used by 14,700 makers and continues to support a growing maker community across the city. Youth Space programmes specifically looked to support our young people with education and employment (78 activities with 858 participants); health and wellbeing (74 activities with 651 participants); creative expression (89 activities with 447 participants); and social connectivity (117 activities with 1273 participants).

Provide public toilets throughout the city, to a standard that meets public expectations.	3. Accessible and genderneutral toilets are provided throughout the city, and especially in places where there is the most community activity. Target: Narrative measure outlining number, type and location of toilets, plus annual satisfaction survey results)	Target Met	There are 56 public toilet blocks located throughout the city. The Hokowhitu, Highbury, and the skatepark toilets on the Railway Land were refurbished in 2021/22. The refurbishment works included ensuring that the toilet blocks were accessible and gender neutral as appropriate. In the latest 2022 survey 83% of respondents signaled that they were either neutral or satisfied with the public toilets in the city.
Support community centre management groups to provide community centres that are responsive to the needs of their communities.	4. Community centres are well used. Target: Narrative measure outlining use of centres and range of use with them).	Target Met	Community centres continue to be well utilised by both regular and casual user groups, including hobby groups, ethnic groups, religious groups, corporate bookings, and individual community members booking for celebrations.
Provide cemetery services that are responsive to community needs.	5. Visitors to cemeteries are satisfied with the services provided. Target: Narrative measure outlining user and residents survey trends.	Target Not Met	User surveys were not completed this year. The cemetery office has remained closed and interaction with the public limited, to mitigate the risk to cemetery staff and vulnerable visitors, due to COVID-19 circulating in the community.
Provide warm, safe and accessible social housing for older people, people with disabilities, and other people on low incomes who experience barriers to renting in the private market.	6. Council's social housing tenants are satisfied with the social housing service they receive (two yearly survey, next in 2023 – aim is 90% satisfied, current figure is 96%). Target: Narrative measure outlining survey results and tenant feedback.	Target Met	The overall satisfaction rate in the 2021 tenancy survey was 98%. Of the 121 tenants who responded: 118 gave a rating of 7 out of 10 or higher. The next survey is due to be completed in early 2023. (2020/21 – 98%)
	7. Council's social housing is warm and safe, as shown by compliance with the Otago Medical School He Kāinga Oranga Rental Housing Warrant of Fitness Standard. New Council housing is accessible (as shown by Lifemark 4 Star Design Standard accreditation).	Target Met	Of the 430 units in Council's housing portfolio all housing units meet the requirements for insulation and 19 units require improvements to prevent draughts. 332 units are required to have their heating and extraction fans upgraded to meet the new requirements of the Healthy Homes and WOF standards. A programme is in place to address these over the 2021/22 and 2022/23 financial years. Approx. 45% of the housing portfolio will meet the standards by 30 June 2022.
	Target: Standards met.		

Support and fund
communities and for-purpose
organisations to build
community, neighbourhood
and organisational capacity
and capability.

8. More community-led projects are supported by Council.

Target: Narrative measure outlining description of activities funded and their outcomes.

Target Met

The Council continues to support community groups with Community garden and community orchard initiatives. The Highbury Shops Revitalisation project is progressing to the design phase in collaboration with Ora Konnect and the Highbury Community. Council provided grant funding to support the Samoan community with a community-led event to celebrate their 60th Anniversary of Samoa Independence coinciding with Samoan Language Week.

We established both a Pasifika Reference Group and Seniors Reference Group who can provide a wide range of skills and experience. "Le'o 'o e Pasifiki Voices of the Pacific Launch" Students were inspired by our Artist in Residence who conducted workshops with them, showing the importance of their stories. A small community-led flag raising ceremony was facilitated to mark Pride month.

A safe space for the rainbow community has been established, with MALGRA now running a drop in centre at Hancock Community House. We had 14 successful applications for the Covid-19 relief fund with a total of \$82,000. Five applications were received for the Community-led Initiatives Fund, three were successful and included a music project for kids, an environmental event and Pasifika Fusion.

There were 65 applications submitted for the Strategic Priority Grants and 43 of those were successful, with total allocated amount of \$1.4m. The Central Region Funders Forum was held to connect funders, share information, and find ways to provide better funding support to communities. We collaborated with Ministry of Education, on a project providing space and support for first language classes for former refugees and migrants has been facilitated. Manawatū Refugee Resettlement Forum was supported to deliver World Refugee Day event.

Provide, fund and support events so that Palmerston North has a full events calendar that caters well for different sectors of the city's population. 9. There are increases in: participation in community and city centre events, satisfaction with the annual programme of events, the range and diversity of community-led events in the city.

Target: Narrative measure outlining number and range of events, plus participation and satisfaction with events.

Target Not Met

Covid-19 restrictions on events continued to limit activities in this quarter. A small number of city centre events were undertaken due to hesitancy to financially commit to an event delivery. Palmy Bid has started to deliver small scale events in the city centre to benefit residents and businesses such as Easter Pop-Up and Regent Arcade Bonanza Markets. Puanaga Twilight Festival demonstrated a desire from residents to return to council-led community events with an estimated attendance of approximately 8000 which doubled numbers from 2021. It is anticipated that a marked increase in participation and satisfaction with annual events will be seen in the coming year.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Connected Communities	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
REVENUE				
Cemeteries	762	735	27	789
Central Energy Trust Wildbase	-	52	(52)	83
Community & Commemorative Events	110	40	70	99
Community Centres	140	139	1	138
Libraries	367	275	92	85
Public Health	460	610	(150)	522
Public toilets	5	-	5	3
Social Housing	3,062	2,938	124	2,889
Support to community groups	53	-	53	22
TOTAL REVENUE	4,959	4,789	170	4,630
				· · ·
EXPENSES				
Cemeteries	1,369	1,350	(19)	1,232
Central Energy Trust Wildbase	844	928	84	873
Community & Commemorative Events	1,261	1,318	57	1,387
Community Centres	1,110	1,065	(45)	978
Libraries	9,237	9,955	718	9,165
Public Health	1,779	2,004	225	1,164
Public toilets	1,088	482	(606)	1,028
Social Housing	3,810	3,525	(285)	3,630
Support to community groups	2,408	2,394	(14)	2,303
TOTAL EXPENSES	22,906	23,021	115	21,760
NET OPERATING COST OF ACTIVITY	(17,947)	(18,232)	285	(17,130)
THE OF ENAMED COST OF ACTIVITY	(17,547)	(10,232)	205	(17,130)
RATING ALLOCATION				
Add back depreciation	3,816	3,661	155	3,718
Less Renewal capital expenditure	(2,548)	(3,134)	586	(1,735)
Add/(Less) borrowing effect of renewal 3 year averaging	1,145	1,145	-	482
Add external revenue for renewal capital	7		7	-
Less provision for debt reduction	(489)	(489)	-	(424)
Add general rates allocation	16,016	17,049	(1,033)	15,089
FUNDING SURPLUS/(DEFICIT)	10,010	17,043	(1,033)	10,000

Library expenses under due to depreciation changes from latest revaluation.

Public toilets expenses over budget due to higher labour requirements than budgeted.

Significant Activity Capital Projects Connected Communities	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
CAPITAL RENEWAL				
178-City Library (all sites) Replacement of Shelving, Furniture and Equipment	88	36	(52)	
180-Social Housing - Renewals	529	500	(29)	
186-Public Toilets - Renewals	130	227	97	
188-City Library Replacement and Purchase of Library Materials	769	750	(19)	
202-Central Library Interior Design Renewals	20	20	-	
203-Community Libraries, Youth Space, Blueprint and Mobile Library Interior Design Renewals	_	31	31	
265-Community Centres - Renewals	273	220	(53)	
278-Cemeteries - Kelvin Grove - Roading and Footpath Refurbishment	-	13	13	
563-Cemeteries - Kelvin Grove - Crematorium Office				
reconfiguration to address health and safety issues	(1)	266	267	
567-Cemeteries - Crematorium Chapel Interior Renewals	-	66	66	
1120-Community Libraries - Renewals	4	50	46	
1136-CET Wildbase Recovery Centre - Renewals	113	100	(13)	
1138-Digital Technology to Support 21st Century Citizens and Service (Renewal)	51	51	-	
1139-Radio Frequency Identification (RFID) Materials Management	26	25	(1)	
1269-Bylaw Signage - Replacement	-	12	12	
1452-Community Stage - repair	39	50	11	
1575-Seismically brace the HVAC piping ¹	-	260	260	
1742-Social Housing - Grounds Renewals	130	130	-	
1769-Community Agency Facilities - Renewals	135	120	(15)	
1775-Central Library - Renewals	119	100	(19)	
1796-Cemeteries - Building Renewals	-	20	20	
1828-Cemeteries - Non-Building Asset Renewals	123	87	(36)	
TOTAL CAPITAL RENEWAL	2,548	3,134	586	1,735
CAPITAL NEW				
161-Public Toilets - New City-wide Toilets	48	346	298	
1196-Cemeteries - Kelvin Grove - Renewal of staff facilities	(7)	-	7	
1219-Social Housing - Papaioea Place Redevelopment - Stage 2	795	686	(109)	
1413-Bunnythorpe Community Facility	492	344	(148)	
1561-Community Centres - Kelvin Grove Community Centre Carpark	62	240	178	
1743-Social Housing - Papaioea Place Redevelopment - Stage 3	469	1,689	1,220	
1833-City Growth - Cemeteries - Extensions to burial and ashes areas to meet demand	161	48	(113)	
1896-Social Housing - Healthy Homes Compliance Items Purchase	531	900	369	
1948-Events and Festival Equipment Purchase	15	55	40	
TOTAL CAPITAL NEW	2,566	4,308	1,742	5,340

¹Refer to page 30

SAFE COMMUNITIES

WHAT THE COUNCIL DOES

Community wellbeing includes all aspects of health, te whare tapa whā, and includes safety. The purpose of this Plan and Activity is for people in Palmerston North to feel safe and be safe.





WHAT HAPPENED IN THE YEAR

Animal Management and Environmental Health

As a result of the Code of Welfare amendment for the Temporary Housing of Companion Animals 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 underway, with construction estimated to commence in October 2022.

The number of registered dogs in the city increased from 9021 in 2020/21 to 9565 in 2021/22, with 7413 owners, of whom 2739 are approved as a "preferred owner".

During the year there were 117 reported dog attacks:

- > 45 'dog-on-person' attacks.
- > 44 'dog-on-dog' attacks.
- ≥ 28 'dog-on-other animal' attacks.

Animal Management Officers issued 127 infringement notices (15 were waivered or cancelled due to extenuating circumstances). There were no prosecutions brought before the courts.

- ≥ 108 non-registration.
- > 15 failing to have a dog under control or confined.
- ⇒ 4 failing to comply with a classification.

Animal Management Officers impounded 352 animals, 351 dogs, 1 Lamb.

- 247 animals were returned to their owners (54 of these had zero fees).
- 38 animals were rehomed (12 through an external agency).
- ⇒ 59 dogs were euthanized.
- ≥ 8 dogs are currently impounded.

The Animal Management team provided two educational events at local schools targeting bite prevention, and one dog safety training to a local agency. Feedback from all recipients suggested this was valuable and this service will be offered to additional schools and agencies in the coming year. The number of events held was significantly reduced from the number planned due to COVID restrictions during the year.

Environmental Health

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

During 2021/22 the volume of applications and requests that were processed and addressed by the Council are provided below:

Environmental Health Officers processed:

- ▶ 67 new food premise applications.
- ≥ 299 food control plans were verified.
- ▶ 90 food enquiries were responded to.

The council received and processed the following complaints:

- > 181 complaints regarding overgrown vegetation.
- ▶ 9 complaints regarding cats.
- > 42 cat trap requests were received.
- > 44 complaints relating to poultry.
- > 18 complaints relating to bees.
- > 8 complaints relating to signage.
- ≥ 314 complaints relating to abandoned vehicles.

In 2021/22 there were 3830 complaints, compared to 3955 noise complaints in 2020/21, 3365 noise complaints in 2019/20, and 3,493 in 2018/19.

Palmerston North has 94 registered hairdressers, three funeral homes, one camping ground and one offensive trade business.

During the year 2021/22 the following alcohol licenses and manager certificates were processed:

- > 14 New On licenses.
- ≥ 2 New Off licenses.
- ⇒ 43 On license renewals.
- ➤ 13 Off license renewals.
- ➣ 9 Club license renewals.
- ⇒ 72 Special licenses.
- > 105 New Manager Certificates.
- > 193 Manager Certificate renewals.
- ≥ 13 Temporary authorities.
- 2 Permanent club charter.

Civil Defence Emergency Management

Council provides a 24/7 emergency management duty officer to monitor and respond to community risks and hazards. The Civil Defence Emergency Management 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.

We have sent our Emergency Management staff and our volunteer Rescue Team NZRT4 to assist our neighbouring councils as required. One of our Emergency Management team deployed to Westport to support the Buller District Council with their response and recovery operations during the July 2021 floods and Staff went to Horowhenua District Council to assist with flooding and tornado events in May and June 2022. Experience gained from emergencies outside of our city strengthens the knowledge base and sharpens skills and lessons identified are used to improve the local process.

Our council volunteer response team (NZRT4) was deployed in rescue support capability ten times this year to assist emergency services across the region. NZRT4 provided swift water rescue support to Police in retrieving drowning victims from the Manawatū River at Ahimate Reserve in December and January. The team conducted welfare checks and provided supplies to 8 households isolated by a landslide, and they supported Fire Emergency New Zealand's USAR team in response to Horowhenua District council's recent tornado and storm event. Council's NZRT4 response team has grown to 26 members with 15 trained responders, and 11 recruits joining this year. The team conducts regular training and exercises to ensure they are prepared and ready to respond at any time.

Building robust networks helps us all to get through in an emergency. We continue to strengthen our relationships with community partners and Government agencies. Due to COVID 19 being in our community we have had to adapt and provide other options for staff and the community to learn about hazards and be prepared. A Civil Defence Emergency Management learning pathway has been developed and is available online for staff and partners to develop their Emergency Management Skills.

Safety Advisory Board

Palmerston North City Council has maintained its Safe City Accreditation throughout 2021/22.

The Safety Advisory Board continues to meet regularly to discuss local safety issues, and relationships have been maintained with the community groups who are funded through Strategic Priority Grants who work in the Safe Communities area.

The City Ambassadors programme was run for the fifth time in the central city over the summer months. The programme was well-received by stakeholders, including BID and NZ Police, and was effective in bringing vibrancy, connectivity and an increased sense of safety to Te Marae o Hine.

ONGOING CONSIDERATIONS

Animal Management and Environmental Health

There is a continued focus on achieving compliance from dog owners. Education topics and key audiences have been identified by assessing complaints received during the year. Bite prevention education in schools is ongoing.

Civil Defence Emergency Management

Our emergency management staff continue to monitor natural hazards and risks that could impact our community, and Council will continue to take learnings from our responses or support offered to our neighbouring communities. We will update our 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.

Safety Advisory Board

Consideration will be given to continuing Safe City Accreditation, with changes to the national accrediting body underway.

The Safety Advisory Board will continue to be facilitated, and relationships with the community groups who are funded through Strategic Priority Grants who work in the Safe Communities area will be maintained.

The City Ambassadors programme will be run again in 2022/2023, with a corresponding evaluation to support data collection as to its efficacy.



HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Coordinate and facilitate the work of the Safety Advisory Board (SAB) to enable the fulfilment of its strategic plan.	The SAB carries out a range of successful initiatives. Target: Narrative measure (outlining description of SAB initiatives and their outcomes).	Target Met	The City Ambassadors programme was evaluated and recommendations will be incorporated in planning for the 2022/23 City Ambassadors. SAB members are contributing to an Ora Konnect squad looking at burglary prevention initiatives in the Western suburbs.
Achieve the Manawatū- Whanganui Civil Defence Emergency Management Group goals to build resilience and disaster preparedness for civil defence and emergency situations.	Increasing preparedness for emergencies in Palmerston North. Target: Narrative measure outlining Manawatū Wanganui CDEM preparedness 2-yearly survey trends and description of initiatives.	Target Met	Council's Emergency Management team, regularly interacts with community groups and at community events. Our Emergency Management team has been working with the foodbank sector, as we move forward from Covid-19. Regular interactions with key stakeholders ensure relationships are well established before an emergency. Council Emergency Management teams' water tank project continues to be popular with the community with high regular sales. Council will continue to interact with the community to be prepared for all emergencies, and meet objectives from the Manawatū Whanganui CDEM group plan.
Enforces bylaws and legislation in relation to supply and sale of alcohol, stray and aggressive dogs, keeping animals, food and commercial premises, gambling, and excessive noise.	3. Bylaws are reviewed on legal timeframe and enforced. Target: Narrative measure outlining description of programme to develop and review bylaws and their outcomes.	Target Met	The review of the Trade Waste Bylaw and the Stormwater Bylaw were both completed and adopted in May 2022. The bylaw review programme continues to be affected by Covid-19 related delays caused by redeployment in 2020, but all necessary bylaw reviews have been completed.



FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Safe Communities	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
REVENUE				
Animal Control	931	866	65	902
Civil Defence	89	-	89	144
Safer Community Initiatives	-	=	-	32
TOTAL REVENUE	1,020	866	154	1,078
EXPENSES				
Animal Control	1,034	957	(77)	1,009
Civil Defence	1,149	893	(256)	1,202
Safer Community Initiatives	387	424	37	339
TOTAL EXPENSES	2,570	2,274	(296)	2,550
NET OPERATING COST OF ACTIVITY	(1,550)	(1,408)	(142)	(1,472)
RATING ALLOCATION				
Add back depreciation	176	24	152	175
Less Renewal capital expenditure	(108)	(131)	23	-
Add/(Less) borrowing effect of renewal 3 year averaging	(105)	(105)	-	(11)
Less provision for debt reduction	(75)	(75)	-	(83)
Add general rates allocation	1,662	1,695	(33)	1,391
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

	Actual	Budget	Variance	Actual
Significant Activity Capital Projects	2022	2022	2022	2021
Safe Communities	\$000	\$000	\$000	\$000
CAPITAL RENEWAL		 	 	
1512-CCTV replacements	108	111	3	
1569-Replacement of wearable cameras for parking and animal control officers	-	20	20	
TOTAL CAPITAL RENEWAL	108	131	23	-
CAPITAL NEW				
1552-Animal Shelter - New Building	595	2,320	1,725	
TOTAL CAPITAL NEW	595	2,320	1,725	103
TOTAL CAPITAL PROJECTS	703	2,451	1,748	103



CLIMATE CHANGE

WHAT THE COUNCIL DOES

The climate is changing, bringing changes to long-term weather patterns and increasing the frequency of drought and flooding. The purpose of this plan is to understand the impacts of climate change and to reduce Council and citywide greenhouse gas emissions.

KEY ACHIEVEMENTS



Volunteers planted 19264 trees as part of the Green Corridors project.



Between June 2020 and July 2021 we were responsible for 19433 tons of carbon dioxide emissions (or equivalent other gasses). This is a 5.65% reduction since last year and a 20.11% reduction since the 2016-17 baseline year.



WHAT HAPPENED IN THE YEAR

The International Panel on Climate Change (IPCC) published their sixth Climate Change Report in three sections between February and April 2022. A final synthesis report is due in September 2022. This report highlights the need for greater urgency from national governments to meet and exceed their emissions reduction targets and prepare adaptation plans. The New Zealand national government's response is included in the Draft National Adaptation Plan (NAP published April 2022) and the National Emissions Reduction Plan (NERP published May 2022).

We've already adopted many of the principles of these international and national reports in our Eco-city Strategy 2021-31 and its Climate Change Plan 2021-31.

- Working with the regional Climate Joint Action Group on developing a regional climate change action plan (due September 2022). This document will provide structure for the delivery of 'on the ground'.
- Providing support to capital projects within council through the Low Carbon Fund. This has included converting to LED streetlights, boiler replacements for The Depot and The Esplanade, making efficiency improvements in the Lido, and the replacement of eight petrol/diesel vehicles with new battery-electric pool cars for Council's building inspectors, environmental health officers, and general purpose staff travel. An annual report on the fund is expected to be delivered to the September 2022 Environmental Sustainability Committee.
- Volunteers planted 19264 trees as part of the Green Corridors project. This not only helps attract biodiversity into the city it helps to absorb and store carbon dioxide from the atmosphere.

ONGOING CONSIDERATIONS

Climate Change

PNCC continues to develop and deliver organizational and citywide inventories to track our greenhouse gas emissions. This information helps us to measure our progress against our published goals and focus our attention on inefficient or high emission areas.

Organisational Emissions

Between June 2020 and July 2021 we were responsible for 19433 tons of carbon dioxide emissions (or equivalent other gasses). This is a 5.65% reduction since last year and a 20.11% reduction since the 2016-17 baseline year. We will continue to seek efficiency savings and build on this ongoing success.

As part of its long-term vision, we're developing a feasibility study to look at options for developing a carbon-neutral council by 2050. This would include minimization of council emissions and planting permanent native forests to offset any remaining emissions.

Citywide Emissions

Between June 2020 and July 2021 Palmerston North City as a whole was responsible for approximately 458,924 tons of carbon dioxide emissions (or equivalent other gasses). This is a 0.5% reduction since last year and an 8.18% reduction since the 2016-17 baseline year. This means that a great deal more work is needed to meet our target of a 31% reduction by 2031.

We're currently developing a Low Carbon Road Map in anticipation of the regional action plan. This will further focus our efforts, particularly concerning citywide emissions, and help us to develop programs and projects to further reduce our environmental impact and move us towards a more circular sustainable economy.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Foster sustainable practices and behaviours so that city residents and organisations become more sustainable.	Increase in sustainable practices. Target: Narrative measure outlining projects and initiatives that foster sustainable practices / behaviours and their impacts.	Target Met	As per the Low Carbon Roadmap approved by the March 2022 Environmental Sustainability Committee, one of the three key workstreams of the climate change office is to improve the way in which both the Council takes into account the 'whole of life' operational costs of its capital investment decisions, as well as properly accounting for the carbon emission reductions/increases resulting from these decisions. This enables Council to allocate capital more appropriately and cost effectively in pursuit of it's strategic goals. This programme of work is ongoing, with the expectation that it will culminate in incorporation of these principles into the 2024-2034 Long Term Planning process.
Develop policies and plans and work with city stakeholders to achieve the target of a 30% reduction in greenhouse gas emissions by 2031 and continue to reduce greenhouse gas emissions from Council's own activities.	Decrease in Council's total organisational emissions. Target: Narrative measure outlining greenhouse gas reduction initiatives and their impacts.	Target Met	The Low Carbon Fund (LCF) has enabled a substantial acceleration of emission reduction projects over this past year. These have included large LED lighting upgrades, energy efficiency upgrades, and the upgrade of eight petrol/diesel vehicles to plug-in full electric. Officers expect this programme to continue to broaden and deliver both emission reductions and cost-savings over the coming years. An LCF annual report on 2021/22 is expected to be delivered to the September Environmental Sustainability Committee. The recently completed organisational emissions inventory for the 2020/21 FY shows that Council emissions are continuing to decline, with a 27% reduction in emissions since the 2015/16 baseline year. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources is still evolving, as are GHG reporting and assurance standards.
Work with iwi and community groups to re-establish bush, particularly along waterways, and to control introduced predators.	3. Measured through Manawatū River level of service. Target: Measured through Manawatū River level of service.	Target Met	Native plantings have occurred in conjunction with the Turitea Pa site development. Council has continued a programme of pest control in council reserves.



FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Climate Change	Actual 2022 \$000	2022	Variance 2022 \$000	Actual 2021 \$000
REVENUE				
TOTAL REVENUE	-	-	-	-
EXPENSES				
Climate change mitigation and adaption	131	222	91	=
TOTAL EXPENSES	131	222	91	_
NET OPERATING COST OF ACTIVITY	(131)	(222)	91	-
RATING ALLOCATION				
Add general rates allocation	131	222	(91)	-
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

TOTAL CAPITAL PROJECTS	-	1,000	1,000	-
TOTAL CAPITAL NEW	-	1,000	1,000	-
1888-Low Carbon Fund	-	1,000	1,000	
CAPITAL NEW				
Significant Activity Capital Projects Climate Change	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000

1888-Low Carbon Fund is allocated to other programmes to help support investment in greener alternatives.

ENVIRONMENTAL SUSTAINABILITY

WHAT THE COUNCIL DOES

Sustainable practices: There are opportunities for individuals and organisations to incorporate more sustainable practices into the way we live. Our homes and businesses can be warmer, drier, and more efficient. We can minimise the use of resources and reduce waste generation. We can choose more energy-efficient transport and services. The Council can make these choices alongside the Palmerston North community. The purpose of this chapter is for the local community, and especially property owners, to understand the benefits of investing in sustainable building design and green buildings. We want Council to role-model sustainable practices and to share lessons learned with local communities.

Biodiversity: Horizons Regional Council and the Department of Conservation lead to action to increase local biodiversity. We also have a role to protect nature in the urban environment. The purpose of this chapter is to regenerate native biodiversity and for communities to take part in and learn from biodiversity initiatives.



WHAT HAPPENED IN THE YEAR

SUSTAINABLE PRACTICES

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

- Our website outlines where items can be recycled or disposed of correctly. Content has been continuously updated.
- > Positive steps are taken to avoid illegal dumping.
- > We commenced a recycling service for tyres through our Awapuni Resource Recovery Centre.
- > We commenced a recycling service for liquid paperboard through our Ferguson Street Drop off Point.
- Encouraging the public to refill their water bottles at locations and establishments that are part of the Refill NZ Initiative.
- Encouraging people to collect their own rainwater for emergency or outdoor use
- Informing and inviting the public to participate in community planting days.

Sustainable Living Programme

Palmerston North City Council 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 as well as through facilitated programmes. This is based on materials and structure developed by Sustainable Living Education Trust covering eight weekly sessions on the topics of gardening, waste, water, ecobuilding, energy, food choices, transport, and resilience.

Community-based Zero Waste Action Group

We continued to support the community-based zerowaste action group. The group includes Council staff, and other stakeholder group representatives from Rangitāne, community groups, academia, and the business sector. Regular meetings were held to germinate ideas for collaboration including a working version of its Vision ("Interested parties working together for Palmerston North moving towards zero waste and circular economy") and Mission ("Collaborate, encourage and share information and knowledge to work towards achieving zero waste and circular economy"). Environment Network Manawatū (ENM) and other key members (Just Zilch, and PNCC) co-developed and submitted an expression of interest for an application to the Waste Minimisation Fund 2021 on food rescue/waste.

Support for joining the "Refill NZ" Initiative

We continue to sponsor cafés and establishments to join "Refill NZ" – a nationwide initiative that allows the public to fill up their drink bottles for free without the 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.

Eco Design Homes

Our Eco Design Advisor (EDA) continued to provide a comprehensive service to the community with inhome consultations with homeowners and tenants, providing free, unbiased advice on achieving and maintaining a healthy interior home environment.

Our advisor 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.

Our advisor 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.

Support to Environmental Groups

Through the Strategic Priority Grant 2019-2022 (SPG) funding, the Council contributed \$197,840 to the environmental sector this year. Through this contribution, four groups were supported, and they influence outcomes for four of the eco-city priorities. The groups promote sustainability through educational programmes, food sovereignty and other activities.

A dedicated resource, a Community Development Advisor, was allocated to the Community Development Team to support environmental groups. The Advisor also worked to support the Food Security Network, which has a strong food rescue component and has been working with groups to support Community Gardens.

BIODIVERSITY

We continued our investment in pest and weed management in parks and reserves including throughout the Kahuterawa Outdoor Recreation Park. This included regular predator trapping, weed control and the monitoring and reporting of trapped species. Pest and weed management also occurs throughout the Turitea Green Corridors, Manawatū River Park/Esplanade, utilising a mix of contractors and volunteers. We support residents in managing pests on their properties with advice and training and provides traps to groups willing to work collectively to make predator-free pockets.

Our ongoing investment in pest management in the Turitea Reserve is vindicated through native bird species monitoring. Results continue to show significant population increases in key native species, with a tripling of Bellbirds and Riflemen since monitoring began, and a whopping tenfold increase in Tūī and Kererū. Last year, the Turitea saw a significant milestone with the reintroduction of the Toutouwai (NZ Robin), a species that had been locally extinct for generations. Unfortunately, due to a significant increase in the number of rats last summer (observed nationally due to a range of factors), the first Toutouwai breeding season has not been as successful as hoped. Together with our Rangitāne partners, a special operation is currently underway to reduce rat numbers in the reserve to (hopefully) near-zero, to give the robins every chance we can of establishing a permanent colony.

The ongoing construction of Mercury's Turitea Wind farm has meant that recreational deer hunting has not been able to resume in the Turitea Reserve. Council's pest controller has increased deer hunting activity in the reserve to maintain control of the animals entering the reserve from adjacent private land and Department of Conservation reserves.

The council continues to contribute to Horizons-led biodiversity enhancements in the Te Apiti/Manawatū Gorge.

GREEN CORRIDORS

We managed the planting of 17,483 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 limited during 2021 due to COVID-19 restrictions. Volunteer planting and maintenance resumed in 2022 in a limited capacity, largely focused on Aokautere and Turitea, 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.



ONGOING CONSIDERATIONS

SUSTAINABLE PRACTICES

In addition to promotional and education campaigns, the Council continues to support 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 the targeted audience/purpose. We will collaborate and partner 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 preapplication 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 ecodesign 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.

SUPPORT TO ENVIRONMENTAL GROUPS

Through the Strategic Priority Grant 2022-2025 funding, we will contribute \$208,000 towards the environmental sector this year. Through this contribution, four groups are supported, and they influence outcomes for four of the eco-city priorities. Environment Network Manawatū has been identified as a Sector Lead and will participate in the trial of the Sector Lead partnership agreements.

The environment sector Community Development Advisor will continue to provide support to the Food Security Network and community-led Community Gardens.

BIODIVERSITY

As urban development extends in the Aokautere area, the number of homes in proximity to the green corridors increases. There is a real threat to native species if the number of domestic cats increases and/or wild cat populations move deeper into the green corridors to get away from developments.

The expectations that residents will be able to move through gullies via walkways need to be carefully balanced with the need to preserve soil stability and habitats for fauna and flora created via the green corridors programme.

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 sustainably. Increased focus on managing pest plants may be necessary for 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 5000 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 5000 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 repotting and nursery hire, there may be a need to reduce the number of pioneer species being planted in the future, causing a delay in 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. 170 hectares of gullies will likely be vested to Council as an outcome of future development. Significant additional future funding may be needed to ensure these new areas are plantedup promptly. This should be investigated in the 2024/34 10-Year Plan, once rezoning has been confirmed.

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Foster sustainable practices and behaviours so that city residents and organisations become more sustainable.	Increase in sustainable practices. Target: Narrative measure outlining projects and initiatives that foster sustainable practices / behaviours and their impacts.	Target Met	We continued to work with strategic sector groups such as Environment Network Manawatū (ENM) to initiate several community projects to improve the city's sustainable practices. In particular this included working with ENM to coordinate the sustainable living programme.
Work with iwi and community groups to re-establish bush, particularly along waterways, and to control introduced predators.	Measured through Manawatū River level of service. Target: Measured through Manawatū River level of service.	Target Met	Native plantings have occurred in conjunction with the Turitea Pa site development. Council has continued a programme of pest control in council reserves.



