

# PŪRONGO Ā-TAU WHAKARĀPOPOTO ANNUAL REPORT SUMMARY

Te Kaunihera o Papaioea  
Palmerston North City Council

Matawhānui Papaioea  
Palmerston North Vision

**He iti rā,  
he iti pounamu**

**Small city benefits,  
big city ambitions**

---

**Whāinga 1:** He tāone auaha, he tāone tiputipu

**Goal 1:** An innovative growing city

**Whāinga 2:** He tāone whakaihiihi, tapatapahi ana

**Goal 2:** A creative and exciting city

**Whāinga 3:** He hapori tūhonohono, he hapori haumarū

**Goal 3:** A connected and safe community

**Whāinga 4:** He tāone tautaiāo

**Goal 4:** An eco city

**Whāinga 5:** He Kaunihera ahunui, whakamana i te iwi

**Goal 5:** A driven and enabling Council

# He Mihi

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

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

**Tini whetu ki te rangi, Rangitāne ki te whenua.**

**Tihei Mauriora!**

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

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

# YEAR IN REVIEW

## KIA ORA TATOU,

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

## MAJOR MILESTONES

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

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

draws on the whole spectrum of food within our wider region. From our farming and growing origins, through to significant food manufacturing and production capacity, but also our food innovation and logistics hub strengths.

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

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

## FINANCIAL POSITION

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

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



During the financial year, the capital budget was revised upward by \$13.9m (20%) from the Annual Plan, mostly due to government Three Waters stimulus funding. The capital new programme resulted in expenditure of \$39.9m against an Annual Plan budget of \$46.8m, which led to 85% of the capital new Annual Plan budget being spent compared with 49% of the previous year. The capital renewal programme resulted in expenditure of \$23.3m (98%) spent against the Annual Plan budget of \$23.7m. Council had a number of external pressures, particularly from workforce and skills shortages through the country, and despite this achieved exemplary performance of our capital programme.

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

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

## YEAR HIGHLIGHTS

### Major Infrastructure

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

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

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

### Housing

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

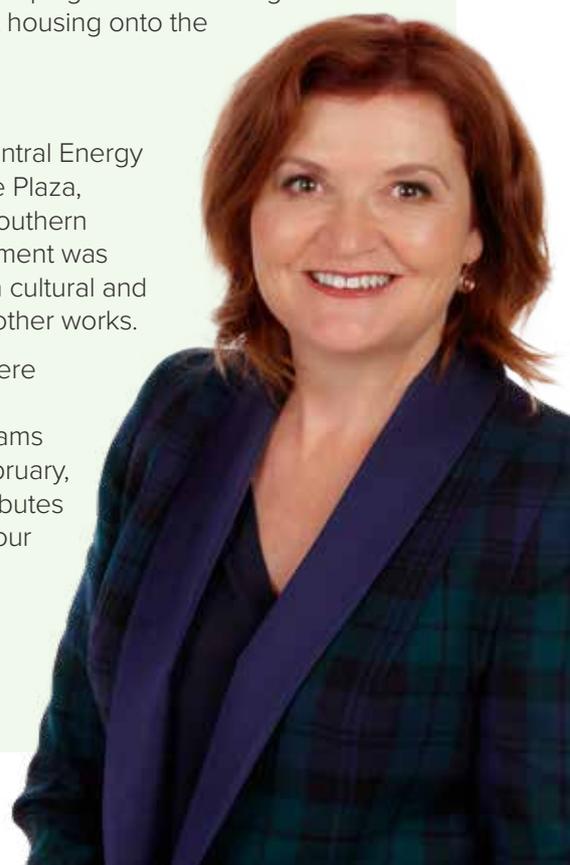
We need an additional 13,000 homes by 2050, and Council has been a national leader through investing in housing. Earthworks and civil works progressed on Council's Tamakuku Terrace residential subdivision in Whakarongo towards sale of sections in late 2021. It is the first time in decades Council has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

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

### City Centre

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

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



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

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

**Manawatū River Network**

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

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

**Cultural Diversity**

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

Council will continue to empower Palmerston North’s growing, diverse populations so that each group prospers and thrives. In October 2020, Council highlighted our aspirations for local Pacific people by signing a Memorandum of Understanding with the Ministry for Pacific Peoples and the Ministry now has staff located in the city.

In 2021 we celebrated the Māori New Year with a Matariki Puanga festival at our awa at the glowing path Tini whetū ki te rangi, ko Rangitāne nui ki te whenua.

**STRONG OUTLOOK**

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

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

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

Ngā mihi nui,



Grant Smith <sup>JP</sup>  
Mayor

19 January 2022



Heather Shotter  
Chief Executive

19 January 2022

# SUMMARY OF COUNCIL GOALS

Each of the five goals has activities and services which have been summarised alongside them.

In this section, we highlight the key achievements of the financial year for each of these activities within the goals, plus detail their financial and performance measures results.



## WHĀINGA 1 HE TĀONE AUAHA, HE TĀONE TIPUTIPU GOAL 1 **INNOVATIVE AND GROWING CITY**

City Development Activity  
Strategic Transport (Roading) Activity  
Economic Development Activity



## WHĀINGA 2 HE TĀONE WHAKAIHIHI, TAPATAPAHI ANA GOAL 2 **CREATIVE AND EXCITING CITY**

Active Public Space Activity  
Arts, Culture and Heritage Activity  
Active Community Activity  
Active and Public Transport Activity



## WHĀINGA 3 HE HAPORI TŪHONOHONO, HE HAPORI HAUMARU GOAL 3 **CONNECTED AND SAFE COMMUNITY**

Connected Communities Activity  
Safe Communities Activity



## WHĀINGA 4 HE TĀONE TAUTAIAO GOAL 4 **ECO-CITY**

Rubbish and Recycling Activity  
Biodiversity and Sustainable Practices Activity  
Stormwater Activity  
Wastewater Activity  
Water Supply Activity



## WHĀINGA 5 HE KAUNIHERA AHUNUI, WHAKAMANA I TE IWI GOAL 5 **DRIVEN AND ENABLING COUNCIL**

Leadership Activity  
Corporate Support Activity  
Commercial or Strategic Investments Activity

# ACTIVITY FINANCIAL SUMMARY

The following table details for each activity group the net operating cost of delivering the services (before rates-funding) together with the capital expenditure.

	ACTIVITY GROUP NET OPERATING COST			ACTIVITY GROUP CAPITAL EXPENDITURE		
	Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000
Innovative and Growing City	5,949	6,745	6,803	266	300	477
Creative and Exciting City	30,367	31,045	30,797	21,902	23,889	14,024
Connected and Safe Community	17,222	17,162	17,113	7,178	8,727	6,392
Eco-City	5,520	5,805	5,280	640	504	978
Transport	17,162	23,113	19,949	12,660	14,678	14,708
Stormwater	4,060	4,020	4,755	1,905	2,621	1,270
Wastewater	10,311	9,287	10,428	7,106	6,455	3,545
Water	8,021	8,083	8,017	8,233	9,183	6,721
Driven and Enabling Council	11,790	14,337	9,091	3,342	4,108	5,026
<b>TOTAL</b>	<b>110,402</b>	<b>119,597</b>	<b>112,233</b>	<b>63,232</b>	<b>70,465</b>	<b>53,141</b>

## EXPLANATION OF MAJOR NET OPERATING VARIANCES TO BUDGET:

**Transport:** Favourable to budget due to higher revenues and lower depreciation than budgeted.

**Wastewater:** Unfavourable to budget due to depreciation expense being higher than budgeted.

**Driven and Enabling Council:** Favourable to budget due to Tamakuku development. Costs relating to this development were being treated as expenditure as sales are recognised, but the development has been delayed so no sales had occurred as at 30 June 2021.

