



Papaioea Palmerston North 2028

Te Mahere Tūroa | 10 Year Plan 2018-28



Te Kaunihera o Papaioea - Palmerston North City Council

This 10 Year Plan was adopted by the Council on 25 June 2018 in accordance with the Local Government Act 2002.

The 10 Year Plan states the Council's intentions. It is based on the Council's best information and planning at the time it was developed. If circumstances change, the Council may have to change its intentions.

All the decisions in this document are reviewable, especially during future 10 Year Plans and Annual Budgets¹.

This is made clear in the Local Government Act 2002, Section 96:

1. The effect of a long-term plan and an annual plan adopted by a local authority is to provide a formal and public statement of the local authority's intentions in relation to the matters covered by the plan.
2. A resolution to adopt a long-term plan or an annual plan does not constitute a decision to act on any specific matter included within the plan.
3. Subject to section 80, and except as provided in section 97, a local authority may make decisions that are inconsistent with the contents of any long-term plan or annual plan.
4. No person is entitled to require a local authority to implement the provisions of a long-term plan or an annual plan.

¹ The Council uses the term 'Annual Budget' to represent the 'Annual Plan' required under the Local Government Act 2002

Palmerston North 2028

10 Year Plan 2018-28



He Mihi



Tūturu Pumau meeting house on the Te Hotu Manawa o Rangitāne o Manawatū Marae

**Kei te mihi ake ki te pae maunga o Tatarua me tōna taumata Te Ahu ā Turanga.
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 acknowledges the local iwi Rangitāne and their customary relationship to this area, and appreciates their manaakitanga of this City and all of the people who have made it their home.

The Council remains committed to fostering and strengthening our partnership with Rangitāne.

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A Message from the Mayor and Chief Executive

In March of this year, we released the Palmerston North City Council draft 10 Year Plan, laying out an ambitious vision for the future of our city, and a roadmap for making that vision a reality. We asked for your input as a community, to help refine the Plan, and to ensure we would be steering in a direction the people of Palmerston North wanted to go.

The response from residents was tremendous. We received more than 700 submissions and comments, through letters, emails, social media and face-to-face community feedback sessions, addressing all aspects of the 10 Year Plan. Our thanks go to each and every resident and organisation who participated. Your submissions reflect a community which agrees that we ought not to let Palmerston North's future be determined by others, but that we should take responsibility for shaping it ourselves.

It has been hugely encouraging to see that, on the whole, you back our vision for Palmerston North, and the concept of "Small city benefits; Big city ambition". You recognise that our lifestyle, our diversity and vibrancy are great strengths, and that as a city we have the potential to truly prosper in the years ahead, if we make the right decisions today.

The largest single investment in the Plan, the Wastewater Treatment Plant, was almost universally supported, with residents absolutely backing the necessity of future-proofing our core infrastructure for a growing population and to enhance the environment. Support was also strong for the Plan's other major catalyst projects, with clear recognition of the value of investing in sustainable growth, revitalising the city centre and enhancing the Manawatū River network. Alongside that broad support, the detailed feedback, questions and considerations you raised in relation to each project will be carried forward into their individual planning processes.

You also gave us clear feedback on areas where you thought the plan could be improved, and we've made some changes as a result. The draft Plan proposed setting market rents for new tenants in Council-owned community

housing, and using the revenue to build around 20 additional units to increase the number of people who can access that housing. Overwhelmingly, your submissions opposed that idea, in favour of retaining subsidised rents for all community housing. So we've adjusted the Plan to reflect those views, and we'll explore other options for adding to our social housing stock.

We've also taken on board your feedback regarding affordability and our proposal to make savings through accelerating debt repayment. As a result, we've delayed those additional repayments to begin in year four, rather than year one, which enables us to reduce the originally proposed rates rises in the first three years, while still saving \$8.4 million in interest over the period.

We believe this finalised 10 Year Plan unlocks opportunities through strategic investment and sustainable management of our resources, while balancing affordability for ratepayers of today and future generations.

The majority of the Plan is dedicated to 'business as usual' infrastructure and services – the roads, water supply, wastewater, stormwater, sports facilities, parks and reserves that all make our city tick. Our strategy is to ensure Palmerston North remains an environment that enables outstanding quality of life, while providing a robust foundation for business investment and population growth.

The investments we're making in this 10 Year Plan will support and magnify the investment that Government and the private sector are also making in this city. Over the next five years or so, over a billion dollars will come into the city and region for infrastructure. As a major freight and

logistics hub for the lower North Island, we already shift six times the freight of Taranaki and two and half times as much as Wellington. Developing our infrastructure will enable even greater opportunity in this critical sector.

Smart planning means this infrastructure will contribute to liveability as well as prosperity. The Government has committed to progressing the Regional Ring Road in parallel with construction of the Manawatū Gorge replacement. This will be a game-changer, not only making it easier to move freight through the region, but also easing congestion and making our city more liveable.

A thriving Palmerston North is also attracting investment into distinctive future-focussed industries. Through the Food HQ initiative, centred on a new facility being constructed at Massey University, we are leading the way in agri-food science and technology and agri-tech for New Zealand. With \$250 million set to be invested in Food HQ over the next 20 years, and the innovative energy of more than 4,000 researchers, scientists and educators behind the project, Palmerston North is on track to be the Southern Hemisphere's powerhouse in this increasingly vital food sector.

Over the next 10 years, as technology, demographics and the nature of work continue to evolve rapidly, New Zealand's regional cities have an unprecedented opportunity to grow and flourish. The ones that succeed will be those cities that embrace change and seize their opportunities with confidence and self-belief.

Palmerston North has tremendous advantages as we head into the next decade. Our foundations are robust, and our momentum is strong. With this 10 Year Plan, developed together, we've set a course for the future that we can all be proud of.

On behalf of everyone at Palmerston North City Council, we thank you for your contribution to the 2018-2028 Ten Year Plan. Now it's time for us to put it into action.



Heather Shotter
Chief Executive



Grant Smith
Mayor



Auditor's Report

Independent auditor's report on Palmerston North City Council's 2018 28 Long Term Plan

I am the Auditor General's appointed auditor for Palmerston North City Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's long term plan (the plan). Section 259C of the Act requires a report on disclosures made under certain regulations. We have carried out this work using the staff and resources of Audit New Zealand. We completed our report on 25 June 2018.

Opinion

In my opinion:

- the plan provides a reasonable basis for:
 - long term, integrated decision making and co ordination of the Council's resources; and
 - accountability of the Council to the community; and
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 207 to 209 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee the accuracy of the information in the plan.

Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor General's Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the information in the plan is based on materially complete and reliable information;

- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.
- We did not evaluate the security and controls over the electronic publication of the plan.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

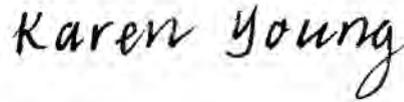
I am responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

Independence

In carrying out our work, we complied with the Auditor General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

Other than our work in carrying out all legally required external audits, and an engagement in the area of assurance review of the Council's Debenture Trust Deed, which is compatible with those requirements, we have no relationship with or interests in the Council or any of its subsidiaries.



Karen Young

Audit New Zealand

On behalf of the Auditor General, Wellington, New Zealand

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Wāhanga 1 Section 1

Te Ahunga Whakamua Where we are heading



Here you will find out about the type of city we want to create, and how we decided on this.

Council's Strategic Direction
(vision, principles and goals)

**Summary of Financial Strategy
2018-2028**

**Summary of 30 Year Infrastructure
Strategy**

Strategic Risk

Section 1

Where we are heading



Vision, Goals and Principles

Palmerston North is the heart of the Manawatū region within Central New Zealand. We are a small city with a lot to offer, and we're ambitious about where we're going. Palmerston North 2028 has been informed by our communities and is a statement of the future we want for our city. This document identifies the vision, guiding principles and strategic goals for Palmerston North to 2028.

Vision: Palmerston North: Small city benefits, big city ambition

Palmerston North celebrates its small city advantages – great quality of life, strong community, and easy affordable access to services. We are a city that embraces our people, Rangitāne iwi heritage and diversity, offering vibrancy and big city excitement without the hassle and cost. We are arty, with a creative spirit and a healthy and active city with excellent sports and recreation options.

We take seriously our responsibility to manage and renew city infrastructure for the future which our community relies upon for its health and wellbeing.

As the economic and cultural centre of our region we are ambitious, innovative and agile, and quickly adapt to change to create prosperity. We are connected and use the talents of our whole community to work as one team. We are a future-focused city that enhances our environment and ensures growth is sustainable.

What our vision means

Our vision for Palmerston North is to make the most of all the benefits of a small city, while offering our citizens and region the lifestyle, education and business opportunities available in much larger metropolitan cities.

We are a well located regional city and have some significant opportunities for growth. As Auckland and

northern New Zealand reaches capacity we expect many people will look for thriving places in which to base their lives and businesses. To position ourselves for this opportunity, we must recognise that relying on typical small city advantages such as quality of life and affordability won't be enough to compete with other regional cities around New Zealand.

We will also be ambitious, agile and innovative in actively promoting and positioning our city to take advantage of these opportunities, while retaining the strengths and advantages that give our city its special character.

We are a council that takes seriously its responsibility to manage and renew the city's infrastructure for the future which underpins our community's health and wellbeing.

We will build on our strong Rangitāne Iwi heritage and grow partnerships amongst a progressive and growing Māori population. We will be clever and quick to respond to challenges and opportunities, facing them as a whole community working as one team around a united vision. We must be on people's radar, with a national and international reputation as an exciting and creative small city that attracts talented people, smart investors, new residents and industries.

Like other regional cities, Palmerston North faces unprecedented challenges from global and local demographic, technological, economic, social and environmental changes that are dramatically changing

the nature of work, disrupting traditional industries and influencing people's choices about where and how they live, work, study and play.

These changes are likely to have a significant impact on and create opportunities for our traditional sectors such as defence, education, agri-business, health and logistics, and we must support these sectors to adapt and expand while attracting investment and diversifying our economy. We realise we are in a competition for talent and must pursue it.

Achieving this vision will require a team effort. The City Council will build our community's capacity to take the lead on many initiatives, using Council's skills, leadership and resources to kick-start and realise opportunities, partnering the community to make dreams possible.

We have identified five strategic goals for achieving this vision:

Goal 1: An innovative and 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 change to fuel sustainable growth, prosperity and wellbeing.

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.

Goal 3: A connected and safe community

A city that includes, supports, connects and uses the talents and advantages of the whole community in the pursuit of prosperity and wellbeing. A city that has an international reputation as a safe city 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.

Goal 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.

Goal 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.

The vision and goals set out the Council's broadest aspirations.

Each goal has several levels of detail below it to show what the Council will do to achieve the vision and goals:

- **strategies:** these show the priorities that the Council will focus on to achieve the vision and goals
- **plans:** these show specific actions under the strategies for the next three years
- **activities:** these are the operational functions, with budgets, that deliver the actions from the plans. (They are the legal building block of the longterm plan.)

Our guiding principles

We have identified six principles that will guide the way Council and councillors interact with our communities and lead our city. The guiding principles will be evident in the way we engage, plan, make decisions and allocate resources on behalf of our city and residents.

Inclusive: We will celebrate diversity and be inclusive and collaborative in our engagement, planning, decision making and service provision, to ensure our actions are fair and equitable.

Open: We will be accountable to our community and transparent in our decision making. We will make decisions in public whenever possible and clearly communicate the reasons behind them.

Ambitious: We will be ambitious in our aspirations for our city and actively pursue new options that can enhance our prosperity and wellbeing.

Bold: We will provide visionary leadership, take considered risks and make tough decisions where needed to benefit our community and sustain our future.

Enabling: We will support our community to build its capacity to achieve its goals through community-led solutions to community issues.

Guardianship: We will act in the public interest as responsible and ethical stewards of the city and the infrastructure assets and resources under our control, ensuring they are used efficiently and effectively to deliver public value now and into the future.

The vision and goals set out the Council's broadest aspirations.

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Goal 1: An innovative and growing city

Our aspiration

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 change to fuel sustainable growth, prosperity and wellbeing.

Our goals

We will drive entrepreneurship and innovation by providing the support, infrastructure, opportunities and conditions to enable traditional sectors to diversify and expand, and new industries and new economies to grow to create the employment opportunities that sustain and expand our city's future.

Palmerston North will stand out by transforming its economy to a low carbon economy, backed up by an action plan.

Our approach

The nature of work is changing rapidly and many jobs that exist today will be replaced by different types of work in the future. New jobs are anticipated in research, development, and creative industries and we must position ourselves for this.

We have a lot of clever people in Palmerston North and we can build on this - innovation breeds innovation. As our traditional industries evolve and new industries emerge, we must create an innovation eco-system that extends our strengths of research, education and development, supports our entrepreneurs and innovators, and attracts new industries.

To do this we must foster entrepreneurs and enterprises small and large, helping them to compete in local, national and global markets by ensuring the infrastructure and programmes are in place to support their success. We also must develop new ways to gather and share information to grow our city's knowledge sector.

Our target

12,000 more jobs in Palmerston North by 2028.



Our strategies and plans

City Development Strategy

Palmerston North is expanding, and Council wants to accelerate the city's growth and prosperity. Having a ready supply of land with infrastructure to support the city's growth will ensure Council can harness new development opportunities and increase Palmerston North's competitiveness. Council will provide infrastructure in a timely way while managing the financial risks of providing too much infrastructure in multiple locations. Integrating land use planning and infrastructure can be a powerful economic development tool. The Government has provided strong direction about this, particularly for housing, in its National Policy Statement for Urban Development Capacity (2016).

The Plans under this strategy are:

- District Plan
- Housing and Future Development Plan
- Strategic Partners Development Plan
- Urban Design Plan
- Heritage Management Plan
- Growth Infrastructure Plan
- Strategic Transport Plan

Economic Development Strategy

Palmerston North is the major economic hub for the Manawatū-Whanganui region for education, research health services, retailing, business services such as banking and finance, insurance, and professional services, government administration, agribusiness and logistics. The city's growing economic influence within the region is demonstrated by the number of people commuting to work in Palmerston North from surrounding local authority areas, and the expansion of the city's labour market region over the past 25 years. With 34% of the regional population, Palmerston North has 48% of jobs and 49% of earnings for the region. Projected growth in the economy will lead to more industrial, commercial and residential development, all of which requires additional infrastructural capacity.

The Plans under this strategy are:

- Economic Development Plan
- International Relations Plan

Our activities

City Development (for more information see pages 43-46)

Strategic Transport (Roading) (for more information see pages 47-55)

Economic Development (for more information see pages 57-61)

Goal 2: A creative and exciting city

Our aspiration

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.

Our goals

We will build Palmerston North's national and international reputation as a creative and exciting place to live, work and study. A creative city renowned for its visual and performing arts, events, food, festivals, sporting events and great cultural institutions. A city that has great places for people, and the attractions, recreation options and experiences of a big city without hassle and cost. We will promote our city's strength in sport development, capability and participation.

Our approach

To attract new talent and keep our young people here, our city must be an exciting place where talented people choose to live. A city that people want to return to because of their positive memories and the great lifestyle on offer for all stages of life.

Our culture, the way we do things here, is at the heart of how people experience our city and define liveability. We will encourage and enable participation in artistic expression, and support experimentation to foster the creativity that shapes and benefits our whole community.

Creativity, visual and performing arts, events, festivals, sporting events, recreation and our cultural institutions contribute not only to economic and social wellbeing but enhance our reputation as a great place to visit, work and invest in.

Building on our extensive events offering, we will grow our reputation as a vibrant place where there's always something happening and things to do. This will help us to attract new residents and businesses

Our target

Palmerston North scores above 65 in the Creative Cities Index by 2028.



Our strategy and plans

Creative and Liveable Strategy

To help Palmerston North compete for people, talent and investment, as well as improving how the city is perceived by locals, visitors, potential new citizens and investors, creative city-making needs to inform the way that Council invests in infrastructure.

Charles Landry, an international authority on cities and creativity, visited Palmerston North to find out how local people view the city and assess the city against his Creative City Index. In his report, Landry said place-making now plays an important role: "Most cities historically were built in a very functional way, encapsulated in the cliché 'roads, rates and rubbish' (a hardware focus). In the last two decades, however, there has been a major shift related in large part to global competition between cities and the need to attract the best talents. Urban development is now concerned with combining hardware and software and so focus on what places look and feel like and how emotionally satisfactory they are as well as how they attract activity. In this approach there is a stronger focus on walkability and the need to downgrade the power of the car. Place-making is now an aim and requires a completely different skill set, spread throughout a local authority and its external stakeholders. This new approach is concerned with building communities and places, not only infrastructure." This approach needs to be applied to the way Council invests in infrastructure in Palmerston North.

The Plans under this strategy are:

- City Centre Plan
- Manawatū River Plan
- Placemaking Plan
- Arts Plan
- Events and Festivals Plan
- Palmy Unleashed Plan
- Active Communities Plan
- Culture and Heritage Plan
- Active and Public Transport Plan

Our activities

Active Public Space (for more information see pages 64-69)

Arts, Culture and Heritage (for more information see pages 70-74)

Active Community (for more information see pages 75-84)

Active and Public Transport (for more information see pages 85-89)

Goal 3: A connected and safe community

Our aspiration

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.

Our goals

We will work to make it easy for Palmerston North citizens to connect with each other and to the services, infrastructure, facilities, drinking water quality and opportunities that support individual development, health, prosperity and wellbeing, for the greater good of our community as a whole.

Our approach

Cities are mainly social networks rather than physical forms and our prosperity and wellbeing is best gauged through the quality of human exchange, diversity and inclusion of people - whatever their age, gender, physical ability, socio-economic status, sexuality or cultural background.

A connected community is one where all members feel connected to and valued by each other.

If we work cross-sectorally between service providers and government agencies we can have a greater collective impact, ensuring no one in our community falls through the gaps.

In our connected community, we celebrate and respond to our Rangitāne Iwi, cultural, social and physical history and heritage. We also ensure we have an accessible city, where it's easy for people to move about safely and access the services they need.

Our target

90% of people are satisfied with the standard of living in Palmerston North by 2028.



Our strategy and plans

Connected Community Strategy

Palmerston North has a uniquely diverse community, with a prominent defence workforce, large numbers of young and transient tertiary students, and a strong connection to the wider Manawatū province. The city is relatively young; by 2043 the average age is projected to be 37 – five years younger than for New Zealand overall. However, the fastest-growing age group in Palmerston North is people aged over 65. In future, the city will be home to a large older population, as well as growing numbers of children and young people.

The ethnic mix of Palmerston North also continues to become more diverse, and it is arguably the most ethnically diverse provincial city in New Zealand.

Pasifika and Asian people are projected to make up a growing proportion of the population, behind only NZ European (73%) and Māori (22%) by 2028. Since 2004, Palmerston North has become home to small groups of former refugees from the Republic of Congo, Burma, Bhutan and Syria.

Along with the city's changing age and ethnic profile comes a change in household composition. More than 60% of the 30,000 households are made up of only one family, and a quarter of all households have only one member.

Infrastructure investment needs to recognise the changing nature of the Palmerston North community.

The Plans under this strategy are:

- Community Services and Facilities Plan
- Social Housing Plan
- Healthy Community Plan
- Community Support Plan
- Active Citizenship Plan
- Safe Community Plan

Our activities

Connected Communities (for more information see pages 92-99)

Safe Communities (for more information see pages 100-104)

Goal 4: An eco-city

Our aspiration

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.

Our goals

Palmerston North will have a sustainable future and a reduced ecological footprint through effective planning of infrastructure, and the protection, maintenance and enhancement of our natural and built environment. We are working towards our city becoming a low carbon economy.

Our approach

We value the natural environment and the inter-connectedness of our natural assets. Our response to changes in our economy, society and climate must leave our environment in a better place. One way we can do this is to grow our City in a sustainable way. For example:

- planning to accommodate growth through intensification rather than urban sprawl
- incorporating requirements for environmentally sensitive design in our public spaces and buildings
- supporting the infrastructure for electric vehicles and active transport
- actively promoting and creating renewable, clean energy
- actively pursuing new and sustainable economies that have low impact on our environment
- acknowledge Te Ao Māori practices for our Rangitāne Iwi, especially around the protection and preservation of our environment.

While advocacy and education are important so too are increasing our biodiversity and protecting our high class soils from urban development. We will take the lead in demonstrating good practice while harnessing our natural assets, including protecting a plentiful and safe water supply

Our target

25% reduction in CO2 emissions in Palmerston North by 2028.



Our strategy and plans

Eco City Strategy

The Ministry for the Environment advises that “climate change is the biggest environmental challenge of our time. Each one of us needs to work on ways to cut our emissions, adapt to the effects of climate change, and become more resilient to the changes that are coming. Climate change is already affecting our climate. It is likely to impact our agriculture and other climate-sensitive industries, our native ecosystems, infrastructure, health and biosecurity, as well as having broader social and economic impacts”.

The Manawatū River is the heart of the city and region, and the mauri of the river is a direct reflection of the city's values. The city is increasingly looking to the waterways it once turned its back on, only to find that those waterways are not in the same state as they were before. Council is a signatory to the Manawatū River Leaders Accord along with other councils, iwi, businesses and community groups. In the Accord, Council has made a series of commitments towards improving the mauri of the Manawatū River.

Adapting to the effects of climate change, playing a part to slow climate change and managing the city's impact on the Manawatū River are critical drivers within the Eco City Strategy that will inform Council's approach to infrastructure investment.

The Plans under this strategy are:

- Three Waters Plan
- Waste Plan
- Energy Plan
- Biodiversity Plan
- Sustainable Practices Plan

Our activities

Rubbish and Recycling (for more information see pages 107-111)

Biodiversity and Sustainable Practices (for more information see pages 112-115)

Stormwater (for more information see pages 116-121)

Wastewater (for more information see pages 122-128)

Water Supply (for more information see pages 129-135)

Goal 5: A driven and enabling Council

Our aspiration

To govern well, and build the leadership, culture, capability and capacity required to efficiently and effectively deliver, together with our community, the change required to achieve the outcomes in council's new city vision.

To regularly receive high levels of endorsement from customers, residents, partners, stakeholders and peers.

To meet, beyond expectations, our responsibility to manage and renew the infrastructure upon which our community relies for its health and wellbeing.

Our goals

We will work as one team with our community to be a catalyst and enabler of change in the city. Our goal is to do things in a simpler, faster, and better way for the overall benefit of our community.

Our approach

To achieve the Council's vision for the city, our organisation needs to develop the leadership, culture, capability and capacity necessary to take full advantage of the opportunities that are available, while at the same time managing some significant risks.

The Council cannot realise our vision on our own; we will need to work with the community to be a catalyst for change, and to encourage growth and new investment in the city. This means we will have to work in new, more collaborative, ways to build trust and improve relationships with customers, residents, and partners. This commitment to improve our relationships is also reflected in the Guiding Principles that have been adopted by Council and which form part of this strategy.

There are no external strategies and plans

Our activities

Leadership (for more information see pages 138-140)

Corporate Support (for more information see pages 141-144)

Commercial and Strategic Investments (for more information see pages 145-147)



Summary of Financial Strategy

The purpose of the Financial Strategy is to:

- facilitate prudent financial management by Council, by providing a guide against which to consider proposals for funding and expenditure
- provide a context for consulting on Council's proposals for funding and expenditure, by making their overall effects on services, rates, debt and investments transparent

Key elements of the strategy are:

- to ensure the Council's long-term financial position is sustainable
- to recognise inter-generational funding requirements
- to manage debt within defined levels
- to maintain the infrastructure provided for the City by previous generations, for the use by current and future generations
- to ensure financial capacity for future generations so they are able to fund high-priority programmes
- timely provision of new infrastructure that builds capacity and enables the City to harness new development opportunities while avoiding the financial risks associated with over provision.

In developing this Strategy, the Council focused on:

- what needs to be done to ensure the City's infrastructure can continue to provide desired levels of service and meet any growth in demand
- what level of rates is required to meet the infrastructure needs
- how to create sufficient borrowing 'capacity' to cope with future high-priority programmes.

As a result, the approach is to:

- encourage staff to provide innovative and efficient delivery of services
- commit to funding capital renewals at the levels required to maintain assets
- challenge expenditure proposals to ensure they are aligned to key Council Strategies, that the proposed timing is realistic and that they are capable of being delivered
- peer-review capital expenditure budgets to ensure they are adequate in the current challenging contracting market
- make sure the expenditure required for growth is committed soon enough to enable the City to harness development opportunities, but not too far ahead of when the infrastructure will actually be required.

Financial Overview

- Council has assets with a replacement value of more than \$1.7 billion that are generally in good condition and are big enough to cope with significant city growth.
- The Council's current debt levels are moderate for a regional New Zealand city (especially given the range and quality of services provided).
- Rates levels are comparable with other districts of our size.
- Council is planning for high population and household growth over the next 10 years and medium growth beyond that time.

- The City has adequate appropriately zoned land to cope with the first 10 years of growth.
- Council believes it needs to invest in new and better catalyst projects to meet its Vision and Goals for the City.
- The requirement to update the City's wastewater treatment and disposal system provides the greatest single challenge to long-term financial sustainability of the Council. At the present time it has been assumed that an acceptable option can be obtained for \$133 million (\$110 million without inflation) but there is a high level of risk it could be more than this.
- In order to fund existing Council services and key projects being proposed in the 10 Year Plan, including new capital expenditure of \$530 million, Council's rates and debt levels will need to increase – debt increasing from a forecast \$106 million to \$367 million.
- To help manage the additional debt, and to remain within Council's own prudential borrowing ratios, rates have been increased from year four onward to fund additional debt repayment.
- Total rates will need to increase by 5.3% in 2018/19, 5.5% in 2019/20, 5.2% in 2020/21 and increases of between 4.6% and 5.7% in each of the following seven years.

The full strategy is on pages 152 -166

Summary of Infrastructure Strategy

One of the Council's major roles is providing and maintaining the city's infrastructure. This covers transport, stormwater, wastewater, water, property and recreational assets. These all underpin economic and social activity and help maintain the health of the environment.

The total replacement cost of this infrastructure is \$1.7 billion. The bulk of this infrastructure is in the early to mid-phase of its life and in a good condition, and surveys have shown that most people are satisfied with Council's infrastructure.

Nevertheless, it is still expensive to look after, and Council currently spends around \$14 million a year renewing it. This will gradually increase as the infrastructure ages and as we build more. We also need to replace some older water pipes in the next few years to reduce maintenance costs. We expect to spend an average of \$18.6m a year (present day cost) over the next 30 years to keep the assets in a good condition.

The Council has significant decisions to make about its infrastructure over the next 10 - 30 years. The single biggest is the wastewater treatment plant upgrade. Council's resource consent to discharge treated wastewater from the treatment plant into the Manawatū River is due to expire in 2028. As part of the new consent process Council needs to complete a review the wastewater treatment and disposal options by June 2021. Council then needs to lodge a new consent application by June 2022. Council will not know the costs of the upgrade until it has developed specific options. This will be done in consultation with the community. However, it is a major project and will have a major impact on rates and debt levels. For more information see pages 188-189.

Other major infrastructural projects include (more information is on page 167):

- providing a further river crossing and regional freight ring road
- developing new infrastructure for growth, encouraging alternative transport modes, city centre streetscape
- Manawatū River Framework
- Central Energy Trust Arena
- Te Manawa
- Library of the Future
- use of Council land for housing
- resilience of infrastructure
- security of water supply
- impact of climate change.

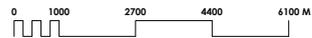
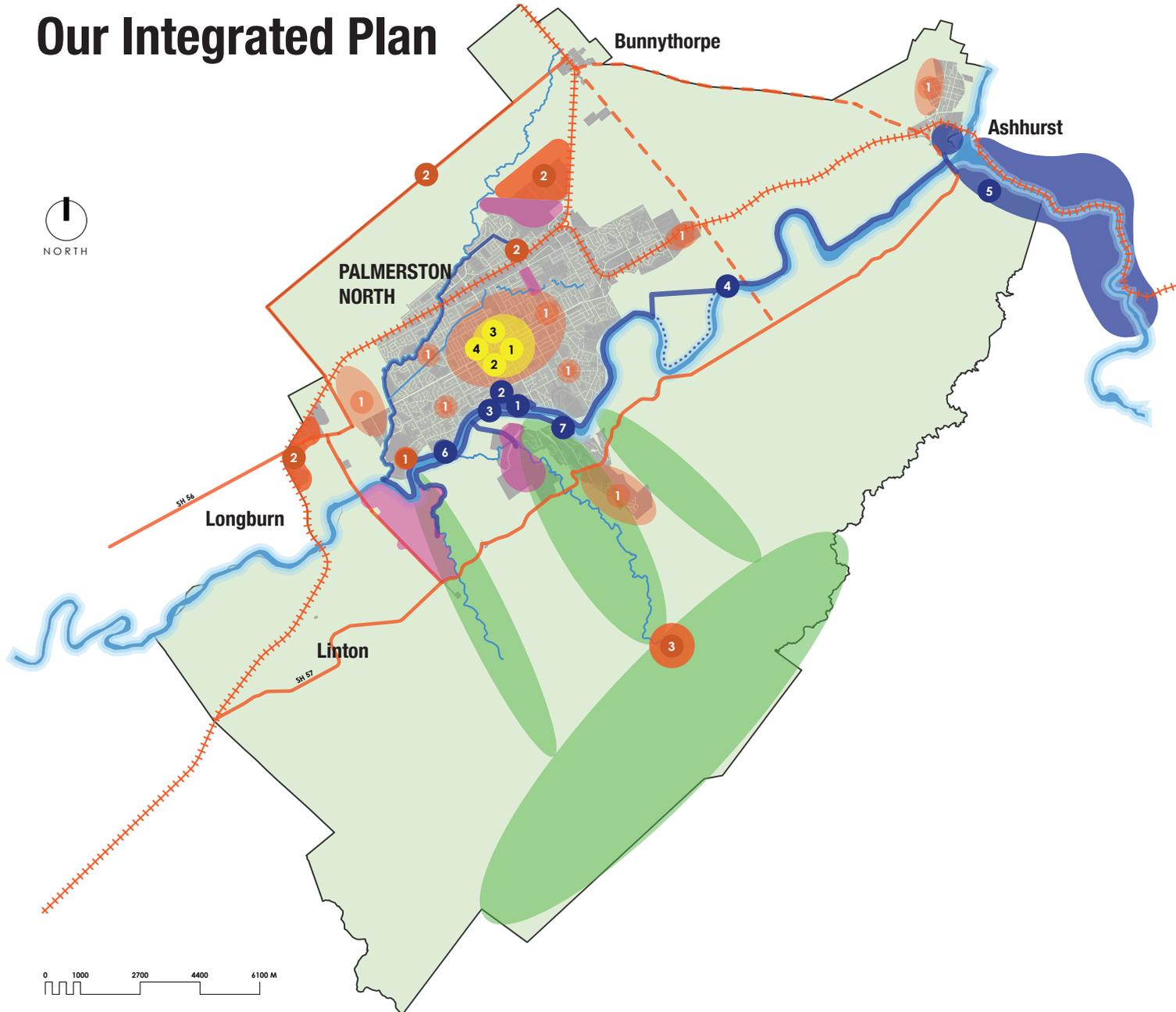
City Shaping Moves

We have three "city shaping moves" to achieve the vision and goals. There are groups of major projects that will transform Palmerston North:

- Enabling Sustainable Growth
- City Centre Transformation
- Manawatū River Network

These are integrated projects as shown in the spatial map below.

Our Integrated Plan



Mapping the Future

Sustainable Growth (Industrial)

1. Wastewater Treatment Plant Upgrade
2. Regional Ring Road, Rail, Airport & multi-modal infrastructure to enable industrial growth: Longburn & North East Industrial Zone (NEIZ)
3. Water Storage & Drainage*
*City-wide

Sustainable Growth (Residential)

4. Infrastructure for residential growth: Whakarongo (our own city development), Aokautere, City West, Urban Intensification, Ashhurst

City Centre Transformation

1. City Centre Streetscape Plan & Redesign
2. Te Manawa 2025 Redevelopment
3. Central Library Upgrade (Library of the Future)
4. Central Energy Trust Arena Masterplan & Projects
5. Heritage Protection Package*
6. Initiatives with City Business Partners
*Across City Centre

Manawatū River Network

1. Central Energy Trust Wildbase Recovery Centre
2. Victoria Esplanade Masterplan & Projects
3. He Ara Kotahi Bridge & Shared Pathway
4. Manawatū River Shared Pathway (Ashhurst to City)
5. Te Apiti Biodiversity & Recreation
6. Ahimate Park (Waitoetoe Park)
7. Te Motu o Poutoa (Anzac Park)

City-wide Partners:

Rangitāne*, Central Economic Development Agency (CEDA), Central & Local Government, Massey University, Research & Food HQ, NZ Defence, MidCentral DHB, Airport
*City-wide

Manawatū River & Tributaries

Biodiversity Corridors

Urban Areas



Regional Freight Ring Road



City Boundary



Enabling Sustainable Growth is about ensuring that we have the land and essential infrastructure for sustainable growth in population and jobs. It includes:

- the wastewater treatment plant upgrade
- the regional freight ring road, rail, airport (multi-modal) infrastructure to enable industrial growth in Longburn and around the airport (North east industrial zone)
- infrastructure for residential growth at Whakarongo (including Council's own development), City West, Aokautere, Ashhurst and urban intensification
- water storage and drainage.

Transforming the city centre is about creating a more vibrant city centre will attract more business investment and visitors into the city, and deliver benefits to the city as a whole. It includes:

- city centre streetscape redesign plan and projects:
- Te Manawa 2025 redevelopment
- Library of the Future
- Central Energy Trust Arena masterplan and projects
- heritage protection package
- initiatives with City Business Partners.

Developing recreation activities along the Manawatū River will deliver lifestyle benefits for residents, and contribute to the city's attractiveness as a place to live or visit. It includes:

- the Central Energy Trust Wildbase Recovery Centre
- Victoria Esplanade masterplan and projects
- He Ara Kotahi bridge and shared pathway
- Manawatū River shared pathway (Ashhurst to city)
- Manawatū Gorge (Te Apiti) biodiversity and recreation
- Ahimate (Waitoetoe) Park and To Motu-o-Poutoa (Anzac Park).

These are all long-term projects. More information on them, including how we are progressing with them, is on our website.

Strategic Risk

The Council has identified five strategic risks that could prevent it from achieving its vision and goals. The following table lists these risks and shows what the Council will focus on through the strategies to prevent the risks from occurring or to minimise their impact.

| THE RISK | GOAL AND STRATEGY RESPONSE |
|--|---|
| <p>The Council's finances are overstretched, particularly by the Wastewater Consent Project and meeting the costs of growth</p> | <p>Financial Strategy:</p> <ul style="list-style-type: none"> ensure the Council's long-term financial position is sustainable recognise inter-generational funding requirements manage debt within defined levels maintain the infrastructure provided for the City by previous generations, for the use by current and future generations ensure financial capacity for future generations so they are able to fund high-priority programmes timely provision of new infrastructure that builds capacity and enables the City to harness new development opportunities while avoiding the financial risks associated with over provision. |
| <p>The demise of the CBD</p> | <p>Goal 2: A creative and exciting city</p> <p>CREATIVE AND LIVEABLE STRATEGY</p> <ul style="list-style-type: none"> Priority 1: Create a city that has great places for all people, and particularly families <p>CITY CENTRE TRANSFORMATION (CITY SHAPING MOVE)</p> |
| <p>The City has a poor image and reputation</p> | <p>Goal 1: An innovative and growing city</p> <p>ECONOMIC DEVELOPMENT STRATEGY AND CITY DEVELOPMENT STRATEGY</p> <ul style="list-style-type: none"> Priority 1: Create and enable opportunities for employment and growth Priority 2: Provide infrastructure to enable growth and a transport system that links people and opportunities <p>Goal 2: A creative and exciting city</p> <p>CREATIVE AND LIVEABLE STRATEGY</p> <ul style="list-style-type: none"> Priority 1: Create a city that has great places for all people, and particularly families Priority 3: Develop the city into an arts powerhouse with a national reputation for creativity and the arts Priority 4: Develop a national and international reputation as an exciting city with plenty to do at night and on weekends <p>Goal 3: A connected and safe community</p> <p>CONNECTED COMMUNITY STRATEGY</p> <ul style="list-style-type: none"> Priority 2: Ensure the city has a healthy community where everyone has access to healthy, safe, and affordable housing and neighbourhoods Priority 3: Build community capacity to take ownership and encourage community leadership of solutions, including better co-ordination between community organisations and groups <p>CITY CENTRE TRANSFORMATION (CITY SHAPING MOVE)</p> <p>MANAWATŪ RIVER NETWORK (CITY SHAPING MOVE)</p> |

| THE RISK | GOAL AND STRATEGY RESPONSE |
|---|---|
| <p>There is a lack of engagement and partnership between the community and the Council</p> | <p>Goal 3: A Connected and Safe Community.</p> <p>CONNECTED COMMUNITY STRATEGY</p> <ul style="list-style-type: none"> • Priority 3: Build community capacity to take ownership and encourage community leadership of solutions, including better co-ordination between community organisations and groups |
| <p>The environment is not properly protected</p> | <p>Goal 4: An Eco City.</p> <p>ECO CITY STRATEGY</p> <ul style="list-style-type: none"> • Priority 1: Respect and enhance the mauri of the Manawatū River • Priority 2: Work with the community to reduce carbon emissions • Priority 3: Regenerate native biodiversity • Priority 4: Invest in infrastructure that serves to protect, enhance and preserve the environment • Priority 5: Use Council's legislative powers and policies to ensure urbandevelopment is sustainable now and in the future • Priority 6: Educate the community, in particular property owners, on the benefits of investing in sustain-able building design and green buildings • Priority 7: Demonstrate leadership and best practice by developing and implementing an environmental sustainability plan for the Council, Council-run events, and facilities <p>ECONOMIC DEVELOPMENT STRATEGY</p> <ul style="list-style-type: none"> • Priority 5: Transform the economy to a low carbon economy <p>ENABLING SUSTAINABLE GROWTH (CITY SHAPING MOVE)</p> |
| <p>The land supply and provision of infrastructure do not match growth</p> | <p>Goal 1: An innovative and growing city.</p> <p>CITY DEVELOPMENT STRATEGY</p> <ul style="list-style-type: none"> • Priority 1: Create and enable opportunities for employment and growth • Priority 2: Provide infrastructure to enable growth and a transport system that links people and opportunities <p>ENABLING SUSTAINABLE GROWTH (CITY SHAPING MOVE)</p> |
| <p>The City misses out on economic growth and jobs</p> | <p>Goal 1: An innovative and growing city.</p> <p>ECONOMIC DEVELOPMENT STRATEGY AND CITY DEVELOPMENT STRATEGY</p> <ul style="list-style-type: none"> • Priority 1: Create and enable opportunities for employment and growth • Priority 2: Provide infrastructure to enable growth and a transport system that links people and opportunities <p>ECONOMIC DEVELOPMENT STRATEGY</p> <ul style="list-style-type: none"> • Priority 3: Diversify the economy to reduce reliance on traditional industries • Priority 4: Support an "innovation economy" to underpin growth into the future • Priority 5: Transform the economy to a low carbon economy <p>CITY CENTRE TRANSFORMATION (CITY SHAPING MOVE)</p> |

Wāhanga 2 Section 2

Te Whakamahere i te Ahunga Whakamua How we are planning to get there

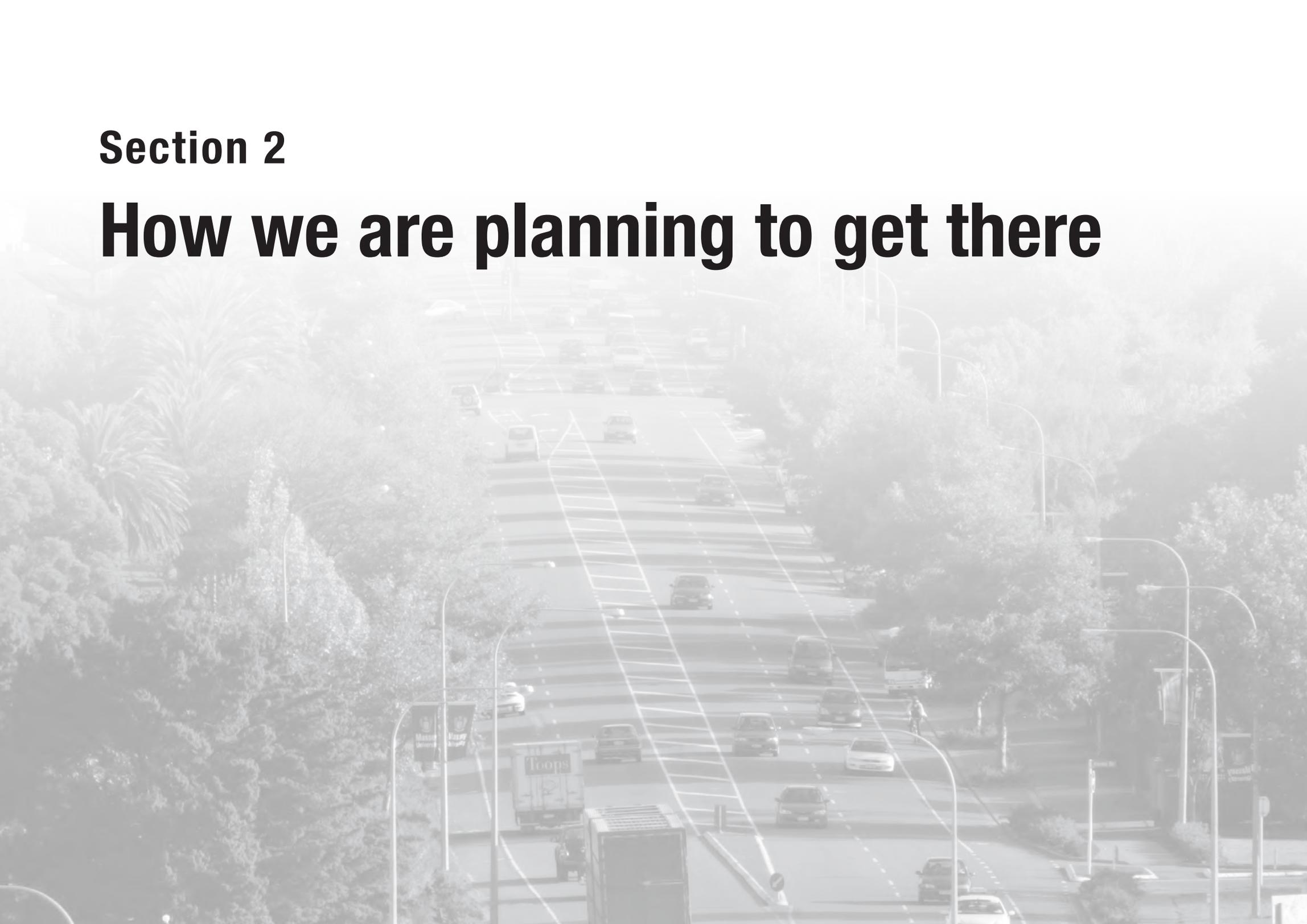
This shows what we're planning to do over the next 10 years. It shows how these things will make Palmerston North a better place to live, and how much they are expected to cost.

Goals, strategies and plans

| | | | | | |
|---|-----------|--|------------|---|------------|
| Goal 1 – Innovative & Growing City | 41 | Goal 3 – Connected & Safe Community | 90 | Goal 5 – Driven & Enabling Council | 136 |
| <i>City Development Activity</i> | <i>43</i> | <i>Connected Communities Activity</i> | <i>92</i> | <i>Leadership</i> | <i>138</i> |
| <i>(includes Housing and Future Development, Urban Design, Heritage Management)</i> | | <i>(includes libraries, community centres, community groups and Social Housing)</i> | | <i>Corporate Support</i> | <i>141</i> |
| <i>Strategic Transport (Roading) Activity</i> | <i>47</i> | <i>Safe Communities Activity</i> | <i>100</i> | <i>Commercial or Strategic Investments</i> | <i>145</i> |
| <i>Economic Development Activity</i> | <i>57</i> | <i>(includes animal control, civil defence, public health & safer community initiatives)</i> | | | |
| Goal 2 – Creative & Exciting City | 62 | Goal 4 – Eco-City | 105 | | |
| <i>Active Public Space Activity</i> | <i>64</i> | <i>Rubbish & Recycling Activity</i> | <i>107</i> | | |
| <i>(includes Placemaking, Events & Festivals, Palmy Unleashed)</i> | | <i>Biodiversity & Sustainable Practices Activity</i> | <i>112</i> | | |
| <i>Arts, Culture & Heritage Activity</i> | <i>70</i> | <i>Stormwater Activity</i> | <i>116</i> | | |
| <i>(includes arts & cultural organisations/groups)</i> | | <i>Wastewater Activity</i> | <i>122</i> | | |
| <i>Active Community Activity</i> | <i>75</i> | <i>Water Supply Activity</i> | <i>129</i> | | |
| <i>(includes Sport and Recreation, Parks, Sportsfields and Reserves)</i> | | | | | |
| <i>Active and Public Transport Activity</i> | <i>85</i> | | | | |
| <i>(includes cycle/pedestrian paths, buses & bike stands)</i> | | | | | |

Section 2

How we are planning to get there



Groups of Activities and Goals - Introduction

The Council wants Palmerston North to be recognised for the great quality of life that its residents enjoy, and at the same time, for them to have all the lifestyle, education and business opportunities that are available in much larger cities.

This is summed up in Council’s Vision:

Palmerston North: Small city benefits, Big city ambition.

| Vision: | | | | | | |
|--|---------------------------------------|-----------------------------|-------------------------------------|---------------------------------------|------------------------|--------------------------------------|
| Small city benefits, Big city ambition. | | | | | | |
| Goals: | An Innovative and Growing City | | A Creative and Exciting City | A Connected and Safe Community | An Eco-City | A Driven and Enabling Council |
| Strategies: | City Development | Economic Development | Creative and Livable City | Connected Community | Eco-City | Driven and Enabling Council |
| Plans: | Housing and Future Development. | Economic Development. | City Centre. | Community Services and Facilities. | Biodiversity. | Partnerships. |
| | Strategic Partners Development. | International Relations. | Manawatū River. | Social Housing. | Three Waters. | Leadership and Culture. |
| | Urban Design. | | Placemaking. | Healthy Community. | Waste. | Digital Transformation. |
| | Growth Infrastructure. | | Arts. | Community Support. | Energy. | Good Governance. |
| | Strategic Transport. | | Events and Festivals. | Community Support. | Sustainable Practices. | |
| | Heritage Management. | | Palmy Unleashed. | Active Citizenship. | | |
| | | | Active Community. | Safe Community. | | |
| | | | Culture and Heritage. | | | |
| | | | Active and Public Transport. | | | |

The Council works on these Strategies and Plans through Activities. Activities are defined in the Local Government Act as goods and services provided by the Council. The Act requires similar Activities to be put together into Groups of Activities for budget purposes.

The following section shows the Council's Activities, organised by Goal and Strategy. It links all of the Council's actions back to these Goals and Strategies to show how the Council contributes to making Palmerston North a city with all the best that small and big cities can offer.

This information includes the performance measures and targets for each Activity. Some of the measures are narratives. Council has no specific targets for these; instead, it will briefly report on the outcomes achieved. Some targets are about implementing projects on time and budget. In these cases, specific projects will be identified once they are approved in the final Plan. 'Within budget' means plus or minus 5%. The targets stay the same for the full 10 years, but will be reviewed through the development of the 2021 10 Year Plan.

The Council has other performance measures in its Plans (pncc.govt.nz/vision). For an overall picture of the Council's achievements, these need to be looked at alongside the 10 Year Plan measures.

A guide to the programmes within this section

Rounding

Because the figures are rounded to the nearest thousand dollars, it sometimes appears that they do not add up, but the total represents the sum of the individual forecast amounts.

Operating Programmes

Individual operating programmes occasionally generate additional revenue streams for the Council. For this reason, the figures shown in relation to the programme reflect the planned net amount that the Council will fund from rates.

In the Summary Activity Financial Statements the revenue and expenses from the programme are included in the relevant categories, along with all the other revenue and expenses to fund the Activity.

Capital Programmes

Since individual capital programmes result in the Council creating an asset (capital new), or replacing an existing asset (capital renewal), the total cost is shown in the programme schedules. The total of all budgeted external funding for all capital programmes within an Activity is deducted from what is shown as the 'Total' to show what the Council plans to contribute (shown as 'Funded by Council [Rates and Borrowing]'). The programme schedules also show the percentage split between how much is to fund growth (Growth) and how much is to fund current or new levels of service (LOS) for each.

Activity Financial Statements relationship with Prospective Statement of Comprehensive Revenue and Expense

The following Activity Financial Statements present the operating revenue (excluding rates income) that will be earned and the operating expenditure (including depreciation) that will be incurred by each individual Activity. This differs slightly from the Prospective Statement of Comprehensive Revenue and Expense on page 202 which includes rates income. The Net Operating Cost of Activity Groups less Rates Requirement (in the Group of Activities Summary Financial Statements on page 36) equates to the Surplus/(Deficit) less Capital Revenue (in the Prospective Statement of Comprehensive Revenue and Expense on page 202).

| ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|---------------------------------------|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| BUDGET 2017/18 | WHOLE OF COUNCIL | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| REVENUE | | | | | | | | | | | |
| INNOVATIVE & GROWING CITY | | | | | | | | | | | |
| 3,490 | City Development | 3,932 | 4,045 | 4,175 | 4,185 | 4,309 | 4,456 | 4,476 | 4,583 | 4,694 | 4,811 |
| 1,140 | Economic Development | 1,168 | 1,193 | 1,218 | 1,243 | 1,270 | 1,300 | 1,330 | 1,361 | 1,394 | 1,429 |
| CREATIVE & EXCITING CITY | | | | | | | | | | | |
| 1,925 | Active Community | 1,990 | 2,030 | 2,073 | 2,116 | 2,163 | 2,212 | 2,263 | 2,318 | 2,373 | 2,435 |
| 9 | Active Public Space | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 54 | 55 |
| 73 | Arts, Culture & Heritage | 62 | 63 | 65 | 66 | 67 | 69 | 71 | 72 | 74 | 76 |
| CONNECTED & SAFE COMMUNITY | | | | | | | | | | | |
| 3,670 | Connected Communities | 3,820 | 3,945 | 4,028 | 4,170 | 4,319 | 4,439 | 4,568 | 4,699 | 4,840 | 4,977 |
| 1,071 | Safe Communities | 1,219 | 1,244 | 1,270 | 1,297 | 1,331 | 1,368 | 1,406 | 1,440 | 1,474 | 1,511 |
| ECO-CITY | | | | | | | | | | | |
| - | Biodiversity & Sustainable Practices | - | - | - | - | - | - | - | - | - | - |
| 2,971 | Rubbish and Recycling | 2,955 | 2,978 | 3,044 | 3,113 | 3,185 | 3,262 | 3,343 | 3,427 | 3,516 | 3,610 |
| TRANSPORT | | | | | | | | | | | |
| 6,713 | Roading | 7,225 | 7,376 | 7,798 | 7,478 | 7,658 | 7,843 | 8,039 | 8,240 | 8,761 | 8,681 |
| 129 | Active and Public Transport | 167 | 170 | 174 | 190 | 182 | 187 | 191 | 196 | 202 | 207 |
| 24 | WATER | 36 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 |
| 927 | WASTEWATER | 1,152 | 1,298 | 1,449 | 1,607 | 1,646 | 1,867 | 1,927 | 2,191 | 2,262 | 2,338 |
| 2 | STORMWATER | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 |
| DRIVEN & ENABLING COUNCIL | | | | | | | | | | | |
| 3,362 | Commercial or Strategic Investments | 3,696 | 3,813 | 3,932 | 4,023 | 4,147 | 4,226 | 4,308 | 4,394 | 4,483 | 4,577 |
| 643 | Corporate Support | 505 | 515 | 526 | 536 | 548 | 560 | 573 | 586 | 599 | 614 |
| 210 | Leadership | 172 | 303 | 179 | 183 | 323 | 191 | 196 | 346 | 205 | 210 |
| 26,361 | Total Revenue | 28,145 | 29,058 | 30,015 | 30,296 | 31,239 | 32,073 | 32,785 | 33,951 | 34,977 | 35,579 |

| ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|---------------------------------------|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| BUDGET 2017/18 | WHOLE OF COUNCIL | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| EXPENSES | | | | | | | | | | | |
| INNOVATIVE & GROWING CITY | | | | | | | | | | | |
| 5,620 | City Development | 6,756 | 6,876 | 7,092 | 7,134 | 7,335 | 7,408 | 7,628 | 7,737 | 7,963 | 8,113 |
| 4,273 | Economic Development | 4,458 | 4,505 | 4,599 | 4,699 | 4,801 | 4,908 | 5,019 | 5,127 | 5,238 | 5,355 |
| CREATIVE & EXCITING CITY | | | | | | | | | | | |
| 18,909 | Active Community | 18,897 | 20,694 | 22,019 | 22,000 | 23,032 | 23,341 | 23,708 | 24,417 | 24,426 | 24,814 |
| 1,201 | Active Public Space | 2,506 | 2,385 | 2,432 | 2,459 | 2,543 | 2,614 | 2,689 | 2,768 | 2,785 | 2,848 |
| 7,697 | Arts, Culture & Heritage | 8,601 | 8,275 | 8,505 | 8,737 | 8,967 | 9,113 | 9,248 | 9,589 | 10,705 | 11,891 |
| CONNECTED & SAFE COMMUNITY | | | | | | | | | | | |
| 16,434 | Connected Communities | 17,354 | 18,786 | 19,759 | 20,477 | 21,223 | 22,142 | 23,009 | 23,668 | 24,324 | 24,882 |
| 2,453 | Safe Communities | 2,848 | 3,146 | 3,357 | 3,441 | 3,526 | 3,621 | 3,717 | 3,791 | 3,873 | 3,957 |
| ECO-CITY | | | | | | | | | | | |
| 95 | Biodiversity & Sustainable Practices | 756 | 836 | 751 | 740 | 738 | 729 | 719 | 735 | 752 | 775 |
| 7,250 | Rubbish and Recycling | 7,809 | 8,016 | 8,244 | 8,424 | 8,599 | 8,683 | 8,862 | 8,975 | 9,216 | 9,400 |
| TRANSPORT | | | | | | | | | | | |
| 21,642 | Roading | 24,287 | 25,325 | 28,133 | 28,340 | 29,522 | 31,917 | 32,666 | 33,507 | 35,939 | 35,828 |
| 3,169 | Active and Public Transport | 4,092 | 4,485 | 4,925 | 5,234 | 5,661 | 6,032 | 6,306 | 6,413 | 6,591 | 6,596 |
| 7,999 | WATER | 8,256 | 8,615 | 9,319 | 9,944 | 10,437 | 11,018 | 11,348 | 11,396 | 11,915 | 11,975 |
| 9,201 | WASTEWATER | 10,992 | 11,278 | 11,338 | 11,540 | 11,398 | 11,573 | 11,990 | 14,048 | 19,399 | 24,770 |
| 3,432 | STORMWATER | 3,784 | 3,933 | 4,197 | 4,174 | 4,246 | 4,575 | 4,680 | 4,753 | 5,242 | 5,300 |
| DRIVEN & ENABLING COUNCIL | | | | | | | | | | | |
| 3,314 | Commercial or Strategic Investments | 6,531 | 4,594 | 5,591 | 4,868 | 6,330 | 5,060 | 6,108 | 4,959 | 4,367 | 4,316 |
| 476 | Corporate Support | 188 | 18 | 36 | 213 | 177 | 336 | 263 | 312 | 412 | 391 |
| 8,803 | Leadership | 8,640 | 9,324 | 9,301 | 9,187 | 9,293 | 9,404 | 9,512 | 9,970 | 10,043 | 10,024 |
| 121,967 | TOTAL EXPENSES | 136,379 | 141,090 | 149,526 | 151,613 | 157,828 | 161,803 | 166,946 | 171,543 | 182,366 | 190,454 |

| ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|---------------------------------------|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| BUDGET 2017/18 | WHOLE OF COUNCIL | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| 95,605 | NET OPERATING COST OF ACTIVITY GROUPS | 108,234 | 112,031 | 119,511 | 121,317 | 126,589 | 129,730 | 134,161 | 137,592 | 147,388 | 154,875 |
| RATING REQUIREMENT | | | | | | | | | | | |
| (30,321) | Less Depreciation | (34,627) | (36,081) | (39,383) | (41,116) | (42,925) | (46,420) | (47,290) | (49,002) | (53,228) | (55,294) |
| - | Less Transfers To/(From) Reserves | (2,800) | (434) | (1,251) | (470) | (1,930) | (567) | (1,673) | (555) | - | - |
| 18,937 | Plus Net Capital Renewal (3 Year Average) | 19,731 | 19,673 | 20,412 | 21,307 | 21,975 | 23,581 | 23,928 | 25,749 | 26,330 | 27,113 |
| 5,574 | Plus Debt Repayment | 3,999 | 4,516 | 5,556 | 9,181 | 12,298 | 15,322 | 17,980 | 20,102 | 19,553 | 21,308 |
| 89,795 | RATES REQUIREMENT | 94,537 | 99,706 | 104,845 | 110,218 | 116,008 | 121,645 | 127,105 | 133,886 | 140,043 | 148,003 |
| 2.8% | | 5.3% | 5.5% | 5.2% | 5.1% | 5.3% | 4.9% | 4.5% | 5.3% | 4.6% | 5.7% |
| CAPITAL EXPENDITURE | | | | | | | | | | | |
| CAPITAL RENEWALS | | | | | | | | | | | |
| INNOVATIVE & GROWING CITY | | | | | | | | | | | |
| - | City Development | - | - | - | - | - | - | - | - | - | - |
| 162 | Economic Development | 330 | 262 | 270 | 311 | 303 | 253 | 364 | 223 | 567 | 238 |
| CREATIVE & EXCITING CITY | | | | | | | | | | | |
| 3,162 | Active Community | 4,187 | 4,193 | 2,742 | 1,916 | 2,403 | 3,012 | 2,991 | 4,289 | 3,763 | 6,782 |
| - | Active Public Space | 23 | - | - | - | - | - | 227 | - | - | - |
| 196 | Arts, Culture & Heritage | 320 | 311 | 595 | 347 | 181 | 938 | 652 | 1,422 | 1,099 | 1,560 |
| CONNECTED & SAFE COMMUNITY | | | | | | | | | | | |
| 3,605 | Connected Communities | 3,766 | 1,670 | 1,916 | 1,908 | 2,344 | 1,828 | 2,526 | 2,553 | 2,823 | 2,279 |
| 6 | Safe Communities | 36 | 81 | 38 | 60 | 98 | 40 | 64 | 93 | 43 | 81 |
| ECO-CITY | | | | | | | | | | | |
| Biodiversity & Sustainable Practices | | | | | | | | | | | |
| 306 | Rubbish and Recycling | 362 | 325 | 395 | 374 | 491 | 530 | 1,035 | 1,183 | 1,125 | 931 |

| ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|--------------------------------------|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| BUDGET 2017/18 | WHOLE OF COUNCIL | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| | TRANSPORT | | | | | | | | | | |
| 4,783 | Roading | 5,473 | 4,969 | 6,595 | 7,143 | 7,917 | 6,830 | 7,260 | 9,732 | 7,491 | 7,736 |
| 695 | Active and Public Transport | 868 | 761 | 799 | 845 | 942 | 1,133 | 1,160 | 1,203 | 1,236 | 1,271 |
| 3,109 | WATER | 3,415 | 3,013 | 3,314 | 4,579 | 4,544 | 3,597 | 4,186 | 4,976 | 3,100 | 3,859 |
| 3,513 | WASTEWATER | 4,112 | 2,578 | 2,524 | 3,403 | 2,316 | 2,992 | 2,671 | 2,441 | 2,528 | 2,887 |
| 266 | STORMWATER | 635 | 677 | 610 | 587 | 606 | 629 | 469 | 541 | 396 | 438 |
| | DRIVEN & ENABLING COUNCIL | | | | | | | | | | |
| 1,265 | Commercial or Strategic Investments | 1,332 | 1,320 | 1,364 | 1,105 | 1,220 | 1,316 | 1,257 | 1,366 | 1,401 | 1,362 |
| 2,694 | Corporate Support | 1,327 | 1,314 | 1,365 | 1,903 | 1,971 | 1,490 | 1,537 | 1,251 | 1,314 | 1,436 |
| - | Leadership | - | - | - | - | - | - | - | - | - | - |
| 23,764 | TOTAL CAPITAL RENEWALS | 26,186 | 21,475 | 22,528 | 24,482 | 25,336 | 24,590 | 26,399 | 31,272 | 26,887 | 30,861 |
| | CAPITAL NEW | | | | | | | | | | |
| | INNOVATIVE & GROWING CITY | | | | | | | | | | |
| - | City Development | - | - | - | - | - | - | - | - | - | - |
| - | Economic Development | 7 | 54 | - | - | 8 | 59 | - | - | - | - |
| | CREATIVE & EXCITING CITY | | | | | | | | | | |
| 8,936 | Active Community | 10,404 | 9,141 | 10,307 | 12,831 | 4,353 | 1,892 | 967 | 2,002 | 1,283 | 2,411 |
| 15 | Active Public Space | 619 | 403 | 36 | 207 | 38 | 217 | 17 | 17 | 18 | - |
| 398 | Arts, Culture & Heritage | 219 | 627 | 1,847 | 1,648 | 685 | 1,934 | 2,962 | 14,204 | 20,799 | 30,566 |
| | CONNECTED & SAFE COMMUNITY | | | | | | | | | | |
| 5,908 | Connected Communities | 10,326 | 8,439 | 4,410 | 3,617 | 3,755 | 5,918 | 1,301 | 1,622 | 565 | 166 |
| - | Safe Communities | 80 | 903 | - | - | - | - | - | - | - | - |

| ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|--------------------------------------|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| BUDGET 2017/18 | WHOLE OF COUNCIL | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| | ECO-CITY | | | | | | | | | | |
| | Biodiversity & Sustainable Practices | 80 | 82 | 84 | 86 | 88 | 90 | 24 | 24 | 25 | 25 |
| 461 | Rubbish and Recycling | 564 | 399 | 417 | 398 | 162 | 178 | 177 | 178 | 196 | 190 |
| | TRANSPORT | | | | | | | | | | |
| 10,824 | Roading | 9,582 | 19,375 | 18,366 | 16,001 | 15,425 | 5,843 | 12,771 | 11,083 | 7,014 | 3,922 |
| 7,173 | Active and Public Transport | 10,007 | 4,206 | 4,661 | 1,955 | 3,416 | 3,427 | 974 | 756 | 682 | 726 |
| 3,219 | WATER | 3,011 | 6,601 | 9,644 | 6,172 | 6,516 | 3,151 | 4,043 | 2,288 | 3,342 | 921 |
| 1,269 | WASTEWATER | 1,183 | 2,813 | 1,033 | 268 | 1,146 | 6,630 | 19,023 | 36,746 | 36,616 | 37,296 |
| 970 | STORMWATER | 1,013 | 1,191 | 955 | 483 | 550 | 868 | 1,594 | 415 | 1,462 | 438 |
| | DRIVEN & ENABLING COUNCIL | | | | | | | | | | |
| 23 | Commercial or Strategic Investments | 309 | 310 | 301 | 308 | 314 | 322 | 329 | 337 | 345 | 354 |
| 309 | Corporate Support | 411 | 106 | 109 | 111 | 113 | 116 | 119 | 121 | 121 | 122 |
| - | Leadership | 75 | - | - | - | - | - | - | - | - | - |
| 39,505 | Total Capital New | 47,890 | 54,650 | 52,172 | 44,085 | 36,567 | 30,645 | 44,299 | 69,794 | 72,469 | 77,138 |
| 63,268 | TOTAL CAPITAL EXPENDITURE | 74,076 | 76,125 | 74,700 | 68,567 | 61,904 | 55,235 | 70,697 | 101,067 | 99,356 | 107,999 |
| | FUNDED BY | | | | | | | | | | |
| 2,199 | External Revenue Renewal | 2,876 | 2,524 | 3,288 | 3,493 | 3,809 | 3,095 | 3,250 | 4,562 | 3,408 | 3,522 |
| 13,242 | External Revenue New | 10,497 | 5,887 | 5,119 | 10,047 | 3,656 | 6,235 | 4,146 | 11,929 | 16,395 | 23,711 |
| 1,731 | Development Contributions | 1,063 | 1,476 | 1,891 | 2,090 | 2,465 | 2,783 | 3,406 | 3,932 | 4,346 | 4,495 |
| 18,937 | Rates | 19,731 | 19,673 | 20,412 | 21,307 | 21,975 | 23,581 | 23,928 | 25,749 | 26,330 | 27,113 |
| 27,159 | New Borrowing / (Repayment) | 39,909 | 46,163 | 43,990 | 31,630 | 29,999 | 19,541 | 35,719 | 54,895 | 48,877 | 49,158 |
| 63,268 | Total | 74,076 | 76,125 | 74,700 | 68,567 | 61,904 | 55,235 | 70,697 | 101,067 | 99,356 | 107,999 |

Goal 1 - Innovative & Growing City

Our aspiration

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 change to fuel sustainable growth, prosperity and wellbeing.