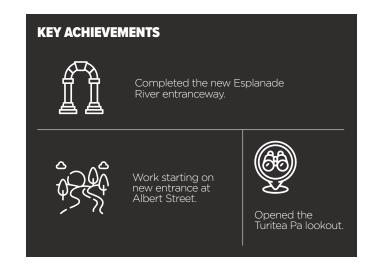
Activity Operational Requirement and Funding Summary Environmental Sustainability	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
REVENUE				
Biodiversity	2	-	2	38
Sustainable Practices	-	-	-	20
TOTAL REVENUE	2	-	2	58
EXPENSES				
Biodiversity	439	409	(30)	302
Support to environmental groups	171	161	(10)	160
Sustainable Practices	438	436	(2)	259
TOTAL EXPENSES	1,048	1,006	(42)	721
NET OPERATING COST OF ACTIVITY	(1,046)	(1,006)	(40)	(663)
RATING ALLOCATION				
Less provision for debt reduction	(18)	(18)	-	(13)
Add general rates allocation	1,064	1,024	40	676
FUNDING SURPLUS/(DEFICIT)	-	-	-	

Significant Activity Capital Projects Environmental Sustainability		Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
CAPITAL NEW		-	· · · · · · · · · · · · · · · · · · ·	
1077-Citywide - Biodiversity Enhancement Through Native Planting	25	30	5	
1451-Property - LED Lighting Upgrades	252	75	(177)	
1924-Improving remote monitoring capabilities	39	40	1	
TOTAL CAPITAL NEW	316	145	(171)	81
TOTAL CAPITAL PROJECTS	316	145	(171)	81

MANAWATŪ RIVER

WHAT THE COUNCIL DOES

The Manawatū River is a significant natural and cultural feature of our city. Implementation of the Manawatū River Framework guides the development of the area around the river. We strive for the Manawatū River to be a cultural, environmental and recreational resource that is connected with all aspects of city life.





WHAT HAPPENED IN THE YEAR

Manawatū River

The Manawatū River Framework provides the overall strategy for increasing the vibrancy, appreciation, and overall visitation of the river and its surrounds.

The Ten-Year Plan 2021-31 includes funding for a series of projects to implement the Manawatū River Framework Delays with contractors and the supply of materials, as a result of COVID 19, caused delays to the planned programme for 2021/22.

- The new entranceway to the river pathway, beside the Esplanade Rail Station was opened at the start of the year. The entrance way features a wide shared path with amenity planting, new fencing, seating and a shade structure. The features provide an upgraded access experience compared to the old narrow track it replaced.
- A significant project in 2021/22 was the redevelopment of the Turitea Pa, which was blessed on Thursday 23rd June, just in time for Matariki. The site is of cultural significance to Rangitāne, who occupied the site until the mid-1800s. A tall wooden viewing platform once stood on the site, providing Rangitāne with views both upstream and downstream of the site. The site now includes a viewing platform, pou whenua, native planting and signage. The platform is lit at night and can be seen from Ahimate Reserve. The design of the viewing platform, the carvings and surrounding plantings are the outcomes of a close working partnership with Rangitāne.
- ➤ Electrical cabling has been installed between the Fitzherbert Ave bridge and He Ara Kotahi, on the Esplanade side of the riverbank. The cable provides power to a series of lighting installations that are programmed to be installed in 2023/24.
- The programme of minor projects is nearing completion but has been hampered by the wet weather. In the Albert Street Forest area, the natural play theme has been further enhanced with timber forts.
- The upgrade to the Albert Street entrance was programmed to commence in January 2022, but construction did not start until the 3rd week of June. When completed the entrance will boast a wide concrete pathway, flower gardens, bollards, lighting and a deck area with seating. Entrance upgrades make it safer and easier for people to access the river and Albert St is the third river entrance to be upgraded in the city.

ONGOING CONSIDERATIONS

Manawatū River

Council has deferred capital funding for further developments along the Manawatū River from 2022/23 to 2023/4, including the carry forward for the Fitzherbert bridge lighting project. This means that once the Albert Street entrance project has been completed, there will be no other construction in the Manawatū River Park in 2022/23. The following planning work will continue in 2022/23.

- Development planning for Te Motu o Poutoa in partnership with Rangitāne.
- Public consultation and consenting for lighting the Fitzherbert bridge.
- Development of the master plan for 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.

RESULT COMMENT WHAT WE DO **HOW WE SHOW WE ARE DOING A GOOD JOB** Understand the relationship 1. Increase in the public use of Target Met Public use of the river has continued to Rangitāne o Manawatū has the river environment. Increase increase in 2021/22, and in particular use of with Manawatū River. Increase the He Ara Kotahi walkway, the Fitzherbert/ in native planting and observed use of the Manawatū River biodiversity improvements He Ara Kotahi bridge loop and Ahimate environment for passive and in suitable locations in the reserve. Park Run continues to be a popular active recreation. Increase river environment. Greater weekly event occurring in the river space. the health and amenity of the connectivity of features within Completion of the river entrance from river environment through the Manawatū River Park. the Esplanade has improved accessibility increased biodiversity. to the river, redevelopment of the Albert Street entrance will commence early in the new year. The public are making use of scooters, including mobility scooters to Target: Narrative measure move along the pathways. Public interest outlining public use the in the eel Platform continues to increase, and the Turitea Pa site close by provides river, biodiversity and native plantings, and another reason for people to venture connectivity of features. further in the park. Native plantings have continued in the river park including as part of the development of the Turitea Pa site.



Activity Operational Requirement and Funding Summary Manawatū River	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
REVENUE				
Manawatū River	-	10	(10)	-
TOTAL REVENUE	-	10	(10)	-
EXPENSES				
Manawatū River	140	142	2	56
TOTAL EXPENSES	140	142	2	56
NET OPERATING COST OF ACTIVITY	(140)	(132)	(8)	(56)
RATING ALLOCATION				
Less Renewal capital expenditure	(1)	(2)	1	-
Add/(Less) borrowing effect of renewal 3 year averaging	(10)	(10)	-	-
Add general rates allocation	151	144	7	56
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Significant Activity Capital Projects Manawatū River	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
CAPITAL RENEWAL				
1825-City Reserves - Manawatū River Park - Renewals	1	2	1	
TOTAL CAPITAL RENEWAL	1	2	1	-
CAPITAL NEW				
1435-City Reserves - Manawatū River Park - Water Front Precinct Lighting	72	928	856	
1844-City Growth - City Reserves - Manawatū River Park - Capital New	1,432	1,538	106	
1894-City Growth - City Reserves - Manawatū River Park -				
Marae Tarata Development Plan - Implementation	3	55	52	
1895-City Growth - City Reserves - Manawatū River Park - Te				
Motu o Poutoa Development Plan - Implementation	32	150	118	
TOTAL CAPITAL NEW	1,539	2,671	1,132	-
TOTAL CAPITAL PROJECTS	1,540	2,673	1,133	-

RESOURCE RECOVERY

WHAT THE COUNCIL DOES

The Waste Minimisation Act 2008 requires Council to adopt a Waste Management and Minimisation Plan (WMMP). The WMMP describes how the Council will manage and minimise waste effectively and efficiently. The Council adopted its WMMP in December 2019. The WMMP is the foundation of the Resource Recovery Plan. The purpose of this plan is to reduce the impact of waste on our environment. Less waste will go to landfills and we will reuse, recover and recycle more materials.





WHAT HAPPENED IN THE YEAR

Resource Recovery

During 2021/22, the resource recovery team have been actively diverting more types of waste from landfill, increasing operational efficiencies, and responding to requirements in the Waste Management and Minimisation Plan.

Our significant achievements are:

- > The range of materials we can recycle has increased: a drop-off point for tyres was established, allowing these to be used as fuel as an alternative to coal, and liquid paperboard cartons are now being collected and will be turned into sustainable building products. These onshore solutions increase our contribution to New Zealand's circular economy.
- The first Resource Recovery Fund was opened to the community, and grants were given to four projects in the city that will contribute to the reduction of waste to landfill.
- > The compost site staff facilities were upgraded.
- The extension of the glass pad is underway, with help from the Glass Packaging Forum. This will allow more glass to be stored before it is sent to Auckland for recycling, increasing resilience within the network for glass collections.
- The traffic management around the Awapuni site was improved to increase security and safety.
- Improved security and access to our site at Awapuni is underway and expected to be completed in September/October 2022.
- Bin clips were rolled out to the 30,000 recycling bins in the city to help combat windblown litter on those windy Palmy days.
- ➤ A city-wide waste assessment was carried out which gives us updated information about what Palmy is throwing away and highlights areas we can focus on to increase our waste diversion, This will be used to review our WMMP in 22/23.
- Investigations are continuing to establish a polystyrene recycling service.
- The Zero Waste Action group contributed funding to Manawatū Rivers Source to Sea "Palmy's Plastic Pollution Challenge" project. This allowed a third annual clean-up series to be run which pulled over 1 tonne of litter from Palmy's waterways.
- Rebranding our trucks, bins, bags, and crate to align with New Zealand's national recycling colour scheme. Everything related to rubbish is red, glass is blue, and recycling is orange.

During the year, the resource recovery team collected 3409 tonnes of recycling, 1706 tonnes of glass and 3654 tonnes of rubbish from the kerb, drop-off centres and commercial customers. From the kerbside, that's 620,000 recycling bins, 600,000 bags of rubbish and 245,000 crates of glass. We emptied 407 tonnes of rubbish from public space bins, collected 50 tonnes of rubbish that was illegally dumped and threw away 1075 tonnes of contamination from recycling (that is a contamination rate of around 30%!). We collected recycling and food waste from 3 events, with a total of 0.2 tonnes diverted from landfills through our events recycling service. This was significantly impacted due to COVID but picked up in the last quarter of the year.

8929 cubic meters of organic material was turned into compost, and 5416 tonnes of recycling was processed at our Awapuni Resource Recovery Centre.

37 local businesses signed up for our commercial recycling, glass, or food waste collection services. We continued our work with large producers of food waste to identify ways to remove this from the waste stream. The amount of food waste collected from commercial customers has increased by 37%.





ON-GOING CONSIDERATIONS

Resource Recovery has not been spared the impact of COVID. During the level four lockdown in August 2021, 166 tonnes of recycling was unable to be processed and sent directly to the landfill.

In April 22, during the peak of the COVID-19 outbreak, the already low availability of specialist truck drivers was stretched beyond capacity, and kerbside glass collections were paused for 6 weeks. During this time, additional 58 tonnes of glass was dropped off at the three drop-off points, and upon the service resuming, an extra 60 tonnes of glass was picked up from the kerbside.

Contaminated recycling continues to be an issue, with citywide contamination rates averaging at 30%. This cost approximately \$230,000 a year.

Resource Recovery

- Significant changes are on the horizon nationally in the resource recovery space. Ministry for the Environment (MfE) is continuing its drive to reduce carbon emissions and the amount of waste sent to landfills. A focus area is food waste, which will see local councils required to introduce a food waste kerbside collection by 2030. In addition to this, MfE is considering the introduction of a container return scheme, and the way recycling is collected will be standardised across the country, rather than leaving this up to each local authority as it is currently.
- MfE is also reviewing the waste strategy and developing new waste legislation to replace the Litter Act and the Waste Management Act. We can expect to hear more about these over the next few years.
- MfE continues to raise the landfill levy, as expected. From 1 July 2022, this will go up \$10 a tonne to \$30, and the levy is projected to be \$60 per tonne by July 2024. The extra revenue will be distributed to councils, as well as being put towards a contestable fund for waste minimisation initiatives. There is an emphasis on developing infrastructure to support the establishment of new recycling markets which will allow more resources to be diverted to beneficial use. Unfortunately, since the levy began rising last year, we have seen an increase in the amount of illegally dumped rubbish.

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Ensure the city's solid waste is adequately and affordably managed. Maximise the proportion of waste diverted from landfill (e.g. through recycling and composting). Manage hazardous waste in an environmentally responsible manner.	1. Compliance with resource consents for the Resource Recovery Activity measured by the number of abatement notices, infringement notices, enforcement orders and convictions. Target: 100% compliance	Target Met	100% Compliance. We will continue to monitor operations to ensure we comply with consent conditions and submit reports to horizons as appropriate.
	Decrease in per capita volume of waste sent to landfill. Target: Narrative measure outlining Council initiatives to decrease waste sent to landfill.	Target Met	During the year we introduced a new Waste Hubb on our website which provides information and tips on how to minimise waste to landfill, easy swap outs for replacing single-use with reusable, along with where and how items can be recycled and disposed. A City-wide SWAP (Solid Waste Analysis Protocol) and Waste Assessment was undertaken – this will inform an upcoming review of the Waste Management and Minimisation Plan (WMMP). A community campaign was launched on reducing hard to recycle/non-recyclable plastics. Tyre and Liquid Paper Board (LPB) recycling was introduced.



Activity Operational Requirement and Funding Summary Resource Recovery	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
REVENUE		·	<u> </u>	<u> </u>
Landfill Management	226	223	3	227
Waste Management	1,174	1,261	(87)	1,270
Waste Minimisation	2,193	1,621	572	1,496
TOTAL REVENUE	3,593	3,105	488	2,993
EXPENSES				
Landfill Management	285	425	140	236
Waste Management	1,865	1,741	(124)	1,799
Waste Minimisation	6,706	6,250	(456)	5,815
TOTAL EXPENSES	8,856	8,416	(440)	7,850
NET OPERATING COST OF ACTIVITY	(5,263)	(5,311)	48	(4,857)
RATING ALLOCATION				
Add back depreciation	686	923	(237)	677
Less Renewal capital expenditure	(410)	(421)	11	(129)
Add/(Less) borrowing effect of renewal 3 year averaging	(2)	(2)	-	(129)
Less provision for debt reduction	(585)	(709)	123	(894)
Add targeted rates allocation	5,575	5,520	55	5,332
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

TOTAL CAPITAL NEW	330	770	440	430
1810-City-wide - Diversion of Waste from Landfill - New Materials Development	-	70	70	
1783-Rubbish and Recycling Buildings - Staff Welfare and Health and Safety Improvements	46	300	254	
1410-Recycling - City-wide Recycling Services to Commercial/orgnisational Properties Development	38	40	2	
1373-City-wide - Recycling Drop Off Facilities - Development	39	42	3	
1371-Closed Landfills and Transfer Stations - Safety, Security and Development	87	159	72	
721-Awapuni Closed Landfill - Landscaping Development	17	25	8	
657-Urban Growth - Recycling - City-wide Wheelie Bins and Crates	75	70	(5)	
506-City-wide - Public Space Rubbish & Recycling Bins Development	28	64	36	
CAPITAL NEW				
TOTAL CAPITAL RENEWAL	410	421	11	129
1784-Rubbish and Recycling Buildings - Renewals	78	70	(8)	
1721-Composting Activity Site Renewals	8	8	-	
1374-City-wide - Recycling Drop Off Facilities - Renewals	22	9	(13)	
1368-City-wide - Public Space Rubbish & Recycling Bins Renewals	24	45	21	
649-Recycling - Materials Recovery Facility Renewals	137	160	23	
612-Recycling - City-wide Wheelie Bin and Crate Renewals	62	78	16	
185-Closed Landfills and Transfer Stations - Site Renewals	79	51	(28)	
CAPITAL RENEWAL			· ·	
Significant Activity Capital Projects Resource Recovery	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000

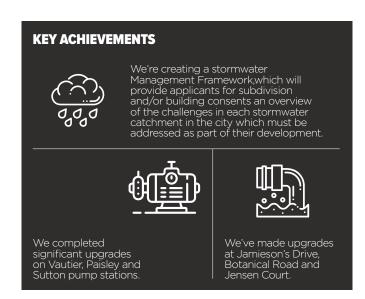
STORMWATER

WHAT THE COUNCIL DOES

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

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

Significant central government reform has been proposed for the future management of the three waters. The Government is considering shifting the three waters management functions of councils to new regional entities. If the reforms proceed, the role of the Council in managing three waters infrastructure will change significantly.





WHAT HAPPENED IN THE YEAR

Stormwater Management

A significant increase in sub-division activities, particularly infill development, has continued within the city. We've worked proactively with property owners and developers to support their development and mitigate the quality and quantity effects of the additional stormwater runoff from new land development. 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, we're creating a Stormwater Management Framework, following discussions 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 guide engineering and non-engineering solutions to mitigate stormwater effects. It will also guide future investment 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. We have continued to 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:

- ➢ Piping of Jamieson's Drive and Outlet works.
- Stormwater Improvement of Botanical Road.
- Stormwater Improvement of Jensen Court.

Many of the pump stations in the city currently are running on either one pump or with pumps at the end of their life span. This is the third year of our program to renew and refurbish major stormwater pump stations in the city. Last year saw significant work completed on Vautier, Paisley and Sutton pump stations. Although there was a significant delay in implementation of the work this year, due to limited contractor availability and COVID-19, work is 20% complete at Guy and Wilson pump stations with major work to be undertaken to replace the duty and standby pumps, and chamber works to meet the appropriate level of service. These pump stations will also have a significant upgrade of electrical cabinets as part of the programme to standardize the operation of pump stations across the city.

The city flooding model was extended to incorporate Aokautere and Ashhurst. This enables us to now use the models for Bunnythorpe, Aokautere and Ashhurst, as part of understanding capacity issues of the stormwater network in these areas.

Network Performance

There were six reported cases of homes experiencing flooding during this year. The flooding was caused by prolonged periods of heavy rainfall across both the city and the wider region. The widespread nature of the heavy rain resulted in significant stormwater runoff within the city at the same time as elevated stream levels in receiving streams such as the Mangaone Stream. Incidents of localised ponding and road flooding were reported, 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.

We have an ongoing 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 only 0.6km of the critical network was inspected, mostly 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. A rolling budget for a 6-year programme is included in the Long Term Plan to deal with the backlog. This year the following sections of the stream were cleared:

- ➤ Little Kawau from Vogel Street to Norton Park.
- Norton Park bypass channel.
- Stream E from Malden to railway line.
- ➢ An open channel in Baring Street.

ONGOING CONSIDERATIONS

Stormwater Management

While there were no significant flood events in most parts of the city, some catchments have been identified as high risk for flooding. We will continue to use modeling and improve 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 December 2021, we experienced a rain event, causing significant road flooding and ponding in low-lying parts of the city. This was partly caused by the high-water level in the Kawau and the Mangone Streams preventing most outlets from discharging and triggering pump stations from working at full capacity.

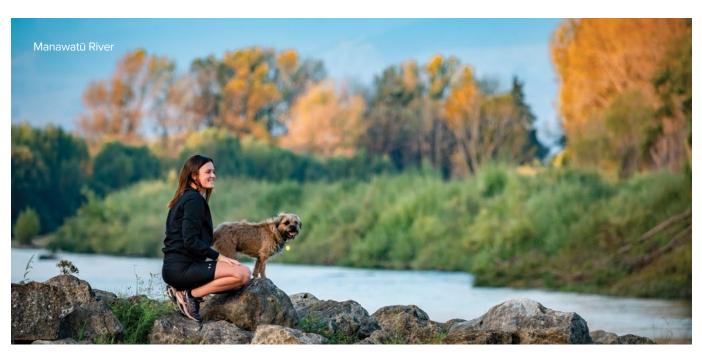
The central government has signaled its desire to achieve significant improvements in freshwater quality. This will be reflected in higher quality standards for discharges to freshwater. The urban streams and waterways of Palmerston North are heavily degraded due to overgrowth of exotic vegetation, litter and significant levels of contaminants entering via the stormwater system. We 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. We will also consider regulatory action to address illegal discharges.

To support this, we have 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. The scientific monitoring contract has been concluded with 8 monitoring locations identified as a pilot programme.

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



WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Provide stormwater services to protect buildings from inundation from flooding in	1. The number of flood event per year resulting in stormwater from the Council's stormwater system entering a habitable floor in an urban area. Target: Less than 5	Target Met	There was 1 recorded flood event which resulted in Stormwater entering habitable floors in an urban area. (2020/21 - 0 recorded flood events)
major events.	2. The number of habitable floors per 1,000 properties within urban stormwater service areas affected by a flood event.	Target Met	There were 6 flooded habitable floors or 0.17 per 1000 properties within urban storm water service areas that were affected by a flood event this year.
	Target: Less than 2		(2020/21 - 0 recorded flood events)
	3. Median time to attend a flooding event (note: a flooding event is one resulting in stormwater entering a habitable building)	Target Not Met	The median response time to attend a flooding event was 3 hours.
	Target: Less than 2 hours		(2020/21 - 0 recorded flood events)
	4. The number of complaints received about the performance of Council's stormwater system per 1,000 properties connected. Target: Less than 15	Target Met	A total of 205 complaints or 6.1 complaints per 1000 properties connected were received. These include 19 complaints relating to stormwater events, 83 associated with pipe/ underground services damage, 42 cases of on property flooding or drainage problems, 3 cases of roadside ponding and 58 complaints related to waterway or open drain problems.
			(2021/22 - 560 complaints, equating to 16.7 per 1,000 connections)
	5. Compliance with resource consents for discharge from Council's stormwater system as measured by the number of abatement notices, infringement notices, enforcement notices and convictions received by Council in relation to resource consents.	Target Met	All storm water consent conditions have been fully complied with such that no convictions, abatement, infringement or enforcement orders have been received. (2020/21 - no convictions, abatement, infringement or enforcement orders received)
	Target: 100% Compliance		



Activity Operational Requirement and Funding Summary Stormwater	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
REVENUE				
Stormwater Collection and Disposal	33	6	27	24
TOTAL REVENUE	33	6	27	24
EXPENSES				
Stormwater Collection and Disposal	4,369	4,435	66	4,084
TOTAL EXPENSES	4,369	4,435	66	4,084
NET OPERATING COST OF ACTIVITY	(4,336)	(4,429)	93	(4,060)
RATING ALLOCATION				
Add back depreciation	1,941	1,909	32	1,925
Less Renewal capital expenditure	(841)	(875)	34	(745)
Add/(Less) borrowing effect of renewal 3 year averaging	(68)	(68)	=	(1)
Less provision for debt reduction	(150)	(150)	=	(206)
Add general rates allocation	3,454	3,613	(159)	3,087
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

TOTAL CAPITAL PROJECTS	2,364	7,937	5,573	1,905
TOTAL CAPITAL NEW	1,523	7,062	5,539	1,160
1708-City-wide - Stormwater Flood Mitigation	-	143	143	
1706-City-wide - Stormwater Network Resilience	131	130	(1)	
1372-City-wide Stormwater Pump Stations Improvement	53	480	427	
1060-City-wide - Stormwater Network Improvement Works	745	760	15	
1001-Urban Growth - Whakarongo - Stormwater	224	4,049	3,825	
197-Urban Growth - NEIZ - Stormwater	-	1,300	1,300	
51-Urban Growth - Development Contributions - Stormwater	370	200	(170)	
CAPITAL NEW				
TOTAL CAPITAL RENEWAL	841	875	34	745
1062-City-wide - Stormwater Network Renewal Works	644	650	6	
20-City-wide - Stormwater Pump Station Renewals	197	225	28	
CAPITAL RENEWAL				
Significant Activity Capital Projects Stormwater	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000

WASTEWATER

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.

Significant central government reform has been proposed for the future management of the three waters. The Government is considering shifting the three waters management functions of councils to new regional entities. If the reforms proceed, the role of Council in managing three waters infrastructure will significantly change. For more information see Council's Waters Plan.

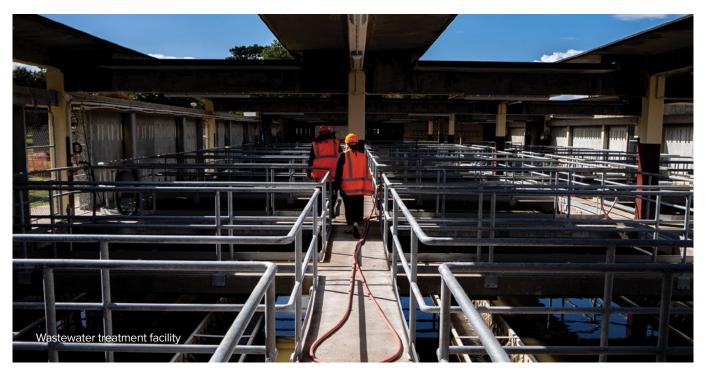
KEY ACHIEVEMENTS



We selected our Best Practicable option for our wastewater consent project 'Nature Calls', and are preparing to lodge our consent by the end of December 2022.



We initiated, progressed or completed eight upgrades to our treatment plant - including completing the first stage of seismic work at the plant.



WHAT HAPPENED IN THE YEAR

Totara Road Wastewater Treatment Plant

We successfully operated and maintained the wastewater system throughout the year in compliance with the requirements of the resource consent. With all wastewater directed to the Totara Road wastewater treatment plant (WWTP), the effective operation of the plant is critical. During the year, eight upgrade projects at the Totara Road wastewater treatment plant (WWTP) were initiated, progressed, or completed:

- Significant investment has been made to upgrade 2 of the 4 inlet lift pumps at the treatment plant. The upgrade has proven to be successful and council officers will investigate and plan the installation of the last 2 pumps.
- The designs for the electrical high-and low voltage upgrades are completed and have been tendered for construction; to be completed in the 2022/23 financial year.
- Phase 1 of the seismic strengthening has been completed with the de-loading of the roof of the sedimentation tanks.
- 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 established and commissioned, with the screen room modification project currently underway and the third band screen should be installed early in the 22/23 financial year.
- New storage shed, and workshop has been built at the treatment plant.
- A new water booster pump station has been constructed and commissioned at the treatment plant to assist with the water demand at the different operational areas of the plant.
- An aerator renewal program has been initiated to renew the mechanical and electrical components of the aerators in the aerated lagoons. The last aerator is still out of service but is almost ready to be returned to the site and commissioned.

Significant work has been completed at the wastewater treatment plant. A lot of projects are interdependent and have caused delays during construction, but staff have done extremely well in delivering projects under 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 flow through to 2028 when a new wastewater treatment and disposal system will need to be in place following the conclusion of the Wastewater Discharge Consent Programme.

Best Practicable Options (Bpo) Project - Nature Calls

Following the endorsement by the Council of the BPO in 2021 the Consenting Phase of this Project is underway. A Project Reference Group has been established with iwi and stakeholders for the purpose of developing Adaptative Management options for the project. A Project Governance Group has also been established including Rāngitane and Council senior staff, and a Project Technical Group made up of key members of the Project Team and Rāngitane. These groups have been meeting regularly since late 2021.

The endorsed BPO option included a river and land discharge option. The Project Team identified a broad land area that meets the developed criteria for a further investigation in 2022 and soil investigations have been undertaken to calibrate earlier desktop assessments.

These soil investigations were completed in June 2022 and the initial analysis is due in early July 2022 on the three main soil types located within the land area identified.

The Project Team has completed the first deliverable of the WWTP Concept Design Basis Report which outlines the parameter for the new WWTP. This includes the high-level treatment system proposed by the BPO process. Outputs from the WWTP (or permeate) from the Concept Design have been modelled by Aquanet. This initial modeling demonstrates improvement in the river health indicators, which is promising. Further modelling and refinement are necessary as the WWTP Concept Design progresses.

Engagement with Ngati Whakatere has resulted in a Memorandum of Agreement with the Council allowing both parties to work together in the consenting phase up until lodgment of the new consent.

Work is ongoing with Te Tumatukahuki (which represent several Raukawa hapu) and contractual arrangements are being refined at present.

The Project Team has a lodgment date of the 31st of December 2022 for the consent application to go to Horizons Regional Council and is working hard to develop and deliver a robust consent application to meet this deadline.

Wastewater Network

Government investment from the 3 Waters Reform programme enabled an additional \$9.34M to be invested in our water and wastewater assets across 27 individual projects, from November 2020 to June 2022. This includes work at the Wastewater treatment plant discussed above. At the end of the 2021/22 financial year, more than 90% of this budget allocation has been delivered.

While the treatment plant has operated effectively, some parts of the wastewater network struggle to accommodate the high peak flow resulting from large quantities of stormwater entering the network.

Challenges exist in Bunnythorpe, Longburn and parts of the Hokowhitu and Milson catchments. A network capacity model has been generated which will assist the council to determine 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 the frequency of network overflows and minimise risk. Monitoring programmes have been initiated to determine the extent of inflow and infiltration (stormwater ingress) in problematic catchments.

Along with a comprehensive mains renewal programme, just over 1km of critical mains have been relined. Significant work and planning have been completed to improve health and safety elements, standards and the resilience of pump stations. Renewals included 3 pumps, 4 electrical cabinets, 1 variable speed drive, 1 electrical switchboard and internal pipe renewals at two pump stations.

ONGOING CONSIDERATIONS

The most significant challenge continues to be high levels of stormwater inflow and infiltration into the wastewater network during wet weather events, due to stormwater pipes connected to the wastewater network and aging pipes and manholes. This results in flows increasing by five or six times compared to dry periods. The increased flow results in some key parts of the network operating close to capacity if not beyond.

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

In parallel with the capacity modelling work, we will continue to assess the options and funding required to reduce stormwater inflows and infiltration to the network. The work will target parts of the network with very high inflows.

Council officers have initiated a project to install manhole sensors in certain parts of the network to actively measure the level in the manholes during dry and wet periods. The information will enable council to monitor certain catchments for stormwater inflow and infiltration and send notifications to officers to enable council to react faster in wet weather events.

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 needs decommissioning. A programme of work is being developed which maintains stability around the decommissioned assets. Decommissioning is due to start at the end of the 21/22 financial year.

The Wastewater Treatment Plant (WWTP) is almost 50 years old and ongoing 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 the renewal and replacement of critical electrical and mechanical infrastructure.

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Provide wastewater services for the safe collection, treatment and disposal of the city's wastewater.	Number of dry weather wastewater overflows from Council's wastewater system per 1,000 connections per year. Target: Less than 1	Target Met	There were 16 recorded incidents of a dry weather wastewater overflow for the year or 0.48 overflows per 1000 connections. (2020/21 – 34 incidents, 1.03 overflows per 1,000 connections)
	2. Complaints per 1,000 connections about wastewater odor, system faults, system blockages and Council's response to issues with the wastewater system. Target: Less than 15	Target Met	There were 321 requests for service recorded or 9.5 complaints per 1000 connections. 19 of these related to wastewater odour and 302 related to blocks or leaks. (2020/21 – 480 complaints, equating to 14.59 per 1,000 connections)
	Median time for attending to overflows resulting from blockages or other faults. Target: Less than 1.5 hours	Target Met	Median time for attending to an overflow resulting from a blockage for the year was 30 minutes. (2020/21 – Median response time 40 minutes)
	Median time for resolution of overflows resulting from blockages or other faults. Target: Less than 8 hours	Target Met	The median time for resolution of an overflow resulting from blockages or other faults is 3 hours and 4 minutes. (2020/21 – Median resolution time 6 hours and 1 minute)
	5. Compliance with resource consents for discharge from Council's wastewater system as measured by the number of abatement notices, infringement notices, enforcement notices and convictions received by Council in relation to resource consents.	Target Met	All wastewater consent conditions have been fully complied with, such that no convictions, abatement, infringement, or enforcement orders have been received. (2020/21 – no abatement notices, 3 incident of resource consent noncompliance)
	Target: 100% compliance		



Activity Operational Requirement and Funding Summary Wastewater	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
REVENUE				
Wastewater Collection	63	6	57	100
Wastewater Treatment and Disposal	1,450	1,425	25	1,450
TOTAL REVENUE	1,513	1,431	82	1,550
EXPENSES				
Wastewater Collection	6,092	5,461	(631)	5,673
Wastewater Treatment and Disposal	5,404	6,479	1,075	6,188
TOTAL EXPENSES	11,496	11,940	444	11,861
NET OPERATING COST OF ACTIVITY	(9,983)	(10,509)	526	(10,311)
RATING ALLOCATION				
Add back depreciation	4,527	4,195	332	4,375
Less Renewal capital expenditure	(4,004)	(5,040)	1,036	(4,850)
Add/(Less) borrowing effect of renewal 3 year averaging	(272)	(272)	=	613
Add external revenue for renewal capital	1,092	1,407	(315)	2,733
Less provision for debt reduction	(2,036)	(370)	(1,666)	(1,148)
Add targeted rates allocation	10,676	10,589	87	8,588
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

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

Wastewater Treatment and Disposal was favourable to budget due to the wastewater treatment plant consent application being advanced enough to be converted to capital expenditure.