## EXPLANATION OF MAJOR CAPITAL VARIANCES TO BUDGET:

**Creative and Exciting City:** Favourable to budget due to the design phase of seismic strengthening of Council properties taking longer than anticipated.

**Connected and Safe Community:** Favourable to mainly budget due to Papaioea Place stage 2 being delayed.

**Transport:** Favourable to budget due to extended stakeholder engagement on the urban cycle infrastructure network improvements delaying construction.

**SUMMARY OF NON-FINANCIAL PERFORMANCE MEASURES**

The following table records a summary of the non-financial performance achievement for each activity group.

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

1 - Included in Strategic Transport (Roading).

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

# GOAL 1 INNOVATIVE AND GROWING CITY

CITY DEVELOPMENT

STRATEGIC TRANSPORT (ROADING)

ECONOMIC DEVELOPMENT

## WHAT THE COUNCIL DOES

**Council develops, implements, and monitors the District Plan and Asset Management Plans.**

We ensure there is enough land and infrastructure to support growth in the city’s residential, commercial, and industrial areas. As well as making sure the City looks after its natural and built environment. Council uses and promotes principles of good urban design to ensure Palmerston North has high quality public and private places.

## KEY ACHIEVEMENTS

**Kainga Ora Social housing** projects consented and under construction

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

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

**Regional freight ring road** endorsed by Waka Kotahi



## CITY DEVELOPMENT

### Housing and Future Development

A series of District Plan changes are programmed to deliver on the City Development Strategy, the recommendations of the Housing and Business Needs Assessment, and new National Planning Standards.

Significant District Plan work was progressed throughout the year that focused on additional land for housing at: Napier Road, Kikiwhenua, Kākātangiata, Aokautere, informed by a new structure plan, Roxburgh Crescent, Ashhurst and Whiskey Creek.

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.

### Building Control

Building consents continued to increase in numbers, as did the number of inspections conducted. Interim measures were undertaken to meet the high demand for inspections, reallocation of existing staff, and deploying additional vehicles. The region's economic growth in major construction projects is still expected to continue.

Earthquake-prone buildings (EPB) owners on priority routes were notified, and the national register is updated with confirmed local EPBs as per the new legislation. This programme has now moved into the next stage of issuing notices and notifying other, non-priority earthquake-prone building owners.

### Planning

Land-use and subdivision consent application numbers remained high. Several significant consents were processed during the year including Te Ahu a Turanga (the Manawatū – Tararua Highway project, Multiple Kainga Ora Social housing projects have been consented and are under construction, a Countdown Distribution warehouse in the North East Industrial Zone and the All Saints Church.

## Urban Design

The city continues to promote, advocate, and collaborate to ensure sound urban design principles and practices are being applied across projects at many scales by city leaders, city partners, organisations, community groups, businesses, and individuals.

New multi-unit housing developments are now being constructed and occupied around the city, better meeting our housing needs through higher density - SOHO Developments and Papaioea Place being good examples. The city is seeing an increase in multi-unit housing projects coming into Council for pre-application and resource consent. Where many proposals were for single level, stand-alone infill or 2–3-unit duplex developments previously, many are now seeking a greater density and more terraced housing or apartment complexes over 2 –3 storeys.

### Heritage Management

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

### Strategic Transport (Roading)

Our transport network forms a vital part of Council's vision for a growing and environmentally sustainable city. Council develops and manages our transport network to ensure safe and efficient movement for people, goods and services.

### Maintenance and Renewal

Maintenance and renewal programmes ensure standards continue to improve and operational faults are corrected promptly to the required standard.

Vegetation management, street sweeping, sump cleaning, and asset inspection were generally undertaken according to the contract requirements.

Our investment in renewals around the network included resealing 28 km of roading, replacing 602m of kerb and channel and undertaking 1,305 road surface repairs.

## Network Improvements

The focus of capital investment was on safety improvements. These include raised platforms, raised school crossing, roundabouts, a mid-block pedestrian refuge, new speed limits and pedestrian steps.

Streetlight upgrades across the city were completed.

Council worked with Waka Kotahi to transition the city's traffic signals to Waka Kotahi's Wellington Traffic Operations Centre.

## Regional Freight

Council is continuing to work collaboratively with Waka Kotahi, New Zealand Transport Agency and other partners to implement the various elements of the PNITI (Palmerston North Integrated Transport Initiative). KiwiRail's Palmerston North Regional Freight Hub work is also progressing, with the Notice of Requirement for the designation of land publicly notified in February 2021.

## ECONOMIC DEVELOPMENT

### Central Economic Development Agency (CEDA)

Implementation of year three of the Regional AgriTech Strategy to position the region as a world-leading agrihub. New Zealand AgriFood Week was held, with 17 events attended by over 1,200 people. Sort it Careers – Food and Fibre Edition was held as part of New Zealand AgriFood Week. 345 Palmerston North businesses (including 13 Māori businesses) received support through engagement with CEDA and the Regional Business Partner Programme.

The city and region were profiled in more than 119 media features with a combined audience reach of more than 19 million readers, viewers and listeners. CEDA led a targeted marketing campaign across spring and early summer, supporting the region's visitor sector.

The Manawatū Destination Management Plan implementation for the year included securing \$700,000 from MBIE's Strategic Tourism Asset Protection Programme (STAPP), supporting over 170 businesses to uplift their digital capability.

## Conference and Function Centre

We have seen a significant increase in bookings for the next 12 months in conferences, with 15 bookings for the next financial year compared with two hosted over the past year. From a venue's perspective, the focus over the past year has been on building confidence within the sectors we operate, marketing our services, and ensuring our service levels to clients are of the highest standard.

## International Relations

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

# GOAL 2 CREATIVE AND EXCITING CITY

ACTIVE PUBLIC SPACE

ARTS, CULTURE AND HERITAGE

ACTIVE COMMUNITY

ACTIVE AND PUBLIC TRANSPORT

## WHAT THE COUNCIL DOES

Council provides, maintains and develops Council’s public places. Council supports the arts and cultural expression in Palmerston North by funding grants for a variety of individual events and projects.

Palmerston North has many recreational facilities used by our active residents. These include more than 170 reserves and sportsfields. Palmerston North’s key sports and events hub, the Central Energy Trust Arena, has a variety of indoor and outdoor venues. A big focus for Council is encouraging a strong culture of walking, cycling and public transport for communiting to work and education.

## KEY ACHIEVEMENTS

The ‘Urban Eels’ platform opened  
The 150 Year Community Event  
Seed fund **supported 21 arts and cultural performances**

**Memorial Park playground**  
upgrade completed

**Pedestrian and cycling link** completed from  
Whakarongo School



## ACTIVE PUBLIC SPACE

### Streetscape/City Centre Plan

Development of key city-centre spaces is well underway to create a highly accessible, walkable, connected and prosperous destination in the heart of our City. The preliminary step for delivering stage two of the Cuba Link has commenced, with technical design and engagement completed and the project out for tender. Innovating Streets for People projects have increased the level of identity around Square Edge, provided an easier way for George Street businesses to activate their street, and has increased cycle accessibility to the city centre from Highbury, Takaro, Awapuni, and Longburn.

### Manawatū River Framework

The framework consists of several programmes to increase the river's vibrancy, appreciation, and overall visitation and its environs. This year's 'Urban Eels' platform was formally opened, giving the public a chance to view eels at close quarters from a safe concrete platform in a beautiful location. The 'bridge to bridge' section of the old limestone surface of the river pathway on the Massey side has been tar sealed, providing a more resilient all-weather path for scooters, skateboards and strollers. The Esplanade Rail Station works are nearing completion on the new entranceway to the river pathway. The Albert Street Forest area was enhanced with timber forts being built and an extension to the existing mountain bike trail.