Our goals

We will drive entrepreneurship and innovation by providing the support, infrastructure, opportunities and conditions to enable traditional sectors to diversify and expand, and new industries and new economies to grow to create the employment opportunities that sustain and expand our city's future. Palmerston North will stand out by transforming its economy to a low carbon economy, backed up by an action plan.

Our approach

The nature of work is changing rapidly and many jobs that exist today will be replaced by different types of work in the future. New jobs are anticipated in research, development and creative industries, and we must be positioned to take advantage of these opportunities.

We are a knowledge city, with a talented population. We can build on this – innovation breeds innovation. As our traditional industries evolve and new industries emerge, we must create an innovation eco-system that extends our strengths in research, education and development, supports our entrepreneurs and innovators, and attracts new industries.

To do this, we must foster entrepreneurs and enterprises small and large, helping them to compete in local, national and global markets by ensuring the infrastructure and programmes are in place to support their success. We also must develop new ways to gather and share information to grow our city's knowledge sector.

Council works toward this Goal through its City Development Strategy and Economic Development Strategy.



City Development Strategy

Palmerston North is expanding, and the Council wants to accelerate the city's growth and prosperity.

It needs to adopt sustainable development practices and align the city's growth with Council's other goals for a creative and exciting city, a connected and safe community and an eco-city. There needs to be a clear planning framework to promote growth and urban development by providing certainty for public and private investment.

Having a ready supply of land with infrastructure to support the city's growth will ensure Council can harness new development opportunities and increase Palmerston North's competitiveness. Council will provide infrastructure in a timely way while managing the financial risks of duplicating or providing too much infrastructure in multiple locations. In developing a planning framework for growth, the city must build on its historical strengths, including its compactness, strong city centre, transport network, supply of productive land and accessible freight and logistics hubs. Integrating land use planning and infrastructure can be a powerful economic development tool. The Government has provided strong direction about this, particularly for housing, in its National Policy Statement for Urban Development Capacity (2016).

The planning framework needs to provide investors with certainty and choice, while also directing new development to the most appropriate location. It also needs to ensure development is consistent with Council's broader objectives, especially for the city centre and urban design. Successful and high-quality development will contribute towards Council's strategic priorities.

The Council will work more closely with the development community, to build its confidence to invest in new ways and achieve development that contributes towards the city's vision and goals. In the past, Council has focused

on setting the planning framework, providing the infrastructure and enabling the private sector to invest. Despite considerable new house-building activity, the types of housing being provided will not meet changing demographics and needs. Council needs to be much more responsive in how it provides land for housing and supports a greater choice of housing choice. Collaborating with Rangitāne on its strategic property interests post-settlement is also a priority.

Council's City Development Priorities

- Create and enable opportunities for employment and growth
- Provide infrastructure to enable growth and a transport system that links people and opportunities.

The Council works towards the City Development Strategy through two Activities:

- City Development Activity
- Strategic Transport (Roading) Activity.

City Development Activity

What Council does

The Council develops, implements and monitors the District Plan and Asset Management Plans. Through these, Council ensures there is sufficient land and infrastructure to support growth in the city's residential, commercial and industrial areas; and that the City looks after its natural and built environment.

The Council uses and promotes the principles of good urban design so that Palmerston North has high-quality public and private places.

The Council also works with Rangitāne o Manawatū and the owners of heritage buildings in Palmerston North to ensure that sites of heritage significance are protected.

This support includes the Council's Natural and Cultural Heritage Fund for projects that involve:

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

How this links to Council's Goals

Council's main role is to make sure land and infrastructure are available to accommodate growth and provide market choice while responding to changing demographics.

The Council has changed the District Plan to provide more housing choices. Over the past 20 years, the main forms of housing development have been greenfields, infill subdivision and lifestyle blocks. Greenfields housing typically occurs at the edge of the city on large sections, with recent development at Kelvin Grove and Aokautere. New greenfields housing will happen next at Whakarongo, and the Council wants this land brought to the market quickly.

Infill housing creates new smaller sections among existing housing, with recent development in Hokowhitu and the central city and hospital areas. Lifestyle blocks provide a housing choice in rural areas, with recent development on the foothills of the Tararua Ranges and elevated land north-east of the city.

Other housing choices now allowed under the District Plan include multi-unit developments and minor dwellings. Multi-unit developments are encouraged close to the city and suburban centres, where there is ready pedestrian

access to services and facilities. Minor dwellings are aimed at meeting the demand for small, good-quality and affordable rental accommodation. The planning framework also enables apartments in or near the city centre.

The Council's planning framework also ensures there is enough land and infrastructure for office and retailing growth, and industrial developments.

The Council has also made good progress in applying urban design principles to city development. A variety of design-led planning documents such as the City Centre Streetscape Plan and Manawatū River Plan are available to inform public investment and encourage private development

| WHAT WE DO | HOW WE SHOW WE ARE DOING A GREAT JOB | | | | |
|---|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| COUNCIL'S SERVICES | PERFORMANCE MEASURES (with 2016/17 results) | TARGETS 2018/19 | TARGETS 2019/20 | TARGETS 2020/21 | TARGETS 2021/22 – 27-28 |
| Council rezones land and reviews the District Plan provisions to ensure land supply continues to exceed demand. [Housing and Future Development Plan] | There is a continual supply of land for greenfield residential sections. (new) | At least 1,900 | At least 1,900 | At least 1,900 | At least 1,900 |
| | Ratio of lower quartile home price to median household income. ¹ (new) | Ratio met | Ratio met | Ratio met | Ratio met |
| Council processes planning and building consents to support growth. [Housing and Future Development Plan] | Resource consent applications are processed within statutory timeframes. ² (98%) | At least 95% | At least 95% | At least 95% | At least 95% |
| | Building consent applications are processed within statutory timeframes. ² (93%) | At least 95% | At least 95% | At least 95% | At least 95% |
| | Council keeps its status as an accredited building consent authority. (kept) | Status retained | Status retained | Status retained | Status retained |
| Council provides water, transport and waste infrastructure to support growth. [Growth Infrastructure Plan] | At least three years of housing and business land with services is immediately available. (new) | At least three years |
| Council uses and promotes the principles of good urban design to have high-quality public and private developments. [Urban Design Plan] | Council development projects reflect principles of good urban design. (met) | Narrative measure | Narrative measure | Narrative measure | Narrative measure |
| Council manages its City Development Activity in a financially sustainable way. | Major services and projects are provided within budget. (new) | Services and projects within budget |

Key documents and links

- City Development Strategy
- Strategic Partners Development Plan
- Urban Design Plan
- Housing and Future Development Plan
- Growth Infrastructure Plan
- Heritage Management Plan

pncc.govt.nz/vision

¹ This measures whether a household that is renting can afford to buy a home. It is part of the MBIE set of indicators and will allow comparisons with other councils. It is a new measure, so Council has no target set yet.

² In setting these targets the Council acknowledges that a small number of applications will not be processed within statutory deadlines. This is because some complex consent issues cannot be resolved within statutory timeframes. Also consent applications come in peaks and troughs and, although Council continually monitors resourcing needs and works with other Councils to help manage peak demands, it is not always possible to meet these peaks without over-resourcing for more normal demand.

| CITY DEVELOPMENT - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|--|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| REVENUE | | | | | | | | | | | |
| 2,829 | Building Services | 3,165 | 3,261 | 3,375 | 3,368 | 3,474 | 3,602 | 3,602 | 3,689 | 3,777 | 3,872 |
| 661 | Planning Services - Private | 767 | 784 | 800 | 817 | 835 | 854 | 874 | 895 | 916 | 939 |
| 3,490 | TOTAL REVENUE | 3,932 | 4,045 | 4,175 | 4,185 | 4,309 | 4,456 | 4,476 | 4,583 | 4,694 | 4,811 |
| EXPENSES | | | | | | | | | | | |
| 4,153 | Building Services | 4,668 | 4,749 | 4,913 | 4,928 | 5,080 | 5,097 | 5,253 | 5,316 | 5,486 | 5,575 |
| 652 | Planning Services - Private | 661 | 674 | 683 | 695 | 709 | 725 | 743 | 761 | 779 | 798 |
| 696 | Planning Services - Public | 895 | 921 | 952 | 957 | 980 | 1,007 | 1,040 | 1,054 | 1,078 | 1,104 |
| 26 | Urban Design | 290 | 337 | 342 | 349 | 357 | 365 | 373 | 382 | 391 | 401 |
| 91 | Heritage Management | 242 | 196 | 200 | 205 | 209 | 214 | 219 | 224 | 229 | 235 |
| 5,620 | Total Expenses | 6,756 | 6,876 | 7,092 | 7,134 | 7,335 | 7,408 | 7,628 | 7,737 | 7,963 | 8,113 |
| 2,129 | NET OPERATING COST OF ACTIVITY | 2,824 | 2,832 | 2,917 | 2,949 | 3,026 | 2,952 | 3,152 | 3,154 | 3,270 | 3,302 |
| RATING REQUIREMENT | | | | | | | | | | | |
| (1) | Less Depreciation | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| 2,129 | RATES REQUIREMENT | 2,823 | 2,831 | 2,917 | 2,948 | 3,025 | 2,951 | 3,152 | 3,153 | 3,269 | 3,302 |

| CITY DEVELOPMENT - OPERATIONAL | | | | | | | | | | | | |
|---|--------|------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 130-Earthquake Prone Buildings - Assessment of Compliance with the Building Act | 0% | 100% | 140 | 143 | 146 | 149 | 152 | 67 | 68 | 70 | 72 | 73 |
| 762-City-wide - Urban Design - Delivering Change | 0% | 100% | 49 | 50 | 51 | 52 | 53 | 55 | 56 | 57 | 59 | 60 |
| 1206-Additional Resources - Training Programme for Building Officer Cadets | 0% | 100% | 111 | 84 | 61 | 118 | 89 | 65 | 126 | 129 | 132 | 136 |
| 1281-Massey University Refectory | 0% | 100% | 50 | - | - | - | - | - | - | - | - | - |
| 1447-Earthquake prone heritage building fund | 0% | 100% | 50 | 51 | 52 | 160 | 163 | 167 | 171 | 175 | 179 | 184 |
| 1479-Urban Design - Enhanced Delivering Change | 0% | 100% | 40 | 82 | 83 | 85 | 87 | 89 | 91 | 93 | 95 | 98 |
| 1563-Operating grant to All Saints Church Building Fund | 0% | 100% | 100 | 102 | 104 | - | - | - | - | - | - | - |
| TOTAL | | | 540 | 511 | 498 | 564 | 545 | 443 | 512 | 525 | 537 | 551 |

Strategic Transport (Roading) Activity

For Local Government Act purposes, this is part of the Transport (Roading and Footpaths) Group of Activities. The Transport Group of Activities is made up of the Strategic Transport (Roading) Activity and the Active and Public Transport Activity (see page 85).

What Council Does

The Council provides a network of roads, footpaths, cycleways and shared pathways to support multi-modal transport choices as part of an easy-to-use and efficient transport system that meets the needs of people, businesses and the environment.

People want to be able to move easily around Palmerston North on roads that are safe, through intersections that allow traffic to flow freely, on safe, cycle-friendly access routes (for work, school and recreation), on well-maintained footpaths, and safe and easy-to-use pedestrian crossings. Businesses depend on transportation to ensure the efficient movement of goods and services, and for easy, convenient access for customers.

The network consists of 529km of sealed roads, 38km of unsealed roads, 548km of footpaths, 39km of offroad shared pathways and 107 bridges. There are more than 13,500 street trees.

How this links to Council's goals

The strategic roading infrastructure needed to support the growth and development of Palmerston North is well researched and understood. Numerous strategic reports have stressed the need for a regional ring road that connects regional traffic with projected growth to the city's north-east and west, while also removing traffic from increasingly congested urban corridors. The Council is making good progress, with the Government supporting investment

in the first stages of the regional ring road via the joint Accessing Central NZ project. Council needs to maintain this momentum over the next 3–6 years.

In March 2018 the NZ Transport Agency (NZTA) announced its preferred option to replace the state highway through the Manawatu Gorge, arising from technical and economic investigations. Alongside this, NZTA also committed to advancing investigations for a Rural Freight Ring Road around Palmerston North, including a second bridge across the Manawatu River, which from the earlier Gorge assessments showed would be the type of investment to unlock regional economic development opportunities.

Accordingly NZTA will undertake a detailed business case, with regional stakeholders including Council, to scope a programme of integrated transport improvements targeted for completion at the same time of the replacement route for the Manawatu Gorge. This will embrace earlier uncompleted planning investigations into the north-eastern leg of the Rural Freight Ring Road along Kairanga – Bunnythorpe Road and Ashhurst – Bunnythorpe Road, plus a review of the state highway network in and around Palmerston North.

The findings of the business case are expected to be known by early – mid 2019 and will establish the extent of funding required for these transport improvements from NZTA, Council and /or other parties.

The north-east industrial zone and Longburn are well located to leverage off the presence of rail within the city, but a plan is needed to make sure rail forms a key part of future freight, distribution and logistics activities in these locations.

The airport is an asset of regional significance and well located to support further growth in air freight and distribution activities, with the ability to operate around the clock. Planning is well advanced to support the growth of the airport and its operational requirements.

Planned investment in the city centre's streetscapes will help reinforce its identity, while reinforcing the inner-city ring road's role in reducing the traffic that travels through the centre. The Council needs to rethink central-city parking to better support Council's aims for the city centre. While a lack of parking is often cited as holding back investment and development, an over-supply of parking discourages the use of public transport, walking and cycling, and undermines the identity Council wants the city centre to have. Park and short-walk arrangements have helped achieve a strong sense of place in some places by reducing the need for on-street parking. Long-term leases of on-street parking should also be investigated to help fill city-centre vacancies. The supporting strategies address the important transport matters of street design, walking, cycling and public transport.

The Council also wants to see more people walking and cycling around Palmerston North. Council has made good progress with offroad walking and cycling facilities, and generally has good footpath coverage. However, Council needs to consider how it treats and prioritises on-road space for pedestrians and cyclists. It wants road design, way finding and planning to take into consideration space and safety needs.

The table below includes the levels of service and performance measures for Strategic Transport (Roading) Activity and the Active and Public Transport Activity (page 85).

| WHAT WE DO | HOW WE SHOW WE ARE DOING A GREAT JOB | | | | |
|---|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| COUNCIL'S SERVICES | PERFORMANCE MEASURES (with 2016/17 results) | TARGETS 2018/19 | TARGETS 2019/20 | TARGETS 2020/21 | TARGETS 2021/22 – 27-28 |
| Council provides an interconnected transport system to safely, reliably and efficiently get freight, services, and people where they need to be. [Strategic Transport Plan] | Percentage of requests for service relating to roads and footpaths responded to (with at least an initial formal response) within three working days. (66%) | Greater than 95% | Greater than 95% | Greater than 95% | Greater than 95% |
| Council provides an adequate supply of parking for economic growth and to encourage a strong culture of walking, cycling and public transport use. [Strategic Transport Plan] | The average quality of ride on the sealed local road network, measured by smooth travel exposure. (85%) | STE greater than 80% |
| Council provides a safe, reliable and interconnected transport system that provide priority for active and public transport users. [Active Transport Plan] | The change in the number of fatal and serious injury crashes from the previous financial year on the city's local roading network. (met) | Decline | Decline | Decline | Decline |
| Council provides transport infrastructure to support growth [Growth Infrastructure Plan] | Five year rolling average number of fatal and serious injury accidents. (new) | Decline | Decline | Decline | Decline |
| | Percentage of sealed roads that are resurfaced each year. (3.62%) | Greater than 3.5% | Greater than 3.5% | Greater than 3.5% | Greater than 3.5% |
| | The percentage of footpaths that meet Council standard. See Note | Baseline to be determined | New target to be set | New target to be set | New target to be set |
| | A 30-year Asset Management Plan is in place and major AMP projects approved in the 10 Year Plan are achieved. ¹ (met) | Projects achieved | Projects achieved | Projects achieved | Projects achieved |
| Council manages its Strategic Transport (Roading) and Active and Public Transport Activities in a financially sustainable way. | Major services and projects are provided within budget. (budget exceeded) | Services and projects within budget |

Note: Council is developing an improved system for monitoring footpath standards. It is based on IPWEA (Institute of Public Works Engineering Australasia) Footpath Condition Rating Standard, and will be much more robust way of measuring and prioritizing footpath maintenance and renewals. The results in the first year of its use will be used to set new targets for subsequent years.

¹ Renewals as a group: Manawatu River Downstream Pedestrian Cycle bridge and Cycle / Pedestrian Pathway (programmes 57,977, 1229 and 1275), City Centre Streetscape Plan (programme 244), Street lighting upgrade (programme 1274)

Significant Negative Effects

The Activity's potential significant negative effects and their mitigation measures include:

- Travel disruption and congestion. These are mitigated by projects to improve traffic flows such as the regional ring road and designating routes and encouraging use of specific routes to reduce traffic passing through the city centre.
- Traffic noise and vibration is mitigated through compliance with the District Plan and any applicable consent conditions along with the active management of noise on roading projects.
- Air emissions from road transport and associated health impacts. These are managed through reducing local traffic volumes and traffic management, and continuation of the street tree planting programme.

- Community severance relating to high traffic volumes on strategic and arterial roads. This will be mitigated by introducing pedestrian friendly features and urban design initiatives
- Visual intrusion of roads and degradation of amenity values are mitigated by traffic calming measures, urban design planning, and regulation and context sensitive design in areas where traffic volumes are inappropriate to the location.
- Public health risks associated with traffic crashes are mitigated through context sensitive designs that addresses crash black spots and community road safety programmes.
- Water run off pollution from road traffic is mitigated by collection and management systems.

Many of these negative effects are also managed by promoting alternative means of transport (public transport, walking, and cycling to minimise traffic delays and air pollution) and promoting intensive housing development to reduce urban sprawl.

Key documents and links

- City Development Strategy
- Strategic Transport Plan
- Active and Public Transport Plan

pncc.govt.nz/vision

| STRATEGIC TRANSPORT (ROADING) - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|---|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| REVENUE | | | | | | | | | | | |
| 3,656 | Parking | 3,812 | 3,896 | 3,982 | 4,073 | 4,171 | 4,271 | 4,378 | 4,492 | 4,613 | 4,743 |
| 1,961 | Roads | 2,236 | 2,272 | 2,576 | 2,131 | 2,173 | 2,217 | 2,264 | 2,308 | 2,354 | 2,403 |
| 124 | Street Facilities | 129 | 132 | 135 | 138 | 141 | 145 | 148 | 152 | 156 | 161 |
| 454 | Street Lighting | 407 | 422 | 437 | 452 | 469 | 487 | 505 | 525 | 854 | 569 |
| 518 | Traffic Services | 640 | 654 | 668 | 684 | 703 | 722 | 743 | 762 | 783 | 805 |
| 6,713 | TOTAL REVENUE | 7,225 | 7,376 | 7,798 | 7,478 | 7,658 | 7,843 | 8,039 | 8,240 | 8,761 | 8,681 |
| EXPENSES | | | | | | | | | | | |
| 2,638 | Parking | 2,758 | 2,822 | 2,887 | 2,957 | 3,031 | 3,102 | 3,175 | 3,245 | 3,323 | 3,405 |
| 12,277 | Roads | 14,253 | 15,021 | 17,438 | 17,287 | 17,842 | 19,788 | 20,307 | 20,943 | 22,559 | 22,831 |
| 2,552 | Street Facilities | 2,507 | 2,569 | 2,759 | 2,960 | 3,425 | 3,729 | 3,819 | 3,895 | 3,965 | 4,059 |
| 1,683 | Street Lighting | 2,102 | 2,214 | 2,309 | 2,362 | 2,412 | 2,450 | 2,479 | 2,496 | 3,120 | 2,513 |
| 2,492 | Traffic Services | 2,666 | 2,699 | 2,741 | 2,774 | 2,811 | 2,847 | 2,886 | 2,927 | 2,972 | 3,019 |
| 21,642 | Total Expenses | 24,287 | 25,325 | 28,134 | 28,340 | 29,521 | 31,916 | 32,666 | 33,506 | 35,939 | 35,827 |
| 14,929 | NET OPERATING COST OF ACTIVITY | 17,062 | 17,949 | 20,336 | 20,861 | 21,864 | 24,074 | 24,627 | 25,267 | 27,178 | 27,146 |
| RATING REQUIREMENT | | | | | | | | | | | |
| (8,093) | Less Depreciation | (8,707) | (8,912) | (9,999) | (10,299) | (10,575) | (12,506) | (12,835) | (13,109) | (14,543) | (14,839) |
| 2,804 | Plus Net Capital Renewal (3 Year Average) | 3,145 | 3,514 | 3,999 | 4,194 | 4,364 | 4,859 | 4,992 | 5,077 | 4,858 | 5,482 |
| 1,136 | Plus Debt Repayment | 761 | 1,010 | 1,463 | 2,632 | 3,865 | 4,915 | 5,784 | 6,534 | 6,369 | 6,838 |
| 10,776 | RATES REQUIREMENT | 12,262 | 13,560 | 15,799 | 17,388 | 19,518 | 21,342 | 22,567 | 23,770 | 23,862 | 24,627 |

| STRATEGIC TRANSPORT (ROADING) - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|---|-----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| CAPITAL EXPENDITURE | | | | | | | | | | | |
| 4,783 | Renewal | 5,473 | 4,969 | 6,595 | 7,143 | 7,917 | 6,830 | 7,260 | 9,732 | 7,491 | 7,736 |
| 10,824 | New | 9,582 | 19,375 | 18,366 | 16,001 | 15,425 | 5,843 | 12,771 | 11,083 | 7,014 | 3,922 |
| 15,607 | Total Capital Expenditure | 15,055 | 24,344 | 24,960 | 23,144 | 23,342 | 12,673 | 20,031 | 20,816 | 14,505 | 11,658 |
| FUNDED BY | | | | | | | | | | | |
| 2,172 | External Revenue Renewal | 2,464 | 2,163 | 2,909 | 3,093 | 3,363 | 2,557 | 2,699 | 3,990 | 2,820 | 2,918 |
| 7,604 | External Revenue New | 5,750 | 3,036 | 3,328 | 2,346 | 2,826 | 2,249 | 2,350 | 1,644 | 750 | 761 |
| 692 | Development Contributions | 369 | 513 | 657 | 726 | 856 | 967 | 1,184 | 1,366 | 1,510 | 1,562 |
| 2,804 | Rates | 3,145 | 3,514 | 3,999 | 4,194 | 4,364 | 4,859 | 4,992 | 5,077 | 4,858 | 5,482 |
| 2,336 | New Borrowing / (Repayment) | 3,326 | 15,118 | 14,068 | 12,786 | 11,933 | 2,040 | 8,807 | 8,739 | 4,567 | 935 |
| 15,607 | Total | 15,055 | 24,344 | 24,960 | 23,144 | 23,342 | 12,673 | 20,031 | 20,816 | 14,505 | 11,658 |

| STRATEGIC TRANSPORT (ROADING) - OPERATIONAL | | | | | | | | | | | | |
|--|--------|------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 1115-Massey and Research Institutes Development (Food HQ) - Investigation | 0% | 100% | 163 | - | - | - | - | - | - | - | - | - |
| 1472-Accelerate 25 Business Case work for strategic roads | 0% | 100% | 245 | 250 | 512 | - | - | - | - | - | - | - |
| 1494-Additional Resources City Networks Sustainability, public transport and modal integration | 0% | 100% | 240 | 245 | 251 | 256 | 263 | 269 | 276 | 283 | 290 | 299 |
| TOTAL | | | 648 | 496 | 762 | 256 | 263 | 269 | 276 | 283 | 290 | 299 |

| STRATEGIC TRANSPORT (ROADING) - CAPITAL RENEWAL | | | | | | | | | | | | |
|--|--------|------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 74-City-wide - Street Light Replacements | 0% | 100% | 135 | 138 | 141 | 144 | 148 | 151 | 155 | 159 | 161 | 162 |
| 82-City-wide - Off Street Parking Resurfacing, Remarking and Signage Replacement | 0% | 100% | 10 | 10 | 10 | 11 | 11 | 11 | 119 | 12 | 12 | 12 |
| 115-City-wide - Sealed Pavement Renewals | 0% | 100% | 2,515 | 1,735 | 1,935 | 1,807 | 2,393 | 1,905 | 1,965 | 2,029 | 2,097 | 2,170 |
| 122-City-wide - Road Drainage Replacements | 0% | 100% | 374 | 358 | 358 | 358 | 372 | 386 | 402 | 418 | 435 | 454 |
| 139-City-wide - Sealed Road Resurfacing | 0% | 100% | 1,756 | 1,805 | 1,843 | 2,152 | 2,368 | 2,572 | 2,655 | 2,743 | 2,837 | 2,936 |
| 155-City-wide - Street Tree Replacements | 0% | 100% | 60 | 61 | 63 | 64 | 66 | 67 | 69 | 71 | 74 | 75 |
| 162-City-wide - Vehicle Crossing Replacements | 0% | 100% | 420 | 491 | 574 | 695 | 897 | 1,120 | 1,148 | 1,178 | 1,210 | 1,244 |
| 671-Flygers Line - Replacement of One Lane Bridge | 0% | 100% | - | - | - | - | - | - | - | 1,296 | - | - |
| 742-Campbells Road - Bridge Renewal | 0% | 100% | - | 150 | 1,375 | - | - | - | - | - | - | - |
| 743-Railway Road - Culvert Renewal | 0% | 100% | - | 55 | - | - | - | - | - | - | - | - |
| 744-Kairanga Bunnythorpe Road (Mangaone Stream) - Bridge Renewal | 0% | 100% | - | - | 53 | 1,603 | - | - | - | - | - | - |
| 828-City-wide - Parking Meter Replacement | 0% | 100% | 112 | 114 | 117 | 107 | - | - | - | - | - | - |
| 1238-C/fwd - Kairanga Bunnythorpe Road (Jacks Creek) - Bridge Renewal | 0% | 100% | - | - | - | - | 602 | - | - | - | - | - |
| 1441-TeNgaio Road Bridge (Two lane renewal) | 0% | 100% | - | - | - | - | - | - | 115 | 1,178 | - | - |
| 1443-City-wide - Road Drainage Replacements (Unsubsidised) | 0% | 100% | - | 51 | 125 | 203 | 350 | 616 | 632 | 648 | 666 | 684 |
| 1498-Kairanga Bunnythorpe Road (Jacks Creek) - Bridge Renewal | 0% | 100% | - | - | - | - | 711 | - | - | - | - | - |
| 1547-C/fwd - City-wide - Vehicle Crossing Replacements | 0% | 100% | 39 | - | - | - | - | - | - | - | - | - |
| 1548-C/fwd - Campbells Road - Bridge Renewal | 0% | 100% | 52 | - | - | - | - | - | - | - | - | - |
| TOTAL | | | 5,473 | 4,969 | 6,595 | 7,143 | 7,917 | 6,830 | 7,260 | 9,732 | 7,491 | 7,736 |
| Funded by Council (Rates and Borrowing) | | | 3,009 | 2,806 | 3,685 | 4,051 | 4,555 | 4,272 | 4,561 | 5,742 | 4,671 | 4,819 |

| STRATEGIC TRANSPORT (ROADING) - CAPITAL NEW | | | | | | | | | | | | |
|---|--------|------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 159-Kelvin Grove Road (Stoney Creek Road to Henaghans Road) - Safety Improvements of 5 Dips (subject to external funding) | 50% | 50% | - | - | - | - | 55 | 56 | 1,537 | 1,611 | - | - |
| 163-City-wide - New Street Tree Planting | 0% | 100% | 88 | 90 | 92 | 94 | 96 | 99 | 101 | 104 | 106 | 108 |
| 167-Urban Growth - Whakarongo - James Line Upgrade - Stage 4 | 63% | 37% | 200 | 1,022 | - | - | - | - | - | - | - | - |
| 201-City-wide - Roading Subdivision Contributions | 100% | 0% | 166 | 170 | 173 | 177 | 182 | 186 | 191 | 196 | 197 | 199 |
| 209-City Centre Streetscape Plan - Square West | 0% | 100% | - | - | - | - | - | 452 | 2,968 | 1,231 | - | - |
| 228-Upgraded Strategic Routes to HPMV Standard | 25% | 75% | - | 4,134 | 4,387 | 2,340 | 1,063 | - | - | - | - | - |
| 243-City Centre Streetscape Plan - Main Street East (Bus Terminal & Canopies) | 0% | 100% | - | 622 | 1,559 | 2,704 | 1,586 | - | - | - | - | - |
| 244-City Centre Streetscape Plan - Square East (Plaza to ANZ) | 0% | 100% | 2,668 | 3,643 | - | - | - | - | - | - | - | - |
| 247-City Centre Streetscape Plan - Church Street | 0% | 100% | - | - | - | - | - | - | 383 | 3,534 | - | - |
| 248-City Centre Streetscape Plan - Square North | 0% | 100% | - | - | - | - | - | - | - | 256 | 2,368 | - |
| 279-City-wide - Minor Road Projects | 0% | 100% | 830 | 879 | 851 | 780 | 799 | 818 | 838 | 860 | 865 | 871 |
| 324-Park Road / Cook Street - Intersection Upgrade | 25% | 75% | - | 41 | 643 | - | - | - | - | - | - | - |
| 684-Longburn Rongotea Road/No. 1 Line Intersection - Safety Upgrade | 25% | 75% | - | 102 | - | 1,408 | 1,886 | - | - | - | - | - |
| 713-C/fwd - City-wide - Undergrounding of Power and Telecom Cables | 0% | 100% | 837 | - | - | - | - | - | - | - | - | - |
| 829-City-wide - Undergrounding of Power and Telecom Cables | 0% | 100% | 356 | 364 | 372 | 380 | 389 | 399 | 409 | 419 | 425 | 428 |
| 839-Rangitikei Street (SH3) / Featherston Street - Intersection Widening | 0% | 100% | - | - | - | - | 947 | (1,208) | - | - | 908 | - |
| 876-C/fwd - City Centre - Major Upgrade of Main Bus Terminal (Urban and Inter-regional Services) | 0% | 100% | 167 | - | - | - | - | - | - | - | - | - |
| 900-C/fwd - The Square East Side - Streetscape Upgrade | 0% | 100% | 192 | - | - | - | - | - | - | - | - | - |
| 910-Ferguson Street (Linton Street to Pitt Street) - Road Widening and Traffic Signal Installation | 55% | 45% | - | - | 1,317 | - | - | - | - | - | - | - |
| 1002-Urban Growth - Whakarongo - Vehicle Underpass | 75% | 25% | - | - | - | - | - | - | 330 | 1,314 | 503 | - |

| STRATEGIC TRANSPORT (ROADING) - CAPITAL NEW | | | | | | | | | | | | |
|--|--------|------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 1003-Urban Growth - Whakarongo - Intersection Upgrades | 70% | 30% | 140 | 635 | 1,297 | 1,992 | 1,073 | 440 | - | - | - | - |
| 1007-Urban Growth - Whakarongo - Internal Roads | 40% | 60% | - | 153 | 157 | 160 | 164 | 168 | 115 | 118 | 52 | - |
| 1044-Urban Growth - City West - Internal Roads | 100% | 0% | - | - | 468 | 299 | - | - | - | 286 | 690 | 832 |
| 1045-Urban Growth - City West - Intersection Upgrades | 100% | 0% | - | - | - | - | - | - | - | - | 234 | 240 |
| 1072-Urban Growth - City West - Pioneer Highway/Te Wanaka Road Intersection - New Intersection | 100% | 0% | - | 307 | 2,611 | - | - | - | - | - | - | - |
| 1087-Industrial Growth - NEIZ - Alderson Drive to Richardsons Line Link | 80% | 20% | - | - | - | - | 1,186 | - | 757 | - | - | - |
| 1089-Industrial Growth - NEIZ - Richardsons Line Upgrade | 100% | 0% | 100 | 1,124 | - | - | - | - | 2,526 | - | - | - |
| 1090-Industrial Growth - NEIZ - Roberts/Richardsons Line Intersection Upgrades | 75% | 25% | 46 | 423 | - | - | - | - | - | - | - | - |
| 1121-Massey and Research Institutes Development (Food HQ) (subject to part external funding) | 0% | 100% | 500 | 2,591 | 2,126 | 855 | 1,313 | 896 | 1,378 | - | - | - |
| 1183-Stoney Creek Road (School) Safety Upgrade | 25% | 75% | 80 | 1,294 | - | - | - | - | - | - | - | - |
| 1274-C/fwd - City Wide - Street Lighting Upgrade to Current LEDs | 0% | 100% | 718 | - | - | - | - | - | - | - | - | - |
| 1287-C/fwd - Urban Growth - Whakarongo - James Line Upgrade - Stage 4 | 63% | 37% | 811 | - | - | - | - | - | - | - | - | - |
| 1288-C/fwd - Urban Growth - Whakarongo - Internal Roads | 0% | 100% | 30 | - | - | - | - | - | - | - | - | - |
| 1359-Hillary Crescent Ashhurst Safety Improvements | 0% | 100% | - | - | 313 | - | - | - | - | - | - | - |
| 1362-Roberts/Railway Road North Intersection Safety Realignment | 0% | 100% | 351 | - | - | - | - | - | - | - | - | - |
| 1363-Turitea Road Drainage Improvements (above Water Works Rd) | 0% | 100% | 100 | - | - | - | - | - | - | - | - | - |
| 1367-Street Light Infill Improvements | 0% | 100% | 446 | 865 | 884 | 904 | 951 | 974 | 710 | - | - | - |
| 1377-City Centre Streetscape Plan - Rangitikei Street | 0% | 100% | - | - | - | - | 96 | 883 | - | - | - | - |
| 1393-Urban Growth - Ashhurst - Wyndham Street Upgrade (Cambridge to Oxford) | 25% | 75% | - | - | - | 470 | - | - | - | - | - | - |
| 1394-Urban Growth - Ashhurst - Custom Street Upgrade to Urban Standards | 25% | 75% | - | - | - | - | - | 1,120 | - | - | - | - |

| STRATEGIC TRANSPORT (ROADING) - CAPITAL NEW | | | | | | | | | | | | |
|--|--------|------|--------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|--------------|--------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S |
| 1397-Urban Growth - Ashhurst - Oxford Street Improvements (Wyndham to North Street, including North/Oxford/Colyton Intersection) | 25% | 75% | - | - | - | - | 470 | - | 34 | 554 | - | - |
| 1400-City Centre Streetscape Plan - Broadway | 0% | 100% | - | - | 593 | 2,903 | 2,615 | - | - | - | - | - |
| 1402-City Centre Streetscape Plan - Inner Square | 0% | 100% | - | - | - | - | - | - | - | - | 61 | 622 |
| 1440-Cuba Street urban streetscape improvements - Rangitikei to George Street | 0% | 100% | 40 | 406 | - | - | - | - | - | - | - | - |
| 1488-Seal extension Rural Unsealed Road | 0% | 100% | 500 | 511 | 522 | 534 | 553 | 560 | 494 | 601 | 605 | 622 |
| 1529-C/fwd - Forest Hill Road - Seal Extension | 0% | 100% | 200 | - | - | - | - | - | - | - | - | - |
| 1542-C/fwd - City-wide - New Street Tree Planting | 0% | 100% | 16 | - | - | - | - | - | - | - | - | - |
| TOTAL | | | 9,582 | 19,375 | 18,366 | 16,001 | 15,425 | 5,843 | 12,771 | 11,083 | 7,014 | 3,922 |
| Funded by Council (Rates and Borrowing) | | | 3,832 | 16,339 | 15,038 | 13,656 | 12,599 | 3,594 | 10,421 | 9,440 | 6,264 | 3,161 |

Economic Development Strategy

The expansion of Palmerston North's labour market area has slowed population growth in the city's urban area and employment growth in some sectors of the economy. Palmerston North is the major economic hub for the Manawatū–Whanganui region for education, health services, retailing, business services such as banking and finance, insurance, and professional services, government administration, agribusiness and logistics.

The city's growing economic influence within the region is demonstrated by the number of people commuting to work in Palmerston North from surrounding local authority areas, and the expansion of the city's labour market region over the past 25 years. With 34% of the regional population, Palmerston North has 48% of jobs and 49% of earnings for the region. However, the expansion of the Palmerston North labour market area has contributed to slower population growth within the city's urban area, and also led to slow employment growth in some sectors of the city's economy.

The Central Economic Development Agency (CEDA) was established by Council and Manawatū District Council in 2016 to help build the region's economic wealth. CEDA will be responsible for many of the activities developed under Council's Economic Development Strategy, which sets an ambitious agenda for key priority areas. The Council will focus on maximising opportunities for young people to develop the skills they need for the changing jobs market. It will also maintain a diverse economy that can withstand changes to national and international markets. It wants to make sure efforts to grow the economy are focused on the future, make the most of new technologies and promote careful environmental stewardship.

To make the best use of the city's talents and resources and allow it to fulfil its potential, Council will strengthen regional, national and international connections to key markets. Council's goal is to build on the city's strengths and create new ones to ensure it has the strong, diverse and

sustainable city economy that is fundamental to Palmerston North's future. Increasing economic wellbeing will depend on Council and CEDA working with businesses, support agencies, central government and other local authorities. Success will be measured by the increase in employment and wealth, and in the improved quality of life and prosperity of people in the city.

Palmerston North Airport Ltd, a council-controlled trading organisation, operates a key gateway for people and freight moving to and from the city and wider region. Its strategic objectives include growing passenger numbers and air freight activity using the airport. The Palmerston North Conference and Function Centre provides the capacity for the city to host large business events, increasing visitor expenditure from conference delegates.

Council's Economic Development Priorities

- Create and enable opportunities for employment and growth
- Provide infrastructure to enable growth and a transport system that links people and opportunities
- Diversify the economy to reduce reliance on traditional industries
- Support an 'innovation economy' to underpin growth into the future
- Transform the economy to a low carbon economy

The Council works towards the Economic Development Strategy through its Economic Development Activity.

Economic Development Activity

What Council does

The Council supports Palmerston North businesses and jobs in different ways.

It provides funding for economic development services, such as facilitating innovation and entrepreneurship, attracting and retaining business investment and talent, business development and support, growing economic priority sectors, increasing visitor numbers through regional events, building regional profile and unlocking the potential of local iwi businesses. Most of this work is done through Council's funding for CEDA. The Manawatū District Council is a co-funder of CEDA.

It operates the Palmerston North Conference and Function Centre so that the city can hold large business event to attract visitors – and their spending.

International relations improve Palmerston North's international reputation and competitive edge, and attract talent, investment, businesses, visitors and students.

The Council also has a key role in supporting economic development through the provision of infrastructure such as roads, stormwater, water, rubbish and recycling services. Regulation and planning are all services relied on by businesses.

How this links to Council's Goals

The Council has a key role in supporting local businesses and industries to grow and develop. This also creates new opportunities to attract investment to Palmerston North and the Manawatū region. Council's goal is to work in partnership with Manawatū District Council, CEDA and Spearhead Manawatū to attract strategically important

business to invest here and, in turn, to provide new partners with the services and support they need to thrive.

Skill development is critical for improving competitiveness and productivity. Skilled workers are more readily employed and, once at work, are more productive and can take on more sophisticated tasks. For this reason, Council will support initiatives that directly address barriers preventing people from participating in the workforce.

Council has identified six priority sectors that will help determine Palmerston North's future economic wellbeing: healthcare and social services; logistics; education; tourism and visitor activity; research (including a focus on agritech); and government administration and defence. These include sectors experiencing strong growth at a national level, as well as sectors where there is faster growth at a city or regional level than experienced nationally. Council's goal is to support these sectors and help them grow. The Council also wants to develop new growth sectors by capitalising on the city's strengths to ensure it is not overly reliant on a few industries.

The Council wants to have an innovation economy in Palmerston North that extends the significant research and education environment provided by Massey University, Fonterra Research Centre and several Crown Research Institutes. An innovation economy enables and promotes the development and use of new or better products or services.

| WHAT WE DO | HOW WE SHOW WE ARE DOING A GREAT JOB | | | | |
|--|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| COUNCIL'S SERVICES | PERFORMANCE MEASURES (with 2016/17 results) | TARGETS 2018/19 | TARGETS 2019/20 | TARGETS 2020/21 | TARGETS 2021/22 – 27-28 |
| Council funds external organisations to create and enable opportunities for employment and growth in line with Council's strategies. [Economic Development Plan] | Funding is distributed and the contract deliverables achieved with the funding will be described. (met) | Narrative measure | Narrative measure | Narrative measure | Narrative measure |
| Council manages its Economic Development Activity in a financially sustainable way. | Major services and projects are provided within budget. (new) | Services and projects within budget |

Key documents and links

- Economic Development Strategy
- Economic Development Plan
- International Relations Plan

pncc.govt.nz/vision

| ECONOMIC DEVELOPMENT - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|---|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| REVENUE | | | | | | | | | | | |
| 957 | Conference & Function Centre | 978 | 999 | 1,019 | 1,041 | 1,064 | 1,088 | 1,113 | 1,140 | 1,167 | 1,196 |
| 184 | Economic Development | 190 | 194 | 198 | 202 | 207 | 211 | 216 | 221 | 227 | 232 |
| 1,140 | Total Revenue | 1,168 | 1,193 | 1,218 | 1,243 | 1,270 | 1,300 | 1,330 | 1,361 | 1,394 | 1,429 |
| EXPENSES | | | | | | | | | | | |
| 1,636 | Conference & Function Centre | 1,737 | 1,769 | 1,806 | 1,849 | 1,891 | 1,931 | 1,972 | 2,009 | 2,047 | 2,088 |
| 2,637 | Economic Development | 2,428 | 2,438 | 2,491 | 2,542 | 2,595 | 2,655 | 2,719 | 2,781 | 2,846 | 2,914 |
| | International Relations | 292 | 298 | 302 | 308 | 315 | 322 | 329 | 337 | 345 | 353 |
| 4,273 | Total Expenses | 4,458 | 4,505 | 4,599 | 4,699 | 4,801 | 4,908 | 5,019 | 5,127 | 5,238 | 5,355 |
| 3,133 | NET OPERATING COST OF ACTIVITY | 3,290 | 3,313 | 3,382 | 3,456 | 3,530 | 3,608 | 3,690 | 3,766 | 3,843 | 3,926 |
| RATING REQUIREMENT | | | | | | | | | | | |
| (420) | Less Depreciation | (471) | (475) | (485) | (498) | (508) | (514) | (522) | (523) | (524) | (525) |
| 105 | Plus Net Capital Renewal (3 Year Average) | 287 | 281 | 295 | 289 | 307 | 280 | 385 | 343 | 364 | 251 |
| 21 | Plus Debt Repayment | 11 | 12 | 14 | 6 | 2 | 2 | 4 | 4 | 5 | 5 |
| 2,839 | RATES REQUIREMENT | 3,117 | 3,130 | 3,205 | 3,253 | 3,331 | 3,377 | 3,556 | 3,590 | 3,688 | 3,657 |
| CAPITAL EXPENDITURE | | | | | | | | | | | |
| 162 | Renewal | 330 | 262 | 270 | 311 | 303 | 253 | 364 | 223 | 567 | 238 |
| - | New | 7 | 54 | - | - | 8 | 59 | - | - | - | - |
| 162 | Total Capital Expenditure | 337 | 316 | 270 | 311 | 311 | 312 | 364 | 223 | 567 | 238 |

| ECONOMIC DEVELOPMENT - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|---|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| FUNDED BY | | | | | | | | | | | |
| 105 | Rates | 287 | 281 | 295 | 289 | 307 | 280 | 385 | 343 | 364 | 251 |
| 57 | New Borrowing / (Repayment) | 50 | 35 | (25) | 22 | 4 | 32 | (21) | (120) | 203 | (12) |
| 162 | Total | 337 | 316 | 270 | 311 | 311 | 312 | 364 | 223 | 567 | 238 |

| ECONOMIC DEVELOPMENT - OPERATIONAL | | | | | | | | | | | | |
|---|---------------|------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 1268-International Relations | 0% | 100% | 150 | 153 | 156 | 160 | 163 | 167 | 171 | 175 | 179 | 184 |
| 1480-Sponsorship Opportunities for Council with economic benefits | 0% | 100% | 50 | 51 | 52 | 53 | 54 | 56 | 57 | 58 | 60 | 61 |
| 1510-Holiday Park Feasibility/Business Case | 0% | 100% | 20 | - | - | - | - | - | - | - | - | - |
| 1568-Set up of Farmcave (Agri-business hub) | 0% | 100% | 25 | - | - | - | - | - | - | - | - | - |
| TOTAL | | | 245 | 204 | 208 | 213 | 218 | 223 | 228 | 233 | 239 | 245 |

| ECONOMIC DEVELOPMENT - CAPITAL RENEWAL | | | | | | | | | | | | |
|---|--------|------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 251-Conference & Function Centre - Replacement of Equipment | 0% | 100% | 35 | 36 | 36 | 37 | 38 | 39 | 40 | 41 | 41 | 41 |
| 270-Investment Properties - Holiday Park - Renewals | 0% | 100% | 141 | 144 | 147 | 150 | 154 | 157 | 161 | 165 | 169 | 173 |
| 664-Conference & Function Centre - Renewals | 0% | 100% | 154 | 5 | 13 | 49 | 111 | 57 | 163 | 18 | 358 | 24 |
| 1166-Conference & Function Centre - Equipment Purchases | 0% | 100% | - | 77 | 73 | 75 | - | - | - | - | - | - |
| TOTAL | | | 330 | 262 | 270 | 311 | 303 | 253 | 364 | 223 | 567 | 238 |
| Funded by Council (Rates and Borrowing) | | | 330 | 262 | 270 | 311 | 303 | 253 | 364 | 223 | 567 | 238 |

| ECONOMIC DEVELOPMENT - CAPITAL NEW | | | | | | | | | | | | |
|--|--------|------|----------|-----------|----------|----------|----------|-----------|----------|----------|----------|----------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S |
| 1535-City-Wide - Campervan Dump Stations | 0% | 100% | 7 | 54 | - | - | 8 | 59 | - | - | - | - |
| TOTAL | | | 7 | 54 | - | - | 8 | 59 | - | - | - | - |
| Funded by Council (Rates and Borrowing) | | | 7 | 54 | - | - | 8 | 59 | - | - | - | - |

Goal 2: A Creative and Exciting City

Our aspiration

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.

Our goals

We will build Palmerston North's national and international reputation as a creative and exciting place to live, work and study. A creative city renowned for its visual and performing arts, events, food, festivals, sporting events and great cultural institutions. A city that has great places for people and the attractions, recreation options and experiences of a big city without the hassle and cost. We will promote our city's strength in sports development, capability and participation.

Our approach

To attract new talent and keep our young people here, our city must be an exciting place where talented people choose to live. A city that people want to return to because of their positive memories and the great lifestyle on offer at all stages of life.

Our culture, the way we do things here, is at the heart of how people experience our city and define its livability. We will encourage and enable participation in artistic expression, and support experimentation to foster the creativity that shapes and benefits our whole community.

Creativity, visual and performing arts, events, festivals, sporting events, recreation and our cultural institutions contribute not only to economic and social wellbeing, but enhance our reputation as a great place to visit, work and invest in.

Building on the extensive events offered in Palmerston North, we will grow our reputation as a vibrant place where there's always something happening and things to do. This will help us to attract new residents and businesses.

The Council works toward this Goal through its Creative and Liveable City Strategy.



Creative and Liveable City Strategy

To help Palmerston North compete for people, talent and investment, as well as improving how the city is perceived by locals, visitors and potential new citizens and investors, creative city-making needs to inform Council's work on key activity areas. These include the city centre, Manawatū River, active and public transport, place making, the arts, events and festivals, recreation and sports facilities, cultural heritage, and Council-controlled activities.

Charles Landry, an international authority on cities and creativity, visited Palmerston North to find out how local people view the city and assess the city against his Creative City Index. His key observations included the following:

- There is a burgeoning awareness of the need for change and for the city to lift its game. Palmerston North feels more comfortable with step-by-step change when perhaps a step change is needed. There definitely needs to be more energy and the city's pulse should beat a bit harder. Palmerston North stands at the cusp of important choices and a business-as-usual approach will not get it to where it wants and needs to be.
- The city should develop a sense of urgency. This is difficult when things seem fine, with neither boom nor bust pressures. There is a danger of complacency and the result can be imperceptible, yet gentle decline.
- Many in Palmerston North feel being imaginative and creative is an optional extra rather than lying at the heart of great city making. Palmerston North has some catching up to do here. Palmerston North also lags behind other cities in terms of design quality, and its urban design can improve where positive steps have already begun.
- On the positive side, some already say a veil is being lifted, that a buzz is emerging within the city and that Palmerston North is opening out, but more still needs to be done.

Talking more generally about cities, Landry said place making now plays an important role: "Most cities historically were built in a very functional way, encapsulated in the cliché 'roads, rates and rubbish' (a hardware focus). In the last two decades, however, there has been a major shift related in large part to global competition between cities and the need to attract the best talents. Urban development is now concerned with combining hardware and software and so focus on how places look and feel and how emotionally satisfactory they are as well as how they attract activity. In this approach there is a stronger focus on walkability and the need to downgrade the power of the car. Place making is now an aim and requires a completely different skill set, spread throughout a local authority and its external stakeholders. This new approach is concerned with building communities and places, not only infrastructure."

Moving to the creative city-making approach promoted by Landry is a significant challenge and opportunity for Palmerston North. This new approach means visitors and residents will see the city's cultural diversity reflected in the cityscape and in the programmes and art the city showcases and celebrates. They will have opportunities to take part in sport and recreation, and to play in facilities that meet their needs and encourage them to join in.

Council's Priorities

- Create a city that has great places for all people, and particularly families
- Celebrate the city's history and diversity, and build on the strength of being a city of many cultures and languages
- Develop the city into an arts powerhouse with a national reputation for creativity and the arts
- Develop a national and international reputation as an exciting city with plenty to do at night and on weekends
- Have the most active community in New Zealand

The Council works towards the Creative and Liveable City Strategy through four Activities:

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

Active Public Space Activity

What Council does

The Council provides, maintains and develops Council's public places. It applies urban design and crime prevention through environmental design principles to ensure public places are safe, friendly and focused on people.

Key public spaces are the city centre, the Manawatū River and parks and reserves. These are also used for recreation and events, so are key parts of other Activities.

How this links to Council's Goals

Successful public places are easily accessible, have lots of activities for people, are safe and comfortable, and encourage people to meet each other and interact. They are pedestrian-friendly, intimate and support social interaction.

Palmerston North's public places include:

- the city centre – Council wants this to be a vibrant place that locals are proud of and leaves a lasting positive impression on visitors. It needs to offer locals, visitors and commuters a better experience to encourage them to stay longer and spend more money
- the Manawatū River – it wants this to be a significant recreational asset that allows people to connect with the natural environment and extend their physical activity. If more people spend more time doing more things at the river each year, they will develop a greater appreciation of the natural values of the river, particularly its water quality
- parks and reserves – it wants city-wide reserves to each offer unique opportunities to explore, learn and actively experience the environment. And it

wants local reserves to provide a wider variety of play environments, with local communities more involved in decisions about their playgrounds.

These public spaces are often used for events. Over the past few years, Palmerston North has made progress towards having a full events calendar. The city is a central and accessible location for national secondary sports tournaments and major regional events, and has funding support for community-led initiatives. These events are attended by Palmerston North residents and attract visitors from outside the city.

CEDA supports and facilitates major economic events to support growth in the city.

The Council also has place-making initiatives to encourage the community to participate in creating public spaces through simple ideas such as moveable furniture, planter boxes, parklets and outdoor dining.