Significant Activity Capital Projects Wastewater	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
CAPITAL RENEWAL	7	****	,	4000
54-City-wide - Wastewater Pipe Renewal	2,614	2,339	(276)	
65-City-wide - Wastewater Pump Station Renewal	294	493	199	
179-Totara Road Wastewater Treatment Plant - Minor Equipment Renewals	459	826	367	
1068-Totara Road Wastewater Treatment Plant - Replacement of Inlet Pumps	220	377	157	
1351-Eastern Trunk Main - Hokowhitu Campus Renewal	-	40	40	
1380-Totara Rd WWTP - Biogas Generator Major Overhauls	36	300	264	
1620-Totara Road Wastewater Treatment Plant - High Voltage Power renewals	50	162	112	
1685-Replacement of potable water service in WWTP	108	220	112	
1693-PS Telemetry unit compatibilty upgrade	54	22	(32)	
1714-City-wide Wastewater Trunk Mains Renewal	-	200	200	
1799-Wastewater Treatment Plant - Buildings Renewals	157	50	(107)	
1801-Wastewater Pump Stations - Building Renewals	9	8	(1)	
1887-Water Operations - Small plant and Equipment - Renewals	2	3	1	
TOTAL CAPITAL RENEWAL	4,004	5,040	1,036	4,850
CAPITAL NEW				
66-Totara Road Wastewater Treatment Plant - Resilience Programme	144	560	416	
73-Urban Growth - Development Contributions - Wastewater	-	100	100	
210-Urban Growth - NEIZ - Wastewater	1	675	674	
1000-Urban Growth - Whakarongo - Wastewater	333	200	(133)	
1055-Urban Growth - Kakatangiata - Wastewater	24	368	344	
1074-Totara Road Wastewater Treatment Plant - Earthquake Strengthening of Civil Structures	404	200	(204)	
1579-WWTP - Health and Safety Upgrades	146	152	6	
1616-City-wide - Wastewater Pump Station - Capacity Upgrade	262	660	398	
1617-Totara Road Wastewater Treatment Plant - Biogas System Improvements	42	1,400	1,358	
1618-Totara Road Wastewater Treatment Plant - High Voltage Power resilience upgrades	44	162	118	
1619-Totara Road Wastewater Treatment Plant - Inlet Screens	296	292	(4)	
1621-Totara Road Wastewater Treatment Plant - New Storage Shed for critical equipment.	115	153	38	
	113			
1677-Upsizing of Kairanga Bunnythorpe Road Sewer and Storage	-	450	450	
1688-Three Waters Resilience - Installing Telemetry	116	69	(47)	
1689-Three Waters Data Centre Upgrade	104	84	(20)	
1711-Industrial Growth - Longburn Industrial Park - Wastewater	5	50	45	
1712-City-wide Wastewater wet weather overflow mitigation	-	200	200	
1821-City-wide Wastewater Pipeline Realignment of at-risk mains	-	50	50	
2128-WWTP - Consent Application	1,136	-	(1,136)	
TOTAL CAPITAL NEW	3,172	5,825	2,653	2,256
TOTAL CADITAL PROJECTS	7470	40.005	2.600	7400
TOTAL CAPITAL PROJECTS	7,176	10,865	3,689	7,106

WATER SUPPLY

WHAT THE COUNCIL DOES

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

We're committed to providing a secure, safe, and highquality water supply to our residents. We understand the importance of our obligations and role in facilitating and managing the supply of water from its source to the customer, to ensure the protection of public health.

We maintain and develop a safe and reliable supply of water to residential and commercial properties in the supply area. We also manage a water conservation strategy that promotes efficient water use.

Significant central government reform has been proposed for the future management of the three waters. The Government is considering shifting the three waters management functions of councils to new regional entities. If the reforms proceed, our role in managing three waters infrastructure will significantly change. For more information see our Waters Plan.





WHAT HAPPENED IN THE YEAR

Quantity and Quality of Supply

Following a successful trial of our Summer Water Use approach to water conservation, the first official year of its implementation was 2021-2022. We've changed the previous approach to one where we try to get people on board and excited about helping to save water, using entertaining, colourful and light-hearted advertisements showing them practical ways they can help. Although the beginning of autumn was unseasonably dry, we once again managed to get through the summer, as well as the following dry period, by conserving water and avoiding mandatory restrictions. Our campaign attracted attention locally and nationally and is one of the key ways we're managing water demand.

One of our key resilience programmes, the construction of the Turitea Rd duplicate trunk main, was completed in 2021-2022. The new main was successfully commissioned without major problems, and we now have two mains providing water from Turitea Water Treatment Plant to our Ngahere Park Reservoirs for use by Palmy residents. This gives us a backup in case one pipe breaks and will allow us to take one pipe offline for maintenance or repair without interrupting the supply to residents. We also took the opportunity to improve the water supply for the small number of properties along Turitea Rd with old water connections. They are now supplied downstream of the reservoirs, meaning that any interruption to the production of water from the Turitea Water Treatment Plant won't affect them.

Another key resilience programme, the seismic strengthening of the Turitea Water Treatment Plant, began construction. Once complete, this multi-stage, multi-year programme will ensure the plant building meets 100% of the standard for an IL4 (Importance Level 4) structure. This means it should continue to be available to supply water even after a major earthquake. Other seismic strengthening work at the site is either in design or planning.

As part of the seismic strengthening work at Turitea, we're reviewing our chemical treatment and storage, with a view to improving or replacing the lime dosing equipment that caused non-compliance in December 2020.

Bore headworks renewals are in the design phase, and other minor work is underway, to ensure all our bores supplying water to Palmy, Ashhurst, Bunnythorpe and Longburn continue to be compliant with current Drinking Water Standards, as well as new Taumata Arowai requirements that are expected to take effect in 2022-2023.

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 now more resilient to electricity supply disruption. If the electricity supply is lost, the generator will start, and we can continue to provide water from here without delay. We have also purchased standby generators for the Longburn, Bunnythorpe and Ashhurst treatment plants, which will be installed in the 2022/23 financial year.

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 the ground up to storage, is essential for Health and Safety and resilience.

The major, multi-year seismic strengthening project for Turitea WTP was finalised, tendered and construction has started. The work has been divided into stages, with the first stage for completion 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. Stage 2 of the programme will commence in the 2022/23 financial year.

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 early 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.

The Turitea Duplicate Main provides additional redundancy for the Turitea Dam source, which supplies most of the water for Palmerston North. During 2020/21 we finalised designs for seismic shutoff valves at our Ngahere Park reservoirs which are currently under construction. These will help ensure that we still have enough water stored even after a major earthquake.

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

Network Investment

Council continued its rolling renewal programme in the 2021/22 year. This ensures that elements of the 560 km of water mains and 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:

- \$ \$2.682k on water main renewals.
- > \$200k replacing tobies, meters and backflow preventers at customer connections.
- > \$650k for renewing assets at Turitea WTP.
- \$40k renewing assets at our other water treatment or network facilities.

Government investment from the 3 Waters Reform programme is enabling an additional \$9.34M to be invested in our water and wastewater assets across 27 individual projects, from November 2020 to June 2022. At the end of May 2022, PNCC spent just over 90% of the funding, which is a big achievement to deliver a wide variety of projects. Of this investment, an additional \$2.9M 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 are now being finalised. It's expected that the work will go to tender and be awarded before the end of 2022.

Work on the pump and chemical buildings at Railway Road bore is progressing well. Once completed, fencing, planting and roads at the site will be constructed before final commissioning. When this water 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 an extension to Bunnythorpe.

An agreement was 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, which will improve the level of service available and support development along Airport Drive. The PRV has been installed and is ready to be commissioned.

ONGOING CONSIDERATIONS

Water Supply Activity

The main priorities in our capital programme are:

- Drinking-Water Standards compliance.
- Resilience.
- Sustainability.
- ➢ Reliability.
- Providing for Growth.

Planning commenced for a programme to install reservoirs at all water bore sites. This will enable minimum chlorine contact times to be achieved before the water enters the pipes to supply the residents of Palmy. The reservoirs will buffer peak water demand on the network, enabling bore pumps to run less often and more efficiently. We will 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 the 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 2022 which will include greater focus on water safety, conditions of supply and water demand management.

Work is scheduled to begin in 2022/23 on a multi-year water toby replacement programme across all our water supplies. The tobies are being replaced with manifolds that incorporate a backflow prevention device alongside the service valve. The backflow prevention device furthers our multi-barrier approach to water safety and enables compliance with Health Act requirements.

The new drinking water regulator, Taumata Arowai, is operational and has requested feedback on requirements and assurance rules. We have given feedback and Taumata Arowai has committed to having the new rules and requirements available by mid-November, with guidelines on implementation to follow. Some significant changes in sampling requirements are foreseen, but PNCC will work closely with the regulator and follow guidelines to ensure we are ready for the transition.

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Provide water services for the provision of safe and readily available water.	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 Met	All monitoring data received to date indicates full compliance with the bacterial compliance criteria included in the Drinking Water Standards for New Zealand 2005 (Revised 2018). (2020/21 - A bacterial non-compliance)
	Target: 100% compliance		
	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 Met	All monitoring data received to date indicates full compliance with the Protozoal compliance criteria included in the Drinking Water Standards for New Zealand 2005 (Revised 2018). (2020/21 - A missed residence sampling
	Target: 100% compliance		time for Bunnythorpe and Longburn bores resulted in a non-compliance)
	3. The number of complaints per 1,000 connections relating to clarity, taste, odor, continuity of supply, drinking water pressure or flow, and Council's response to any of these.	Target Not Met	A total of 1318 complaints were received for the year. 42.91 complaints per 1000 connections. The 1318 total complaints included 94 complaints relating to clarity, 22 complaints relating to taste, 10 complaints related to odor, 53 complaints relating to continuity of supply and 41 complaints relating to drinking water pressure.
	Target: Less than 40		(2020/21 – 41 complaints per 1,000 connections)
	Average consumption of drinking water per day per resident.	Target Met	The average consumption of drinking water per day per resident was calculated to be 238 litres per day.
	Target: Less than 360 litres		(2020/21 – 186.3 litres per day)
	5. Median response time for urgent call out attendance.	Target Met	The median time for urgent call-outs for the year was 21 minutes.
	Target: Less than 2 hours		(2020/21 – Median response time 14 minutes)
	6. Median response time for resolution of urgent call outs.	Target Met	The median time for urgent call outs for the year was 6 hours and 25 minutes.
	Target: Less than 7 hours		(2020/21 – Median resolution 19 hours and 47 minutes)
	7. Median response time for non-urgent call out attendance.	Target Met	The median time for non-urgent call outs for the year was 2 hours and 48 minutes.
	Target: Less than 10 hours		(2020/21 – Median response time 2 hours and 27 minutes)
	8. Median response time for resolution of non-urgent call outs.	Target Met	The median time for non-urgent callouts for the year was 19 hours and 8 minutes.
	Target: Less than 75 hours		(2020/21 – Median resolution time 52 hours and 27 minutes)
	9. Percentage of real water loss from the water reticulation network. Target: Less than 20%	Target met	Real water loss from the water reticulation network is calculated at 8.5%, less 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 form the Benchmarking of Water losses NZ Manual (2008).
			(2020/21 – 25%)

Activity Operational Requirement and Funding Summary Water Supply	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
REVENUE				
Water Collection	29	29	=	(25)
Water Distribution	29	56	(27)	22
Water Treatment	53	10	43	46
TOTAL REVENUE	111	95	16	43
EXPENSES				
Water Collection	2,412	2,702	290	2,199
Water Distribution	4,854	4,392	(462)	4,411
Water Treatment	1,856	1,844	(12)	1,854
TOTAL EXPENSES	9,122	8,938	(184)	8,464
NET OPERATING COST OF ACTIVITY	(9,011)	(8,843)	(168)	(8,421)
RATING ALLOCATION				
Add back depreciation	3,629	3,090	539	3,498
Add internal rates recovered	537	-	537	400
Less Renewal capital expenditure	(4,156)	(4,376)	219	(3,959)
Add/(Less) borrowing effect of renewal 3 year averaging	(974)	(974)	=	(530)
Add external revenue for renewal capital	1,374	796	578	1,038
Less provision for debt reduction	(2,305)	(631)	(1,674)	(1,321)
Add targeted rates allocation	10,907	10,938	(31)	9,295
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Significant Activity Capital Projects Water Supply	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
CAPITAL RENEWAL				
199-City-wide - Water Supply Bore and Network Facility Renewals	97	488	391	
207-Turitea WTP - Equipment and Facility Renewals	667	878	211	
214-City-wide - Water Toby and Manifold Renewals	207	396	189	
218-City-wide - Water Main Renewals	2,985	2,113	(872)	
1063-Turitea WTP - SCADA Renewals	3	-	(3)	
1385-City-wide - Water Supply Resilience - Telemetry Replacement	56	23	(33)	
1700-City-wide - Water Meter Renewals	77	200	123	
1701-City-wide - Water Supply Valve & Hydrant Renewals	45	200	155	
1797-Water Treatment Plant - Building Renewals	12	30	18	
1822- Water Pump Stations - Building Renewals	8	8	=	
2042-Turitea WTP - Raw Water Main Renewal	-	40	40	
TOTAL CAPITAL RENEWAL	4,157	4,376	219	3,959
CAPITAL NEW				
91- Turitea WTP - Falling Main Duplication	416	1,046	630	
124-Turitea WTP - Drinking Water Standards Upgrades	_	400	400	
132-City-wide - Water Supply Resilience - Trunk Mains	_	113	113	
246-Urban Growth - Development Contributions - Water Supply	_	250	250	
651-City-wide - Water Supply Resilience - Seismic Strengthening	530	1,032	502	
986-Turitea Dams - Aeration Upgrade	-	35	35	
1004-Urban Growth - Whakarongo - Water Supply	42	429	387	
	26	643	617	
1005-Urban Growth - NEIZ - Water Supply				
1170-Urban Growth - Kakatangiata - Water Supply	-	250	250	
1384-City-wide - Water Supply Resilience - Additional Reservoirs	636	421	(215)	
1385-City-wide - Water Supply Resilience - Telemetry Replacement	(34)	-	34	
1388-Palmerston North - District Metering Areas for Water Supply	190	521	331	
1389-City-wide - Water Supply Resilience - Security of Supply	2	375	373	
1607-City-wide - Health & Safety - Water Treatment Chemical Handling	38	355	317	
1696-City-wide - Drinking Water Standards Upgrades	5	150	145	
1697-Turitea WTP - Water Supply Resilience - Upgrades	-	1,286	1,286	
1863-City-wide - Water Supply Resilience - Generators	181	200	19	
1874-Turitea Dams - Health & Safety Improvements	-	15	15	
1883-Water Operations -Small Plant & Equipment - New	28	43	15	
2060-City-wide - Commercial Water Meters	3	160	157	
TOTAL CAPITAL NEW	2,063	7,724	5,661	4,274
TOTAL CAPITAL PROJECTS	6,220	12,100	5,880	0 222
IVIAL VAFIIAL FRUJECIJ	0,220	12,100	5,000	8,233

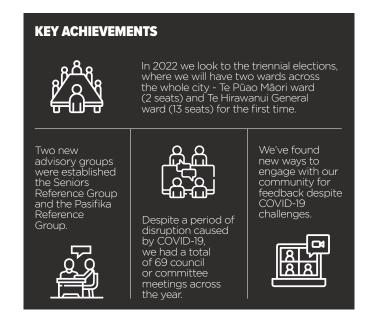




GOOD GOVERNANCE AND ACTIVE CITIZENSHIP

WHAT THE COUNCIL DOES

The Good Governance and Active Citizenship Plan contributes to the success of all the plans across each of the goals, as the community and elected members engage in the direction setting and leadership activities which lead to good decision-making and ownership of community solutions.





WHAT HAPPENED IN THE YEAR

Community Engagement

Even though 2021/22 was another year of in-person engagement being hindered by COVID-19 restrictions and fear of going out, creative methods of engagement were essential to reach the affected community and we know the Palmy community is aware of the actions and decisions Council is taking. Despite all Annual Budget consultations having to move online, we received more than 300 submissions to the annual budget consultation round in May. Earlier in August loud public reaction to proposed parking charge changes led councillors to call for a pause, seek feedback and ultimately stopped changes after more than 5000 people responded. Another example of consultation which was limited by COVID-19 restrictions, but nonetheless showed an engaged public was the review of representation arrangements. That no appeals were received by the Local Government Commission (who worked through appeals for almost 30 other councils) suggests the community understood and supported the process to introduce Māori ward councillors.

Several individual-led petitions were proactively brought to the attention of the Council. A petition of over 500 people presented as part of the Annual Budget consultation, wanting traffic safety improvements in Vogel St. Others came to the committee, including one from East Street residents, which resulted in urgent prioritisation of safety improvements for residents.

Community organisations such as Environmental Network Manawatū and several of its affiliated organisations have continued to encourage Council actions toward its eco-city goals, including requesting the development of a food resilience policy. The Cancer Society often contributes to policy development debate through presentations to committees.

As a direct consequence of a request from the communities during the previous year's 10 Year planning, two new advisory groups have been established in 2021/22. These are the Seniors Reference Group and the Pasifika Reference Group. Members of these groups join the Disability Reference Group which has consistently contributed to Council decisions and operational discussions over many years.

Councillors have continued to engage with individuals and community groups. A highlight of the year has been visiting schools to plant native trees to commemorate the city's 150th-anniversary celebrations.

Strategies, Plans and Policies

The strategies and plans adopted through the 10year planning process established a work programme for policy and bylaw review and development. Milestones during 2021/22 year were:

- Review and adoption of the Support and Funding Policy.
- > Review and adoption of the Stormwater Bylaw.
- Review and adoption of the Trade Waste Bylaw.
- > Review and adoption of the Wastewater Bylaw.

Direction Setting

The direction-setting framework for Council sets out broad outcomes for each aspect of wellbeing described in the Local Government Act: economic, cultural social, and environmental wellbeing, alongside an aspiration to provide sound governance, management, and community engagement. These goals are:

- ➢ Goal 1: An innovative and growing city Palmerston North is a growing city, and we need to plan for this growth. We need to make it easy to get around and to make sure we cater for everyone's needs as the city expands.
- Goal 2: A creative and exciting city
 A city that draws inspiration from the diversity within its
 culture and creates a vibrant urban environment that
 attracts creative and clever people and nurtures
 creative talent.
- Soal 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 in which to live, study, work and play. A city that embraces its iwi heritage and partnership, and where people connect with the city's past, celebrating its history and heritage.

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

Soal 4: An eco-city

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

Soal 5: A driven and enabling council

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

Council also published the City Dashboards on the PNCC website. The information on the Dashboards is presented under each of the strategic goals and provides demographic information about Palmerston North people alongside easily accessible information about progress towards achieving our goals.

Strengthening and Growing Partnership with Rangitāne

The Palmerston North City Council and Rangitāne o Manawatū have an enduring and strong relationship founded on Te Tiriti o Waitangi that is essential to the long-term future and wellbeing of the people of Palmerston North.

Council and Rangitāne o Manawatū continue to build on the foundations of the Partnership Agreement, which was signed in 2019 that ensures Rangitānenuirawa, the values and perspectives of Rangitāne, have significant weight in decision-making as the council works towards a city that is more responsive to their needs and aspirations. Through this partnership, Council gains a better understanding of the views and needs of tangata whenua and the wider Māori community who live in the city. This provides a full context of the history and knowledge of Rangitānenuirawa, Te Ao Māori and tikanga Māori, to ensure a full contribution towards delivering the aspirations of a diverse and multicultural city.

In this term of council, Rangitāne is represented by Iwi appointees on the Community Development, Economic Development, and Environmental Committees, as well as representation on the Rangitāne (Co-management) Committee for Te Motu o Poutoa (Anzac Park). The Council also resolved that there would be Two Māori wards for the city at the 2022 local body elections.

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. In the final weeks of this financial year, the city saw the opening of Te Pūhara o Turitea, a high-profile acknowledgement of an ancestral village in the form of a lookout, and a very well-attended celebration of the Māori New Year 'Pūanga-Matariki,' on the Manawatū River.

Social development is a focus of the partnership with Council and Rangitāne building on their collective work with regional lwi'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. On a larger scale, Rangitāne and the Council have worked closely together on the Kīkīwhenua and Kākātangiata subdivisions, utilising Rangitānenuirawa and a Whānau Ora framework to encourage development that maximises the creation of communities that are connected and flourish socially and culturally.

The Ora Konnect programme under the Te Tihi Whānau Ora Alliance continues to progress key projects in the 4412 community with highlights including the Kai Resilience Plan, significant improvements to pedestrian safety and the development of a wider community plan for enhancing the neighbourhood centre of Highbury.

Council Meetings and Elections

Despite a period of disruption caused by COVID where committee meetings were paused, Council business continued with full Council meetings more frequently in full digital mode and a total of 69 meetings across the year. As committee meetings returned, meetings and participants became accustomed to hybrid modes to ensure that all of those who wished to participate could do so from home or the Chamber. This shift has been brought about much faster as a consequence of the pandemic. There is now the opportunity for members of the community who may wish to address a meeting from home or work in the middle of a workday or for those who have mobility challenges. To do so online, meetings are now also available on Youtube streamed live or available for viewing following a meeting, so the community can check in on a debate topic of interest following the meeting also.

The council received over 340 submissions to the proposed Annual Budget. Several Councillors commented on how helpful it was to receive clear feedback from the public on proposals and two full days of deliberations showed that elected members reflected on the communities' positions when deliberating on the final budget.

Every year Council surveys over 400 randomly selected residents to understand how they view Council and its services. The 2022 Survey shows that 47% of respondents are satisfied with the overall performance of the Mayor and Councillors, 39% are neutral and 15% are dissatisfied. The proportion of satisfied people has dropped significantly - average satisfaction over the previous three years was 58%. Satisfaction with Council's leadership has also dropped from a three-yearly average of 61% to 49% in 2022 (38% neutral and 13% dissatisfied). Trust in Council has also decreased - 41% of respondents trust Council in 2022, compared with an average of 50% in the previous three years. (39% neutral, and 20% lack trust.) PNCC satisfaction scores for overall performance of Mayor and Councillors, leadership, and trust were close to the average scores for all Councils in the survey.

These drops mirror declines in satisfaction across most of the Council's services, beyond those that were directly affected by COVID-19 disruptions. Other Councils experienced similar drops, suggesting that the results are being impacted by a negative public sentiment due to national issues such as COVID-19 and the cost of living.

ONGOING CONSIDERATIONS

With local body elections later in 2022 the Council will reconsider the makeup of committees. The establishment of the Māori ward councillor roles will also be important for the new council and communities.

The Manawatū River Park and the Civic and Cultural Precinct are particular areas where the council is investing in development in the next few years, with an expectation that Rangitāne's partnership will continue to be reflected in these important historical, cultural and civic spaces.

Social development remains a priority for Māori and the Crown and in this region, and therefore our work with the lwi Māori and Whānau Ora partners will continue to increase in the coming years. Specifically, housing and accommodation remain pressure points for the city across the range of needs including emergency, affordable and market-rate housing supply. In this regard Council is involved in many initiatives including the Kīkīwhenua and Kākātangiata subdivisions.

Community Engagement

The Resident's Survey includes questions on residents' satisfaction with Council's information and decision-making processes. Residents are less satisfied with the information they get from Council than they were in previous years - in 2022 49% are satisfied with the quality of information and with the availability of the information, they get from Council. In the previous three years averages of 54% and 56% respectively were satisfied.

There has also been a decrease in the number of people who are satisfied with the ease of having a say in the Council's decision-making (26% in 2022 compared with an average of 37% in the previous three years) and in the number of people satisfied with their opportunities to have a say (35% in 2022 compared with 44% in the previous three years). The biggest group of people is in the Neutral category (50% for ease of having a say, and 45% for opportunity to have a say). As outlined in the section on Council meetings and elections this is likely to reflect the negative public sentiment due to national issues such as COVID-19 and the cost of living.

Council is working hard to get people more interested and involved in its decisions, for example, trial more use of Facebook live opportunities and 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.

The three Community Reference Groups, Disability, Seniors and Pasifika, will be supported to provide input into Council's activities through regular meetings with staff and will be enabled to provide an annual presentation to the Community Development Committee.

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 the 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 strategic direction, information gathered and reported for the city Dashboards and the outcomes of community engagement processes.

Direction Setting

All advice to Council is provided within the context of the Council's current strategic direction. We have developed a new Policy Framework to ensure that all ongoing direction-setting occurs according to a consistent and transparent process.

Strengthening and Growing Partnership with Rangitane

Work continues on completing a Civic and Cultural Masterplan for the central business district, working closely with Rangitāne regarding their historical and cultural views of the project. 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

In 2022 we look to the triennial elections, where we will have two wards across the whole city- Te Pūao Māori ward (2 seats) and Te Hirawanui General ward (13 seats) for the first time. Rangitāne members will continue to be appointed to committees, bringing their knowledge and expertise as mana whenua representatives.

A review of governance policies, support and committee structure will continue as we prepare for the new triennium. This also includes ongoing work to upgrade the physical Chamber facilities for technology and accessibility.

COMMENT **WHAT WE DO HOW WE SHOW RESULT WE ARE DOING A GOOD JOB** Actively engage residents in 1. More than two out of Target Not Met The 2022 Residents Survey shows that 26% decision-making and provide every three residents (in of residents are satisfied with "the ease of the Residents Survey) are a range of opportunities for having a say in Council decision making", a decrease from an average of 38% over the previous three years. 50% are Neutral and 'satisfied' with both the residents to engage with 'opportunity to have a say' and decision-making processes 24% are Dissatisfied. For "opportunities to the 'ease of having a say'. have a say", 35% are Satisfied, down from an average of 44% in 2019/21. 45% are Neutral Target: Narrative measure and 20% Dissatisfied. There have been drops outlining satisfaction trends. in satisfaction with most Council services (and with other Councils doing the same survey) it is likely that the results are being impacted by the negative national mood due to Covid-19, cost of living, etc. Nevertheless, the results do reflect residents' attitudes. Council is doing more online engagement to make people aware that it is seeking their feedback and to give them simpler options to have their say. Council also uses a range of other techniques, depending on the topic. (Note: the "two out of three residents" satisfied measure is a medium-term measure. The annual target is progress towards it.)



Activity Operational Requirement and Funding Summary Governance and Active Citizenship	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
REVENUE				
Councillor Meetings and Administration	32	10	22	113
Direction Setting	1,033	210	823	903
Elections	-	-	=	1
Mayoral and Chief Executive's Office	19	-	19	15
TOTAL REVENUE	1,084	220	864	1,032
EXPENSES				
Councillor Meetings and Administration	2,317	2,343	26	2,503
Direction Setting	7,297	5,372	(1,925)	6,237
Elections	88	27	(61)	159
Mayoral and Chief Executive's Office	1,885	1,472	(413)	1,513
TOTAL EXPENSES	11,587	9,214	(2,373)	10,412
NET OPERATING COST OF ACTIVITY	(10,503)	(8,994)	(1,509)	(9,380)
RATING ALLOCATION				
Add back depreciation	2	3	(1)	3
Less provision for debt reduction	(19)	(19)	-	(10)
Add general rates allocation	10,520	9,010	1,510	9,387
FUNDING SURPLUS/(DEFICIT)	-	-	-	

Direction setting revenue and expenditure higher than budget due to major private plan change work. Expenditure was also higher due to additional planning relating to the civic and cultural precinct.

TOTAL CAPITAL PROJECTS	-	80	80	4
TOTAL CAPITAL NEW	-	80	80	4
1676-Improve participation in Council and Committee meetings	-	80	80	
CAPITAL NEW				
Significant Activity Capital Projects Leadership	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000

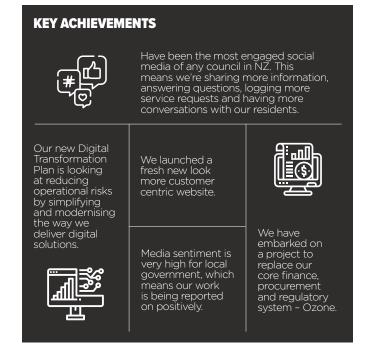
ORGANISATIONAL PERFORMANCE

WHAT THE COUNCIL DOES

To achieve the Vision, we need a Council organisation that can deliver on all Council's strategic goals.

Target: Overall satisfaction with the Council's performance is 70% by 2031.

Paetae: Kia eke ki te 70% o te iwi whānui e whakaaro pai ana ki ngā mahi a te Kaunihera i mua i te tau 2031.





WHAT HAPPENED IN THE YEAR

Customer-Centric Service

We work closely with local and national media to share our stories. Over the past year, we received on average 40 enquiries each month and proactively worked with media 20-30 times a month via interview pitches and media releases/advisories. Over the past year, we also secured weekly radio interviews with two local radio stations where we talk about the work Council is doing, on top of other interviews about projects or initiatives. There are more than 1000 print and online stories about the Council each year, and hundreds more on the radio. Our Media sentiment (whether stories are positive, neutral, or negative) ranks higher than most organisations, with an average of 25 per cent positive, 65 per cent neutral (eg talking about a project, construction, initiative etc) and 10 per cent negative.

Our social media continues to far exceed any other council in the country due to our storytelling and interactions with our residents. Across our channels we had 5 per cent more people seeing our posts compared to the year prior (this equates to 12 million views). Just under 1 million people have interacted with our posts by commenting, liking, or sharing the post. On the posts that had links, these were clicked 64,000 times. Our total Facebook audience increased 11 per cent over the past year. We introduced new initiatives including some auto-responses which means more of our residents are finding the information on our website rather than calling our call centre. We also introduced a new technique called reels which are short videos. Our social media is becoming the go-to place for residents to find information, get answers, complain, give feedback, or request work. Each month we see approximately 20% more people contacting us for help, which mirrors international trends.

Our website continues to be the place our residents go for information, with an increase of 15 per cent more visitors over the past year. 353,174 people visited our website 730,930 times, viewing more than 2 million pages, 66% of them visited the site using a phone or tablet. The three online tools (rates and property search, cemetery and cremation search, rubbish days finder) account for 30 per cent of all site visits. In April 2022, we relaunched our fresh look website which is far more intuitive and customer-focused than our past website. It's easier to navigate, has easier to use online forms, and is far more disability-friendly. Innovations include the My Area tool, where you can type in your address to find parks, council venues, and events happening near you.

We are also using data more to help shape the customer experience. One example of this was a project to streamline and improve the annual dog registration process. The changes followed a survey of Council e-services which highlighted residents' pain points. Knowing that information enabled us to come up with simple solutions. This message from one happy resident is typical of the positive feedback we received. "Congratulations to the designers of the website. Registering dogs has now become incredibly easy to do in a really short amount of time. The look of pages relating to dogs are superb. Also the new look posted form was lovely as well."