### Placemaking and Palmy Unleashed

Placemaking supports the Council's vision to have a city with great places for all people, particularly families. 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 had captured the imagination of thirteen participants to highlight the many ways that parking space could be converted into a gathering place for people. Capital programmes such as Streets for People and the Cuba Street Renewal continue to increase the amount of space that the business community can leverage for street engagement.

## Events and Festivals

Covid-19 continued to have a major impact on Events. We continued to improve our successful annual economic and community event programme through four areas of focus: major events, festivals and cultural events, community and civic events, and Palmy Unleashed. This year there was a significant increase in collaborative planning and delivery of cultural events and initiatives in the City. We delivered a programme of community and commemorative events including Fireworks over the River, Christmas, New Year's Eve, Explore Esplanade Day, the award-winning Festival of Cultures and Lantern Parade. Explore Esplanade Day was moved from Children's Day to late April due to Covid-19 alert level changes.

### Significant Events and Partnerships

Significant events Council contributed to, or delivered directly, that contributed to the economic development activity through local visitor economy included Gravel and Tar UCI Road Cycling Events, Ford Ranger New Zealand Rural Games, Manawatū Jazz and Blues Festival and the National Young Performer Awards.

## ARTS, CULTURE AND HERITAGE

Council supports the Palmerston North art sector with significant community funding. One major scheme is Creative Communities Fund which provides funds to organisations and individuals running projects which encourages participation in local arts activities and supports diverse artistic and cultural traditions.

The Celebrating Communities Fund also provides grants towards the running of cultural celebrations and City events, twenty-seven groups received funding.

The 150 Year Community Event Seed fund supported 21 arts and cultural performances celebrating the city's 150th anniversary.

In addition to Council Controlled Organisations (CCOs), we support other art facilities and organisations - Centrepoint, PACIFICA Inc., Rangiwahia Environmental Arts Centre, Square Edge, Snails and Creative Sounds, through our Strategic Priority Grants.

### Cultural Facilities

Council Controlled Organisations (CCOs) were established by Council to govern and operate facilities and services on behalf of Council. Statements of Intent (SOI), similar to Annual Plans, are negotiated annually and include core activities, budgets and performance measures.

## Council Owned Buildings

Council has a robust renewals and facilities management programme to help enhance the City's existing arts and culture buildings. Buildings that sit in Council's Cultural Facilities portfolio are:

### ➤ Te Manawa

Te Manawa is the largest and most complex of the CCOs. The 'TM2025 Museum of the Future' plan that Te Manawa had been developing is now being led by Council as it develops a Civic and Cultural Precinct Masterplan. Highlights of the year included: Hosting of the Children's Holocaust Memorial exhibition, New Zealand film Rūrangi shown for the first time in the Manawatū in association with Palmerston North old boy and co-director of the film Max Currie; first museum in Aotearoa to be certified Dementia Friendly and who entered into a commercial agreement with Rangitāne, this partnership model is considered to be a first for New Zealand museums.

### ➤ The Globe Theatre

Despite Covid-19, the Globe Theatre continued an upward trend in meeting its performance targets. The Globe management team, along with event organisers, worked together to bring shows postponed by the lockdown to the stage such as the Michael Houstoun/Rodger Fox concert. This often required the co-operation with other groups to fit them in to a busy theatre schedule.

### ➤ Regent

The Regent Theatre has had a challenging year due to the continued Covid-19 restrictions on international touring acts. This also impacted national touring shows that often postponed their performance(s) at short notice, making it difficult to find replacements. With the return to Alert level 1, The Regent hosted Crowded House, the Wiggles and Sol3 Mio, to name just a few. Collaborating with Act 3 Productions, they developed an innovative way to hold performances and events under Covid-19 Level 2 restrictions. This allowed the Regent to be the only operating theatre in the country during August/September 2020. A number of diverse events were hosted, including Sister Act, The Cat and the Hat, Tina, Simply the Best and numerous dance events, prize-givings and award ceremonies.

### ➤ Caccia Birch

Caccia Birch celebrated the 125th anniversary of Caccia Birch House in November 2020. An estimated 400 visitors attended. In June, following community consultation, Council decided to bring the management of Caccia Birch House into the Council. This will result in the Caccia Birch Trust Board dissolving and Council having full responsibility for the management and delivery of Caccia Birch House as a venue for hire, while preserving its heritage value. This transition will be completed by July 2022.

## ACTIVE COMMUNITY

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

### Central Energy Trust Arena

Central Energy Trust Arena was affected by the Covid-19 restrictions for the first three months of the financial year before business resumed at pre-Covid-19 levels. Once restrictions on activity were lifted, numerous events that had been postponed during alert level changes were able to take place and the calendar quickly filled with events of significance essentially every weekend along with the regular community activity throughout the week.

Central Energy Trust Arena hosted many major events during the year which brought significant economic benefit to the City including. Central Energy Trust Arena hosted 3,004 individual bookings with more than 303,000 in attendance.

A highlight has been the Arena Masterplan project which was completed in April. These upgrades have dramatically improved the aesthetics and operational ability of the venue and will make Central Energy Trust Arena a more marketable venue to major event organisers. Fly Palmy Arena (Arena 2) also undergone significant building renewals that has dramatically lifted the availability of space for the larger significant events and provides additional space for community sport.

### City-wide Reserves/Local Reserves

The asset management plan (AMP) for Parks and Reserves was updated utilising data on the existing condition of assets, the level of service provision at each park and reserve and the forecast future demand. The AMP document was reconfigured, to better align with the activities of Council and was used to inform the 2021-31 draft 10-Year Plan.

Many projects were undertaken during the year at Manawatū River Park, Memorial Park, Te Marae o Hine - The Square, Victoria Esplanade, Hokowhitu Lagoon, Linklater Reserve and Peace Tree Reserve.

### Central Energy Trust Wildbase Recovery Centre

Central Energy Trust Wildbase Recovery has been operating since February 2019 and this year was its first full year of delivery. The centre has had 93,621 visitors since 1 July 2020 which is slightly below the projected visitor numbers. This is expected as the reduction in international visitors and temporary restrictions domestically is impacting visitor numbers. The education and outreach components of the centre have continued to be developed for early childhood to high school and other community groups. The volunteer team has over 80 people engaged with the daily operations of the centre.

### Sportsfields

The flow on impacts of Covid-19 meant that the 2020 winter playing season was disrupted and a few tournaments were cancelled or postponed. By year end, sport fixtures had largely returned to normal. Sportsfields continued to perform well throughout the year, with no weekend closures of grounds required.

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

### Swimming Pools

The free swimming for supervised under 5 year olds continued to be popular throughout the year, 19,112 children and 16,377 caregivers used the programme to enter the three Council pools for free.

### Support to Recreation Groups

The Council's primary support to sport and recreation groups is through its partnership with Sport Manawatū. This year was the second year of the three-year funding agreement and partnership plan between Council

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

## ACTIVE AND PUBLIC TRANSPORT

### Active Transport

Council continued its journey towards creating an easily accessible and maneuverable city with key improvements to the active transport network. Cycle path improvements were provided through the continued development of College Street cycleway network, provision of a separated cycleway along Main Street West, as part of Waka Kotahi's Innovating Streets programme, and commencement of construction of Summerhill separated cycleway. Council worked closely with schools across the city to improve cycling awareness and uptake. About 660 students received cycling education through Bike Ready, a programme funded by Waka Kotahi and delivered by Sport Manawatū.