Palmy Unleashed is about activating these public spaces through community-led events that are faster, quicker and cheaper. These are concentrated in the CBD.

| WHAT WE DO | HOW WE SHOW WE ARE DOING A GREAT JOB | | | | |
|---|---|-------------------|-------------------|-------------------|-------------------------|
| COUNCIL'S SERVICES | PERFORMANCE MEASURES (with 2016/17 results) | TARGETS 2018/19 | TARGETS 2019/20 | TARGETS 2020/21 | TARGETS 2021/22 – 27-28 |
| Council implements the City Centre Streetscape Plan to increase city centre vibrancy and improve the perception of the city [City Centre Plan] | Projects from the City Centre Streetscape Plan are implemented on time and budget. (new) | Narrative measure | Narrative measure | Narrative measure | Narrative measure |
| Council implements the Manawatū River Framework to increase the use of the river environment for active and passive recreation [Manawatū River Plan] | Projects from the Manawatū River Framework are implemented on time and budget. (new) | Narrative measure | Narrative measure | Narrative measure | Narrative measure |
| Council provides seed funding and support for people wanting to lead public space projects to develop accessible, active, comfortable and social public places [Placemaking and Palmy Unleashed Plans] | Description of the range of public space projects and their outcomes. (new) | Narrative measure | Narrative measure | Narrative measure | Narrative measure |
| Council co-ordinates the delivery of the city's community and commemorative events and initiatives so Palmerston North has a full events calendar that caters well for different sectors of the city's population [Events and Festivals Plan] | Description of the range of community events and initiatives. (new) | Narrative measure | Narrative measure | Narrative measure | Narrative measure |
| Council funds external organisations to facilitate economic events that will create and enable opportunities for employment and growth in line with Council's strategies. [Events and Festivals Plan] | Funding for economic events is distributed and the contract deliverables achieved with the funding are described. (Narrative measure) (new) | Narrative measure | Narrative measure | Narrative measure | Narrative measure |

| WHAT WE DO | HOW WE SHOW WE ARE DOING A GREAT JOB | | | | |
|--|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| COUNCIL'S SERVICES | PERFORMANCE MEASURES (with 2016/17 results) | TARGETS 2018/19 | TARGETS 2019/20 | TARGETS 2020/21 | TARGETS 2021/22 – 27-28 |
| Council manages its Active Public Space Activity in a financially sustainable way. | Major services and projects are provided within budget. (new) | Services and projects within budget |

Key documents and links

- Creative and Liveable Strategy
- Manawatū River Plan
- Placemaking Plan
- Events and Festivals Plan
- Palmy Unleashed Plan
- City Centre Plan

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| ACTIVE PUBLIC SPACE - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|---|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| REVENUE | | | | | | | | | | | |
| 9 | Community & Commemorative Events | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 54 | 55 |
| 9 | Total Revenue | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 54 | 55 |
| EXPENSES | | | | | | | | | | | |
| 966 | Community & Commemorative Events | 1,828 | 1,723 | 1,707 | 1,663 | 1,699 | 1,738 | 1,774 | 1,840 | 1,883 | 1,931 |
| | Economic Events | 250 | 204 | 208 | 213 | 218 | 223 | 228 | 233 | 239 | 245 |
| 234 | Place activation | 428 | 457 | 517 | 584 | 627 | 654 | 687 | 695 | 663 | 672 |
| 1,201 | Total Expenses | 2,506 | 2,385 | 2,432 | 2,459 | 2,543 | 2,614 | 2,689 | 2,768 | 2,785 | 2,848 |

| ACTIVE PUBLIC SPACE - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|---|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| 1,191 | NET OPERATING COST OF ACTIVITY | 2,461 | 2,339 | 2,385 | 2,411 | 2,494 | 2,564 | 2,638 | 2,716 | 2,732 | 2,793 |
| RATING REQUIREMENT | | | | | | | | | | | |
| (7) | Less Depreciation | (5) | (32) | (67) | (111) | (132) | (136) | (154) | (179) | (140) | (142) |
| | Plus Net Capital Renewal (3 Year Average) | 8 | | | | 76 | 76 | 76 | | | |
| 19 | Plus Debt Repayment | 7 | 34 | 69 | 76 | 96 | 105 | 124 | 99 | 106 | 114 |
| 1,204 | RATES REQUIREMENT | 2,471 | 2,340 | 2,388 | 2,376 | 2,535 | 2,609 | 2,683 | 2,636 | 2,698 | 2,765 |
| CAPITAL EXPENDITURE | | | | | | | | | | | |
| | Renewal | 23 | - | - | - | - | - | 227 | - | - | - |
| 15 | New | 619 | 403 | 36 | 207 | 38 | 217 | 17 | 17 | 18 | - |
| 15 | Total Capital Expenditure | 642 | 403 | 36 | 207 | 38 | 217 | 245 | 17 | 18 | - |
| FUNDED BY | | | | | | | | | | | |
| - | External Revenue New | - | 102 | - | - | - | - | - | - | - | - |
| | Rates | 8 | | | | 76 | 76 | 76 | | | |
| 15 | New Borrowing / (Repayment) | 634 | 301 | 36 | 207 | (38) | 141 | 169 | 17 | 18 | - |
| 15 | Total | 642 | 403 | 36 | 207 | 38 | 217 | 245 | 17 | 18 | - |

| ACTIVE PUBLIC SPACE - OPERATIONAL | | | | | | | | | | | | |
|--|--------|------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 799-Events - Major School Sports Events funding (part of Sports Events Partnership Fund) | 0% | 100% | 83 | 85 | 86 | 88 | 90 | 92 | 94 | 97 | 99 | 102 |
| 1157-Military Heritage Commemorations | 0% | 100% | 275 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 54 | 55 |
| 1161-Te Papaioea History Celebration | 0% | 100% | - | 77 | 78 | - | - | - | - | - | - | - |
| 1167-Placemaking Co-created Project | 0% | 100% | 36 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 |
| 1262-Ashhurst Christmas Lights | 0% | 100% | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| 1272-City of Palmerston North Gold Cup Festival | 0% | 100% | 50 | - | - | - | - | - | - | - | - | - |
| 1273-Palmy Unleashed | 0% | 100% | 150 | 168 | 172 | 175 | 179 | 183 | 188 | 192 | 197 | 202 |
| 1344-Major events fund | 0% | 100% | 200 | 204 | 208 | 213 | 218 | 223 | 228 | 233 | 239 | 245 |
| 1465-Contestable Community Events Fund | 0% | 100% | 25 | 26 | 26 | 27 | 27 | 28 | 28 | 29 | 30 | 31 |
| 1471-Formation of City Centre Business Association | 0% | 100% | 50 | - | - | - | - | - | - | - | - | - |
| 1506-Community Events | 0% | 100% | 497 | 507 | 518 | 528 | 540 | 553 | 565 | 579 | 593 | 608 |
| TOTAL | | | 1,368 | 1,150 | 1,175 | 1,120 | 1,144 | 1,171 | 1,197 | 1,226 | 1,256 | 1,288 |

| ACTIVE PUBLIC SPACE - CAPITAL RENEWAL | | | | | | | | | | | | |
|--|--------|------|-----------|----------|----------|----------|----------|----------|------------|----------|----------|----------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S |
| 1452-Community Stage - future replacement or upgrade | 0% | 100% | - | - | - | - | - | - | 227 | - | - | - |
| 1496-Replacement of Street Flags | 0% | 100% | 23 | - | - | - | - | - | - | - | - | - |
| TOTAL | | | 23 | - | - | - | - | - | 227 | - | - | - |
| Funded by Council (Rates and Borrowing) | | | 23 | - | - | - | - | - | 227 | - | - | - |

| ACTIVE PUBLIC SPACE - CAPITAL NEW | | | | | | | | | | | | |
|--|--------|------|------------|------------|-----------|------------|-----------|------------|-----------|-----------|-----------|----------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S |
| 1276-C/fwd - City Boundary Entrance Treatments | 0% | 100% | 419 | - | - | - | - | - | - | - | - | - |
| 1330-Placemaking Co-created Project | 0% | 100% | 15 | 15 | 16 | 16 | 16 | 17 | 17 | 17 | 18 | - |
| 1446-City Centre Flagtrax installation on street light columns | 0% | 100% | 150 | - | - | - | - | - | - | - | - | - |
| 1449-Events and Festivals equipment purchase | 0% | 100% | 15 | - | - | - | - | - | - | - | - | - |
| 1473-City Centre Lighting and Projection Demonstration Project | 0% | 100% | - | 204 | - | - | - | - | - | - | - | - |
| 1476-City Centre Laneways Programme | 0% | 100% | 20 | 184 | 21 | 191 | 22 | 200 | - | - | - | - |
| TOTAL | | | 619 | 403 | 36 | 207 | 38 | 217 | 17 | 17 | 18 | - |
| Funded by Council (Rates and Borrowing) | | | 619 | 301 | 36 | 207 | 38 | 217 | 17 | 17 | 18 | - |

Arts, Culture and Heritage Activity

What Council does

The Council helps fund and provides the facilities for major arts and cultural organisations:

- Te Manawa – museum, science centre and art gallery
- Regent Theatre – civic auditorium and regional performing arts centre
- Globe Theatre – multi-space community theatre
- Caccia Birch – heritage building and events facility
- Creative Sounds (the Stomach) – low-cost performance venue and recording studio for youth
- Square Edge – community arts centre.

The first four are Council Controlled Organisations. More information is on page 299.

The Council also funds and supports Community Arts Palmerston North and a wide range of other arts and cultural organisations through its Creative Communities Fund.

Council works 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 local Māori heritage.

It also promotes and celebrates local history through ventures such as the Ian Matheson Archives.

Support for retaining heritage buildings is in the City Development Activity (see page 43).

How this links to Council's Goals

Palmerston North is home to artists, community groups and organisations that are passionate about being part of a creative city. Many of the region's key arts facilities are based in Palmerston North, such as Te Manawa, Regent on Broadway, Square Edge and Centrepoint Theatre.

The arts beautify the city's surroundings, reveal its community culture, challenge ideas and generate excitement about future possibilities. They also contribute to employment in the city.

Palmerston North has sometimes had a reputation as lacking in imagination and creativity. The Council wants the arts to attract people to the city and help make it a creative and interesting place to be.

More now needs to be done to support artists and arts community to co-ordinate activities, promote their work, encourage cooperation and share information. Council is committed to helping make the arts a more central focus of Palmerston North.

Rangitāne o Manawatū has mana whenua status for Palmerston North and maintains strong relationships with other iwi in the Manawatū, including Ngāti Raukawa, Ngāti Kauwhata, Ngāti Apa and Muaūpoko.

Many Pacific communities have a special place and are projected to make up a growing proportion of Palmerston North's population. Palmerston North also has a growing Asian population and have become home to small groups of former refugees. According to the last Census, more than 120 languages are spoken in the city.

The Council wants to see diversity as an important feature of Palmerston North. This means making sure that events

and festivals, arts venues and all of Council's city-making activities are based on an understanding and appreciation of the many different cultures in Palmerston North.

Valuing cultural heritage involves better understanding and recognising sites of significance to Rangitāne and reflecting these in modern-day Palmerston North.

Council will have further opportunities to invest in cultural heritage assets in the future, particularly as a result of earthquake-strengthening work. The Regent, the Library and Caccia Birch are good examples of the Council investing in cultural heritage assets to give the community the opportunity to use these buildings and appreciate their heritage values.

| WHAT WE DO | HOW WE SHOW WE ARE DOING A GREAT JOB | | | | |
|---|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| COUNCIL'S SERVICES | PERFORMANCE MEASURES (with 2016/17 results) | TARGETS 2018/19 | TARGETS 2019/20 | TARGETS 2020/21 | TARGETS 2021/22 – 27-28 |
| Council funds and enhances the cultural Council Controlled Organisations (and other external organisations), to help make Palmerston North a creative and exciting city and an arts powerhouse. [Arts Plan] | Funding is distributed and the key objectives achieved with the funding are described. (met) | Narrative measure | Narrative measure | Narrative measure | Narrative measure |
| Council protects and enhances places of Māori heritage to incorporate Rangitāne history and aspirations in modern-day Palmerston North. [Culture and Heritage Plan and Heritage Management Plan] | Sites of significance to Rangitāne are identified, protected or acknowledged. (new) | Narrative measure | Narrative measure | Narrative measure | Narrative measure |
| Council takes a whole-of-council approach to proactively work with owners of heritage buildings and features to preserve the city's heritage. [Heritage Management Plan] | Increase in the number of scheduled heritage features contained in the District Plan. (Current numbers are 7 Sites of Significance to Tangata Whenua, 89 Buildings & Objects, 2 Heritage Areas, 117 Notable Trees and Groups of Trees, and 15 Habitats of Local Significance). (new) | Increase in current numbers |
| | Increase in investment in earthquake-prone heritage buildings. (new) | Narrative measure | Narrative measure | Narrative measure | Narrative measure |
| Council manages its Arts, Culture and Heritage Activity in a financially sustainable way. | Major services and projects are provided within budget. (new) | Services and projects within budget |

Key documents and links

- Creative and Liveable Strategy
- Arts Plan
- Culture and Heritage Plan

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| ARTS, CULTURE & HERITAGE - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|---|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| REVENUE | | | | | | | | | | | |
| - | Other Cultural Facilities | - | - | - | - | - | - | - | - | - | - |
| 73 | Support to arts, culture & heritage groups | 62 | 63 | 65 | 66 | 67 | 69 | 71 | 72 | 74 | 76 |
| 73 | Total Revenue | 62 | 63 | 65 | 66 | 67 | 69 | 71 | 72 | 74 | 76 |
| EXPENSES | | | | | | | | | | | |
| 1,833 | Other Cultural Facilities | 2,087 | 2,130 | 2,221 | 2,365 | 2,465 | 2,470 | 2,486 | 2,573 | 2,610 | 2,613 |
| 1,931 | Support to arts, culture & heritage groups | 1,792 | 1,819 | 1,888 | 1,906 | 1,957 | 2,003 | 2,018 | 2,065 | 2,150 | 2,175 |
| 3,933 | Te Manawa | 4,722 | 4,326 | 4,396 | 4,466 | 4,545 | 4,640 | 4,745 | 4,951 | 5,945 | 7,103 |
| 7,697 | Total Expenses | 8,601 | 8,275 | 8,505 | 8,737 | 8,967 | 9,113 | 9,248 | 9,589 | 10,705 | 11,891 |
| 7,624 | NET OPERATING COST OF ACTIVITY | 8,539 | 8,211 | 8,440 | 8,671 | 8,900 | 9,044 | 9,178 | 9,517 | 10,631 | 11,815 |
| RATING REQUIREMENT | | | | | | | | | | | |
| (1,590) | Less Depreciation | (2,049) | (2,056) | (2,076) | (2,117) | (2,173) | (2,173) | (2,155) | (2,203) | (2,825) | (3,515) |
| 188 | Plus Net Capital Renewal (3 Year Average) | 409 | 418 | 374 | 489 | 590 | 1,004 | 1,058 | 1,361 | 1,887 | 2,288 |
| 116 | Plus Debt Repayment | 85 | 93 | 109 | 143 | 173 | 186 | 203 | 235 | 305 | 397 |
| 6,338 | RATES REQUIREMENT | 6,983 | 6,667 | 6,849 | 7,186 | 7,490 | 8,061 | 8,283 | 8,909 | 9,998 | 10,986 |
| CAPITAL EXPENDITURE | | | | | | | | | | | |
| 196 | Renewal | 320 | 311 | 595 | 347 | 181 | 938 | 652 | 1,422 | 1,099 | 1,560 |
| 398 | New | 219 | 627 | 1,847 | 1,648 | 685 | 1,934 | 2,962 | 14,204 | 20,799 | 30,566 |
| 594 | Total Capital Expenditure | 539 | 939 | 2,443 | 1,995 | 865 | 2,873 | 3,613 | 15,627 | 21,898 | 32,126 |

| ARTS, CULTURE & HERITAGE - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|---|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| FUNDED BY | | | | | | | | | | | |
| 72 | External Revenue New | - | - | - | - | 467 | 1,434 | 1,467 | 10,016 | 15,385 | 22,625 |
| 188 | Rates | 409 | 418 | 374 | 489 | 590 | 1,004 | 1,058 | 1,361 | 1,887 | 2,288 |
| 334 | New Borrowing / (Repayment) | 130 | 521 | 2,068 | 1,507 | (192) | 434 | 1,088 | 4,250 | 4,626 | 7,212 |
| 594 | Total | 539 | 939 | 2,443 | 1,995 | 865 | 2,873 | 3,613 | 15,627 | 21,898 | 32,126 |

| ARTS, CULTURE & HERITAGE - OPERATIONAL | | | | | | | | | | | | |
|---|---------------|------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 778-Arts Initiatives | 0% | 100% | 33 | 33 | 34 | 35 | 36 | 36 | 37 | 38 | 39 | 40 |
| 1201-Globe Theatre - Increased Operating Grant | 0% | 100% | 30 | 31 | 31 | 32 | 33 | 33 | 34 | 35 | 36 | 37 |
| 1323-Libraries and Community Services: Digitisation Programme | 0% | 100% | 50 | 51 | 52 | 53 | 54 | 56 | 57 | 58 | 60 | 61 |
| 1464-Massey Arts Funding | 0% | 100% | 10 | 10 | 10 | 11 | 11 | 11 | 11 | 12 | 12 | 12 |
| 1469-Local Heritage Programmes | 0% | 100% | 15 | 15 | 16 | 16 | 16 | 17 | 17 | 17 | 18 | 18 |
| 1500-Curation of Public Artworks | 0% | 100% | 17 | 17 | 18 | 18 | 18 | 19 | 19 | 20 | 20 | 21 |
| 1525-Te Manawa - Investigations and planning for option A and B | 0% | 100% | 463 | - | - | - | - | - | - | - | - | - |
| 1536-Regent Theatre - Trustee Meeting Fee Grant | 0% | 100% | 6 | 6 | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| 1537-Caccia Birch - Trustee Meeting Fee Grant | 0% | 100% | 6 | 6 | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| 1538-Globe Theatre - Trustee Meeting Fee Grant | 0% | 100% | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 6 |
| 1562-New Zealand Rugby Museum - Cataloguing/conservation work | 0% | 100% | 20 | - | - | - | - | - | - | - | - | - |
| TOTAL | | | 655 | 176 | 179 | 183 | 187 | 191 | 196 | 201 | 205 | 211 |

| ARTS, CULTURE & HERITAGE - CAPITAL RENEWAL | | | | | | | | | | | | |
|--|--------|------|------------|------------|------------|------------|------------|------------|------------|--------------|--------------|--------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S | \$'000S | \$'000S |
| 213-Cultural Facilities - Replacement of Structures, Internal Fit Out and Services | 0% | 100% | 310 | 301 | 563 | 310 | 170 | 927 | 640 | 1,386 | 1,062 | 1,548 |
| 777-Heritage Genealogy Equipment | 0% | 100% | - | - | 22 | 26 | - | - | - | 24 | 25 | - |
| 1144-Manawatu Heritage (Archives Digital Repository) Renewal | 0% | 100% | 10 | 10 | 10 | 11 | 11 | 11 | 11 | 12 | 12 | 12 |
| TOTAL | | | 320 | 311 | 595 | 347 | 181 | 938 | 652 | 1,422 | 1,099 | 1,560 |
| Funded by Council (Rates and Borrowing) | | | 320 | 311 | 595 | 347 | 181 | 938 | 652 | 1,422 | 1,099 | 1,560 |

| ARTS, CULTURE & HERITAGE - CAPITAL NEW | | | | | | | | | | | | |
|---|--------|------|------------|------------|--------------|--------------|------------|--------------|--------------|---------------|---------------|---------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S |
| 367-Public Sculptures/Art Funding | 0% | 100% | 50 | 51 | 52 | 53 | 54 | - | - | - | - | - |
| 902-Property - Seismic Strengthening of Council Owned Buildings | 0% | 100% | - | 536 | 1,754 | 1,595 | - | - | 983 | 683 | - | - |
| 1016-C/fwd - Seismic Strengthening of Council Owned Buildings | 0% | 100% | 159 | - | - | - | - | - | - | - | - | - |
| 1460-Te Manawa Upgrade - Option A | 0% | 100% | - | - | - | - | 630 | 1,934 | 1,979 | 13,509 | 20,751 | 30,517 |
| 1468-Heritage Archive Shelving | 0% | 100% | 10 | 41 | 42 | - | - | - | - | 12 | 48 | 49 |
| TOTAL | | | 219 | 627 | 1,847 | 1,648 | 685 | 1,934 | 2,962 | 14,204 | 20,799 | 30,566 |
| Funded by Council (Rates and Borrowing) | | | 219 | 627 | 1,847 | 1,648 | 217 | 500 | 1,494 | 4,188 | 5,414 | 7,941 |

Active Community Activity

What Council does

Palmerston North has many recreational facilities for use by active people. 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 the reserves alongside the Manawatū River. Palmerston North's key sports and events hub, the Central Energy Trust Arena, has a variety of indoor and outdoor venues and plays a key regional events role, as well as providing entertainment and recreation opportunities for residents. Council owns the Lido and Freyberg aquatic complexes, which meet competitive, learn-to-swim and leisure needs.

Council's partner in this area is Sport Manawatū. It has a critical role in sport and recreation leadership, with its vision of "Everyone Active Every Day".

How this links to Council's Goals

People are generally healthier and happier in places where physical activity is prioritised by decision-makers. Being active contributes to good physical health, and provides spiritual and mental health benefits.

Despite this, participation in organised sport is declining and predicted to decline further. To turn this around and to make Palmerston North a more active community, Council needs to move from being a provider and investor in infrastructure to working with key partners to ensure decision making about programmes and services is well informed.

| WHAT WE DO | HOW WE SHOW WE ARE DOING A GREAT JOB | | | | |
|--|--|--|--|--|--|
| COUNCIL'S SERVICES | PERFORMANCE MEASURES (with 2016/17 results) | TARGETS 2018/19 | TARGETS 2019/20 | TARGETS 2020/21 | TARGETS 2021/22 – 27-28 |
| Council provides a wide range of accessible and well-maintained sports facilities to increase levels of participation in sport and active recreation. [Active Community Plan] (Note: These facilities are city-wide reserves, amenity reserves and playgrounds, reserves, sports fields, the Central Energy Trust Arena, walkways and shared paths, and swimming pools.) | A 30-year Asset Management Plan is in place and major AMP projects approved in the 10 Year Plan are achieved. ¹ (met) | Specific projects will be listed in the Plan. | Specific projects will be listed in the Plan. | Specific projects will be listed in the Plan. | Specific projects will be listed in the Plan. |
| | Sports fields are available for weekend organised use. (100%) | At least 85% | At least 85% | At least 85% | At least 85% |
| | Swimming pool annual usage: • Lido • Freyberg (new) | more than 330,000 people more than 110,000 people |
| Council funds and works in partnership with external recreation organisations to help increase levels of participation in sport and active recreation. [Active Community Plan] | Funding is distributed and the key objectives achieved with the funding are described. (new) | Narrative measure | Narrative measure | Narrative measure | Narrative measure |
| Council manages its Active Community Activity in a financially sustainable way. | Major services and projects are provided within budget. (new) | Services and projects within budget |

Key documents and links

- Creative and Liveable Strategy
- Active Community Plan
- Manawatū River Plan
- Active and Public Transport Plan

pncc.govt.nz/vision

¹ Renewals as a group and Central Energy Trust Arena projects.

| ACTIVE COMMUNITY - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|---|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| REVENUE | | | | | | | | | | | |
| 1,688 | Central Energy Trust Arena | 1,745 | 1,780 | 1,817 | 1,855 | 1,896 | 1,940 | 1,985 | 2,032 | 2,081 | 2,135 |
| 23 | City-Wide Reserves | 25 | 25 | 26 | 27 | 27 | 28 | 28 | 29 | 30 | 31 |
| 108 | Local Reserves | 111 | 113 | 116 | 118 | 121 | 124 | 126 | 130 | 133 | 136 |
| 106 | Sportsfields | 109 | 111 | 114 | 116 | 118 | 121 | 124 | 127 | 130 | 133 |
| 1,925 | Total Revenue | 1,990 | 2,030 | 2,073 | 2,116 | 2,163 | 2,212 | 2,263 | 2,318 | 2,373 | 2,435 |
| EXPENSES | | | | | | | | | | | |
| 5,747 | Central Energy Trust Arena | 5,620 | 6,023 | 6,723 | 7,055 | 7,672 | 7,807 | 7,855 | 7,992 | 8,124 | 8,175 |
| 3,945 | City-Wide Reserves | 4,468 | 4,769 | 5,083 | 5,225 | 4,959 | 5,075 | 5,283 | 5,521 | 5,589 | 5,565 |
| 3,328 | Local Reserves | 3,030 | 3,236 | 3,443 | 3,620 | 4,101 | 4,172 | 4,239 | 4,240 | 4,309 | 4,586 |
| 2,827 | Sportsfields | 2,327 | 2,377 | 2,431 | 2,504 | 2,654 | 2,711 | 2,752 | 3,095 | 2,858 | 2,912 |
| 1,175 | Support to recreation groups | 1,271 | 2,067 | 2,084 | 1,307 | 1,308 | 1,206 | 1,193 | 1,181 | 1,168 | 1,158 |
| 1,886 | Swimming Pools | 2,181 | 2,221 | 2,256 | 2,288 | 2,339 | 2,373 | 2,388 | 2,388 | 2,378 | 2,421 |
| 18,909 | Total Expenses | 18,897 | 20,694 | 22,019 | 22,000 | 23,034 | 23,344 | 23,710 | 24,417 | 24,426 | 24,819 |
| 16,984 | NET OPERATING COST OF ACTIVITY | 16,907 | 18,664 | 19,946 | 19,884 | 20,869 | 21,129 | 21,445 | 22,099 | 22,053 | 22,378 |
| RATING REQUIREMENT | | | | | | | | | | | |
| (4,799) | Less Depreciation | (4,664) | (4,879) | (5,373) | (5,600) | (6,304) | (6,467) | (6,499) | (6,748) | (6,825) | (6,837) |
| 3,183 | Plus Net Capital Renewal (3 Year Average) | 3,645 | 2,951 | 2,354 | 2,444 | 2,802 | 3,431 | 3,681 | 4,945 | 5,210 | 5,427 |
| 972 | Plus Debt Repayment | 519 | 689 | 867 | 1,416 | 1,945 | 2,365 | 2,757 | 3,005 | 2,843 | 2,997 |

| ACTIVE COMMUNITY - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | | |
|---|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | |
| \$'000S | | \$'000S | |
| 16,339 | RATES REQUIREMENT | 16,407 | 17,424 | 17,794 | 18,144 | 19,314 | 20,460 | 21,386 | 23,301 | 23,282 | 23,970 | |
| CAPITAL EXPENDITURE | | | | | | | | | | | | |
| 3,162 | Renewal | 4,187 | 4,193 | 2,742 | 1,916 | 2,403 | 3,012 | 2,991 | 4,289 | 3,763 | 6,782 | |
| 8,936 | New | 10,404 | 9,141 | 10,307 | 12,831 | 4,353 | 1,892 | 967 | 2,002 | 1,283 | 2,411 | |
| 12,098 | Total Capital Expenditure | 14,592 | 13,335 | 13,050 | 14,747 | 6,756 | 4,905 | 3,958 | 6,290 | 5,047 | 9,193 | |
| FUNDED BY | | | | | | | | | | | | |
| 10 | External Revenue Renewal | - | - | - | - | - | - | - | - | - | - | |
| 4,322 | External Revenue New | 1,066 | 909 | 630 | 6,954 | 56 | 14 | 8 | 1 | 10 | 55 | |
| 165 | Development Contributions | 165 | 230 | 294 | 325 | 384 | 433 | 530 | 612 | 677 | 700 | |
| 3,183 | Rates | 3,645 | 2,951 | 2,354 | 2,444 | 2,802 | 3,431 | 3,681 | 4,945 | 5,210 | 5,427 | |
| 4,418 | New Borrowing / (Repayment) | 9,716 | 9,245 | 9,772 | 5,024 | 3,513 | 1,027 | (261) | 732 | (851) | 3,010 | |
| 12,098 | Total | 14,592 | 13,335 | 13,050 | 14,747 | 6,756 | 4,905 | 3,958 | 6,290 | 5,047 | 9,193 | |
| ACTIVE COMMUNITY - OPERATIONAL | | | | | | | | | | | | |
| | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | |
| ID-NAME | GROWTH | LOS | \$'000S | |
| 355-Arapuke Forest Management | 0% | 100% | 50 | 51 | 63 | 75 | 52 | 36 | 37 | 50 | 39 | 40 |
| 991-Sportsfields and Outdoor Courts - Manawatu Community Athletics' Track - Shade and Shelter | 0% | 100% | 75 | - | - | - | - | - | - | - | - | - |
| 1073-Citywide - Reserve Management Planning | 0% | 100% | 62 | 64 | 65 | 67 | 68 | - | - | - | - | - |
| 1249-Arapuke Forest Park - Contribution to Manawatu Mountain Bike Club for Trail Development | 0% | 100% | 50 | 51 | 52 | 53 | 16 | 17 | 17 | 17 | 18 | 18 |

| ACTIVE COMMUNITY - OPERATIONAL | | | | | | | | | | | | |
|---|--------|------|------------|--------------|--------------|------------|------------|------------|------------|------------|------------|------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S |
| 1355-Walkways and Shared Paths- Hazardous Tree Removal at Springdale Grove and Te Motu o Poutoa | 0% | 100% | 50 | 204 | 208 | - | - | - | - | - | - | - |
| 1356-Sportsfields and Outdoor Courts - Hockey Turf Renewal Grant - Massey University | 0% | 100% | - | - | - | - | - | - | - | 291 | - | - |
| 1415-Sportsfields and Outdoor Courts Manawatu Community Athletics Track - Increased Maintenance and Renewal Grant Massey University | 0% | 100% | 10 | 10 | 10 | 11 | 11 | 11 | 11 | 12 | 12 | 12 |
| 1422-Regional Sports Facilities Plan - Investment Process Management (Sport Manawatu) | 0% | 100% | 20 | 20 | 21 | 21 | 22 | 22 | 23 | 23 | 24 | 24 |
| 1424-Active Community Access Fund - Low Income Opportunities | 0% | 100% | 10 | 10 | 10 | 11 | 11 | 11 | 11 | 12 | 12 | 12 |
| 1430-Sport Manawatu Sports House Contribution | 0% | 100% | - | 766 | 782 | - | - | - | - | - | - | - |
| 1431-Walkways and Shared Paths - Art and Heritage Trails | 0% | 100% | 2 | 4 | 6 | 6 | 7 | 7 | 7 | 7 | 7 | 7 |
| 1433-Walkways and Shared Path - Designations | 0% | 100% | 60 | 61 | 62 | - | - | - | - | - | - | - |
| 1438-Asset Management Planning - Parks underground services investigations | 0% | 100% | - | 26 | 26 | 27 | 27 | - | - | - | - | - |
| 1486-City Reserves - Te Aipiti Manawatu Gorge Development | 0% | 100% | 100 | 102 | 104 | 106 | 109 | - | - | - | - | - |
| 1489-Ashhurst School Pool Operating Costs | 0% | 100% | 300 | 306 | 312 | 319 | 326 | 334 | 341 | 349 | 358 | 367 |
| 1527-Regional Sports Facility Funding | 0% | 100% | 5 | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 6 |
| 1558-Victoria Esplanade - Victoria Esplanade Scenic Railway track deviation support | 0% | 100% | 15 | - | - | - | - | - | - | - | - | - |
| TOTAL | | | 809 | 1,681 | 1,728 | 701 | 654 | 443 | 454 | 767 | 476 | 488 |

| ACTIVE COMMUNITY - CAPITAL RENEWAL | | | | | | | | | | | | |
|---|--------|------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 98-Citywide Reserves - Renewals (Victoria Esplanade, Memorial Park, Ashhurst Domain and The Square) | 0% | 100% | 240 | 245 | 250 | 255 | 261 | 267 | 273 | 914 | 250 | 257 |
| 173-Citywide - Playground Renewals | 0% | 100% | 269 | 347 | 354 | 362 | 369 | 378 | 387 | 396 | 405 | 416 |

| ACTIVE COMMUNITY - CAPITAL RENEWAL | | | | | | | | | | | | |
|---|--------|------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 174-Citywide - Replacement of Furniture on Reserves | 0% | 100% | 124 | 126 | 129 | 132 | 135 | 138 | 141 | 144 | 148 | 152 |
| 177-Citywide - Replacement of Gardens on Reserves | 0% | 100% | 31 | 32 | 33 | 33 | 34 | 35 | 36 | 36 | 36 | 37 |
| 182-City Wide - Restoration of Waterways on Reserves | 0% | 100% | - | - | 10 | - | - | 11 | - | - | 12 | - |
| 184-Walkways and Shared Paths - Refurbishments and Replacements | 0% | 100% | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 53 | 54 |
| 190-Citywide - Replacement of Trees on Reserves | 0% | 100% | 13 | 13 | 14 | 14 | 14 | 14 | 15 | 15 | 15 | 15 |
| 194-Citywide - Renewal of Bridges on Reserves | 0% | 100% | - | 48 | - | 50 | - | 52 | - | 68 | - | 67 |
| 195-Citywide - Renewal of Hardsurface Areas on Reserves | 0% | 100% | 139 | 142 | 145 | 148 | 151 | 155 | 158 | 162 | 166 | 170 |
| 234-Sportsfields and Outdoor Courts - Changing Room Refurbishments | 0% | 100% | 966 | 510 | - | 64 | 448 | 66 | 335 | 70 | 596 | 61 |
| 254-City-wide - Sportsfield Carpark and Hardsurface Area Resurfacing | 0% | 100% | - | 39 | - | 29 | - | 30 | - | 32 | - | 32 |
| 257-Sportsfields and Outdoor courts - Fitzherbert/Manawaroa/Ongley Parks - Cricket Block Replacements | 0% | 100% | - | 48 | - | 50 | - | 52 | - | 55 | - | 55 |
| 258-Citywide - Refurbishment and Replacement of Boundary Fences on Reserves | 0% | 100% | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 53 | 54 |
| 264-Sportsfields and Outdoor Courts - Memorial Park - Sand Carpet Replacement | 0% | 100% | - | 141 | - | - | - | - | 43 | - | - | - |
| 266-Sportsfields and Outdoor Courts - Fitzherbert Park - Hockey Turf Refurbishment | 0% | 100% | - | 534 | - | - | - | - | - | - | - | 551 |
| 267-Sportsfields and Outdoor Courts - Fitzherbert/Manawaroa/Ongley Parks - Cricket Wicket Renovations | 0% | 100% | 12 | - | 13 | - | 13 | - | 14 | - | 14 | - |
| 269-Sportsfields and Outdoor Courts - Vautier Park - Synthetic Court Refurbishments (Plexipave) | 0% | 100% | 45 | 46 | 47 | 48 | 26 | 27 | 27 | 28 | 29 | 29 |
| 271-Sportsfields and Outdoor courts - Awapuni Tennis Court Renewals | 0% | 100% | 52 | - | - | - | - | - | - | - | - | - |
| 565-City Reserves -The Square - Events Quadrant Resurface and Drainage | 0% | 100% | - | 16 | - | - | - | - | 17 | - | - | - |
| 596-Aquatics - Lido Pool - Asset Renewals | 0% | 100% | 320 | 245 | 469 | 276 | 158 | 561 | 392 | 268 | 769 | 1,101 |
| 598-Aquatics - Freyberg Community Pool - Asset Renewals | 0% | 100% | 70 | 20 | 21 | 58 | 16 | 22 | 205 | 70 | 113 | 202 |
| 819-Central Energy Trust Arena - Replacement of Equipment | 0% | 100% | 44 | 45 | 46 | 47 | 48 | 48 | 47 | 49 | 49 | 49 |

| ACTIVE COMMUNITY - CAPITAL RENEWAL | | | | | | | | | | | | |
|---|--------|------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 826-BC - Bunnythorpe Sports Domain - Renewals | 0% | 100% | 32 | - | - | - | - | - | - | - | 60 | - |
| 1051-Central Energy Trust Arena Manawatu - Combined Asset Refurbishment | 0% | 100% | 1,105 | 1,047 | 1,065 | 253 | 576 | 998 | 549 | 807 | 874 | 2,970 |
| 1078-Junior Road Safety Park (Improvements) | 0% | 100% | - | - | - | - | - | - | - | 116 | - | - |
| 1108-Cultural/Heritage Reserve - Hokowhitu Lagoon - Bank Renewal | 0% | 100% | 208 | 213 | - | - | - | - | - | - | - | - |
| 1136-City Reserves - Victoria Esplanade - Central Energy Trust Wildbase Recovery - Renewals | 0% | 100% | - | - | - | - | - | - | 133 | - | - | 449 |
| 1242-Community Mobile Big Screen - Replacement for Arena Big Screen | 0% | 100% | - | - | - | - | - | - | - | 894 | - | - |
| 1375-Aquatics - Ashhurst Community Pool - Asset Renewals | 0% | 100% | - | - | - | - | - | 56 | 57 | 58 | 60 | 61 |
| 1406-City Reserves - The Square - Te Marae O Hine - Pouwhenua Replacement | 0% | 100% | 187 | 190 | - | - | - | - | - | - | - | - |
| 1474-City-wide - Renewal of park buildings and structures | 0% | 100% | 50 | - | 52 | - | 54 | - | 57 | - | 60 | - |
| 1490-I-Site LED screen renewal | 0% | 100% | - | 53 | - | - | - | - | - | - | - | - |
| 1531-C/fwd - Cultural/Heritage Reserve - Hokowhitu Lagoon - Bank Renewal | 0% | 100% | 188 | - | - | - | - | - | - | - | - | - |
| TOTAL | | | 4,187 | 4,193 | 2,742 | 1,916 | 2,403 | 3,012 | 2,991 | 4,289 | 3,763 | 6,782 |
| Funded by Council (Rates and Borrowing) | | | 4,187 | 4,193 | 2,742 | 1,916 | 2,403 | 3,012 | 2,991 | 4,289 | 3,763 | 6,782 |

| ACTIVE COMMUNITY - CAPITAL NEW | | | | | | | | | | | | |
|--|--------|------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 93-City Reserves - Memorial Park Reserve Development Plan Implementation | 0% | 100% | 537 | 82 | 26 | - | 290 | 72 | 40 | 7 | 54 | 286 |
| 94-Walkways and Shared Path - Purchase of Land to Extend Network | 15% | 85% | 250 | 255 | 104 | 70 | 71 | 73 | 75 | 76 | 76 | 77 |
| 95-Walkways and Shared Path - Construction | 15% | 85% | 71 | 72 | 74 | 75 | 77 | 79 | 81 | 83 | 83 | 83 |

| ACTIVE COMMUNITY - CAPITAL NEW | | | | | | | | | | | | |
|--|--------|------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 111-Neighbourhood Reserves - Roslyn - Edwards Pit Park Development | 0% | 100% | 32 | 31 | 31 | 32 | 33 | 33 | 34 | 35 | 36 | 37 |
| 140-Neighbourhood Reserves- Aokautere - Peace Tree Reserve Development | 100% | 0% | - | - | 316 | - | - | - | - | - | - | - |
| 144-Urban Growth - Whakarongo - Reserves Land Purchases | 100% | 0% | - | - | 673 | - | - | - | - | - | - | - |
| 158-Citywide - Safety Improvements to Reserves | 0% | 100% | 34 | 35 | 36 | 37 | 37 | 38 | 39 | 40 | 40 | 40 |
| 160-Citywide - Improved Access to Reserves for Persons with Disabilities | 0% | 100% | 38 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 44 | 44 |
| 165-Outdoor Adventure Reserves - Arapuke Forest Park/Kahuterawa Development | 0% | 100% | 38 | 39 | 67 | 7 | 7 | 6 | 6 | 6 | 6 | 6 |
| 558-Neighbourhood Reserves - Takaro - Oriana Reserve Development | 0% | 100% | - | 15 | 208 | - | - | - | - | - | - | - |
| 560-Cultural/Heritage Reserves - Te Motu o Poutoa / Anzac Park Reserve Development | 0% | 100% | - | 332 | 424 | - | - | - | - | - | - | - |
| 568-City Reserves - Manawatu River Framework - Waitoetoe Park Development | 0% | 100% | 238 | - | - | - | - | - | - | - | - | - |
| 587-Neighbourhood Reserves - Kelvin Grove - Linklater Reserve Development | 0% | 100% | 276 | 281 | 115 | - | - | - | - | - | - | - |
| 704-Urban Growth - City West - Reserves Development | 100% | 0% | - | - | 77 | - | 101 | - | 70 | 848 | 56 | 257 |
| 706-Urban Growth - Whakarongo - Reserves Development | 100% | 0% | - | - | - | - | 228 | - | 239 | - | - | - |
| 708-Urban Growth - Aokautere - Reserves Land Purchase | 100% | 0% | - | 294 | - | 307 | - | - | - | - | - | 353 |
| 716-Urban Growth - Whakarongo - Walkways Land Purchases | 60% | 40% | - | 286 | 292 | - | 305 | - | - | - | - | - |
| 717-Urban Growth - Whakarongo - Walkways Land Development | 60% | 40% | - | - | 32 | 32 | - | 36 | - | - | - | - |
| 752-City Reserves - Manawatu River - Framework Implementation | 16% | 84% | 282 | 215 | 1,300 | 1,344 | 165 | 848 | 165 | 110 | - | 344 |
| 761-C/fwd - Clearview Reserve Development | 0% | 100% | 32 | - | - | - | - | - | - | - | - | - |
| 925-C/fwd - Cultural/Heritage Reserves -Te Motu o Poutoa / Anzac Park Reserve Development | 0% | 100% | - | - | - | 415 | - | - | - | - | - | - |
| 967-Citywide - Edibles Planting | 0% | 100% | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| 990-Central Energy Trust Arena - South Grandstand Stage 2 (subject to part external funding) | 0% | 100% | - | - | 745 | 6,842 | - | - | - | - | - | - |

| ACTIVE COMMUNITY - CAPITAL NEW | | | | | | | | | | | | |
|--|--------|------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 999-C/fwd - Central Energy Trust Wildbase Recovery Centre (subject to part external funding) | 0% | 100% | 1,282 | - | - | - | - | - | - | - | - | - |
| 1081-City Reserves -Victoria Esplanade - Park Road Entrance and Parking Reconfiguration | 0% | 100% | - | 41 | 761 | - | - | - | - | - | - | - |
| 1082-Central Energy Trust Arena Manawatu - Speedway Relocation & Artificial Pitch | 0% | 100% | 4,700 | 3,774 | - | - | - | - | - | - | - | - |
| 1083-Central Energy Trust Arena Manawatu - Entrance Plaza & Western Concourse | 0% | 100% | 1,100 | 454 | 4,171 | 93 | 1,807 | - | - | - | - | - |
| 1097-Sportsfields - Drainage to Increased Capacity | 0% | 100% | 174 | 16 | 91 | 5 | 95 | - | - | 6 | 203 | - |
| 1099-Parks and Reserves - Shade Development | 0% | 100% | 26 | - | 29 | - | - | - | - | - | - | - |
| 1127-City Reserves - Victoria Esplanade - Bonsai House | 0% | 100% | 8 | 102 | - | - | - | - | - | - | - | - |
| 1133-Sportsfields - Artificial Football Field (subject to part external funding) | 0% | 100% | - | 83 | - | 1,670 | - | - | - | - | - | - |
| 1174-Citywide - Outdoor Gyms (locations to be determined) | 0% | 100% | 125 | - | 130 | - | 136 | - | 142 | - | - | - |
| 1175-Citywide - Shade Trees | 0% | 100% | 10 | 10 | 10 | 11 | 11 | 11 | 4 | 12 | 11 | 12 |
| 1181-Sportsfields - Hokowhitu Lagoon Improvements | 0% | 100% | 51 | - | - | - | - | - | - | - | - | - |
| 1182-Citywide - Recreation spaces - Improved Lighting | 0% | 100% | 21 | 21 | 22 | 22 | 23 | 23 | 24 | 24 | 24 | 24 |
| 1243-Sportsfields -Memorial Park - Changing Room Upgrade (subject to part external funding) | 0% | 100% | - | - | - | 364 | - | - | - | - | - | - |
| 1326-C/fwd - Panieri Park - Purchase of Adjacent Land | 0% | 100% | 40 | - | - | - | - | - | - | - | - | - |
| 1353-Neighbourhood Reserves - Aokautere - Adderstone Reserve Development | 15% | 85% | - | - | - | - | 11 | 100 | - | - | - | - |
| 1357-Urban Growth - Ashhurst - Reserve Land Purchase | 100% | 0% | - | 771 | - | - | - | - | - | - | - | - |
| 1364-Urban Growth - Ashhurst - Reserve Development | 100% | 0% | - | - | - | 223 | - | - | - | - | - | - |
| 1365-Urban Growth - City West South of Pioneer Highway - Reserves Land Purchase | 100% | 0% | - | - | - | - | 792 | - | - | - | - | - |
| 1366-Urban Growth - City West South of Pioneer Highway - Reserve Development | 100% | 0% | - | - | - | - | - | - | - | 245 | - | - |
| 1390-Urban Growth - City West South of Pioneer Highway - Walkways Purchase | 16% | 84% | - | - | - | 99 | - | - | - | - | - | - |
| 1391-Urban Growth - City West South of Pioneer Highway - Walkways Development | 16% | 84% | 74 | - | 64 | - | 51 | - | - | - | - | - |

| ACTIVE COMMUNITY - CAPITAL NEW | | | | | | | | | | | | |
|--|--------|------|---------------|--------------|---------------|---------------|--------------|--------------|------------|--------------|--------------|--------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S |
| 1407-Sports fields - Vacated Bowling Club Land Conversion to Other Uses | 0% | 100% | - | - | 10 | 181 | - | - | - | - | - | - |
| 1408-City Reserves - CBD Reserves - Play Development | 0% | 100% | - | 5 | 47 | - | - | - | - | - | - | - |
| 1409-Urban Growth - Aokautere - Reserves Development | 100% | 0% | - | - | - | 156 | - | 163 | - | - | - | 180 |
| 1411-Sportsfields - Skogland park Irrigation | 0% | 100% | 6 | 61 | - | 6 | 65 | - | - | - | - | - |
| 1414-Vautier Park Power Supply | 0% | 100% | 100 | - | - | - | - | - | - | - | - | - |
| 1435-Walkways and Shared Paths - Manawatu River Loops Lighting - Between Bridges True Left Bank | 0% | 100% | - | - | - | 447 | - | - | - | - | - | - |
| 1439-Culture/Heritage - Urban Eels Project Contribution | 0% | 100% | 22 | 151 | - | - | - | - | - | - | - | - |
| 1454-City Reserves - Victoria Esplanade Development Plan | 16% | 84% | - | 71 | - | 346 | - | 361 | - | 378 | 388 | 398 |
| 1455-City Reserves - Ashhurst Domain Development Plan | 16% | 84% | - | - | - | - | - | - | - | 82 | 256 | 263 |
| 1483-Urban Growth - Flyers Line - Mangaone Stream connection land purchase and development | 100% | 0% | - | - | 40 | - | 2 | - | - | - | - | - |
| 1487-Walkways and Shared Paths - Manganoe Stream Shared Path enhancement - Harness Racing Club planting strip purchase and development | 0% | 100% | - | - | 177 | - | - | - | - | - | - | - |
| 1523-Ashhurst Pool Enhancements | 0% | 100% | 83 | 85 | 87 | - | - | - | - | - | - | - |
| 1534-Central Energy Trust Arena - South Grandstand Stage 1 | 0% | 100% | 165 | 1,515 | - | - | - | - | - | - | - | - |
| 1540-C/fwd - Central Energy Trust Arena - South Grandstand Stage 1 | 0% | 100% | 388 | - | - | - | - | - | - | - | - | - |
| 1541-C/fwd - Sportsfields - Hokowhitu Lagoon Supplementary Water Take from River Canoe Polo | 0% | 100% | 176 | - | - | - | - | - | - | - | - | - |
| 1560-Bill Brown Park - Additional Carparking | 0% | 100% | - | - | 104 | - | - | - | - | - | - | - |
| 1566-Railway wheels for Railway land | 0% | 100% | 20 | - | - | - | - | - | - | - | - | - |
| TOTAL | | | 10,404 | 9,141 | 10,307 | 12,831 | 4,353 | 1,892 | 967 | 2,002 | 1,283 | 2,411 |
| Funded by Council (Rates and Borrowing) | | | 9,339 | 8,233 | 9,678 | 5,876 | 4,297 | 1,878 | 959 | 2,000 | 1,273 | 2,356 |

Active and Public Transport Activity

For Local Government Act and budget purposes, this is part of the Transport Group of Activities. The Transport Group of Activities is made up of the Active and Public Transport Activity and the Strategic Transport (Roading) Activity (see page 47).

What Council does

The Council provides a transport system that offers multi-modal transport choices as part of an easy-to-use and efficient system that meets the needs of people, businesses and the environment. Within this, Council has a big focus on encouraging a strong culture of walking, cycling and using public transport for commuting to work and education.

People want to be able to move easily around Palmerston North on roads that are safe, through intersections that allow traffic to flow freely, on safe, cycle-friendly access routes (for work, school and recreation), on well-maintained footpaths, and on safe and easy-to-use pedestrian crossings.

The network includes 548km of footpaths, 39 km of offroad shared pathways, 61 bus shelters and 339 cycle stands.

Horizons Regional Council provides the public transport services – the City Council provides bus stops and shelters, and works with Horizons to ensure services meet residents' needs.

How this links to Council's Goals

Palmerston North has an excellent track record for facilitating daily car journeys. However, Council has been less successful in providing modern facilities for walking, cycling and public transport. While the car will continue to be an important mode of transport, walking, cycling and public transport are the areas where the biggest changes are needed. Council's goal is to see more people walking, cycling and using public transport around Palmerston North.

Council has made good progress with offroad walking and cycling facilities and generally has good footpath coverage. However, it needs to consider how it treats and prioritise space for pedestrians and cyclists at pinch-points, intersections and crossings within existing transport corridors, particularly as urban areas are intensified. The Council wants road design, way finding and planning to take into consideration the space and safety needs of cyclists and pedestrians.

Work is underway to complete the He Ara Kotahi shared pathway and bridge for cyclists and walkers between the main urban part of the city, Massey University and Linton Military Camp.

What we do how and we show we are doing a great job

The levels of service and performance measures for this Activity are included with the Strategic Transport (Roading) levels of service page 48.

| ACTIVE AND PUBLIC TRANSPORT - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|--|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| REVENUE | | | | | | | | | | | |
| 48 | Active Transport | 15 | 15 | 16 | 4 | 16 | 17 | 17 | 18 | 18 | 19 |
| - | Footpaths | 101 | 103 | 105 | 107 | 110 | 113 | 116 | 119 | 122 | 125 |
| 81 | Public Transport | 81 | 83 | 85 | 87 | 89 | 91 | 93 | 95 | 98 | 101 |
| 129 | Total Revenue | 167 | 170 | 174 | 190 | 182 | 187 | 191 | 196 | 202 | 207 |
| EXPENSES | | | | | | | | | | | |
| 958 | Active Transport | 874 | 1,189 | 1,576 | 1,854 | 2,220 | 2,531 | 2,769 | 2,803 | 2,904 | 2,866 |
| 2,026 | Footpaths | 3,028 | 3,083 | 3,124 | 3,176 | 3,228 | 3,277 | 3,303 | 3,366 | 3,431 | 3,462 |
| 185 | Public Transport | 191 | 212 | 224 | 203 | 213 | 223 | 234 | 245 | 256 | 268 |
| 3,169 | Total Expenses | 4,092 | 4,485 | 4,925 | 5,234 | 5,661 | 6,032 | 6,306 | 6,413 | 6,591 | 6,596 |
| 3,040 | NET OPERATING COST OF ACTIVITY | 3,926 | 4,314 | 4,751 | 5,044 | 5,479 | 5,845 | 6,115 | 6,217 | 6,389 | 6,389 |
| RATING REQUIREMENT | | | | | | | | | | | |
| (1,965) | Less Depreciation | (2,822) | (2,956) | (3,139) | (3,221) | (3,349) | (3,530) | (3,591) | (3,608) | (3,674) | (3,642) |
| 723 | Plus Net Capital Renewal (3 Year Average) | 396 | 422 | 454 | 512 | 566 | 612 | 629 | 649 | 666 | 683 |
| 91 | Plus Debt Repayment | 262 | 329 | 412 | 498 | 493 | 565 | 639 | 684 | 710 | 735 |
| 1,890 | RATES REQUIREMENT | 1,761 | 2,110 | 2,477 | 2,833 | 3,189 | 3,491 | 3,792 | 3,942 | 4,091 | 4,165 |

| ACTIVE AND PUBLIC TRANSPORT - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|--|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| CAPITAL EXPENDITURE | | | | | | | | | | | |
| 695 | Renewal | 868 | 761 | 799 | 845 | 942 | 1,133 | 1,160 | 1,203 | 1,236 | 1,271 |
| 7,173 | New | 10,007 | 4,206 | 4,661 | 1,955 | 3,416 | 3,427 | 974 | 756 | 682 | 726 |
| 7,869 | Total Capital Expenditure | 10,875 | 4,967 | 5,460 | 2,800 | 4,358 | 4,560 | 2,134 | 1,959 | 1,918 | 1,997 |
| FUNDED BY | | | | | | | | | | | |
| 17 | External Revenue Renewal | 412 | 361 | 379 | 400 | 446 | 538 | 551 | 572 | 588 | 604 |
| 1,244 | External Revenue New | 3,529 | 1,261 | 1,161 | 747 | 306 | 314 | 322 | 268 | 250 | 270 |
| 723 | Rates | 396 | 422 | 454 | 512 | 566 | 612 | 629 | 649 | 666 | 683 |
| 5,884 | New Borrowing / (Repayment) | 6,537 | 2,923 | 3,467 | 1,141 | 3,039 | 3,097 | 632 | 470 | 415 | 441 |
| 7,869 | Total | 10,875 | 4,967 | 5,460 | 2,800 | 4,358 | 4,560 | 2,134 | 1,959 | 1,918 | 1,997 |

| ACTIVE AND PUBLIC TRANSPORT - OPERATIONAL | | | | | | | | | | | | |
|--|---------------|------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 1214-Bikes in Schools | 0% | 100% | 50 | 51 | 52 | 53 | 55 | 56 | 57 | 59 | 61 | 62 |
| 1313-City-wide - Cycle Awareness Markings at Roundabouts | 0% | 100% | 5 | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 6 |
| 1442-Active Transport Behaviour Change Programme and Coordinator | 0% | 100% | 20 | 20 | 21 | 21 | 22 | 22 | 23 | 24 | 24 | 25 |
| 1470-Additional cycle lane sweeping | 0% | 100% | 80 | 82 | 84 | 85 | 88 | 90 | 92 | 94 | 97 | 100 |
| 1528-Free bus trial | 0% | 100% | 30 | 31 | 31 | - | - | - | - | - | - | - |
| 1567-NZTA Subsidisable footpath maintenance (cost less subsidy)* | 0% | 100% | 109 | 111 | 114 | 116 | 119 | 122 | 125 | 128 | 132 | 136 |
| TOTAL | | | 294 | 300 | 307 | 282 | 289 | 296 | 303 | 311 | 319 | 328 |

*note: assumes gross subsidisable cost of \$210,000 in 2018/19 increased by an inflation factor in each of the following years

| ACTIVE AND PUBLIC TRANSPORT - CAPITAL RENEWAL | | | | | | | | | | | | |
|---|--------|------|------------|------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S |
| 64-City-wide - Footpath Renewals and Replacements | 0% | 100% | 690 | 715 | 752 | 833 | 930 | 1,120 | 1,148 | 1,178 | 1,210 | 1,244 |
| 181-City-wide - Bus Shelter Upgrades and Replacements | 0% | 100% | 34 | 35 | 36 | - | - | - | - | 13 | 13 | 14 |
| 648-City-wide - Replacement of Deteriorating Cycle Stands | 0% | 100% | 11 | 11 | 11 | 12 | 12 | 12 | 11 | 12 | 12 | 13 |
| 1546-C/fwd - City-wide - Footpath Renewals and Replacements | 0% | 100% | 133 | - | - | - | - | - | - | - | - | - |
| TOTAL | | | 868 | 761 | 799 | 845 | 942 | 1,133 | 1,160 | 1,203 | 1,236 | 1,271 |
| Funded by Council (Rates and Borrowing) | | | 456 | 401 | 420 | 445 | 496 | 595 | 609 | 631 | 648 | 667 |

| ACTIVE AND PUBLIC TRANSPORT - CAPITAL NEW | | | | | | | | | | | | |
|---|--------|------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 57-Manawatu River - Downstream Pedestrian/Cycle Bridge Construction (subject to part external funding) | 0% | 100% | 5,334 | - | - | - | - | - | - | - | - | - |
| 114-City-wide - New Cycle Stands and Shelters | 0% | 100% | 30 | 18 | 19 | 19 | 20 | 20 | 21 | 21 | 21 | 21 |
| 148-City-wide - Bus Stop Improvements | 0% | 100% | 63 | 64 | 66 | 38 | 39 | 40 | 41 | 42 | 44 | 44 |
| 636-Aokautere Drive Pedestrian Cycle Improvements | 0% | 100% | 50 | 307 | 313 | 378 | - | - | - | - | - | - |
| 732-Summerhill Drive - Pedestrian and Cycle Improvements | 0% | 100% | 40 | 102 | 961 | - | - | - | - | - | - | - |
| 977-Manawatu River (Fitzherbert Bridge to Linton) - Cycle/Pedestrian Pathway (subject to part external funding) | 0% | 100% | 1,262 | - | - | - | - | - | - | - | - | - |
| 1039-Shared Path Connection - Riverside Drive to Railway Road | 0% | 100% | - | 39 | 758 | 42 | 820 | - | - | - | - | - |
| 1040-Napier Road (SH3)/Roberts Line - Intersection Safety Upgrade | 0% | 100% | - | - | - | - | - | 1,062 | - | - | - | - |
| 1093-Pembroke Street, Ashhurst - Rail Overbridge for Pedestrians and Cyclists | 0% | 100% | - | - | - | - | - | - | - | - | - | 26 |
| 1095-Palmerston North to Bunnythorpe - Cycle/Pedestrian Pathway | 0% | 100% | - | - | - | 107 | 1,450 | 1,409 | - | - | - | - |

| ACTIVE AND PUBLIC TRANSPORT - CAPITAL NEW | | | | | | | | | | | | |
|--|--------|------|---------------|--------------|--------------|--------------|--------------|--------------|------------|------------|------------|------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S |
| 1117-Urban Growth - Whakarongo - Napier Road (SH3) Shared Cycle/Pedestrian Path | 0% | 100% | - | - | - | 171 | 371 | 162 | 161 | 43 | - | - |
| 1125-Park Road (from Fitzherbert Avenue to Katene Street) - Cycle/Pedestrian Improvements | 0% | 100% | - | - | 54 | 500 | - | - | - | - | - | - |
| 1155-City-wide - Street Seats | 0% | 100% | 11 | 11 | 11 | 12 | 12 | 12 | 13 | 13 | 13 | 14 |
| 1216-City-wide - Additional Cycle Lanes | 0% | 100% | 102 | 104 | 107 | 109 | 112 | 114 | 117 | - | - | - |
| 1225-C/fwd - Manawatu River (Ashhurst to Riverside Drive) - Cycle/Pedestrian Pathway | 0% | 100% | - | 656 | - | - | - | - | - | - | - | - |
| 1229-C/fwd - Manawatu River (Fitzherbert Bridge to Linton) - Cycle/Pedestrian Pathway (subject to part external funding) | 0% | 100% | 1,159 | - | - | - | - | - | - | - | - | - |
| 1257-City-wide - Cycle Phases at Intersections | 0% | 100% | - | 42 | 43 | 44 | 45 | 46 | 47 | 47 | - | - |
| 1275-C/fwd - Manawatu River - Downstream Pedestrian/Cycle Bridge Construction (subject to part external funding) | 0% | 100% | 1,423 | - | - | - | - | - | - | - | - | - |
| 1327-C/fwd - Walker's Road - New Shared Pathway | 0% | 100% | 30 | - | - | - | - | - | - | - | - | - |
| 1349-Dittmer Drive Shared Path Permanent Surface - New Bridge to Buick Crescent | 0% | 100% | - | 736 | - | - | - | - | - | - | - | - |
| 1352-Napier Road - Roberts Line to BUPA - Footpath link | 25% | 75% | - | 31 | 345 | - | - | - | - | - | - | - |
| 1354-Walkways and Shared Paths - City Loop Wayfinding | 0% | 100% | 3 | 33 | - | - | - | - | - | - | - | - |
| 1358-Footpath extensions city wide | 0% | 100% | 350 | 358 | 366 | 374 | 383 | 392 | 402 | 412 | 424 | 435 |
| 1361-Turitea Road - Pedestrian Path/Steps | 0% | 100% | - | 51 | - | - | - | - | - | - | - | - |
| 1444-Shared path resilience improvements - Limestone to concrete | 0% | 100% | 150 | 153 | 157 | 160 | 164 | 168 | 172 | 177 | 182 | 187 |
| 1492-Wayfinding signage CBD area for key public institutions | 0% | 100% | - | 36 | - | - | - | - | - | - | - | - |
| 1559-Urban Cycle Network Development | 0% | 100% | - | 1,465 | 1,462 | - | - | - | - | - | - | - |
| TOTAL | | | 10,007 | 4,206 | 4,661 | 1,955 | 3,416 | 3,427 | 974 | 756 | 682 | 726 |
| Funded by Council (Rates and Borrowing) | | | 6,477 | 2,945 | 3,500 | 1,208 | 3,109 | 3,114 | 652 | 488 | 432 | 457 |

Goal 3: A connected and safe community

Our aspiration

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 with 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.