The Communications team's work focuses on protecting and enhancing the reputation of our organisation and our city - and we do this by improving customer service. The team led more than 20 major consultations last year, worked on major construction initiatives and, working with affected residents and businesses, led significant behaviour change campaigns, promoted services and facilities, and acted as Public Information Managers during the COVID-19 pandemic and August lockdown.

Our marketing team continues to promote the Palmy identity and make residents champions of our city. The established identity means that our residents can see the whole picture of the depth and breadth the Council looks after. Our focus is on making residents and ratepayers aware at a general level as to what Council is working on. We are always working to make our designs accessible and representative of our community. A memorable campaign from the year includes the implementation of the behaviour change campaign which encouraged residents to make simple switches to sustainable products.

OPERATIONAL EXCELLENCE

Digital Transformation

Our appetite and consumption of technology have changed significantly over the past decade. Our previous approach to new technologies has generally been 'cumulative' which, while providing short-term solutions; compounds to create significant challenges in complexity, scalability and service performance. We are now implementing the Digital Strategic plan to ensure we have the right Digital infrastructure to enable us to implement innovative cost-effective systems and processes.

Work has commenced lifting the operational maturity of our key platforms, with a strategy to first simplify and then modernise. Once these foundations are in place it will then be easier and quicker to adopt new digital-enabled initiatives in order to more effectively deliver our services.

New Core System

We have embarked on a project to replace our core finance, procurement and regulatory system – Ozone. First implemented in 2007, Ozone has served us well, however, it is nearing its end of life and no longer fit for purpose. It is essential we can provide confidence to our ratepayers, residents, and elected members that we are properly managing our city's financial assets and processes. As such, we have decided to proceed with a cloud-based solution, which will provide reliable and accurate processing, and increase performance and scalability.

As this is a major undertaking, we've spent several months completing due diligence, including visiting other councils who have installed the solution recently, to develop a robust project plan and identify all the resources required for its successful implementation.

High-Performance Culture

A new remuneration framework is in the final stages of development. A Health, Safety and Wellbeing Strategy was presented to elected members and approved for implementation purposes. Finally, the CAB refresh project for enhancing our physical environment, supporting collaboration and improving productivity is on track as per allocated resources.

Workforce Transformation

Our people play an essential role in achieving Council's strategic direction as well as responding to the growth of the city. The need for us to support our people to do their best, feel engaged, and be healthy through capable leadership has become vital.

During the past year, we have invested in a Talent Development programme to support people to reach their potential and to generate clear insights into leadership capability, growing current and future leaders in a deliberate and planned way. The organisation has recently established an employee experience function to deliver corporate training solutions, design a clear employee experience framework and initiate key people processes and intelligence, continuously improving our employee experiences moving into the future.

ONGOING CONSIDERATIONS

The biggest pressure we're facing to adapt to customer services is a resourcing issue, especially for social media. It is growing at an exponential rate and residents are expecting 24/7 service across several existing and new platforms. Social media is their place to learn, give feedback, make complaints and request service.

Over the next 12 months, we'll be launching a TikTok account, as it is the fastest growing social media platform in the world and is expected to take over Facebook within the next 2-5 years. It's also very popular with younger people so targets a key demographic that Council wants to involve in decision-making. With customer expectations and their desire for more information increasing, we will need to look at more resourcing for social media in the future.

Our residents are keen to get more involved in the decision-making process and help shape Council's operations and decisions. Currently, this work is partially done by communications staff, policy staff, planning staff and a range of other officers around the organisation, meaning that sometimes we cannot reach everyone, the process can be different depending on who is doing it, or we may not be able to give communities the time needed to ensure they feel like they've had meaningful involvement.

As the city grows, and our work programme increases, this poses a reputational risk if people do not feel involved, but also a political risk if elected members do not feel the community has had enough involvement in a project plan or idea. In the future, dedicated engagement advisors as seen in other councils could play a significant role in aiding the community to get involved and helping Council meet its strategic objectives.

OPERATIONAL EXCELLENCE

Digital Transformation

The focus of the Digital Transformation Plan is to look at reducing operational risks by simplifying and modernising the way we deliver digital solutions. This centres around four key themes:

- Cybersecurity: Make sure we have the right tools, practices and governance to protect our services and citizens' data from an ever-evolving threat landscape.
- Identity Management: Implementing a better Identity and Access Management (IDAM) system; will make it easier for our citizens to access online services and create the foundations for us to offer more comprehensive digital experiences and services.
- Modernisation: Focusing on evolving our systems to be a more stable and fit-for-purpose so we can ultimately develop new online services for the community.
- Data Insight: Re-building our data platforms so we can have better data-driven decision-making enabling us to better plan for the future.

New Core System

The project to replace our core finance, procurement and regulatory system, will commence in the latter half of 2022. This is a complex project that will result in a significant change in business processes for a number of our staff. The project will run for just over a year until all staff have been trained and are using the system, and the old system is retired.

High-Performance Culture

We intend to be a highly engaged, inclusive, talented, and safe workforce capable of delivering on the city's vision and goals. We envisage ourselves as an employer of choice, known for its supportive culture and inspirational leadership to ensure we can attract talent and offer great employee experiences.

Workforce Transformation

Optimising our employee experiences can generate great benefits for our organisation and our community. By providing employees with opportunities, tools and programmes to help them excel and enjoy their working lives, employee experience initiatives can assist with attracting talent, build a positive working culture, encourage engagement, increase our ability to deliver services and fuel loyalty and retention. Employee approaches to the job market have changed significantly due to the impact of COVID and it is not sufficient to practise traditional approaches to work if we want to progress our vision, moving into the future. Consideration needs to be given to how our people respond to our workplace environment by being more focused and deliberate about employee interactions and the quality of our workplace relationships.

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 Organisational Performance	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
REVENUE				
Civic Administration Building	181	270	(89)	236
Financial Services	524	101	423	405
Information Services	8	=	8	=
Print Synergy	5	30	(25)	8
TOTAL REVENUE	718	401	317	649
EXPENSES				
Civic Administration Building	635	724	89	(51)
Customer Services	-	-	-	(3)
Financial Services	1,133	579	(554)	1,036
Human Resources	(76)	-	76	(29)
Information Services	(700)	2,180	2,880	3,542
Marketing & Communications	404	348	(56)	22
Print Synergy	15	266	251	15_
TOTAL EXPENSES	1,411	4,097	2,686	4,532
NET OPERATING COST OF ACTIVITY	(693)	(3,696)	3,003	(3,883)
RATING ALLOCATION				
Add back depreciation	1 C 11	1 500	C1	1.050
Add internal rates recovered	1,641	1,580	61	1,658
Add back Transfers to/from reserves	1,102	987	115	1,008
Less Renewal capital expenditure	(2,000)	2,824	(2,824)	(4.400)
·	(2,086)	(2,581)	495	(1,433)
Add/(Less) borrowing effect of renewal 3 year averaging	526	526	-	417
Less provision for debt reduction	(284)	(284)	-	(190)
Add targeted rates allocation	35	=	35	37
Add general rates allocation	(241)	644	(885)	2,386
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Financial Services expenses were over due to interest expenses. These were offset by additional interest revenue

Information Services were under budget on expenses due to the Digital Transformation and Enterprise Resource Planning operating programmes being under budget. These were both carried forward to 2022/23 to ensure completion.

Significant Activity Capital Projects Organisational Performance	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
CAPITAL RENEWAL				
53-Computer Replacement - Rolling Replacements	668	686	18	
58-Network Additions and Upgrades	65	42	(23)	
68-Aerial Photography	23	41	18	
86-Property - Furniture Replacements	99	100	1	
221-Print Synergy - Replacement of Print Synergy Machinery	28	35	7	
272-Staff Cafeteria - Replacement of Equipment	3	6	3	
281-CAB - Renewals	897	1,235	338	
318-Telecommunications Replacement - Council Buildings	31	101	70	
755-Replacement of Parking Enforcement Hand Helds and iPhones	53	56	3	
784-Replacement of Council's Photocopiers/Printers	15	71	56	
1732-Depot - Hard Surfaces Renewals	197	200	3	
2027-Video and Audio Equipment	7	8	1	
TOTAL CAPITAL RENEWAL	2,086	2,581	495	1,433
CAPITAL NEW				
60-Information Management Strategic Plan Project - New Software Applications	67	106	39	
1187-PNCC Website Customisation	(1)	-	1	
1736-CAB - Rubbish and Recycling Compound	29	80	51	
1826-CAB - Workplace Transformation	498	500	2	
2047-Property - Furniture transformation	153	150	(3)	
TOTAL CAPITAL NEW	746	836	90	12
TOTAL CAPITAL PROJECTS	2,832	3,417	585	1,445

STRATEGIC INVESTMENTS

WHAT THE COUNCIL DOES

Commercial or Strategic Investments covers the assets we own for commercial or strategic reasons. These include Palmerston North Airport Ltd and the Gordon Kear Forest. We also have 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



Our Call Centre now looks after 34 other council's after hours.



Stage one of Tamakuku Terrace development has created 79 more sections in the city.



WHAT HAPPENED IN THE YEAR

EXTERNAL CONTRACTS

After-Hours Call Centre

Council provides after-hours contact centre services for the wider local government sector for other cities, districts and regions. 2020/21 focused on implementing commercial, technological and staffing structure components of the service to create the strategic platform for future success. The service continues both to expand the range of services offered and to grow the current council base of 34 after-hours councils.

Building services

Building Services (as a brand) continued to be delivered to Manawatū District Council with the level of activity increasing, then slowing to a similar level to last year, overall. The Building Services arrangement continues to achieve a relatively consistent delivery model within the region and remains unique within New Zealand.

Investment Property

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

The council's investment property portfolio remained 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 of being vacant. The portfolio also maintained low levels of arrears.

Tamakuku Terrace

Stage 1 of the new Tamakuku Terrace residential subdivision off James Line is scheduled for completion in November 2022. In addition to new transport and water infrastructure being constructed to support the subdivision and wider Whakarongo growth area, Stage 1 has created 79 new residential sections which have been released to the market for sale.

We continue to work with several parties to sell the remaining sections in Stage 1 before progressing to the next stage of development.

Investments

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

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 six to 12 years.

Areas identified as suitable for clear wood (free of knots or blemishes caused by original branches) have undergone further pruning. Thinning operations (removal of trees not selected for the final crop) also started during the year. The timing of silvicultural operations depends on tree growth and work is expected to continue for at least five more years.

Investments In Companies

Council owns Palmerston North Airport Ltd (PNAL) to ensure the city has an appropriate air gateway for passengers and freight. PNAL had 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 323,615 compared with 400,467 in 2021, 498,422 in 2020 and 687,142 in 2019. The net profit after tax to shareholders funds was 1.7% compared with 0.0% in 2020, 3.2% in 2020 and 4.1% in 2019. By arrangement with the Council no dividend was paid, the same as in 2021 and compared with \$685,238 in 2020.

ONGOING CONSIDERATIONS

After-Hours Call Centre

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, once the supply chain restrictions ease. The contract with Manawatū District Council for building continues for the next FY with levels of service maintained within the current staffing model. Recruiting has improved with a revised structure, affording more flexibility in staff development opportunities. Proposed technology improvements by the online building consenting vendor will further align the consistency and capabilities of Building Services across the two sites, with the first noticeable changes likely taking effect in the 2nd quarter of the next financial year.

Investment Property

Tamakuku Terrace

Council will continue to work with several parties to sell the remaining sections in Stage 1 before progressing to the next stage of development. Stage 2 will see a continuation of the service infrastructure through to the edge of the subdivision along with an additional 35 sections being created and released to the market for sale.

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 six to 12 years. Log prices, particularly for the export market, are subject to fluctuations 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 is cautiously optimistic that it will be able to continue to enhance shareholder value both financially and non-financially. Due to the relatively resilient regional economy PNAL is anticipating a rebound in passenger volumes. PNAL recognises the significance of the Te Utanganui/ Central New Zealand Distribution hub to the city and region's future success and will play a major role in the development through the facilitation of air transportation linkages for passengers and airfreight.

Over the coming three years, PNAL plans to embark on significant capital investment, including ongoing investment in operational critical airside and landside infrastructure. In addition to major re-development of the terminal it is intended to focus on further commercialisation of land holdings to help achieve revenue diversification objectives.

To date it has been assumed this will 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 Strategic Investments	Actual 2022 \$000	Budget 2022 \$000	Variance 2022 \$000	Actual 2021 \$000
REVENUE				
External Contracts	3,614	3,796	(182)	3,437
Investment Property	253	255	(2)	271
Investments	-	=	=	129
TOTAL REVENUE	3,867	4,051	(184)	3,837
EXPENSES				
External Contracts	3,974	3,300	(674)	3,196
Investment Property	318	671	353	428
Investments	371	556	185	216
Investments in Companies (including Airport)	178	264	86	113
TOTAL EXPENSES	4,841	4,791	(50)	3,953
NET OPERATING COST OF ACTIVITY	(974)	(740)	(234)	(116)
RATING ALLOCATION				
Add back depreciation	1,291	1,542	(251)	1,310
Add back Transfers to/from reserves	1,291	300	(300)	1,310
Less Renewal capital expenditure	(3,668)	(2,320)	(1,348)	(1,703)
Add/(Less) borrowing effect of renewal 3 year averaging	(244)	(2,320)	(1,540)	394
Add external revenue for renewal capital	38	(244)	38	334
Add proceeds from sale of assets	111	_	30 111	175
Less provision for debt reduction			85	
·	4740	(85)		4 240
Add general rates allocation FUNDING SURPLUS/(DEFICIT)	4,716	1,547	3,169	4,216
רטאטואט סטארנטס/(שברוטוו)	1,270	-	1,270	4,279

External contracts expenses over budget due to higher remuneration costs in contact centre as a result of Covid-19 related absenteeism and high staff turnover.

Significant Activity Capital Projects Strategic Investments	Actual 2022	Budget 2022	Variance 2022	Actual 2021
CAPITAL RENEWAL	\$000	\$000	\$000	\$000
80-Council Small Mobile Plant and Equipment - Replacement	286	225	(61)	
85-Depot - Buildings and Structures Renewals	246	247	1	
1753-Investment Properties - Building Renewals	21	25	4	
1791-Parks Depot - Building Renewals	5	5	-	
1879-Council's Plant and Vehicle - Replacements	3,047	1,793	(1,254)	
1970-Gordon Kear Forest Culvert Replacements	63	25	(38)	
TOTAL CAPITAL RENEWAL	3,668	2,320	(1,348)	1,703
CAPITAL NEW				
99-New Vehicles and Plant to enable the delivery of improved Council services	393	393	=	
1875-Fleet - Upgrade to Electric Vehicles - Capital New	319	-	(319)	
1903-Garage - Workshop Safety and Operating Improvements	112	118	6	
TOTAL CAPITAL NEW	824	511	(313)	190
TOTAL CAPITAL PROJECTS	4,492	2,831	(1,661)	1,893

Programmes 1879 and 1875 were over due to the expenses being brought forward from future years, and utilisation of the Low Carbon Fund budget.



WĀHANGA TUATORU SECTION THREE

PUAKANGA AHUMONI FINANCIAL STATEMENTS

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INDEPENDENT AUDIT NEW ZEALAND Mana Arotake Aotearoa AUDITOR'S REPORT

To the readers of Palmerston North City Council's annual report for the year ended 30 June 2022

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 14 December 2022. 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 162 to 220:
- > present fairly, in all material respects:
- > the City Council and Group's financial position as at 30 June 2022;
- 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 226, 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 155 and 227 to 235, 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 227 to 235, 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 on the audited information" section of our report, the statement of service provision, titled "How did we perform" on pages 42 to 154:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2022, 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 221 to 223, 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.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

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 2021 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 MATTERS

Without further modifying our opinion, we draw attention to the following disclosures.

THE GOVERNMENT'S THREE WATERS REFORM PROGRAMME

Note 31 on page 210, which outlines that, in June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The impact of these proposed reforms, once legislated, will mean that the City Council will no longer deliver three waters services or own the assets required to deliver these services. The Water Services Entities Bill had its Third reading on 7 December 2022, and is awaiting Royal Assent. In December 2022, the Government introduced the Water Services Legislation Bill, which will transfer assets and liabilities to the water service entities.

INHERENT UNCERTAINTIES IN THE MEASUREMENT OF GREENHOUSE GAS EMISSIONS

The Group has chosen to include a measure of its greenhouse gas (GHG) emissions in its performance information. In considering the public interest in climate change related information, we draw attention to page 104 of the Statement of Performance, which outlines the inherent uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

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 long-term 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 titled "How did we perform", 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 audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

Our responsibilities arise from the Public Audit Act 2001.

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 32, 35 to 37 156 to 157 and 263 to 268, 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, and we do not express any form of audit opinion or assurance conclusion thereon.

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 performed a limited assurance engagement related to the City Council's debenture trust deed. This engagement is 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.

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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 14 December 2022 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 2022 fairly reflect the financial position and operations of Palmerston North City Council.

Grant Smith Mayor

14 December 2022

Waid Crockett Chief Executive

14 December 2022

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

for the year ended 30 June 2022 - Palmerston North City Council

	COUNCIL		GRO	JP
2022	2 2022	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
<u> </u>	4000	4000	4000	4000
2 109,700	109,059	101,100	109,299	100,706
3 400) 17	274	413	286
4 30,260	30,184	30,454	39,801	40,056
5 5,322	4,887	3,967	5,642	4,164
6 329	-	851	875	851
146,01	1 144,147	136,646	156,030	146,063
5 9,568	3 14,162	13,978	9,568	13,978
2,162	2,090	2,187	2,162	2,187
125	5 2,000	294	142	339
11,855	18,252	16,459	11,872	16,504
7 157,866	5 162,399	153,105	167,902	162,567
8 52,469	9 53,503	47,974	56,569	52,022
18 38,80	1 38,210	36,785	41,029	39,060
3 (10,612	5,090	(2,226)	(10,078)	(1,748)
9 57,20	1 57,995	55,362	59,191	56,561
6 (31	-	749	114	1,654
137,828	154,798	138,644	146,825	147,549
20,038	3 7,601	14,461	21,077	15,018
15		-	6	(92)
10 18	-	41	137	(397)
10		-	=	=
20,056	7,601	14,502	21,220	14,529
26 123,528	7,066	111,710	140,512	114,410
26 50) -	56	50	56
		44.705		-
123 578	3 7,066	111,766	136,925	114,466
125,571		,		
	2 109,700 3 400 4 30,260 5 5,322 6 329 146,01 5 9,566 2,162 11,855 7 157,866 8 52,466 8 18 38,80 3 (10,612 9 57,20 6 (31 137,828 20,038 15 10 18 10 20,056 26 26 50	Actual 2022 2022 \$ \$000 \$ \$000 2 109,700 109,059 3 400 17 4 30,260 30,184 5 5,322 4,887 6 329 - 146,011 144,147 5 9,568 14,162 2,162 2,090 125 2,000 11,855 18,252 7 157,866 162,399 8 52,469 53,503 18 38,801 38,210 3 (10,612) 5,090 9 57,201 57,995 6 (31) - 137,828 154,798 20,038 7,601 15 10 18 10 18 10 18 20,056 7,601 26 50 26 50 26 50	Actual 2022 2022 2021 tes \$000 \$000 \$000 2 109,700 109,059 101,100 3 400 17 274 4 30,260 30,184 30,454 5 5,322 4,887 3,967 6 329 - 851 146,011 144,147 136,646 5 9,568 14,162 13,978 2,162 2,090 2,187 125 2,000 294 11,855 18,252 16,459 7 157,866 162,399 153,105 8 52,469 53,503 47,974 18 38,801 38,210 36,785 3 (10,612) 5,090 (2,226) 9 57,201 57,995 55,362 6 (31) - 749 137,828 154,798 138,644 20,038 7,601 14,461 15	Actual 2022 Budget 2022 Actual 2023 Actual 2023

Explanations of significant variances against budget are detailed in Note 36.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2022 - Palmerston North City Council			oo in ou		0001	10
			COUNCIL		GROU	-
		Actual	Budget	Actual	Actual	Actual
	Notes	2022 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000
ASSETS	Notes	\$000	\$000	3000	3000	\$000
CURRENT ASSETS						
Cash and cash equivalents	11	1,922	2,039	1,522	3,221	2,888
Trade and other receivables	12	11,883	11,495	17,218	13,375	17,990
Inventories	13	3,971	386	230	4,005	266
Other financial assets			300	230		98
	14	25,000	-	-	25,693	98.
Derivative financial instruments	16	913	42.020	40.070	913	22.42
TOTAL CURRENT ASSETS		43,689	13,920	18,970	47,207	22,13
NON-CURRENT ASSETS						
Inventories	13	1,527	5,103	9,261	1,527	9,26
Other financial assets	14	1,027	-	5,201	107	5,20
Investments in CCOs and industry companies	14	15,542	13,926	14,500	4,700	3,658
Investment in Associate	15	15,542	13,320	14,500	287	280
Derivative financial instruments	16	7,566	'	1,005	7,566	1,005
Property, plant and equipment	17	2,115,250	1,929,577	1,973,020	2,226,801	2,066,52
	18					
Intangible assets		1,072	1,246	1,153	1,098	1,190
Forestry assets	20	1,571	1,419	1,430	1,571	1,430
Investment property	21	5,640	4,549	5,390	20,540	19,170
TOTAL NON-CURRENT ASSETS	_	2,148,169	1,955,821	2,005,760	2,264,197	2,102,529
TOTAL ASSETS		2,191,858	1,969,741	2,024,730	2,311,404	2,124,660
LIABILITIES	_					
LIABILITIES						
CURRENT LIABILITIES	22	27.007	27.200	27.227	20406	20.67
Trade and other payables	22	27,087	37,388	27,237	29,106	29,67
Provisions	23	728	-	889	728	889
Employee benefit liabilities	24	6,422	-	5,897	6,992	6,384
Borrowings	25	25,000	-	10,000	36,008	15,000
Derivative financial instruments	16	84	-	2,719	84	2,719
TOTAL CURRENT LIABILITIES		59,321	37,388	46,742	72,918	54,663
NON-CURRENT LIABILITIES						
Provisions	23	489	1,386	576	489	576
Employee benefit liabilities	24	1,088	6,648	1,196	1,095	1,199
Borrowings	25	172,850	212,347	156,125	176,550	163,825
Deferred tax liability	10	-	-		9,941	6,516
Derivative financial instruments	16	30	_	5,645	30	5,645
TOTAL NON-CURRENT LIABILITIES		174,457	220,381	163,542	188,105	177,76
TOTAL LIABILITIES		233,778	257,769	210,284	261,023	232,424
NET ASSETS (ASSETS MINUS LIABILITIES)	_	1,958,080	1,711,972	1,814,446	2,050,381	1,892,236
EQUITY ATTRIBUTABLE TO PNCC						
	26	1,080,553	1,063,037	1,060,497	1,115,479	1,094,10
Retained earnings Other reserves	26 26	1,080,553 877,527	1,063,037 648,935	1,060,497 753,949	1,115,479 934,902	1,094,107 798,129

Explanations of significant variances against budget are detailed in Note 36.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2021 - Palmerston North City Council

	COUNCIL			GROUP		
Notes	Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000	
BALANCE AT 1 JULY	1,814,446	1,697,305	1,688,178	1,892,236	1,763,241	
Total comprehensive revenue and expense for the year	143,634	14,667	126,268	158,145	128,995	
BALANCE AT 30 JUNE 26	1,958,080	1,711,972	1,814,446	2,050,381	1,892,236	

Explanations of significant variances against budget are detailed in Note 36.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2020 - Palmerston North City Council

			COUNCIL		GROUP	
		Actual	Budget	Actual	Actual	Actual
		2022	2022	2021	2022	2021
	otes	\$000	\$000	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from rates revenues		109,935	109,059	100,544	109,534	100,150
Interest received		397	17	247	409	260
Dividends received		3	-	4	3	4
Operating subsidies and grants		5,322	4,887	6,519	5,513	6,620
Receipts from other revenue		36,402	30,184	27,514	45,805	37,196
Capital subsidies and grants		6,486	14,162	14,360	6,486	14,360
Development contributions		2,162	2,090	2,186	2,162	2,186
Receipts from tax losses		18	-	41	18	41
Payments to suppliers and employees		(109,655)	(111,498)	(107,156)	(115,672)	(112,570)
Interest paid		(5,113)	(5,090)	(4,975)	(5,647)	(5,453)
Income tax paid (net)		-	-	-	(341)	(355)
Goods and services tax (net)		744	-	(429)	882	(444)
Net cash from operating activities	27	46,701	43,811	38,855	49,152	41,995
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property		-	5,000	175	-	175
Proceeds from sale of biological assets		-	-	-	-	-
Investment in property development		(5,462)	-	-	(5,462)	-
Purchase of intangible assets		(155)	-	-	(155)	-
Purchase of property, plant and equipment		(47,138)	(97,994)	(63,136)	(50,536)	(64,558)
Purchase of investment property		(271)	-	(39)	(1,532)	(2,638)
Other advances made, repayment received		-	-	(497)	-	(497)
Repayment, acquisition of investments		(25,000)	-	-	(24,867)	(51)
Net cash from investment activities		(78,026)	(92,994)	(63,497)	(82,552)	(67,569)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from borrowings		45,000	54,626	44,125	48,500	46,825
Repayment of borrowings		(13,275)	(5,443)	(20,000)	(14,767)	(21,700)
Net cash from financing activities		31,725	49,183	24,125	33,733	25,125
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		400	-	(517)	333	(449)
Cash, cash equivalents and bank overdrafts at		400		(317)	333	(173)
the beginning of the year		1,522	1,279	2,039	2,886	3,337
Cash, cash equivalents and bank overdrafts at the at the end of the year	11	1.922	1,279	1.522	3,221	2,888
oreitalana at the at the end of the year	- **	1,022	1,2,3	1,022	J,==1	2,500

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:	
Proceeds from borrowings	45,000
Repayment of borrowings	(13,275)
Increase in net debt for the year	31,725

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2022

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:

- ➢ 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 2022. The financial statements were authorised for issue by Council on 7 December 2022.

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

The following are new accounting standards that are applicable for future year ends. The standards have been issued but are not yet required to be adopted and applied for the year ending 30 June 2022.

For subsequent years, 2023-2031, PBE IPSAS 41 Financial Instruments will be applicable as this new accounting standard will become effective for the period beginning 1 July 2022. The main differences between PBE IPSAS 29 and PBE IPSAS 41 relate to the classification of financial assets and liabilities, impairment and hedging. Under PBE IPSAS 41 the financial classification should not significantly change the value of the financial assets or liabilities. The required change in impairment model should have no impact as impairments are not usually significant when considering prospective financial statements and the hedging requirements under PBE IPSAS 41 can be continued as they were under PBE IPSAS 29.

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:

- Seneral 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 classification

Financial instruments include financial assets (loans and receivables and financial assets at fair value through other comprehensive revenue and expense)., financial liabilities (payables and borrowings) and derivative financial instruments. Financial instruments are initially recognised on

trade-date at their fair value plus transaction costs. Subsequent measurement of financial instruments depends on the classification determined by the Council. Financial instruments are derecognised when the rights to receive cash flows have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

Financial instruments are classified into the categories outlined belowbased on the purpose for which they were acquired. The classification is determined at initial recognition and re-evaluated at the end of each reporting period.

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 postclosure, 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	YEARS
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	5-80
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	120-175
Sumps	150
Laterals, manholes	120-150
Pumping station/pumps	10-100
Wastewater	
Pipeworks, laterals, manholes	120
Pumps	15-30
Pumping stations	30-100
Buildings	50-100
Treatment plants	15-120
Water	
Pipeworks, laterals	50-120
Hydrants	80
Tobies	55-70
Valves	80
Water meters	15-100
Pumping stations	10-100
	10-100

INFRASTRUCTURAL ASSETS	YEARS
Dams	15-1000
Reservoirs	100
Airport	
Runway, taxiways, and aprons	2-99

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Intangible assets

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.

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 standalone 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.

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 deprecation 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 2022.

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 cashgenerating 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 2021/31 10 Year Plan may incorporate changes from the 2018/28 10 Year Plan or 2020/21 Annual Plan. The effect of these is that any required additional or amended disclosure has also required restatement of 2021 comparative information from that previously reported.

	COUNCIL A	AND GROUP
RATES REVENUE	Actual 2022 \$000	2021
GENERAL RATES (INCLUDING UAGC)	82,769	78,322
Rates penalties	593	535
Targeted rates attributable to activities:		
Water	8,259	6,772
Wastewater	10,676	8,588
Rubbish and recycling	5,575	5,332
Metered water	3,183	2,922
Business improvement district	249	-
Warmup Palmy	35	37
	111,339	102,508

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

Total revenue from rates

Less internal rates

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.

(1,639)

109,700

(1,408)

101,100

	Actual	Actual
	2022	2021
	\$000	\$000
Community organisations	128	142
Arts, recreation and sporting organisations	18	24
Wastewater charges for non-residential properties	5	-
Penalties	129	127
Wastewater charges for educational establishments	168	158
Residential land in commercial or industrial areas	5	5
Total remissions	453	456

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 2022	Actual 2021
Number of rating units (units)	34,124	33,805
Total capital value of rating units (\$million)	20,248	19,957
Total land value of rating units (\$million)	10,204	10,144

	COUNCI	L	GROUP	
FINANCE REVENUE AND FINANCE COSTS	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
FINANCE REVENUE				
Interest revenue	397	270	410	282
Dividend received	3	4	3	4
Total finance revenue	400	274	413	286
FINANCE COSTS				
Interest on borrowings:				
Secured loans	5,113	4,975	5,647	5,453
Finance lease liabilities	-	-	-	-
Effect on provisions of discount unwind (note 23)	-	=	=	-
Fair value movement through surplus or deficit:				
Loss/(gain) on derivative financial instruments	(15,725)	(7,201)	(15,725)	(7,201)
Total finance costs	(10,612)	(2,226)	(10,078)	(1,748)
Net finance revenue (costs)	11,012	2,500	10,491	2,034

NOTE 4

	COUNC	IL	GROUP	
OTHER REVENUE	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Regulatory user charges and fees	7,376	7,735	7,376	7,735
Rendering of services and other revenue (excludes metered water)	17,829	17,785	27,370	27,387
Rental revenue from investment properties	253	270	253	270
Rental revenue from operating properties	4,184	4,077	4,184	4,077
Fuel tax	618	584	618	584
Impairment of receivables recovered	-	3	-	3
Total other revenue	30,260	30,454	39,801	40,056

	COUNCI	L	GRO	UP
SUBSIDIES AND GRANTS	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
OPERATING SUBSIDIES AND GRANTS				
Receipt of grants	1,060	260	1,380	457
Three waters stimulus grant	386	216	386	216
NZ Transport Agency subsidies	3,876	3,491	3,876	3,491
Total operating subsidies and grants	5,322	3,967	5,642	4,164
CAPITAL SUBSIDIES AND GRANTS				
Revenue for capital expenditure	2,354	4,241	2,354	4,241
Three waters stimulus grant	3,967	4,771	3,967	4,771
NZ Transport Agency subsidies	3,247	4,966	3,247	4,966
Total capital subsidies and grants	9,568	13,978	9,568	13,978

There are no unfulfilled conditions and other contingencies attached to government grants recognised (2021 nil).

The three waters stimulus grant was paid to PNCC by the Department of Internal Affairs, starting in the year ending 30 June 2021 and finishing 30 June 2022, 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

	COUNCI	L	GRO	OUP
OTHER GAINS/(LOSSES)	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
OTHER GAINS	\$000	\$000	\$000	\$000
Gain on changes in fair value of forestry assets (note 20)	141	11	141	11
Gain on harvest of investment forest	-	-	=	-
Gain on changes in fair value of investment property (note 21)	188	840	734	840
Other gains on investments	-	-	-	-
Total other gains	329	851	875	851
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)	-	-	=	(846)
Net gain/(loss) on disposal of property, plant and equipment	31	(749)	(114)	(808)
Total other losses	31	(749)	(114)	(1,654)
Total gains/(losses)	360	102	761	(803)

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.