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

### Footpaths

Council has invested in maintaining and upgrading footpaths around the City and Ashhurst. This has resulted in 2.960km of renewed footpaths, and footpath maintenance including concrete grinding and lichen spraying. Completed footpath extensions totaling 1.519km were undertaken throughout the year.

### Public Transport

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

# GOAL 3

## CONNECTED AND SAFE COMMUNITY

CONNECTED COMMUNITIES

SAFE COMMUNITIES

### WHAT THE COUNCIL DOES

Council provides library services through the Central Library, four community libraries and a mobile library; Youth Space and eight community centres.

Council provides a local disaster recovery coordination plan, an emergency operations centre and a Civil Defence response team of trained Council staff and volunteers.

Animal control Services protect the community's health and enhance safety by administering the Dog Control Act 1996 and Impounding Act 1955.

Public Health Services provide regulatory services that protect the community's health and enhance safety.

### KEY ACHIEVEMENTS

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

**The library** had over 729,000 physical visits

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

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



## CONNECTED COMMUNITIES

### Social Housing

Council continued with Stage 2 of the Papaioea Place housing redevelopment, which sees the construction of an additional 28 units within the complex. The first 18 of the Stage 2 units were completed in June 2021 with the remaining 10 to be completed in September 2021. Council completed a thorough investigation of the housing portfolio to determine the areas to be improved to ensure the entire portfolio fully meets the Healthy Homes standards. Occupancy levels across Council's social housing portfolio remained high with demand continuing to exceed availability. Tenant satisfaction survey results had 98% of respondents expressing appreciation and satisfaction with their units, complex and service received from Council.

### Library Services

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

The digital library continued to grow, and allowed people to stream 16,198 films through Beamafilm and Kanopy; read 25,245 titles through Press Reader; and use Ancestry 56,851 times. The Library App also saw significant growth in uptake with 63,778 sessions this year versus 12,530 last year. This year 2,026 activities, programmes and events were delivered and attended by 67,082 people.

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

### Community Centres (and support to community groups)

Council's Community Development Team works with the local community sector to build the capability of community groups enabling them to identify issues and develop community led solutions. The construction of the Bunnythorpe Community Centre commenced. Many initiatives were delivered under the Welcoming Communities programme. A partnership project between Palmerston North City Council, mana whenua Rangitāne o Manawatū, and Massey University, He Kupu Rangitira is a site-specific arts initiative that recognises our bicultural foundations and our multiculturally diverse city in an interactive, recreation-based installation.

### Cemeteries

Plans to incorporate an office within the crematorium building in conjunction with the seismic strengthening project have been completed. Construction will commence early in the new year. New beams have been laid in a new burial section, which will provide for burials for the next 12-15 years when completed. More niche walls were constructed this year as they continue to be popular. The new fence on the James Line frontage has been completed and provides improved security and improved amenity.

### Decision Making and Community Engagement

This area is about community involvement in Council's decisions. This is part of Council's Connected Communities and Leadership Activities. Information on what we did this year is in the Leadership Activity section – see page 25.

## **SAFE COMMUNITIES**

### **Civil Defence – Emergency Management**

Our Civil Defence Emergency Management (CDEM) function has monitored the Covid-19 Risk to Palmerston North throughout the past year. We have had to prepare our Emergency Operations Centre twice due to the risk to Palmerston North and New Zealand. We sent a staff member to Napier during their November 2020 flooding event and provided opportunities for other councils to join our training courses to continue to develop our working relationships. Nationally, we have a representative on the New Zealand Response Team Steering Group to ensure our Emergency Response team has a voice on the New Zealand Response Teams future direction and the new accreditation frameworks. Our volunteer response team has been deployed nine times to assist Emergency Service in rescues and search and rescue situations.

### **Animal Management**

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

The number of registered dogs in the city decreased from 9,193 in 2019/20 to 9,021 in 2020/21. During the year, Animal Control Officers issued 183 infringement notices and 113 reported dog attacks, and impounded 369 animals. The Animal Control team participated in several public events, and educational events targeting bite prevention were offered to local schools.

### **Public Health**

Council maintained its Ministry of Primary Industry accreditation as a recognised agency, with each of the Environmental Health Officers retaining their status as recognised persons under the Food Act (2014). The agreement with New Zealand Defence Force Health Protection to provide reciprocal training and work experience opportunities is ongoing, although this year, it was impacted by Covid-19. Environmental Health Officers processed 105 new food premise applications, 408 food control plans were verified, 111 food enquiries were responded to and 13 food premise complaints were investigated.

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

### **Safe City Accreditation and Safety Advisory Board**

Palmerston North City Council has maintained its Safe City Accreditation throughout 2020/21. Following their scope and purpose review in 2019/20, the Safety Advisory Board devised the Palmerston North Safe City Strategic Outcomes Plan 2019/24

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

# GOAL 4 ECO-CITY

RUBBISH AND RECYCLING

BIODIVERSITY AND SUSTAINABLE PRACTICES

STORMWATER

WASTEWATER

WATER SUPPLY

## WHAT THE COUNCIL DOES

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

Council plays its part in regenerating biodiversity by re-establishing bush, particularly along walkways, controlling introduced predators, working in partnership with iwi, supporting community efforts and community groups such as Green Corridors.

## KEY ACHIEVEMENTS

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

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

Planted 15,000 **native plants**

**Toutouwai (NZ Robin) reintroduced** to Turitea Reserve

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



## **RUBBISH AND RECYCLING**

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

We emptied 670,000 recycling bins and 271,000 glass crates and collected 608,000 rubbish bags from the kerb. Citywide, 4,500 tonnes of recycling, 2,600 tonnes of glass, and 3,820 tonnes of rubbish was picked up from residents, drop-off points and commercial customers. Our team processed 5,320 tonnes of recycling in the materials recovery facility, cleared 330 tonnes of rubbish from public space bins and picked up 45 tonnes of illegally dumped items.

## **BIODIVERSITY AND SUSTAINABLE PRACTICES**

### **Green Corridors**

We managed the planting of 15,000 eco-sourced native plants throughout the Green Corridors network of gullies and streams. Community planting events were not possible during 2020 due to Covid-19 restrictions. Volunteer planting and maintenance resumed in 2021 in a limited capacity, largely focused in Aokautere, where regular community working bees were carried out. Community working bees are a regular monthly activity organised by Green Corridors and volunteer numbers continue to grow. This aligns with Council's strategic direction to extend the Green Corridors programme.

Significant maintenance was also carried out, including removing vast amounts of invasive weeds, problematic exotic species and fly-tipping from neighbouring reserves.

### **Sustainable Practices/Campaigns**

Council staff continued to promote sustainable practices within the City through activities, events and campaigns promoted through media, social media and Council's website. Promotions included the website's Guru's Guide and videos to support the new and improved recycling drop-off point at our Awapuni Resource Recovery Park, recycling used household cooking oil at Ferguson Street Recycling Centre, an educational campaign against flushing wet wipes, tissues and face masks down toilets, summer water use trial that encouraged the voluntary practice of Level 2 water restrictions, encouraging the public to refill their water bottles at locations and establishments that are part of Refill NZ Initiative, encouraging people to collect their rainwater for emergency or outdoor use, an educational video about why and how to keep our gully traps in good working condition to avoid stormwater entering them.

### **Eco Design Homes**

Council's Eco-Design Advisor (EDA) continued to offer in-home consultations with homeowners and tenants. They conducted community-based workshops on heating and cooling and provided information on permaculture and water conservation. The EDA is part of a national network represented by six other Councils throughout the country.

### **Biodiversity, Plant and Pest Control**

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

Council's ongoing investment in pest management in the Turitea Reserve is vindicated through native bird species monitoring. Results confirmed a population increase of triple numbers in species such as bellbird, tūi and kereru over the last ten years. A significant milestone for the year was Toutouwai (NZ Robin) being re-introduced into the Turitea Reserve.