Our goals

We will work to make it easy for Palmerston North citizens to connect with each other and to the services, infrastructure, facilities and opportunities that support individual development, health, prosperity and wellbeing, for the greater good of our community as a whole.

Our approach

Cities are mainly social networks rather than physical forms, and our prosperity and wellbeing is best gauged through the quality of human exchange, diversity and inclusion of people – whatever their age, gender, physical ability, socio-economic status, sexuality or cultural background.

A connected community is one where all members feel connected to and valued by each other. If we work cross-sectorally between service providers and government agencies, we can have a greater collective impact, ensuring no-one in our community falls through the gaps.

In our connected community, we celebrate and respond to the Rangitāne iwi, cultural, social and physical history and heritage. We also ensure we have an accessible city, where it's easy for people to move about safely and access the services they need.

Council works toward this Goal through its Connected Community Strategy.



Connected Community Strategy

Palmerston North has a uniquely diverse community, with a prominent defence workforce, large numbers of young and transient tertiary students, and a strong connection to the wider Manawatū province. The city's population is relatively young; by 2043, its average age is projected to be 37 – five years younger than for New Zealand overall. However, the fastest-growing age group in Palmerston North is people aged over 65. In future, Palmerston North will be home to a large older population, as well as growing numbers of children and young people

The ethnic mix of the city also continues to become more diverse, and it is arguably the most ethnically diverse regional city in New Zealand. Pasifika and Asian people are projected to make up a growing proportion of the population, so this diversity will increase.

Since 2004, Palmerston North has become home to small groups of former refugees from the Republic of Congo, Burma, Bhutan, Syria and Afghanistan.

Along with changing age and ethnic profile comes a change in household composition. More than 60% of the city's 30,000 households are made up of only one family, and a quarter of all households have only one person in them.

As in other cities, crime is an issue, although generally Palmerston North people feel safe in their streets and neighbourhoods. The city is proud of its World Health Organisation (WHO) Safe City accreditation, reflecting a city-wide focus on increasing safety.

The city's health is the best in the Mid Central DHB (central New Zealand) area, although there are ongoing challenges in accessing appropriate health care for some groups in the community. The Council wants to build on city strengths in this area, and continue to facilitate access to services for everyone.

Palmerston North is known for being a supportive and accessible city, with many people enjoying a comfortable standard of living. However, there are pockets of deprivation

in the city, where income levels, adequate employment and lack of connectedness are significant concerns.

While home ownership is relatively affordable compared with other large cities, rental housing is becoming less so. Growing numbers of people are experiencing housing insecurity, and demand for housing assistance is increasing. Council's goal is to ensure all Palmerston North people have secure housing and the opportunity to be part of a connected community. This will mean increasing Council's role as a provider and advocate for housing, and enabling more affordable 'first home' housing to be built.

Almost 2,000 organisations make up the city's extensive voluntary and community sector, ranging from large social service agencies with numerous employees to small, informal support groups with just a few members. Palmerston North people volunteer at a slightly higher rate than in the country overall, and the past decade has seen co-ordinated and concerted efforts to grow and support this volunteer workforce and the sector they support. The Council wants to continue the city's high rate of volunteering, and to continue building the skills and experience volunteers need to do their important work.

As the community grows and changes, Council needs to make sure its services and support networks respond to these changes as they emerge. The Council will do this by making sure all facilities and services provide opportunities for connection and the celebration of differences. This

means considering diverse needs in the provision of libraries, community centres, cemeteries, public toilets and the wide range of other community services. Council has an important role in working with community networks to support emerging leaders, build capacity in communities and develop innovative ways to ensure the best outcomes for all. The city's rich diversity provides opportunities to learn from different ideas and experiences, as well as the obligation to support the community in a multitude of ways.

Council's Priorities

- Develop, provide and advocate for services and facilities that create a connected, welcoming and inclusive community.
- Ensure the City has a healthy community where everyone has access to healthy, safe and affordable housing and neighbourhoods
- Build community capacity to take ownership and encourage community leadership of solutions, including better co-ordination between community organisations and groups
- Be a city where people feel safe and are safe

The Council works towards this Connected Community Strategy through two Activities:

- Connected Communities
- Safe Communities

Connected Communities Activity

What Council does

The Council provides the City Library, four community libraries (Ashhurst, Awapuni, Highbury/Te Pātikitiki, and Roslyn), and a mobile library and Youth Space. The Council also has eight community centres (and is planning new centres at Bunnythorpe, Highbury and Kelvin Grove).

It has cemeteries at Kelvin Grove, Terrace End, Ashhurst and Bunnythorpe and a crematorium at Kelvin Grove.

Council also provides public toilets throughout the city in parks and reserves, community centres, libraries and in civic areas.

How this links to Council's Goals

Community facilities, including community centres and libraries, help provide people with opportunities to participate in community activities. These facilities can encourage attendance at courses and support groups, give people opportunities to learn new skills, and let them contribute their own resources to the wider community. In the past, Council has promoted a variety of approaches to planning and developing new community facilities.

Council's planning and support needs to reflect changing needs so that community services and facilities services remain relevant and are the best use of limited resources. All of Council's community support and service planning needs to reflect digital literacy and inclusion. The Council will continue to develop, support and advocate for community services and facilities where they are most needed. This means working to identify gaps as well as new opportunities to promote and develop community connections. Council will work with its partners to ensure it responds to the

changing needs of all of the community, to promote inclusion and prosperity. In future, it will develop a coherent approach to planning all new and continuing community facilities, based on community need rather than equitable geographic distribution.

Access to adequate housing is a major determinant of health and wellbeing. Inadequate and insecure housing affects participation in education, puts physical and mental health at risk, and can make social connections more difficult to maintain. The demands on Council housing and the length of Housing New Zealand Corporation and community provider waiting lists show that there are many vulnerable people in Palmerston North who do not have secure housing.

Council will develop a plan to respond to the growing need for housing, and continue to advocate on the issues that can contribute to good housing outcomes. The need for housing for the most vulnerable people in the community is not an issue the Council can address on its own. The Council will look to community partners, such as Te Tihi, to work with the Council to develop comprehensive and caring responses to housing needs. Council's role will include direct provision of housing, as well as advocacy and support for the efforts of others.

Palmerston North depends on having a strong community and voluntary sector to support vulnerable communities and people. The Council will continue supporting the community and voluntary sector to respond to the most pressing social issues. It will support and strengthen Māori community networks and agencies as they work to address issues of opportunity and concern. Council will support the community and voluntary sector through grants funding, advocacy, facilitation and capacity building, and will refocus support on Council's long-term priorities.

Greater community participation in decision making can result in better planning and in more collaboration and community partnerships. Failing to engage appropriately can mean community aspirations are not heard by decision-makers, and that decision making becomes disconnected from what Palmerston North people think is really important. People participate in decision making about the things that are important to them by taking the opportunity to vote in government and local body elections, making formal submissions and being involved in local projects and initiatives. The Council has an opportunity to build on the growing enthusiasm for social media engagement and more informal means of contributing to Council decision making. Council is committed to engaging in a variety of ways to maximise the opportunity for Palmerston North people and organisations to participate in decision making. In particular, it will focus on ensuring it understands and respond to the concerns and needs of Māori.

| WHAT WE DO | HOW WE SHOW WE ARE DOING A GREAT JOB | | | | |
|--|--|---|---|---|---|
| COUNCIL'S SERVICES | PERFORMANCE MEASURES (with 2016/17 results) | TARGETS 2018/19 | TARGETS 2019/20 | TARGETS 2020/21 | TARGETS 2021/22 – 27-28 |
| Council provides library services, including physical and digital content and the facilitation of programmes to support digital inclusion, access to information, literacy, lifelong learning, cultural and creative expression and social inclusion. [Community Services and Facilities Plan] | Library visitor numbers. (new) | More than 800,000 connections a year ¹ | More than 800,000 connections a year ² | More than 800,000 connections a year ³ | More than 800,000 connections a year ⁴ |
| | Use of physical collections. (new) | Average use per item per year is at least 4 | Average use per item per year is at least 4 | Average use per item per year is at least 4 | Average use per item per year is at least 4 |
| | Use of digital collections. (new) | Narrative measure | Narrative measure | Narrative measure | Narrative measure |
| | Description of the range of programmes and events. (new) | Narrative measure | Narrative measure | Narrative measure | Narrative measure |
| Council provides public toilets throughout the city, in parks and reserves, community centres and hubs, libraries and civic areas to meet people's needs. [Community Services and Facilities Plan] | Public toilets are accessible, appropriately located and gender neutral. (new) | Narrative measure | Narrative measure | Narrative measure | Narrative measure |
| Council provides community centres and hubs to cater to the diverse needs of local communities. [Community Services and Facilities Plan] | A 30-year Asset Management Plan is in place and major AMP projects approved in the 10 Year Plan are achieved. ⁵ (new) | Projects achieved | Projects achieved | Projects achieved | Projects achieved |
| | Levels of community centre use. (new) | Narrative measure, including use of at least 1400 hours per centre per year | Narrative measure, including use of at least 1400 hours per centre per year | Narrative measure, including use of at least 1400 hours per centre per year | Narrative measure, including use of at least 1400 hours per centre per year |
| Council provides cemeteries and a crematorium to meet community needs. [Community Services and Facilities Plan] | A 30-year Asset Management Plan is in place and major AMP projects approved in the 10 Year Plan are achieved. ⁶ (met) | Projects achieved | Projects achieved | Projects achieved | Projects achieved |
| | Cemetery provision meets legislative requirements. (new) | Legislative requirements met | Legislative requirements met | Legislative requirements met | Legislative requirements met |

1-4 Includes physical facility visits, virtual visits, social media engagements, outreach, membership, participation in programme, internet and Wi-Fi use.

5-6 Renewals as a group.

| WHAT WE DO | HOW WE SHOW WE ARE DOING A GREAT JOB | | | | |
|--|--|--|--|--|--|
| COUNCIL'S SERVICES | PERFORMANCE MEASURES (with 2016/17 results) | TARGETS 2018/19 | TARGETS 2019/20 | TARGETS 2020/21 | TARGETS 2021/22 – 27-28 |
| Council provides warm and safe housing units for people in line with Council's priorities. [Council Housing and Support Plan] | Council housing is tenanted. (97.6%) | At least 95%, excluding units not available due to renovations | At least 95%, excluding units not available due to renovations | At least 95%, excluding units not available due to renovations | At least 95%, excluding units not available due to renovations |
| | Council tenants are satisfied with the standard of housing (two-yearly survey). (97.6%) | At least 90% | At least 90% | At least 90% | At least 90% |
| | Units meet the Otago Medical School He Kainga Oranga Rental Warrant of Fitness Standard. (not met - Papaioea Place) | Standard met | Standard met | Standard met | Standard met |
| | A 30-year Asset Management Plan is in place and major AMP projects approved in the 10 Year Plan are achieved. ⁷ (met) | Projects achieved | Projects achieved | Projects achieved | Projects achieved |
| Council supports and funds community groups to build community, neighbourhood and organisational resilience, capacity and capability. [Community Support Plan] | Funding is distributed according to Council's Community Funding Policy and the key objectives achieved with the funding are described. (met) | Narrative measure | Narrative measure | Narrative measure | Narrative measure |
| Council engages on a wide range of decisions and projects so that people and organisations from all sectors actively are involved in Council decision making. [Active Citizenship Plan] Note: The budget for this Plan is in the Leadership Activity (see page 138). | Positive feedback from residents on Council's community engagement. (new) | Narrative measure | Narrative measure | Narrative measure | Narrative measure |
| | Description of the range of engagement techniques used by Council. (new) | Narrative measure | Narrative measure | Narrative measure | Narrative measure |
| Council manages its Connected Communities Activity in a financially sustainable way. | Major services and projects are provided within budget. (new) | Services and projects within budget |

Key documents and links

- Connected Communities Strategy
- Community Services and Facilities Plan
- Social Housing Plan
- Community Support Plan
- Active Citizenship Plan

pncc.govt.nz/vision

⁷ Renewals as a group: Papaioea Place (programmes 377 and 1277), Library of the Future / Upgrade (programmes 595 and 1518)

| CONNECTED COMMUNITIES - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|--|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| REVENUE | | | | | | | | | | | |
| 609 | Cemeteries | 676 | 690 | 704 | 719 | 735 | 752 | 769 | 787 | 806 | 827 |
| 131 | Community Centres | 134 | 137 | 140 | 143 | 146 | 149 | 153 | 156 | 160 | 164 |
| 348 | Libraries | 350 | 357 | 364 | 372 | 380 | 389 | 398 | 408 | 417 | 428 |
| 2,521 | Social Housing | 2,610 | 2,762 | 2,820 | 2,936 | 3,058 | 3,149 | 3,249 | 3,347 | 3,456 | 3,557 |
| 61 | Support to community groups | 50 | - | - | - | - | - | - | - | - | - |
| 3,670 | Total Revenue | 3,820 | 3,945 | 4,028 | 4,170 | 4,319 | 4,439 | 4,568 | 4,699 | 4,840 | 4,977 |
| EXPENSES | | | | | | | | | | | |
| 1,137 | Cemeteries | 1,206 | 1,244 | 1,273 | 1,307 | 1,339 | 1,370 | 1,398 | 1,454 | 1,505 | 1,536 |
| 693 | Community Centres | 736 | 755 | 769 | 828 | 835 | 838 | 840 | 847 | 850 | 853 |
| 9,298 | Libraries | 9,775 | 10,762 | 11,386 | 11,723 | 11,994 | 12,454 | 13,034 | 13,404 | 13,724 | 14,094 |
| 424 | Public toilets | 396 | 451 | 500 | 553 | 620 | 678 | 735 | 756 | 763 | 775 |
| 2,607 | Social Housing | 3,170 | 3,435 | 3,655 | 3,848 | 4,169 | 4,482 | 4,627 | 4,774 | 4,992 | 5,070 |
| 2,275 | Support to community groups | 2,069 | 2,140 | 2,180 | 2,224 | 2,271 | 2,324 | 2,380 | 2,436 | 2,494 | 2,557 |
| 16,434 | Total Expenses | 17,354 | 18,788 | 19,762 | 20,482 | 21,229 | 22,147 | 23,014 | 23,672 | 24,328 | 24,885 |
| 12,764 | NET OPERATING COST OF ACTIVITY | 13,533 | 14,842 | 15,734 | 16,313 | 16,909 | 17,708 | 18,446 | 18,973 | 19,488 | 19,908 |
| RATING REQUIREMENT | | | | | | | | | | | |
| (2,957) | Less Depreciation | (3,290) | (3,734) | (4,113) | (4,438) | (4,642) | (4,929) | (5,099) | (5,430) | (5,687) | (5,832) |
| 2,379 | Plus Net Capital Renewal (3 Year Average) | 1,855 | 1,778 | 1,981 | 2,095 | 2,250 | 2,099 | 2,116 | 2,458 | 2,850 | 2,442 |
| 297 | Plus Debt Repayment | 291 | 340 | 335 | 463 | 531 | 611 | 702 | 759 | 824 | 879 |

| CONNECTED COMMUNITIES - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|--|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| 12,483 | RATES REQUIREMENT | 12,389 | 13,226 | 13,934 | 14,428 | 15,042 | 15,484 | 16,160 | 16,757 | 17,471 | 17,393 |
| CAPITAL EXPENDITURE | | | | | | | | | | | |
| 3,605 | Renewal | 3,766 | 1,670 | 1,916 | 1,908 | 2,344 | 1,828 | 2,526 | 2,553 | 2,823 | 2,279 |
| 5,908 | New | 10,326 | 8,439 | 4,410 | 3,617 | 3,755 | 5,918 | 1,301 | 1,622 | 565 | 166 |
| 9,513 | Total Capital Expenditure | 14,092 | 10,109 | 6,326 | 5,525 | 6,100 | 7,746 | 3,827 | 4,175 | 3,388 | 2,446 |
| FUNDED BY | | | | | | | | | | | |
| - | External Revenue New | 152 | 580 | - | - | - | 2,223 | - | - | - | - |
| 2,379 | Rates | 1,855 | 1,778 | 1,981 | 2,095 | 2,250 | 2,099 | 2,116 | 2,458 | 2,850 | 2,442 |
| 7,133 | New Borrowing / (Repayment) | 12,086 | 7,751 | 4,345 | 3,430 | 3,850 | 3,424 | 1,711 | 1,717 | 538 | 4 |
| 9,513 | Total | 14,092 | 10,109 | 6,326 | 5,525 | 6,100 | 7,746 | 3,827 | 4,175 | 3,388 | 2,446 |
| CONNECTED COMMUNITIES - OPERATIONAL | | | | | | | | | | | |
| | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 812-Youth Council Grants and Scholarships | 0% | 100% | 7 | 7 | 8 | 9 | 9 | 10 | 11 | 12 | 12 |
| 1163-Kelvin Grove - New Community Hub - Ongoing Resourcing | 0% | 100% | - | - | - | - | - | 146 | 149 | 153 | 157 |
| 1168-Terrace End Cemetery - Maintenance Enhancement | 0% | 100% | 10 | 10 | 11 | 11 | 11 | 11 | 12 | 12 | 13 |
| 1405-Citywide Property - Asbestos Survey | 0% | 100% | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 55 | 58 |
| 1448-Welcoming Communities | 0% | 100% | 22 | 74 | 75 | 77 | 78 | 80 | 82 | 84 | 86 |
| 1463-Play Palmy | 0% | 100% | 5 | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 6 |

| CONNECTED COMMUNITIES - OPERATIONAL | | | | | | | | | | | | |
|--|--------|------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 1493-Highbury Community Hub | 0% | 100% | 75 | 117 | 120 | 122 | 125 | 128 | 131 | 134 | 137 | 141 |
| 1497-Kelvin Grove Cemetery - Maintenance Enhancement | 0% | 100% | 35 | 36 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 |
| 1504-Preliminary planning of Kelvin Grove Community Hub | 0% | 100% | - | 102 | - | - | - | - | - | - | - | - |
| 1505-Investigations into Partnerships for Stage 2 Papaioea Place Redevelopment | 0% | 100% | 100 | - | - | - | - | - | - | - | - | - |
| 1564-Additional funding for Fee for Service grants | 0% | 100% | 50 | 51 | 52 | 53 | 54 | 56 | 57 | 58 | 60 | 61 |
| 1565-Increase to Community Development Small Grants funding | 0% | 100% | 30 | 31 | 31 | 32 | 33 | 33 | 34 | 35 | 36 | 37 |
| TOTAL | | | 381 | 481 | 387 | 396 | 405 | 415 | 571 | 585 | 599 | 615 |

| CONNECTED COMMUNITIES - CAPITAL RENEWAL | | | | | | | | | | | | |
|---|--------|------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 37-Cemeteries - Terrace End - Site Enhancements | 0% | 100% | 9 | 9 | 10 | 10 | 10 | 10 | 10 | 11 | 11 | 11 |
| 178-Central Library Replacement of Shelving, Furniture and Fittings | 0% | 100% | 284 | 160 | 94 | 74 | 76 | 78 | 80 | 105 | 83 | 86 |
| 180-Social Housing - Citywide - Community Housing Refurbishments | 0% | 100% | 147 | 150 | 152 | 308 | 220 | 192 | 199 | 795 | 1,156 | 715 |
| 186-Public Toilets - Refurbishments and Replacements | 0% | 100% | 100 | 80 | 112 | 157 | 161 | 165 | 114 | 47 | 53 | 69 |
| 188-City Library Replacement and Purchase of Library Materials | 0% | 100% | 825 | 856 | 885 | 914 | 912 | 910 | 931 | 953 | 959 | 967 |
| 202-Central Library Interior Design Renewals | 0% | 100% | 197 | 141 | 52 | 58 | 163 | 89 | 91 | 175 | 95 | 98 |
| 203-Interior Design of Community Libraries, Youth Space, and Mobile Library | 0% | 100% | 32 | 33 | 33 | 34 | 35 | 36 | 45 | 47 | 48 | 49 |
| 265-Citywide - Community Centre Refurbishments | 0% | 100% | 136 | 53 | 373 | 131 | 37 | 35 | 651 | 267 | 200 | 125 |
| 278-Cemeteries - Kelvin Grove - Roading and Footpath Refurbishment | 0% | 100% | 67 | 36 | 39 | 43 | 45 | 48 | 51 | 44 | 44 | 44 |
| 563-Cemeteries - Kelvin Grove - Reception, Toilet and Office Upgrade | 0% | 100% | - | - | - | 16 | 543 | - | - | - | - | - |

| CONNECTED COMMUNITIES - CAPITAL RENEWAL | | | | | | | | | | | | |
|--|--------|------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 564-Cemeteries - Kelvin Grove - Replacement of Cremator Refractory Brick Lining | 0% | 100% | - | - | - | - | - | - | 133 | - | - | - |
| 567-Crematorium - Chapel Interior Renewals | 0% | 100% | - | - | 67 | - | - | - | - | - | - | - |
| 594-C/fwd - Library Roof and HVAC Replacement | 0% | 100% | 1,094 | - | - | - | - | - | - | - | - | - |
| 774-Cemeteries - Bunnythorpe - Renewals | 0% | 100% | - | - | - | 29 | - | - | - | - | - | - |
| 1120-Ashhurst and Te Pātikitiki Community Library Renewals | 0% | 100% | 103 | - | - | - | - | - | - | - | - | - |
| 1138-Digital Technology to Support 21st Century Citizens and Service (Renewal) | 0% | 100% | 35 | 51 | 73 | 74 | 76 | 78 | 80 | 82 | 83 | 86 |
| 1139-Radio Frequency Identification (RFID) Materials Management | 0% | 100% | - | 102 | 26 | 27 | 27 | 111 | 28 | 29 | 89 | 31 |
| 1151-City Libraries - Building Security System Renewal | 0% | 100% | 50 | - | - | 32 | 38 | 78 | 114 | - | - | - |
| 1337-C/fwd - Central Library Upgrade - Furniture/ Shelving and Equipment (Capital Renewal) | 0% | 100% | 584 | - | - | - | - | - | - | - | - | - |
| 1553-C/fwd - Radio Frequency Identification (RFID) Materials Management | 0% | 100% | 104 | - | - | - | - | - | - | - | - | - |
| TOTAL | | | 3,766 | 1,670 | 1,916 | 1,908 | 2,344 | 1,828 | 2,526 | 2,553 | 2,823 | 2,279 |
| Funded by Council (Rates and Borrowing) | | | 3,766 | 1,670 | 1,916 | 1,908 | 2,344 | 1,828 | 2,526 | 2,553 | 2,823 | 2,279 |

| CONNECTED COMMUNITIES - CAPITAL NEW | | | | | | | | | | | | |
|--|--------|------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 107-Cemeteries - Kelvin Grove - Ash Plot developments and Childrens area extension | 0% | 100% | 38 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 44 | 44 |
| 133-Cemeteries - Kelvin Grove - New Burial Sections Footpaths and Roding Extension | 0% | 100% | - | 46 | - | - | - | - | - | 429 | - | - |
| 147-Cemeteries - Kelvin Grove, Ashhurst and Bunnythorpe - New Burial Berms | 0% | 100% | 123 | 23 | 128 | - | 134 | 57 | 140 | 79 | 143 | - |
| 161-Public Toilets - Citywide programme | 15% | 85% | 299 | 202 | 206 | 318 | 215 | 220 | 142 | - | - | 122 |
| 300-Kelvin Grove - New Community Hub Fitout | 0% | 100% | - | - | - | - | - | 222 | - | - | - | - |

| CONNECTED COMMUNITIES - CAPITAL NEW | | | | | | | | | | | | |
|---|--------|------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S |
| 342-Community Centres - Kelvin Grove - New Community Hub | 16% | 84% | - | - | - | - | - | 4,447 | - | - | - | - |
| 357-Social Housing - Papaioea Place Redevelopment | 0% | 100% | 3,937 | 3,386 | - | - | - | - | - | - | - | - |
| 595-C/fwd - Central Library Building Upgrade (Capital New) | 0% | 100% | 3,523 | - | - | - | - | - | - | - | - | - |
| 603-C/fwd - Central Library Upgrade - Furniture/ Shelving and Equipment (Capital New) | 0% | 100% | 286 | - | - | - | - | - | - | - | - | - |
| 1219-Social Housing - Papaioea Stage 2 | 0% | 100% | - | - | - | 2,661 | 2,405 | - | - | - | - | - |
| 1277-C/fwd - Papaioea Place Community Housing - Eco Friendly Unit Replacements | 0% | 100% | 1,079 | - | - | - | - | - | - | - | - | - |
| 1413-Bunynthorpe Community Facility | 0% | 100% | 240 | 918 | - | - | - | - | - | - | - | - |
| 1459-Social housing - Citywide - Additional Social Housing Units | 0% | 100% | - | - | 600 | 545 | 960 | 930 | 977 | 1,070 | 378 | - |
| 1503-Highbury Community Hub Fitout | 0% | 100% | - | 255 | - | - | - | - | - | - | - | - |
| 1518-Central Library Building Upgrade (Capital New) | 0% | 100% | 750 | 3,570 | 3,385 | - | - | - | - | - | - | - |
| 1551-C/fwd - City Libraries - Building Security System Replacement | 0% | 100% | 52 | - | - | - | - | - | - | - | - | - |
| 1561-Kelvin Grove Community Centre - Additional Carparking | 0% | 100% | - | - | 52 | 53 | - | - | - | - | - | - |
| TOTAL | | | 10,326 | 8,439 | 4,410 | 3,617 | 3,755 | 5,918 | 1,301 | 1,622 | 565 | 166 |
| Funded by Council (Rates and Borrowing) | | | 10,174 | 7,859 | 4,410 | 3,617 | 3,755 | 3,695 | 1,301 | 1,622 | 565 | 166 |

Safe Communities Activity

What Council does

The Council co-ordinates and facilitates the work of the Safety Advisory Board. The Board consists of Council, government, iwi, community, education, defence and emergency services. It sets the strategic direction for initiatives to make the city safer and has a key role in maintaining Palmerston North's Safe City accreditation.

Civil defence is another major component of the Council's safety initiatives. Council provides public education programmes, an emergency operating centre and trained volunteers. It is a part of the Manawatū–Whanganui Civil Defence and Emergency Management Group.

Council also provides the following regulatory services that contribute to health and safety:

- sale and supply of alcohol
- stray and aggressive dogs
- building standards
- food and other commercial premises
- gambling
- excessive noise.

Council has no formal role in health service delivery, but it does have an important role in building healthy communities by creating the conditions for people to make healthy choices and working with partners to promote health and wellbeing.

Safety is also a major focus in Council's infrastructure Activities – for example, by providing safe roading and cycling.

How this links to Council's Goals

Safety is a fundamental human right – the wellbeing of all people is dependent on being free from harm and from the threat of harm. Safety can be threatened by deliberate and unintentional injury and by ongoing emotional harm, and some people in the community are most at risk of this harm. Perceptions of community safety impact on the way people feel and interact in their community.

Palmerston North is an accredited Safe City, and has processes in place to enable communities, businesses, local government, government agencies and others to work together in a co-ordinated and collaborative way. The Council is committed to increasing and promoting safety in a range of areas, including the design of public places, city streets, readiness for natural disaster, alcohol-related harm, and family/whānau wellbeing. The Council will work with the Safety Advisory Board and a wide range of partners to promote safe communities, and to decrease the risk of harm in all communities. The Council will work hard to maintain its Safe City accreditation by working in partnership with others to continue making Palmerston North a safe place to live.

The World Health Organisation describes health as "a state of physical, mental and social wellbeing and not merely the absence of disease or infirmity". Health begins where people live, learn, work and play. The 'determinants of health' is the term used to describe the things that influence people's health. The determinants of health include the social and economic environment, the physical environment, and a person's individual characteristics and behaviours. Council's influence across these areas varies, and it recognises it has shared interests with other agencies in improving health outcomes.

Council has introduced policies to promote healthy lifestyles, including smoke-free, eco-design advice, sun-smart and healthy food initiatives. The Council is also committed to helping provide better access to health services. While the city's health status is good compared with other communities in the Mid-Central DHB area, deaths from the main health concerns – including circulatory and respiratory diseases, cancer, and accident and injuries – appear to be more prevalent among people living in deprivation. Council's goal is to work with other agencies to improve the co-ordination of responses to health issues, to ensure the health of Palmerston North people improves overall.

| WHAT WE DO | HOW WE SHOW WE ARE DOING A GREAT JOB | | | | |
|--|--|---|---|---|---|
| COUNCIL'S SERVICES | PERFORMANCE MEASURES (with 2016/17 results) | TARGETS 2018/19 | TARGETS 2019/20 | TARGETS 2020/21 | TARGETS 2021/22 – 27-28 |
| Council co-ordinates and facilitates the work of the Safety Advisory Board to prevent crime and injury. [Safe Communities Plan] | The range of SAB initiatives and the outcomes they achieve. (new) | Narrative measure | Narrative measure | Narrative measure | Narrative measure |
| Council works with the Manawatū–Whanganui Civil Defence Emergency Management Group to build resilience and disaster preparedness for civil defence and emergency situations. [Safe Communities Plan] | Palmerston North retains its accreditation as a Safe City. (kept) | Accreditation retained. | Accreditation retained. | Accreditation retained. | Accreditation retained. |
| | Council works with local communities to get people prepared for emergencies. (new) | Narrative measure | Narrative measure | Narrative measure | Narrative measure |
| Council enforces bylaws and legislation to ensure dog owners and residents are aware of safety, protection and etiquette around dogs, and to ensure that food premises comply with the Food Act. [Safe Communities Plan] | Three dog education campaigns and / or community events attended. (new) | At least three Attended |
| | Council is an accredited Food Act verifier. (new) | 99% of verifications are conducted within statutory timeframes. | 99% of verifications are conducted within statutory timeframes. | 99% of verifications are conducted within statutory timeframes. | 99% of verifications are conducted within statutory timeframes. |
| Council implements policies and bylaws to promote healthy lifestyles. [Healthy Community Plan] | Description of healthy lifestyle initiatives. (new) | Narrative measure | Narrative measure | Narrative measure | Narrative measure |
| Council manages its Safe Communities Activity in a financially sustainable way. | Major services and projects are provided within budget. (new) | Services and projects within budget |

Note: Council's actions and targets in other Activities make big contributions to health and safety, especially water, wastewater, rubbish and recycling, transport, city development, housing and active communities.

Key documents and links

- Connected Community Strategy
- Safe Community Plan
- Healthy Community Plan

pncc.govt.nz/vision

| SAFE COMMUNITIES - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|--|-----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | '000S |
| 6 | Total Capital Expenditure | 116 | 985 | 38 | 60 | 98 | 40 | 64 | 93 | 43 | 81 |
| FUNDED BY | | | | | | | | | | | |
| 21 | Rates | 52 | 60 | 65 | 66 | 67 | 66 | 67 | 72 | 62 | 50 |
| (15) | New Borrowing / (Repayment) | 64 | 925 | (27) | (6) | 30 | (25) | (3) | 21 | (18) | 31 |
| 6 | Total | 116 | 985 | 38 | 60 | 98 | 40 | 64 | 93 | 43 | 81 |

| SAFE COMMUNITIES - OPERATIONAL | | | | | | | | | | | | |
|---|--------|------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | '000S | '000S | '000S | '000S | '000S | '000S | '000S | '000S | '000S | '000S |
| 1458-New MPI Code of Welfare compliance | 0% | 100% | - | - | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 |
| 1481-Relocate emergency operations centre (EOC) to a purpose built facility | 0% | 100% | - | 190 | 194 | 198 | 202 | 207 | 212 | 217 | 222 | 228 |
| 1539-City Ambassadors | 0% | 100% | 34 | 35 | 35 | 36 | 37 | 38 | 39 | 40 | 41 | 42 |
| TOTAL | | | 34 | 225 | 266 | 272 | 277 | 284 | 290 | 297 | 305 | 312 |

Goal 4: An eco-city

Our aspiration

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.

Our goals

Palmerston North will have a sustainable future and a reduced ecological footprint through effective planning of infrastructure and the protection, maintenance and enhancement of its natural and built environment. We are working towards our city becoming a low carbon economy.

Our approach

We value the natural environment and the interconnectedness of our natural assets. Our response to changes in our economy, society and climate must leave our environment in a better place. One way we can do this is to grow our city in a sustainable way. For example:

- planning to accommodate growth through intensification rather than urban sprawl
- incorporating requirements for environmentally sensitive design in our public spaces and buildings
- supporting the infrastructure for electric vehicles and active transport
- actively promoting and creating renewable, clean energy
- actively pursuing new and sustainable economies that have low impact on our environment
- acknowledging Te Ao Māori practices for the Rangitāne iwi, especially around the protection and preservation of our environment.

While advocacy and education are important, so too are increasing our biodiversity and protecting our high-class soils from urban development. We will take the lead in demonstrating good practice while harnessing our natural assets, including protecting a plentiful and safe water supply.

Council works toward this Goal through its Eco-City Strategy.



Eco-City Strategy

The Ministry for the Environment advises that “climate change is the biggest environmental challenge of our time. Each one of us needs to work on ways to cut our emissions, adapt to the effects of climate change, and become more resilient to the changes that are coming. Climate change is already affecting our climate. It is likely to impact our agriculture and other climate-sensitive industries, our native ecosystems, infrastructure, health and biosecurity, as well as having broader social and economic impacts”.

While the challenge of mitigating climate change is a global one, Palmerston North needs to play its part in reducing emissions. The task of lowering the city’s carbon footprint forces everybody to identify inefficiencies and improve the way they do things. Council’s goal, therefore, is to reduce waste, improve energy efficiency, make better use of trees and natural systems, and take advantage of the opportunities offered by new technologies like LED lighting and electric vehicles. In all these efforts, Council needs to support businesses and the community to bring them along with the Council.

The Manawatū River is at the heart of the city and region, and the mauri of the river is a direct reflection of peoples’ values. The city is increasingly turning to the waterways it once turned its back on, only to find that those waterways are not in the same state as they were before. Council is a signatory to the Manawatū River Leaders Accord along with other councils, iwi, businesses and community groups. In the accord, Council made a series of commitments towards improving the mauri of the Manawatū River.

While the Manawatū River is the heart, through its tributaries it is also the veins of the city and region. Its veins crisscross the city and connect the city with its neighbours, the mountain ranges and the sea. The Council can use these veins to strengthen the connection between the city and Turitea Valley, the city’s drinking water reserve. Over the last decade, Council has invested heavily in predator control in

the Turitea, which has resulted in rapid regeneration of the bush and a tenfold increase in native birdlife. Planting the gullies and streams between the city and the Turitea not only improves water quality, it also provides corridors for native birds to move between the ranges and city. The work has the exciting potential to transform the way residents and visitors experience the city, by planting native bird-friendly species within the urban setting and controlling and eliminating predators such as rats, possums and stoats.

Council’s Priorities

- Respect and enhance the mauri of the Manawatū River
- Work with the community to reduce carbon emissions
- Regenerate native biodiversity
- Invest in infrastructure that serves to protect, enhance and preserve the environment
- Use Council’s legislative powers and policies to ensure urban development is sustainable now and into the future
- Educate the community, in particular property owners, on the benefits of investing in sustainable building design and green buildings
- Demonstrate leadership and best practice by developing and implementing an environmental sustainability plan for the Council, council-run events and facilities

The Council works towards the Eco-City Strategy through these Activities:

- Rubbish and Recycling
- Biodiversity and Sustainable Practices
- Stormwater
- Wastewater
- Water

Rubbish and Recycling Activity

What Council does

The Council provides services for the regular collection and disposal of rubbish and recyclables from about 28,000 households and businesses in the city. These include weekly kerbside bagged-rubbish collection services. Kerbside recycling collection services are provided weekly (alternating collection between wheelie bins for co-mingled recycling and crates for the collection of glass).

Council also provides:

- a green waste drop-off and processing service
- a rubbish transfer station at Ashhurst
- three recycling drop-off points (RDOP)
- public education and support for various waste minimisation actions and initiatives.

The Awapuni landfill closed in February 2007 when the then resource consent for the landfilling of rubbish expired. City rubbish collected by the Council is currently disposed of at the Bonny Glen landfill (a regional facility).

How this links to Council's Goals

The Council provides waste and recycling services for the city in order to:

- ensure the city's solid waste is adequately and affordably managed
- maximise the amount of waste diverted from landfill (such as through recycling and composting)
- manage hazardous waste in an environmentally responsible manner.

To meet Council's obligation under the Waste Minimisation Act 2008 to "promote effective and efficient waste management and minimisation", Council must develop a Waste Management and Minimisation Plan (WMMP). Council's WMMP is currently being reviewed and will be informed by a city-wide waste assessment that analyses the flows of waste in the city and identifies where the most significant reductions can be made, allowing Council to prioritise interventions.

| WHAT WE DO | | HOW WE SHOW WE ARE DOING A GREAT JOB | | | |
|---|---|--------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| COUNCIL'S SERVICES | PERFORMANCE MEASURES (with 2016/17 results) | TARGETS 2018/19 | TARGETS 2019/20 | TARGETS 2020/21 | TARGETS 2021/22 – 27-28 |
| Council provides: <ul style="list-style-type: none"> • a kerbside solid waste collection service • a kerbside recycling collection service • recycling drop-off points • a greenwaste drop-off service to manage waste in an environmentally responsible manner and maximise the amount of waste diverted from landfill. [Waste Plan] | Rubbish and recycling placed in Council's official bags or bins are collected on the stated day. (99.99%) | At least 98% | At least 98% | At least 98% | At least 98% |
| | Compliance with resource consents for the Rubbish and Recycling Activity measured by the number of: <ul style="list-style-type: none"> • abatement notices • infringement notices • enforcement orders • convictions. (met) | None | None | None | None |
| | A 30-year Asset Management Plan is in place and major AMP projects approved in the 10 Year Plan are achieved. ¹ (met) | Projects achieved | Projects achieved | Projects achieved | Projects achieved |
| Council manages its Rubbish and Recycling Activity in a financially sustainable way. | Major services and projects are provided within budget. (met) | Services and projects within budget | Services and projects within budget | Services and projects within budget | Services and projects within budget |

Significant Negative Effects

Significant negative effects and their solutions for rubbish and recycling are:

- Putting waste in landfill presents a significant adverse effect on the receiving environment. Council has set goals through its Waste Management and Minimisation Plan 2012 (WMMP) to divert 75% of the waste that is currently buried in landfills and clean fill sites to beneficial uses of waste. The WMMP outlines strategies that Council can implement to meet this target (pncc.govt.nz/media/2202831/waste_management_and_minimisation_plan_2012.pdf).
- Decomposition of organic material placed in the landfill over time generates gases which are released

into the atmosphere. A grid of collection wells has been established on the closed Awapuni landfill, with the collected gas being used for energy generation. This greatly reduces release of environmentally harmful emissions.

- Leachates discharging from the landfill and sediment eroding off the landfill can result in degradation of the environment if they are not contained. Mitigation of these effects is through a system of leachate and stormwater collection and return to the wastewater treatment plant. In addition, extensive groundwater monitoring for potentially toxic substances is part of the resource consent.
- Paper and other lightweight recycling material are prone to wind displacement, particularly at the exposed Awapuni site. A perimeter fence is in place to intercept

windblown materials and is periodically cleaned to maintain the visual presentation of the site.

Key documents and links

- Eco-City Strategy
- Waste Plan
- Sustainable Practices Plan

pncc.govt.nz/vision

- Rubbish and Recycling Asset Management Plan

pncc.govt.nz/assetmanagement

¹ Renewals as a group

| RUBBISH AND RECYCLING - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|--|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| REVENUE | | | | | | | | | | | |
| 246 | Landfill Management | 280 | 241 | 246 | 252 | 258 | 265 | 272 | 279 | 286 | 294 |
| 1,233 | Waste Management | 1,150 | 1,179 | 1,206 | 1,235 | 1,265 | 1,296 | 1,330 | 1,364 | 1,401 | 1,440 |
| 1,491 | Waste Minimisation | 1,525 | 1,558 | 1,591 | 1,626 | 1,662 | 1,701 | 1,742 | 1,784 | 1,828 | 1,875 |
| 2,971 | TOTAL REVENUE | 2,955 | 2,978 | 3,044 | 3,113 | 3,185 | 3,262 | 3,343 | 3,427 | 3,516 | 3,610 |
| EXPENSES | | | | | | | | | | | |
| 253 | Landfill Management | 228 | 241 | 254 | 267 | 276 | 285 | 294 | 302 | 312 | 323 |
| 1,457 | Waste Management | 1,674 | 1,719 | 1,757 | 1,799 | 1,842 | 1,888 | 1,937 | 1,987 | 2,040 | 2,097 |
| 5,540 | Waste Minimisation | 5,907 | 6,056 | 6,232 | 6,359 | 6,481 | 6,510 | 6,631 | 6,686 | 6,863 | 6,980 |
| 7,250 | Total Expenses | 7,809 | 8,016 | 8,244 | 8,424 | 8,599 | 8,683 | 8,862 | 8,975 | 9,215 | 9,400 |
| 4,279 | NET OPERATING COST OF ACTIVITY | 4,854 | 5,038 | 5,200 | 5,311 | 5,414 | 5,421 | 5,519 | 5,548 | 5,700 | 5,790 |
| RATING REQUIREMENT | | | | | | | | | | | |
| (737) | Less Depreciation | (918) | (945) | (992) | (1,018) | (1,043) | (1,078) | (1,088) | (1,099) | (1,140) | (1,146) |
| 250 | Plus Net Capital Renewal (3 Year Average) | 361 | 365 | 420 | 465 | 686 | 916 | 1,114 | 1,080 | 959 | 842 |
| 1,295 | Plus Debt Repayment | 1,055 | 811 | 776 | 1,014 | 866 | 1,042 | 1,011 | 1,068 | 937 | 973 |
| 5,088 | RATES REQUIREMENT | 5,352 | 5,269 | 5,405 | 5,772 | 5,922 | 6,301 | 6,556 | 6,596 | 6,455 | 6,460 |
| CAPITAL EXPENDITURE | | | | | | | | | | | |
| 306 | Renewal | 362 | 325 | 395 | 374 | 491 | 530 | 1,035 | 1,183 | 1,125 | 931 |
| 461 | New | 564 | 399 | 417 | 398 | 162 | 178 | 177 | 178 | 196 | 190 |

| RUBBISH AND RECYCLING - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | | |
|---|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | |
| \$'000S | | \$'000S | |
| 767 | Total Capital Expenditure | 926 | 724 | 812 | 773 | 653 | 708 | 1,212 | 1,360 | 1,321 | 1,122 | |
| FUNDED BY | | | | | | | | | | | | |
| 250 | Rates | 361 | 365 | 420 | 465 | 686 | 916 | 1,114 | 1,080 | 959 | 842 | |
| 517 | New Borrowing / (Repayment) | 565 | 359 | 392 | 307 | (33) | (208) | 98 | 281 | 362 | 279 | |
| 767 | Total | 926 | 724 | 812 | 773 | 653 | 708 | 1,212 | 1,360 | 1,321 | 1,122 | |
| RUBBISH AND RECYCLING - CAPITAL RENEWAL | | | | | | | | | | | | |
| | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | |
| ID-NAME | GROWTH | LOS | \$'000S | |
| 185-Closed Landfills and Transfer Stations - Site Infrastructure Renewals | 0% | 100% | 141 | 76 | 94 | 21 | 46 | 28 | 364 | 398 | 18 | 54 |
| 612-Recycling - City Wide Wheelie Bin and Crate Renewals | 0% | 100% | 74 | 99 | 139 | 196 | 276 | 383 | 516 | 664 | 919 | 730 |
| 649-Recycling - Materials Recovery Facility Renewals | 0% | 100% | 131 | 132 | 144 | 138 | 151 | 100 | 136 | 98 | 165 | 122 |
| 1368-City Wide Public Space Rubbish & Recycling Bins Renewals | 0% | 100% | 15 | 15 | 16 | 16 | 16 | 17 | 17 | 18 | 18 | 19 |
| 1374-City Wide Public Recycling Facilities Renewals | 0% | 100% | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 5 | 5 | 6 |
| TOTAL | | | 362 | 325 | 395 | 374 | 491 | 530 | 1,035 | 1,183 | 1,125 | 931 |
| Funded by Council (Rates and Borrowing) | | | 362 | 325 | 395 | 374 | 491 | 530 | 1,035 | 1,183 | 1,125 | 931 |

| RUBBISH AND RECYCLING - CAPITAL NEW | | | | | | | | | | | | |
|---|--------|------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 506-City Wide Public Space Rubbish & Recycling Bins | 0% | 100% | 68 | 71 | 73 | 75 | 78 | 81 | 84 | 88 | 91 | 95 |
| 657-Recycling - City Wide Wheelie Bins and Crates to Additional Properties | 0% | 100% | 56 | 57 | 59 | 60 | 62 | 63 | 65 | 66 | 68 | 70 |
| 721-Awapuni Landfill - Landscaping | 0% | 100% | 17 | 17 | 18 | 18 | 19 | 19 | 20 | 20 | 21 | 21 |
| 1217-City-wide Shared Pathways - New Rubbish/ Recycling Bins | 0% | 100% | 26 | - | - | - | - | - | - | - | - | - |
| 1371-Closed Landfills and Transfer Stations - Site Infrastructure | 0% | 100% | 55 | 50 | 58 | 30 | - | 11 | - | - | 12 | - |
| 1373-City Wide Public Recycling Facilities | 0% | 100% | 49 | 45 | 44 | 45 | - | - | 5 | - | - | - |
| 1410-Recycling - Recycling Bins and Crates to Non Residential Properties | 0% | 100% | - | 158 | 166 | 170 | 3 | 3 | 3 | 4 | 4 | 4 |
| 1530-C/fwd - Recycling - Install RFID Tags on Existing Recycling Wheelie Bins | 0% | 100% | 244 | - | - | - | - | - | - | - | - | - |
| 1545-C/fwd - Materials Recovery Facility - Air Quality Improvements | 0% | 100% | 50 | - | - | - | - | - | - | - | - | - |
| TOTAL | | | 564 | 399 | 417 | 398 | 162 | 178 | 177 | 178 | 196 | 190 |
| Funded by Council (Rates and Borrowing) | | | 564 | 399 | 417 | 398 | 162 | 178 | 177 | 178 | 196 | 190 |

Biodiversity and Sustainable Practices Activity

What Council does

The Council plays its part in regenerating biodiversity by:

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

It also encourages residents to become more sustainable through education and making it easy for them to make good choices.

The Council also works with Horizons Regional Council to deliver the EnviroSchools programme in schools and early childhood centres, to reduce waste and energy use and engage with biodiversity. Council also has an EcoDesign Advisor (EDA) programme to advise residents on how they can make their homes warmer and drier while reducing their power bills and environmental footprint.

How this links to Council's Goals

Council, in partnership with Rangitāne, is boosting native birdlife in the Turitea Reserve. Monitoring shows that since Council began extensive predator control a decade ago, native birdlife has increased tenfold within the reserve. Kākā from Pukaha/Mt Bruce have been spotted in the reserve recently and it is possible they could re-establish themselves there.

Connecting the reservoir of birds in the Turitea with the city through a series of 'green corridors' would encourage more birds into the city. This could radically change the experience of visiting the Esplanade and the river, and be a substantial drawcard for the city.

Council is also extending the green corridors programme into neighbouring gullies and streams to create a network of links from the Turitea to the Manawatū River and into the city. The Council will plant more trees along streets and in city parks to ensure native birds, once down in the city, have adequate year-round food sources.

A lot of very valuable work is done by Palmerston North's environmental community. Council will continue to support this work by facilitating greater co-ordination and cooperation between groups.

For the city to become more sustainable, residents also need to adopt more sustainable practices. Council recognises that, on its own, an 'information-intensive' programme (involving flyers, billboards, advertisements, explanatory workshops) does not produce significant changes in behaviour. Instead, Council must systematically identify and reduce the barriers to change, while also considering raising the barriers to undesirable behavior, such as by working with event organisers to make it easy for them and their patrons to recycle.

Other ways Council helps encourage sustainable practices is through direct education to increase public understanding of and engagement with environmental issues.

| WHAT WE DO | HOW WE SHOW WE ARE DOING A GREAT JOB | | | | |
|---|---|---|---|---|---|
| COUNCIL'S SERVICES | PERFORMANCE MEASURES (with 2016/17 results) | TARGETS 2018/19 | TARGETS 2019/20 | TARGETS 2020/21 | TARGETS 2021/22 – 27-28 |
| Council works with iwi and community groups to re-establish bush, particularly along waterways, and to control introduced predators. [Biodiversity Plan] | 15,000 green corridors trees planted per year. (Note: This is an average over three years, because as the number of trees increases so does the work required to look after the total number of planted trees.) (new) | At least 15,000 on average over three years | At least 15,000 on average over three years | At least 15,000 on average over three years | At least 15,000 on average over three years |
| Council fosters sustainable practices and behaviours so that city residents and organisations become more sustainable. [Sustainable Practices Plan and Energy Plan] | Number and description of sustainable practices campaigns. (new) | Narrative measure | Narrative measure | Narrative measure | Narrative measure |
| | Number and description of Eco Design home consultations. (new) | Narrative measure | Narrative measure | Narrative measure | Narrative measure |
| Council manages its Biodiversity and Sustainable Practices Activity in a financially sustainable way. | Major services and projects are provided within budget. (new) | Services and projects within budget |

Key documents and links

- [Eco-City Strategy](#)
- [Biodiversity Plan](#)
- [Sustainable Practices Plan](#)

pncc.govt.nz/vision

| BIODIVERSITY & SUSTAINABLE PRACTICES - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|---|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| | REVENUE | | | | | | | | | | |
| - | Biodiversity | - | - | - | - | - | - | - | - | - | - |
| - | Total Revenue | - | - | - | - | - | - | - | - | - | - |
| | EXPENSES | | | | | | | | | | |
| 70 | Biodiversity | 311 | 315 | 324 | 330 | 343 | 350 | 360 | 371 | 383 | 401 |
| | Support to environmental groups | 168 | 178 | 182 | 186 | 190 | 194 | 199 | 204 | 208 | 214 |
| 25 | Sustainable Practices | 278 | 343 | 245 | 224 | 205 | 185 | 160 | 160 | 161 | 161 |
| 95 | Total Expenses | 756 | 836 | 751 | 740 | 738 | 729 | 719 | 735 | 752 | 775 |
| 95 | NET OPERATING COST OF ACTIVITY | 756 | 836 | 751 | 740 | 738 | 729 | 719 | 735 | 752 | 775 |
| | RATING REQUIREMENT | | | | | | | | | | |
| - | Less Depreciation | - | (6) | (13) | (20) | (27) | (34) | (41) | (41) | (42) | (42) |
| 95 | RATES REQUIREMENT | 756 | 835 | 748 | 736 | 733 | 724 | 714 | 732 | 750 | 776 |
| | CAPITAL EXPENDITURE | | | | | | | | | | |
| - | New | 80 | 82 | 84 | 86 | 88 | 90 | 24 | 24 | 25 | 25 |
| | Total Capital Expenditure | 80 | 82 | 84 | 86 | 88 | 90 | 24 | 24 | 25 | 25 |
| | FUNDED BY | | | | | | | | | | |
| - | New Borrowing / (Repayment) | 80 | 82 | 84 | 86 | 88 | 90 | 24 | 24 | 25 | 25 |
| - | Total | 80 | 82 | 84 | 86 | 88 | 90 | 24 | 24 | 25 | 25 |

| BIODIVERSITY & SUSTAINABLE PRACTICES - OPERATIONAL | | | | | | | | | | | | |
|---|--------|------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 268-Arapuke Forest Park/Kahuterawa Pest Control and Biodiversity Protection and Enhancement | 0% | 100% | 62 | 58 | 59 | 57 | 63 | 61 | 62 | 64 | 66 | 73 |
| 751-City-wide - Massey Living Lab Research into Sustainability Issues | 0% | 100% | 26 | 27 | 28 | 28 | 29 | 29 | 30 | 31 | 32 | 32 |
| 764-City-wide - Council Facility Energy Use Monitoring | 0% | 100% | 25 | 25 | 26 | 27 | 27 | 28 | 28 | 29 | 30 | 31 |
| 835-Ashurst Domain - Biodiversity Improvements as Part of Manawatu Gorge Project | 0% | 100% | 43 | 44 | 45 | 47 | 48 | 49 | 50 | 51 | 53 | 54 |
| 1080-Citywide - Biodiversity Increased Plant and Animal Pest Control | 0% | 100% | 29 | 29 | 30 | 31 | 31 | 32 | 33 | 34 | 35 | 36 |
| 1145-Green Corridors Project - Continued Development | 0% | 100% | 60 | 62 | 63 | 64 | 66 | 68 | 69 | 71 | 73 | 75 |
| 1450-Predator Free Palmerston North | 0% | 100% | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 49 | 50 |
| 1453-Freshwater Body Improvements | 0% | 100% | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 49 | 50 |
| 1526-Low Carbon Road Map Development | 0% | 100% | - | 82 | - | - | - | - | - | - | - | - |
| TOTAL | | | 325 | 409 | 335 | 340 | 352 | 357 | 366 | 375 | 385 | 402 |

| BIODIVERSITY & SUSTAINABLE PRACTICES - CAPITAL NEW | | | | | | | | | | | | |
|--|--------|------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 1077-Citywide - Biodiversity Enhancement Through Native Planting | 0% | 100% | 20 | 21 | 21 | 22 | 22 | 23 | 24 | 24 | 25 | 25 |
| 1451-Council Facilities LED Lighting Upgrades | 0% | 100% | 60 | 61 | 63 | 64 | 65 | 67 | - | - | - | - |
| TOTAL | | | 80 | 82 | 84 | 86 | 88 | 90 | 24 | 24 | 25 | 25 |
| Funded by Council (Rates and Borrowing) | | | 80 | 82 | 84 | 86 | 88 | 90 | 24 | 24 | 25 | 25 |

Stormwater Activity

For Local Government Act purposes, this Activity is also the Stormwater Drainage Group of Activities.

What Council does

The purpose of the stormwater system is to protect the environment and public health by controlling the level of pollutants and sediment in stormwater runoff that goes into streams and rivers, and to protect buildings from internal flooding by water that ponds during heavy rain.

Council does this through a reticulated stormwater system of pipes, pumping stations and channels with the capacity to protect from street flooding for a five-year rainfall event and protect buildings from flooding for a 100-year event. These systems consist of 275km of piped drains, 9km of culverts, 15 pump stations, 90 flood gates and 21km of open drains.

The Council is also responsible for the stopbanks along the Kawau Stream. (Horizons Regional Council is responsible for the stopbanks that protect the city from flooding of the Manawatū River and Mangaone Stream.)

How this links to Council's Goals

Council's strategic focus is to raise the profile and quality of city urban streams, acknowledging their cultural significance as tributaries of the Manawatū River.

Development has increased the amount and speed of rainwater that goes into urban waterways, increasing peak flow rates and the soils and other contaminants going directly into the river system. This is because buildings, paving and roads divert water that would have otherwise drained into the soil and recharged groundwater. The Council works with Horizons Regional Council to measure the impact of urban runoff on the Manawatū, as part of developing a consistent regional approach to stormwater

management. Developing a map of the city's catchments will help in developing a stormwater management plan for the city.