	COUNCI	L	GROUP		
EXCHANGE AND NON-EXCHANGE REVENUE	Actual 2022	Actual 2021	Actual 2022	Actual 2021	
	\$000	\$000	\$000	\$000	
EXCHANGE REVENUE					
Elections	-	1	-	1	
External contracts	3,613	3,519	3,613	3,519	
Investment property	303	1,111	303	1,111	
Investments	171	132	171	141	
Investments in companies	-	-	-	-	
Print Synergy	5	8	5	8	
Public rental housing	3,061	-	3,061	-	
Civic Administration Building	301	236	301	236	
Provision of goods and services	-	-	9,922	9,435	
Total exchange revenue	7,454	5,007	17,376	14,451	
NON-EXCHANGE REVENUE					
Revenue from rates					
Rates	109,700	101,100	109,299	100,706	
REVENUE FROM TRANSFERS					
Provision of goods and services	14,615	17,116	15,041	17,286	
Fines and infringements	1,544	1,721	1,544	1,721	
Regulatory user charges and fees	7,376	7,735	7,376	7,735	
Operating subsidies and grants	5,322	3,967	5,394	4,164	
Capital subsidies and grants	9,568	13,978	9,568	13,978	
Development contributions	2,162	2,187	2,162	2,187	
Vested assets	125	294	142	339	
Total non-exchange revenue	150,412	148,098	150,526	148,116	
Total revenue	157,866	153,105	167,902	162,567	

Revenue is classified as exchange or non-exchange based on the funding of the underlying activity which generates the revenue.

NOTE O				
NOTE 8	COUNCIL		GROUP	
	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Salaries, wages and earned compensation	49,406	45,547	53,299	49,497
Elected representatives total remuneration	966	952	966	952
Employer contributions to multi-employer defined contribution plans	1,680	1,680	1,792	1,778
Increase/(decrease) in employee benefit liabilities	417	(205)	512	(205)
Total employee and elected representatives benefit expenses	52,469	47,974	56,569	52,022

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 \$526,315 (2021 \$380,246) and Chris Dyhrberg as Acting Chief Executive 99,944. The amount paid to Heather Shotter included a severance payment exceeding contractual entitlements of \$96,660.

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	
	2022 2	Actual 2021 \$000
Total remuneration	2,475,207 2,152,	882
Full-time equivalent members	7	8

Elected Representatives

Elected representatives received the following remuneration:

MEMBER	POSITION	Annual Salary	Non	Total Remuneration	Annual Salary	Non	Total Remuneration
CURRENT ELECTED REPRESENTATIVES		2022 \$	Salary \$000	2022 \$000	2021 \$	Salary \$000	2021 \$000
Smith G	Mayor	147,187	-	147,187	143,402	=	143,402
Rutherford A	Deputy Mayor	84,123	2,790	86,913	71,193	11,237	82,430
Barrett B	Councillor	51,172	2,133	53,305	50,671	1,187	51,858
Baty S	Councillor	54,841	11,447	66,288	56,153	7,344	63,497
Bowen R	Councillor	51,172	1,804	52,976	50,671	1,807	52,478
Butt Z	Councillor	47,824	1,283	49,107	47,356	691	48,047
Dennison V	Councillor	54,519	2,133	56,652	53,986	1,187	55,173
Dingwall R	Councillor	47,824	1,042	48,866	47,356	592	47,948
Findlay L	Councillor	47,824	2,133	49,957	47,356	1,187	48,543
Handcock P	Councillor	47,824	1,042	48,866	47,356	871	48,227
Hapeta L	Councillor	51,172	1,736	52,908	51,130	987	52,117
Johnson L	Councillor	51,172	1,736	52,908	50,671	1,530	52,201
Meehan B	Councillor	51,172	1,042	52,214	49,064	593	49,657
Mickalad O	Councillor	47,824	1,045	48,869	19,671	348	20,019
Naylor K	Councillor	47,824	1,443	49,267	47,356	2,314	49,670
Petrenas B	Councillor	47,824	1,736	49,560	47,356	2,727	50,083

MEMBER	POSITION	Annual Salary	Non	Total Remuneration	Annual Salary	Non	Total Remuneration
ELECTED REPRES	ENTATIVES TO OCTOBER 2020	2022 \$	Salary \$000	2022 \$000	2021 \$	Salary \$000	2021 \$000
Utikere T	Deputy Mayor	-	-	-	24,709	12,284	36,993
Total remuneration				965,843			952,343
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 2021/22 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 Hearing Panels. 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 regulatory bodies are included under the heading Monetary Remuneration - Non-salary.

Elected Members also receive a communications allowance as set out in the Council's Elected Member Expenses Policy and approved by the Remuneration Authority. These are included under the heading Monetary Remuneration - Non-salary.

They are also able to claim a vehicle mileage allowance (excluding the Mayor). Rates are set by the Remuneration Authority. The Vehicle Mileage Allowance is paid to Members when using their personal vehicle to travel to official Council business outside of the Palmerston North City Council boundary. Where provision of a council vehicle is not available or the arrangements are unsuitable for the Elected Member concerned, then the Member is entitled to be paid an allowance while undertaking council business. The Vehicle Mileage Allowance paid to individual members 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.

	COUNCIL		
NUMBER OF EMPLOYEES RECEIVING TOTAL ANNUAL REMUNERATION AT 30 JUNE OF:	Actual 2022 \$000	Actual 2021 \$000	
Less than \$60,000	299	322	
Between \$60,001 and \$79,999	174	128	
Between \$80,000 and \$99,999	87	82	
Between \$100,000 and \$119,999	47	44	
Between \$120,000 and \$139,999	28	23	
Between \$140,000 and \$159,999	17	16	
Between \$160,000 and \$179,999	8	-	
Between \$180,000 to \$239,999	5		
Between \$160,000 and \$259,999	-	8	
Between \$240,000 to \$379,999	4	-	
Between \$260,000 and \$399,999	-	3	
Total employees	669	626	

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.

	COU	NCIL
THE TOTAL EMPLOYEES COMPRISES:	Actual 2022 \$000	Actual 2021 \$000
Full-time employees	543	512
Full-time equivalent of all other employees (basis 40 hour working week)	79	71
Total full-time equivalent	622	583

Severance payments

For the year ended 30 June 2022, PNCC made 4 severance payment exceeding contractual entitlements totalling \$178,970 (2021, two, total \$108,609). The value of each severance payments made were \$96,660, \$61,750, \$10,000 and \$10,560.

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

	COUN	ICIL	GROUP	
OTHER EXPENSES	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Fees to principal auditor:				
Audit fees for financial statement audit	260	238	395	374
Audit fees for 10 year plan audit	-	126	-	126
Audit fees for debenture trust deed audit	6	5	6	5
Impairment of receivables	63	65	63	73
Minimum lease payments under operating leases	891	978	947	1,034
Direct expenses from investment property	-	657	-	657
Grants for community support and economic promotion	9,321	9,223	5,487	5,557
Professional service costs	13,660	13,860	14,143	14,185
Insurance premiums	2,471	2,236	2,819	2,496
Transition payment to Manawatū District Council	453	447	453	447
Other operating expenses	30,076	27,527	34,878	31,607
Total other expenses	57,201	55,362	59,191	56,561

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.

	COUNCIL		GROUP	
TAX	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
AGNERALITY OF TAY EVERYIGE	\$000	\$000	\$000	\$000
COMPONENTS OF TAX EXPENSE				
Current tax expense	-	-	(94)	(479)
Adjustments to current tax for prior years	18	41	18	56
Deferred tax expense	-	-	213	26
Deferred tax adjustment from removal of tax depreciation on buildings	-	-	-	-
Income tax refund/ (expense)	18	41	137	(397)
RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT:				
Surplus/(deficit) before tax	20,038	14,461	21,077	15,018
Tax at 28% (2020 28%)	5,611	4,049	5,902	4,205
Non-deductible expenditure	-	-	-	-
Non-taxable revenue, permanent differences	(5,611)	(4,049)	(5,804)	(3,757)
Loss on sale of land	-	-	(217)	-
Prior year adjustment, deferred tax adjustment	-	-	=	(15)
Deferred tax adjustment for the year and deferred tax movement at revaluation	(18)	(41)	(18)	(36)
TAX CHARGE FOR THE YEAR	(18)	(41)	(137)	397
Movement in deferred tax due to tax depreciation changes	<u>-</u>	-	-	-
Movement in deferred tax due to tax rate changes	-	-		
Tax expense / (refund)	(18)	(41)	(137)	397

DEFERRED TAX ASSETS/(LIABILITIES)	Investment property	Property, plant and equipment	Employee entitlements	Other provisions	Total
GROUP					
Balance at 1 July 2020	-	(6,585)	41	1	(6,543)
Charged to surplus or deficit	-	25	(1)	2	26
Charged to other comprehensive income	-	-	-	-	-
Balance at 30 June 2021	-	(6,560)	40	3	(6,517)
Transfer PPE to IP	(193)	193	-	-	-
Charged to surplus or deficit	37	157	19	1	214
Charged to other comprehensive income	-	(3,638)	-	-	(3,638)
Balance at 30 June 2022	(156)	(9,848)	59	4	(9,941)

Additional disclosures

During the year, tax losses were transferred to PNAL by tax loss offset with payment of \$18,000 and loss effect of \$65,000.

A deferred tax asset has not been recognised in relation to unused tax losses of \$225,000 (2021 \$148,000) with a tax effect of \$63,000 (2021 \$41,000).

Imputation credits of \$4.7m (PNAL) are available to impute distributions from subsidiaries.

	COUNCIL		GROU	JP
CASH AND CASH EQUIVALENTS	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Cash at bank and on hand	672	272	1,470	1,385
Short term bank deposits with maturities of less than three months	1,250	1,250	1,751	1,503
Total cash and cash equivalents	1,922	1,522	3,221	2,888

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 2022 PNCC has designated that \$1,250,000 of the short term bank deposits are held on trust for those contractors. At June 2022 the actual retentions held amounted to \$951k

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 (2021 \$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:

	COUNCIL		GROUP	
CASH AND CASH EQUIVALENTS	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Cash at bank and on hand	672	272	1,470	1,385
Short term bank deposits with maturities of less than three months	1,250	1,250	1,751	1,503
Bank overdrafts (note 25)	-	-	=	-
	1,922	1,522	3,221	2,888

	COUI	NCIL	GRO	UP
TRADE AND OTHER RECEIVABLES	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Rates receivables	1,240	1,184	1,240	1,184
Other receivables	4,545	9,677	5,418	10,328
Related party receivables	2	30	=	-
Water debtors	374	382	374	382
Tax receivable (includes GST receivables)	998	1,742	998	1,765
Prepayments and accruals	5,008	4,513	5,637	4,649
	12,167	17,528	13,667	18,308
Less provision for impairment of receivables	(284)	(310)	(292)	(318)
Total current trade and other receivables	11,883	17,218	13,375	17,990
TOTAL RECEIVABLES COMPRISES:				
Receivables from exchange transactions	1,299	901	1,299	901
Receivables from non-exchange transactions	10,584	16,317	12,076	17,089

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		GRO	UP
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Current year	1,184	1,088	1,184	1,088
Past due one year	48	96	48	96
Past due two years	8	-	8	-
Carrying amount	1,240	1,184	1,240	1,184

The status of receivables, excluding rates receivables, as at 30 June 2022 and 2021 are detailed below:

		Actual 2022 \$000			Actual 2021 \$000	
COUNCIL	GROSS	IMPAIRMENT	NET	GROSS	IMPAIRMENT	NET
Not past due	2,247	-	2,247	2,828	-	2,828
Past due 1-30 days	608	-	608	2,099	-	2,099
Past due 31-60 days	208	-	208	2,921	-	2,921
Past due > 60 days	1,482	284	1,198	1,829	310	1,519
	4,545	284	4,261	9,677	310	9,367
GROUP						
Not past due	3,099	-	3,099	3,459	-	3,459
Past due 1-30 days	617	-	617	2,101	-	2,101
Past due 31-60 days	210	-	210	2,922	-	2,922
Past due > 60 days	1,492	292	1,200	1,839	318	1,521
	5,418	292	5,126	10,321	318	10,003

As of 30 June 2022 and 2021, 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		GRO	UP
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
At 1 July	310	249	318	249
Additional provisions made during the year	63	66	63	74
Provisions reversed during the year	(86)	(3)	(69)	(3)
Receivables written-off during the period	(3)	(2)	(20)	(2)
At 30 June	284	310	292	318

	COUNCI	L	GROUP		
INVENTORIES	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000	
CURRENT PORTION					
Depot Store - roading, water, stormwater and wastewater reticulation spares and various network parts	203	199	237	235	
Plant nursery	28	22	28	22	
Fuel and other consumables	16	9	16	9	
Tamakuku land development - current portion	3,724	-	3,724	-	
Assets held for sale	-	-	-	-	
Total Current Portion	3,971	230	4,005	266	
NON CURRENT PORTION					
Tamakuku land development - non-current portion	1,527	9,261	1,527	9,261	
Total non-current portion	1,527	9,261	1,527	9,261	

All inventory held for distribution is valued at cost. The write-down of inventories for loss of service potential amounted to \$nil (2021 \$nil).

No inventories are pledged as security for liabilities (2021 \$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), and 40% of the costs to date (including the value of land transferred to inventory) of \$5,252k are not expected to be recovered until after 30 June 2023 (2021 100% of \$9,261k). An adjustment was made in 2022 to allocate the infrastructure to be retained by Council to Plant, Property and Equipment as part of PNCC's Assets Under Construction once the sizes of the lots were known. The amount currently included in Assets Under Construction is \$9,471k, and is spread across various asset categories.

	COUNCIL		GROUP	
OTHER FINANCIAL ASSETS	Actual	Actual	Actual	Actual
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
CURRENT PORTION				
Short term bank deposits with maturities of 4-12 months	25,000	-	25,693	987
Total current portion	25,000	-	25,693	987
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	395	395	395
Unlisted shares - New Zealand Local Government Funding Agency	444	394	444	394
Borrower notes - New Zealand Local Government Funding Agency	3,861	2,869	3,861	2,869
	15,542	14,500	4,700	3,658
Other financial assets:				
Bank deposits with maturities beyond 12 months	-	-	107	5
Total non-current portion	15,542	14,500	4,807	3,663
Total other financial assets	40,542	14,500	30,500	4,650

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 2022 PNCC owned 100% (2021 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 (2021 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% (2021 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.

The \$25,000,000 of the short-term bank deposits are being held to repay debt upon their maturity.

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.

	COUNCIL		GROUP		
INVESTMENT IN ASSOCIATE	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$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)	-	-	286	279	
Total non-current portion	1	1	287	280	

PNCC's 50% share of associate's group summarised financial information:

	Actual 2022 \$000	Actual 2021 \$000
Assets	1,071	792
Liabilities	786	513
Revenues	1,883	1,996
Surplus/(deficit)	6	(92)
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

	COUNCIL		GROUP		
DERIVATIVE FINANCIAL INSTRUMENTS	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000	
CURRENT ASSET PORTION					
Interest rate swaps	913	-	913	-	
Total current asset portion	913	-	913	-	
NON-CURRENT ASSET PORTION					
Interest rate swaps	7,566	1,005	7,566	1,005	
Total non-current asset portion	7,566	1,005	7,566	1,005	
CURRENT LIABILITY PORTION					
Interest rate swaps	84	2,719	84	2,719	
Total current liability portion	84	2,719	84	2,719	
NON-CURRENT LIABILITY PORTION					
Interest rate swaps	30	5,645	30	5,645	
Total non-current liability portion	30	5,645	30	5,645	

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 2022 comprised the following:

No notional value of swaps in which PNCC will pay fixed interest rate (2021 none) and receive floating on a monthly basis (2021 \$nil).

88m notional value of swaps in which PNCC will pay fixed interest varying from 0.4% to 4.5% (2021 1.3% to 6.1%) and receive floating on a quarterly basis (2021 \$79m).

\$63m notional value of forward start swaps in which PNCC will pay fixed interest varying from 1.3% to 3.9% (2021 0.4% to 3.9%) and receive floating on a quarterly basis (2021 \$88m).

Note: Pages 190-191 (Property, plant and equipment) table should be read as one continuous table across both pages.

PROPERTY, PLANT AND EQUIPMENT		Accumulated depreciation and			Current year additions	Current year	
2022	Cost/ revaluation	impairment charges	Carrying amount	Reclassification	constructed by Council	vested asset additions	
	1-Jul-21 \$000	1-Jul-21 \$000	1-Jul-21 \$000	\$000	\$000	\$000	
COUNCIL OPERATIONAL ASSETS	,	,	••••		• • • • • • • • • • • • • • • • • • • •	,	
Land	224,669	-	224,669	-	-	-	
Buildings	206,891	=	206,891	=	5,855	=	
Improvements	59,518	-	59,518	-	8,524	-	
Office equipment, furniture and fittings	29,659	24,329	5,330	-	1,517	-	
Library materials	6,028	4,058	1,970	-	769	-	
Motor vehicles and plant	25,872	18,688	7,184	-	4,363	-	
Total operational assets	552,637	47,075	505,562	-	21,028	-	
COUNCIL INFRASTRUCTURAL ASSETS							
Waste management	27,720	874	26,846	-	750	-	
Wastewater							
- treatment plants and facilities	40,776	1,196	39,580	-	3,266	-	
- other assets	176,274	4,274	172,000	-	4,990	86	
Water							
- treatment plants and facilities	54,880	905	53,975	-	1,482	-	
- other assets	136,753	3,435	133,318	-	5,449	72	
Stormwater	219,281	2,404	216,877	=	4,277	100	
Roading network	437,339	12,149	425,190	(1,034)	15,759	(316)	
Land under roads	357,291	=	357,291	1,034	265	183	
Total infrastructural assets	1,450,314	25,237	1,425,077	-	36,238	125	
COUNCIL RESTRICTED ASSETS Land	42,381	=	42,381	-	-	-	
Total restricted assets	42,381	-	42,381	-	-	-	
Total PNCC property, plant and equipment	2,045,332	72,312	1,973,020		57,266	125	
COUNCIL CONTROLLED ORGANISATIONS PROPERTY, PLANT AND EQUIPMENT							
Land	29,010	=	29,010	=	=	-	
Buildings	14,059	704	13,355	-	525	-	
Improvements	1,117	901	216	294	18	-	
Infrastructural assets	36,196	6,419	29,777	-	1,915	-	
Plant and equipment	8,539	5,732	2,807	(860)	663	-	
Office equipment, furniture and fittings	1,267	982	285	566	(93)	=	
Collection assets	16,986	-	16,986	-	62	17	
Motor vehicles	1,080	12	1,068	=	260	-	
Total CCO property, plant and equipment	108,254	14,750	93,504	-	3,350	17	
			-		·		
Total Group property, plant and equipment	2,153,586	87,062	2,066,524	-	60,616	142	

3,255	3,110	40,848	115,089	25,423	2,326,178	99,377	2,226,801
 2,290	2,203	2,217	13,870	3,114	123,201	11,650	111,551
 -		18	-	-	1,340	30	1,310
-	-	-	-	=	17,065	-	17,065
14	14	197	-	-	1,726	1,165	561
350	332	395	-	-	7,992	5,795	2,197
884	884	1,166	9,846	2,849	47,073	3,852	43,221
1,042	973	77	-	-	387	5	382
-	-	364	34	265	14,618	803	13,815
-	-	-	3,990	-	33,000	-	33,000
965	907	38,631	101,219	22,309	2,202,977	87,727	2,115,250
 			404.040				0.447.070
-			-		42,381		42,381
-	-	-	-	-	42,381	-	42,381
-	-	21,231	101,219	22,309	1,587,896	24,159	1,563,737
-	-	-	-	_	358,773		358,773
-	-	10,380	-	-	451,748	22,529	429,219
-	-	1,941	11,858	4,345	235,516	-	235,516
=	-	2,870	28,137	6,305	170,411	-	170,411
-	-	759	26,533	1,664	82,895	-	82,895
-	-	3,495	33,026	7,769	214,376	-	214,376
-	=	1,030	1,665	2,226	45,707	=	45,707
-	-	756	-	-	28,470	1,630	26,840
965	907	17,400	-	-	572,700	63,568	509,132
364	309	1,444	-	-	29,871	19,823	10,048
595	595	761	-	-	6,202	4,224	1,978
6	3	1,482	-	-	31,170	25,808	5,362
=	-	4,085	-	-	68,042	4,085	63,957
-	-	9,628	-	-	212,746	9,628	203,118
-	-	-	-	-	224,669	-	224,669
\$000	\$000	\$000	\$000	\$000	30-Jun-22 \$000	30-Jun-22 \$000	30-Jun-22 \$000
Current year disposals	depreciation on disposal	Current year depreciation	Revaluation surplus	revaluation or reclassification	Cost/revaluation	and impairment charges	Carrying amount

Note: Pages 192-193 (Property, plant and equipment) table should be read as one continuous table across both pages.

Total CCO property, plant and equipment	109,150	13,058	96,092	(5,158)	1,890	43
Motor vehicles	26 400450	12 059	14	/E 4EO\	1,054	45
Collection assets	15,327	-	15,327	-	92	45
Office equipment, furniture and fittings	1,313	1,004	309	(42)	27	-
Plant and equipment	8,274	5,421	2,853	(4)	571	=
nfrastructural assets	37,275	5,400	31,875	(1,113)	47	=
mprovements	1,071	875	196	-	68	-
Buildings	14,036	346	13,690	-	23	-
and	31,828	-	31,828	(3,999)	8	-
COUNCIL CONTROLLED ORGANISATIONS PROPERTY, PLANT AND EQUIPMENT						
Total PNCC property, plant and equipment	1,898,296	62,934	1,835,362	-	63,179	294
Fotal restricted assets	27,083	-	27,083	-	-	-
_and	27,083	=	27,083	=	=	=
COUNCIL RESTRICTED ASSETS						
Total infrastructural assets	1,418,519	4,949	1,413,570	-	31,731	294
Land under roads	357,289	-	357,289	-	2	-
Roading network	424,270	2,376	421,894	(598)	13,514	255
Stormwater	217,377	478	216,899	=	1,904	=
other assets	131,558	678	130,880	-	5,212	18
treatment plants and facilities	50,219	164	50,055	-	4,661	-
Nater						
other assets	173,147	857	172,290	-	3,199	21
treatment plants and facilities	38,132	241	37,891	-	2,644	-
Wastewater						
Waste management	26,527	155	26,372	598	595	
COUNCIL INFRASTRUCTURAL ASSETS						
Total operational assets	452,694	57,985	394,709	-	31,448	-
Motor vehicles and plant	24,709	17,747	6,962	=	1,857	=
Library materials	6,462	4,212	2,250	-	729	-
Office equipment, furniture and fittings	28,600	22,915	5,685	-	1,059	-
mprovements	73,749	4,745	69,004	-	16,796	-
Buildings	187,012	8,366	178,646	-	10,932	-
_and	132,162	=	132,162	-	75	-
COUNCIL OPERATIONAL ASSETS	• • • • • • • • • • • • • • • • • • • •	• • • • • • • • • • • • • • • • • • • •	• • • • • • • • • • • • • • • • • • • •	,,,,,,	• • • • • • • • • • • • • • • • • • • •	,
	1-Jul-20 \$000	1-Jul-20 \$000	1-Jul-20 \$000	\$000	\$000	\$000
2021	Cost/ revaluation	and impairment charges	Carrying amount	Reclassification	additions constructed by Council	Current year vested asset additions
ROPERTY, PLANT AND EQUIPMENT		depreciation			Current year	Current veer

 * Includes transfer of \$438k from Land to Improvements.

89,062 25,576 2,153,586 87	25,576	89,062	38,837	2,191	3,172
2,700 228 108,254 14			2,264	344	373
1,080	- -		-	- -	5
- 37 1,267 1,527 - 16,986	3/	- 1 ⊑27	87	72	31 5
- 4 8,539 !		=	557	242	302
- 187 36,196		-	1,215	9	13
1,117		-	47	21	22
- 14,059	-	-	358	-	-
1,173 - 29,010	-	1,173	-	-	-
86,362 25,348 2,045,332 72	25,348	86,362	36,573	1,847	2,799
15,298 - 42,381	-	15,298	-	-	<u>-</u>
15,298 - 42,381	-	15,298	-	-	-
(230) - 1,450,314 25	•	(230)	20,288	<u> </u>	<u> </u>
- 357,291 (230) - 1,450,314 25			20,288	-	-
(102) - 437,339 1	-		9,773	-	-
- 219,281	-		1,926	-	-
(35) - 136,753	-	(35)	2,757	-	=
- 54,880	-		741	-	-
(93) - 176,274	-	(93)	3,417	=	-
- 40,776	-	-	955	-	-
- 27,720	-	-	719	-	-
71,294 25,348 552,637 47	25,348	71,294	16,285	1,847	2,799
25,872 18		_	1,528	587	694
6,028		-	1,008	1,162	1,163
(31,019) 8,712 59,518 - 29,659 24			3,968 1,414	1 -	8
9,419 16,636 206,891 (31,019) 8,712 59,518			8,367	97	472
92,894 - 224,669	40.000		- 0.007	-	462
3000 3000 3	,,,,,,	 	3000	3000	3000
30-Jun-21 30-Ju \$000 \$000 \$000 \$	\$000	\$000	\$000	\$000	\$000
depreciation on deprecia	depreciation on revaluation	Revaluation surplus	Current year depreciation	accumulated depreciation on disposal	Current year disposals
accumulated Accumul				Reversal of	

ASSETS UNDER CONSTRUCTION

Included in property, plant and equipment are the following assets under construction:

	COUNC	IL	GRO	UP
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
OPERATIONAL ASSETS			-	
Land	6	-	26	20
Buildings	4,502	529	7,573	3,600
Improvements	3,523	9,295	3,523	9,295
Office equipment, furniture and fittings	316	747	326	757
Library	-	-	-	=
Motor vehicles and plant	4,126	1,196	4,163	1,233
	12,473	11,767	15,611	14,905
INFRASTRUCTURAL ASSETS				
Waste management	341	23	341	23
Wastewater	9,619	9,133	9,619	9,133
Water	5,626	6,734	5,626	6,734
Stormwater	4,159	657	4,159	657
Roading network	11,897	6,526	11,897	6,526
Infrastructure - CCO's	-	-	642	642
	31,642	23,073	32,284	23,715
Total assets under construction	44,115	34,840	47,895	38,620

CAPITAL COMMITMENTS

Capital expenditure contracted for at balance date but not yet incurred comprises the following:

	COUNCIL		GRO	UP
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Buildings	4,976	1,260	4,976	1,260
Improvements	129	-	129	-
Library materials	-	-	-	-
Motor vehicles and plant	-	-	-	-
Roading network	28,496	1,767	28,496	1,767
Waste management	129	-	129	-
Stormwater	312	-	312	-
Wastewater treatment plants and facilities	701	868	701	868
Wastewater other assets	126	349	126	349
Water treatment plants and facilities	208	341	208	341
Water other assets	499	281	499	281
CCO capital commitments	-	-	24	24
Total capital commitments	35,576	4,866	35,600	4,890

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 similiar 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: ROADING AND WASTE MANAGEMENT

Roading and waste management assets were last valued effective 31 March 2020.

The fair value of roading and waste management 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.

Roading and waste management 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 offstreet 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 roading and waste management assets since valuation date are valued at cost.

INFRASTRUCTURAL ASSET CLASSES: WATER RETICULATION, WASTEWATER RETICULATION AND STORMWATER NETWORKS (3 WATERS ASSETS)

3 waters assets were last valued effective 30 June 2022.

The fair value of 3 waters assets, excluding land, was determined on an optimised depreciated replacement cost basis, assuming continuation of current asset capability and processing requirements. The valuation was undertaken by Marc Cillers and Elmer Ipapo and reviewed by Ian Martin and Stephen Garlick from AECOM New Zealand Limited, all of whom have relevant qualifications and experience for carrying out this work.

3 waters assets land (excluding land under roads) was valued in 2022 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 30 June 2022 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 'certficates 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 2022 is:

	Council \$000
Wastewater	
- treatment plants and facilities	66,143
- other assets	421,564
Water	
- treatment plants and facilities	100,122
- other assets	296,672
Stormwater	322,822
Roading network	810,521

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 2022.

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 2022.

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 (2021 \$nil). Except for assets subject to the housing improvement suspensory loan of \$480k (2021 \$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 2022 land, buildings and other property assets with a carrying value of \$93m 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.

		GROUP				
INTANGIBLE ASSETS	Computer Software	Computer Licences	Athletic Track	Carpark Leases	Total	Group Total
2022	\$000	\$000	\$000	\$000	\$000	\$000
BALANCE AT 1 JULY 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)
Opening carrying amount	400	-	-	753	1,153	1,190
YEAR ENDED 30 JUNE 2022						
Additions	89	-	-	-	89	93
Amortisation charge	(149)	-	-	(21)	(170)	(181)
Reclassification - cost	, ,	-	-	-	-	
Reclassification - accumulated depreciation	-	-	-	-	-	
Disposals cost	-	-	-	-	-	(32
Disposal accumulated amortisation	-	-	-	-	-	28
Closing carrying amount	340	-	-	732	1,072	1,098
BALANCE AT 30 JUNE 2022						
Cost	5,509	369	675	1,016	7,569	7,72
Accumulated amortisation and impairment	(5,169)	(369)	(675)	(284)	(6,497)	(6,623
Closing carrying amount	340	-	-	732	1,072	1,098
2021						
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						
BALANCE AT 30 JUNE 2021 Cost	5 420	369	675	1.016	7.480	7,660
BALANCE AT 30 JUNE 2021 Cost Accumulated amortisation and impairment	5,420 (5,020)	369 (369)	675 (675)	1,016 (263)	7,480 (6,327)	7,660 (6,470)

Computer software includes software and systems under development of \$90k (2021 \$14k).

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 (2021 \$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.

ACTIVITY DEPRECIATION AND AMORTISATION	COUNCIL			
Included in activity expenditure in section 2 are the following amounts of depreciation and amortisation:	Actual 2022 \$000	Actual 2021 \$000		
Innovative and Growing City	584	534		
Creative and Exciting City	9,892	8,873		
Connected and Safe Community	3,992	3,885		
Eco-City	686	677		
Driven and Enabling Council	2,934	3,035		
Transport	10,616	9,982		
Stormwater	1,941	1,925		
Wastewater	4,527	4,376		
Water	3,629	3,498		
Total Activity Depreciation and Amortisation	38,801	36,785		

NOTE 20

	COUNC	IL .	GRO	UP
FORESTRY ASSETS	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Balance at 1 July	1,430	1,419	1,430	1,419
Increases due to purchases, replanting	-	-	-	-
Gains/(losses) arising from changes in fair value less estimated point of sale costs	141	11	141	11
Decreases due to harvest	-	-	-	
Balance at 30 June	1,571	1,430	1,571	1,430

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 27 to 47 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 6 to 12 years.

Forestry assets (biological assets) were valued as at 30 June 2022 by an independent registered forestry consultant Alan Bell (Registered Forestry Consultant - NZ Institute of Forestry). A pre-tax discount rate of 8.5% (2021 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.