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

### **Support to Environmental Groups**

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

## **STORMWATER**

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

## Stormwater Management

There was a significant increase in sub-division activity. Council worked with property owners and developers to mitigate the stormwater runoff from new land development. Stormwater Management Plans are now a standard requirement for all sub-division and major building consent applications

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

Many of the city's pump stations are currently running on either one pump or equipped with pumps at the end of their life span. This is the second year of the Council's programme to renew and refurbish the major stormwater pump stations in the city.

## Network Performance

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

CCTV inspected three kilometres of the critical pipe network with the data used to plan priorities for renewal works. The CCTV inspections and assessments of pump stations have identified areas in urgent need of renewal.

A city-wide inspection of the open drain and streams network identified a significant backlog in maintenance work. Council approved additional funding to begin to address this issue over the next ten years. A programme of work has been developed to address some of the most critical sections of the network.

## WASTEWATER

Reliable, safe and well-maintained wastewater (sewerage) systems are fundamental requirements for the health and wellbeing of people and the environment. The system is made up of five interconnected public networks in Palmerston North, Linton, Ashhurst, Bunnythorpe and Longburn, which convey waste to a central treatment plant in Totara Road.

### Totara Road Wastewater Treatment Plant

Council's wastewater system is operated and maintained in compliance with its resource consents. With all wastewater now directed to the Totara Road wastewater treatment plant (WWTP), effective operation of the plant is critical. During the year, seven upgrade projects at the wastewater treatment plant were initiated. These upgrades are important to ensure the plant is capable and robust enough to handle current flows and future flow through to 2025, when a new wastewater treatment and disposal system will need to be in place following the conclusion of the Wastewater BPO project.

### Best Practicable Options (BPO) Project – Nature Calls

The critical project to identify the best practicable option for a new wastewater treatment system is well underway.

Council identified a long list of 26 options for an initial assessment. With the support of a range of technical, cultural and environmental assessments, Council went through an extensive consultation and engagement process to seek feedback from the community and interested stakeholders on their preferred approach to help Council determine the preferred option.

Summary material for each option was developed and sent to every resident and ratepayer, supported by various web and media material. The shortlist options represent all the potential receiving environments and are all considered capable of meeting the key project objectives at least in part.

## Wastewater Network

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

## WATER SUPPLY

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

### Quantity and Quality of Supply

In summer 2020/21, Council trialled a new approach to water demand management. The Summer Water Use campaign encouraged consumers across our four water supplies to conserve water throughout summer, regardless of the weather or the water levels in our Turitea Dams. The campaign was about long-term behaviour change in that we managed to get through summer without imposing mandatory restrictions.

September 2020, there was a burst on our 525 mm diameter trunk main, which supplies water from the Turitea Dams to Palmerston North, that required a shutdown of this supply and a reliance on our reservoirs from early Friday until early Saturday morning. Consumers showed how well they could respond in an emergency, reducing peak demand and conserving water so that repairs to the main occurred without the city running out of water. This meant that for the 2020/21 reporting year, we did not achieve the Ministry of Health requirement of having no shutdowns lasting longer than 8 hours. The Turitea Duplicate Main project currently under construction will provide resilience against a repeat event.

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

### Risk and Resilience

The generator previously used at our Aokautere booster station was refurbished and installed at our Keith Street bore. This means that our Keith Street source is more resilient to electricity supply disruption.

The major, multi-year seismic strengthening project for Turitea WTP was finalised and tendered. This will help to ensure the safety of our staff and critical systems so we're able to respond even after a major earthquake.

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

### Network Investment

Council continued its rolling renewal programme. This ensures that the 560km of water mains and all our treatment plant assets are replaced at the end of their economic life. This reduces the number of interruptions affecting consumers and manages our maintenance costs to an affordable level.

We also scoped critical customer meter replacements that will provide 2-3 years of planned works. It's expected that the work will go to tender and be awarded before the end of 2021.

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

# GOAL 5 DRIVEN AND ENABLING COUNCIL

LEADERSHIP

CORPORATE SUPPORT

COMMERCIAL OR STRATEGIC INVESTMENT

## WHAT THE COUNCIL DOES

Council provides leadership, corporate support and strategic direction for Council services and development in the City.

## KEY ACHIEVEMENTS

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

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

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

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



## LEADERSHIP

Leadership is about having open and transparent Council meetings and involving people in Council's decision making. Council holds its meetings in public as per the Local Government Meetings and Official Information Act and is involved in a wide range of civic functions and other less formal meetings. It consults with the public on various topics and collaboratively develops Strategies and Plans with the City's organisations and residents. It also works to develop Council's relationship with Rangitāne and is responsible for advocating on behalf of the City, especially to Central Government.

The overarching goal of this activity is to lead the City and achieve the Council's vision for Palmerston North: Small City benefits, Big City Ambition.

### Community Engagement

Council curated all of the information people wishing to engage with Council decisions might need in one place on the website under the Participate Palmy tab, including information on consultations, invitations for submissions, council and committee meeting agendas, election information and public notices.

Council had great engagement from residents on the Facebook page, and Instagram engagement increased by 130% year on year.

Council ensures that people have a wide range of ways to become involved in Council decisions. Council's engagement on the Proposed 10-Year Plan included: partnership meetings with Rangitāne o Manawatū; meetings on social, economic, environmental and cultural wellbeing cohosted with sector groups; working with schools; providing online and printed information; supporting community groups and networks to run their own 10-Year Plan meetings; sending a summary document to all households; providing a simple postcard format for a response which could be placed in consultation boxes in each of our community libraries and promoting the Plan on radio, print, social media, billboards and movie theatres.

### Strategies, Plans and Policies

Key milestones during 2020/21 were:

- Stage One of the Speed Limits Bylaw was completed
- The Rēhia Papaioea! Play Palmy, Play Policy was adopted
- The Smokefree Outdoor Areas Policy was revised and adopted as the Auahi Kore Smokefree and Vapefree Policy
- A provisional Draft Local Alcohol Policy was adopted
- The initial review stage of the Trade waste, Water supply and Stormwater bylaws was also completed.

## Direction Setting

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

Council also published the City Dashboards on the PNCC website. The information on the Dashboards is presented under each of the strategic goals and provides demographic information about Palmerston North people. Council's direction setting is informed by the Dashboards, the Economic profiles, and the Citywide emissions inventory.

### Strengthening and growing Partnership with Rangitāne

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

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

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

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

### Council Meetings and Elections

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

The focus of the year has been in development of the Long-Term Plan.

Council held 65 meetings. All committee meetings are open to the public for comment and presentations. All Council and committee meetings are now streamed on the Council YouTube channel, and available for viewing following the meeting. Councillors and members of the public can address a meeting remotely.

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

## CORPORATE SUPPORT

### Civic Administration Building (CAB)

Fire compliance works in the building continued during the year. Stage 3 of the four-stage fire safety upgrade programme focused on the conversion of doors to fire doors and the installation of additional detection throughout areas of the building. Stage 3 also saw considerable fire safety improvements undertaken in the Council Chamber and in the external tenancy, leased by Verdict Café. Other works completed in the CAB this year included installing energy-efficient LED lighting in parts of the building, replacing the air conditioning chiller unit, and constructing a new accessibility entrance ramp to the main door of the administration side of the building.

### Marketing and Communications

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

Market research gathered on our city reputation shows satisfaction with council services increased with champions rising to 58% up from 52% last year. Media sentiment has grown from 25% in September last year to 37% in the June quarter this year.