Intensification of development in the existing urban area and more urban development on the fringe of the city will generate even more stormwater for city pipes and streams to cope with, which may trigger expensive upgrades if current levels of service are to be maintained. The Council needs to explore alternative approaches to ensure it has a more sustainable response to growth. Water-sensitive design approaches to development and a wider use of tools such as water tanks, green roofs, swales, rain gardens and detention ponds will all help.

Climate change is expected to bring higher-intensity rainfall events, which will increase the frequency of both nuisance flooding on roads and properties and flooding of habitable dwellings. Development in high-risk areas with inadequate protection or floor-level separation should be avoided.

Council has recently tried to take a more naturalised approach to managing stormwater. This is apparent in Norton Park, where a trial wetland has been established, as well as the nearby Edwards Pit Park, where Council has created and planted a series of wetlands to reduce pollution, illegal dumping and damage to critical assets and habitats. Council will look for more opportunities to transform drainage corridors and urban waterways, to improve biodiversity and more sustainably manage stormwater.

| WHAT WE DO | HOW WE SHOW WE ARE DOING A GREAT JOB | | | | |
|--|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| COUNCIL'S SERVICES | PERFORMANCE MEASURES (with 2016/17 results) | TARGETS 2018/19 | TARGETS 2019/20 | TARGETS 2020/21 | TARGETS 2021/22 – 27-28 |
| Council provides stormwater services to protect buildings from inundation from flooding in major events. [Three Waters Plan] | The number of flood events per year resulting in stormwater from Council's stormwater system entering a habitable floor in an urban area. (no events) | No more than 5 |
| Council provides stormwater infrastructure to support growth. [Growth Infrastructure Plan] | The number of habitable floors per 1,000 properties within urban stormwater service areas affected by a flood event. (no events) | No more than 2 |
| | Median time to attend a flooding event. (Note: A flooding event is one resulting in stormwater entering a habitable building.) (not measured) | Less than 2 hours |
| | The number of complaints received about the performance of Council's stormwater system per 1,000 properties connected. (10) | No more than 15 |
| | Compliance with resource consents ¹ for discharge from Council's stormwater system measured by the number of: | | | | |
| | • abatement notices | Zero | Zero | Zero | Zero |
| | • infringement notices | Zero | Zero | Zero | Zero |
| | • enforcement orders | Zero | Zero | Zero | Zero |
| | • convictions | Zero | Zero | Zero | Zero |
| | in relation to stormwater resource consents. (none) | | | | |
| | A 30-year Asset Management Plan is in place and major AMP projects approved in the 10 Year Plan are achieved. ² (met) | Projects achieved | Projects achieved | Projects achieved | Projects achieved |
| Council manages its Stormwater Activity in a financially sustainable way. | Major services and projects are provided within budget. (met) | Services and projects within budget |

¹ Council holds only consents associated with construction and maintenance of stormwater facilities. There are no specific stormwater discharge consents.

² Renewals as a group: City-wide Stormwater Improvement Works (programme 1060)

Significant Negative Effects

Significant negative effects include:

- Failure of the system resulting in flooding of habitable residential and commercial buildings.
- Stormwater entry to the wastewater network through cross-connections and illegal connections resulting in excess volumes of wastewater to be treated and potential detrimental impacts on the quality of treated effluent discharged.
- Pollution and contamination of the stormwater from runoff and cross-connections with the wastewater network, resulting in contaminants entering the stormwater network and discharging to streams and the Manawātū River.

Council mitigates these in a range of ways:

- Property damage due to flood events is addressed by a range of measures including capital works to address capacity constraints, effective building control to set minimum building floor levels, site specific detention

and attenuation of stormwater in new growth and infill sub-divisions.

- Runoff from industrial areas with the potential for adverse stormwater contamination is managed through the building consenting and trade waste regulatory processes.
- The clean-up for any pollution incidents is managed by emergency response plans (with Horizons Regional Council).
- A comprehensive programme of monitoring, inspection and corrective work to reduce the volume of stormwater infiltration and inflow into the wastewater system.
- Identifying and targeting sites that are at high risk of discharging significant contaminants.
- Behaviour change initiatives within the community focus on reducing illegal dumping, littering and discharging of hazardous substances into the stormwater system.

Key documents and links

- [Eco-City Strategy](#)
- [Three Waters Plan](#)

pncc.govt.nz/vision

- [Stormwater Asset Management Plan](#)

pncc.govt.nz/assetmanagement

| STORMWATER - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|---|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| REVENUE | | | | | | | | | | | |
| 2 | Stormwater Collection and Disposal | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 |
| 2 | Total Revenue | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 |
| EXPENSES | | | | | | | | | | | |
| 3,432 | Stormwater Collection and Disposal | 3,784 | 3,933 | 4,197 | 4,174 | 4,246 | 4,574 | 4,680 | 4,753 | 5,242 | 5,300 |
| 3,432 | Total Expenses | 3,784 | 3,933 | 4,197 | 4,174 | 4,246 | 4,574 | 4,680 | 4,753 | 5,242 | 5,300 |
| 3,430 | NET OPERATING COST OF ACTIVITY | 3,781 | 3,930 | 4,195 | 4,172 | 4,244 | 4,572 | 4,678 | 4,750 | 5,240 | 5,298 |
| RATING REQUIREMENT | | | | | | | | | | | |
| (1,631) | Less Depreciation | (1,787) | (1,809) | (2,063) | (2,089) | (2,110) | (2,379) | (2,404) | (2,408) | (2,845) | (2,850) |
| 413 | Plus Net Capital Renewal (3 Year Average) | 640 | 625 | 601 | 607 | 568 | 546 | 468 | 458 | 407 | 442 |
| 224 | Plus Debt Repayment | 123 | 143 | 167 | 423 | 674 | 880 | 1,092 | 1,221 | 1,056 | 1,121 |
| 2,436 | RATES REQUIREMENT | 2,758 | 2,889 | 2,900 | 3,114 | 3,376 | 3,620 | 3,834 | 4,021 | 3,857 | 4,010 |
| CAPITAL EXPENDITURE | | | | | | | | | | | |
| 266 | Renewal | 635 | 677 | 610 | 587 | 606 | 629 | 469 | 541 | 396 | 438 |
| 970 | New | 1,013 | 1,191 | 955 | 483 | 550 | 868 | 1,594 | 415 | 1,462 | 438 |
| 1,236 | Total Capital Expenditure | 1,648 | 1,868 | 1,566 | 1,071 | 1,155 | 1,497 | 2,063 | 956 | 1,858 | 877 |

| STORMWATER - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | | |
|--|-----------------------------|------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| BUDGET 2017/18 | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | | \$'000S |
| FUNDED BY | | | | | | | | | | | | |
| 176 | Development Contributions | | 71 | 98 | 126 | 139 | 164 | 185 | 226 | 261 | 289 | 299 |
| 413 | Rates | | 640 | 625 | 601 | 607 | 568 | 546 | 468 | 458 | 407 | 442 |
| 647 | New Borrowing / (Repayment) | | 936 | 1,145 | 838 | 324 | 424 | 766 | 1,369 | 237 | 1,162 | 136 |
| 1,236 | Total | | 1,648 | 1,868 | 1,566 | 1,071 | 1,155 | 1,497 | 2,063 | 956 | 1,858 | 877 |
| STORMWATER - OPERATIONAL | | | | | | | | | | | | |
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 1247-Sustainable practices within the three waters | 0% | 100% | 150 | 154 | 157 | 161 | 165 | 169 | 173 | 178 | 183 | 188 |
| 1369-City-wide Joint Water Quality/Cultural Monitoring Framework | 0% | 100% | 100 | 154 | 105 | - | - | - | - | - | - | - |
| 1495-Third party stormwater flood problem resolution | 0% | 100% | 20 | 21 | 21 | 21 | 22 | 23 | 23 | 24 | 24 | 25 |
| TOTAL | | | 270 | 328 | 283 | 183 | 187 | 192 | 197 | 202 | 207 | 213 |

| STORMWATER - CAPITAL RENEWAL | | | | | | | | | | | | |
|---|--------|------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 20-City-wide - Stormwater Pump Station Renewals | 0% | 100% | 70 | 72 | 73 | - | - | 34 | - | - | 37 | - |
| 1062-City-wide - Stormwater Renewal Works | 0% | 100% | 565 | 605 | 537 | 587 | 606 | 595 | 469 | 541 | 359 | 438 |
| TOTAL | | | 635 | 677 | 610 | 587 | 606 | 629 | 469 | 541 | 396 | 438 |
| Funded by Council (Rates and Borrowing) | | | 635 | 677 | 610 | 587 | 606 | 629 | 469 | 541 | 396 | 438 |

| STORMWATER - CAPITAL NEW | | | | | | | | | | | | |
|---|--------|------|--------------|--------------|------------|------------|------------|------------|--------------|------------|--------------|------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S |
| 51-City-wide - Stormwater Subdivision Contributions | 100% | 0% | 50 | 51 | 52 | 54 | 55 | 56 | 58 | 59 | 61 | 63 |
| 197-Urban Growth - North East Industrial Park Stormwater | 100% | 0% | 20 | 256 | - | - | - | 23 | 289 | - | - | - |
| 1001-Urban Growth - Whakarongo - Installation of Stormwater Systems | 100% | 0% | 380 | 359 | 315 | - | 385 | 338 | - | - | - | - |
| 1060-City-wide - Stormwater Improvement Works | 0% | 100% | 563 | 525 | 483 | 430 | 110 | 338 | 347 | 356 | 366 | 376 |
| 1065-Urban Growth - City West - Installation of Stormwater Systems | 100% | 0% | - | - | - | - | - | - | 900 | - | 914 | - |
| 1372-City-Wide SW Pump Stations | 0% | 100% | - | - | 105 | - | - | 113 | - | - | 122 | - |
| TOTAL | | | 1,013 | 1,191 | 955 | 483 | 550 | 868 | 1,594 | 415 | 1,462 | 438 |
| Funded by Council (Rates and Borrowing) | | | 1,013 | 1,191 | 955 | 483 | 550 | 868 | 1,594 | 415 | 1,462 | 438 |

Wastewater Activity

For Local Government Act purposes, this Activity is also the Sewerage and Treatment and Disposal of Sewage Group of Activities.

What Council does

The Council provides wastewater systems for the safe and reliable collection, treatment and disposal of wastewater (sewage) from residential and commercial properties within Palmerston North.

All wastewater collected is treated at a single facility at Totara Road in Palmerston North and discharged to the Manawatū River.

The system includes 418km of pipelines and 36 pump stations.

How this links to Council's Goals

As a member of the Manawatū River Leaders Accord, Council recognises its role in improving the health and mauri of the Manawatū River. Palmerston North and its surrounding villages discharge treated wastewater into the Manawatū River via the Totara Road Wastewater Treatment Plant. Over recent years, efforts have been made to reduce the environmental impact of wastewater by following regional policy and complying with resource consents. The number of Council wastewater discharge points into the river has reduced to one.

Council has also brought forward its wastewater resource consent review by five years to look at how the city can contribute to improving the health and mauri of the Manawatū River. The upcoming review will need to identify ways to improve the city's wastewater treatment, particularly when the river level is low. The Council will need to actively engage with the community in the lead-up to this process to help identify possible future treatment options.

Due to infiltration from the stormwater network, significant parts of the city's wastewater network are at capacity during major wet weather events. The primary causes of this are damaged infrastructure and private property owners either accidentally or deliberately diverting their stormwater into the wastewater network. Renewals will need to be prioritised to target critical trunk sewers. The leakiest parts of the network also need to be targeted to exclude stormwater infiltration.

New growth areas may need a different approach to managing wastewater. Extending the network as it currently exists in parts of the city could create problems at the treatment plant. New pressurised sewer technologies could provide cost-effective reticulated services with increased storage control.

| WHAT WE DO | HOW WE SHOW WE ARE DOING A GREAT JOB | | | | |
|--|--|---|---|---|---|
| COUNCIL'S SERVICES | PERFORMANCE MEASURES (with 2016/17 results) | TARGETS 2018/19 | TARGETS 2019/20 | TARGETS 2020/21 | TARGETS 2021/22 – 27-28 |
| Council provides wastewater services for the safe collection, treatment and disposal of the city's wastewater. [Three Waters Plan] | Number of dry weather wastewater overflows from Council's wastewater system per 1,000 connections per year. (1.1) | No more than 1 |
| Council provides wastewater infrastructure to support growth. [Growth Infrastructure Plan] | Complaints per 1,000 connections about: (3.7) <ul style="list-style-type: none"> wastewater odour Wastewater system faults Wastewater system blockages Council's response to issues with the wastewater system. | No more than 15 |
| | Median time for attending to overflows resulting from blockages or other faults. (0.4 hours) | Less than 1.5 hours |
| | Median time for resolution of overflows resulting from blockages or other faults. (2.3 hours) | Less than 8 hours (ie. Total attendance and resolution is less than 9.5 in total) | Less than 8 hours (ie. Total attendance and resolution is less than 9.5 in total) | Less than 8 hours (ie. Total attendance and resolution is less than 9.5 in total) | Less than 8 hours (ie. Total attendance and resolution is less than 9.5 in total) |
| | Compliance with resource consents for discharge from Council's wastewater system as measured by the number of: <ul style="list-style-type: none"> abatement notices infringement notices enforcement notices convictions received by Council in relation to resource consents (all zero) | Zero | Zero | Zero | Zero |
| | | Zero | Zero | Zero | Zero |
| | | Zero | Zero | Zero | Zero |
| | | Zero | Zero | Zero | Zero |
| | | Projects achieved | Projects achieved | Projects achieved | Projects achieved |
| | A 30-year Asset Management Plan is in place and major AMP projects approved in the 10 Year Plan are achieved. ¹ (met) | | | | |
| Council manages its Wastewater Activity in a financially sustainable way. | Major services and projects are provided within budget. (met) | Services and projects within budget |

1 Renewals as a group

Significant Negative Effects

Potential negative effects associated with the wastewater activity include:

- Discharge of treated wastewater effluent or overflows of untreated wastewater from the WWTP to the Manawatū River adversely affecting river quality.
- Odours from wastewater infrastructure such as pumping stations, treatment facilities, and pipeline vents adversely affecting local residents.
- The disposal of wastewater treatment by-products, such as bio-solids adversely affecting the receiving environment.

All of these potential negative effects are managed as part of the day-to-day operation of the Wastewater Activity.

The quality of effluent discharged to the Manawatū River is regulated by resource consent.. The consent conditions ensure that negative effects associated with the discharge are managed to acceptable levels. The Council is currently undertaking a robust Best Practical Options review of treatment options prior to the application of a new consent. (For more information see pages 188-189.)

The entry of stormwater to the wastewater system during heavy rainfall is addressed by reducing the entry of stormwater to the wastewater system on private properties, renewal of pipelines where there is excessive entry of stormwater through defects in the pipes, and providing additional capacity in parts of the wastewater system.

There are no reported odour issues associated with the wastewater reticulation system however a small number of odour complaints are received regarding the operation of the WWTP on Totara Rd. Some of the complaints relate to composting activities at the Council composting operations, however in general the odour suppression system in place and careful management of the disposal of wastewater treatment by-products is effective.

Key documents and links

- [Eco-City Strategy](#)
- [Three Waters Plan](#)

pncc.govt.nz/vision

- [Wastewater Asset Management Plan](#)

pncc.govt.nz/assetmanagement

| WASTEWATER - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|---|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| REVENUE | | | | | | | | | | | |
| 222 | Treatment and Disposal | 247 | 371 | 500 | 635 | 650 | 667 | 684 | 702 | 721 | 741 |
| 705 | Wastewater Collection | 905 | 928 | 949 | 972 | 995 | 1,200 | 1,243 | 1,489 | 1,541 | 1,597 |
| 927 | Total Revenue | 1,152 | 1,298 | 1,449 | 1,607 | 1,646 | 1,867 | 1,927 | 2,191 | 2,262 | 2,338 |
| EXPENSES | | | | | | | | | | | |
| 4,766 | Treatment and Disposal | 5,741 | 5,908 | 5,818 | 5,957 | 5,811 | 5,864 | 6,287 | 8,310 | 13,570 | 19,002 |
| 4,435 | Wastewater Collection | 5,251 | 5,370 | 5,520 | 5,583 | 5,587 | 5,709 | 5,703 | 5,738 | 5,828 | 5,768 |
| 9,201 | Total Expenses | 10,992 | 11,278 | 11,338 | 11,540 | 11,398 | 11,573 | 11,990 | 14,048 | 19,399 | 24,770 |
| 8,274 | NET OPERATING COST OF ACTIVITY | 9,840 | 9,980 | 9,889 | 9,933 | 9,752 | 9,706 | 10,063 | 11,857 | 17,136 | 22,432 |
| RATING REQUIREMENT | | | | | | | | | | | |
| (3,022) | Less Depreciation | (4,145) | (4,183) | (4,335) | (4,348) | (4,357) | (4,491) | (4,499) | (5,009) | (5,868) | (6,599) |
| 2,887 | Plus Net Capital Renewal (3 Year Average) | 3,012 | 2,835 | 2,748 | 2,904 | 2,660 | 2,701 | 2,547 | 2,619 | 2,707 | 2,680 |
| 450 | Plus Debt Repayment | 322 | 358 | 416 | 905 | 1,386 | 1,790 | 2,270 | 2,741 | 2,922 | 3,549 |
| 8,590 | RATES REQUIREMENT | 9,030 | 8,989 | 8,718 | 9,394 | 9,441 | 9,706 | 10,379 | 12,207 | 16,897 | 22,060 |
| CAPITAL EXPENDITURE | | | | | | | | | | | |
| 3,513 | Renewal | 4,112 | 2,578 | 2,524 | 3,403 | 2,316 | 2,992 | 2,671 | 2,441 | 2,528 | 2,887 |
| 1,269 | New | 1,183 | 2,813 | 1,033 | 268 | 1,146 | 6,630 | 19,023 | 36,746 | 36,616 | 37,296 |

| WASTEWATER - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|--|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| 4,782 | Total Capital Expenditure | 5,295 | 5,390 | 3,557 | 3,671 | 3,462 | 9,622 | 21,694 | 39,187 | 39,144 | 40,183 |
| FUNDED BY | | | | | | | | | | | |
| 383 | Development Contributions | 271 | 376 | 482 | 533 | 628 | 709 | 868 | 1,002 | 1,107 | 1,145 |
| 2,887 | Rates | 3,012 | 2,835 | 2,748 | 2,904 | 2,660 | 2,701 | 2,547 | 2,619 | 2,707 | 2,680 |
| 1,512 | New Borrowing / (Repayment) | 2,012 | 2,180 | 327 | 234 | 174 | 6,212 | 18,279 | 35,566 | 35,330 | 36,359 |
| 4,782 | Total | 5,295 | 5,390 | 3,557 | 3,671 | 3,462 | 9,622 | 21,694 | 39,187 | 39,144 | 40,183 |
| WASTEWATER - OPERATIONAL | | | | | | | | | | | |
| | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 1319-Totara Road Wastewater Treatment Plant - Consent Renewal Upgrade Options Analysis | 0% | 100% | 1,244 | 1,129 | 891 | 940 | 715 | 507 | 173 | 142 | 146 |
| 1401-City Wide Infiltration & Inflow Investigations | 0% | 100% | 200 | 205 | 210 | 215 | 220 | 225 | 231 | 237 | 244 |
| TOTAL | | | 1,444 | 1,334 | 1,101 | 1,154 | 935 | 733 | 405 | 380 | 390 |

| WASTEWATER - CAPITAL RENEWAL | | | | | | | | | | | | |
|--|--------|------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 54-City-wide - Wastewater Pipe Renewal | 0% | 100% | 1,600 | 1,845 | 2,097 | 2,148 | 2,199 | 2,254 | 2,313 | 2,373 | 2,437 | 2,505 |
| 65-City-wide - Wastewater Pump Station Renewal | 0% | 100% | 150 | 128 | 144 | 91 | 62 | 45 | 46 | 44 | 67 | 44 |
| 179-Totara Road Wastewater Treatment Plant - Minor Equipment Renewals | 0% | 100% | 130 | 62 | 105 | 54 | 55 | 56 | 23 | 24 | 24 | 25 |
| 1059-Totara Road Wastewater Treatment Plant - Replacement of Grit Removal Systems | 0% | 100% | 545 | - | - | - | - | - | - | - | - | - |
| 1067-Totara Road Wastewater Treatment Plant - Replacement of Security Fence and Gate | 0% | 100% | 350 | - | - | - | - | - | - | - | - | - |
| 1068-Totara Road Wastewater Treatment Plant - Replacement of Inlet Pumps | 0% | 100% | 1,008 | - | - | 928 | - | - | - | - | - | - |
| 1351-Eastern Trunk Main - Hokowhitu Campus Renewal | 0% | 100% | - | 272 | - | - | - | - | - | - | - | - |
| 1378-Bennett Street 525 Trunkmain Renewal | 0% | 100% | - | - | 178 | 183 | - | - | 289 | - | - | 313 |
| 1379-Maxwell's Line 825 Wastewater Trunk Main Renewal | 0% | 100% | - | 272 | - | - | - | 299 | - | - | - | - |
| 1380-Totara Rd WWTP - Biogas Generator Major Overhauls | 0% | 100% | 150 | - | - | - | - | 338 | - | - | - | - |
| 1555-C/fwd - Totara Road Wastewater Treatment Plant - Replacement of Inlet Screens (Renewal) | 0% | 100% | 179 | - | - | - | - | - | - | - | - | - |
| TOTAL | | | 4,112 | 2,578 | 2,524 | 3,403 | 2,316 | 2,992 | 2,671 | 2,441 | 2,528 | 2,887 |
| Funded by Council (Rates and Borrowing) | | | 4,112 | 2,578 | 2,524 | 3,403 | 2,316 | 2,992 | 2,671 | 2,441 | 2,528 | 2,887 |

| WASTEWATER - CAPITAL NEW | | | | | | | | | | | | |
|---|--------|------|--------------|--------------|--------------|------------|--------------|--------------|---------------|---------------|---------------|---------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S |
| 73-City-wide - Wastewater Subdivision Contributions | 100% | 0% | 100 | 103 | 105 | 107 | 110 | 113 | 116 | 59 | 61 | 63 |
| 210-Urban Growth - Installation of Wastewater Systems for New Industrial Areas - NEIZ Extension Area | 100% | 0% | 125 | 231 | - | - | 137 | - | - | - | - | 282 |
| 572-Totara Road Wastewater Treatment Plant - Replacement of Grit Removal Systems (Growth) | 100% | 0% | 135 | - | - | - | - | - | - | - | - | - |
| 624-Urban Growth - North East Industrial Zone - Downstream Wastewater Network Upgrade - McGregor Street to Rennie Avenue to Peters Avenue | 100% | 0% | - | - | - | - | - | - | 1,561 | - | - | - |
| 628-Totara Road Wastewater Treatment Plant - Consent Renewal Upgrade | 20% | 80% | - | - | - | - | - | 6,199 | 17,346 | 35,595 | 36,555 | 36,952 |
| 660-Ferguson Street - Wastewater Trunk Main Upgrade | 50% | 50% | - | - | - | - | - | - | - | 1,092 | - | - |
| 1000-Urban Growth - Whakarongo - Installation of Wastewater Systems | 100% | 0% | 30 | 371 | 336 | 161 | 293 | - | - | - | - | - |
| 1043-Totara Road Wastewater Treatment Plant - Inlet Main Duplication | 0% | 100% | 50 | 461 | - | - | - | - | - | - | - | - |
| 1055-Urban Growth - City West - Installation of Wastewater Systems | 100% | 0% | 50 | - | 330 | - | 605 | 318 | - | - | - | - |
| 1074-Totara Road Wastewater Treatment Plant - Earthquake Strengthening of Civil Structures | 0% | 100% | 100 | 1,230 | - | - | - | - | - | - | - | - |
| 1307-C/fwd - Urban Growth - Whakarongo - Installation of Wastewater Systems | 0% | 100% | 265 | - | - | - | - | - | - | - | - | - |
| 1381-Totara Rd WWTP - Biogas Generator Exhaust Heat Recovery | 0% | 100% | 193 | - | - | - | - | - | - | - | - | - |
| 1382-Totara Rd WWTP - Emergency Bypass Upgrades | 0% | 100% | - | 151 | - | - | - | - | - | - | - | - |
| 1383-Totara Rd WWTP - Emergency Overflow Structure Totara Rd | 0% | 100% | - | - | 262 | - | - | - | - | - | - | - |
| 1412-Urban Growth - Ashhurst - Wastewater - North St Network Upgrade | 30% | 70% | - | 267 | - | - | - | - | - | - | - | - |
| 1543-C/fwd - City-wide - Seismic Strengthening to Wastewater Structures | 0% | 100% | 127 | - | - | - | - | - | - | - | - | - |
| 1556-C/fwd - Totara Road Wastewater Treatment Plant - Replacement of Inlet Screens (Growth) | 100% | 0% | 8 | - | - | - | - | - | - | - | - | - |
| TOTAL | | | 1,183 | 2,813 | 1,033 | 268 | 1,146 | 6,630 | 19,023 | 36,746 | 36,616 | 37,296 |
| Funded by Council (Rates and Borrowing) | | | 1,183 | 2,813 | 1,033 | 268 | 1,146 | 6,630 | 19,023 | 36,746 | 36,616 | 37,296 |

Water Supply Activity

For Local Government Act purposes, this Activity is also the Water Supply Group of Activities.

What Council does

The Council provides a good-quality water supply that meets the Drinking Water Standards for New Zealand in a sustainable and responsible way to residential, industrial and commercial properties in the following four areas within the city boundary:

- Palmerston North, including Linton
- Ashhurst
- Bunnythorpe
- Longburn.

To achieve this, Council manages water supply infrastructure consisting of the two Turitea dams and Turitea Water Treatment Plant, 14 reservoirs, 21 bores and pump stations and 548km of water mains.

How this links to Council's Goals

While Palmerston North generally has a good water supply, in recent years it has been affected by summer droughts. The city has an integrated water supply network, with water sourced primarily from the Turitea Dam and supplemented by bores across the city. The quality of the water is very high and was awarded New Zealand's 'Best Water' in 2016. Water is generally readily available and capacity is adequate to service current and immediately foreseeable demands. However, summertime droughts have led to a need to conserve water for months at a time, to ensure residents and businesses have enough water for consumption and sanitation.

The Council will need to increase capacity to deal with potential seismic event failures or mechanical faults. Seismic strengthening of key assets, such as the Turitea

Dam, is also needed to reduce the risk of major asset failure and reduced service in a significant earthquake event. Resilience should also be increased by providing a second pipeline across the Manawatū River and by strengthening the main trunk network across the city.

The costs and benefits of reducing water pressure need to be weighed up. Reducing water pressure could prevent significant wastage of water and reduce maintenance costs for water infrastructure. However, the community may not accept lower water pressure and there may be implications for commercial fire system compliance.

The Council will investigate domestic water-saving and storage solutions to identify potential water-demand savings and wastewater flow reduction. District-wide resilience will be improved by connecting Palmerston North's water supplies to its satellite communities.

Like many cities, Palmerston North has aging infrastructure. Some assets have already been renewed or upgraded, and many others will need to be. Seismic resilience assessments are underway to investigate earthquake risk. The city needs to be able to bounce back quickly from a significant natural disaster, with water an essential need for residents and businesses.

| WHAT WE DO | HOW WE SHOW WE ARE DOING A GREAT JOB | | | | |
|--|--|--|--|--|--|
| COUNCIL'S SERVICES | PERFORMANCE MEASURES (with 2016/17 results) | TARGETS 2018/19 | TARGETS 2019/20 | TARGETS 2020/21 | TARGETS 2021/22 – 27-28 |
| Council provides water services for the provision of safe and readily available water. [Three Waters Plan] | Compliance with Part 4 (bacteria compliance criteria) of the Public Health Act 1956 (as amended by the Health (Drinking Water) Amendment Act 2007). (not met) | 100% | 100% | 100% | 100% |
| | Compliance with Part 5 (protozoal compliance criteria) of the Public Health Act 1956 (as amended by the Health (Drinking Water) Amendment Act 2007). (100%) | 100% | 100% | 100% | 100% |
| Council provides water infrastructure to support growth. [Growth Infrastructure Plan] | The number of complaints per 1,000 connections relating to clarity, taste odour, continuity of water supply, drinking water pressure or flow , and Council's response to any of these issues (10 complaints) | No more than 40 |
| | Average consumption of drinking water per day per resident. (343 litres) | no more than 360 litres per person per day | no more than 360 litres per person per day | no more than 360 litres per person per day | no more than 360 litres per person per day |
| | Median response time for urgent call-out attendance. (0.2 hours) | 2 hours or less |
| | Median response time for resolution of urgent call outs. (1.2 hours) | 7 hours or less |
| | Median response time for non-urgent call-out attendance. (1.6 hours) | 10 hours or less |
| | Median response time for resolution of non-urgent call-outs. (4.8 hours) | 75 hours or less |
| | Percentage of real water loss from the water reticulation network. (17%) | Less than 20% | Less than 20% | Less than 20% | Less than 20% |
| | A 30-year Asset Management Plan is in place and major AMP projects approved in the 10 Year Plan are achieved. ¹ (target met) | Projects achieved | Projects achieved | Projects achieved | Projects achieved |

1 Renewals as a group

| WHAT WE DO | HOW WE SHOW WE ARE DOING A GREAT JOB | | | | |
|--|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| COUNCIL'S SERVICES | PERFORMANCE MEASURES (with 2016/17 results) | TARGETS 2018/19 | TARGETS 2019/20 | TARGETS 2020/21 | TARGETS 2021/22 – 27-28 |
| Council manages its Water Activity in a financially sustainable way. | Major services and projects are provided within budget. (budget exceeded) | Services and projects within budget |

Significant Negative Effects

Potential negative effects associated with the Water Activity include:

- The effect on public health and quality of life should the water supply not meet water quality standards.
- Property damage resulting from mains failures.
- The effect on the environment of damming and extraction of water from the Turitea Stream.
- The effect on the environment of discharges of chlorinated water from maintenance activities or pipeline failures.
- The effect on the environment of disposal of water supply treatment by-products.
- Risks from natural events such as large earthquakes and significant floods.

All of these potential negative effects are managed as part of the day to day operation of the Water Activity. Water quality from the Treatment Plant is strictly controlled with a certified Quality Assurance process in place. The Water Safety Plan (Public Health Risk Management Plan) ensures the risks in providing drinking-water have been identified and mitigation measures are in place. Renewal programmes minimise the incidence of infrastructure failures.

The damming and extraction of water from the Turitea Stream is regulated by conditions of resource consents to ensure that potential adverse effects are managed to acceptable levels. Discharges of chlorinated water are of short duration, chlorine levels in the water are low, and any effects are likely to be localised and relatively minor. The discharge of water treatment by-products are covered by the resource consent, and have less than minor impact.

Key documents and links

- Eco-City Strategy
- Three Waters Plan

pncc.govt.nz/vision

- Water Asset Management Plan

pncc.govt.nz/assetmanagement

| WATER - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|--|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| REVENUE | | | | | | | | | | | |
| 21 | Water Collection | 28 | 28 | 29 | 30 | 30 | 31 | 32 | 33 | 34 | 34 |
| 3 | Water Distribution | 8 | 8 | 8 | 9 | 9 | 9 | 9 | 9 | 10 | 10 |
| 24 | Total Revenue | 36 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 |
| EXPENSES | | | | | | | | | | | |
| 2,785 | Water Collection | 2,845 | 2,880 | 3,092 | 3,204 | 3,259 | 3,536 | 3,625 | 3,404 | 3,614 | 3,585 |
| 3,574 | Water Distribution | 3,643 | 3,844 | 4,008 | 4,258 | 4,555 | 4,761 | 4,952 | 5,167 | 5,319 | 5,370 |
| 1,640 | Water Treatment | 1,768 | 1,892 | 2,219 | 2,481 | 2,622 | 2,722 | 2,771 | 2,825 | 2,982 | 3,021 |
| 7,999 | Total Expenses | 8,256 | 8,615 | 9,319 | 9,944 | 10,437 | 11,018 | 11,347 | 11,396 | 11,915 | 11,975 |
| 7,975 | NET OPERATING COST OF ACTIVITY | 8,220 | 8,579 | 9,282 | 9,906 | 10,398 | 10,978 | 11,306 | 11,354 | 11,872 | 11,931 |
| RATING REQUIREMENT | | | | | | | | | | | |
| (2,813) | Less Depreciation | (3,094) | (3,113) | (3,323) | (3,443) | (3,563) | (3,763) | (3,799) | (3,863) | (4,186) | (4,235) |
| 3,390 | Plus Net Capital Renewal (3 Year Average) | 3,248 | 3,635 | 4,146 | 4,240 | 4,109 | 4,253 | 4,087 | 3,979 | 3,524 | 3,583 |
| 464 | Plus Debt Repayment | 356 | 416 | 528 | 1,070 | 1,575 | 2,015 | 2,417 | 2,683 | 2,473 | 2,634 |
| 9,015 | RATES REQUIREMENT | 8,730 | 9,518 | 10,632 | 11,773 | 12,518 | 13,483 | 14,012 | 14,152 | 13,683 | 13,912 |
| CAPITAL EXPENDITURE | | | | | | | | | | | |
| 3,109 | Renewal | 3,415 | 3,013 | 3,314 | 4,579 | 4,544 | 3,597 | 4,186 | 4,976 | 3,100 | 3,859 |
| 3,219 | New | 3,011 | 6,601 | 9,644 | 6,172 | 6,516 | 3,151 | 4,043 | 2,288 | 3,342 | 921 |
| 6,328 | Total Capital Expenditure | 6,427 | 9,614 | 12,959 | 10,751 | 11,060 | 6,748 | 8,228 | 7,264 | 6,442 | 4,780 |

| WATER - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | | |
|---------------------------------------|-----------------------------|-----|---------|---------|---------|---------|---------|---------|------------|---------|---------|---------|
| BUDGET 2017/18 | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | | \$'000S | \$'000S | \$'000S | \$'000S |
| FUNDED BY | | | | | | | | | | | | |
| 315 | Development Contributions | | 187 | 259 | 332 | 367 | 433 | 489 | 598 | 691 | 763 | 789 |
| - | Asset Sales | | - | 402 | - | - | - | - | 248 | - | - | - |
| 3,390 | Rates | | 3,248 | 3,635 | 4,146 | 4,240 | 4,109 | 4,253 | 4,087 | 3,979 | 3,524 | 3,583 |
| 2,623 | New Borrowing / (Repayment) | | 2,992 | 5,318 | 8,481 | 6,144 | 6,518 | 2,006 | 3,295 | 2,595 | 2,155 | 408 |
| 6,328 | Total | | 6,427 | 9,614 | 12,959 | 10,751 | 11,060 | 6,748 | 8,228 | 7,264 | 6,442 | 4,780 |
| WATER - OPERATIONAL | | | | | | | | | | | | |
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S | \$'000S | \$'000S | \$'000S |
| 898-Water Supply Development Plan | 50% | 50% | - | - | - | - | - | - | 180 | - | - | - |
| TOTAL | | | - | - | - | - | - | - | 180 | - | - | - |

| WATER - CAPITAL RENEWAL | | | | | | | | | | | | |
|---|--------|------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 88-Turitea Water Treatment Plant - Rehabilitation of Pipeline from Lower Dam to the Ngahere Park Reservoirs | 0% | 100% | - | - | - | - | - | 138 | 1,214 | 1,756 | - | - |
| 199-City-wide - Water Bore Headworks and stations Renewal | 0% | 100% | 283 | 147 | 137 | 150 | 121 | 139 | 143 | 145 | 111 | 114 |
| 207-Turitea Water Treatment Plant - Equipment and Facility Renewals | 0% | 100% | 197 | 158 | 204 | 149 | 260 | 247 | 232 | 313 | 151 | 201 |
| 214-City-wide - Water Toby and Meter Replacements | 0% | 100% | 171 | 175 | 179 | 184 | 188 | 193 | 198 | 203 | 208 | 214 |
| 218-City-wide - Water Pipe Replacements | 0% | 100% | 2,015 | 2,065 | 2,113 | 2,164 | 2,216 | 2,271 | 2,330 | 2,391 | 2,455 | 2,524 |
| 643-Turitea Water Treatment Plant - Replacement of Filter Media | 0% | 100% | - | - | - | - | - | 159 | - | 168 | 174 | 180 |
| 652-Turitea Dams - Access Road Improvements | 0% | 100% | - | 205 | - | - | - | - | 69 | - | - | - |
| 663-Ashhurst - Bore to Reservoir Pipe Replacement | 0% | 100% | 600 | - | - | 1,503 | 1,100 | - | - | - | - | - |
| 1058-City-wide - Groundwater Bores Renewal | 0% | 100% | 150 | 103 | 682 | 430 | 660 | 451 | - | - | - | 626 |
| 1063-Turitea Water Treatment Plant - Replacement of SCADA System Hardware and Software | 0% | 100% | - | 161 | - | - | - | - | - | - | - | - |
| TOTAL | | | 3,415 | 3,013 | 3,314 | 4,579 | 4,544 | 3,597 | 4,186 | 4,976 | 3,100 | 3,859 |
| Funded by Council (Rates and Borrowing) | | | 3,415 | 3,013 | 3,314 | 4,579 | 4,544 | 3,597 | 4,186 | 4,976 | 3,100 | 3,859 |

| WATER - CAPITAL NEW | | | | | | | | | | | | |
|---|--------|------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 91-Turitea Water Treatment Plant - Construction of Duplicate Water Pipeline from Lower Dam to Harts Road Reservoirs | 0% | 100% | 500 | 2,338 | 2,962 | - | - | - | - | - | - | - |
| 124-Turitea Water Treatment Plant - Upgrade to Respond to Review of Drinking Water Standards | 0% | 100% | - | - | 839 | 1,718 | 1,539 | 564 | - | - | - | - |
| 132-College Street (Botanical Road to Maxwells Line) - Construction of New Water Supply Pipeline | 10% | 90% | - | - | - | - | 122 | 502 | 516 | - | - | - |
| 135-Kelvin Grove - Construction of Water Pipeline Linking Bunnythorpe into Kelvin Grove Zone | 90% | 10% | - | - | - | 107 | 770 | 225 | - | - | - | - |
| 246-City-wide - Water Subdivision Contributions | 100% | 0% | 200 | 205 | 210 | 215 | 220 | 225 | 231 | 237 | 244 | 251 |

| WATER - CAPITAL NEW | | | | | | | | | | | | |
|--|--------|------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S | \$'000S |
| 611-Albert Street (Te Awe Awe Street to Featherston Street) - Construction of New Water Supply Pipeline | 10% | 90% | - | - | 115 | 1,127 | 1,115 | 1,072 | - | - | - | - |
| 651-City-wide - Seismic Strengthening of Water Structures | 0% | 100% | - | 427 | 315 | 322 | 330 | - | - | - | - | - |
| 1004-Urban Growth - Whakarongo - Installation of Water Supply Systems | 100% | 0% | 135 | 739 | 836 | 1,463 | 323 | - | - | - | - | - |
| 1005-Industrial Growth - Installation of Water Supply Systems to an Expanded North East Industrial Zone | 100% | 0% | 384 | 411 | - | - | 228 | - | - | - | - | 232 |
| 1054-Ashhurst Water Treatment to Address the Discoloured Water Issues | 0% | 100% | - | 103 | 881 | - | - | - | - | - | - | - |
| 1057-Turitea Dams - Installation of Dewatering Systems on the Turitea Upper and Lower Dams | 0% | 100% | - | 46 | 109 | 145 | - | - | - | - | - | - |
| 1170-Urban Growth - City West - Installation of Water Supply Systems | 100% | 0% | - | 620 | 453 | - | - | 564 | 1,156 | 1,517 | 768 | 338 |
| 1235-C/fwd - Kelvin Grove Water Supply Zone - New Bore | 0% | 100% | 404 | - | - | - | - | - | - | - | - | - |
| 1285-C/fwd - Urban Growth - Whakarongo - Installation of Water Supply Systems | 0% | 100% | 425 | - | - | - | - | - | - | - | - | - |
| 1289-C/fwd - City-wide - Seismic Strengthening of Water Structures | 0% | 100% | 203 | - | - | - | - | - | - | - | - | - |
| 1384-Citywide - New water supply reservoirs to replace an earthquake prone reservoir and enhance supply storage through out the city | 0% | 100% | - | 513 | 1,783 | - | 1,869 | - | 1,966 | - | 2,071 | - |
| 1385-Water Telemetry Disaster Resilience Additional Microwave Link | 0% | 100% | 163 | - | - | - | - | - | - | - | - | - |
| 1386-Ashhurst water supply upgrade to address fire fighting shortfalls and cater for growth | 50% | 50% | 160 | 687 | 357 | - | - | - | - | 356 | 260 | - |
| 1388-Citywide Water Conservation Management - New pressure zone and District Meter Area Implementation | 0% | 100% | - | 103 | 131 | 408 | - | - | - | - | - | 100 |
| 1389-City Wide - Second River Crossing and Emergency Supply | 0% | 100% | 200 | 410 | 445 | 452 | - | - | - | - | - | - |
| 1404-Turitea Water Treatment Plant - New Retaining walls on Access Road | 0% | 100% | 130 | - | 210 | 215 | - | - | 173 | 178 | - | - |
| 1544-C/fwd - Turitea Water Treatment Plant - Construction of Duplicate Water Pipeline from Lower Dam to Harts Road Reservoirs | 0% | 100% | 107 | - | - | - | - | - | - | - | - | - |
| TOTAL | | | 3,011 | 6,601 | 9,644 | 6,172 | 6,516 | 3,151 | 4,043 | 2,288 | 3,342 | 921 |
| Funded by Council (Rates and Borrowing) | | | 3,011 | 6,601 | 9,644 | 6,172 | 6,516 | 3,151 | 4,043 | 2,288 | 3,342 | 921 |

Goal 5: A driven and enabling council

Our aspiration

To govern well and build the leadership, culture, capability and capacity to efficiently and effectively deliver, together with our community, the change required to achieve the outcomes in Council's new city Vision.

To regularly receive high levels of endorsement from customers, residents, partners, stakeholders and peers.

To meet, beyond expectations, our responsibility to manage and renew the infrastructure our community relies on for its health and wellbeing.

Our goals

We will work as one team with our community to be a catalyst and enabler of change in the city. Our Goal is to do things in a simpler, faster and better way for the overall benefit of our community.

Our approach

To achieve Council's Vision for the city, our organisation needs to develop the leadership, culture, capability and capacity to take full advantage of the opportunities that are available, while at the same time managing some significant risks.

The Council cannot realise its Vision on our own; we will need to work with the community to be a catalyst for change and to encourage growth and new investment in the city. This means we will have to work in new, more collaborative ways to build trust and improve relationships with customers, residents and partners. This commitment to improving our relationships is also reflected in the Guiding

Principles that have been adopted by Council and form part of this Strategy.

Our Priorities for the way we work

1. Be a customer-centric Council

Our Council provides an increasingly wide and complex range of services, with variable levels of satisfaction among service users. We have developed some innovative methods to respond quickly to meet our customers' needs, but can improve to meet expectations. Customers increasingly expect Council to provide integrated and streamlined services.

Council is committed to being customer-centric, both inside and outside the organisation. We want to become known for our brilliant and responsive service. To do this, we will need to become more informed about the pressure points in our service delivery. We will continually review our customer service to ensure we anticipate emerging needs, and focus on providing simple systems that are developed with customers in mind.

2. Develop and actively seek partnership opportunities

We recognise that Council cannot achieve its ambitious programme alone and now, more than ever, we need strong partners to work alongside us. We can improve on and have opportunities to build on our established relationships as well as to forge new alliances. We are committed to actively seeking partnership opportunities to work towards mutual goals. For example, we will continue to progress formal memoranda of understanding with Massey University, New Zealand Defence, UCOL and MidCentral DHB. We want to become a trusted partner and to be known as reliable and effective in delivering on our commitments to others.



3. Strengthen our leadership and culture

We are committed to improving organisational leadership. We want to make the most of the skills and talents of the people we attract to work with us, and to develop a corporate culture that will make strong performers want to stay. Multi-disciplinary teamwork is required as an intrinsic part of achieving Goals 1–4, and we will build this approach into all of our work. We need to strengthen our culture to support Council's strategic direction. We are committed to becoming an employer of choice, known for our supportive culture and inspirational leadership.

4. Make the organisation more financially sustainable

Council faces significant financial challenges, now and in the future. While our city population is growing, so is the scope of our Activities.

In future, we want to ensure we improve the efficiency of our organisation, but also reallocate savings to achieve Council priorities. We will do this by undertaking a zero-based budgeting process and scrutinising all aspects of property, plant and service delivery. These measures will ensure that we maintain a line of sight from resource allocation through to measuring and reviewing the effectiveness of our programmes and activities.

5. Transform our service delivery through digital technology

We recognise the value of data and of well-informed business planning to make sure staff have the right tools for the job. We are committed to developing high-quality business systems that ensure we gather high-quality and appropriate data and use it to inform planning and decision making.

Advances in areas such as cloud technology, open data, shared services and digital citizen engagement bring new opportunities to deliver on our vision. Improving the quality, efficiency and customer focus of our service delivery demands that we use digital technology and systems smartly and effectively.

Digital transformation will require us to invest in appropriate technologies to ensure the effective operation of all our services, both now and in the future

6. Excel in good governance

Council's governance systems and structures make a significant contribution to the way the Council is perceived by the community, and how effective it is. It is important for everyone to have a clear understanding of governance and management roles.

We need to ensure that all Council structures assist in decision making and focus on strategic priorities – these structures include Council committees, portfolios and meetings between governance and management. We are committed to a 'one team' approach, while recognising that members of the team have different responsibilities and roles.

We want to engage effectively with our community to support our decision making. To do this, we need to make sure everyone has access to good information and understands the opportunities for influence. We will review our strategic risk management to ensure continuing compliance with legislation and develop even better monitoring processes.

All of the Council's Activities will work towards this Goal and its priorities. Council has three Activities that support these other Activities to do this:

- Leadership
- Corporate Support
- Commercial and Strategic Investments

Leadership Activity

Leadership is about having open and transparent Council meetings and involving people in Council's decision making. The Council holds its meetings in public in accordance with the Local Government Meetings and Official Information Act, and is involved in a wide range of civic functions and other less formal meetings. It consults with the public on a wide range of topics.

It also holds three-yearly Council elections.

The Leadership Activity also develops and monitors Council's Strategies and Plans (including the District Plan, the Long-term Plan (10 Year Plan) and the strategies and plans outlined above). The overarching goal for these is to lead the city and achieve the Council's Vision for Palmerston North: Small-city benefits, big-city ambition. Council

develops these Strategies and Plans in a collaborative way with the city's organisations and residents.

It also works to develop the Council's relationship with Rangitāne and is responsible for advocating on behalf of the city, especially to central Government.

| WHAT WE DO | HOW WE SHOW WE ARE DOING A GREAT JOB | | | | |
|---|--|-------------------|-------------------|-------------------|-------------------------|
| COUNCIL'S SERVICES | PERFORMANCE MEASURES (with 2016/17 results) | TARGETS 2018/19 | TARGETS 2019/20 | TARGETS 2020/21 | TARGETS 2021/22 – 27-28 |
| Council engages on a wide range of decisions and projects so that people and organisations from all sectors are actively involved in Council decision making. This level of service is also part of the Connected Communities Activity (see page 92). | Positive feedback from residents on Council's community engagement. (new) | Narrative measure | Narrative measure | Narrative measure | Narrative measure |
| | Description of the range of engagement techniques used by Council. (new) | Narrative measure | Narrative measure | Narrative measure | Narrative measure |
| Council has Plans, Strategies and Policies in place to deliver on the Vision. Council works on the Plans, Strategies and Policies with city stakeholders to lead the city and deliver on the Vision in a collaborative way. | Strategies, Plans and Policies are in place, monitored and reviewed. (new) | Narrative measure | Narrative measure | Narrative measure | Narrative measure |

| LEADERSHIP - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|--|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S | \$'000S |
| REVENUE | | | | | | | | | | | |
| 10 | Councillor Meetings and Administration | 19 | 19 | 20 | 20 | 20 | 21 | 21 | 22 | 22 | 23 |
| 198 | Direction Setting | 150 | 153 | 156 | 160 | 163 | 167 | 171 | 175 | 179 | 184 |
| 3 | Elections | 3 | 131 | 3 | 3 | 139 | 4 | 4 | 149 | 4 | 4 |
| 210 | Total Revenue | 172 | 303 | 179 | 183 | 323 | 191 | 196 | 346 | 205 | 210 |
| EXPENSES | | | | | | | | | | | |
| 2,309 | Councillor Meetings and Administration | 2,427 | 2,598 | 2,530 | 2,568 | 2,637 | 2,708 | 2,872 | 2,829 | 2,884 | 2,954 |
| 5,119 | Direction Setting | 4,789 | 4,981 | 5,292 | 5,126 | 4,806 | 5,130 | 5,031 | 5,155 | 5,481 | 5,352 |
| 61 | Elections | 67 | 350 | 46 | 47 | 371 | 50 | 51 | 398 | 53 | 55 |
| 1,314 | Mayoral and Chief Executive's Office | 1,358 | 1,394 | 1,433 | 1,446 | 1,479 | 1,517 | 1,559 | 1,588 | 1,625 | 1,664 |
| 8,803 | TOTAL EXPENSES | 8,640 | 9,324 | 9,301 | 9,187 | 9,293 | 9,404 | 9,512 | 9,970 | 10,043 | 10,024 |
| 8,593 | NET OPERATING COST OF ACTIVITY | 8,468 | 9,021 | 9,122 | 9,004 | 8,970 | 9,212 | 9,316 | 9,624 | 9,837 | 9,814 |
| Rating Requirement | | | | | | | | | | | |
| (2) | Less Depreciation | (3) | (14) | (14) | (14) | (14) | (14) | (14) | (14) | (3) | (3) |
| 3 | PLUS DEBT REPAYMENT | 3 | 12 | 13 | 14 | 11 | 12 | 12 | 13 | - | - |
| 8,593 | RATES REQUIREMENT | 8,468 | 9,019 | 9,121 | 9,003 | 8,967 | 9,210 | 9,314 | 9,622 | 9,834 | 9,811 |
| CAPITAL EXPENDITURE | | | | | | | | | | | |
| - | New | 75 | - | - | - | - | - | - | - | - | - |
| | Total Capital Expenditure | 75 | - | - | - | - | - | - | - | - | - |

Corporate Support Activity

Corporate Support consists of civic administration building, customer services, financial services, human resources, information services and marketing and communications. These support the other Activities of Council.

These areas do not have external levels of service.

| CORPORATE SUPPORT - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|---|-------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| REVENUE | | | | | | | | | | | |
| 337 | Civic Administration Building | 345 | 352 | 360 | 367 | 375 | 384 | 393 | 402 | 412 | 422 |
| 205 | Financial Services | 97 | 99 | 100 | 102 | 104 | 106 | 108 | 110 | 112 | 115 |
| 40 | Human Resources | - | - | - | - | - | - | - | - | - | - |
| 61 | Print Synergy | 63 | 64 | 66 | 67 | 68 | 70 | 72 | 73 | 75 | 77 |
| 643 | Total Revenue | 505 | 515 | 526 | 536 | 548 | 560 | 573 | 586 | 599 | 614 |
| EXPENSES | | | | | | | | | | | |
| 404 | Civic Administration Building | 343 | 527 | 522 | 728 | 724 | 275 | 257 | 238 | 220 | 200 |
| | Customer Services | - | () | - | - | - | | | | - | |
| (596) | Financial Services | (565) | (564) | (577) | (591) | (605) | (621) | (637) | (653) | (671) | (690) |
| 961 | Human Resources | 943 | 964 | 984 | 1,006 | 1,028 | 1,052 | 1,077 | 1,103 | 1,131 | 1,160 |
| 1 | Information Services | | | | () | () | () | - | () | () | |
| (92) | Print Synergy | (49) | (30) | (68) | (13) | (33) | (83) | 21 | 7 | (60) | (3) |
| 718 | Marketing & Communications | 83 | 84 | 86 | 88 | 90 | 92 | 94 | 96 | 99 | 101 |

| CORPORATE SUPPORT - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|--|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S |
| 1,397 | Total Expenses | 755 | 981 | 948 | 1,218 | 1,204 | 716 | 813 | 791 | 718 | 768 |
| 753 | NET OPERATING COST OF ACTIVITY | 250 | 466 | 422 | 682 | 656 | 156 | 240 | 205 | 119 | 154 |
| RATING REQUIREMENT | | | | | | | | | | | |
| (1,213) | Less Depreciation | (1,435) | (1,718) | (1,988) | (2,244) | (2,328) | (2,460) | (2,500) | (2,525) | (2,528) | (2,541) |
| (921) | Less Internal Rates Recovered | (943) | (963) | (984) | (1,005) | (1,027) | (1,051) | (1,076) | (1,103) | (1,130) | (1,159) |
| - | Less Transfers To/(From) Reserves | (500) | - | - | - | - | - | - | - | - | - |
| 1,390 | Plus Net Capital Renewal (3 Year Average) | 1,336 | 1,527 | 1,746 | 1,788 | 1,666 | 1,426 | 1,367 | 1,333 | 1,374 | 1,511 |
| 356 | Plus Debt Repayment | 159 | 189 | 205 | 344 | 466 | 578 | 668 | 717 | 618 | 641 |
| 366 | RATES REQUIREMENT | (1,133) | (499) | (598) | (434) | (567) | (1,352) | (1,301) | (1,372) | (1,547) | (1,394) |
| CAPITAL EXPENDITURE | | | | | | | | | | | |
| 2,694 | Renewal | 1,327 | 1,314 | 1,365 | 1,903 | 1,971 | 1,490 | 1,537 | 1,251 | 1,314 | 1,436 |
| 309 | New | 411 | 106 | 109 | 111 | 113 | 116 | 119 | 121 | 121 | 122 |
| 3,003 | Total Capital Expenditure | 1,738 | 1,420 | 1,474 | 2,014 | 2,085 | 1,606 | 1,656 | 1,372 | 1,435 | 1,558 |
| FUNDED BY | | | | | | | | | | | |
| 1,390 | Rates | 1,336 | 1,527 | 1,746 | 1,788 | 1,666 | 1,426 | 1,367 | 1,333 | 1,374 | 1,511 |
| 1,613 | New Borrowing / (Repayment) | 402 | (107) | (273) | 226 | 418 | 180 | 288 | 39 | 61 | 47 |
| 3,003 | Total | 1,738 | 1,420 | 1,474 | 2,014 | 2,085 | 1,606 | 1,656 | 1,372 | 1,435 | 1,558 |

| CORPORATE SUPPORT - OPERATIONAL | | | | | | | | | | | | |
|---|--------|------|------------|------------|------------|------------|------------|----------|------------|----------|----------|----------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S |
| 225-PNCC Website Upgrade | 0% | 100% | - | - | 230 | - | - | - | 252 | - | - | - |
| 1509-Civic Administration Building Feasibility/Business Case | 0% | 100% | 10 | - | - | - | - | - | - | - | - | - |
| 1520-Digital Transformation | 0% | 100% | 500 | 511 | 521 | - | - | - | - | - | - | - |
| 1521-Civic Administration Building Refurbishment (Workplace Transformation) | 0% | 100% | - | 204 | 208 | 426 | 435 | - | - | - | - | - |
| 1557-Rates review | 0% | 100% | 50 | - | - | - | - | - | - | - | - | - |
| TOTAL | | | 560 | 715 | 960 | 426 | 435 | - | 252 | - | - | - |

| CORPORATE SUPPORT - CAPITAL RENEWAL | | | | | | | | | | | | |
|--|--------|------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 53-Computer Replacement - Rolling Replacements | 0% | 100% | 475 | 485 | 495 | 506 | 517 | 529 | 541 | 554 | 567 | 581 |
| 58-Network Additions and Upgrades | 0% | 100% | 41 | 42 | 42 | 43 | 44 | 45 | 45 | 46 | 46 | 46 |
| 68-Aerial Photography | 0% | 100% | 28 | 85 | 29 | 56 | 90 | 30 | 89 | 30 | 57 | 92 |
| 77-Core Financial and Regulatory System - Replacement or Upgrade | 0% | 100% | - | - | 52 | 532 | 544 | - | - | - | - | - |
| 221-Print Synergy - Replacement of Print Synergy Machinery | 0% | 100% | 4 | 11 | - | 11 | 11 | 11 | - | 12 | 12 | 12 |
| 272-Staff Cafeteria - Replacement of Equipment | 0% | 100% | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 7 | 7 | 7 |
| 281-Operational Property -Civic Administration Building - Refurbishments | 0% | 100% | 508 | 523 | 519 | 554 | 563 | 579 | 515 | 465 | 417 | 459 |
| 318-Telecommunications Replacement - Council Buildings | 0% | 100% | 91 | 102 | 159 | 105 | 163 | 157 | 142 | 103 | 172 | 202 |
| 755-Replacement of Parking Enforcement Hand Helds and iPhones | 0% | 100% | 55 | - | - | 59 | - | - | 63 | - | - | - |
| 784-Replacement of Council's Photocopiers/Printers | 0% | 100% | 120 | 61 | 63 | 32 | 33 | 134 | 137 | 35 | 36 | 37 |
| TOTAL | | | 1,327 | 1,314 | 1,365 | 1,903 | 1,971 | 1,490 | 1,537 | 1,251 | 1,314 | 1,436 |
| Funded by Council (Rates and Borrowing) | | | 1,327 | 1,314 | 1,365 | 1,903 | 1,971 | 1,490 | 1,537 | 1,251 | 1,314 | 1,436 |

| CORPORATE SUPPORT - CAPITAL NEW | | | | | | | | | | | | |
|--|---------------|------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S |
| 60-Information Management Strategic Plan Project - New Software Applications | 0% | 100% | 104 | 106 | 109 | 111 | 113 | 116 | 119 | 121 | 121 | 122 |
| 1187-PNCC Website Customisation | 0% | 100% | 102 | - | - | - | - | - | - | - | - | - |
| 1335-C/fwd - Non-Financial Reporting System | 0% | 100% | 205 | - | - | - | - | - | - | - | - | - |
| TOTAL | | | 411 | 106 | 109 | 111 | 113 | 116 | 119 | 121 | 121 | 122 |
| Funded by Council (Rates and Borrowing) | | | 411 | 106 | 109 | 111 | 113 | 116 | 119 | 121 | 121 | 122 |

Commercial or Strategic Investments

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

There are no external levels of service.

| COMMERCIAL OR STRATEGIC INVESTMENTS - ACTIVITY FINANCIAL STATEMENTS | | | | | | | | | | | |
|---|--|--------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|--------------|
| BUDGET 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000S | | \$'000S | \$'000S |
| REVENUE | | | | | | | | | | | |
| 2,765 | External Contracts | 2,788 | 2,847 | 2,907 | 3,074 | 3,142 | 3,214 | 3,288 | 3,367 | 3,447 | 3,534 |
| 275 | Investment Property | 281 | 287 | 293 | 299 | 306 | 313 | 320 | 328 | 335 | 344 |
| 23 | Investments (including Investment Fund) | 127 | 130 | 132 | - | - | - | - | - | - | - |
| 300 | Investments in Companies (including Airport) | 500 | 550 | 600 | 650 | 700 | 700 | 700 | 700 | 700 | 700 |
| 3,362 | Total Revenue | 3,696 | 3,813 | 3,932 | 4,023 | 4,147 | 4,226 | 4,308 | 4,394 | 4,483 | 4,577 |
| EXPENSES | | | | | | | | | | | |
| 2,032 | External Contracts | 2,663 | 2,766 | 2,914 | 2,980 | 3,056 | 3,143 | 3,267 | 3,287 | 3,359 | 3,442 |
| 449 | Investment Property | 2,987 | 972 | 1,731 | 884 | 2,296 | 865 | 1,895 | 704 | 30 | 41 |
| 337 | Investments (including Investment Fund) | 385 | 358 | 449 | 507 | 479 | 553 | 446 | 469 | 478 | 334 |
| 495 | Investments in Companies (including Airport) | 497 | 497 | 497 | 498 | 498 | 498 | 499 | 499 | 499 | 500 |
| 3,314 | Total Expenses | 6,531 | 4,594 | 5,591 | 4,868 | 6,330 | 5,060 | 6,108 | 4,959 | 4,367 | 4,316 |
| (48) | NET OPERATING COST OF ACTIVITY | 2,835 | 780 | 1,660 | 845 | 2,183 | 834 | 1,800 | 565 | (116) | (261) |

| COMMERCIAL OR STRATEGIC INVESTMENTS - OPERATIONAL | | | | | | | | | | | | |
|---|--------|------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|--------------|
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S |
| 1508-Totara Road Feasibility/Business Case | 0% | 100% | 20 | - | - | - | - | - | - | - | - | - |
| 1511-Council's role as a Property Developer Feasibility/Business Case | 0% | 100% | 50 | - | - | - | - | - | - | - | - | - |
| TOTAL | | | 2,486 | (3,532) | 1,215 | (3,971) | 1,764 | (4,901) | 1,345 | (4,964) | (540) | (540) |
| COMMERCIAL OR STRATEGIC INVESTMENTS - CAPITAL RENEWAL | | | | | | | | | | | | |
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S |
| 63-Council's Plant and Vehicles - Replacements | 0% | 100% | 1,075 | 1,098 | 1,121 | 878 | 897 | 918 | 939 | 962 | 985 | 1,009 |
| 80-Council's Plant and Equipment - Replacement | 0% | 100% | 166 | 170 | 173 | 177 | 181 | 179 | 178 | 182 | 182 | 184 |
| 85-Council's Depot Buildings and Structures | 0% | 100% | 80 | 42 | 60 | 39 | 130 | 208 | 130 | 212 | 224 | 141 |
| 86-Council Wide - Furniture Replacements | 0% | 100% | 10 | 10 | 11 | 11 | 11 | 11 | 10 | 10 | 10 | 28 |
| TOTAL | | | 1,332 | 1,320 | 1,364 | 1,105 | 1,220 | 1,316 | 1,257 | 1,366 | 1,401 | 1,362 |
| Funded by Council (Rates and Borrowing) | | | 1,332 | 1,320 | 1,364 | 1,105 | 1,220 | 1,316 | 1,257 | 1,366 | 1,401 | 1,362 |
| COMMERCIAL OR STRATEGIC INVESTMENTS - CAPITAL NEW | | | | | | | | | | | | |
| | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| ID-NAME | GROWTH | LOS | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S | \$'000S |
| 99-Council's Service Development - New Technology and Programmes | 0% | 100% | 289 | 295 | 301 | 308 | 314 | 322 | 329 | 337 | 345 | 354 |
| 245-Gordon Kear Forest - Development of Internal Rooding | 0% | 100% | 20 | 14 | - | - | - | - | - | - | - | - |
| TOTAL | | | 309 | 310 | 301 | 308 | 314 | 322 | 329 | 337 | 345 | 354 |
| Funded by Council (Rates and Borrowing) | | | 309 | 310 | 301 | 308 | 314 | 322 | 329 | 337 | 345 | 354 |

| | | |
|--|--|--|
| | | |
|--|--|--|

Wāhanga 3 Section 3

Ngā Kōrero Ahumoni, Reiti Hoki Financial and Rating Information



Here you can see what assumptions have been made in preparing the financial information. You'll also see details about the rating system.