	COU	NCIL	GRO	OUP
INVESTMENT PROPERTY	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Balance at 1 July	5,390	4,550	19,176	11,075
Additions and acquisitions	62	-	1,323	2,857
Transfer to/(from) property, plant and equipment	-	-	-	5,074
Reclassification from assets held for sale	-	-	-	176
Reclassification to inventory	-	-	(693)	-
Disposals	-	-	-	-
Fair value gains/(losses) on valuation (note 6)	188	840	734	(6)
Balance at 30 June	5,640	5,390	20,540	19,176

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

	COU	COUNCIL		GROUP	
TRADE AND OTHER PAYABLES	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000	
Trade payables	346	5,251	1,784	5,969	
Deposits and bonds	4,796	3,845	4,796	3,994	
Accruals and capital creditors	17,105	11,670	17,181	11,770	
Amounts due to related parties	-	-	=	=	
Fees and grants in advance	1,130	3,516	1,572	3,562	
Rates in advance	1,902	1,618	1,902	1,618	
Retentions	951	1,222	951	1,222	
Tax payable (includes GST payables)	-	-	61	178	
Other payables	857	115	859	1,358	
Total trade and other payables	27,087	27,237	29,106	29,671	
TOTAL PAYABLES COMPRISES:					
Payables from exchange transactions	24,055	22,103	25,906	24,313	
Payables from non-exchange transactions	3,032	5,134	3,200	5,358	

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 2022 of the total retentions held, \$951k was required to be held on trust (2021 \$1,222k). PNCC has designated that a \$1,250k short term bank deposit is held on trust for those contractors (2021 \$1,250k).

	COUL	DUNCIL GR		IP
PROVISIONS	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
CURRENT				
Landfill aftercare provision	91	92	91	92
Building weather tightness claims	591	591	591	591
Building claims	46	46	46	46
Restructuring provision	-	160	=	160
Total current provisions	728	889	728	889
NON-CURRENT				
Landfill aftercare provision	489	576	489	576
Total non-current provisions	489	576	489	576
COUNCIL AND GROUP	Landfill aftercare \$000	Building weather tightness claims \$000	Building Act claims \$000	Restructuring provision \$000
Balance at 30 June 2020	722	617	46	-
Additional provisions made during the year	-	-	-	160
Amounts used during the year	(54)	(26)	=	-
Balance at 30 June 2021	668	591	46	160
Additional provisions made during the year	-	-	-	-
Amounts used during the year	(88)	-	-	(160)
Balance at 30 June 2022	580	591	46	-

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 3.4%. 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 7 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 \$580k (2021 \$668k) 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 it's 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 (2021 \$591k) 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 it's 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 (2021 \$46,000) to cover unresolved and future building claims, although the potential liability and timing of any payment is uncertain.

NOTE 24

	COUNC	IL	GRO	UP
EMPLOYEE BENEFIT LIABILITIES	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Accrued pay (includes time in lieu and deductions payable)	969	845	1,169	1,005
Annual leave	4,582	4,234	4,943	4,551
Long service leave	516	533	532	546
Retirement gratuities	1,207	1,263	1,207	1,263
Sick leave	236	218	236	218
Total employee benefit liabilities	7,510	7,093	8,087	7,583
COMPRISING:				
Current	6,422	5,897	6,992	6,384
Non-current	1,088	1,196	1,095	1,199
Total employee benefit liabilities	7,510	7,093	8,087	7,583

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 3.4% (2021 2.8%) 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.

	COUN	CIL	GRO	ROUP	
BORROWINGS	Actual	Actual	Actual	Actual	
	2022	2021	2022	2021	
	\$000	\$000	\$000	\$000	
CURRENT					
Bank overdraft	-	-	=	-	
Commercial paper	-	-	-	-	
Secured loans	25,000	10,000	36,008	15,000	
Finance lease liabilities	-	-	-	-	
Total current borrowings	25,000	10,000	36,008	15,000	
NON-CURRENT					
Secured loans	172,850	156,125	176,550	163,825	
Finance lease liabilities		· -	· -	· -	
Total non-current borrowings	172,850	156,125	176,550	163,825	
TOTAL BORROWINGS	197,850	166,125	212,558	178,825	

Secured Loans

PNCC has a total bank overdraft facility of \$0.5m (2021 \$0.5m) with interest being charged at the bank's prime lending rate.

PNCC has bank multi-option credit lines totalling \$43 million with \$5.85m drawn at 30 June 2022 (2021 \$43m, 9.125m drawn). When drawn interest is currently incurred at the OCR rate plus 1.15% (2021 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 2022, \$187 million is outstanding with maturities from 2023 to 2031. \$172 million of this is drawn with interest rates are reset quarterly at the bankbill rate plus a margin varying from 0.4% 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 2.8% (2021 2.9%). 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 \$14.7m (2021 \$12.7m).

EAID VALUE	COUNCI	IL	GRO	UP
FAIR VALUE	Actual	Actual	Actual	Actual
Fair values of the secured loans are as follows:	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Floating rate bank loans	5,850	9,125	5,850	9,125
Fixed rate bank loans	-	-	7,700	7,700
Floating rate debenture stock	5,000	5,000	10,000	10,000
Fixed rate debenture stock	-	-	-	-
Commercial paper, short term	-	-	-	-
New Zealand Local Government Funding Agency	187,000	152,000	187,000	152,000
Fixed rate table loan	-	-	-	-
Housing improvement suspensory loan	-	-	-	-
Forestry encouragement loans	-	-	-	-
Total	197,850	166,125	210,550	178,825
Current portion	(25,000)	(10,000)	(36,008)	(15,000)
Non-current portion	172,850	156,125	174,542	163,825

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

	COUNC	IL	GROUP	GROUP	
EQUITY	Actual	Actual	Actual	Actual	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000	
RETAINED EARNINGS	3000	3000	\$000	3000	
As at 1 July	1,060,497	1,046,309	1,094,107	1,079,935	
Transfers from/(to) special funds	-	-	=	(43)	
Transfers from asset revaluation reserve on disposal of property	-	709	173	709	
Surplus/(deficit) for the year	20,056	14,502	21,220	14,529	
Transfers (to)/from retained earnings	-	(1,023)	(21)	(1,023)	
As at 30 June	1,080,553	1,060,497	1,115,479	1,094,107	
SPECIAL RESERVES AND FUNDS					
As at 1 July	-	-	392	349	
Transfers (to)/from retained earnings	-	-	21	43	
As at 30 June	-	-	413	392	
Special reserves and funds consist of:					
- Endowment fund	-	-	11	11	
- Collection development fund	-	-	14	26	
- Historic building maintenance reserve	-	-	22	22	
- Development reserve - exhibitions	-	_	366	333	
Total Special Reserves and Funds	_	-	413	392	

EQUITY	Actual	Actual	Actual	Actual
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
		•	·	
FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE				
As at 1 July	299	(780)	299	(780)
Revaluation of shares in industry companies	50	56	50	56
Prior year adjustment moving balance from asset revaluation reserves to retained earnings	-	1,023	-	1,023
As at 30 June	349	299	349	299
ASSET REVALUATION RESERVES THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE				
As at 1 July	753,650	642,649	797,439	683,737
Revaluation gains/(losses) of operating property (net of deferred tax)	123,528	111,710	136,874	114,410
Transfer to retained earnings on disposal of property	-	(709)	(173)	(709)
As at 30 June	877,178	753,650	934,140	797,438
ASSET REVALUATION RESERVES CONSISTS OF:				
Operational assets				
Land	139,344	139,344	164,546	160,728
Buildings	104,840	104,840	107,309	107,094
Airside infrastructure	-	· · · · · · · · · · · · · · · · · · ·	21,964	12,823
Improvements	-	-	=	-
Heritage collection	-	-	143	143
Art collection	-	-	7,184	7,184
Infrastructural assets				
Wastewater system	140,075	95,389	140,075	95,389
Water system	126,448	63,809	126,448	63,809
Stormwater system	121,453	105,250	121,453	105,250
Roading network	213,577	213,577	213,577	213,577
Waste management	5,314	5,314	5,314	5,314
Restricted assets				
Land	26,127	26,127	26,127	26,127
	20,127	20,127	20,121	20,127
Total Revaluation Reserve	877,178	753,650	934,140	797,438
TOTAL FOLLITY	4.050.000	4.044.440	2.050.204	4 000 000
TOTAL EQUITY	1,958,080	1,814,446	2,050,381	1,892,236

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.

	COUNC	CIL	GRO	UP
RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER	Actual	Actual	Actual	Actual
TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Surplus/(Deficit) after Tax	20,056	14,502	21,220	14,529
ADD/(LESS) NON-CASH ITEMS:				
Depreciation and amortisation	38,801	36,785	41,029	39,060
Vested assets	(125)	(294)	(142)	(339)
Provision movement	(247)	78	(247)	78
Share of associates deficit	-	-	(6)	92
(Gains)/losses in fair value of biological assets	(141)	(11)	(141)	(11)
(Gains)/losses in fair value of investment property	(188)	(840)	(188)	6
(Gains)/losses in fair value of derivative financial instruments	(15,725)	(7,201)	(15,725)	(7,201)
Deferred tax movement	-	-	-	(26)
${\bf ADD/(LESS)} \ {\bf ITEMS} \ {\bf CLASSIFIED} \ {\bf AS} \ {\bf INVESTING} \ {\bf OR} \ {\bf FINANCING} \ {\bf ACTIVITIES};$				
(Gains)/losses on disposal of property, plant and equipment	(32)	748	107	748
ADD/(LESS) MOVEMENTS IN WORKING CAPITAL ITEMS:				
Accounts receivable	4,591	(3,943)	3,871	(4,072)
Goods and Services Tax (net)	744	(430)	609	(342)
Inventories (excluding land development)	(16)	(4,002)	(5)	(3,811)
Accounts payable (inclusive of employee benefits)	(1,017)	3,463	(1,230)	3,284
Net Cash inflow/(outflow) from operating activities	46,701	38,855	49,152	41,995

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 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
NON-CANCELLABLE OPERATING LEASES AS LESSEE				
Not later than one year	359	406	430	538
Later than one year and not later than five years	1,033	1,136	1,131	1,216
Later than five years	783	1,038	783	1,041
Total non-cancellable operating leases	2,175	2,580	2,344	2,795

The total minimum future sublease payments expected to be received under noncancellable subleases at balance date is \$nil (2021 \$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 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
NON-CANCELLABLE OPERATING LEASES AS LESSOR				
Not later than one year	954	984	2,724	2,685
Later than one year and not later than five years	2,774	3,110	7,857	6,839
Later than five years	2,547	3,092	7,550	8,406
Total non-cancellable operating leases	6,275	7,186	18,131	17,930

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 2024. Gas is charged on an actual usage basis.

Boundary alteration

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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 2022 included in other expenses was \$453k (2021 \$447k) and increases each year by an inflation factor.

CONTINGENCIES

	COUNCIL		GROUP		
CONTINGENT LIABILITIES	2022 \$000	2021 \$000	2022 \$000	2021 \$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 2022, there were no material legal actions being taken against PNCC which may result in a potential liability to PNCC (2021 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 (2021, 3). 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 (2021, 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 \$350,000 (2021 \$190,000) and other building claims of \$20,000 (2021 \$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 2022 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 2022 NZLGFA had borrowings totalling \$15,789m (2021 \$13,610m). 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 finnacial 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 2022.

CONTINGENT ASSETS

PNCC enables sports clubs to construct facilities (e.g. 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 it's 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.

RELATED PARTY TRANSACTIONS

In this section PNCC disclose the related party transactions between the parent PNCC, its four 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 four entities, being 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. From December 2021, Caccia Birch Trust Board ceased being a CCO and its operations were then included as part of Council.

Key management personnel of PNCC include the Mayor, Councillors, Chief Executive and the six staff who make up the executive leadership team.

RELATED PARTY TRANSACTIONS WITH SUBSIDIARIES AND CCO'S	Actual 2022 \$000	Actual 2021 \$000
CACCIA BIRCH TRUST BOARD		100
Grants provided by PNCC	-	108
Services provided by PNCC Services provided to PNCC	-	2
Accounts payable by PNCC		2
GLOBE THEATRE TRUST BOARD		
Grants provided by PNCC	118	88
Services provided by PNCC	2	3
Services provided to PNCC	4	3
Accounts payable by PNCC	-	-
PALMERSTON NORTH AIRPORT LIMITED		
Dividends paid to PNCC	-	-
Services provided by PNCC	68	58
Services provided to PNCC	28	7
Rates paid to PNCC	401	392
Accounts payable by PNCC	-	-
Accounts receivable by PNCC	2	8
Tax loss offset paid to PNCC	18	41
THE REGENT THEATRE TRUST		
Grants provided by PNCC	452	238
Rates paid to PNCC	_	1
Services provided by PNCC	1	1
Services provided to PNCC	13	3
Accounts payable by PNCC	-	-
TE MANAWA MUSEUMS TRUST		
Grants provided by PNCC	3,264	3,232
Services provided by PNCC	227	244
Services provided to PNCC	1	1
Rates paid to PNCC	_	1
Accounts receivable by PNCC	-	22
CENTRAL ECONOMIC DEVELOPMENT AGENCY LTD		
Service funding provided by PNCC	1,956	2,410

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:

		Actual 2022 \$000	Actual 2021 \$000
COUNCILLOR	ORGANISATION		
Appointed Member Armstrong	Armstrong Business Services Ltd	15	19
Councillor Baty	Reach Palmerston North Trust	-	5
Councillor Bowen	Total Learning Ltd	5	3
Councillor Bowen	Christian Community Church	-	-
Councillor Bowen	Access Manawatū	-	2
Councillor Handcock	Methodist Social Services	12	1
Councillor Hapeta	Fast Forward Group Ltd (Aberdeen on Broadway)	-	1
Councillor Hapeta	MBH Coachman 2006 Ltd	1	-
Councillor Meehan	Boatshed Catering	7	6
Councillor Meehan	Palmerston North Boys High School	-	1
Councillor Naylor	Midcentral District Health Board	1	-
Deputy Mayor Rutherford	Digits	21	17

NOTE 31

A

EVENTS AFTER THE BALANCE SHEET DATE

PNCC are not aware of any events subsequent to balance date which would materially affect the amounts included in these financial statements or disclosures made.

B

THREE WATERS REFORM PROGRAMME

In June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The impact of these proposed reforms, once legislated, will mean that Palmerston North City Council will no longer deliver three waters services or own the assets required to deliver these services. The bill is currently before Parliament and has been subject to its third reading. It has yet to receive its Royal Assent from the Governor-General. Additional legislation is expected in 2023 that will provide detail on the transfer of assets and liabilities to the water service entities.

FINANCIAL INSTRUMENT CATEGORIES

The accounting policies for financial instruments have been applied to the category items below:

	COUNCII	L	GROUP	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actua 2021 \$000
FINANCIAL ASSETS				
Loans and receivables				
Cash and cash equivalents	1,922	1,522	3,221	2,888
Trade and other receivables	11,883	17,218	13,375	17,990
Other financial assets	25,000	-	25,800	992
Borrower notes - New Zealand Local Government Funding Agency	3,861	2,869	3,861	2,869
Total loans and receivables	42,666	21,609	46,257	24,739
Fair value through surplus or deficit - held for trading Derivative financial instruments assets Total fair value through surplus or deficit	8,479 8,479	1,005 1,005	8,479 8,479	1,005 1,005
Total fall value allough surplus of deficit	3, 173	1,000	3,173	.,000
Fair value through other comprehensive revenue and expense				
Unlisted shares - Civic Financial Services Ltd	395	395	395	395
Unlisted shares - New Zealand Local Government Funding Agency	444	394	444	394
Total fair value through other comprehensive revenue and expense	839	789	839	789
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Trade and other payables	27,087	27,237	29,106	29,671
Borrowings	197,850	166,125	212,558	178,825
Total financial liabilities at amortised cost	224,937	193,362	241,664	208,496
Fair value through surplus or deficit - held for trading				

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:

	COUN	ICIL	GROUP		
COUNCIL AND GROUP 2022	Total \$000	Quoted market price \$000	Observable inputs \$000	Significant non- observable inputs \$000	
Financial assets					
Unlisted shares	839	-	-	839	
Derivative financial instruments	8,479	-	8,479	-	
Financial liabilities					
Derivative financial instruments	114	-	114	-	
COUNCIL AND GROUP 2021					
Financial assets					
Unlisted shares	789	-	-	789	
Derivative financial instruments	1,005	-	1,005	=	
Financial liabilities					
Derivative financial instruments	8,364	-	8,364	-	
Derivative financial instruments					

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		GRO)UP
	2022 \$000	2021 \$000	2022 \$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

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 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 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:

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	COUNCIL		GROUP		
interest rate risk control limits.	2022 \$000	2021 \$000	2022 \$000	2021 \$000	
Cash and cash equivalents and bank deposits	26,922	1,522	29,021	3,880	
Trade and other receivables	11,883	17,218	13,375	17,990	
Financial guarantees	-	-	=	-	
Derivative financial instruments	8,479	1,005	8,479	1,005	
Other advances	-	-	-	-	
Borrower notes - New Zealand Local Government Funding Agency	3,861	2,869	3,861	2,869	

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		
	2022 \$000	2021 \$000	2022 \$000	2021 \$000	
COUNTERPARTIES WITH CREDIT RATINGS					
Cash and cash equivalents					
AA	-	-	=	=	
AA-	26,922	1,522	29,021	3,880	
Borrower notes - New Zealand Local Government Funding Agency					
AA+	3,861	2,869	3,861	2,869	
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 91% of receivables at 30 June 2022 are from 12 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 below 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 2022		-	-	-	-	-
Trade and other payables	27,087	27,087	27,087	-	-	-
Bank overdraft	=	-	, -	-	_	_
Secured loans	5,850	5,850	5,850			
Debentures						
Commercial paper, short term	5,000	5,013	5,013	-	-	-
New Zealand Local Government Funding Agency	187,000	208,280	24,500	23,984	80,360	79,436
Finance leases	107,000	200,200	24,300	25,504	00,300	73,430
Total	224,937	246,230	62,450	23,984	80,360	79,436
			<u> </u>			,
GROUP 2022						
Trade and other payables	29,106	29,106	29,106	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured loans	9,550	20,991	6,115	111	14,765	-
Debentures	5,000	5,013	5,013	-	-	-
Commercial paper, short term	-	-	-	-	-	-
New Zealand Local Government Funding Agency	187,000	208,280	24,500	23,984	80,360	79,436
Finance leases	-	-	-	-	-	=
Total	230,656	263,390	64,734	24,095	95,125	79,436
COUNCIL 2021						
Trade and other payables	27,237	27,237	27,237	-	=	-
Bank overdraft	=	=	Ξ	Ξ	=	=
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

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 2022						
Net settled derivative liabilities	114	100	100	-	-	-
Council and Group 2021						
Net settled derivative liabilities	8,364	8,595	2,725	1,971	2,440	1,459

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 2022						
Cash and cash equivalents and bank deposits	26,922	26,922	26,922	=	-	=
Trade and other receivables	11,883	11,883	11,883	-	-	-
Derivative financial instruments	8,479	9,575	895	1,914	4,875	1,891
Other advances	-	-	-	-	-	-
Borrower notes - New Zealand Local Government Funding Agency	3,861	2,858	184	342	1,211	1,121
Total	51,145	51,238	39,884	2,256	6,086	3,012
GROUP 2022						
Cash and cash equivalents and bank deposits	29,021	29,021	29,021	-	-	-
Trade and other receivables	13,375	13,375	13,375	=	-	-
Derivative financial instruments	8,479	9,575	895	1,914	4,875	1,891
Other advances	-	-	-	=	-	-
Borrower notes - New Zealand Local Government Funding Agency	3,861	2,858	184	342	1,211	1,121
Total	54,736	54,829	43,475	2,256	6,086	3,012
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

SENSITIVITY ANALYSIS

The tables below illustrate the potential effect on surplus or deficit and equity (excluding retained earnings) for reasonably possible market movements, with all other variables held constant, based on PNCC's financial instrument exposures at balance date. For interest rate movement the potential effect assumes a full year movement.

		202	22		2021			
COUNCIL	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	-100 Profit	Equity	+100 Profit	Equity	-100 Profit	bp Equity	+100 Profit	Dbp Equity
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	(269)	-	269	-	(15)	-	15	
Derivatives - held for trading	(5,880)	-	5,480	-	948	-	(866)	
Financial liabilities								
Bank overdraft	-	-	-	-	=	=	=	
Secured loans	(1,929)	-	1,929	-	(1,611)	=	1,611	
Debentures	50	-	(50)	-	50	-	(50)	
Derivatives - held for trading	0	-	0	-	(5,462)	-	5,036	
Total sensitivity to interest rate risk	(8,028)	-	7,628	-	(6,090)	-	5,746	
	-10	%	+10	%	-10°	%	+1()%
	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
FOREIGN EXCHANGE RISK								
Financial assets								
Cash and cash equivalents	-	-	-	-	-	-	-	
Other financial assets - quoted share investments	-	-	-	-	-	-	-	
Total sensitivity to foreign exchange risk	-	-	-	-	-	-	-	
EQUITY PRICE RISK								
Financial assets								
Other financial assets - quoted share investments	_	-	-	-	-	-	-	
Unlisted shares	(84)	-	84	-	(79)	-	79	
Total sensitivity to equity price risk	(84)	-	84	-	(79)	-	79	

		2022			2021			
GROUP	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	-100 Profit	bp Equity	+100 Profit	bp Equity	-1001 Profit	bp Equity	+100 Profit	bp Equity
INTEREST RATE RISK						_4,		q,
Financial assets								
Cash and cash equivalents	(290)	-	290	-	(39)	=	39	=
Derivatives - held for trading	(5,880)	-	5,480	-	948	-	(866)	-
Financial liabilities								
Bank overdraft	-	-	-	-	-	-	-	-
Secured loans	(1,966)	-	1,966	-	(1,688)	-	1,688	-
Debentures	50	-	(50)	-	50	-	(50)	-
Derivatives - held for trading	-	-	-	-	(5,462)	=	5,036	=
Total sensitivity to interest rate risk	(8,086)	-	7,686	-	(6,191)	-	5,847	-
	-10		+10		-109		+10	
	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
FOREIGN EXCHANGE RISK								
Financial assets								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Other financial assets - quoted share investments	-	-	-	-	-	=	=	=
Total sensitivity to foreign exchange risk	-	-	-	-	=	-	=	-
EQUITY PRICE RISK								
Financial assets								
Other financial assets - quoted share investments	-	-	-	-	-	-	-	-
Unlisted shares	(73)	-	73	-	(73)	-	73	-
Total sensitivity to equity price risk	(73)	=	73	-	(73)	=	73	-

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease of 100bps is equivalent to a decrease in interest rates of 1.0%.

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -100bps/+100bps.

Explanation of other price risk sensitivity

The sensitivity for unlisted shares has been calculated based on a -10%/+10% movement of the fair value for the unlisted shares.

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 byproduct 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 year 1 of the 2021-31 Long Term Plan are detailed below.

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Capital subsidies and grants	Lower capital revenue was received, as the amount of capital expenditure completed was lower than budgeted.
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 related to high vacancies being carried due to difficulties in recruitment.
Finance costs	Lower due to unbudgeted favourable non-cash valuation on derivative financial instruments.
Increase in operating property valuations	Due to the value of materials increasing significantly, an early revaluation was completed on 3 waters to ensure asset and equity were not significantly misstated.

STATEMENT OF FINANCIAL POSITION

Cash and cash equivalents	Higher than budget due to higher short term investment with maturity within 3 months.
Current inventories	Higher than budget due to Tamakuku Terrace sections likely to be sold within 12 months.
Other financial assets	Higher than budget due to higher short term investment with maturity within 12 months.
Derivative financial instruments (assets and liabilities)	Asset balances and overall higher than budget due to valuation at year end. Actual cost incurred during the year is included in interest expense.
Non-current Inventories	Lower than budget due intended sales of Tamakuku Terrace sections mostly being within next 12 months.
Investments in CCOs and industry companies	Higher than budget due to increase in value of NZLGFA shares and borrower notes.
Property, plant and equipment	Higher due to revaluation of operational properties in 2021 and 3 waters infrastructure in 2022 being early and significantly higher than budget.
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.
Equity	Higher due to revaluation of operational properties in 2021 and 3 waters infrastructure in 2022 being early and significantly higher than budget.

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 2022

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.

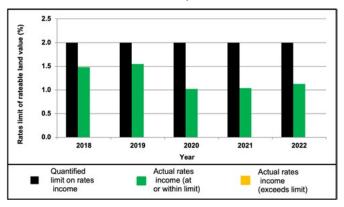
Rates affordability benchmark

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

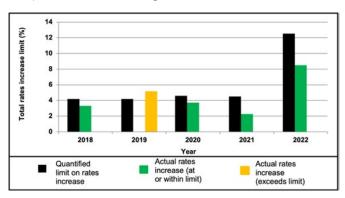
The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit has applied from 2012/13 and is that total rates will be no more than 2% of the City's rateable land value.



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 is that total rates will increase by no more than the Local Government Cost Index (LGCI):

- > plus the growth in the rating base
- plus 3% (to fund the cost of higher standards and new services)
- > plus increase in funding for asset renewal



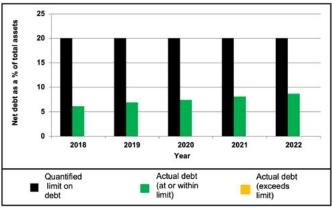
*Refer to additional information or comment on page 223 for further explanation.

Debt affordability benchmarks

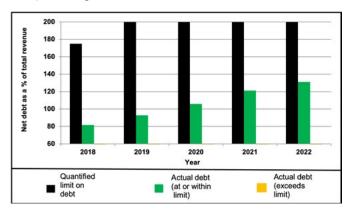
The council meets the debt affordability benchmarks if its actual borrowing is within each quantified limit on borrowing.

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.

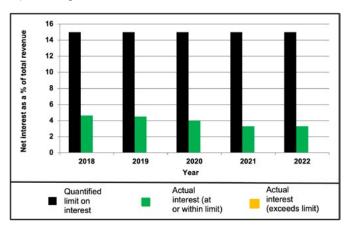
The quantified limit for this graph is that net external debt as a percentage of total assets will not exceed 20%.



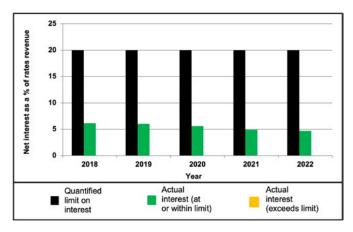
The quantified limit for this graph is that net external debt as a percentage of total revenue will not exceed 200%.



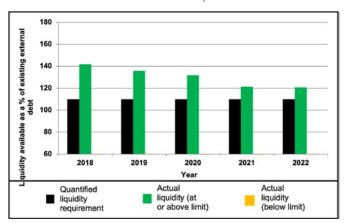
The quantified limit for this graph is that net interest as a percentage of total revenue will not exceed 15%.



The quantified limit for this graph is that net interest as a percentage of annual rates income will not exceed 20%.



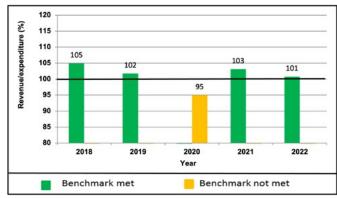
The quantified limit for this graph is that liquidity available will exceed 110% of existing external debt. Liquidity available is defined as the sum of existing external term debt, unused committed bank/loan facilities and liquid investments.



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.

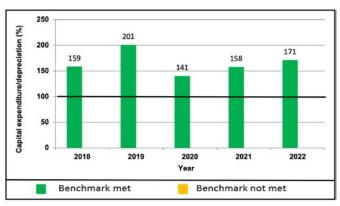


* Refer to additional information or comment on page 223 for further explanation.

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.

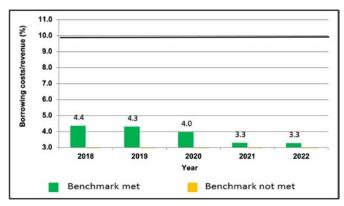


^{*}Refer to additional information or comment on page 223 for further explanation.

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).

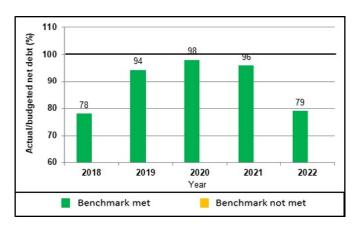
Because Statistics New Zealand projects the council's population will grow as fast as the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



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).

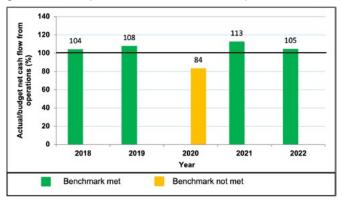
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



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 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 Roading 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 2018 to 2019, and in 2021 to 2022 to 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."

Operations control benchmark

2020 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 2022 \$000
Property, plant and equipment	2,115,250
Forestry assets	1,571
Investment property	5,640
	2,122,461
Less:	
Land component of operational assets	224,669
Land component of infrastructural assets	57,229
Land under roads	358,773
Land - restricted assets	42,381
	683,052
Net non-financial assets (excluding land)	1,439,409

	Insured value as at 30 June 2022	
	\$000	
INSURANCE ARRANGEMENTS		
Material damage cover for buildings, plant, contents	703,324	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 maxium loss limit per claim and in the aggregate pa of \$100m for fire.
Motor vehicle insurance cover (including leased vehicles)	10,048	Insured for market value - carrying value assumed for this purpose.
Forestry/timber cover	1,622	Additional benefit of \$0.5m for replanting.
RISK SHARING ARRANGEMENTS		
Cover for infrastructure assets as a member of LAPP	394,300	Sum equates 40% of the ORV value of scheduled assets however maximum cover is \$60m based on 40% of a disaster of \$150m. 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 \$2.33m.
Council arrangements for covering deductibles and/or uninsured assets		As at 30 June 2022 the Council had undrawn committed credit lines with banks totalling \$37.2m. 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.
	1,109,294	
Sum not specially insured	330,115	Note the 60% portion of the the ORV of infrastructure assets which may be funded by central government equates \$591.4m.

The Council has no insurances relating to financial or intangible assets.

FUNDING IMPACTSTATEMENTS

for the year ended 30 June 2022 - 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 2020/2110-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.