The website was redesigned to reflect the new Palmy identity and made lots of small improvements aimed at enhancing accessibility and usability. Palmy's Facebook engagement is now consistently the highest in the country, compared to other local councils. This past year we had 133,000 engagements on our Facebook page (likes, shares, comments). Instagram is the next most popular channel. Our Instagram engagement increased by 130% up to 24,767 engagements from 10,773 engagements.

### Digital Communications

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

## COMMERCIAL OR STRATEGIC INVESTMENT

### External Contracts

- After-hours call centre
 

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

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

Council provides parking enforcement administration for parking infringements issued by Palmerston North Airport. There were 59 parking infringements issued in 2020/21 as compared to 669 in 2019/20, 1,116 in 2018/19 and 364 in 2016/17. This drop in the number of infringements is attributed to the impact of Covid-19.
- Investment Property
 

Several Council properties are leased to generate revenue. Typically, this occurs when part of a purchased property is not required by Council, or until the property is used for its intended purpose. Council's investment property portfolio remained relatively static throughout the year. All tenancies remained fully leased at market rentals for most of the year. In the few instances where there was tenant turnover, tenancies were typically re-leased within a month from being vacant. The portfolio also maintained low levels of arrears.
- Investments
 

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

Council owns Palmerston North Airport Ltd (PNAL) to ensure the City has an appropriate air gateway for passengers and freight. PNAL has been on a significant growth path both in terms of passenger numbers and financial returns. However, like all airports PNAL has been significantly impacted by Covid-19.

# FINANCIAL SUMMARY

SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2021	COUNCIL			GROUP	
	Actual 2021	Budget 2021	Actual 2020	Actual 2021	Actual 2020
	\$000	\$000	\$000	\$000	\$000
Rates revenue	101,100	100,781	98,852	100,706	98,480
Finance revenue	274	17	1,043	286	384
Other operating revenue	35,272	32,125	32,422	45,071	43,082
Capital revenue	16,459	11,212	12,641	16,504	12,663
<b>Total revenue</b>	<b>153,105</b>	<b>144,135</b>	<b>144,958</b>	<b>162,567</b>	<b>154,609</b>
Depreciation and amortisation	36,785	40,430	36,483	39,060	38,748
Finance costs	(2,226)	5,557	8,129	(1,748)	8,660
Other expenses	104,085	101,755	103,544	110,237	109,104
<b>Total expenses</b>	<b>138,644</b>	<b>147,742</b>	<b>148,156</b>	<b>147,549</b>	<b>156,512</b>
<b>Net surplus/(deficit)</b>	<b>14,461</b>	<b>(3,607)</b>	<b>(3,198)</b>	<b>15,018</b>	<b>(1,903)</b>
Increase/(decrease) in operating property valuations	-	-	-	-	-
Share of associate's surplus/(deficit)	-	-	-	(92)	(95)
Income tax refund / (expense)	41	-	95	(397)	424
Movement in deferred tax	-	-	-	-	-
<b>Net surplus/(deficit) after tax</b>	<b>14,502</b>	<b>(3,607)</b>	<b>(3,103)</b>	<b>14,529</b>	<b>(1,574)</b>
<b>OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>					
Increase/ (decrease) in operating property valuations	111,710	-	157,202	114,410	154,120
Financial assets at fair value through other comprehensive revenue and expense	56	-	(306)	56	(306)
Movement in deferred tax on revaluations	-	-	-	-	507
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>	<b>126,268</b>	<b>(3,607)</b>	<b>153,793</b>	<b>128,995</b>	<b>152,747</b>

## EXPLANATION OF THE MAJOR VARIANCES ARE:

**Other operating revenue:** Higher due to budget being lowered due to Covid-19 assumptions that did not eventuate.

**Capital revenue:** Higher due to increased capital subsidies and grants, including unbudgeted revenues from Department of Internal Affairs for 3 waters.

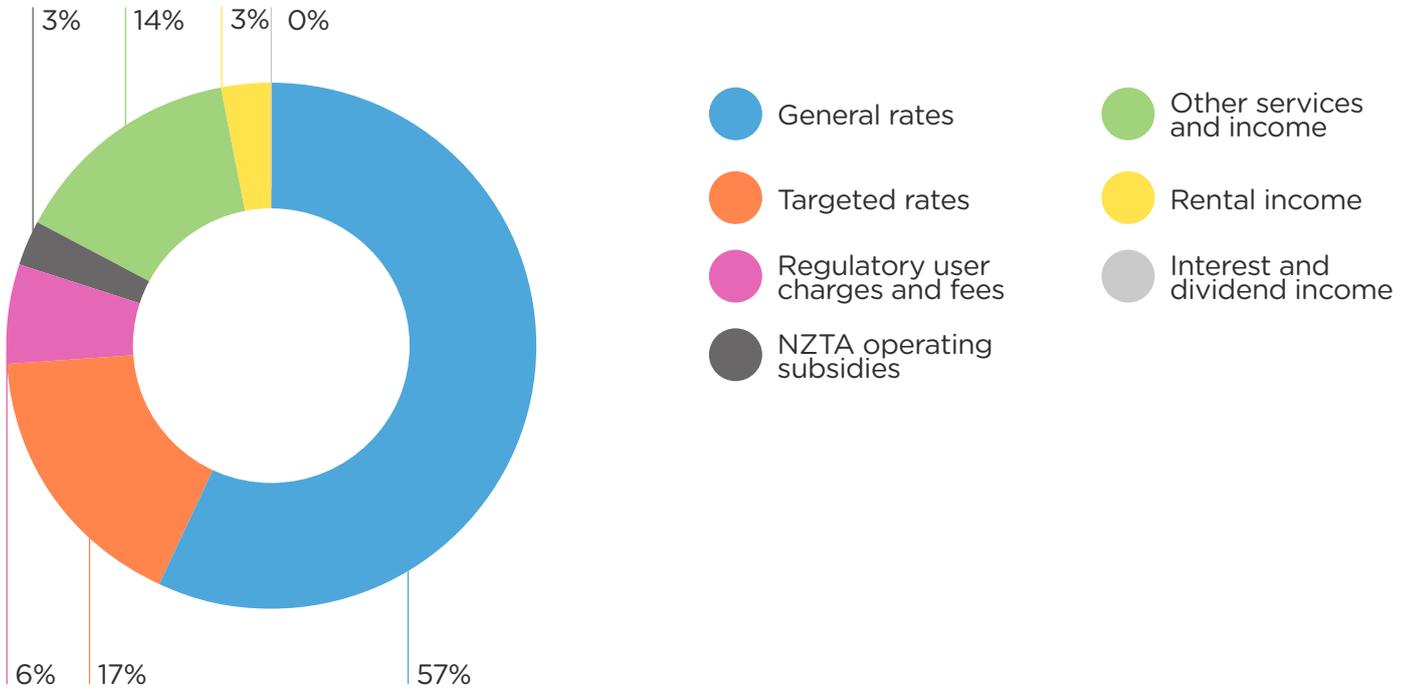
**Depreciation and amortisation:** Lower due to infrastructure revaluation adjusting useful life assumptions and lower capitalisation of assets than budgeted for.

**Finance Costs:** Unbudgeted favourable non-cash valuation on derivative financial instruments with no rates impact as well as favourable interest rates and lower borrowings than budgeted.