Financial Strategy 2018-2028

30 Year Infrastructure Strategy

**Financial Overview and Forecast
Financial Statements**

**Long-term Plan Disclosure Statement
for Period Commencing 1 July 2018**

**What We Provide and What it Costs the
Average Residential Ratepayer**

Revenue and Financing Policy

**Rates Remission and Postponement
Policies**

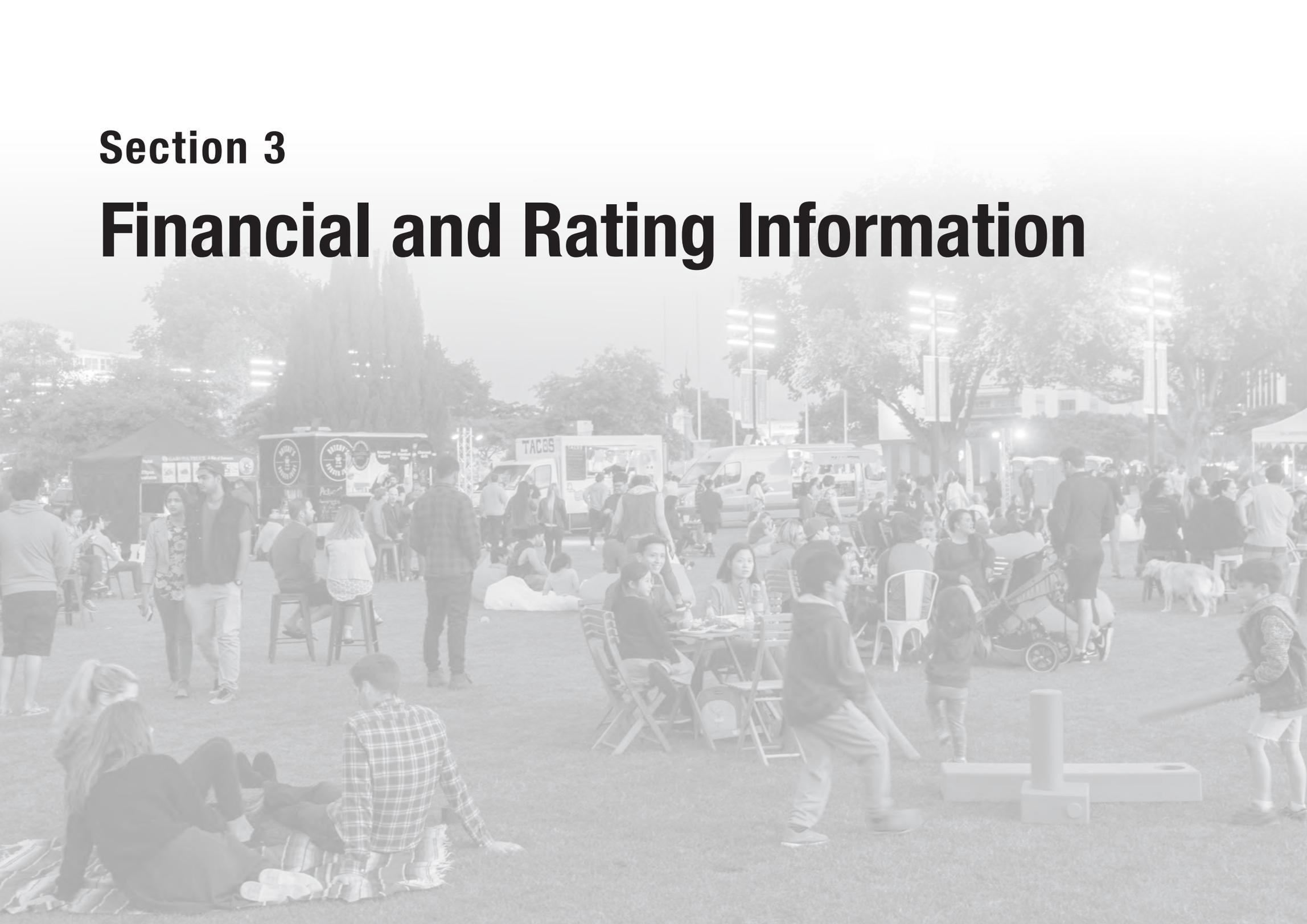
Significant Forecasting Assumptions

Statement of Accounting Policies

**Rating System, Rates and Funding
Impact Statements**

Section 3

Financial and Rating Information



Financial Strategy 2018-2028

1. Preface

The Council is driven by a strategic approach to achieving outcomes that contribute to the following Vision, Goals and Strategies:

Vision

Palmerston North: Small city benefits, big city ambition

Goals and related Strategies

| Goal | Strategy |
|--------------------------------|--|
| An innovative and growing city | Economic development strategy City development strategy |
| A creative and exciting city | Creative and liveable strategy |
| A connected and safe community | Connected community strategy |
| An eco-city | Eco-city strategy |
| A driven and enabling Council | Organisational strategy |

Key elements of the strategy are:

- to ensure the Council's long-term financial position is sustainable
- to recognise inter-generational funding requirements to manage debt within defined levels

- to maintain the infrastructure provided for the City by previous generations, for the use by current and future generations
- to ensure financial capacity for future generations so they are able to fund high-priority programmes
- timely provision of new infrastructure that builds capacity and enables the City to harness new development opportunities while avoiding the financial risks associated with over provision.

[Note: This Financial Strategy is an integral component of the Council's 10 Year Plan. It should be read in conjunction with the Plan, which amplifies many aspects of the Strategy in relevant sections. The Strategy also links closely with the 30 Year Infrastructure Strategy.]

In developing this Strategy, the Council has focused on:

- what needs to be done to ensure the City's infrastructure can continue to provide desired levels of service and meet any growth in demand
- what level of rates is required to meet the infrastructure needs
- how to create sufficient borrowing 'capacity' to cope with future high-priority programmes.

As a result, the approach has been to:

- encourage staff to provide innovative and efficient delivery of services
- commit to funding capital renewals at the levels required to maintain assets
- challenge expenditure proposals to ensure they are aligned to key Council Strategies, that the proposed timing is realistic and that they are capable of being delivered

- peer-review capital expenditure budgets to ensure they are adequate in the current challenging contracting market
- make sure the expenditure required for growth is committed soon enough to enable the City to harness development opportunities, but not too far ahead of when the infrastructure will actually be required.

2. Purpose

The purpose of the Financial Strategy is to:

- facilitate prudent financial management by Council, by providing a guide against which to consider proposals for funding and expenditure
- provide a context for consulting on Council's proposals for funding and expenditure, by making their overall effects on services, rates, debt and investments transparent

3. Palmerston North now and over the 10 next years

Strategically located in the central southern North Island, the City is ideally located as a hub for a wide range of activities, including commercial, education, health, defence, logistics and recreational activities. This location, together with the strength of the surrounding agricultural sector, has enabled the City to grow at a steady pace over the last decade. The City is the major economic hub for the Manawātū-Whanganui region.

Since 2006, the population has grown at an average rate of 0.7% a year, and has accelerated over the last three years to

1.17% a year. At June 2017, Palmerston North's population was estimated to be 87,300.

The Council has adopted a specific high-growth projection for 2018–28 that assumes the population will grow at an average annual rate of 1.0% from 2018 to 2028 (940 people a year) and that the number of households will increase by 1.3% (460) annually over the same period.

The population and household growth assumptions differ because of the reduction in average household size and the additional margins required by the National Policy Statement for Urban Development Capacity.

Council continues its focus on ensuring the district planning framework clearly shows where future growth of the City should occur, how basic infrastructure will be provided and how it will be funded. Recent District Plan updates enable a wider range of housing choice in urban areas, with more intensive development making use of existing infrastructure.

The 10 Year Plan makes provision for network and community infrastructure at Whakarongo to support new greenfield housing, and for developing Council-owned land in the area. Provision has been made for servicing land in the City West area earlier than previously anticipated. A portion of the most suitable land requires rezoning and there are development challenges (including liquefaction mitigation) in other areas. Substantial greenfields capacity remains in Aokautere and there are other greenfields pockets that can be developed without the need for substantial infrastructure.

Adequate land is available for office and retail activities in the central city and nearby business zones, with industrial development capacity in the City's north-east and at Longburn.

The City has a uniquely diverse community, with a prominent defence workforce, large numbers of young and transient tertiary students, and a strong connection to the wider Manawatū area. The population is relatively young,

with a median age of 33.6. This is 3.4 years younger than the national median age. The fastest growing group is people aged over 65.

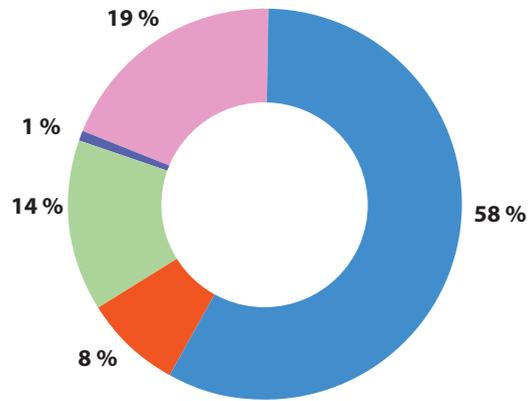
Palmerston North is also becoming increasingly ethnically diverse. Along with the City's changing age and ethnic profile, there has been a change in household composition. More than 60% of households are made up of only one family, and a quarter of all households have only one member. The changing nature of the community needs to be considered when determining infrastructure investment.

4. Financial overview

- Council has assets with a replacement value of more than \$1.7 billion that are generally in good condition and are big enough to cope with significant city growth.
- The Council's current debt levels are moderate for a regional New Zealand city (especially given the range and quality of services provided).
- Rates levels are comparable with other districts of our size.
- Council is planning for high population and household growth over the next 10 years and medium growth beyond that time.
- The City has adequate appropriately zoned land to cope with the first 10 years of growth.
- Council believes it needs to invest in new and better catalyst projects to meet its Vision and Goals for the City.
- The requirement to update the City's wastewater treatment and disposal system provides the greatest single challenge to long-term financial sustainability of the Council. At the present time it has been assumed that an acceptable option can be obtained for \$133 million (\$110 million without inflation) but there is a high level of risk it could be more than this.

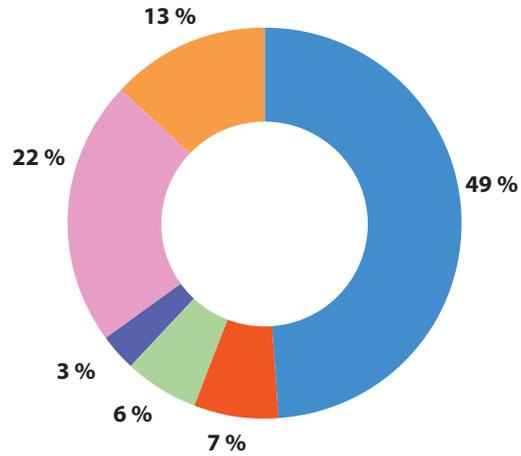
- In order to fund existing Council services and key projects being proposed in the 10 Year Plan, including new capital expenditure of \$530 million, Council's rates and debt levels will need to increase – debt increasing from a forecast \$106 million to \$367 million.
- To help manage the additional debt, and to remain within Council's own prudential borrowing ratios, rates have been increased from year four onward to fund additional debt repayment.
- Total rates will need to increase by 5.3% in 2018/19, 5.5% in 2019/20, 5.2% in 2020/21 and increases of between 4.6% and 5.7% in each of the following seven years.

What are the proposed sources of funds?



- Rates
- Subsidies & Grants
- Fees, Charges, Sales & Other Income
- Development Contributions
- Additional Loans

What is it proposed that money will be spent on?



- Operations & Maintenance
- Finance Costs
- Loan repayment
- Capital Expenditure - to meet additional demand
- Capital Expenditure - to improve the level of service
- Capital Expenditure - to replace existing assets

5. The costs of providing for growth

As a consequence of anticipated growth in population and changes in land use, Council will incur significant new capital expenditure and operating costs. For each activity, the 10 Year Plan identifies the specific capital expenditure programmes it is anticipating will be required. Any operating costs associated with the programmes are incorporated in the operating budgets. These are summarised in the following table:

| ACTIVITY GROUP | GROWTH-RELATED CAPITAL EXPENDITURE FOR 10 YEARS (EXCLUDING RENEWALS) (\$000) | ADDITIONAL OPERATING COSTS ASSOCIATED WITH GROWTH-RELATED EXPENDITURE (INCLUDES DEPRECIATION & INTEREST ON BORROWING) (\$000) |
|----------------------------|---|--|
| Connected & Safe Community | 970 | 568 |
| Creative & Exciting City | 8,502 | 3,978 |
| Stormwater | 4,738 | 1,693 |
| Transport | 27,633 | 14,538 |
| Wastewater | 33,056 | 8,684 |
| Water | 14,762 | 6,581 |
| TOTAL | 89,661 | 36,042 |

The Council's Revenue and Financing Policy outlines how expenditure and operating costs are to be funded for each activity. The Development Contributions Policy outlines how capital expenditure incurred for growth-related network and community infrastructure will be funded, and what proportion of the costs will be funded from development contributions assessed on development. It has been assumed that growth-related capital expenditure will amount to \$90.2 million over the 10-year period and that revenue from development contributions will amount to \$27.9 million over that time. The Council will try not to commit expenditure for growth too far in advance of when the infrastructure is needed. The level of development contribution revenue received will depend on the actual timing of development. The revenue forecast represents our best assessment of timing for the associated growth, and is consistent with our overall growth forecasts.

6. Looking after existing infrastructure

In fulfilling its responsibilities as a local authority, Council is legally required to provide residents with the key components of a city's infrastructure. The level of service in each case depends on a combination of factors, including Council's assessment of what the community wants and is prepared to pay for, the standards imposed by law, and resource consent conditions.

The Council's assessment of what the community wants is determined in a number of ways, including feedback from the 10 Year Plan and Annual Plan processes, obtaining residents' views and consulting from time to time about specific issues.

To help plan and manage its large investment in City infrastructure, Council has an overall 30 Year Infrastructure Strategy and detailed asset management plans for each activity that are continuously reviewed and updated at least each three years.

Once the Council has committed to deliver a particular level of service for an activity, it must ensure that assets are appropriately maintained and renewed and that sufficient funding is available for this to occur.

The 10 Year Plan incorporates the following provisions for renewal of network infrastructure:

| Total Capital Renewal Expenditure For 10 Years (\$000) | |
|--|------------------|
| Eco-City | 6,752 |
| Stormwater | 5,587 |
| Transport | 81,364 |
| Wastewater | 28,453 |
| Water Supply | 38,585 |
| TOTAL | \$160,741 |

As part of the Council's Funding Policy, capital renewal expenditure is drawn directly from rates. The amount funded from rates in each year is currently calculated using a formula that averages the expected renewals expenditure in the current and next two years.

Capital renewal expenditure is determined from Council's Asset Management Plans. Council reviews longer-term capital renewal expenditure to assess whether the three-year average capital renewal funding is sustainable over the following 20 years. The forecast average level of renewals to be funded from rates will increase from \$18.9 million in 2017/18 to approximately \$20 million a year over the first three years of the Plan, rising to \$27.2 million in 2027/28. This increase will impact on the total rates requirement and place restraints on other expenditure if Council is to live within its guidelines for the maximum percentage increase in total rates.

7. Other significant factors affecting Council's ability to maintain levels of service and meet additional demands

Council has made a number of significant forecasting assumptions in preparing its 10 Year Plan. These are contained in section 3 of the Plan.

These assumptions range from global issues such as the worldwide economic position and climate change, to national issues such as the magnitude and frequency of natural disasters or the level of external funding available from agencies (in particular, the New Zealand Transport Agency) or inflation rates, to more local issues such as the conditions for resource consents (for stormwater and wastewater discharges).

Although Council believes it has made prudent assumptions in each case, there is a high level of uncertainty surrounding some assumptions. In most cases the Council has some flexibility to cope with changing

circumstances. Depending on the issue, Council's response could involve reducing maintenance for a short period, postponing scheduled capital renewals, postponing new capital development or using any 'headroom' in the Council's borrowing capacity.

8. Equity between generations

Council will manage its financial operations and position in a responsible way, in the best interests of current and future generations of City residents.

This means trying to ensure the current generation pays a fair share of the costs of the City's services and facilities and that future generations are given a sound foundation to be able to address challenges and grasp new opportunities for the City.

It also means operating within a framework that assesses and tries to mitigate major risks and always strives to obtain value for money.

9. Levels of service, priorities and funding levels

The Council will review the levels of service to be provided within each activity at least every three years, and assets will be maintained to the standard needed to deliver the agreed levels of service.

Asset management plans will be maintained for all facilities and infrastructure, and these will contain information about asset condition and performance and any renewals required to keep them to the required standard.

A robust framework will be used to determine what expenditure should be undertaken. This framework includes:

- ensuring the expenditure will contribute to the Council's Vision for the future, including levels of service
- assessing the whole cost of any capital development over its expected life
- considering options for achieving the desired outcome.

The level of new capital expenditure that is considered sustainable will be governed by Council's ability to service and repay debt. This will be assessed against a series of prudential guidelines, which are outlined in 11.5 of this Financial Strategy.

Council will set fees, charges and rates at levels that are sufficient to balance the Council's budget over the medium term.

The Council will aim to ensure that the total rates set each year are sufficient to cover net annual operating expenses (excluding depreciation). In addition they will cover the projected three-year rolling average cost of renewals and a contribution towards repaying debt over the effective life of the assets (to a maximum of 30 years) funded from the borrowing.

10. Funding and financial policies

Grants, subsidies and capital contributions will be actively sought to minimise the impact of increased capital expenditure on City ratepayers.

The spending needed to service City growth will be funded by development contributions set according to the Development Contributions Policy.

Council may borrow to fund capital expenditure in the following circumstances:

- as an interim measure before development contributions for growth-related expenditure are received
- to spread the costs of major developments over the generations who will ultimately benefit
- to smooth the effects of capital expenditure
- where programmes will provide a positive net present value.

Council will operate a corporate treasury function that will allocate the costs of servicing and repaying borrowings over the activities funded from borrowing.

Renewals will be funded from subsidies and grants, rates revenue and, in certain circumstances (on an interim basis), from borrowing.

To foster the sense of a single community, Council will operate a common system of charging for services throughout the City.

To ensure all residents contribute to the cost of providing City services, charges will be set on a beneficiary-pays basis where practicable, with the rationale for each activity set out in the Revenue and Financing Policy.

To enable ratepayers to plan with certainty, Council will operate a stable, easily understood method of setting rates. The Council will aim to set rates in a way that is fair and equitable for all ratepayers and classes of ratepayer, and that is consistent with Council's strategic and district planning objectives.

11. What this means for 2018–28

11.1 Levels of service

The aim is to maintain the current services as a minimum, and to improve them in some instances, such as providing additional cycling facilities. Council believes that, subject to the significant forecasting assumptions, there will be sufficient revenue to fund the levels of service outlined. More information about each activity is provided in section 2 of this 10 Year Plan.

11.2 Asset condition

Council has assets with a replacement value of more than \$1.7 billion (mainly infrastructure like roads and pipe networks). It is committed to maintaining and renewing these in a responsible way so that they do not become rundown. Even in tough economic times, it is important to protect the City's assets. As many of the City's key assets are relatively new, the total cost of renewing them is forecast to be reasonably consistent for the first five years of the Plan and then to progressively increase.

11.3 Sustainability of long-term funding

In broad terms, the City's key assets, particularly its infrastructure, are around the middle of their life cycles. As a result, the peak for capital renewal expenditure is not expected for another 35 to 50 years, depending on the activity. Capital renewal expenditure can be expected to steadily increase after about year 20. Council's asset management plans are being progressively refined to gain a better understanding of the overall asset condition and renewal profile.

Council's present approach is to fund the net cost of capital renewals from rates. The amount funded from rates in each year is calculated using a formula that averages the expected renewal expenditure in the current and next two years. Over the 10-year period of the Plan, forecast capital renewal expenditure totals \$260 million and it is assumed that \$33 million of this will be funded from

external subsidies and grants, leaving a net sum of \$227 million to be funded from rates. The Council's rolling average calculation formula means that a total of \$231 million will be received from rates for funding renewals over this period. The \$4 million received in excess of actual requirements effectively reduces the amount of borrowing the Council needs to undertake.

Given the renewal profile of Council's assets, the amount required to be funded from rates is expected to increase in the first year and then progressively in most subsequent years. The Council believes that, based on its current asset information, the amounts sought from current ratepayers are appropriate.

The present funding arrangements are adequate to meet forecast costs for now, but Council recognises that in the longer term additional revenue will be needed to fund a higher level of renewal. One of the big challenges for the future is deciding which generations should bear the cost of the increased level of renewals. The additional \$4 million of funding described above is one small part of the way for Council to address the challenge. This will be considered in more detail at each three-yearly review of the 10 Year Plan.

11.4 Level of capital development

As outlined in section 3, the Plan assumes there will be significant City growth over the 10 years and that the Council will need to provide infrastructure to support this. Council does not wish to constrain desirable City growth through a lack of key infrastructure, but in order to make the Plan affordable, future commitments will need to be reviewed regularly to ensure the proposed investment continues to support the Vision and Goals and is financially sustainable.

The largest single programme impacting on the Council's financial position is the requirement to upgrade the City's wastewater treatment and disposal system. More information about this is outlined in the Infrastructure Strategy and the Significant Forecasting Assumptions. In summary:

Council's resource consent to discharge treated wastewater from the treatment plant into the Manawatū River is due to expire in 2028. As part of the new consent process a review of the wastewater treatment and disposal options needs to be completed by June 2021 and the new consent application lodged by June 2022.

With constantly evolving technology in this area, there is a wide range of potential options the Council will need to consider and at this stage the costs are unknown.

It is a significant project and will have a major impact on rates and debt levels.

As options are developed and their respective costs and benefits assessed there will be community consultation to help develop a preferred option. Ultimately the Council will need to balance regulatory compliance requirements with community expectations and Council's ability to pay.

For the purposes of the 10 Year Plan the following budgetary provisions have been made:

- \$6 million to complete the options analysis and obtain the consent
- \$132.6 million (\$110 million without inflation) between 2023 and 2028 to undertake the capital upgrades. This is based on significantly improving the treatment of wastewater (to current state-of-the-art level) and continuing to discharge the treated water into the river.

Use of this option does not signal that it is the preferred option, as this will be determined in conjunction with the community, once the options are known. Other options could include land or ocean disposal and could cost up to \$250 - \$300 million.

The 10 Year Plan assumes there will be total capital expenditure of \$790 million over the 10 year period comprising \$260 million for capital renewals and \$530 million for new capital works.

11.5 Level of debt

Council needs to borrow to fund major new capital developments in the same way individuals do when they need a new home or car. To help decide the maximum level of borrowing that is sustainable, the Council has adopted the following policy limits (based on Council's core financial statements):

| BORROWING LIMITS | POLICY MAXIMUM | FORECAST LEVEL AT 30 JUNE 2019 | FORECAST MAXIMUM DURING 10 YEARS | FORECAST LEVEL AT 30 JUNE 2028 |
|---|-------------------|-----------------------------------|--|-----------------------------------|
| Net external debt as a percentage of total assets | <20% | 8.8% | 17.1% | 17.1% |
| Net external debt as a percentage of total revenue | <200% | 118% | 200% | 200% |
| Net interest as a percentage of total revenue | <15% | 5.9% | 10.9% | 10.9% |
| Net interest as a percentage of annual rates income | <20% | 7.7% | 13.5% | 13.5% |
| Liquidity | >110% | 127% | 127% | 109% |

Total revenue is defined as income from rates, grants and subsidies, user charges, interest, dividends, financial and other revenue, and excludes mark to market gains/losses on financial instruments, revaluations of assets and grants or development contributions for capital programmes.

Net external debt is defined as total external debt less liquid financial assets and liquid investments.

Net interest is defined as all interest and financing costs (on external debt) less interest income for the relevant period.

Liquid financial assets are defined as overnight cash deposits, wholesale/retail bank term deposits no greater than 30 days and bank-issued RCDs less than 181 days.

Annual rates income is defined as the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 (including metered water charges).

Liquidity is defined as external debt plus committed, unutilised bank facilities plus investments divided by external debt.

The policy maximum for the net external debt as a percentage of total revenue ratio has been increased to 200% (from the previous level of 175%). This is considered appropriate to enable Council to borrow the projected amounts needed for the proposed capital development programme and in particular the significant upgrades needed for the wastewater treatment plant. At this stage, there is a high level of uncertainty over the likely costs for the plant upgrade and ongoing operating costs.

Given the uncertainty over the forecast costs, Council has determined that for the time being the forecast programme of capital development and consequential borrowing requirements are appropriate.

However, the Council will need to stay focused on the changing costs of programmes to ensure it does not become over-committed before having more certainty about the costs of the wastewater programme.

Based on the 10 Year Plan's projected capital expenditure programme for new capital items of \$530 million, the Council will need to borrow an additional \$404 million over the 10 years.

After a period of significant capital development, during which Council was paying interest only on its borrowings, a planned debt repayment programme was implemented under a new strategy adopted in 2009. Since 2009/10, the budgets have assumed that as new loans are raised, provision will be made to repay them (on a table mortgage basis) over the average life (with a maximum of 80 years) of the asset being funded. Provision was also made for progressively increasing sums to begin repaying existing borrowings of \$145 million as at 1 July 2009, and accelerated payments from 1 July 2012. From 1 July 2015, the previous provisions for accelerated debt repayment were replaced with a reduction in the maximum repayment term from 80 years to 30 years.

In recent years, the Council has generated operating surpluses (due in part to delays to the capital expenditure programme and the resulting savings in interest costs). As

a matter of policy, Council has used these savings to repay debt early and to substitute for new debt.

When preparing this 10 Year Plan, Council recognised the early debt repayment from operations, and previously scheduled provisions for future debt repayment have been reduced.

In addition, the Council recognised that it needed to repay more debt in the short term to leave financial capacity to borrow for essential works in the future (in particular, the expected upgrades to the wastewater treatment plant). Initially it was proposed to achieve this by reducing the maximum term over which debt would be programmed to be repaid from 30 to 20 years. However in finalising the 10 Year Plan the Council considered this would impact too heavily on rates in the first year so instead decided to budget for additional debt repayment from 2021/22 onward.

\$49.8 million more will be repaid over the seven years than would otherwise be the case, with \$8.4 million less paid in interest.

As a result, the Plan includes the following provisions for debt repayment:

- All outstanding debt (projected as at 1 July 2018) will be repaid over the remaining useful life of the asset funded, over a maximum term of 30 years.
- New debt from 1 July 2018 will be repaid over the average life of the asset funded (the repayment term for the new borrowing ranging from 5 to 30 years).
- Additional repayments as follows:

| Year | \$ million |
|---------|------------|
| 2021/22 | 2.5 |
| 2022/23 | 5.0 |
| 2023/24 | 7.0 |
| 2024/25 | 9.0 |
| 2025/26 | 10.0 |
| 2026/27 | 8.0 |
| 2027/28 | 8.3 |

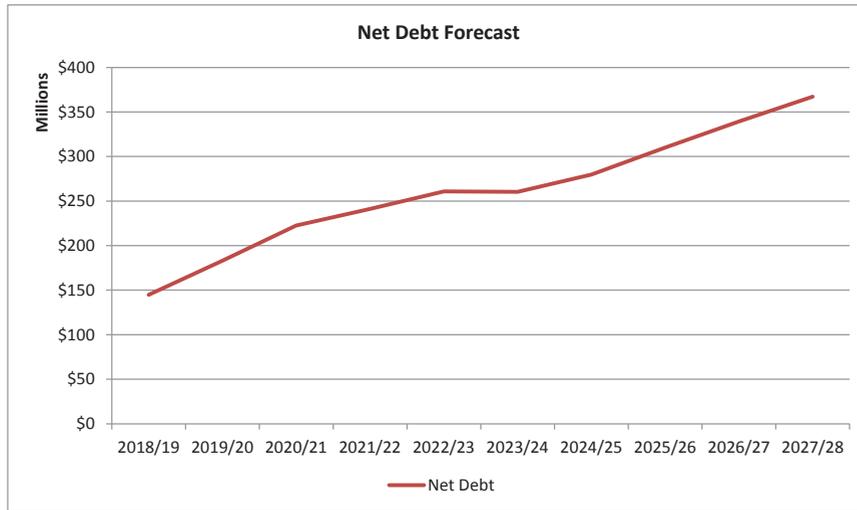
- A total of \$3.6 million will come from excess renewals funding and \$10.2 million from the forecast proceeds from asset sales (including residential subdivision).

The combination of the debt repayment for present debt and the additional debt needed to fund new capital items means the following movements in the Council's debt levels are forecast over the 10-year period:

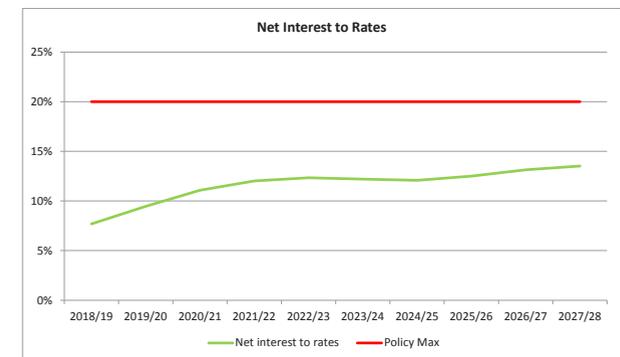
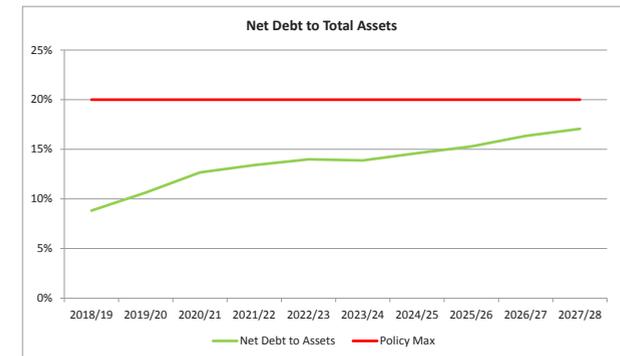
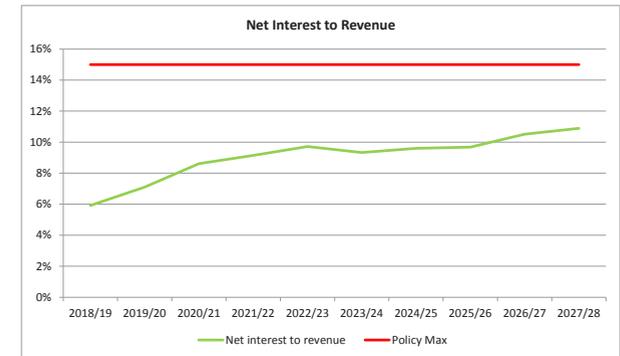
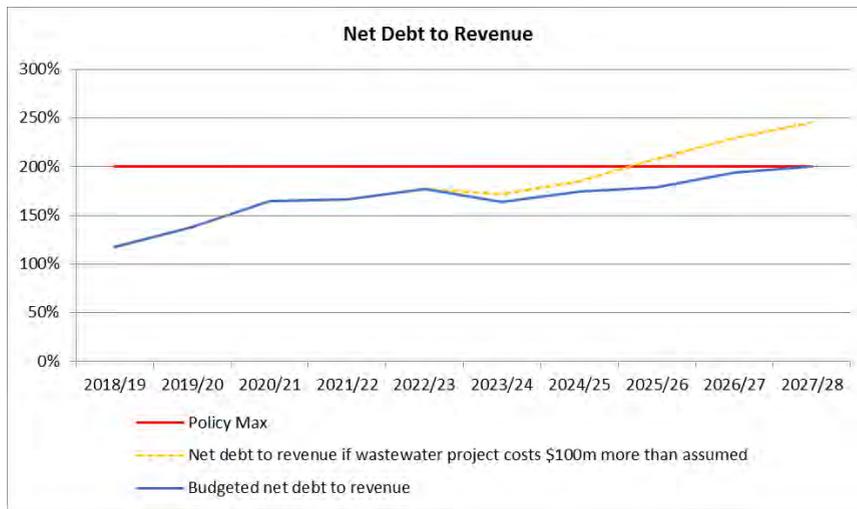
| Forecast movement in debt (\$m) | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | Total |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| Planned expenditure on new capital items | 47.9 | 54.6 | 52.2 | 44.1 | 36.6 | 30.6 | 44.3 | 69.8 | 72.5 | 77.1 | 529.7 |
| less external subsidies and grants | (10.5) | (5.9) | (5.1) | (10.0) | (3.7) | (6.2) | (4.1) | (11.9) | (16.4) | (23.7) | (97.6) |
| less development contributions | (1.1) | (1.5) | (1.9) | (2.1) | (2.5) | (2.8) | (3.4) | (3.9) | (4.3) | (4.5) | (27.9) |
| Additional debt required to fund new capital programmes | 36.3 | 47.3 | 45.2 | 31.9 | 30.4 | 21.6 | 36.7 | 53.9 | 51.7 | 48.9 | 404.1 |
| less debt repayment funded from rates | (4.0) | (4.5) | (5.6) | (9.2) | (12.3) | (15.3) | (18.0) | (20.1) | (19.6) | (21.3) | (129.8) |
| less net proceeds of residential subdivision | 2.3 | (3.6) | 1.3 | (3.9) | 1.9 | (4.7) | 1.7 | (4.6) | 0.0 | 0.0 | (9.5) |
| less net proceeds of asset sales | 0.0 | (0.4) | 0.0 | 0.0 | 0.0 | 0.0 | (0.2) | 0.0 | 0.0 | 0.0 | (0.6) |
| less funding from rates for capital renewals received in advance | 3.6 | (0.7) | (1.2) | (0.3) | (0.5) | (2.1) | (0.8) | 1.0 | (2.8) | 0.2 | (3.6) |
| Additional debt required | 38.2 | 38.1 | 39.7 | 18.6 | 19.6 | (0.4) | 19.4 | 30.2 | 29.3 | 27.8 | 260.6 |

These movements result in Council's total debt increasing from \$106 million to \$367 million, as shown in the following graph:

Net Debt Forecast



Net Debt to Revenue



11.6 Fees and charges for services

Council has developed policies for the proportion of costs of each activity to be paid by direct users of the service and by ratepayers. Where it is practical to identify the user, then the user will generally be expected to pay (for example, owners or developers pay for resource consents). In some cases, a subsidy from ratepayers is considered desirable so that a facility is affordable to all (for example, swimming pool entry charges do not cover the full cost). Some activities (such as civil defence) are funded entirely from rates because they benefit everyone.

Fees and charges will continue to be set at levels that are sufficient to fund the changing cost of services.

11.7 Rates

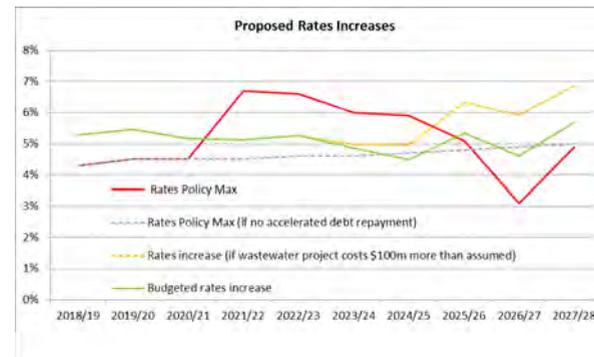
Rates will have to increase to fund the activities in the Plan. In recognition of the economic climate, Council has tried to minimise rates increases and challenges Council staff to continually look for innovative and more efficient ways to deliver services.

The desire to keep rates increases as low as possible has to be balanced with the need to fund the maintenance and renewal of key City infrastructure. The need to plan for a higher level of debt repayment to be able to service debt from future high-priority capital programmes also has to be considered.

Over the 10-year period, Council aims to limit rates as follows:

- Total rates¹ will increase by no more than the Local Government Cost Index (LGCI)²:
 - plus the growth in the rating base
 - plus 2% (to fund increasing asset renewal costs and new services)
 - plus an allowance for accelerated debt repayment³.
- Total rates will be no more than 2% of the City's rateable land value.

The proposed increases in total rates each year are shown in the following graph:



At this stage, the 10 Year Plan does not achieve the policy aims for some years. To meet its Vision and Goals for the City, the Council believes rates need to increase by more than its target limit at least in the short term, and then again when the full impact of the proposed wastewater system upgrade takes effect. The actual increase each year will be determined in the light of updated circumstances and the development of each Annual Plan.

Rates are made up of two parts, a fixed component that is the same for each property and a variable component based on the land value. For 2018/19, the fixed part (\$1,397 for residential properties) is proposed to be made up of the following:

| CHARGE TYPE | CHARGE | WHAT IT PAYS FOR |
|----------------------------|--------|---|
| Water | \$256 | Pays for the cost of providing of water |
| Wastewater | \$256 | Pays for the cost of treating and disposing of wastewater |
| Kerbside Recycling | \$126 | Pays for the cost of kerbside recycling |
| Rubbish & Public Recycling | \$69 | Pays for general rubbish and recycling costs, including transfer stations, cleaning up fly tipping, community education |
| General | \$690 | Contributes to paying for all other Council services and helps ensure all properties contribute a more equal share of costs rather than being based only on land values |

¹ Total rates excludes rates on Council properties but includes metered water revenue.

² LGCI is an overall cost index developed by Business and Economic Research Limited (BERL) for local authorities. It is based on the cost structures of local authorities and includes operating expenditure and capital expenditure variables. The forecast LGCI published by BERL in September 2017 was used in this Plan.

³ This allowance reflects the effect on rates of the additional debt Council has decided to repay earlier than previously planned (by making significant additional one-off repayments from 2021/22 onward). For 2020/21, this equates to 2.2% of total rates.

The variable part is based on a property's land value. Council is legally required to obtain updated rating valuations at least every three years. The values from 2015 will be used again in 2018/19 and the new values obtained in 2018 will be used for the three years from 2019/20.

The portion of rates based on the land value is charged as a rate in the dollar, which depends on how the property is used. Commercial property is charged at a higher rate than residential property. Residential property is charged at a higher rate than rural/semi-serviced property.

More details about the rating system are shown later in this section.

12. Policy on giving securities for borrowing

The security for Council debt will be the ability to levy rates. The Council will use Debenture Trust Deed security documents and appoint a professional trustee.

Council will undertake a portion of its borrowing through the New Zealand Local Government Funding Agency, and has provided guarantees to the Agency and cross-guarantees in favour of other local authorities who borrow through the Agency.

In unusual circumstances, with prior Council approval, a specific charge may be given over one or more Council assets. Physical assets will be pledged only when:

- there is a direct relationship between the debt and the asset purchase/construction, such as an operating lease or project finance; and/or
- Council considers a pledge of physical assets to be appropriate.

Any pledging of physical assets must meet the terms and conditions of the Debenture Trust Deed and Local Government Act 2002 (which prevents water service assets from being used as security for any purpose).

13. Financial investments and equity securities

13.1 Financial investments

The Council has no plans to undertake new investments in long-term financial instruments.

In 2001, Council resolved to invest \$70 million from the sale of its investments in the electricity sector in a long-term managed fund. The aim was to grow the capital value in real terms and provide annual distributions to supplement operating revenue.

Over following years, the Council's position moved from being a net investor to a net borrower and Council decided that it was no longer prudent to retain the fund. In 2007, the Council resolved to progressively wind down the fund and use the investment to repay term borrowing or substitute for term borrowing. The fund was fully realised by December 2017.

As a net borrower, Council will seldom have funds to invest but it may invest to:

- meet statutory obligations by funding certain reserves
- match retentions held 'in trust' for the benefit of contractors under the Construction Contracts Act 2002
- manage short- or medium-term cash surpluses
- maintain operating cash levels
- pre-fund refinancing of maturing debt.

Any such investments will be held in a form consistent with the anticipated funding requirement. For short-term investments, generally held for liquidity management purposes, investments are held for up to three months as call deposits or negotiable instruments (that is, cash or cash equivalents) with registered banks. For investments held for periods beyond three months, government securities, LGFA or other strongly rated securities will be held.

13.2 Equity securities

The Council currently maintains equity securities in the following entities:

| ENTITY | CATEGORY OF BUSINESS | REASON FOR HOLDING | % OF SHAREHOLDING |
|--|--|--|-------------------|
| Palmerston North Airport Limited (PNAL) | Owns and operates Palmerston North Airport | To ensure the City has an appropriate air gateway for passengers and freight | 100% |
| Central Economic Development Agency Limited (CEDA) | Provides economic development services for the Council and Manawatū District Council | To ensure there is an appropriate entity to help create and grow economic wealth in the Manawatū and beyond | 50% |
| Civic Financial Services Limited (CFSL) | Provides a range of risk management products for New Zealand local government | To ensure there is appropriate insurance cover for local government if the private market fails to provide the desired cover | 3% |
| New Zealand Local Government Funding Agency (LGFA) | Provides long-term funding to local government | To help give access to cost-effective long-term funding | 0.4% |

Shareholder expectations for these entities are set out in the Statements of Intent prepared each year. Although Council expects these entities to operate in a business-like manner, it does not expect high financial returns as the principal reason for the investment is to achieve strategic objectives.

Present performance targets for these entities are shown in the following table:

| ENTITY & RATIOS | TARGET |
|--|-------------------------------|
| Palmerston North Airport Ltd (for 2018/19) | |
| Net surplus before interest/tax/valuations to total assets | 3.9% |
| Net surplus after interest/tax to consolidated shareholders' funds | 3.1% |
| Maintain ratio of shareholders' fund to total assets > 40% | 72% |
| Interest cover (net surplus before interest and tax to interest) >=2.5 | 4.9 |
| Maintain a net tangible worth >\$50m | \$61.9m |
| Maintain a customer satisfaction Net Promoter Score >=50 | 60 |
| Passenger throughput p.a. | 656,310 |
| CAA part 139 certification | Achieve |
| Lost time injuries to those who work within airport community | Zero |
| Company roadmap to carbon neutrality | Complete |
| Emission reduction targets | Achieve |
| Central Economic Development Agency Ltd | |
| | No specific financial targets |
| Civic Financial Services Ltd and NZ Local Government Funding Agency | |
| | No specific targets |

Further capital investments in these entities will only be considered to achieve stated strategic objectives and by specific Council resolution. Sale of the investments would also require a specific resolution of Council and be subject to the requirements of the Local Government Act 2002.

It is expected that any other equity investments held by Council in future would only be as a result of a gift, through a restructuring of Council or to enable Council to participate in a central government or regional initiative to provide a key infrastructural activity. From time to time, Council will establish 'shelf' companies to be able to respond appropriately to any opportunities that arise.

Infrastructure Strategy 2018 – 2048

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1. Introduction

The Council is required to prepare an Infrastructure Strategy for a period of at least 30 years to inform its 10 Year Plan. The Infrastructure Strategy has been directly informed by the city's vision and goals, supporting strategies and asset management plans, and sits alongside the Financial Strategy. The Strategy covers transport, stormwater, wastewater, water, property and recreational assets.

One of the primary and significant purposes of local government is to meet the current and future needs of communities for good-quality local infrastructure in a way that is most cost-effective for households and businesses. 'Good quality' in this context means infrastructure that is efficient, effective, and appropriate for present and anticipated future circumstances.

Renewing and maintaining existing infrastructure and developing new infrastructure is expensive. Infrastructure represents a significant proportion of Council expenditure and is also an important enabler of economic growth. The way that Council invests in infrastructure has a significant influence on the extent to which it will deliver on its Vision and Goals for Palmerston North. For these reasons, it is important that the Infrastructure Strategy aligns with the Council's broader strategic direction, including the Financial Strategy.

2. Purpose

The purpose of the Infrastructure Strategy is to:

- a. identify significant infrastructure issues for Palmerston North City over the period 2018–48
- b. identify the principal options for managing those issues and the implications of those options.

3. Background

3.1 Strategic direction

The Vision for Palmerston North is small city benefits, big city ambition. This Vision is supported by five goals and strategies. Key extracts from the strategies are detailed in sections 3.2 to 3.6 of this Infrastructure Strategy.

Goal 1: An innovative and 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 change to fuel sustainable growth, prosperity and wellbeing.

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.

Goal 3: A connected and safe community

A city that includes, supports, connects and uses the talents and advantages of the whole community in the pursuit of prosperity and wellbeing. A city with 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.

Goal 4: An eco city

The Council wants 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.

Goal 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.

3.2 Economic Development Strategy

Palmerston North is the major economic hub for the Manawātū–Whanganui region for education, research health services, retailing, business services such as banking and finance, insurance, and professional services, government administration, agribusiness and logistics. The city's growing economic influence within the region is demonstrated by the number of people commuting to work in Palmerston North from surrounding local authority areas, and the expansion of the city's labour market region over the past 25 years. With 34% of the regional population, Palmerston North has 48% of jobs and 49% of earnings for the region. Projected growth in the economy will lead to more industrial, commercial and residential development, all of which requires additional infrastructural capacity.

3.3 City Development Strategy

Palmerston North is expanding, and Council wants to accelerate the city's growth and prosperity. Having a ready supply of land with infrastructure to support the city's growth will ensure Council can harness new development opportunities and increase Palmerston North's competitiveness. Council will provide infrastructure in a timely way while managing the financial risks of providing too much infrastructure in multiple locations. Integrating land use planning and infrastructure can be a powerful economic development tool. The Government has provided strong direction about this, particularly for housing, in its National Policy Statement for Urban Development Capacity (2016).

The Council has adopted a hybrid growth scenario based on a specific Palmerston North high-growth projection for years 1–10 and a Statistics New Zealand (December 2016) medium-growth projection for years 11–30, which also accommodates the additional margins required by the National Policy Statement for Urban Development Capacity

for the household projections, but not the population projections. The following population projections are assumed:

- 10-year projection 2018–28, 940 people per annum at 1.0%
- 20 year projection 2018–38, 710 people per annum at 0.7%
- 30 year projection 2018–48, 598 people per annum at 0.6%.

The following household projections are assumed:

- 10-year projection 2018–28, 460 households per annum at 1.3%
- 20 year projection 2018–38, 378 households per annum at 1.0%
- 30 year projections 2018–48, 315 households per annum at 0.8%.

Housing

Council's main role is to make sure land and infrastructure are available to accommodate growth and provide market choice, while responding to changing demographics. Housing choices now allowed under the District Plan include multi-unit developments and minor dwellings. The planning framework also enables apartments in or near the city centre, including as part of a mixed-use development. The demand for infill housing is expected to continue and extend to areas west of the city. Lifestyle blocks are directed away from productive land and need to have their own infrastructure.

Council wants land for new greenfields housing at Whakarongo brought to the market quickly. The Council will work closely with landowners and develop Council-owned land at Whakarongo. To release pressure and meet updated growth projections, land at City West identified for medium- to long-term greenfields housing will need to be released earlier than previously anticipated. The most suitable land for early release is the area bound by the Mangaone Stream, Te Wanaka Road and Pioneer Highway

(the Racecourse land), which will need to be rezoned. The interests of private developers at the outer edge of City West could affect the cost-effective and efficient provision of network infrastructure. Council needs to work with the major landowner in this area to better understand the infrastructure options and timing of the rezoning.

Substantial greenfields housing capacity remains at Aokautere, but plans for developing the remaining residential land are unclear. Council will develop a structure plan with the major landowners to guide future development. As well as the Hokowhitu Residential Area, Council will work with landowners at Napier Road and Flyers Line, where small greenfields additions can be made without the need for substantial new infrastructure. A revised plan is needed to develop affordable and first homes at Ashhurst.

Office and retailing

The formal planning framework for future growth in office and retailing is well settled. The District Plan expects new stand-alone office or retail activities to be established in one of the four central business zones, where significant capacity is available. New office and retailing should leverage off planned public investment in the city centre.

Council will look at ways to help fill vacancies in larger office blocks in the city centre, including looking at long-term leases for public parking or purpose-built parking buildings to support new tenancies. Office activities are expanding in business areas on the city centre fringes, where intimate purpose-built offices with onsite parking are meeting market preferences.

Vacant land at Rangitikei Street is zoned for large-format retailing. Further work is needed to determine whether the land should be made available for other uses, such as housing or mixed-use development.

Industrial

The formal planning framework for future industrial development is well settled. Industrial land has been made

available to the north-east of the city and at Longburn. The north-east is earmarked for large-format freight, distribution and logistics activities, while Longburn is best suited to wet or processing industries. Both locations are well placed for the new regional ring road. Industrial capacity also exists within the historical industrial spine adjacent to the rail corridor at Tremaine Avenue and at the airport.

The regional freight ring road is important to service projected industrial growth. Council will undertake a collaborative planning exercise to direct future investment in rail in the north-east and at Longburn. Integrating rail to form a significant intermodal freight and distribution hub is a major strategic issue. Rail access at Longburn is limited to sidings only and rail is unavailable at the north-east. Traffic flows compromise the industrial land adjacent to the rail corridor at Tremaine Avenue.

Council needs to work with infrastructure owners at Longburn to make future development possible. Much of the existing infrastructure is privately owned, not up to modern standards or does not allow for future growth. Specific planning has been done to support the future growth of Fonterra's industrial activities at Longburn.

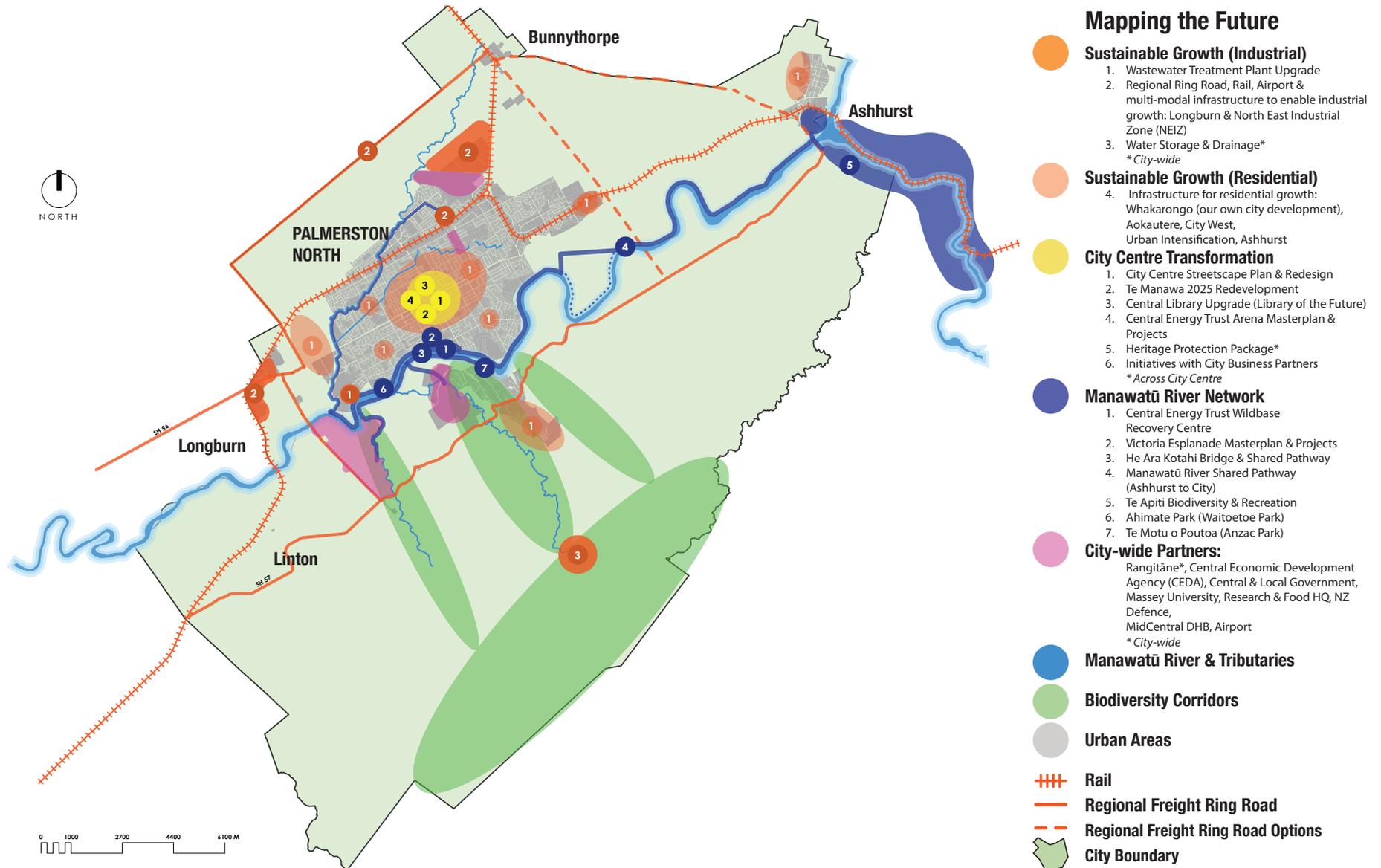
Rural

The formal planning framework for rural subdivision and development is well settled. The District Plan discourages lifestyle blocks and further fragmentation of productive farmland. Substantial capacity for lifestyle blocks is provided on the foothills of the Tararua Ranges, to ensure they remain a legitimate housing choice for the city.

The District Plan discourages the provision of urban services, particularly reticulated services, in rural areas because it is an inefficient form of infrastructure investment. It also blurs the lines between rural and urban development and leads to confusion about future development opportunities. Many landowners see the provision of urban services as legitimising intensification, while others believe it undermines the rural amenity they sought out.