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2022 FOR:

WHOLE OF COUNCIL

	10-Year Plan	Annual Budget	Actual	10-Year Plan	Actual
	2021 \$000	2021 \$000	2021 \$000	2022 \$000	2022 \$000
SOURCES OF OPERATING FUNDING			4000	4000	- 4000
General rates, UAGC and rates penalties ¹	80,093	77,735	77,848	81,756	82,258
Targeted rates (including metered water) ¹	24,755	23,047	23,252	27,303	27,442
Subsidies and grants for operating purposes	3,576	3,342	4,049	4,887	5,322
Fees and charges	5,525	6,478	7,736	7,520	7,376
Interest and dividends from Investments	617	17	273	17	400
Local authority fuel tax, fines, infringement fees and other receipts	20,296	22,302	22,678	22,664	22,884
TOTAL SOURCES OF OPERATING FUNDING	134,862	132,921	135,836	144,147	145,682
ADDITIONS OF ODERATING FUNDING					
APPLICATIONS OF OPERATING FUNDING Payments to staff and suppliers	98,510	101,754	103,937	111,498	111,175
Finance costs	11,636	5,557	4,975	5,090	5,113
Other operating funding applications		-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	110,146	107,311	108,912	116,588	116,288
	0.4.746			27.770	
SURPLUS/(DEFICIT) OF OPERATING FUNDING	24,716	25,610	26,924	27,559	29,394
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	8,407	7,321	13,978	14,162	9,568
Development and financial contributions	1,891	1,891	2,187	2,090	2,162
Increase/(decrease) in debt	39,687	35,643	24,125	49,186	31,725
Gross proceeds from sale of assets	-	-	175	5,000	111
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	=	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	49,985	44,855	40,465	70,438	43,566
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	9,935	2,241	995	16,658	1,956
- to improve the level of service ¹	40,309	41,470	37,964	50,557	19,410
- to improve the rever of service - to replace existing assets ¹	24,457	26,754	24,273	30,782	26,594
Increase/(decrease) in reserves	24,437	20,734	4,157	30,762	20,394
Increase/(decrease) in reserves Increase/(decrease) of investments	-	-	4,157	-	25,000
TOTAL APPLICATIONS OF CAPITAL FUNDING	74,701	70,465	67,389	97,997	72,960
TOTAL AFFLICATIONS OF CAPITAL FUNDING	74,701	70,405	07,303	31,331	12,900
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(24,716)	(25,610)	(26,924)	(27,559)	(29,394)
FUNDING DALANGE					
FUNDING BALANCE	-	-	-	-	-

¹ - Refer to page 30

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2022 FOR:

INNOVATIVE AND GROWING CITY

	10-Year Plan 2021	Annual Budget 2021	Actual 2021	10-Year Plan 2022	Actual 2022
	\$000	\$000	\$000	\$000	\$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	6,122	6,614	5,720	8,093	8,452
Targeted rates (including metered water)	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	8
Fees and charges	4,131	4,051	5,340	5,672	4,834
Internal charges and overheads recovered	1,010	883	1,015	30	1,455
Local authority fuel tax, fines, infringement fees and other receipts	1,262	763	1,532	1,513	1,647
TOTAL SOURCES OF OPERATING FUNDING	12,525	12,311	13,607	15,308	16,396
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	8,649	9,001	10,543	11,319	11,033
Finance costs	4	2	2	5	2
Internal charges and overheads applied	3,563	2,969	2,757	3,560	4,920
Other operating funding applications	-	-,	-,	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	12,216	11,972	13,302	14,884	15,955
SURPLUS/(DEFICIT) OF OPERATING FUNDING	309	339	305	424	441
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	=	=	=	=	-
Development and financial contributions	=	=	=	=	-
Increase/(decrease) in debt	(39)	(39)	(39)	(4,748)	55
Gross proceeds from sale of assets	-	-	-	5,000	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	(39)	(39)	(39)	252	55
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	=	=	-	=	-
- to improve the level of service	=	=	-	15	16
- to replace existing assets	270	300	266	661	480
Increase/(decrease) in reserves	=	=	-	=	-
Increase/(decrease) of investments	=	=	=	=	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	270	300	266	676	496
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(309)	(339)	(305)	(424)	(441)
FUNDING BALANCE					
FUNDING DALANCE	-		-	-	•

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2022 FOR:

CREATIVE AND EXCITING CITY

	10-Year Plan	Annual Budget	Actual	10-Year Plan	Actual
	2021 \$000	2021 \$000	2021 \$000	2022 \$000	2022 \$000
SOURCES OF OPERATING FUNDING		•	·	·	·
General rates, UAGC and rates penalties ¹	27,031	25,855	25,269	25,347	24,479
Targeted rates (including metered water) ¹	-	-	-	256	249
Subsidies and grants for operating purposes	65	64	204	64	215
Fees and charges	-	-	-	-	-
Internal charges and overheads recovered	=	924	772	1,852	1,381
Local authority fuel tax, fines, infringement fees and other receipts	2,119	1,465	2,838	2,844	3,506
TOTAL SOURCES OF OPERATING FUNDING	29,215	28,308	29,083	30,363	29,830
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	14,327	18,105	19,655	13,941	21,319
Finance costs	2,529	1,398	1,209	1,230	1,113
Internal charges and overheads applied	8,584	5,074	5,299	8,803	2,789
Other operating funding applications	-	-	-	-	2,700
TOTAL APPLICATIONS OF OPERATING FUNDING	25,440	24,577	26,163	23,974	25,221
CURRING (INCIDENCE) OF OREDATING FUNDING	2.775	2.724	2.020	6 200	4.600
SURPLUS/(DEFICIT) OF OPERATING FUNDING	3,775	3,731	2,920	6,389	4,609
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	630	529	993	1,529	324
Development and financial contributions	294	294	185	325	264
Increase/(decrease) in debt ¹	10,831	19,336	17,804	7,643	1,293
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding		-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	11,755	20,159	18,982	9,497	1,881
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	1,431	1,119	203	41	49
- to improve the level of service ¹	8,903	16,877	17,218	10,815	3,187
- to replace existing assets	5,196	5,894	4,481	5,030	3,254
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	15,530	23,890	21,902	15,886	6,490
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(3,775)	(3,731)	(2,920)	(6,389)	(4,609)
	(0,,,,0)	,0,,0.,	\-,===/	(-,)	(1,000)
FUNDING BALANCE	-	-	-	-	-

¹ - Refer to page 30

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2022 FOR:

CONNECTED AND SAFE COMMUNITY

	10-Year Plan 2021	Annual Budget 2021	Actual 2021	10-Year Plan 2022	Actual 2022
	\$000	\$000	\$000	\$000	\$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	16,093	15,454	15,089	18,745	17,938
Targeted rates (including metered water)	-	=	-	-	-
Subsidies and grants for operating purposes	6	6	91	52	343
Fees and charges	1,238	1,262	1,365	1,450	1,351
Internal charges and overheads recovered	537	478	468	-	600
Local authority fuel tax, fines, infringement fees and other receipts	4,053	3,907	4,070	4,153	4,283
TOTAL SOURCES OF OPERATING FUNDING	21,927	21,107	21,083	24,400	24,515
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	12,192	12,819	13,395	15,254	15,257
Finance costs	1,386	594	512	540	488
Internal charges and overheads applied	5,894	5,403	5,426	5,816	6,341
Other operating funding applications	· =	-	=	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	19,472	18,816	19,333	21,610	22,086
SURPLUS/(DEFICIT) OF OPERATING FUNDING	2,455	2,291	1,750	2,790	2,429
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	582	3,228	253	1,938
Development and financial contributions	-	-	-	-	-
Increase/(decrease) in debt	3,909	5,854	2,200	6,852	1,450
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	3,909	6,436	5,428	7,105	3,388
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve the level of service ¹	4,358	6,451	5,443	6,630	3,161
- to replace existing assets ¹	2,006	2,276	1,735	3,265	2,656
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) of investments	-	=	=	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	6,364	8,727	7,178	9,895	5,817
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(2,455)	(2,291)	(1,750)	(2,790)	(2,429)
FUNDING BALANCE					
I UNDING BALANCE	-	-	-	-	•

¹ - Refer to page 30

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2022 FOR:

ECO-CITY

	10-Year Plan 2021	Annual Budget 2021	Actual 2021	10-Year Plan 2022	Actual 2022
	\$000	\$000	\$000	\$000	\$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	748	714	676	1,390	1,346
Targeted rates (including metered water)	5,405	5,297	5,332	5,520	5,575
Subsidies and grants for operating purposes	346	350	19	340	468
Fees and charges	-	-	-	-	-
Internal charges and overheads recovered	16	42	3	-	1
Local authority fuel tax, fines, infringement fees and other receipts	2,698	2,347	3,031	2,775	3,128
TOTAL SOURCES OF OPERATING FUNDING	9,213	8,750	9,061	10,025	10,518
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	404	5,629	5,748	7,269	6,698
Finance costs	489	207	216	233	217
Internal charges and overheads applied	7,114	1,786	1,933	1,361	2,575
Other operating funding applications	-	-	-	-	_,
TOTAL APPLICATIONS OF OPERATING FUNDING	8,007	7,622	7,897	8,863	9,490
SURPLUS/(DEFICIT) OF OPERATING FUNDING	1,206	1,128	1,164	1,162	1,028
	.,	.,	-,	-,	.,,,,
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	=	=	8	=	9
Development and financial contributions	=	=	=	=	-
Increase/(decrease) in debt	(310)	(624)	(532)	3,847	1,559
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	(310)	(624)	(524)	3,847	1,568
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
-to meet additional demand	=	=	-	=	-
-to improve the level of service	483	311	495	4,586	2,185
-to replace existing assets	413	193	145	423	411
Increase/(decrease) in reserves	=	-	-	=	-
Increase/(decrease) of investments	=	=	=	=	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	896	504	640	5,009	2,596
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(1,206)	(1,128)	(1,164)	(1,162)	(1,028)
	, , ,	1, -1	.,	()/	()
FUNDING BALANCE	-	-	-	-	-

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2022 FOR:

DRIVEN AND ENABLING COUNCIL

	10-Year Plan 2021	Annual Budget 2021	Actual 2021	10-Year Plan 2022	Actual 2022
	\$000	\$000	\$000	\$000	\$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	8,924	10,305	15,348	11,201	14,995
Targeted rates (including metered water)	-	-	37	-	35
Subsidies and grants for operating purposes	-	4	28	-	19
Fees and charges	156	1,160	904	210	1,033
Internal charges and overheads recovered	37,424	28,428	26,923	33,264	32,132
Local authority fuel tax, fines, infringement fees and other receipts	4,480	8,340	4,710	4,462	4,617
TOTAL SOURCES OF OPERATING FUNDING	50,984	48,238	47,950	49,137	52,831
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	34,360	34,748	32,026	33,406	40,580
Finance costs	34,360 762	34,748 445	52,026 506	33,406 454	40,580
Internal charges and overheads applied	13,822	9,897	8,490	13,393	5,956
Other operating funding applications	13,022	9,097	0,430	13,333	5,950
TOTAL APPLICATIONS OF OPERATING FUNDING	48,944	45,090	41,022	47.253	47,433
TOTAL APPLICATIONS OF OPERATING FONDING	40,944	45,090	41,022	47,233	47,433
SURPLUS/(DEFICIT) OF OPERATING FUNDING	2,040	3,149	6,928	1,884	5,398
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	42
Development and financial contributions	=	=	=	_	-
Increase/(decrease) in debt	1,100	959	396	4,446	26,772
Gross proceeds from sale of assets	-	-	175	-	111
Lump sum contributions	-	-	-	_	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	1,100	959	571	4,446	26,925
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand					
- to improve the level of service	410	356	207	1,428	1,571
- to replace existing assets	2,730	3,752	3,135	4,902	5,752
Increase/(decrease) in reserves	2,730	3,732	4,157	4,302	3,732
Increase/(decrease) in reserves Increase/(decrease) of investments	-	-	4,137	-	25,000
TOTAL APPLICATIONS OF CAPITAL FUNDING	21/10	// 100	7.400	6 330	
TOTAL AFFLICATIONS OF CAPITAL FUNDING	3,140	4,108	7,499	6,330	32,323
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(2,040)	(3,149)	(6,928)	(1,884)	(5,398)
FUNDING BALANCE	-	-	-	-	-

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2022 FOR:

TRANSPORT

	10-Year Plan	Annual Budget	Actual	10-Year Plan	Actual
	2021 \$000	2021 \$000	2021 \$000	2022 \$000	2022 \$000
SOURCES OF OPERATING FUNDING		••••	••••	,	
General rates, UAGC and rates penalties	18,275	15,639	12,660	13,367	11,853
Targeted rates (including metered water)	-	· -	· -	· -	-
Subsidies and grants for operating purposes	3,159	2,918	3,491	4,201	3,874
Fees and charges	=	-	76	134	74
Internal charges and overheads recovered	=	-	380	-	377
Local authority fuel tax, fines, infringement fees and other receipts	4,813	4,127	5,419	5,686	4,926
TOTAL SOURCES OF OPERATING FUNDING	26,247	22,684	22,026	23,388	21,104
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	11,639	10,622	10,613	6,989	14,704
Finance costs	3,867	1,560	1,358	1,281	1,166
Internal charges and overheads applied	4,414	4,501	4,574	10,760	1,825
Other operating funding applications	, -	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	19,920	16,683	16,545	19,030	17,695
SURPLUS/(DEFICIT) OF OPERATING FUNDING	6,327	6,001	5,481	4,358	3,409
	-,	-,	2,101	1,000	-,:
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	7,777	6,210	4,978	8,890	3,247
Development and financial contributions	657	657	948	726	855
Increase/(decrease) in debt 1	15,660	1,809	1,253	15,324	1,968
Gross proceeds from sale of assets	=	-	-	-	-
Lump sum contributions	=	-	-	-	-
Other dedicated capital funding	=	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	24,094	8,676	7,179	24,940	6,070
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	5,867	563	520	8,700	882
- to improve the level of service ¹	17,160	8,501	7,610	14,390	3,523
- to replace existing assets	7,394	5,613	4,530	6,208	5,074
Increase/(decrease) in reserves	-	- -	· -	-	· -
Increase/(decrease) of investments	=	=	=	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	30,421	14,677	12,660	29,298	9,479
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(6,327)	(6,001)	(5,481)	(4,358)	(3,409)
	, , ,	• • •	, , ,	, , ,	, , , ,
FUNDING BALANCE	-	-	-	-	-

¹ - Refer to page 30

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2022 FOR:

STORMWATER

	10-Year Plan 2021	Annual Budget 2021	Actual 2021	10-Year Plan 2022	Actual 2022
	\$000	\$000	\$000	\$000	\$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	2,900	3,179	3,086	3,613	3,454
Targeted rates (including metered water)	-	=	-	-	-
Subsidies and grants for operating purposes	=	-	-	-	-
Fees and charges	=	-	19	-	30
Internal charges and overheads recovered	19	19	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	2	2	5	6	2
TOTAL SOURCES OF OPERATING FUNDING	2,921	3,200	3,110	3,619	3,486
ADDITIONS OF ODERATING FUNDING					
APPLICATIONS OF OPERATING FUNDING	1250	1.002	1,006	2.121	024
Payments to staff and suppliers Finance costs	1,259 341	1,902 174	1,906 152	3,121 250	824 228
	553	57	101	(845)	
Internal charges and overheads applied Other operating funding applications	333	57	101	(043)	1,377
Other operating funding applications TOTAL APPLICATIONS OF OPERATING FUNDING	2,153	2,133	2,159	2 526	2 420
TOTAL APPLICATIONS OF OPERATING FONDING	2,155	2,133	2,159	2,526	2,429
SURPLUS/(DEFICIT) OF OPERATING FUNDING	768	1,067	951	1,093	1,057
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	_
Development and financial contributions	126	126	8	139	34
Increase/(decrease) in debt	671	1,428	946	6,705	1,273
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	=	-	-
TOTAL SOURCES OF CAPITAL FUNDING	797	1,554	954	6,844	1,307
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	367	151	187	5,450	594
- to improve the level of service	588	1,610	974	1,612	929
- to replace existing assets	610	860	744	875	841
	010	800	744	673	041
Increase/(decrease) in reserves Increase/(decrease) of investments	=	-	=	-	
TOTAL APPLICATIONS OF CAPITAL FUNDING	1 565	2 624	1 005	7027	2 264
TOTAL APPLICATIONS OF CAPITAL FUNDING	1,565	2,621	1,905	7,937	2,364
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(768)	(1,067)	(951)	(1,093)	(1,057)
FUNDING DALANCE					
FUNDING BALANCE	-	-	-	-	-

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2022 FOR:

WASTEWATER

	10-Year Plan 2021	Annual Budget 2021	Actual 2021	10-Year Plan 2022	Actual 2022
	\$000	\$000	\$000	\$000	\$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	-	-	-	-	-
Targeted rates (including metered water)	8,718	8,529	8,588	10,589	10,676
Subsidies and grants for operating purposes	-	-	216	230	386
Fees and charges	-	5	14	6	26
Internal charges and overheads recovered	42	42	15	-	59
Local authority fuel tax, fines, infringement fees and other receipts	1,449	1,331	1,321	1,195	1,101
TOTAL SOURCES OF OPERATING FUNDING	10,209	9,907	10,154	12,020	12,248
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	3,289	5,830	6,637	9,219	3,454
Finance costs	765	455	399	406	373
Internal charges and overheads applied	2,992	127	465	(1,880)	3,201
Other operating funding applications	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	7,046	6,412	7,501	7,745	7,028
SURPLUS/(DEFICIT) OF OPERATING FUNDING	3,163	3,495	2,653	4,275	5,220
	•	•	•	•	•
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	=	=	3,159	2,302	1,609
Development and financial contributions	482	482	570	533	587
Increase/(decrease) in debt	(88)	2,478	724	3,756	(241)
Gross proceeds from sale of assets	=	-	-	-	-
Lump sum contributions	=	-	-	-	-
Other dedicated capital funding	=	=	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	394	2,960	4,453	6,591	1,955
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	771	103	5	1,003	363
- to improve the level of service	262	2,210	1,823	4,822	2,809
- to replace existing assets	2,524	4,142	5,278	5,041	4,003
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	3,557	6,455	7,106	10,866	7,175
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(3,163)	(3,495)	(2,653)	(4,275)	(5,220)
		• •		, , ,	, , ,
FUNDING BALANCE	-	-	-	-	-

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2022 FOR:

WATER

	10-Year Plan 2021	Annual Budget 2021	Actual 2021	10-Year Plan 2022	Actual 2022
	\$000	\$000	\$000	\$000	\$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	=	=	=	-	-
Targeted rates (including metered water)	10,632	9,221	9,295	10,938	10,907
Subsidies and grants for operating purposes	=	-	=	-	9
Fees and charges	=	-	18	48	28
Internal charges and overheads recovered	102	189	415	201	549
Local authority fuel tax, fines, infringement fees and other receipts	37	37	25	47	74
TOTAL SOURCES OF OPERATING FUNDING	10,771	9,447	9,753	11,234	11,567
ADDI IOATIONS OF ODEDATING SUNDING					
APPLICATIONS OF OPERATING FUNDING	4 477	4474	4400	2.244	F 220
Payments to staff and suppliers	1,477	4,174	4,160	3,214	5,329
Finance costs	1,493	715	621	691	629
Internal charges and overheads applied	3,128	149	200	2,145	(453)
Other operating funding applications			-	-	
TOTAL APPLICATIONS OF OPERATING FUNDING	6,098	5,038	4,981	6,050	5,505
SURPLUS/(DEFICIT) OF OPERATING FUNDING	4,673	4,409	4,772	5,184	6,062
COLIDERS OF CADITAL FLINDING					
SOURCES OF CAPITAL FUNDING Subsidies and grants for capital expenditure			1,612	1,188	2,399
Development and financial contributions	332	332	476	367	422
Increase/(decrease) in debt	7,953	4,442	1,373	5,361	
Gross proceeds from sale of assets	7,333	4,442	1,373	3,301	(2,663)
Lump sum contributions	-	-	-	-	-
·	-	-	-	-	-
Other dedicated capital funding TOTAL SOURCES OF CAPITAL FUNDING	0 20E	4774	2 464	6.046	450
TOTAL SOURCES OF CAPITAL FUNDING	8,285	4,774	3,461	6,916	158
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	1,499	305	80	1,464	68
- to improve the level of service	8,145	5,154	4,194	6,259	2,029
- to replace existing assets	3,314	3,724	3,959	4,377	4,123
Increase/(decrease) in reserves	=	=	-	-	-
Increase/(decrease) of investments	<u>-</u>	=	=	-	=
TOTAL APPLICATIONS OF CAPITAL FUNDING	12,958	9,183	8,233	12,100	6,220
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(4,673)	(4,409)	(4,772)	(5,184)	(6,062)
Com 250/parison of the limb of the little	(1,070)	(1,100)	\ *;' / ~ /	(0,10-1)	(0,002)
FUNDING BALANCE	-	-	-	-	-



WĀHANGA TUAWHĀ SECTION FOUR

NGĀ TŌPŪTANGA A TE KAUNIHERA COUNCIL CONTROLLED ORGANISATIONS

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Palmerston North Airport Ltd	260











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:

- > Central Economic Development Agency Ltd (CEDA)
- ➢ Globe Theatre Trust Board
- Palmerston North Airport Ltd (PNAL)
- ➣ 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.

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.

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

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:

- To be recognised as one of the top three agrifood hubs in the world,
- 2. To become a leading distribution hub leveraging its role in central New Zealand,
- 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 aims to achieve these three goals and is guided by the Letter of Expectations set by their Shareholders, which outlines three priority areas of focus:

- Inward investment (both national and international), retention and expansion of business in the Manawatū region, along with survival and recovery of businesses due to COVID-19.
- Developing a talent pipeline.
- Domestic Visitation (due to impacts from COVID-19).

CEDA's work is undertaken in partnership with local and central government, iwi, regional and national partners, and the business community.

KEY ACHIEVEMENTS The Talent Attraction Marketing Campaign gained \$1,000,000 over 950 thousand social funding for media impressions and 1.29 million Google Ad impressions. Tourism Communities 540 Businesses, including 34 The digital campaign Get businesses Lost achieved over 22,500 visits on ManawatuNZ.co.nz that identify assisted.

WHAT HAPPENED IN THE YEAR

CEDA led the development of Te Utanganui Central New Zealand Distribution Hub Strategy on behalf of Council in 2021, which aims to develop Palmerston North and Manawatū into a significant freight hub within the Aotearoa transport network. The precinct includes the KiwiRail Regional Freight Hub, the Northeast Industrial Zone, Palmerston North Airport, and the planned Regional Freight Ring Road. The strategy is now well into implementation, with the focus moving to inward investment planning and increased advocacy to support potential investors, within Aotearoa and internationally, to bring their business to the region.

The Manawatū Food Strategy stage one has been completed with a focus on cementing the region's place as a world-leading agrihub, leveraging the unique concentration of agriscience, technology, and agribusiness here. This strategy aims to bring together key stakeholders and partners to develop a shared vision and plan for the region.

Five ongoing investment opportunities for the region have been supported, including the Australian Defense Apparel relocation from Auckland, Hiringa Energy's hydrogen heavy vehicle refuelling, Beam Mobility e-Scooter rental company, a hi-tech audio business looking to set up in Palmerston North, and Te Āpiti Manawatū Gorge tourism development opportunities.

The new regional identity for Manawatū was completed in partnership with stakeholders, iwi and partners, and has been rolled out across key platforms and channels and collateral. Built on research, data, and insights this uniquely Manawatū identity will strategically position the region by increasing recognition and pride in the region and taking charge of our own narrative and image.

CEDA secured \$1,000,000 Tourism Communities: Support, Recovery and Re-set Plan funding from the Ministry of Business, Innovation and Employment to further support the acceleration of the implementation of the Manawatū Destination Management Plan and support the visitor sector to recover and grow from the impacts of COVID-19, including lifting businesses capability.

A Summer 'Get Lost' campaign was commenced in November through channels including outdoor advertising in central Wellington, a double-page feature in Our New Zealand, and RV Lifestyle magazines, and a digital campaign. The digital campaign resulted in over 22,500 visits to the campaign hub on ManawatuNZ.co.nz with total digital impressions for the campaign of 7.5 million.

Through CEDA's business development activity including the Regional Business Partner Programme, 540 Businesses, including 34 businesses that identify as Māori, were assisted. These engagements consisted of support through connections or referrals, developing the capability of the business, supporting innovation and matching businesses with mentors. Over \$235 thousand in capability development support for training was issued, and \$2.86 million in Callaghan Innovation research and development grants to support business innovation.

The Business Attraction, Retention and Expansion strategy for Manawatū, has been developed, to support further understanding of the needs of businesses looking to establish in the region, and the barriers and opportunities to expansion and retention. An engagement plan has been developed to support CEDA's engagement with key business leaders and businesses in the region.

A Talent Attraction Marketing Campaign, specifically targeted at the Infrastructure and Construction sector, was launched in November. CEDA partnered with AWF to act as an employment triage partner, for those looking for career opportunities in the region and to support potential opportunities for their partners or family. Seven businesses came on board to support the campaign and gained high levels of interest in their available employment opportunities. The campaign resulted in over 950 thousand impressions through social media and 1.29 million Google Ad impressions (period November to January 22).

ONGOING CONSIDERATIONS

COVID-19 continues to have an ongoing impact in Aotearoa. Despite this, our region's Gross Domestic Product over the past 12 months has been higher than the national average. Our regional economy has enjoyed the benefit of high commodity prices for goods produced in the region, strong consumer spending, employment growth and a hot housing market coupled with a rise in residential and non-residential consents, which have all contributed to the strong economic performance. We know though that the economic headwinds are shifting, and the next 24 months will see increased pressure from additional factors including supply and logistics constraints, increasing inflation and interest rates, alongside ongoing workforce challenges.

COVID-19 continues to create an ever-changing environment and as an organisation with a primary objective to support business and grow the regional economy, CEDA's approach will require being flexible and responsive to our community's changing needs. Additional funding secured through the Ministry of Business, Innovation and Employment will continue through to December 2022 to support businesses and the visitor sector with these changes.

CEDA will continue its work towards achieving the three big goals for the City and region, informed by the expectations of shareholders and the business community.

HOW DID WE PERFORM

Attract, Retain and Develop Talent in the Region

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2021/22	OUTPUTS/ACHIEVEMENTS
Develop the talent pipeline to grow a skilled workforce,	Lead and support the regions attraction	Lead the delivery of the Manawatū Talent and Skills Attraction	Talent and skills Workforce profiles were completed for the infrastructure and Construction and Food and Fibre Sectors of the region.
and better utilise the existing labour market.	and retention of talent, skills, and investment.		A Talent Attraction Marketing Campaign, specifically targeted at the Infrastructure and Construction sector, was launched in November 2021. CEDA partnered with a recruitment agency to act as a employment triage partner, for those looking for career opportunities in the region and to support potential opportunities for their partners of family.
			The Infrastructure & Construction Collective Action Group — Te Rōpū Taupapa was set up, and two workshops held with 35 participating businesses, to support identifying barriers and opportunities in relation to talent attraction. This has resulted in a draft Action Plan for the group, incorporating actions from the Talent and Skills Workforce Profile.
			Further to this an Employer and Workplace Hub was launched on CEDA.nz to provide support and information for businesses on the Manawatū labour market, tools and resources available, and information on CEDA programmes of work in the attraction, retention and development of talent and skills in the region.
			A Talent and Skills Business Survey was completed with 69 businesses taking part. The survey was co-created with Immigration New Zealand, Feilding and District Promotions, Manawatū Business Chamber and Welcoming Communities, to better understand the current labour market, given record low unemployment, and identify where CEDA might be able to provide support or focus its future activities.
			An Accelerate Academy career pathway programme was launched in association with Te Whatu Ora — Health NZ and the Ministry of Education, to showcase various Health Sector jobs. The programme, available to Māori secondary school students, is a 10-week experience with students having the opportunity to meet a variety of employers and staff to learn more about the health sector and the career opportunities available.
			The NZ Careers Expo was held this year at the Central Energy Trust Arena, with 59 Exhibitors and 2,950 secondary students, visitors, and career changers attending to support identifying future opportunities and pathways to employment.
		Deliver year two of the Te Aho Tamaka three-Year strategy,	Two new leaders were welcomed into Te Aho Tāmaka Leaders Programme: Johanna Wood (sports administrator) and Alison Quigan (actor, writer, and director).
		including two leaders aligning their	Engagement events for the year consisted of:
		support to relevant regional projects, building business or	Hon. Steve Maharey presented to the Manawatū-Whanganui Local Authority Shared Services; Future Leaders Programme, organised in collaboration with Manawatū District Council.
		talent capability.	Robin Stalker hosted a question-and-answer session about how Manawatū influenced his journey and the attributes that have helped him achieve a high level of success.
			Dr Farah Palmer, Linda Jenkinson and Vanisa Dhiru virtually hosted a k\u00f3rero around Diversity and Inclusion in Governance, an interactive discussion with participants from across the country.
			Hon. Steve Maharey contribution to the Advisory Group for the Manawatū Food Strategy.
			These sessions were shared through relevant CEDA channels.

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2021/22	OUTPUTS/ACHIEVEMENTS
Support our sectors of strength to grow through targeted business development and retention initiatives and activities	Development of priority sectors through sector strategy implementation, cluster development and partnerships with Māori.	Implementation of the Destination Management Plan year two actions, to lift visitor sector business capability, and develop the Māori Tourism Plan	\$1 million secured through government Tourism Communities Support, Recovery and Re-Set Plan to help support the regions visitor economy through the impacts of COVID-19. This funding has enabled us to deliver on the regions Destination Management Plan, focusing on growing the capacity of the team and developing the capability of the visitor sector through: Delivery of a series of workshops focusing on Digital Capability, and Sustainable Pricing and Packaging. One-on-one follow-ups from the pricing and packaging workshops have supported operators such as Te Manawa, NZ Rugby Museum, Awastone, Makoura Lodge, and Caccia Birch.
			Attendance at an Inbound Tour Operator speed-dating event in Auckland, where one-on-one meetings with more than 40 agents from North America, Europe, southeast Asia, and China were held. This provided us valuable insights into new travel trends and what operators are looking for in the new pandemic environment, to help inform our future capability work and operator support.
			Implementation of year one of the Rangitāne o Manawatū Māori Tourism Strategy in partnership with the Māori Tourism Working Group through the appointment of a project lead engaged with input from our iwi partners.
			The Coastal Arts Trail was soft launched in January 2022. The Trail is a collaboration between Manawatū, Whanganui and Taranaki to target the Auckland and Wellington visitor market with self-drive itineraries. A trail website has been launched which showcases 14 of Manawatū's key artists, galleries and studios, as well as public art across the region.
			Through partnership with Tourism New Zealand created an engaging video for international travel trade promoting Manawatū as a destination. The video features a range of Qualmark accredited activities from across our region. The video has been used by the Tourism New Zealand team including in an online training webinar with 44 Australian travel trade agents and showcased through their closed Facebook groups for offshore travel agents.
			Co-authored the rewritten Tourism Sector Profile for the region, updating it for the first time since 2011, in partnership with Palmerston North City Council and Manawatū District Council.
			Twelve events were supported through the Regional Events Fund, administered on behalf of central government, to support visitor attraction to the region, with total funding allocated of \$118,200 (a number of the events were postponed due to COVID-19).
		Implementation of year four of the	The Manawatū Agritech Strategy in its fourth and final year had the following outcomes:
	Agritech Strategy action plan, to grow the sector, attract investment, increase research and development	action plan, to	 Partnership with Sprout Agritech to produce quarterly roaming networker reports.
		Partnership with NZ Entrepreneur as part of the national Innovation Nation Showcase, to profile nine of our regions' innovators.	
		activity, develop talent and skills, and increase the national	Partnership with the Technology Investment Network to sponsor the 2021 Agritech Insights Report.
		and global profile of the region, including delivery of NZ AgriFood week	Review of New Zealand AgriFood Week that resulted in this becoming New Zealand AgriFood Talks for 2022, as a 2-day event that focused on a "big question" in the sector. Due to COVID-19 the event did not run in 2022.