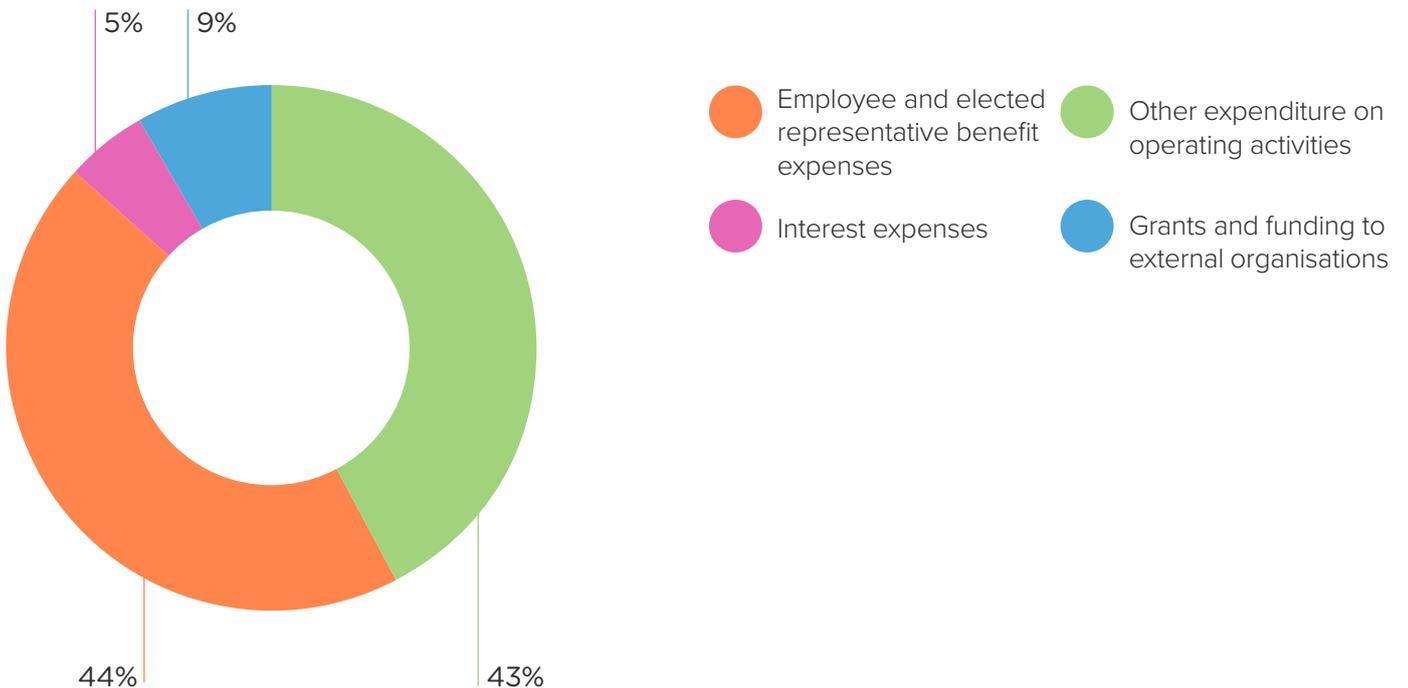
**Other expenses:** Higher than budget due to higher operating revenue with additional expenses associated, and higher professional services and contracted services due to vacancies.

**Increase in operating property valuations:** Revaluation of the operational assets was completed a year earlier than budgeted due to significant increases in land.

Sources of revenue



Types of expenses incurred



<b>SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021</b>	<b>COUNCIL</b>			<b>GROUP</b>	
	Actual 2021	Budget 2021	Actual 2020	Actual 2021	Actual 2020
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Current Assets	18,970	14,569	15,269	22,131	18,382
Non-current Assets	2,005,760	1,769,067	1,861,642	2,102,529	1,953,810
<b>Total Assets</b>	<b>2,024,730</b>	<b>1,783,636</b>	<b>1,876,911</b>	<b>2,124,660</b>	<b>1,972,192</b>
Current Liabilities	46,742	37,150	53,169	54,663	58,841
Non-current Liabilities	163,542	181,294	135,564	177,761	150,110
Equity Attributable to PNCC	1,814,446	1,565,192	1,688,178	1,892,236	1,763,241
<b>Total Liabilities and Equity</b>	<b>2,024,730</b>	<b>1,783,636</b>	<b>1,876,911</b>	<b>2,124,660</b>	<b>1,972,192</b>

**EXPLANATION OF THE MAJOR VARIANCES ARE:**

**Current assets:** Higher inventories due to development of Tamakuku Terrace anticipated to be sold in 2020/21 now anticipated to be sold in 2021/22 and 2022/23.

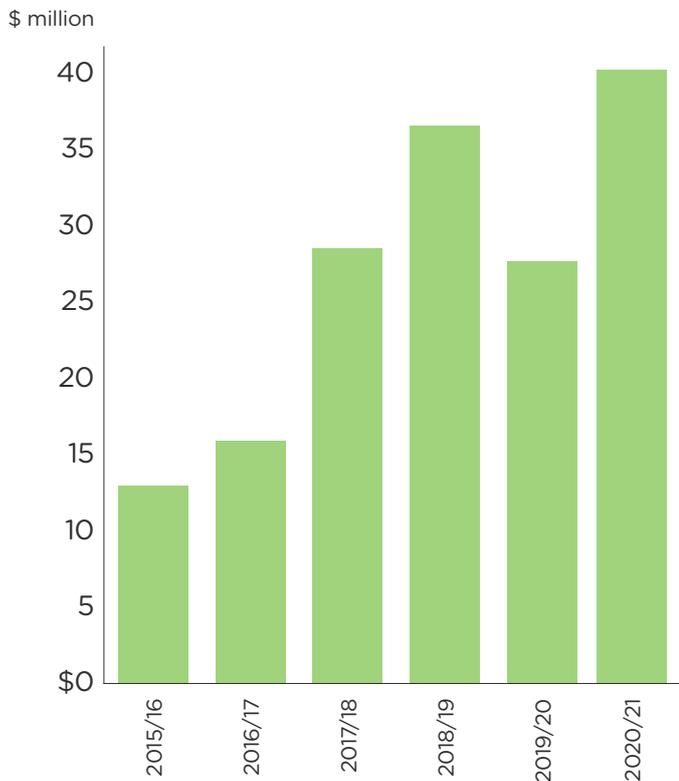
**Non-current assets:** Property, plant and equipment higher than budget due to early revaluation of operational assets being completed a year earlier than budgeted.

**Total liabilities:** Lower than budget due to a lower level of opening debt, and lower capital expenditure than budget.

**Equity:** Higher than budget due to the revaluation of operational assets.

<b>SUMMARY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021</b>	<b>COUNCIL</b>			<b>GROUP</b>	
	Actual 2021	Budget 2021	Actual 2020	Actual 2021	Actual 2020
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Equity at beginning of the year	1,688,178	1,568,799	1,534,385	1,763,241	1,610,494
Total comprehensive revenue and expense for the year	126,268	(3,607)	153,793	128,995	152,747
<b>Equity at the end of the year</b>	<b>1,814,446</b>	<b>1,565,192</b>	<b>1,688,178</b>	<b>1,892,236</b>	<b>1,763,241</b>
<b>Comprising:</b>					
Retained earnings	1,060,497	1,046,511	1,046,309	1,094,107	1,079,935
Special funds	-	-	-	392	349
Revaluation reserves	753,949	518,681	641,869	797,737	682,957
<b>Equity at the end of the year</b>	<b>1,814,446</b>	<b>1,565,192</b>	<b>1,688,178</b>	<b>1,892,236</b>	<b>1,763,241</b>