Spatial Plan

The City Development Strategy, together with other catalyst projects, is summarised in the following Spatial Plan:



3.4 Creative and Liveable Strategy

To help Palmerston North compete for people, talent and investment, as well as improving how the city is perceived by locals, visitors, potential new citizens and investors, creative city-making needs to inform the way that Council invests in infrastructure.

Charles Landry, an international authority on cities and creativity, visited Palmerston North to find out how local people view the city and assess the city against his Creative City Index. In his report, Landry said place-making now plays an important role: "Most cities historically were built in a very functional way, encapsulated in the cliché 'roads, rates and rubbish' (a hardware focus). In the last two decades, however, there has been a major shift related in large part to global competition between cities and the need to attract the best talents. Urban development is now concerned with combining hardware and software and so focus on what places look and feel and how emotionally satisfactory they are as well as how they attract activity. In this approach there is a stronger focus on walkability and the need to downgrade the power of the car. Place-making is now an aim and requires a completely different skill set, spread throughout a local authority and its external stakeholders. This new approach is concerned with building communities and places, not only infrastructure." This approach needs to be applied to the way Council invests in infrastructure in Palmerston North.

3.5 Connected Community Strategy

Palmerston North has a uniquely diverse community, with a prominent defence workforce, large numbers of young and transient tertiary students, and a strong connection to the wider Manawātū province. The city is relatively young; by 2043 the average age is projected to be 37 – five years younger than for New Zealand overall. However, the fastest-growing age group in Palmerston North is people aged over 65. In future, the city will be home to a large older population, as well as growing numbers of children and young people.

The ethnic mix of Palmerston North also continues to become more diverse, and it is arguably the most ethnically diverse provincial city in New Zealand. Pasifika and Asian people are projected to make up a growing proportion of the population, behind only NZ European (73%) and Māori (22%) by 2028. Since 2004, Palmerston North has become home to small groups of former refugees from the Republic of Congo, Burma, Bhutan and Syria.

Along with the city's changing age and ethnic profile comes a change in household composition. More than 60% of the 30,000 households are made up of only one family, and a quarter of all households have only one member.

Infrastructure investment needs to recognise the changing nature of the Palmerston North community.

3.6 Eco City Strategy

The Ministry for the Environment advises that "climate change is the biggest environmental challenge of our time. Each one of us needs to work on ways to cut our emissions, adapt to the effects of climate change, and become more resilient to the changes that are coming. Climate change is already affecting our climate. It is likely to impact our agriculture and other climate-sensitive industries, our native ecosystems, infrastructure, health and biosecurity, as well as having broader social and economic impacts".

The Manawātū River is the heart of the city and region, and the mauri of the river is a direct reflection of the city's values. The city is increasingly looking to the waterways it once turned its back on, only to find that those waterways are not in the same state as they were before. Council is a signatory to the Manawātū River Leaders Accord along with other councils, iwi, businesses and community groups. In the Accord, Council has made a series of commitments towards improving the mauri of the Manawātū River.

Adapting to the effects of climate change, playing a part to slow climate change and managing the city's impact on the Manawātū River are critical drivers within the

Eco City Strategy that will inform Council's approach to infrastructure investment.

4. City infrastructure

4.1 Description and value

Transport, stormwater, wastewater, water, property and recreational assets provide core infrastructure services that underpin the economic and social activity of the city.

The transport network consists of 567km of road, 113 bridges and culverts, 544km of footpaths, 8,600 streetlights, 24 sets of traffic signals, more than 2,700 CBD car parking spaces, 1,083km of on-road dedicated cycle lanes / off-road shared paths and more than 13,000 street trees.

The stormwater drainage network consists of 275km of pipes, 9km of culverts, 5,271 manholes, connections to more than 18,500 properties, 90 floodgates, and other structures.

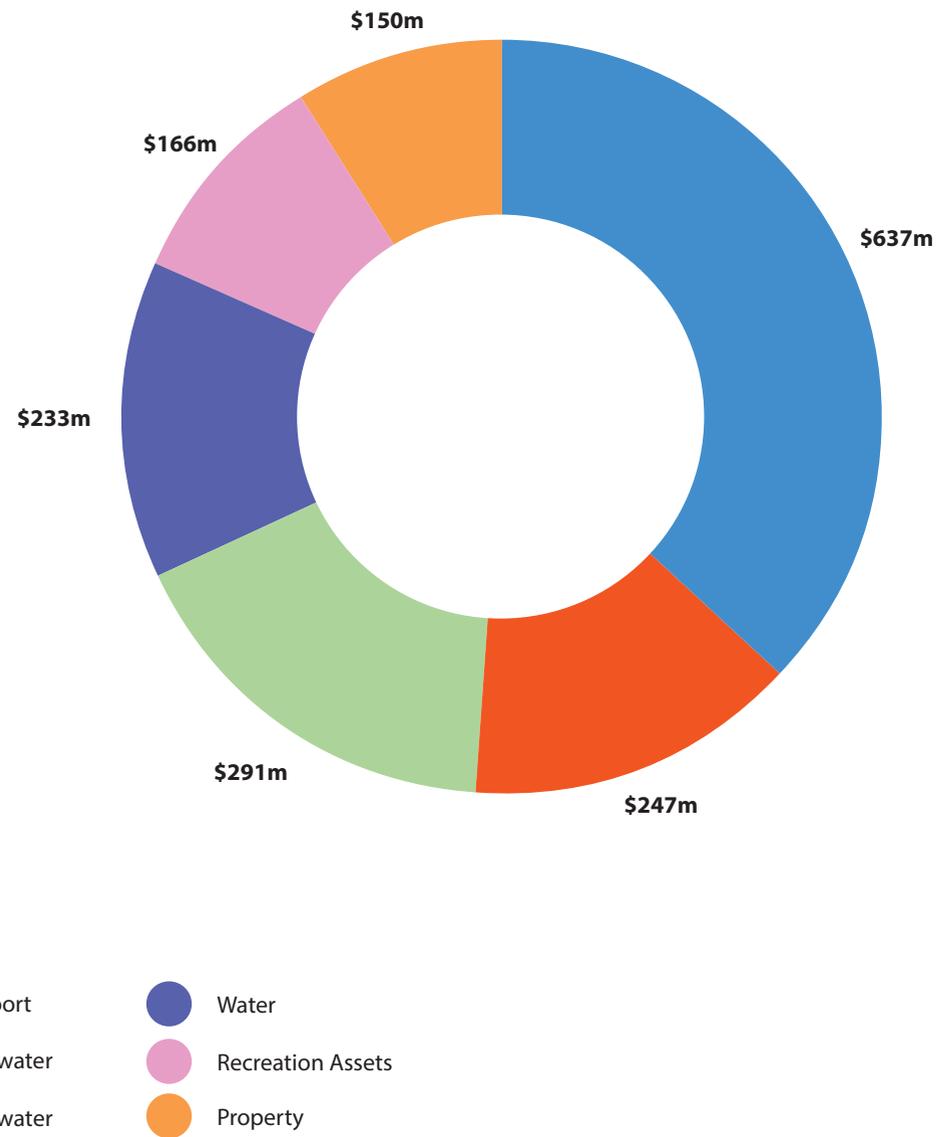
The wastewater network consists of 418km of pipelines, 5,679 manholes, 36 wastewater pumping stations, and connections to about 28,000 properties. In addition, the Totara Road wastewater treatment plant treats all of the city's wastewater before discharge to the Manawātū River.

The water supply assets provide for water collection, treatment and distribution. The infrastructure for water collection consists of two dams at Turitea Reserve and eight water supply bores. The Turitea Water Treatment Plant treats water collected in the dams. The distribution network consists of 548km of main pipelines, 196km of service lines, 4,650 valves, 3,128 hydrants, 2,095 meters, 405 backflow preventers and 28,162 tobies connecting to properties.

The property and recreational assets consists of five operational properties, 12 cultural properties (including libraries), 403 social housing units, eight community centres, five city reserves (including walkways), 106 neighbourhood reserves (plus nature parks, an outdoor adventure park and other recreation and ecological links),

two aquatic facilities, 24 sports fields and associated buildings, and the Central Energy Trust Arena multi-use events complex.

This infrastructure has been developed largely over the past 110 years as the city has grown. The total replacement cost of this infrastructure is approximately \$1.7 billion. The replacement cost for each of the asset areas is as shown in the following diagram:



4.2 Condition and performance

Most of the infrastructure is in good condition, with much of it in the early to midpoint phase of its life cycle. On average, approximately \$14.0 million per annum has been spent on renewing the infrastructure over the past three years.

| Renewal expenditure over the past 3 years | | | |
|---|----------------|----------------|----------------|
| Activity | 2014/15 \$M | 2015/16 \$M | 2016/17 \$M |
| Transport | 4.98 | 5.99 | 4.18 |
| Stormwater | 0.58 | 0.14 | 0.89 |
| Wastewater | 0.56 | 1.83 | 2.57 |
| Water | 1.73 | 3.30 | 2.78 |
| Property & Recreation | 3.89 | 3.72 | 4.44 |
| Total | 11.74 | 14.98 | 14.86 |

Expectations for **transport** have changed to include greater emphasis on delivering the regional freight ring road, providing for alternative modes of transport and treating streets as public spaces that work for all users to achieve multiple outcomes. More work is required in all of these areas and should be the strategic focus of the transport activity. The way that Council assesses the performance of the transport activity should also be changed to reflect this new strategic focus. The good condition of assets such as pavement surfaces should continue to be maintained.

The life of road pavement seals varies from 12 to 30 years, depending on the type of seal and level of traffic. The overall condition of footpaths has improved over the last few years, with a targeted renewals programme ensuring the majority of footpaths are in the top half of the condition

rating scale. Most bridges are between 20 and 50 years old, with significant renewal requirements expected between 2030 and 2050.

Like transport, the expectations for **stormwater** infrastructure have changed. There is a need to raise the profile and quality of our urban streams, acknowledging their cultural significance as tributaries of the Manawatū River. Development has increased the amount and speed of rainwater going into urban waterways, increasing peak flow rates, and the soils and other contaminants going directly into the river system. Water-sensitive design approaches to development and a wider use of tools such as water tanks, green roofs, swales, rain gardens and detention ponds will all help. Climate change is expected to bring higher-intensity rainfall events that will increase the frequency of nuisance flooding on both roads and properties.

Stormwater drainage infrastructure generally only operates during storm events and as a result, pipeline and culvert assets have a very long life (more than 150 years). Most of these assets are only in the early stage of their life cycles and are assessed as being in very good condition. Most of the older stormwater pump stations have recently been renewed and the condition rating for stormwater pump stations is also very good. Performance of the stormwater drainage system is also rated as good, although there is some street ponding for short periods at times of major storm events and this is recognised in the level of service provided.

The overall condition of **wastewater** pipelines and pumping stations is considered to be good, with more than 60% of the system installed since 1960. The average life of pipes is about 120 years. Blockages can occur as a result of tree root intrusion and uneven grades caused by ground settlement, although these are minimised through a targeted maintenance regime. Stormwater inflow and infiltration is about on par with wastewater networks worldwide.

While the wastewater treatment plant performs as designed, Council has agreed, following a review by Horizons Regional Council, to a consent condition requiring new consents associated with upgrading the plant to be lodged by June 2022. The Council is currently working to develop the best practicable option for the upgrade.

In the **water** network, about 59% of pipelines are less than 30 years old and expected to have a life of more than 100 years. Problems experienced with discoloured water as a result of iron and manganese build-up in cast-iron pipes have largely been overcome through an accelerated cast-iron pipe replacement programme, building extra feeder mains and an improved maintenance regime. However, the increasing frequency of bursts in A/C pipes requires a higher level of renewal over the next few years.

Maintenance and renewal regimes for **property and recreational** assets have kept them in overall good condition, although a higher level of renewals is now due in some areas. This includes the City Library, some social housing units and the aquatic facilities. There has been considerable renewal investment in recent years in sports field changing room facilities and public toilets. The Central Energy Trust Arena is generally in good condition, with areas in need of upgrading to be addressed through the Arena Masterplan development.

The Council owns a number of earthquake-prone buildings, which will need to be strengthened to meet new legislative requirements. It is likely that Council will identify unreinforced masonry buildings in the city centre as priority buildings as part of its broader earthquake-prone buildings policy obligations under the Building Act. Priority buildings will be required to be strengthened within a seven-year timeframe.

There are no significant disposal issues for assets coming to the end of their useful life in the period of this strategy.

4.3 Critical assets

Critical assets, based on their failure affecting a large number of people or having a high cost, are:

- transport: Fitzherbert Ave and Saddle Road bridges
- stormwater drainage: large-diameter pipelines and major pump stations
- wastewater: wastewater treatment plant, major pump stations and large-diameter pipelines
- water supply: Turitea dams, water pumping station, water reservoir and large-diameter pipelines
- property and recreational assets: Civic Administration Building and Central Energy Trust Arena.

5. Significant infrastructure issues and principal options

5.1 Introduction

Council's significant infrastructure issues over the next 30 years involving high expenditure, high risk, strategic priorities and/or high public interest are identified as:

- wastewater treatment and upgrading
- provision of another river crossing and regional freight ring road
- developing new infrastructure for growth
- renewing infrastructure
- applying urban design
- facilities to encourage alternative transport modes
- security of water supply
- increasing the resilience of infrastructure
- the impact of climate change
- modernising Central Energy Trust Arena
- using Council land for housing
- Te Manawa
- the Central Library.

5.2 Wastewater treatment and upgrading

The resource consent for the discharge from Council's main wastewater treatment plant to the Manawatū River is due

to expire in 2028. A condition of the resource consent is that the Council will complete a best practicable option review for its wastewater treatment and disposal by June 2021 and lodge a complete consent application by June 2022. The upcoming review will need to identify ways to improve the city's wastewater treatment, particularly when the river level is low. Council will need to actively engage with the community in the lead-up to this process to help identify possible future treatment options. Financial provision of at least \$0.7 million has been made for each year until 2023/24 to undertake investigations and manage the consent application process for this project.

The range of potential operating and capital costs are unknown at this stage, and will not be known until the best practicable option investigation review is completed and the consent is granted.

Council does not wish to prejudge which option might be chosen (or which consents will be granted through the regulatory process), but is required to make adequate financial provision for the final outcome. A number of factors will influence the final outcome, and it is likely that national and regional policies for water quality will change before a final decision is made. Whatever option is chosen, it will have a significant impact on Council's debt levels and rates requirements. For the purpose of the 10 Year Plan, it has been assumed that a solution will be provided with a capital outlay of \$110 million (\$132.6m including inflation) and that the expenditure will be incurred between 2023 and 2028. The final option could cost more or less. Options for land or ocean disposal could cost up to \$250-\$300m.

The 10 Year Plan assumption has been chosen as a way to ensure the Council's longer-term plans demonstrate it can cope with a project of this size and scale, and to transparently show the public the possible implications for debt and rates. It has also been assumed there will be additional operating costs of \$4 million per annum from 2028 on top of the debt servicing and repayment costs.

When designing the new wastewater treatment plant, it is important for Council to have a good understanding about industry that is likely to occur, the type of industry it would like to attract, and the preferred locations for different types of industry. Oversizing the treatment plant would be inefficient, while undersizing could mean the city misses development opportunities. The infrastructure costs associated with servicing certain types of wet industry may be more easily accommodated in other locations that can address wastewater via an ocean outfall.

Council has been conscious of the potential scale and financial impact of this project, including when it has programmed its other likely commitments. If the final option chosen costs more than has been assumed, the Council may need to review its priorities in later years of the Plan to be able to operate within its prudential borrowing limits.

5.3 Provision of a further river crossing and a regional freight ring road

Council has been collaborating with NZTA, Horizons Regional Council and neighbouring local councils on the proposed regional freight ring road for more than a decade. The preferred regional freight ring road and supporting roading hierarchy is detailed in the 2010 Joint Transport Study. The regional freight ring road seeks to address a number of land-use and transportation issues, including the following:

- diverting state highway traffic out of the city centre
- reducing heavy traffic in urban areas
- reducing congestion on eastern transportation corridors in the urban area
- servicing urban growth, including in the Whakarongo, North East Industrial Zone and City West areas

- (e) supporting existing activity and economic development opportunities at the airport, FoodHQ and Linton Defence
- (f) realising the benefits of additional river crossings, including improved resiliency and connectivity
- (g) freeing up capacity for alternative transportation modes in urban areas by reducing potential conflicts
- (h) providing clear transportation signals for inter-regional traffic
- (i) promoting regional economic development
- (j) gaining opportunities to link with other modes, including rail and air
- (k) improving the safety, efficiency and effectiveness of the transportation network.

In March 2018 NZTA announced its preferred option to replace the state highway through the Manawatū Gorge, arising from technical and economic investigations. Alongside this, NZTA also committed to advancing investigations for a Rural Freight Ring Road around Palmerston North, including a second bridge across the Manawatū River, which from the earlier Manawatū Gorge assessments showed would be the type of investment to unlock regional economic development opportunities.

Accordingly NZTA will undertake a detailed business case, with regional stakeholders including PNCC, to scope a programme of integrated transport improvements targeted for completion at the same time of the replacement route for the Manawatū Gorge. This will embrace earlier uncompleted planning investigations into the north-eastern leg of the Rural Freight Ring Road along Kairanga – Bunnythorpe Road and Ashhurst – Bunnythorpe Road, plus a review of the state highway network in and around Palmerston North.

The findings of the business case are expected to be known by mid-2019 and will establish the extent of funding

required for these transport improvements from NZTA, PNCC and /or other parties.

Until this process is complete the Council has little choice but to accept that delivery of the rural freight ring road will be on the basis of Council being the sole road controlling authority and that NZTA fails to award it a priority as being part of the State Highway network. Accordingly upgrading of these roads and the provision of a further river crossing will only be viable for Council with financial assistance from NZTA.

This strategy therefore now places construction of a further river crossing at 2040-2043 and supportive upgrades to the regional freight ring road at 2019-2023 based on the latest traffic forecasts and acknowledgement of NZTA's current funding policy. As such this position does not adequately respond to enhancing regional economic growth in partnership with NZTA as the State Highway roading authority.

These timeframes are forecasted to see significant traffic pressure on the Fitzherbert Bridge prompting a need for a further river crossing, but this is a very reactionary planning response risking loss of regional economic growth in the intervening period. In effect it distracts from promoting Palmerston North as a regional distribution hub for freight and fails to respond to the needs of the Linton Army Camp for their vehicle movements.

Council's engagement with NZTA over these issues relate to advocacy in delivery of the rural freight ring road in particular timing, ownership and funding. This strategy details a default position with Council as the sole roading authority in regard to delayed timing and restricted funding. The Council will continue to advocate to NZTA on progressing the regional freight ring road as early as possible to address the transportation issues identified above.

5.4 Development of new infrastructure for growth

The location of new greenfields urban development is well settled. This is useful, as it means there is a high level of certainty about the location of new infrastructure to service greenfields growth.

While rezoning land makes it available for development, greenfields development cannot proceed until network infrastructure is provided. Development goes in cycles, and demand can vary according to a range of factors, many of which are out of Council's control. One factor Council can control is the timing of new infrastructure. Having 'shovel-ready' land can be a strong incentive for new development because it means that land is zoned and network infrastructure is available. This process requires the Council to put infrastructure in place in advance of development, and this comes at a cost. While that cost is ultimately recovered at a later date, there is a risk that the Council provides the infrastructure too early and faces increased holding costs, or the Council provides the infrastructure too late and discourages new development.

Matching the capacity of new infrastructure with the likely activities that will occur in greenfields areas, particularly for new industrial development, can also be challenging. Unlike housing development, which has a reasonably uniform demand for infrastructure, the capacity required to service different types of industry can vary significantly. For example, food processing or pharmaceutical activities place a heavy demand on water and wastewater, while freight and distribution activities place a heavy demand on roads. It is important that Council has a good understanding of the industry that is likely to occur, the industry it would like to attract, and the preferred locations for different types of industry so that it can appropriately match infrastructure with land use. Oversizing infrastructure is inefficient, while undersizing means the city could miss development opportunities.

The Council has signalled a desire for more brownfield development, and the District Plan now makes an increased range of housing types possible. However, predicting the location, demand and type of brownfield development that will occur, and the impact on infrastructure capacity, can be difficult. The assumption is that 33% of all new houses will be infill or brownfield developments in the existing urban area, with the balance being 55% greenfields and 12% rural. There is a risk that infrastructure planning focuses on greenfields development because it involves new infrastructure. It is important that infrastructure capacity is provided to accommodate the projected increased housing density and that housing preferences are monitored to ensure that any changes inform future planning.

The reality is that other than good planning, the Council has limited options to address issues affecting the development of new infrastructure for growth. Council has strong aspirations for growth and it is important to have a clear strategic framework that directs where growth will occur and to align infrastructure with this direction. Council should also be as agile as possible in planning and infrastructure provision. Being clear about the type of industry and inward investment the city is seeking is also important. The infrastructure costs associated with servicing certain types of wet industry may be more easily accommodated in other locations that can address wastewater via an ocean outfall. Secure funding sources are also important. Council will continue to recover the costs of growth via development contributions, but should also advocate to government for funding support for infrastructure to service growth and alternative funding sources.

5.5 Renewal of infrastructure

In order to provide service to the community Council's infrastructure needs to be maintained and then in time renewed. Generally as assets age they require a higher level of maintenance to provide the required level of service which means there can be a point at which it is more cost effective to renew an asset than to go on maintaining it,

or sometimes a higher level of maintenance can delay a costly renewal. It depends on the kind of asset as to which is the best approach. Council endeavours through its asset management processes to choose the most cost effective option in the long term. However where the asset is considered to be a critical asset and failure could affect a large number of people it takes a conservative approach to renewing the asset to reduce the risk of failure.

As the city grows and ages, it has an increasing amount of infrastructure to renew. The current generation must pay for the renewal of all previously established infrastructure. Future generations will be required to pay for the renewal of all previously established infrastructure and any new infrastructure yet to be established. While population growth spreads future renewal costs across a greater number of people, keeping up with renewals is expensive. The way Council develops new infrastructure to support the growth of the city can affect the amount of renewals Council will face in the future. For example, brownfield redevelopment and making use of existing infrastructure can be more efficient than new greenfields infrastructure.

A total of about \$557 million (present-day cost) over the next 30 years is estimated to be required to ensure the transport, stormwater, wastewater, water, property and recreational assets infrastructure is kept in good condition so that it can provide the same level of service to the community.

Given the size of the expenditure, the renewals programme represents an opportunity to make a significant contribution to Council's strategic direction. More attention is required to examine which renewals present an opportunity to provide infrastructure in a different way to deliver outcomes consistent with Council direction. For example, all renewals on streets identified within the cycle network plan represent an opportunity to make a contribution toward improving cycling infrastructure.

About \$14 million per annum has been spent on renewing these assets over the past three years, and generally the

assets in all the activity areas are considered to be in good condition. There is little in the way of deferred renewals. However, significant investment is now required in replacing A/C water pipes to reduce maintenance costs.

Over the next 30 years, it is estimated that expenditure of about \$18.6 million (present day cost) per annum will be required to maintain the assets in good condition. This is an increase over what is currently spent, but it reflects the need to catch up on deferred renewals of water pipes and to renew aging assets. There are some significant assets in need of renewal in this period, such as Milson Line overbridge and components of the wastewater treatment plant, which also needs to be upgraded, as well as keeping the pipe networks and transport network in good condition.

| Activity | Average annual renewal expenditure (Present-day costs \$M) |
|----------------------------------|--|
| Transport | \$8.0 |
| Stormwater | \$0.4 |
| Wastewater | \$2.2 |
| Water | \$2.0 |
| Property and recreational assets | \$6.0 |
| Total | \$18.6 |

The Council has limited options for renewal of infrastructure. It has a statutory responsibility to meet the current and future needs of communities for good-quality local infrastructure in a way that is cost-effective for households and businesses. 'Good quality' in this context means infrastructure that is efficient, effective and appropriate to present and anticipated future

circumstances. Council must look after the infrastructure it already has, which means it must be renewed when it reaches the end of its useful life. Council could choose to defer renewals, but this would place an increased financial burden on future generations and is unlikely to meet the primary purpose of local government to provide good-quality infrastructure.

5.6 Application of urban design

The Council has tried to include urban design principles in public and private development since 2010. Good progress has been made influencing private development via the Sectional District Plan Review, which has incorporated urban design principles into a number of zones. A variety of design-led planning documents, such as the City Centre Streetscape Plan, Manawatū River Framework and Central Energy Trust Arena Master Plan, have been prepared to inform significant Council investment in infrastructure. The development of all of these planning documents considered a range of options which were assessed by Council and subject to specific public engagement. Significant budgets have been included in the 2018 Long Term Plan to deliver on these planning documents, which will demonstrate the social and economic benefits of good urban design. A total of \$29.3 million (\$32.1m with inflation) is included to deliver the City Centre Streetscape Plan, including the new urban bus terminal, over the 10 years. The priorities and scheduling of works are as follows:

- City Centre Streetscape Plan – Square East (Plaza to ANZ)
- City Centre Streetscape Plan – Main Street East (bus terminal and canopies)
- City Centre Streetscape Plan – Broadway
- City Centre Streetscape Plan – Rangitikei Street
- City Centre Streetscape Plan – Square West
- City Centre Streetscape Plan – Church Street
- City Centre Streetscape Plan – Square North
- City Centre Streetscape Plan – Inner Square

Te Manawa has prepared a design-led concept plan to inform a significant redevelopment of the museum and art gallery that will further revitalise the cultural and civic precinct. This strategy includes a \$15 million (\$17.9m with inflation) contribution to the project. The balance will be fund raised by Te Manawa.

Urban design is important because, since the 1950s, most authorities have broken their city into individual infrastructural parts that are managed by separate disciplines. The need for urban design has grown out of this siloed approach to city and infrastructure development. Urban design is not just about making infrastructure look pretty. It is fundamental to the way people engage, use and perceive a city. Creativity is essential, and urban design can make a significant contribution to the big-city ambition component of the city vision. It is critical to attracting and retaining young talent.

Council investment in day-to-day infrastructure represents a significant opportunity to make integrated city-making a fundamental driver for all new infrastructure, particularly for transportation, property, recreational assets and stormwater. There are fewer opportunities to influence urban design outcomes via water and wastewater infrastructure. Further change, new processes and support are required to ensure a multi-disciplinary approach to the planning and delivery of Council projects. The use of design expertise is essential.

The options for improving the application of urban design to infrastructure relate to improving internal processes, education, advocacy and working in a multi-disciplinary way. Some cities have made radical changes, such as transferring major capital budgets to an urban design team or requiring formal sign-off on major capital projects. While some progress has been made, further work on internal processes is required to truly deliver on this issue.

5.7 Facilities to encourage alternative transport modes

Palmerston North has an excellent track record of facilitating daily car journeys. While Council has provided additional capacity for cars via wider roads, more lanes, traffic lights, roundabouts, car parking and slip-lanes, it has been less successful in providing modern facilities for walking, cycling and public transport. While the car will continue to be an important mode of transport, walking, cycling and public transport are the areas where the biggest changes are needed. In many cases, this will mean reallocating existing street space, such as on-street parking and traffic lanes, for another purpose.

The Council has made good progress with off-road walking and cycling facilities, and generally have good footpath coverage. However, Council needs to consider how it treats and prioritises space for pedestrians and cyclists at pinch-points, intersections and crossings within existing transport corridors, particularly as existing urban areas are intensified. Street design, way finding and planning need to allow for the space and safety needs of cyclists and pedestrians.

Like walking and cycling, public transport has many benefits. It reduces congestion and carbon emissions and can increase mobility for people who are unable or unwilling to drive a car, walk or ride a bike. Strong public transport networks make a significant contribution to city liveability scores. The current urban terminal at Main Street is near capacity and the design is problematic. This strategy includes funding for a new urban terminal at the current location, which would improve both functionality and the streetscape.

The broad options available to Council are to continue with catalyst projects such as the pedestrian and cycle bridge and extensions to the shared path network, or combine the catalyst projects with incremental change as part of delivering the day-to-day transportation infrastructure. This strategy, together with a number of other strategic

planning documents adopted by the Council, promotes the second option.

5.8 Security of water supply

An adequate supply of drinking water is a fundamental requirement for the health and general wellbeing of the community. An adequate water supply also underpins economic activity in the city. Council must comply with the New Zealand Drinking Water Standards and any resource consents issued, both now and in the future, by Horizons Regional Council under the One Plan. A recent government inquiry has revealed that a number of urban water supplies in other parts of New Zealand may not be complying with current standards. As a result, there is likely to be greater scrutiny of the quality of Council's water supply.

While Palmerston North has a generally good water supply, in recent years it has been affected by summer droughts. The city has an integrated water supply network, with water sourced primarily from the Turitea Dam and supplemented by bores across the city. Water is generally readily available and capacity is adequate to service our current and immediately foreseeable demands. However, summertime droughts have led to a need to conserve water for months at a time, to ensure residents and businesses have enough water for consumption and sanitation.

Council will need to increase capacity to deal with potential seismic event failures or mechanical faults. Seismic strengthening of key assets, such as the water reservoirs, is also needed to reduce the risk of major asset failure and reduced service in a significant earthquake event. Resilience should also be increased by providing a second pipeline across the Manawatū River and by strengthening the trunk main network across the city.

Over the period of this strategy, significant investment is required to ensure the water supply remains secure and safe for the community. Three aspects are addressed in this strategy – refurbishment of the city's bores, duplication of the pipeline from the water treatment plant and extra

treatment protection at the plant to meet expected changes to the New Zealand Drinking Water Standards.

Several of the city's bores have significantly declining yields and issues with sand ingress, and they need to be redeveloped or replaced over the next 10 years to ensure security of water supply.

The water treatment plant supplies more than half of the city's water and is linked to the Ngahere Park reservoirs by a single large pipeline. This pipeline is nearing the end of its life and will need to be renewed within the next five years. It also passes along the treatment plant access road, which is subject to slips. As a result, there is a relatively high risk of damage to this supply line and loss of supply from this source for several weeks. It is planned to construct a duplicate pipeline in the years 2018–20 to allow renewal of the main pipeline and reduce the risk of losing the supply of water to the city from the water treatment plant. At the same time, new retaining walls are being constructed along the access road.

Water supplied to the community meets the New Zealand Drinking Water Standards. These standards are reviewed every 10 years and it is expected that as a result of the Havelock North inquiry and recommendations further revisions to the drinking water standards are likely. To respond to those changes the city is likely to require an additional level of barrier protection to its Turitea water treatment plant to maintain compliance with the standards. It may also be necessary to add storage to each of the bore sites to provide additional contact time for chlorine disinfection so that water delivered to the network meets the free available chlorine guidance levels. This will enhance the safety of the water supply. Some provision is made in this strategy for these additional treatment processes, but review will be required when the new drinking water standards are released.

Like many core infrastructural services, there are limited options for security of water supply. As noted above, Council must comply with the New Zealand Drinking Water

Standards and its resource consents. Horizons Regional Council's One Plan will govern consent conditions for future supplies. The Eco-City strategy notes the following:

- (a) The costs and benefits of reducing water pressure need to be weighed up. Reducing water pressure could prevent significant wastage of water and reduce maintenance costs for water infrastructure. However, the community may not accept lower water pressure and there may be implications for commercial fire system compliance.
- (b) The Council will investigate domestic water saving and storage solutions to identify potential water demand savings and wastewater flow reduction. District-wide resilience will be improved by connecting Palmerston North's water supplies to its satellite communities.

5.9 Increasing resilience of infrastructure

One of the outcomes of the Christchurch earthquakes is an increasing focus on understanding and improving the resilience of local authority infrastructure, particularly those assets that are critical to delivering core services.

In recent years, substantial work has been undertaken to assess the seismic strength and impact of maximum probable floods on key infrastructure such as the Council's major bridges (Manawatū River Bridge, Milson Line Bridge and Saddle Road Bridge) and the Turitea water supply dams.

These have been assessed as having sufficient strength (apart from the Milson Line Bridge) to withstand the required seismic design loadings, although some further detailed assessment is required for the Turitea dams. The bridges have also been assessed as being capable of withstanding major flood events. The Milson Line bridge does carry some higher risk in a major seismic event, but is scheduled for renewal in 2030–31 and the cost of earthquake strengthening before then is not economically justified.

Other key infrastructure that is critical to the continuation of services, such as the water and wastewater treatment plant civil structures, large pumping stations and large diameter pipelines, have also been assessed and work identified to enable these structures to meet the required code levels for withstanding seismic shock. Programmes for strengthening wastewater and water structures are included in this Strategy.

Generally, the transport network, with its grid network, has a high level of resilience to seismic activity, with particular lifeline risks for wider connection being the bridges identified above and those under NZTA jurisdiction, namely SH3 Ashhurst Bridge and SH56 Opiki Bridge. Delivery of a further river crossing and the regional freight ring road will improve transport resiliency.

A key part of increasing the resilience of the city's infrastructure is to require new infrastructure to be built to a standard that will better withstand the effects of seismic events such as liquefaction. The ongoing review of the District Plan will address this matter, particularly for new greenfields development. The Council's engineering standards for land development were revised in 2016, incorporating requirements for increased resilience with engineering works. A further review planned for 2021 is likely to incorporate further requirements to strengthen the resilience of the pipe infrastructure as these practices are developed nationally.

Increased resiliency of infrastructure is also addressed in the impact of climate change issue. The specific options for improving resiliency are best addressed as part of individual infrastructural projects, rather than a more general assessment of options.

5.10 Impact of climate change

The Ministry for the Environment advises that climate change is the biggest environmental challenge of our time. The way Council invests in infrastructure can influence how much the city mitigates climate change by reducing emissions and adapts to the effects of a changing climate.

The Council target is a 25% reduction in CO₂e in Palmerston North by 2028. The task of lowering the carbon footprint forces Council to identify its inefficiencies and improve the way it delivers infrastructure to improve energy efficiency, make better use of trees and natural systems, and take advantage of the opportunities offered by new technologies like LED lighting. To achieve this target, Council needs to provide infrastructure that enables the rest of the city to make low-carbon choices, particularly for transport space, and support the provision of fast-charging stations for electric vehicles.

The Ministry of the Environment predicts that over the longer term, the Manawatū-Wanganui region will become warmer and be subject to more extreme weather events, with the region experiencing more frequent heavy rainfall events as well as more frequent droughts. Horizons Regional Council has increased its standard for defining areas prone to flooding from 1% AEP (1-in-100-year) flood event to a 0.5% (1-in-200-year) flood event and completed significant upgrades to the Lower Manawatū Flood Protection scheme to take account of this change.

This has significant implications for infrastructure, with many assets having life cycles of more than a hundred years, and in some case much more. Council needs to take account of expected long-term future changes when they are built. The largest impact is on stormwater infrastructure. New infrastructure associated with development for growth will be designed with the aim of having hydraulic neutrality for the development as a whole (not increasing the peak flows from the development area) and will take into account the expected stormwater loadings.

There are also likely to be additional peak stormwater flows in the existing network as a result of infill development. Modelling has been carried out to assess the impact of additional stormwater loading on the network, and provision has been made for stormwater network improvements over the period of this Strategy to allow for flooding issues to be addressed. Water-sensitive design and green infrastructure approaches to development

and a wider use of tools such as water tanks, green roofs, swales, rain gardens and detention ponds will all help and should be encouraged. Council has recently tried to take a more naturalised approach to managing stormwater. This is apparent in Norton Park, where a trial wetland has been established, as well as the nearby Edwards Pit Park, where Council has created and planted a series of wetlands to reduce pollution, illegal dumping and damage to critical assets and habitats. Council will look for more opportunities to transform drainage corridors and urban waterways, to improve biodiversity and more sustainably manage stormwater.

From time to time, water restriction measures need to be put into place for consumers during dry periods when water levels in the dams become low. In future, this may occur on a more frequent basis and a lower yield come from the Turitea dams. However, this is likely to be variable and the city has a significant water supply from bores that can be managed to alleviate a lower yield from the dams at times.

In terms of options, the Resource Management Act and Local Government Act require the Council to adapt to the effects of climate change. While there is no explicit statutory obligation to mitigate climate change by reducing Council and city emissions, there is a growing international commitment from states, cities and the private sector to reduce carbon emissions. Agreements such as the 2015 Paris Accords and the Compact of Mayors, of which Palmerston North is a signatory, provide formal mechanisms to report on emissions and share practical knowledge.

5.11 Modernisation of Central Energy Trust Arena

Central Energy Trust Arena is the regional hub for sports in the lower North Island and the city's central hub for sport. It caters for some 36 different sporting codes in eight indoor and a number of outdoor facilities. In addition, Central Energy Trust Arena accommodates a range of community

activities, trade shows, exhibitions, conferences, concerts and a host of other leisure and recreational functions.

National and international speedway events (some 23 meets per year) are held at Arena 1 and during those events occupy a large proportion of Central Energy Trust Arena overall, with extensive parking and pit requirements. The 'open pits' arrangement is one of the few available (internationally), allowing the public to come into close contact with the stock cars and teams.

While some of the Arenas and facilities are fit for purpose, others such as Arena 5 and aspects of the Pascal Street frontages to Arenas 2, 3 and 4 need to be improved. The rear Fields (Arena 6) suffer from flooding and the introduction of all-weather surfaces would dramatically enhance the usability of these spaces. Improved capacity of Arena 1 is also required along the southern and western embankments and re-use of modular seating no longer required within Arena 2 is to be utilised.

The sense of arrival at Central Energy Trust Arena is poor, with ill-defined entrances and entrance spaces onto Cuba Street and an unremarkable quality of design for the street interface, fencing, planting, gates and building frontages. Acquisition of the south-east corner properties (Waldegrave/Cuba Streets) is important to align with the previous and current masterplan and to resolve this important corner as an entrance location. Council has also expressed the view that the quality of the Central Energy Trust Arena has a significant impact on the perception of Palmerston North by locals and visitors.

Council adopted the Central Energy Trust Arena Master Plan in December 2017 to inform future investment and address the issues detailed above. Four alternative development options were considered during the development of the Central Energy Trust Arena Master Plan. The alternative development options are detailed in the Master Plan itself.

The preferred option proposes considerable change to the southern end of Central Energy Trust Arena addressing the speedway pits location and includes the following:

- speedway pits relocated to the west with new built facilities
- Sports House plus ticketing booth
- Arena 5 redeveloped into multi-sport and community facility
- new Cuba Street main entrance and plaza
- new South Grand Stand and western concourse to Arena 1
- rear fields (Nos. 2, 3, 4, 5) reconfigured with new Oakley Street access
- service sheds relocated
- Pascal Street frontage to Arenas 2 and 3 upgraded, new services and drop-off.

The Master Plan also details specific priorities and costing for projects to be included in the 10 Year Plan and projects beyond that timeframe. These projects have been included in this Strategy.

5.12 Use of Council land for housing and development

While Palmerston North housing is more affordable than many other growing metropolitan cities in New Zealand, house prices have been increasing and as the city grows it is susceptible to the sharp increases experienced in other cities. While this risk is being addressed via strategic land-use planning, changes to the District Plan and the provision of growth infrastructure, the Council can also use its own land for housing and development to provide increased choice, competition and revenue. This is an activity the Council has undertaken in the past, although there has been no activity in recent years.

The Council owns a significant portion of the Whakarongo Residential Area and has included specific infrastructural programmes to develop this land for housing. This is in addition to the growth infrastructure programmes required to service the broader Whakarongo Residential Area. The 10 Year Plan also includes a series of investigations of other Council owned land to determine whether they are appropriate for development.

If the Council-led development at Whakarongo is successful and the investigation of other Council-owned land identifies opportunities for further development, this is an activity the Council has signalled that it would like to increase its involvement in. Longer term it is likely there are further opportunities for using Council land for housing and development over and above those sites specifically identified for investigation in the 10 Year Plan.

In terms of options, Council could sell its land at Whakarongo, partner with a developer to deliver sections, develop the land for sections or develop the land for section and house packages. Developing the land for sections is preferred as it best achieves the goal of providing increased choice, competition and revenue with the least overall risk. A Council-led development also provides the opportunity to demonstrate the benefits of good urban design in greenfields residential development. Longer term, the Council could elect to continue to be involved in using Council land for housing and development or leaving it to the market.

5.13 Te Manawa

Te Manawa Museum of Art, Science and History are located in a series of aged Council buildings which are not fit-for-purpose and contain some earthquake prone buildings. Te-Manawa has developed an ambitious concept plan for a complete redevelopment which could cost up to \$58 million (\$69 million with inflation). As the asset owner for the existing buildings the Council has supported redevelopment in principle and allocated a contribution up to \$15 million (\$17.9 million with inflation) within its 10 Year Plan. In terms of **options**, the Council can decide to invest or not invest. This Strategy determines that investment in Te Manawa is an important catalyst project for the city. In reaching this decision, the Council has had to carefully consider the size of its financial contribution alongside its other priorities. The timing of the funding allocation from 2023 was deliberate and allows Te Manawa time to fundraise the balance of \$43 million. Te Manawa has developed a concept plan, with further detailed work

required to develop specific options. Council has allocated \$463,000 to complete a business case to assist with the assessment of options.

5.14 Central Library

The Central Library is the most used Council facility, with more than 10 million visits since it opened 20 years ago. The Library remains at the forefront of community services and anchors the city's cultural precinct, but since opening the nature of its services has changed in line with community needs.

The resources and services the Library provides are undergoing transformational change as libraries adapt from static to dynamic; fixed to flexible; separated technology to embraced technology; collection to connection; book warehouse to community centre and transactions to relationships. To complement the attitudinal change required, the physical space of the Central Library needs a major revitalisation, to maintain its place as one of the truly outstanding public libraries in the country, if not further afield.

Significant work was undertaken in early 2016 to consider options and develop a concept design. This was informed by PNCC's understanding of global and national trends in library developments and the views of customers, stakeholders and staff. Consultation with the public provided significant input into developing the design brief, so users and potential users could have their views heard about what was important to them about the current Library - and what they would like to see offered in the future.

The unique cultural and heritage features of the facility provide a number of challenges to a revitalisation of the building. To ensure that these are met, a significant programme of works has been included in the 10 Year Plan to enable the Library to evolve, embrace technology and provide services and programmes to support life-long learning, information access, cultural expression and social inclusion.

Initial planning for the revitalisation project showed that Council needs to do more assessment of the building and its fixtures and fitting before awarding the contract for the upgrade work. This is a prudent approach to ensure that Council does not find unexpected problems "behind the walls" when the work starts. Council is still committed to the Library Upgrade project, but the library has more than 2000 visitors a day and is a heritage building so it is important to get things right. The results of the building assessment will be available during the course of 2018. Further consultation and assessment of options will occur at that point. In the meantime, Council has a budget of about \$7.7 million over the next three years to replace components of the building that are worn out. This will be done in a way that fits with the future upgrade. The building work and the future upgrade will be done within existing budgets (including the proposed \$7.7m).

6. How council intends to manage its infrastructure assets

6.1 Renewals

As noted in section 5.5, Council has limited options for renewing infrastructure. It has a statutory responsibility to meet the current and future needs of communities for good-quality local infrastructure in a way that is most cost-effective for households and businesses. Good-quality in this context means infrastructure that is efficient, effective, and appropriate to present and anticipated future circumstances. This means Council must look after the infrastructure it already has. This is usually done by renewing assets when they reach the end of their useful life. Council could choose to defer renewals, but this would place an increased financial burden on future generations and is unlikely to meet the primary purpose of local government with respect to good quality infrastructure.

More specific renewal details for each asset group are provided in section 7.

6.2 Growth or decline in demand for services

As noted in section 3.3, Palmerston North is expanding and the Council wants to accelerate the city's growth and prosperity. Having a ready supply of land with infrastructure to support the city's growth will ensure Council can harness new development opportunities and increase Palmerston North's competitiveness. The Council has adopted a hybrid growth scenario based on a specific Palmerston North high growth projection for years 1 - 10 and a Statistics New Zealand (December 2016) medium growth projection for years 11 - 30, which also accommodates the additional margins required by the National Policy Statement for Urban Development Capacity for the household projections, but not the population projections. The specific population and household projections are detailed in section 3.3.

Commercial office and retail development is expected to utilise existing infrastructure capacity within the city centre. Industrial development is projected at the NEIZ and Longburn, with significant new infrastructure investment required at the NEIZ. The infrastructure servicing the industrial land at Longburn is currently privately owned and it is unclear whether the landowner will upgrade the infrastructure to meet Council engineering standards.

6.3 Increases or decreases in levels of service

Taking into account Council's broader strategic framework, the anticipated increases in levels of service relate to the following infrastructure and assets:

- City centre streetscapes. See programmes: 209, 244, 247, 248, 900, 1377, 1400, 1402.
- Buildings to support the Te Manawa 2025 project. See programme: 1460.
- Central Library (Library of the Future). See programme: 1518.
- Urban bus terminal. See programme: 243.

- Central Energy Trust Arena. See programmes: 990, 1082, 1083, 1194.
- Victoria Esplanade. See programmes: 1454, 1081, 1127.
- Manawatū River Park. See programme: 752.
- Facilities to support alternative transport, including shared path extensions. Multiple programmes.
- Ahimate Park and Linklater Reserve. See programme: 568, 587.
- Council housing (Papaioea Place). See programmes: 357, 1219, 1459.
- LED street lighting. See programme: 1086.
- Water-sensitive design and green infrastructure. Multiple programmes.
- Design infrastructure to accommodate the effects of climate change and natural hazards. Multiple programmes.

For specific levels of service see the activity pages of the 10 Year Plan. This is background information that will be provided alongside the Infrastructure Strategy.

6.4 Public health and environmental outcomes

Wastewater

The Council is required to apply for new resource consents for its wastewater discharge to the Manawatū River by June 2022. The Best Practicable Option (BPO) review, which has just begun, will be identifying ways to improve the city's wastewater treatment so as to reduce its environmental impact on the health of the Manawatū River, particularly when the river level is low. Council will be actively engaging with the community throughout this process to help identify possible future treatment options. For the 10 Year Plan, it has been assumed that a solution will be provided with a capital outlay of \$110 million (plus inflation) between 2023 and 2028.

Climate change

The Council target is a 25% reduction in CO₂e in Palmerston North by 2028. The task of lowering our carbon footprint forces Council to identify its inefficiencies, and improve the way it delivers infrastructure to improve energy efficiency, make better use of trees and natural systems, and take advantage of the opportunities offered by new technologies like LED lighting. To achieve this target, the Council needs to provide infrastructure that enables the rest of the city to make low-carbon choices, particularly for transport space, and support the provision of fast-charging stations for electric vehicles.

Stormwater

There are also likely to be additional peak stormwater flows in the existing network as a result of climate change and increasing infill development. Water-sensitive design and green infrastructure approaches to development and a wider use of tools such as water tanks, green roofs, swales, rain gardens and detention ponds will all help and be encouraged. Council has recently tried to take a more naturalised approach to managing stormwater. This is apparent in Norton Park, where a trial wetland has been established, as well as the nearby Edwards Pit Park, where Council has created and planted a series of wetlands to reduce pollution, illegal dumping and damage to critical assets and habitats. The Council will look for more opportunities to transform drainage corridors and urban waterways, to improve biodiversity and more sustainably manage stormwater.

6.5 Service Delivery

Service delivery is provided by a mixture of using in house resources and externally contracted resources. Operation and maintenance of the stormwater, wastewater and water assets (3 waters) and property and recreation assets is largely provided by in house resources apart from the aquatic facilities for which a long term facilities management contract is in place. Some property maintenance is also contracted externally.

Roading maintenance is provided through a 4 year externally let maintenance contract. There are also a number of other external roading contracts for specialist areas such as road marking, lighting and traffic signals.

Renewal of assets and construction of new assets is largely undertaken through external contractors with a small amount done by internal resources in the three waters and property and recreation areas where there is capacity to do the work.

6.6 Data Reliability

Renewal and maintenance forecasts are based on knowledge about Council's assets, their performance and their condition. Data about the physical attributes of the assets including when the asset was constructed and the condition of the asset is kept on Council's asset management systems. Most asset registers are over 90% complete and have a high level of accuracy. The condition rating of the assets comes from periodic survey of the assets.

Overall this data is considered reliable with a good level of data confidence. Generally there is better condition information about above ground assets than below ground assets. There are processes to keep this data maintained and for new assets to be entered into the system.

Data collection and verification is an ongoing process with Council's knowledge of its assets improving all the time. The next review of the asset management plans will benefit from a higher level of data reliability which will be reflected in its maintenance and renewal forecasts.

7. Infrastructure assets: The most likely scenario

The Council prepared 30-year Asset Management Plans (AMPs) during 2017. These AMPs set out the programmes that are assessed as optimal for the maintenance, renewal and development of the assets. The programmes from these plans have informed the 10 Year Plan process, although there has been some adjustment during this process to the scope and timing of some programmes to fit better with Council priorities and community affordability.

The most likely 30-year scenario for the management of Council assets comprises the infrastructure programmes that form part of the 10 Year Plan in years 1–10 and the AMP programmes for years 11–30.

The following sections outline the major programmes in each of the asset areas (that also cover the significant infrastructure issues identified in Section 5) together with indicative present day costs, when a decision by council can be expected, and what options can be expected to be considered.

Section 7.6 shows inflation adjusted 30 year financial forecasts for each year for the first 10 years and then the 5 year average for the remainder of the 30 years for operational, renewal and capital development programmes. The capital development programme also shows the overall split between expenditure for growth and for increased level of service.

Council's AMPs give further information about the management of the assets and programmes that are part of the most likely scenario.

7.1 Transport

Renewal

Renewal of transport infrastructure covers assets comprising roads, footpaths, parking, street facilities, street lighting and traffic services and requires around \$8.0 million (present-day cost) on average to be spent annually over 30 years to maintain these assets in good condition. Generally the lifecycle of the transport assets, apart from bridges, is shorter than those in the pipe networks.

The major expense is incurred in rehabilitation of the sealed pavements and resurfacing of sealed roads with about 2km of pavement rehabilitation and 25–30km of resurfacing being undertaken each year. Footpath renewals have also been accelerated. The largest single renewal is the renewal or replacement of the Milson Line overbridge scheduled for 2029–31.

Capital development (growth and LOS)

Major transport programmes include the following:

- growth programmes to service Whakarongo, City West and North East Industrial Zone
- city centre streetscape upgrade
- new urban bus terminal
- pedestrian / cycle bridge and extensions to the shared pathway network
- regional freight ring road and further bridge crossing.

Besides the major expenditure items listed in the table below, there are a variety of other capital programmes over 30 years to improve safety for all road users, including pedestrians, particularly at intersections, road widening and road realignment in places to accommodate increasing traffic demands and maintain the level of service.

Transport programmes, principal options and timing of decisions

| Major programmes | When | \$m present-day costs | \$m cost with inflation | When Council decision likely | Expected principal options to be considered |
|--|---------|-----------------------|-------------------------|--|--|
| Renewals | | | | | |
| Sealed pavement renewals | 2018-48 | 1.86 p.a. (average) | 2.71 p.a. (average) | Appropriate level of renewal decided through each 10 Year Plan process | The renewal programme reflects the most cost-effective option to maintain the service potential of the asset. |
| Sealed road resurfacing | 2018-48 | 2.39 p.a. (average) | 3.55 p.a. (average) | Appropriate level of renewal decided through each 10 Year Plan process | The renewal programme reflects the most cost-effective option to maintain the service potential of the asset. |
| Milson Line overbridge | 2029-31 | 5.0 | 6.7 | In the 10 Year Plan preceding the scheduled renewal date | Options will be developed at least three years prior to the scheduled renewal date |
| Development | | | | | |
| Infrastructure to support Whakarongo residential development | 2018-30 | 11.5 | 12.8 | Upgrading of James Line to support Whakarongo development commenced 2017/18. The schedule and timing of roading infrastructure established through the 2018-28 10 Year Plan process | Provision of infrastructure in line with PNCC engineering standards and the Whakarongo Structure Plan. |
| Infrastructure to support NEIZ industrial development | 2018-25 | 5.60 | 6.2 | Through 2018-28 10 Year Plan process. | Continuation of programme established in 2015-25 10 Year Plan to service the NEIZ Extension. Timing of programmes subject to demand and alignment with other investment. |
| Infrastructure to support City West residential development | 2020-45 | 39.3 | 58.4 | The development of this area will be subject to further investigation and planning process over the next few years. | Options for development of the different parts of City West areas will be identified as Council and developers work through the processes |
| Urban design streetscape | 2018-28 | 23.1 | 25.3 | The overall scope of the project was endorsed by Council in 2016. The decision around timing for the different stages is part of the 2018-28 10 Year Plan process following earlier consultation. Later stages may be modified in future 10 Year Plan processes. | Options relate mainly to the timing of the different stages. |
| Bus terminal | 2020-24 | 6.1 | 6.6 | The broad programme has been considered as part of the City Centre Streetscape programme. There will be a further Council decision on the best option before implementing a programme over the period 2020-24. | Options relating to siting and scope of terminal to be further identified and considered by the Council |
| Shared pathways | 2018-31 | 9.4 | 9.9 | This is a programme of developing shared pathways around the city. The broad on-going programme has been decided through the 2018-28 10 Year Plan process. It may be modified in subsequent 10 Year Plans. | Options relate to timing of different sections and the standard of pathway surface. E.g. limestone, A/C). The appropriateness of surface relates to the resilience required for each section |
| Cycle / pedestrian bridge | 2017-20 | 7.4 | 7.4 | Option decided by Council in August 2016 | |
| Manawatū River Bridge | 2040-43 | 79.0 | 141.0 | From around 2035 onwards noting that demand on the Fitzherbert corridor is under constant monitoring. Decisions around the strategic transport route are connected with the NZTA detailed business case for the regional freight ring road and may change this timeframe | Options with respect to siting of the bridge and development of routes will be fully examined closer to the scheduled time. |
| Upgraded strategic routes to HPMV standard | 2018-23 | 11.4 | 11.9 | Programme established through the 2010 Joint Transport Study. This will need to be reviewed, depending on NZTA's decision on the detailed business case for the regional freight ring road. | Options to be considered once the Manawatū Gorge route is decided on. |

7.2 Stormwater

Renewal

While there is an ongoing programme of minor renewals of stormwater assets, no major renewal programme is required during this period. This is because stormwater assets operate in a less aggressive environment compared to the wastewater network and consequently have longer asset lives. Generally, the stormwater system is still in the early stages of its life cycle.

Capital development (growth & LOS)

There are major programmes during this period for extending the stormwater system to the Whakarongo and City West Residential areas and the North East Industrial Zone to provide for predicted residential and industrial growth. However, it is also expected that developers will design future subdivisions in accordance with the principles of maintaining hydraulic neutrality with respect to the surrounding drainage channels. Council may have to facilitate in some cases the construction of

detention storage and this is provided for in this Strategy. In addition there is an ongoing programme of stormwater improvement works to correct flooding inundation issues and improve stormwater discharge quality. Further modelling work has been undertaken to inform this programme and take into account the likely changes in frequency and intensity of storm events that is likely to occur as a result of climate change and increasing density of infill housing over this period.

Stormwater Principal Options and Timing of Decisions

| Major programmes | When | \$m present-day costs | \$m cost with inflation | When Council decision likely | Expected principal options to be considered |
|--|-----------------------|-----------------------|-------------------------|--|--|
| Renewals | | | | | |
| Citywide renewal works | Ongoing over 30 years | 11.8 | 16.7 | Through 2018-28 10 Year Plan and subsequent 10 Year Plan processes | Most cost-effective renewal solution identified through the design process |
| Development | | | | | |
| Provision of stormwater systems for Whakarongo residential development | 2018-24 | 1.8 | 1.9 | The schedule and timing of stormwater infrastructure established through the 2018-2028 10 Year Plan process | Provision of infrastructure in line with the Whakarongo Structure Plan, PNCC engineering standards and low-impact design principles. |
| Stormwater systems for North East Industrial Extension | 2018-34 | 1.1 | 1.3 | NEIZ Extension rezoned 2016. Timing of stormwater infrastructure established through 2018-28 10 Year Plan process. | In line with PNCC engineering standards and low-impact design principles. Most effective solution finalised through design process. |
| Stormwater systems for City West residential growth area | 2029-28 | 1.5 | 1.8 | The development of this area will be subject to further investigation and planning process over the next few years | Options will be identified as Council works through the process |
| Stormwater Improvement works, including new pump stations | 2018-48 | 11.0 | 16.3 | Ongoing decision making through 10 Year Plan and Annual Plan processes to meet specific issues in the stormwater system. | Options will be identified on a case-by-case basis |

7.3 Water

Renewal

Most of the pipe network is in very good physical condition. However, there are some major items for renewal and refurbishment during this period, as discussed below.

Over the period 2010–14, pipeline renewal was focused on replacing cast iron pipes to address the discoloured water issue. Subsequently, the focus has been on replacing asbestos cement (A/C) pipelines. The life of these pipelines is proving to be less than originally expected resulting in a higher number of pipe breaks and increased maintenance costs. An increased A/C replacement programme is now programmed through to 2030 to maintain the serviceability of the network. There is also a need to renew the supply main from the Lower Turitea Dam through to Ngahere Park reservoir. This will be done in conjunction with the duplication of the pipeline from the Water Treatment Plan so as to also increase the resilience and security of this supply. The rising main from the Ashhurst bore to its reservoir is also in need of replacement. The other area of major renewal investment required in this period is the replacement or redevelopment of several of the bores feeding the city's water supply. Bores programmed over the next few years include Ashhurst, Takaro and Roberts Line with other bores programmed for redevelopment over the following 25 years.

Capital development (growth & LOS)

There are major programmes during this period for extending the water system to the Whakarongo and City West Residential areas and North East Industrial Zone to provide for projected residential and industrial growth. Some seismic strengthening of water structures is scheduled to bring these up to building code standards and increase the resilience of the water system. Likewise, replacement of the older Ngahere Park reservoir is planned since it is a more cost-effective option than seismic strengthening of the existing reservoir.

Other major programmes that provide for ensuring a secure and safe water supply for the city include duplicating the main supply pipeline from the water treatment plant to the Ngahere Park reservoirs and providing additional barrier protection at the Turitea water treatment plant, which is expected to be an outcome of the review of the NZ drinking water standards.