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2021/22	OUTPUTS/ACHIEVEMENTS
	Retain businesses in the region through engagement and identification of barriers to	Implement year one of the Business Retention and Expansion Strategy through structured business	CEDA developed and commenced implementation of the Business Attraction, Retention and Expansion strategy for Manawatū. The Strategy was developed to gain further understanding of the needs of business looking to establish in the region, and the barriers and opportunities to expansion and retention.
	growth	engagements, identifying specific business expansion constraints and facilitating resolutions	An engagement plan has been developed to support CEDA's engagement with key business leaders and businesses, consisting of over 100 regional businesses that are of significance to the region. 13 businesses have been engaged to date.
	Facilitate access to specialist innovation, and start-up expertise	Partner with The Factory, Sprout Agritech and Callaghan Innovation to deliver start-up and innovation support	Through its partnerships with Sprout Agritech and The Factory, CEDA contributed to the selection panel at the Sprout Agritech Accelerator cohorts, participated in judging the Young Enterprise Scheme regional finals, and supported promotion of The Factory's Innovate 2021 programme. These events saw 189 entrants for the Accelerator and Innovate programmes, with 17 finalists, and 25 businesses created through the region's secondary schools under the Young Enterprise Scheme.
			Callaghan Innovation grants were issued to regional businesses during the year totalling \$2,862,877. This included Getting Started, Project, Research and Development Experience Grants, and Student Fellowships Masters and Career PhDs, with 28 tertiary student 10-week placements into local businesses.
	Develop and grow businesses by delivering information, advice, and support	580 businesses supported through CEDA business development programmes and activities including the Regional Business Partner	540 unique businesses supported year to date which included, 621 total engagements through CEDA programmes and activities including 245 Capability development engagements, 43 Business Mentor matches, 59 Visitor Operators supported and 48 Digital Champion Programme businesses. This total includes 34 Māori business supported. \$235,511 Management Capability co-funding was issued to businesses including \$5,000 COVID-19 support.
Attract business and investment to the region	Implementation of Inward Investment strategy with regional partners, through the attraction of investment to the region including key regional projects	Programme Identify and support three key investments to the region including Te Āpiti development project	CEDA has been reengaging with Te Āpiti Gorge Governance Group to build on the opportunities presented in Whakatakotoranga Matua Ki Te Āpiti — Te Āpiti Manawatū Gorge Masterplan and move ahead with the Tourism Potential work that we've been leading over the last few years. SoundSphere hi-tech audio has reengaged with CEDA on the opportunity to establish an Oceania headquarters in Manawatū with a potential site identified. Other investment opportunities supported in the region were Beam Mobility e-Scooter company (now located in the region), Australian Defence Apparel office co-location, and ongoing facilitation on the Hiringa Energy's hydrogen heavy vehicle refuelling (currently
		Te Utanganui (Central New Zealand Distribution Hub) strategy	under construction). 6 additional engagements to identify potential investment opportunities were undertaken. The Central New Zealand Distribution Hub has progressed over the past year including the establishment of the Steering and Reference Groups, and a new name gifted to the project of 'Te Utanganui'. The project focus has moved into aligning inward investment and securing further partners
		implementation through development of business cases for multiple infrastructure projects	for the project, which has involved socialising the opportunity with investors and continued advocacy with central government. A new brand and collateral has been developed, including a microwebsite, video, a condensed Strategy and a two-pager to further support the advocacy work, and the Story of Te Utanganui.
		Development of a Food Strategy for the region identifying investment opportunities	Stage 1 of the Manawatū Food Strategy was completed in June 2022. The strategy outcomes aligned with those agreed in the terms of reference with CEDA and the final document will provide a good platform for Stage 2 of the food strategy development to follow. The work to date has looked at several successful overseas models, and international best practice.
			The strategy identified regional strengths (our talent pool, our approach to innovation, business development and the business climate) and highlights that we need to establish connections with other regions in New Zealand.

Profile the region to attract people, business, and investment

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2021/22	OUTPUTS/ACHEIVEMENTS
Profile Manawatū locally, nationally, and globally The strategy development	Lead and develop the stories of Manawatū, creating a narrative and a unified positioning, incorporating the cultural heritage of iwi	Leverage the regional identity to attract people business and investment to the region, with 8 content pieces published	Regional Identity completed, endorsed, and rolled out across key platforms and channels and collateral, including: Stage one and two of the regional website updates completed, including development of a Hot Deals section, and enhanced Live-Here content designed to support profiling the region as a great place to live and visit. All consumer social media channels Afull signage refresh plan has been developed, with signage replaced in Sanson on State Highway One A new regional Visitor Guide developed to showcase the offerings of the city and region. This is now in circulation across i-SITEs nationally and throughout the lower North Island A refreshed brand and updated The Country Road brochure The new regional Liveability Prospectus was launched, giving a comprehensive overview of the lifestyle options and benefits in our city and region and shared with employers to help in their talent attraction. Three campaigns for talent, visitor and shop local have helped bring the brand to life Redeveloped our consumer newsletter targeting visitors, to 'Fresh Finds' in the new branding The Manawatū Summer Get Lost campaign, ran from November 2021 to the end of February 2022, included a number of channels including outdoor advertising in central Wellington, double-page features in Our New Zealand, and RV Lifestyle magazines, and a digital campaign. The campaign had strong results with more than 22,500 visits to the campaign had strong results with more than 22,500 visits to the campaign had strong results with more than 22,500 visits to the campaign was run through April and May, in partnership with the Manawatū Business Chamber. The campaign encouraged residents to support and spend at local hospitality, retail and visitor businesses. The radio and social campaign gained strong engagement with organic Facebook reach of 32,992 locals and 3,538 direct engagements. Throughout the campaign period, the website homepage was the most popular page on the site with nearly 4,000 visitors engaging with the hub. Content piec
		40 direct media features published profiling the region across people, place, and business with a reach of more than 2.5 million	71 media features profiling the city and region have been achieved through CEDA's work, across print, radio and digital platforms with a combined reach of 30,228,674 readers, listeners and subscribers. Highlights include Kia Ora Magazine, NZ House and Garden, Stuff Travel, Kiwi Tripsters, Whanganui Chronicle, For the Love of Travel, NZ Herald, and KarryOn.

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2021/22	OUTPUTS/ACHEIVEMENTS
	Grow engagement on regional web and digital platforms for	11% increase in 'sessions' on ManawatūNZ.co.nz,	Web traffic for ManawatuNZ.co.nz in the 2021-22 financial year was up 1.7% with 254,233 sessions (21/22) vs 250,000 (baseline set in 20/21). This was due to several factors, including:
	increased promotion of and information	and social media engagement	> Launching the refreshed website during the year
	on the region		> Travel sentiment down and fewer events happening due to the pandemic
			Postponement of the Autumn Campaign due to the Omicron outbreak.
			Our regional social media channels saw growth:
			Palmy & Manawatū FB followers (21,560), up 4.58% from 7 July 21 (20,616). (Note: 7 July 2021 is when we merged ManawatuNZ and MyManawatu Facebook pages.)
			ManawatuNZ Instagram followers (7,925), up 3.36% from 1 July 21 (7,667)



Lead inclusive and sustainable economic development for the region

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2020/2021	OUTPUTS/ACHIEVEMENTS
Develop strategic partner relationships, leveraging opportunities	trategic partner on relationships elationships, with shareholders, everaging central government	chips, on relationships agreements and workplans reviewed and agreements and agreements	CEDA has central government agreements in place with Ministry of Culture and Heritage Te Urungi funding; Ministry of Business, Innovation, and Employment Support, Recovery and Reset funding, and Digital Boost pilot; and the Ministry of Education and Te Whatu Ora – Health NZ, Accelerate Academy.
	key regional stakeholders, local iwi and Māori, and business support groups	central government agencies	Regional partnership agreements are in place with Rangitāne o Manawatū, Sprout Agritech, The Factory, UCOL I Te Pūkenga, Te Mana Atatū, Coastal Arts Trail (Whanganui & Partners, Venture Taranaki), Regional Events Fund (Whanganui & Partners, Venture Taranaki), Manawatū Young Professionals Network, Network of Skilled Migrants Manawatū, and Chiasma.
			Ministry of Business, Innovation and Employment Regional Business Partner programme delivery for 22-25 was secured.
			CEDA biennial Customer Satisfaction survey 74% satisfaction up from 69% for year end June 2020.
		lwi partnership projects implementation underway	Through our partnership with Rangitāne o Manawatū, we have had input and engagement from iwi in the Destination Management Plan implementation and refresh, Regional Identity roll out, and Te Utanganui (Central New Zealand Distribution Hub) including the gifting of the name and co-design of the brand.
			Through consultation with Rangitāne o Manawatū, a contractor was engaged to facilitate the delivery of the Rangitāne o Manawatū Māori Tourism Strategy, and to lead the project delivery of the new project He Ara Kotahi, Hei Ara Kōrero, funded via the \$700,000 secured from the Ministry of Culture and Heritage.
			A contractor was engaged through partnership with Te Manu Atatū for Māori business support, initially funded through central government, this role was continued to year end for ongoing Māori business support and development.
			Engagement with Te Au Pakihi has commenced, to review CEDAs role in Māori business support.
Data and insights communications on the performance of the region's economy	Economic impact information regularly communicated to stakeholders and business, including iwi and Māori business sector	Set baseline for audience engagement across key communications including economic updates, Māori economy data and regional news. Set baseline now from 20-21 year	92 engagement activities year to date: > 4 Quarterly Economic Overviews > 3 Quarterly Retail Reports produced > 60 Seconds: 57 > 10 Training & Development Guides > 2 Business Surveys > 3 Visitor Industry Updates > 12 media profiles, stories or commentary provided CEDA.nz sessions were down 19.7% for the year to June 2022, to 23,871 (due to COVID-19 business support traffic to the website being so high in the previous year). CEDA Facebook followers (1,071), up 41.2% from 1 July 2021 (758). Target for the FY was 1,100 followers. 148 posts published from 1 July 2021 to 30 June 2022. CEDA LinkedIn followers (1,030), up 18.3% from 1 July 2021 (870). Target for the FY was 950 followers. 106 posts published from 1 July 2021 to 30 June 2022. Māori Economic Report published on Māori business activity in the Manawatū-Whanganui region, which was co-developed by CEDA, Palmerston North City Council, Massey University, and Te Au Rangahau. This has been published on www.ceda.nz.
Work plan aligned to delivery of Statement of Service Performance	Development of Business Plan with outcomes on delivery of the Statement of Intent	Business Plan developed and delivered to shareholders by 31 October	Business plan delivered to shareholders

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 TRUST 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, Ian Harman, 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 Council's goals for creativity and vibrancy.



WHAT HAPPENED IN THE YEAR

The Globe Theatre Trust continued the trend of recent years of being an active and productive theatre. While known throughout the region as a Community Theatre, the Globe is also on the radar of many national and international promoters and performers. COVID-19 continued to have an impact on the arts community nationwide and it was very pleasing to see the theatre adapt to the restrictions & barriers imposed by the various lockdowns and the rules surrounding theatre life during the pandemic.

Our Memorandum of Understanding groups continued to view the theatre as their home. The Comedy Hub & Alliance Francaise kept everyone entertained with their regular monthly events. Our other MOU groups were also active throughout the year.

The various COVID-19 restrictions during August and September slowed the theatre down for a short while but it didn't take long before it was back up and running with full houses to many shows. The theatre's ability to adapt was a vital component in ensuring the theatre remained open. It has been well noted by promoters & performers alike that the theatre's management & staff go out of their way to make shows a success and ensure nothing is too difficult. This attitude personifies the Globe Theatre's commitment to the local, national, and international arts community.

The strength of the Globe Theatre is not solely measured on a financial basis. With the financial support of the Palmerston North City Council, the theatre can offer affordable hire rates to the local community. Its Core Purpose "To be the home of the local performing arts community in Palmerston North" is matched by our Vision "To be a dynamic, bustling and vibrant centre for the performing arts community in Palmerston North". This ethos allows us to contribute to the Palmerston North's City Council vision of "Small City Benefits. Big City Ambition".

The theatre received support from local business Stevensons Doors who kindly donated a new roller door and the Central Energy Trust who approved funds to upgrade technical equipment.

Highlights of the last 12 months include:

- Manawatū Youth Theatre (MYTH) Aladdin Jr
- Daniel Champagne Australian musician
- > Calendar Girls Levin Little Theatre
- ➢ Carson Taare
- ➢ Altitude Pole & Fitness various shows
- ➢ Corps de Burlesque various shows
- Simple Truth Theatre The Vagina Monologues
- ➤ Manawatū Jazz Festival
- > Royal NZ Engineer's Monthly Presentations
- ▶ Palmy Drag Fest

ONGOING CONSIDERATIONS

The theatre Board continues to evaluate theatre operations with a view to supporting theatre management. Bookings for 2022 are well advanced and it is worth noting the 2023 theatre schedule for our MOU and regular groups has already been completed.

Theatre management is currently working on a new website and promotional video and will continue to foster relationships with local community groups and organisations.

Theatre board and management are excited with the recent approval of their application to the Central Energy Trust and look forward to purchasing new technical equipment which will enhance the theatre's reputation.

HOW DID WE PERFORM

MEASURE	TARGET	RESULT	COMMENT
Number of usages	650	Target Not Met	478
Number of performances	220	Target Not Met	207
Hours of use by hirers	2,600	Target Not Met	1,966
Participants	1,750	Target Met	1,785
Audience	26,000	Target Not Met	14,657
Maintain or improve satisfaction rating of hirers	Result maintained or improved	Target Met	100% rate good
Maintain or improve satisfaction ratings of audience	Result maintained or improved	Target Met	95% rate excellent or very good



MEASURE	TARGET	RESULT	СОММЕНТ
National and International productions	15	Target Met	21 productions were held, including Daniel Champagne Aroha String Quartet Ben Crellin (The MAN) Graeme James Ali Harper Olga Shanina French For Rabbits Lucien Johnson The Going Bananas Show Chamber Music NZ Frank Talbot The Blond Belles Country Show Butter Wouldn't Melt The Big Bike Film Night Tofiga Dan Brader Turkey The Bird The Manawatū Jazz Festival Smokefree Rockquest Reckless – The Bryan Adams Tribute Show
Proportion of use driven through MOU arrangements	70%	Target Not Met	36%
Proportion of MOU-driven use that is performance-based	95%	Target Not Met	68%
Overall usage from established community groups	Result maintained or improved	Target Met	69%
Overall usage from new community groups	Result maintained or improved	Target Not Met	4%
Carry out capital development programme	Globe 1: New backstage roller door installed	Target Met	Installed May 2022
Funding capital renewal programme from depreciation fund	60%	Target Met	100%

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.

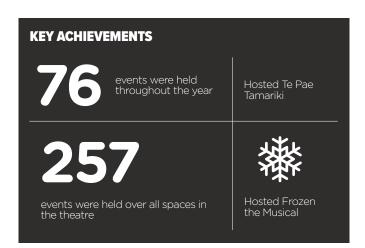
It develops, promotes, enhances and maintains the Regent as a vibrant and unique venue for live performances, community events, graduations and the performing arts attracting international, national and local performances.

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.



WHAT HAPPENED IN THE YEAR

The year started with advanced bookings showing encouraging signs that the theatre had turned the corner from the effects of the Pandemic and our business was starting to get back on track. Shows such as Chopper, Frozen the Musical, Pacifica Fusion, Te Pae Tamariki were all performed during July with Act Threes production of We will Rock You commencing mid-August. Unfortunately, during the season of We Will Rock You it found that the corner was still a long way off. The Pandemic took hold again and the Government put us back into lockdown and tighter restrictions were placed particularly impacting on Venues. So, the year that started well was impacted once again by COVID-19. Bookings were again cancelled or postponed as we headed into the months towards Christmas with only a small number of events able to take place. At the start of 2022 we came to a complete standstill with the Government restrictions on allowing major events meant that it was not feasible for venues being able to operate. These restrictions unfortunately impacted the Regent and during the following five-month period (January – May) no events were held.

With the disruptive year, it did not achieve all the targets that we had set for the year. A total of 76 events were held against a target of 140. This pandemic also affected our attendances with only achieving 30,183 against our target figure of 69,000.

ONGOING CONSIDERATIONS

The Board continues its aims to meet its key objectives during these difficult times. It aims to balance availability for national and international touring events with the needs of many local groups for a grand venue for their event. The Theatre will continue to be equipped and available for hire by national, international, and local community and professional performing arts events and celebrations. This includes graduations 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, it will endeavour to progress the Theatre in whichever way the country allows.

The theatre has maintained close working relationships with 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.

It will continue to work with our local schools and cultural groups to encourage and assure them that they can come to a safe working environment and make them feel comfortable and confident in utilising the venue following the COVID-19 restrictions. 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.	25	Target Not Met	9
Total number of ethnically diverse concerts and productions, both community and professionally produced, not less than.	4	Target Met	4
Total number of events overall that are held over all spaces in the theatre	310	Target Not Met	257
Total number of tertiary graduation ceremonies held, not less than.	7	Target Not Met	0
Total number of school prize-giving held, not less than.	14	Target Not Met	3
Total attendances to all events held, not less than.	69,000	Target Not Met	28,083
The total number of the main auditorium hires annually (days the auditorium is used) to be not less than	140	Target Not Met	95



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, heritage and science, and educating visitors by providing challenging experiences and programmes.

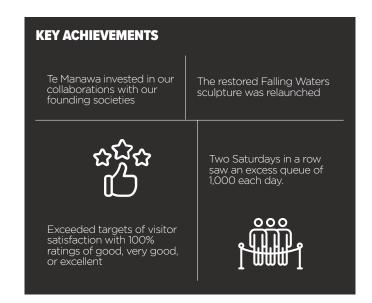
WHAT THE TRUST DOES

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 beyond 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.



WHAT HAPPENED IN THE YEAR

The Te Manawa Team has again risen to the challenges presented by what must be the strangest operating environment we have all faced. As the COVID pandemic continued to throw obstacles in the path, the team needed to be increasingly innovative and use their imagination and commitment to keep moving forward and provide the best possible experiences for audiences. Thankfully, as we moved through the year, conditions eased somewhat and as restrictions eased Te Manawa was able to finally hear the chatter of young voices in the atrium play space, open three simultaneous exhibitions in our gallery spaces and delight in the mass kapa haka group entertaining a crowd of some 700 at our first night market for 2022.

During the year Te Manawa invested in our collaborations with our founding societies, other CCO and community organisations. Notwithstanding the restrictions imposed in the early part of the year, it was able to develop and partly implement our relationship strategy. As the business environment 'normalised' and other organisations emerged, this has begun to show results. In particular, it now has a fully executed MOU with the Te Manawa Art Society sitting alongside the custody agreement between them. Now that it has properly documented this relationship, we will turn to the regularisation and extension of the Science Centre Inc. relationship.

Te Manawa's partnership with Rangitāne, our iwi partners, and Rongomau Productions Limited deepened further this year. The co-location of Rongomau in the Art Gallery building has assisted this process, and the flow of participants in their kapa haka, language and cultural experiences adds much spirit

to that space. As mentioned above, they have also enriched events and openings with their performances. Planning has also proceeded on joint gallery redevelopments, and funding applications are expected to bear fruit in the next financial year.

Highlights of the year included Curious Contraptions which enjoyed an extended season and the Manawatū Wildlife Photography competition. The museum featured the Jack Trolove exhibition, 'Keening". It also featured exhibitions from Massey University, UCOL and the Manawatū Art Teachers Association. Rounding out the year was the triple billing in the Art Gallery of Nga Hau Ngakau, The Iny People of Central Brazil and Edith and George in our Sea of Islands.

Notwithstanding the environment, the museum found ended on a high note.

Our educators and events teams were able to continue with outreach activities during the whole year. It was refreshing to hear the number of lesson packs being dispatched to Auckland schools. The Manawatū educating Auckland, now that was well received by the team.

Moving through the New Year the museum space was once again enlivened by the chatter of preschool and school-age visitors, the education team in particular being challenged to ramp back up to full speed, delivering a full suite of programmes through the school holidays and towards Matariki. Again, outreach activities were a prime part of our activities and in term time there was a spike in numbers accompanying a visit by a pack of Alpacas. Two Saturdays in a row saw opening time queues at the door and numbers in excess of 1,000 during each day.

Collections

- The restored Falling Waters sculpture was relaunched in conjunction with Council and the Palmerston North Public Sculpture Trust. Creator of the work Fred Graham participated.
- Installed and launched a new public sculpture The Head of John Doe with Palmerston North Public Sculpture Trust. Creator of the work Sean Crawford participated.
- Five pou whenua carved by John Bevan Ford in the collection conserved and restored; funded in part by a Lottery Board Grant.
- ➤ The 6m high pou Okatia created by Te Aturangi Nepia Clamp was relocated from Te Rangi Whenua to the museum foyer, and the Puketōtara pou in Te Rangi Whenua laid to rest in storage in preparation for their return to Te Papa
- 518 items were approved for acquisition by Te Manawa Trust Board over the year. Highlights include Collinson and Cunninghame archives, a collection of historic microscopes, a huia beak brooch, the World War II archives of Walter Gulliver and related objects, a hand blower for a World War II gas-powered car, artworks by John Ritchie, a portrait of Joan Richardson by her father HL Richardson, a rāpaki titled Hū, the stillness and peace found within by Brenda Tuuta, Architect painted by Jack Trolove, 60 photographs of the Manawatū taken by Richard Wotton between 1978 and 2022, a piupiu made between 1925 and 1950, bridesmaids dresses from the 1970s, a 4-door mousetrap, 11 photographic portraits of NZ artists that are represented in Te Manawa art collection, a collaborative artwork Self-portrait / portrait with face peel by Liz Maw and Yvonne Todd, and 3 early works by artist Carl Sydow, including the only known figurative sculptures by him in a public collection.

- Loans of 7 artworks from Te Manawa collection to other public galleries – Pātaka Art + Museum, Whirinaki -Expressions, Dunedin Public Art Gallery, KW Institute of Contemporary Art Berlin, and Christchurch Art Gallery.
- Incoming loans of 21 paintings by Jack Trolove from 15 lenders for the exhibition Jack Trolove: Keening.
- Incoming loan of moa (two species) and other birds (adzebill and N.I. Goose) bones recovered from a site on the new highway Te Ahu-a-Tūranga. TM was kaitiaki until a decision was made as to their final resting place. Scientific analyses weres undertaken and bones were 3D scanned before they were returned to a site near the highway and reburied in December.
- Visit by Prime Television film crew to art collection store for the forthcoming programme on contemporary visual art by tangata whenua (to be screened about June 2022).
- Professional photography of framed and glazed artworks in the collection now completed. All 2D works in the art collection have now been professionally photographed and images will be uploaded onto a new publicly accessible Collections Online platform, to be launched in November 2022.

ONGOING CONSIDERATIONS

Te Manawa has appointed Susanna Shadbolt as its new Chief Executive. Susanna commenced in July 2022 and replaced Andy Lowe, who departed in February. Her extensive background in museum and gallery practice, education and business will be of enormous benefit to Te Manawa.

HOW DID WE PERFORM

1. Collaborative and future focused organisation

MEASURE	TARGET	RESULT	COMMENT
Strength of relationship with strategic partners.	Strategic relationships defined and identified as part of the Strategic Relationship Strategy.	Target Met	Relationship Strategy finalised and approved
	Relationship principals developed in conjunction with strategic relationship partners.		
Revenue secured from sources outside PNCC.	\$655,641	Target Not Met	External revenue for year \$324,722 (49.52% of target) 2020/21 achieved \$672,709 full year)
Develop measures towards reduction of carbon emissions.	Measure baseline carbon emission.	Target Met	Enviro report completed in August 2021 by Event Insights. Qualmark Gold achieved.

2. Innovative experiences that attract visitors

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Likelihood of visitors to positively endorse Te	Highly likely	Target Met	Measure incorporated in visitor feedback questions from Dec 2021
Manawa to others.	hers.		315 surveys completed from Dec 2021 to Jun 2022. 90% were mostly, very often or always likely to recommend Te Manawa as a place to visit.
In person visits to Te	150,000	Target Not Met	77,319 (target 150,000 (52%)).
Manawa.			(2020/22 Not Achieved: 135,817 due to impact of COVID-19 alert levels during August 2020 and June 2021)
Visits to Te Manawa experiences off-site.	25,000	Target Not Met	8,537 (target 25,000 (34%))
			(2020/21 Not Achieved: 38,715 against a target of 50,000)

3. Enhanced learning and engagement

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Visitor satisfaction	>96%	Target Met	100% rated good, very good, or excellent
(good/ very good/ excellent)			(2020/21 Achieved: 100% against a target of >96%)
Participation in learning	,	Target Not	13,391
programmes.		Met	(2020/21 22,551 – (99% of the revised target of 22,750)
In person visits to Rangimārie activities.	5,000	Target Not Met	1069

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

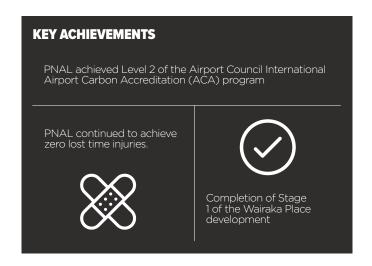
The Board protects and grows shareholder value and provides a return to the Council in the form of growth in company value and where appropriate annual dividends.

The Airport provides a key transport gateway that contributes to the economic development of the city and surrounding regions.

Palmerston North Airport is the primary air gateway for Central New Zealand, 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 scheduled passenger services and airfreight operations that link businesses to domestic and international suppliers and markets, and by bringing visitors to the region.

It also enhances a positive image of the city as a good place to do business.



WHAT HAPPENED IN THE YEAR

Palmerston North Airport Limited (PNAL) is a Council Controlled Organisation (CCO) and a limited liability company formed in 1989. In 2021/22 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 year ended 30th June 2022 was again challenging for the airport with ongoing disruption to air travel associated with the COVID-19 pandemic. Passenger movements were again impacted which translated into an income result (excluding inventory sales and revaluations) which was 19% behind the Statement of Intent target.

Despite the uncertainty it maintained its focus on health & safety and the maintenance of priority infrastructure. Investment in Ruapehu Business Park continued with the completion of Stage 1 of the Wairaka Place development, while the terminal redevelopment project also gathered pace.

The Airport again recorded zero lost time injuries and continued to maintain all Civil Aviation Act (CAA) Rule Part 139 requirements during the financial year. The first independent audit of PNAL's one-year old Safety Management System was conducted in November. The audit highlighted the strong safety culture that PNAL has developed across the aerodrome campus.

The Airport continued to develop and execute against its Asset Management Plan. The reconstruction of the runway ends, deferred from the prior year, were completed during FY22, while a planned re-coating of the runway surface was deferred until FY23. A runway lighting upgrade was also undertaken by Airways.

The insourcing of Rescue Fire services successfully took place on 30 September 2021, with the majority of rescue firefighters and security personnel joining from the former third-party service provider.

Two refurbished Rosenbauer rescue fire vehicles arrived from Brisbane during Q2. Entry into service was delayed due to part shortages, significant delays in shipping timelines and a lack of qualified Rosenbauer technicians in New Zealand due to COVID-19 border restrictions. Notwithstanding this, it managed to maintain continuous 24/7 rescue fire operations throughout FY22.

A key pillar of the Airport's focus on improving customer experience involves the Terminal Development Plan. The project's primary objectives are to ensure regional passenger and hold bag screening could be accommodated if introduced, accommodate the anticipated rebound in passenger volumes, and the potential re-introduction of scheduled jet services by late 2025. Concept design for the terminal re-development commenced during FY22, with the appointment of multi-award winning Studio Pacific as lead architects, with co-design partners mana whenua Rangitāne.

The Company achieved Level 2 reduction accreditation in the Airports Council International Airport Carbon Accreditation (ACA) Program. Meantime, a range of initiatives have continued which are designed to reduce the Company's greenhouse gas emissions, waste to landfill and water consumption. One of the largest projects was the ongoing transition of the terminal heating & cooling system from natural gas to electricity, with completion due to occur in Q1 of FY23 after COVID related delays impacted on the project.

The Company is now progressing towards Level 4 accreditation of the ACA program with a focus on the further development of the airports carbon management plan, and pathway to the achievement of its long-term absolute carbon emissions reduction target, and support for on-airport stakeholders and their own emission reduction initiatives.

The EBITDA result of \$3.1 million was 23% behind the Statement of Intent and 15% behind the prior year, with the loss of aeronautical revenue the primary contributor to the shortfall, partly offset by costs savings.

Notwithstanding the reduced passenger volumes, Shareholder Equity increased by \$14.7 million. This was driven by the net profit after tax of \$1.4 million and net revaluation gain on property, plant and equipment of \$13.3 million.

ONGOING CONSIDERATIONS

The airport again approaches the new financial year with a degree of cautious optimism with a keen focus on continuing to enhance shareholder value, both financially and non-financially.

The anticipated rebound in FY23 of circa 149% in passenger movements to 459,000 is predicted to be driven by the region's relatively resilient economy, unprecedented investment in construction and infrastructure across the public and private sector, and a stabilisation of COVID-19 impacts on air travel.

The planned Te Utanganui / Central New Zealand Distribution hub will ultimately become an integrated and resilient multimodal freight transportation system combining road, rail, air and sea connections. It recognises the significance of Te Utanganui to our city and region's future success and will play a major role in Te Utanganui's development via the facilitation of air transportation linkages for passengers and airfreight alike

With funding secured investment by the organisation over the next three years is anticipated to exceed \$50 million. This includes the ongoing investment in operational critical infrastructure, both airside and landside. The terminal redevelopment will ensure the airport can enable passenger and hold-bag screening should that become mandatory, as well as ensure the facility can accommodate future passenger volumes and potentially the return of Jet services. Ongoing commercialisation through a focus on customised design build and leaseback solutions for freight & logistics clients and others seeking an airport location is also a key priority, and will assist the Company to achieve revenue diversification objectives.

Underpinning all activity the Company will maintain its focus on the wellbeing of our highly valued airport team, regulatory compliance and keeping all airport users safe.

HOW DID WE PERFORM

MEASURE	TARGET	RESULT	COMMENT
A ratio of net surplus before interest/ tax/depreciation/revaluations to total assets.	4%	2.8%	Revenue was negatively impacted by the Delta and Omicron waves of COVID-19 resulting in significantly reduced passenger numbers.
A ratio of net surplus after tax to consolidated shareholders' funds inclusive of revaluation reserve	3%	1.7%	As above
To maintain a ratio of consolidated shareholder's funds to total assets at no less than 40%.	72%	76%	Shareholder equity grew by \$14.7 million in FY22, largely due to the revaluation gain on property, plant and equipment of \$13.3 million.
To maintain an interest coverage ratio of EBITDA to interest at or above 2.5 times.	6.5	5.7	A result of 5.7, while below the forecast of 6.5, is significantly above the required minimum of 2.5. Forecast was not reached largely due to the impact of COVID-19 causing a reduction in profitability.
To maintain a tangible net worth (total tangible assets after revaluations less total liabilities) above \$50m.	\$71.3	\$83m	Tangible net worth grow was assisted by the revaluation gain on property, plant and equipment of \$13.3 million.
Achieve a Net Promoter Score of 30 or above. Measured on an annual basis.	30	30	The Net Promotor score of 30 is based off 437 responses, a 22% increase in the number of responses compared to prior year.
To achieve targeted annual passenger movement projections.	480,000	323,615	The Delta and Omicron waves of COVID-19 resulted in passenger numbers reaching a 20 year low.
To achieve zero lost-time injuries to those who work within our airport community	Zero	Zero	PNAL continued to achieve zero lost time injuries.
Maintain Civil Aviation Rule Part 139 certification	Maintain	Maintained	The first annual audit of PNAL's SMS was undertaken during the current financial year by an external party. PNAL's SMS was awarded an 'Operating and Effective' classification.
Achievement of ACA Level 2	L2 achieved	L2 achieved	PNAL achieved Level 2 of the Airport Council International Airport Carbon Accreditation (ACA) program in December 2021.





WĀHANGA TUARIMA SECTION FIVE

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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

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 2022 financial year therefore covers the period 1 July 2021 to 30 June 2022.

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.