### New capital expenditure spent



### Renewal capital expenditure spent

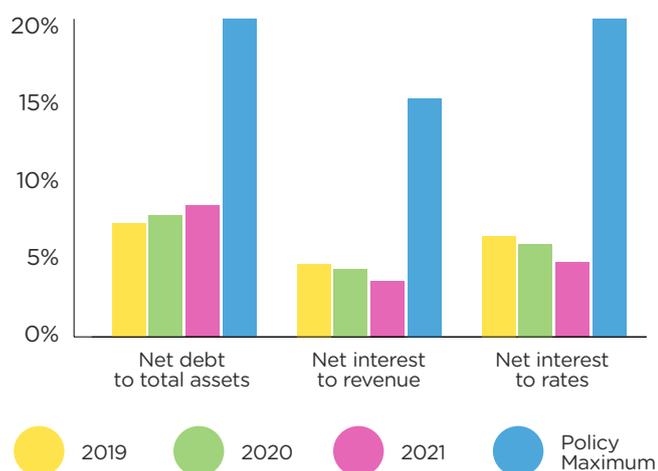


### SUMMARY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

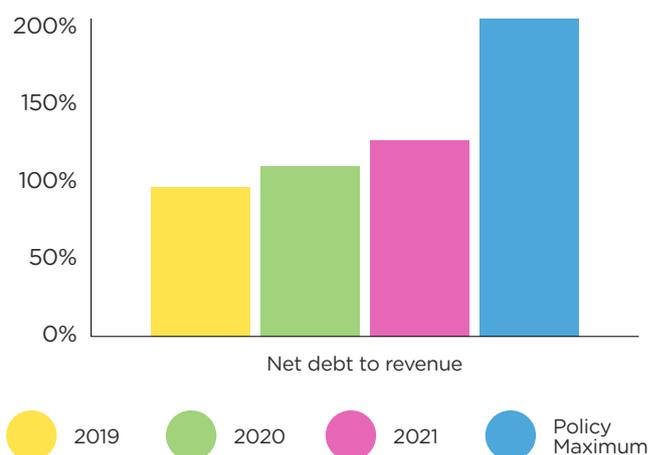
	COUNCIL			GROUP	
	Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
Net cash from operating activities	38,855	34,822	30,961	41,995	33,744
Net cash from investing activities	(63,497)	(70,466)	(52,393)	(67,571)	(54,717)
Net cash from financing activities	24,125	35,643	20,800	25,125	24,450
<b>Net (decrease)/increase in cash, cash equivalents and bank overdrafts</b>	(517)	(1)	(632)	(451)	3,477
Cash, cash equivalents and bank overdrafts at the beginning of the year	2,039	500	2,671	3,337	(140)
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	<b>1,522</b>	<b>499</b>	<b>2,039</b>	<b>2,886</b>	<b>3,337</b>

## BORROWING RATIOS AGAINST POLICY

### Borrowing ratios at 30 June 2021



### Borrowing ratios at 30 June 2021



## EVENTS AFTER THE BALANCE SHEET DATE

### Covid-19 lockdown

On the 17th August 2021 all of New Zealand went into a Level 4 Covid-19 lockdown and Palmerston North has since moved down to Level 2. This has caused operational disruption to Council, but hasn't had a material financial impact.

### Three waters service delivery reforms

On 27 October 2021, the Local Government Minister announced that central government will proceed with the three waters service delivery reforms using a legislated "all in" approach. The three waters reform involves the creation of four statutory water services entities to be responsible for the service delivery and infrastructure from local authorities from 1 July 2024. There is still a number of uncertainties associated with the new three waters delivery model including the mechanism for how assets will be transferred to the newly established entities, and the control and governance NOTE 31 of these entities.

Notwithstanding the current uncertainty the announcement once legislated will mean Council is no longer responsible for the delivery and infrastructure of three water services from 1 July 2024.

### Accounting policy - judgement

Following the announcement by the Local Government Minister on 27 October 2021 regarding central government proceeding with the three waters service delivery reforms using a legislated "all in" approach, Council continues to recognise its three waters assets at 30 June 2021 in accordance the accounting policies set out on pages 156 to 165. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to the new water entity. It is expected central government will develop details around the mechanism for the transfer of the water assets and this will be completed prior to 1 July 2024. As further details are established this may require adjustments to Council's three water assets either in respect of disclosure or measurement.

# ABOUT THIS SUMMARY

This Summary Annual Report has been extracted from the full Annual Report and is designed to give an overview for the year to 30 June 2021 of the Council's operations as a legal entity and also those for its "group", including its subsidiary and Council controlled organisations. The Annual Report contains detailed information about our finances and service performance and was adopted by Council and approved for issue on 20 December 2021.

This summary report has been prepared in accordance with PBE FRS 43: Summary Financial Statements. It cannot be expected to provide as complete understanding as provided by the full financial report of the financial and service performance, financial position and cash flow of the Council.

The full financial statements for the year ended 30 June 2021 have been prepared in accordance with NZ GAAP. They comply with NZ PBE IPSAS Tier 1, and other applicable Financial Reporting Standards, as appropriate for public

benefit entities. The functional and presentation currency of PNCC is New Zealand dollars with all values rounded to the nearest thousand dollars. The Council of Palmerston North City confirms that all other statutory requirements relating to the Annual Report have been complied with.

Audit New Zealand has audited the full financial statements and issued an unmodified on the audited information, excluding the statement of service provision. A qualified opinion was issued relating to the statement of service provision with respect verifying the response times and number of complaints relating to the wastewater system, drinking water supply, and performance of the stormwater system, as well as the time taken to attend and resolve water supply and wastewater faults. This Summary has been examined by Audit New Zealand for consistency with the full Annual Report.

The full Annual Report can be obtained from our website [pncc.govt.nz](http://pncc.govt.nz)

# INDEPENDENT AUDITOR'S REPORT

**AUDIT NEW ZEALAND**  
Mana Arotake Aotearoa

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

The summary of the annual report was derived from the annual report of the Palmerston North City Council and group (the City Council) for the year ended 30 June 2021.

The summary of the annual report comprises the following summary statements on pages 4 to 32:

- the summary statement of financial position as at 30 June 2021;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2021;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision.

## OPINION

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

However, the summary non-financial performance information includes a limitation in scope to the equivalent extent as the full audited non-financial performance information. This limitation is explained below in *The full annual report and our audit report thereon* section.

## SUMMARY OF THE ANNUAL REPORT

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

### **THE FULL ANNUAL REPORT AND OUR AUDIT REPORT THEREON**

We expressed a qualified opinion on the statement of service provision in the full audit report and an unmodified opinion on the other audited information in the full annual report for the year ended 30 June 2021 in our auditor's report dated 20 December 2021. The basis for our qualified opinion on the statement of service provision in the full audit report is explained below.

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

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

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

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

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

#### **ATTENDANCE AND RESOLUTION TIMES – WATER SUPPLY, AND WASTEWATER**

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

Information about this matter is also disclosed on page 32 of the City Council's summary annual report.

Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to the disclosures about the Government's three waters reform programme announcement as set out in the full annual report in note 31 to the financial statements. The Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the City Council will no longer deliver three waters services. These matters are addressed on page 31 of the summary financial statements.

### **COUNCIL'S RESPONSIBILITY FOR THE SUMMARY OF THE ANNUAL REPORT**

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out 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.

In addition to our audit and our report on the disclosure requirements, we have audited the City Council's 2021-31 long-term plan and performed a limited assurance engagement related to the City Council's debenture trust deed. These engagements are compatible with those independence requirements.

Other than these engagements, we have no relationship with, or interests in, the City Council or its subsidiaries and controlled entities.



**Debbie Perera**

Audit New Zealand

On behalf of the Auditor-General

Palmerston North, New Zealand

19 January 2022



**Te Kaunihera o Papaioea Palmerston North City Council**

[pncc.govt.nz](http://pncc.govt.nz) / [info@pncc.govt.nz](mailto:info@pncc.govt.nz) / 06 356 8199 / Te Marae o Hine – 32 The Square, Palmerston North