The Report of the Havelock North Drinking Water Inquiry: Stage 2 has thrown a spotlight on drinking water treatment standards. The results of the New Zealand Drinking Water standards review is due shortly and expected to require an additional process of UV treatment at surface water treatment plants and provision of storage to provide contact time for chlorine disinfection to achieve current free available chlorine guideline levels at all bores. As indicated above, there is already some provision in this Strategy for implementing UV treatment at the Turitea water treatment plant over the period 2021–24. There is also provision for adding storage to some bores so that the required contact time to meet a FAC standard can be met. However, once new standards are released it will be necessary to review both the timing and financial provision required in order to meet them.

There are other more minor programmes over the 30 year period covering access road improvements, upgrading communication technology, water pressure management and various new water pipeline linkages to increase the resilience and reliability of the water supply system.

Water principal options and timing of decisions

| Major programmes | When | \$m present-day costs | \$m cost with inflation | When Council decision likely | Expected principal options to be considered |
|--|--------------------------------|-----------------------|-------------------------|--|--|
| Renewals | | | | | |
| Rehabilitation of pipeline from Lower Dam to Ngahere Park reservoirs | 2024-26 | 2.2 | 2.5 | Through 2018-25 10 Year Plan and subsequent 10 Year Plan processes as further work is undertaken | Rehabilitation options to be identified and considered to determine the most cost-effective solution as part of implementing the programme. |
| Water bore replacement or redevelopment | Ongoing through 30-year period | 3.2 | 3.8 | Through 2018-28 10 Year Plan and subsequent 10 Year Plan processes | Most cost-effective solution identified through the design process. |
| Network pipeline renewal | Ongoing through 30-year period | 33.8 | 43.5 | Through 2018-28 and subsequent 10 Year Plan processes | These pipes are part of ongoing network replacement to maintain the integrity and service potential of the asset at the least overall cost. |
| Ashhurst bore to reservoir pipe replacement | 2020-23 | 3.0 | 3.2 | Through the 2018-28 10 Year Plan process | Options will be identified to find the most cost-effective solution |
| Water bore headworks and stations renewal | Ongoing through 30 years | 3.8 | 5.6 | Through the 2018-28 10 Year Plan and subsequent 10 Year Plan processes | Most cost-effective solution will be identified for each site at the time of implementation. |
| Development | | | | | |
| Development of water supply network for Whakarongo residential growth | 2018 -22 | 3.3 | 3.4 | Through the 2018-28 10 Year Plan process | Options identified to find the most cost-effective overall solution to meet the needs of the rezoned Whakarongo area in keeping with Council's desired timing for developing this area. |
| Development of water supply for NEIZ industrial growth | Through period 2018-28 | 1.4 | 1.6 | Through the 2018-28 10 Year Plan process and subsequent Annual Budget processes | Further investigation work to be done to identify options |
| Development of water supply for City West residential growth | 2019-21 & 2024-28 | 5.3 | 6.4 | The development of this area will be subject to further investigation and planning process over the next few years | Options will be identified as Council works through the planning process |
| Seismic strengthening of water structures to meet building code | 2020-23 | 1.3 | 1.4 | Through the 2018-28 10 Year Plan process | Work done will be to meet seismic code requirements. In some cases, replacement rather than strengthening will need to be considered in identifying the most cost effective solution |
| Duplicate pipeline from water treatment plant to Ngahere Park reservoirs | 2019-21 | 5.6 | 5.8 | Through the 2018-28 10 Year Plan process | Further work to be done on route and pipeline configuration to establish the best solution |
| Upgrade to respond to review of NZ Drinking Water Standards | Through period 2020-27 | 7.3 | 8.2 | Through the 2018-28 10 Year Plan and subsequent 10 Year Plan processes. | The result of the review of drinking water standards is expected shortly. This, together with any further outcomes of the Havelock North Drinking Water inquiry, may require a review of this programme. |
| New water supply reservoirs to replace an earthquake-prone reservoir and enhance supply storage in the city (including FAC provision at the Keith Street bore) | Through period 2020-27 | 7.3 | 8.2 | Through 2018-28 10 Year Plan and subsequent 10 Year Plan processes. | Optimal solution will be decided through the design process for each site. |

7.4 Wastewater

Renewal

The Totara Road Wastewater Treatment Plant (WWTP) was opened in 1969. Several of the plant's components are now reaching the end of their asset lives and in need of renewal or refurbishment. Some components such as screens and sludge digester lids have been renewed recently and further items such as the grit removal chamber and inlet pumps are planned for replacement in 2018-19. Some further components, however, such as the primary sedimentation tanks will not be renewed until the outcome of the current Best Practicable Option (BPO) review for the city's wastewater disposal is known since this could result in a different configuration of the treatment process. There

is an ongoing pipe renewal programme throughout the period of the Strategy replacing around 2.5km of pipes per year to maintain the serviceability of the network. This also includes some significant trunk main renewal in Maxwell's Line and Bennett Street. This programme is integrated with the stormwater infiltration and control programme to optimise expenditure. There are also 36 pump stations for which replacement of pumps and electrical equipment is provided for.

Capital development (growth & LOS)

There are major programmes during this period for extending the wastewater system to the Whakarongo and City West Residential areas and North East Industrial Zone to provide for residential and industrial growth. Some

seismic strengthening of the civil structures at the WWTP is scheduled to bring these up to building code standards.

The most significant expenditure during this period relates to the BPO review. This review is to identify the best practicable solution for the city's wastewater disposal and treatment so as to meet the higher environmental standards required by Horizon's One Plan. New resource consents need to be applied for before June 2022. The process for Council investigating all practicable options for treatment and disposal of the city's wastewater has just commenced. A provision of \$110 million (plus inflation) for capital expenditure has been made to cover the cost of this project, but this will be subject to review as investigations and community consultation proceeds.

Wastewater assets, principal options and timing of decisions

| Major programmes | When | \$m present-day costs | \$m cost with inflation | When Council decision likely | Expected principal options to be considered |
|---|------------------------------|-----------------------|-------------------------|--|---|
| Renewals | | | | | |
| Treatment plant renewals | 2018-19 | 1.7 | 1.7 | Through the 2018-28 10 Year Plan process | This programme reflects the most cost-effective option. Deferring renewals increases risk of asset failure |
| Pipeline renewals | Ongoing 2018-48 | 57.2 | 81.5 | Through the 3 yearly 10 Year Plan process | The programme is optimised to reduce both the risk of pipe failure and the ingress of stormwater into the wastewater system in the most cost-effective way. |
| Development | | | | | |
| Extension of network to service Whakarongo residential development | 2018-23 | 1.2 | 1.2 | Through the 2018-28 10 Year Plan process | Provision of infrastructure in line with PNCC engineering standards, the Whakarongo Structure Plan and Council's desired timing for development of this area. |
| Extension and upgrading of network to service North East industrial zone | Sections upgraded 2018-29 | 3.6 | 4.4 | Through the 2018-28 10 Year Plan process | Most cost-effective solution programmed |
| Extension of network to service City West residential development | Various 2019-24 | 1.2 | 1.3 | The development of this area will be subject to further investigation and planning process over the next few years | Options for the most appropriate system will be identified as Council works through the process |
| Seismic strengthening of wastewater structures to meet building code requirements | 2018-20 | 1.1 | 1.1 | Decided through the 2018-28 10 Year Plan process | Work done to meet seismic code requirements. Timing of work set during the 10 Year Plan process |

| Major programmes | When | \$m present-day costs | \$m cost with inflation | When Council decision likely | Expected principal options to be considered |
|---|---------|-----------------------|-------------------------|---|--|
| Treatment plant consent renewal upgrade | 2023-27 | 110.0 | 132.6 | Investigation into finding the Best Practicable Option for the future treatment and disposal of the city's wastewater has begun. Council is required to have made the final decision on the BPO for the wastewater scheme by June 2021. | Options of continued river discharge, land-based treatment and disposal and a mix of the two are expected to be considered during the BPO process. The Council has made a budget assumption of \$110m so it can finalise the 2018-28 10 Year Plan. This is based on significantly improving the treatment of wastewater, with continued discharge into the river. This does not signal that this is the preferred option. Council has used it to develop a 10 Year Plan budget at a time when it does not know what the options might cost. Land or ocean disposal could cost up to \$250m-\$300m. |

7.5 Property and recreation assets

Renewal

Major renewal programmes throughout the 30-year period include citywide playgrounds, citywide reserves, aquatics (Lido and Freyberg community pool assets), Central Energy Trust Arena, community housing refurbishment and cultural facilities refurbishment.

Capital development (growth & LOS)

Major property and recreation programmes include the following:

- buildings to support the Te Manawa 2025 project
- Central Library (Library of the Future)
- Central Energy Trust Arena

- strengthening of Council-owned earthquake-prone buildings
- local reserves at Whakarongo and City West.

Besides the major expenditure items listed in the table below, there are a variety of other capital programmes over 30 years related to meeting demands and maintaining the level of service for reserves, sports fields, walkways, cemeteries and public toilets.

Property and recreation assets, principal options and timing of decisions

| Major programmes | When | \$m present-day costs | \$m cost with inflation | When Council decision likely | Expected principal options to be considered |
|--|--------------------------|-----------------------|-------------------------|--|---|
| Renewals | | | | | |
| Citywide playground renewals | Ongoing through 30 years | 9.9 | 13.6 | Appropriate level of renewal decided through each 10 Year Plan process | The renewal programme reflects the most cost-effective option to maintain the service potential of the asset. |
| Citywide reserve renewals | Ongoing through 30 years | 7.8 | 11.4 | Appropriate level of renewal decided through each 10 Year Plan process | The renewal programme reflects the most cost-effective option to maintain the service potential of the asset. |
| Aquatics - Lido and Freyberg community pool asset renewals | Ongoing through 30 years | 15.0 | 21.7 | Appropriate level of renewal decided through each 10 Year Plan process | The renewal programme reflects the most cost-effective option to maintain the service potential of the asset. |
| Central Energy Trust Arena Manawatū asset refurbishment | Ongoing through 30 years | 38.9 | 57.4 | Appropriate level of renewal decided through each 10 Year Plan process | The renewal programme reflects the most cost-effective option to maintain the service potential of the asset. |

| Major programmes | When | \$m present-day costs | \$m cost with inflation | When Council decision likely | Expected principal options to be considered |
|--|--------------------------|-----------------------|-------------------------|---|--|
| Community housing refurbishment | Ongoing through 30 years | 13.6 | 19.6 | Appropriate level of renewal decided through each 10 Year Plan process | The renewal programme reflects the most cost-effective option to maintain the service potential of the asset. |
| Cultural facilities refurbishment | Ongoing through 30 years | 35.5 | 51.8 | Appropriate level of renewal decided through each 10 Year Plan process | The renewal programme reflects the most cost-effective option to maintain the service potential of the asset. |
| Development | | | | | |
| Central Energy Trust Arena Masterplan – various projects | 2018-23 | 24.5 | 25.4 | The Arena Masterplan was adopted in 2018 to inform the 2018-28 10 Year Plan which includes programmes to deliver on the Masterplan. Future 10 Year Plans will determine investment priorities beyond 2021. | The Arena Masterplan considered a variety of development options. |
| Central Energy Trust Arena Masterplan – future development | 2029-35 | 31.9 | 42.8 | The Arena Masterplan was adopted in 2018 to inform the 2018-28 10 Year Plan, which includes programmes to deliver on the Masterplan. Future 10 Year Plans will determine investment priorities beyond 2021. | The Arena Masterplan considered a variety of development options. |
| Reserves land purchase and development for Whakarongo residential growth | 2018-25 | 2.0 | 2.1 | During the course of the 2018-28 10 Year Plan as the Whakarongo Residential Area develops. | The reserve locations are directed by the Whakarongo Structure Plan in the District Plan. Developer agreements where reserves are provided in lieu of development contributions could be considered. |
| Reserves land purchase and development for City West residential growth | 2021-39 | 10.2 | 21.3 | During the course of future 10 Year Plans as the City West Residential Area develops. | The reserve locations will be directed by the City West Structure Plan to be included in the District Plan. Developer agreements where reserves are provided in lieu of development contributions could be considered. |
| Development of Victoria Esplanade | 2021-29 | 2.9 | 3.2 | Through the 2018-28 10 Year Plan process and subsequent 10 Year Plan processes. | An Esplanade Masterplan is being developed alongside the 2018-28 10 Year Plan which will consider a variety of development options. |
| Implementation of the Manawatū River Framework Plan | 2018-28 | 4.4 | 4.8 | Through the 2018-28 10 Year Plan process and subsequent 10 Year Plan processes. | The Manawatū River Framework was adopted by Council in 2015 and included a variety of development options. |
| Kelvin Grove Community Hub | 2023-24 | 4.0 | 4.4 | Through the 2018-28 10 Year Plan process and subsequent 10 Year Plan processes. | Multi-purpose community hubs combining services provided by other agencies are being investigated. |
| City West Community Centre | 2037-43 | 4.9 | 8.4 | Through the 2018-28 10 Year Plan process and subsequent 10 Year Plan processes | Multi-purpose community hubs combining services provided by other agencies are being investigated |
| Seismic strengthening of Council-owned buildings | 2018-25 | 5.3 | 5.6 | Through the 2018-28 10 Year Plan process and subsequent 10 Year Plan processes | Directed by legislation. Options relate to the way in which strengthening is carried out. |
| Papaioea Place refurbishment stages 1&2 | 2018-23 | 13.2 | 13.9 | Through the 2018-28 10 Year Plan process and subsequent 10 Year Plan processes | Three formal proposals were assessed. The preferred option is being refined via internal design review processes. |
| Te Manawa upgrade (Option A) | 2022-30 | 58.0 | 69.3 | Through the 2018-28 10 Year Plan process and subsequent 10 Year Plan processes | Te Manawa has developed a high-level concept plan which will be refined as planning and fundraising progresses. |
| Central Library upgrade | 2018-21 | 7.5 | 7.7 | Through the 2018-28 10 Year Plan process and subsequent 10 Year Plan processes | The Library of the Future project considered a variety of options prior to confirmation of the programmes. |

7.6 Financial expenditure – operating and capital (inflation indexed)

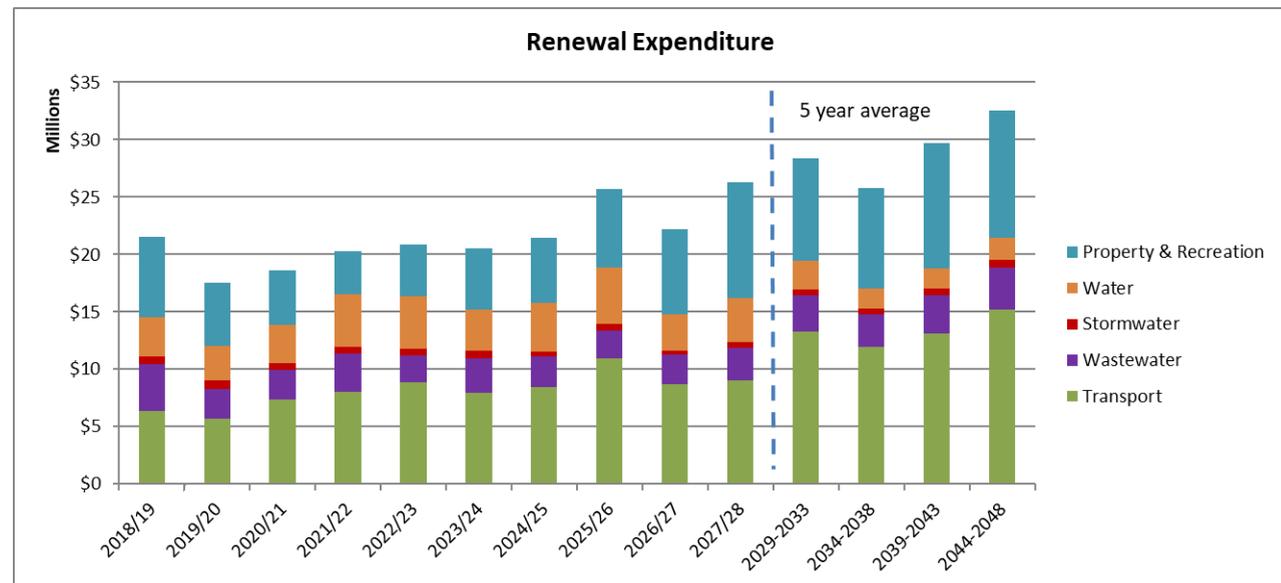
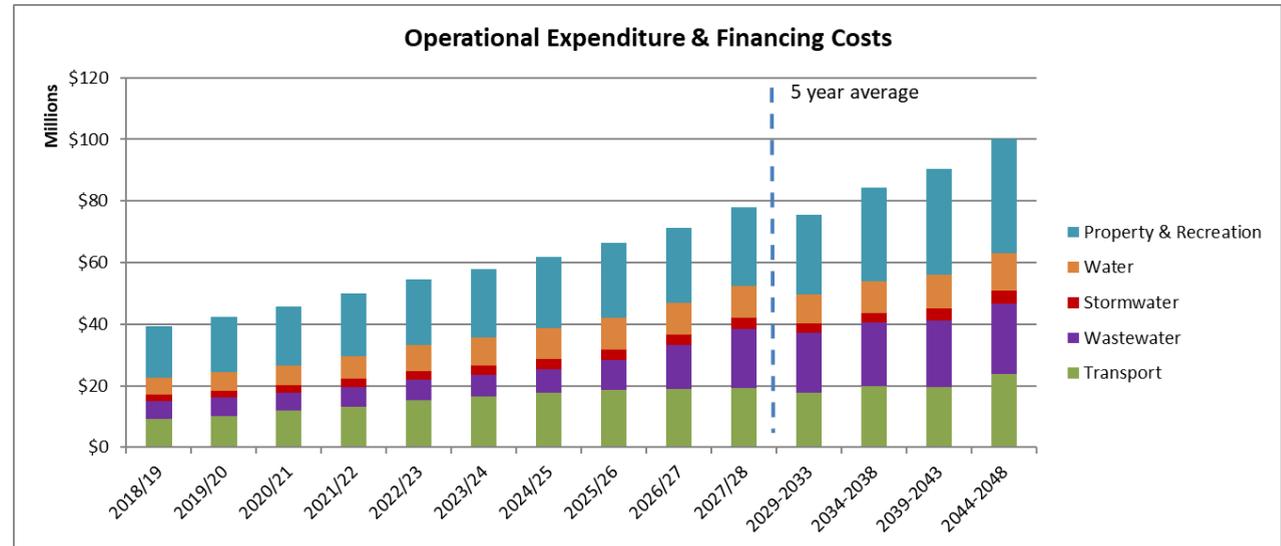
The following graphs show the projected capital and operating expenditure that is associated with the management and development of the assets. Annual expenditure is shown for the first 10 years and corresponds to the 10 Year Plan. Years 11–30 of the Strategy are shown as an annual average for five-yearly bands. The detail of this expenditure is covered in the relevant AMPs. These projections are adjusted for inflation using the relevant BERL indices. (Note: The previous figures in this Strategy are shown as present-day costs unless specifically identified as including inflation.)

Operational

Operational costs through this period are projected to rise steadily during the 30 years, in keeping with the increased asset base. The largest increase during the period is in wastewater, where a substantial increase in operating costs will be required in about 2027 for a further treatment facility likely to be required to obtain new discharge consents.

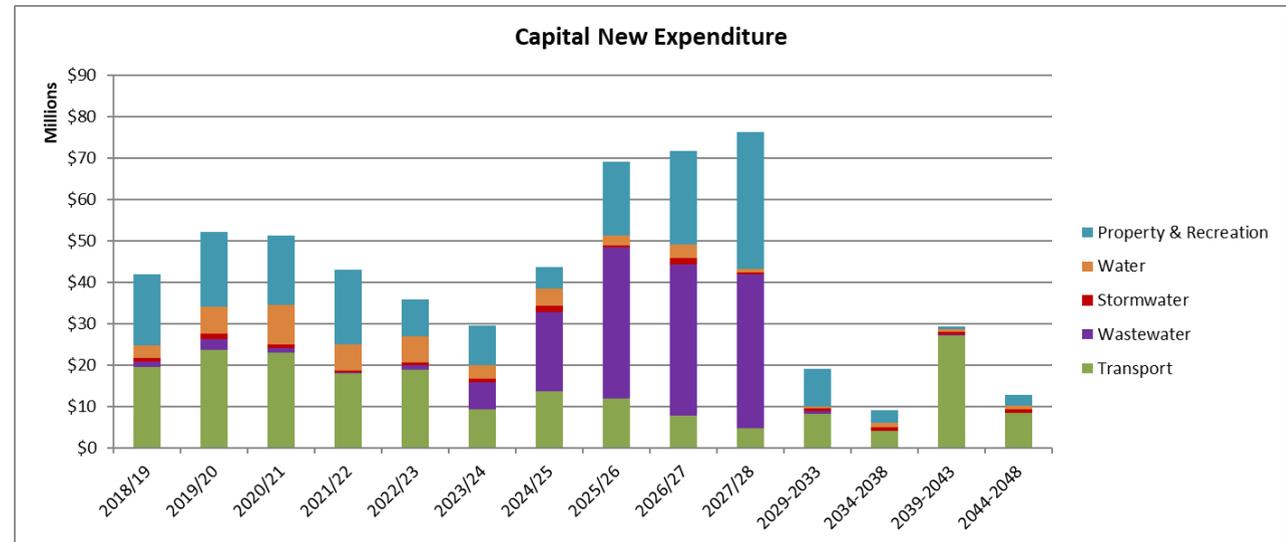
Renewal

The overall level of renewals expenditure is expected to be fairly constant throughout the 30 years, with differences from year to year reflecting significant projects undertaken in a given year and some adjustment of timing to align better with other programmes. Further information about renewals and sustainability of asset performance is given in each of the AMPs.

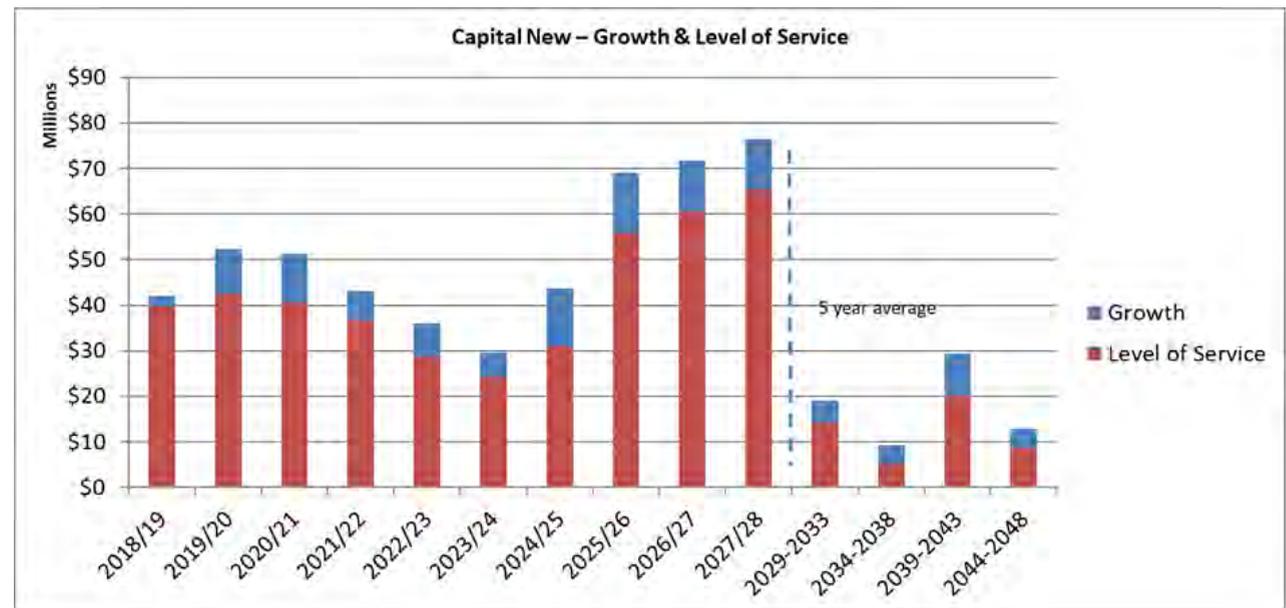


Capital development

The first graph shows the capital development requirements for each activity area. The transport activity has the largest overall requirement for new asset investment, with the further river crossing showing through at the end of the 30-year period. Wastewater also has a significant requirement for asset development over the period 2023–27, particularly for additional treatment facilities required to meet new consent conditions.



The second capital development graph shows the breakdown between expenditure for growth and what is required to maintain or improve the level of service. A significant proportion of the expenditure for growth is for providing infrastructure for the Whakarongo and City West residential growth areas and the NEIZ growth area.



8. Significant decisions

The significant decisions are the Council response to the significant infrastructure issues identified above. The significant decisions are:

Wastewater treatment and upgrading: It has been assumed that a solution will be provided with a capital outlay of \$110 million (plus inflation) and that the expenditure will be incurred between 2023 and 2028.

Provision of a further river crossing and regional freight ring road: Delivery of the regional freight ring road and provision of a further river crossing will only be viable for the Council with financial assistance from NZTA. The decision on the Manawatū Gorge replacement will affect the way in which the regional freight ring road is delivered.

Development of new infrastructure for growth: Council will provide new infrastructure for growth in a manner that:

- a) is appropriately timed to service growth in greenfields areas
- b) aligns the capacity of new infrastructure the likely activities that will occur in greenfields areas, particularly new industrial development
- c) accounts for projected brownfield development and the resulting impact on infrastructure capacity.

Renewal of infrastructure: Council has a statutory responsibility to meet the current and future needs of communities for good-quality local infrastructure in a way that is most cost-effective for households and businesses. A total of about \$557 million (present-day cost) over the next 30 years is estimated to be required to ensure that infrastructure is kept in good condition so that it can go on providing the same level of service to the community.

Application of urban design: Significant budgets have been included to deliver on the City Centre Streetscape Plan, Manawatū River Framework and Central Energy Trust Arena Master Plan. New processes and support is required

to ensure that a multi-disciplinary approach is applied to the planning and delivery of Council projects.

Facilities to encourage alternative transport modes:

The Council will continue with catalyst projects such as the pedestrian and cycle bridge and extensions to the shared path network, and combine these with incremental change as part of the delivery of day-to-day transportation infrastructure.

Security of water supply: Water is generally readily available and capacity is adequate to service our current and foreseeable demands. However, summertime droughts have led to a need to conserve water for months at a time. In order to conserve water the Council will need to assess the costs and benefits of reducing water pressure and investigate domestic water saving and storage solutions.

Increasing resilience of infrastructure: A key part of increasing the resilience of the city's infrastructure is to require new infrastructure to be built to a standard that will better withstand the effects of seismic events such as liquefaction. The review of the District Plan and Council's Engineering Standards for Land Development will need to address these matters.

Impact of climate change: A changing climate has significant implications for infrastructure with many assets having life-cycles of over a hundred years. The Council target is a 25% reduction in CO₂e in Palmerston North by 2028. The task of lowering our carbon footprint forces us to identify our inefficiencies, and improve the way Council delivers infrastructure.

Modernisation of Central Energy Trust Arena: Delivery of the Central Energy Trust Arena Master Plan relative to other investment priorities and ensuring the principles of the Master Plan are not lost during implementation over 10 plus years.

Use of Council land for housing: Budgets have been included to develop sections at the Council owned land

at Whakarongo and investigate opportunities to develop other Council owned land.

Te Manawa and Library of the Future: The scale of the funding commitment to support significant upgrades to important social and cultural assets.

9. Assumptions

The key assumptions relate to asset life cycle, growth or decline in the demand for services, and increases or decreases in levels of service.

9.1 Asset life cycle

The following asset life cycles for the main components have been used to inform the valuation of the assets and, together with condition and performance information, the renewal programme:

| Activity | Asset type | Description | Assumed life (years) |
|-------------------|--------------------|---|----------------------|
| TRANSPORT | Road pavements | Formation and base course | 100 |
| | | Asphaltic concrete | 30 |
| | | Chip seal | 12 |
| | Footpaths | Asphaltic concrete | 30 |
| | | Concrete | 80 |
| | Drainage | Channels and sumps | 80 |
| | | Culverts | 40 |
| | Bridges | Reinforced concrete components | 125 |
| | | Steel beams | 125 |
| | Street lighting | Concrete pole | 80 |
| | | Luminaire | 25 |
| | Bus shelters | Shelter | 15-20 |
| | | Main terminal | 50 |
| Cycleways | Limestone | 5 | |
| | Asphaltic concrete | 25 | |
| STORMWATER | Pipes and channels | Pipes and culverts | 100-175 |
| | | Manholes and structures | 150 |
| | | Mains and sump connections | 150 |
| | | Kerb connections | 80 |
| | | Concrete retaining and flood walls | 120 |
| | | Concrete channel lining | 70 |
| | | Earthen stop banks, channels and storage basins | indefinite |
| WASTEWATER | Pipe network | Pipes | 100-175 |
| | | Manholes | 150 |
| | Pump stations | Civil structure | 100 |
| | | Mechanical plant (pumps) | 10-35 |
| | | Electrical equipment | 15-25 |
| | Treatment plant | Building and civil | 100 |
| | | Electrical | 30 |
| | | Mechanical | 30 |
| | | Pipework | 50 |

| Activity | Asset type | Description | Assumed life (years) |
|---|----------------------|-------------------------|---|
| WATER | Headworks | Bores | 35 |
| | | Pipework | 50-100 |
| | | Valves | 50-80 |
| | | Pumps | 15-35 |
| | | Electrical | 10-35 |
| | | Telemetry | 15 |
| | Treatment facilities | Building | 75-100 |
| | | Structures | 75-100 |
| | | Pipework | 50-100 |
| | | Mechanical | 10-35 |
| | Reservoirs | Electrical | 10-30 |
| | | Structures | 100 |
| | | distribution network | Pipes (ductile iron, steel, PVC, Polyethylene, ABS) |
| | | AC pipes | 60-90 |
| | | Hydrants and valves | 75 |
| PROPERTY AND RECREATIONAL ASSETS | Buildings | Structural | 50-100 |
| | | Walls cladding | 35-100 |
| | | Roofing | 20-75 |
| | Services | Electrical | 15-40 |
| | | Heating and ventilation | 10-25 |
| | | Lifts | 25-40 |
| | | Mechanical | 12-35 |
| | Grounds | Fences and gates | 10-25 |
| | | Carparks | 10-50 |
| | | Hardcourts | 25-40 |
| | | Driveways and access | 30-50 |
| | | Signs | 10 |
| | Park furniture | Play equipment | 10-25 |
| | Aquatic facilities | Pool structure | 10-50 |
| | | Pool equipment | 10-20 |

9.2 Demand for services and levels of service

| Assumptions | Uncertainties and implications |
|--|---|
| <p>Population and household growth</p> <p>The following populations projections are assumed:</p> <ul style="list-style-type: none"> • 10-year projection 2018–28, 940 people per annum at 1.0% • 20-year projection 2018–38, 710 people per annum at 0.7% • 30-year projection 2018–48, 598 people per annum at 0.6% <p>The following household projections are assumed:</p> <ul style="list-style-type: none"> • 10-year projection 2018–28, 460 households per annum at 1.3% • 20-year projection 2018–38, 378 households per annum at 1.0% • 30-year projection 2018–48, 315 households per annum at 0.8% <p>This is a hybrid growth scenario based on a specific Palmerston North high-growth projection for years 1–10 and a Statistics New Zealand (December 2016) medium growth projection for years 11–30. It also accommodates the margins required by the National Policy Statement for Urban Development Capacity for the household projections, but not the population projections.</p> | <p>If the rate of growth is different from what has been predicted, changes will need to be made to the timing of the growth programmes. The three-year review of AMPs and the 10 Year Plan minimises the risk of expenditure not matching growth requirements.</p> |
| <p>City growth – greenfields residential</p> <p>Development will continue at Kelvin Grove and an extended area at Aokautere. Whakarongo will start development in years 1–10, followed by an initial small stage of City West starting development in year 2, followed by further stages starting around years 5 and 6 and continuing until year 30. A small amount of new greenfields development is also anticipated at Flyers Line, Napier Road and Ashhurst.</p> | <p>The Whakarongo Residential Area is zoned and available for development. Council-led development at Whakarongo will ensure this land is brought to the market. Other landowners are showing interest in development following the upgrade of James Line. Development at Aokautere is suffering from the lack of an overall Structure Plan to ensure a coordinated outcome. Work is underway on the development of a Structure Plan that will also assess the potential for providing additional development capacity. Careful consideration needs to be given to the staging of development and provision of infrastructure at City West. It is a large area that will not be rezoned as one package. The Racecourse area has been identified as the first stage of development within City West. Further clarity about liquefaction risks and the costs and effectiveness of liquefaction mitigation is being provided as part of individual rezoning proposals within the city.</p> |
| <p>City growth – brownfield residential</p> <p>Housing choices now allowed under the District Plan include multi-unit developments and minor dwellings. Multi-unit developments are encouraged close to the city and suburban centres, where there is ready pedestrian access to services and facilities. Minor dwellings are aimed at meeting the demand for small, good quality and affordable rental accommodation. The planning framework enables apartments in or near the city centre, including as part of a mixed-use development. Council will actively identify opportunities and reduce barriers to city centre living and brownfield development, including transitioning Roxburgh Crescent from industrial to residential and the Hokowhitu campus from institutional to residential.</p> | <p>It is difficult to predict how the market will respond to new housing choices and whether traditional infill is reaching a natural saturation point.</p> |

| Assumptions | Uncertainties and implications |
|---|---|
| <p>City growth – greenfields industrial</p> <p>Development will continue at the North East Industrial Zone and start in the North East Industrial Zone Extension Area during years 1–5. Industrial development will continue at Longburn. Private infrastructure at Longburn will be upgraded by the landowner to meet Council Engineering Standards, should it be vested with Council. The Braeburn Industrial Area at Longburn is a site-specific zone that enables the expansion of the Fonterra Dairy Plant via the provision of private services.</p> | <p>This depends on the uptake by industry. The timing of upgrades will be altered to meet the establishment of industry in the area as far as possible. However, there is a risk that substantial investment is made for initial businesses but the overall uptake is slower than expected. Developer agreements made under the Development Contributions Policy may be required at the North East Industrial Zone to help with the timely provision of infrastructure.</p> <p>It is unclear whether the landowner at Longburn will upgrade the private infrastructure to meet Council Engineering Standards, which could affect development interest at Longburn. An expansion of the Fonterra Dairy Plant at Longburn may result in pressure to connect to the city's wastewater treatment plant.</p> |
| <p>Development type</p> <p>The types of residential development are assumed to remain constant throughout the next 30 years, based on a preference for greenfields development of 55%, infill development of 33% and rural residential development of 12%. These percentages exclude the construction of apartments and housing units in retirement villages.</p> | <p>These are based on an assessment of future population and recent trends which includes increased demand for small dwellings and infill development. If preferences changed over the period of this Strategy, this could be accommodated by accelerating or decelerating the appropriate growth programmes. It is unclear how the market will respond to the new housing choices provided in the District Plan.</p> |
| <p>Natural disasters</p> <p>No major natural disasters such as storms, floods, earthquakes and volcanic eruptions that damage city infrastructure.</p> | <p>Given that the Strategy covers a period of 30 years, there is a high likelihood of one or more significant events occurring during this period. Council has assessed its critical assets, lifelines and emergency response plan to be prepared for such events. Specific recovery plans would be drawn up at the time. Reprioritisation of budgets may be necessary. Financial and insurance aspects are covered in the Financial Strategy.</p> |
| <p>Climate change</p> <p>In the longer term, increased frequency and intensity of storm events and, possibly, longer drought periods.</p> | <p>Provision is being made to adapt infrastructure for climate change, based on NIWA predictions for 2090, given the long life cycle of assets. If the changes are different from what is predicted, this will be assessed as they become evident.</p> |
| <p>LGA 2002 Section 17A – Delivery of services review</p> <p>This review was carried out during 2017 and will occur at no more than six-yearly intervals. It is assumed it will not lead to major changes to the governance, funding and delivery of infrastructure or services.</p> | <p>After each review, Council may wish to make changes that could impact on the future delivery of infrastructure-based services. Community views would be sought, in compliance with Council's Significance and Engagement Policy.</p> |
| <p>Legislation and policy</p> <p>No unexpected changes to legislation that will impact on the management of the assets or the services provided by the assets. It is likely there will be some change to national and regional water quality policies that could affect the design and consenting of the new wastewater treatment plant.</p> | <p>Amalgamation of authorities and/or new structures to manage particular classes of assets (such as a water CCO) would impact on the way the assets are managed, particularly the synergies between the current infrastructure activities although the fundamental service delivered by the asset is likely to remain the same.</p> <p>Legislative changes generally have transition periods for Councils to respond as necessary.</p> |
| <p>Construction costs</p> <p>No major changes to the current cost structure, apart from what has been incorporated into the BERL inflation factor applied.</p> | <p>The price of some components may change relative to others due to changes in commodity prices and labour/plant/ materials ratios, as a result of technology and work practices changes. Some change is likely over 30 years. As a result, some programmes may become more or less viable. This will be addressed at the time.</p> |

| Assumptions | Uncertainties and implications |
|--|--|
| Transport | |
| <p>Financial assistance</p> <p>A NZTA financial assistance rate of 51% will apply to all qualifying expenditure for the first three years of the 10 Year Plan. NZTA subsidies have been assumed at this rate for the term of the 30 years of the Infrastructure Strategy.</p> | <p>Should the rate of financial assistance change, this could impact on the viability of some city projects, particularly the regional freight ring road and further bridge crossing.</p> |
| <p>Demand for services</p> <p>Demand for services will grow in line with a growing city, but with particular increased demands on freight routes, with the city acting as a centre for North Island freight distribution and key arterial routes.</p> <p>Increased demand for pedestrian, cycling and public transport services.</p> | <p>Any substantial change to demand will lead to reassessment of timing and scope of programmes to meet these demands through the three-yearly 10 Year Plan process. There is low risk of infrastructure development getting out of line with demand.</p> |
| <p>Levels of service</p> <p>Generally, the overall levels of service remain at the same level apart from an increase in the areas of freight / heavy traffic movements, safety, cycling and passenger transport.</p> | <p>The Council is only the provider of the passenger transport infrastructure and not the services themselves. NZTA support is required to deliver the regional freight ring road.</p> |
| <p>Asset life cycles</p> <p>Shown in section 8.1</p> | <p>Life cycles are generally in line with accepted industry standards, with some modification for local conditions. With the generally shorter life cycles (15–30 years) for most transport assets there is a high level of certainty for adopted life cycles.</p> |
| Stormwater | |
| <p>Demand for services</p> <p>Demand for stormwater drainage services increases in line with household and industrial growth. Greater emphasis on hydraulic neutrality for new subdivisions will limit the need for enlarging the existing pipe stormwater network.</p> <p>Water-sensitive design and green infrastructure approaches to development and a wider use of tools such as water tanks, green roofs, swales, rain gardens and detention ponds will help address other issues such as climate change, water quality and biodiversity.</p> | <p>The sections of the stormwater system that need attention as a result of greater infill housing will depend on the locations of infill development. This is expected to happen gradually and will be addressed if needed through the three-yearly 10 Year Plan process.</p> |
| <p>Levels of service</p> <p>The level of service provided for collection will remain at a similar level to what is currently provided. Council expects improvements to the quality of wastewater treatment following the upcoming review of the treatment plant.</p> | <p>Climate change may alter this level of service for some properties and areas of the city. Provision is made in this Strategy for meeting expected changes.</p> |
| <p>Asset life cycles</p> <p>Shown in section 8.1</p> | <p>Life cycles are generally in line with accepted industry standards, with some modification for local conditions. Any variance will only become apparent over a long period of time, with gradual adjustment of programmes as required.</p> |

| Assumptions | Uncertainties and implications |
|---|--|
| Wastewater | |
| <p>Wastewater treatment and disposal</p> <p>The resource consent for the discharge from the Council's main wastewater treatment plant to the Manawatū River is due to expire in 2028. A condition of the resource consent is that Council will complete a best-practicable option review for its wastewater treatment and disposal by June 2021 and lodge a complete consent application by June 2022. The review will need to identify ways to improve the city's wastewater treatment, particularly when the river level is low. Council will need to actively engage with the community in the lead-up to this process, to help identify possible future treatment options. Financial provision ranging from \$154k to \$1,244k has been made in each year until 2028/29 to undertake investigations and manage the consent application process for this project.</p> | <p>There is significant uncertainty about the best-practicable option review for wastewater treatment and disposal. The range of potential operating and capital costs is unknown at this stage and will not be known until completion of the review and the granting of the consent.</p> <p>Council does not wish to prejudge which option might be chosen (or imposed through the regulatory process) but is required to make adequate financial provision for the final outcome. A number of factors will influence the final outcome and it is likely that national and regional policies for water quality will change before a final decision is made. Whatever option is chosen, it will have a significant impact on Council's debt levels and rates requirements.</p> |
| <p>Demand for services</p> <p>Demand will increase in line with household and industrial growth. The industrial demand will depend on the industry types established in the city.</p> | <p>This is based on monitoring and long-term usage trends and is linked to use of water. There is low risk of infrastructure development getting out of line with demand, with demand and programmes reassessed through the three-yearly 10 Year Plan process.</p> |
| <p>Levels of service</p> <p>The level of service provided for collection will remain at a similar level to what is currently provided. Council expects improvements to the quality of wastewater treatment following the upcoming review of the treatment plant.</p> | <p>The level of service is largely established by the infrastructure already in place. Severe earthquake could interrupt this service and would be addressed at the time.</p> |
| <p>Asset life cycles</p> <p>Shown in section 8.1</p> | <p>Life cycles are generally in line with accepted industry standards, with some modification for local conditions. Any variance will only become apparent over a long period of time, with gradual adjustment of programmes as required</p> |
| Water | |
| <p>Resource consents</p> <p>New resource consents will be obtained when they become due, allowing the facilities to be operated as at present.</p> | <p>Several consents fall due for renewal during this period, including abstracting groundwater from the water bores and operating the Turitea dams. No major issues are expected to arise around renewal of these consents.</p> |
| <p>Demand for services</p> <p>Overall demand will increase in line with household and industrial growth, but demand per capita remains at or below current demand.</p> | <p>This is based on monitoring and long-term trends and will be adjusted with the three-yearly review of AMPs and 10 Year Plan if necessary. There is low risk of infrastructure development getting out of line with demand.</p> |
| <p>Levels of service</p> <p>The level of service provided will remain at a similar level to that currently provided, adjusted by any requirements of the New Zealand Drinking Water standards.</p> | <p>The level of service is largely established by the infrastructure already in place. Severe earthquake could interrupt this service and would be addressed at the time.</p> |
| <p>Asset Life cycles</p> <p>Shown in section 8.1</p> | <p>Life cycles are generally in line with accepted industry standards, with some modification for local conditions. The lower A/C life cycle to what was predicted when laid has been accounted for in this Strategy.</p> |

10. Relationship to Financial Strategy

As a component of the Council's long-term planning framework, the Council also prepares a Financial Strategy. The Strategy only covers a 10-year period, although it also takes into account longer-term impacts on Council's long-term financial sustainability.

The Strategy not only incorporates information from the Infrastructure Strategy for the groups of activities it covers, but also includes the long-term planning and budgeting information for all other Council activities. The Strategy contains the debt and rates parameters Council uses to judge that its long-term plans are financially sustainable.

Key elements of the Strategy are:

- to ensure the Council's long-term financial position is sustainable
- to recognise inter-generational funding requirements
- to manage debt within defined levels
- to maintain the infrastructure provided for the City by previous generations, for the use by current and future generations
- to ensure financial capacity for future generations so they are able to fund high-priority programmes
- timely provision of new infrastructure that builds capacity and enables the City to harness new development opportunities while avoiding the financial risks associated with over-provision.

The Strategy envisages an approach that, among other things:

- encourages staff to find innovative and efficient ways of delivering services
- commits to funding capital renewals at levels required to maintain assets
- challenges expenditure proposals to ensure they are aligned to key Council strategies, that the proposed timing is realistic and that they are capable of being delivered
- peer-reviews capital expenditure budgets to ensure they are adequate in the current challenging contracting market
- make sure the expenditure required for growth is committed soon enough to enable the City to harness development opportunities, but not too far ahead of when the infrastructure will be required.

Based on the significant forecasting assumptions made within the Strategy, the forecast costs of maintaining services, providing for growth, providing for the new facilities considered necessary to meet the Council's Vision and Goals and, in particular, funding the upgrade to the wastewater treatment and disposal system requires significant increases in rates and the levels of Council debt during the 10 years of the Strategy. This means there will need to be ongoing monitoring and review of forecast costs, especially at the time of preparing future Annual and 10 Year plans and a willingness to reprioritise expenditure (if necessary) to maintain Council's long-term financial sustainability.

Financial Overview and Statements

FORECAST FINANCIAL STATEMENTS

The Council's 10 Year Plan covers the period 1 July 2018 to 30 June 2028. It incorporates operating and capital expenditure for the period for the core Council entity - consolidated statements have not been prepared to include subsidiaries. In this section financial information is provided at a summary level, but more detailed information for each activity and group of activities is included throughout the document.

The financial information contained in the 10 Year Plan is a forecast for the purposes of Public Benefit Entity (PBE) Financial Reporting Standard (FRS) 42. This information may not be appropriate for purposes other than those described. It has been prepared on the basis of assumptions (refer to Significant Forecasting Assumptions within this section on pages 237-248) about future events that the Council reasonably expects to occur, associated with the actions it reasonably expects to take, as at the date the forecast was prepared. The actual results are likely to vary from the information presented and may vary materially depending on the circumstances that arise during the period. The 10 Year Plan has been prepared in accordance with generally accepted accounting practice and the Council's accounting policies are outlined in section 3. The policies incorporate the latest PBE accounting standards and the changes have had no material effect.

The Funding Impact Statements in section 3 have been prepared in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014. The regulations are not consistent with generally accepted accounting practice.

Rates revenue is included net of any remissions granted under the Council's Rates Remission Policy. Remissions of \$0.25 million per annum have been assumed.

Legislation states that councils are required to operate a 'balanced budget' i.e. income must equal or exceed expenditure (and expenditure must include non-cash items such as depreciation). However if a council determines that it is prudent not to have a 'balanced budget' (i.e. an operating surplus is not required), it must make a formal decision to that effect. The decision must be a prudent one and have included consideration of levels of service and useful lifespan of assets. There are grounds for not having a surplus every year to avoid building up unnecessary cash reserves. Council's asset management plans ensure the Council is appropriately planning for renewals and its financial strategy is to make adequate financial provision to fund renewals from rates revenue. Council is making provision to fund between \$19.8 million and \$27.2 million per annum for capital renewals throughout the 10 years of the Plan.

The Council's Prospective Statement of Comprehensive Revenue and Expense (next page) shows that after including capital revenue of between \$11.9m and \$33.6 million p.a. there is a surplus of between \$1.4 million and \$26.9 million p.a. projected throughout the 10 years of the Plan with the exception of 2020/21 when a deficit of \$2.4 million is projected. The deficit is considered to be immaterial in the scale of the overall position forecast for the 10 years. Council interprets the position to mean it is projected to have a 'balanced budget' throughout this period.

These forecast financial statements were authorised for issue by Palmerston North City Council on 25 June 2018.

Palmerston North City Council is responsible for these forecast financial statements, including the appropriateness of the assumptions underlying the forecast financial statements and all other disclosures.

Because the figures are rounded to the nearest thousand dollars, it may appear that they do not add up, but the total represents the sum of the individual forecast amounts.

For a detailed view of forecasted revenue and expenses, including a proposed schedule of programmes, see the Council's Activities – How we are planning to get there – in section 2 of this Plan.

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

| Budget | | 10YP |
|--------------------------|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s |
| Revenue | | | | | | | | | | | |
| Operating Revenue | | | | | | | | | | | |
| 89,795 | Rates | 94,537 | 99,706 | 104,845 | 110,218 | 116,008 | 121,645 | 127,105 | 133,886 | 140,043 | 148,003 |
| 340 | Interest & Dividends | 517 | 567 | 617 | 667 | 717 | 717 | 717 | 717 | 717 | 717 |
| 2,757 | Operating Subsidies & Grants | 3,207 | 3,233 | 3,576 | 3,186 | 3,264 | 3,358 | 3,458 | 3,554 | 3,965 | 3,767 |
| 23,264 | Other Operating Revenue | 24,421 | 29,254 | 25,822 | 30,774 | 27,258 | 33,223 | 28,611 | 34,788 | 30,296 | 31,095 |
| 116,157 | | 122,682 | 132,759 | 134,860 | 144,845 | 147,247 | 158,943 | 159,890 | 172,945 | 175,021 | 183,582 |
| Capital Revenue | | | | | | | | | | | |
| 15,441 | Capital Subsidies & Grants | 13,373 | 8,411 | 8,407 | 13,540 | 7,465 | 9,330 | 7,396 | 16,491 | 19,803 | 27,233 |
| 1,731 | Development Contributions | 1,063 | 1,476 | 1,891 | 2,090 | 2,465 | 2,783 | 3,406 | 3,932 | 4,346 | 4,495 |
| 2,000 | Vested Assets | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| 19,172 | | 16,436 | 11,887 | 12,298 | 17,630 | 11,930 | 14,113 | 12,802 | 22,423 | 26,149 | 33,728 |
| 135,329 | TOTAL REVENUE | 139,118 | 144,646 | 147,158 | 162,475 | 159,177 | 173,056 | 172,692 | 195,368 | 201,170 | 217,309 |
| Expenses | | | | | | | | | | | |
| 85,184 | Expenses | 94,468 | 95,559 | 98,509 | 97,230 | 100,573 | 100,530 | 104,281 | 105,778 | 110,715 | 115,144 |
| 6,462 | Interest | 7,284 | 9,450 | 11,634 | 13,266 | 14,330 | 14,853 | 15,375 | 16,762 | 18,423 | 20,016 |
| 30,321 | Depreciation | 34,627 | 36,087 | 39,390 | 41,122 | 42,937 | 46,433 | 47,303 | 49,023 | 53,249 | 55,314 |
| 121,967 | TOTAL EXPENSES | 136,379 | 141,096 | 149,532 | 151,619 | 157,841 | 161,816 | 166,959 | 171,563 | 182,386 | 190,475 |
| 13,362 | SURPLUS/(DEFICIT) | 2,739 | 3,550 | (2,375) | 10,856 | 1,336 | 11,241 | 5,733 | 23,805 | 18,783 | 26,835 |

| Budget | | 10YP |
|--|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s |
| Other Comprehensive Revenue and Expense | | | | | | | | | | | |
| - | Gain on property revaluations | 10,347 | 35,206 | - | 13,016 | 43,351 | - | 15,229 | 57,322 | - | 21,761 |
| 13,362 | TOTAL COMPREHENSIVE REVENUE AND EXPENSE | 13,086 | 38,757 | (2,375) | 23,872 | 44,687 | 11,241 | 20,962 | 81,127 | 18,783 | 48,595 |
| 2.9% | RATES INCREASE | 5.3% | 5.5% | 5.2% | 5.1% | 5.3% | 4.9% | 4.5% | 5.3% | 4.6% | 5.7% |

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

| Budget | | 10YP |
|-----------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s |
| 1,371,480 | Opening Balance | 1,454,165 | 1,467,251 | 1,506,008 | 1,503,633 | 1,527,506 | 1,572,193 | 1,583,433 | 1,604,395 | 1,685,522 | 1,704,306 |
| 13,362 | Total Comprehensive Revenue and Expense | 13,086 | 38,757 | (2,375) | 23,872 | 44,687 | 11,241 | 20,962 | 81,127 | 18,783 | 48,595 |
| 1,384,843 | | 1,467,251 | 1,506,008 | 1,503,633 | 1,527,506 | 1,572,193 | 1,583,433 | 1,604,395 | 1,685,522 | 1,704,306 | 1,752,901 |

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

| Budget | | 10YP |
|--------------------------------|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s |
| 7,860 | Current Assets | 8,240 | 8,422 | 8,608 | 8,798 | 9,001 | 9,209 | 9,430 | 9,667 | 9,909 | 10,168 |
| Non-Current Assets | | | | | | | | | | | |
| - | Investment Fund | - | - | - | - | - | - | - | - | - | - |
| 12,941 | Investments in CCOs and industry companies | 13,052 | 13,052 | 13,052 | 13,052 | 13,052 | 13,052 | 13,052 | 13,052 | 13,052 | 13,052 |
| 6,116 | Investment Property & Other Financial Assets | 5,659 | 5,659 | 5,659 | 5,659 | 5,659 | 5,659 | 5,659 | 5,659 | 5,659 | 5,659 |
| 1,514,362 | Property, Plant & Equipment | 1,615,977 | 1,692,819 | 1,730,129 | 1,772,590 | 1,836,907 | 1,847,709 | 1,888,084 | 1,999,450 | 2,047,557 | 2,124,003 |
| 1,541,279 | TOTAL ASSETS | 1,642,928 | 1,719,952 | 1,757,448 | 1,800,099 | 1,864,619 | 1,875,629 | 1,916,226 | 2,027,828 | 2,076,178 | 2,152,882 |
| 32,393 | Current Liabilities | 27,258 | 27,411 | 27,568 | 27,728 | 27,899 | 28,073 | 28,260 | 28,459 | 28,663 | 28,881 |
| Non-Current Liabilities | | | | | | | | | | | |
| 1,338 | Employee Entitlements | 1,311 | 1,340 | 1,369 | 1,399 | 1,431 | 1,465 | 1,500 | 1,537 | 1,576 | 1,617 |
| 120,582 | Term Liabilities | 144,863 | 182,948 | 222,633 | 241,222 | 260,852 | 260,413 | 279,826 | 310,065 | 339,388 | 367,238 |
| 2,123 | Provisions | 2,244 | 2,244 | 2,244 | 2,244 | 2,244 | 2,244 | 2,244 | 2,244 | 2,244 | 2,244 |
| Equity | | | | | | | | | | | |
| 1,037,434 | Retained Earnings | 1,044,842 | 1,048,393 | 1,046,018 | 1,056,874 | 1,058,210 | 1,069,451 | 1,075,184 | 1,098,989 | 1,117,773 | 1,144,607 |
| 347,408 | Other Reserves | 422,409 | 457,615 | 457,615 | 470,631 | 513,982 | 513,982 | 529,211 | 586,533 | 586,533 | 608,294 |
| 1,541,279 | TOTAL LIABILITIES/EQUITY | 1,642,928 | 1,719,952 | 1,757,448 | 1,800,099 | 1,864,619 | 1,875,629 | 1,916,226 | 2,027,828 | 2,076,178 | 2,152,882 |

PROSPECTIVE STATEMENT OF CASH FLOWS

| Budget | | 10YP | 10YP | 10YP | 10YP | 10YP | 10YP | 10YP | 10YP | 10YP | 10YP |
|-----------------------------|------------------------------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s |
| Operating Activities | | | | | | | | | | | |
| Cash Provided | | | | | | | | | | | |
| 89,795 | Rates | 94,537 | 99,706 | 104,845 | 110,218 | 116,008 | 121,645 | 127,105 | 133,886 | 140,043 | 148,003 |
| 40 | Interest | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| 300 | Dividends | 500 | 550 | 600 | 650 | 700 | 700 | 700 | 700 | 700 | 700 |
| 2,757 | Operating Subsidies & Grants | 3,207 | 3,233 | 3,576 | 3,186 | 3,264 | 3,358 | 3,458 | 3,554 | 3,965 | 3,767 |
| 23,264 | Other Operating Revenue | 24,421 | 29,254 | 25,822 | 30,774 | 27,258 | 33,223 | 28,611 | 34,788 | 30,296 | 31,095 |
| 15,441 | Capital Subsidies & Grants | 13,373 | 8,411 | 8,407 | 13,540 | 7,465 | 9,330 | 7,396 | 16,491 | 19,803 | 27,233 |
| 1,731 | Development Contributions | 1,063 | 1,476 | 1,891 | 2,090 | 2,465 | 2,783 | 3,406 | 3,932 | 4,346 | 4,495 |
| Cash Disbursed | | | | | | | | | | | |
| (6,462) | Interest | (7,284) | (9,450) | (11,634) | (13,266) | (14,330) | (14,853) | (15,375) | (16,762) | (18,423) | (20,016) |
| (85,184) | Expenses | (94,468) | (95,559) | (98,509) | (97,230) | (100,573) | (100,530) | (104,281) | (105,778) | (110,715) | (115,144) |
| 41,683 | | 35,366 | 37,637 | 35,015 | 49,979 | 42,273 | 55,673 | 51,036 | 70,828 | 70,032 | 80,149 |
| Investing Activities | | | | | | | | | | | |
| Cash Provided | | | | | | | | | | | |
| 2,591 | Investment Reductions | - | - | - | - | - | - | - | - | - | - |
| - | From Asset Sales | - | 402 | - | - | - | - | 248 | - | - | - |
| Cash Disbursed | | | | | | | | | | | |
| (63,268) | Capital Expenditure | (74,076) | (76,125) | (74,700) | (68,567) | (61,904) | (55,235) | (70,697) | (101,067) | (99,356) | (107,999) |
| - | Investments | - | - | - | - | - | - | - | - | - | - |
| (60,677) | | (74,076) | (75,723) | (74,700) | (68,567) | (61,904) | (55,235) | (70,449) | (101,067) | (99,356) | (107,999) |

| Budget | | 10YP |
|-----------------------------|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s |
| Financing Activities | | | | | | | | | | | |
| | Cash Provided | | | | | | | | | | |
| 18,994 | Borrowing | 38,710 | 38,085 | 39,685 | 18,588 | 19,630 | - | 19,413 | 30,239 | 29,324 | 27,850 |
| | Cash Disbursed | | | | | | | | | | |
| - | Loan Repayment | - | - | - | - | - | (439) | - | - | - | - |
| 18,994 | | 38,710 | 38,085 | 39,685 | 18,588 | 19,630 | (439) | 19,413 | 30,239 | 29,324 | 27,850 |
| - | Net Increase / (Decrease) | - | - | - | - | - | - | - | - | - | - |
| 679 | Cash at beginning | 1,279 | 1,279 | 1,279 | 1,279 | 1,279 | 1,279 | 1,279 | 1,279 | 1,279 | 1,279 |
| 679 | CASH AT YEAR END | 1,279 |
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s |
| 1,980 | Rates revenue shown above includes the following amounts for metered water revenue | 2,080 | 2,150 | 2,170 | 2,190 | 2,210 | 2,220 | 2,230 | 2,240 | 2,250 | 2,260 |

Long-term plan disclosure statement for period commencing 1 July 2018

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's planned 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 long-term plan 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.

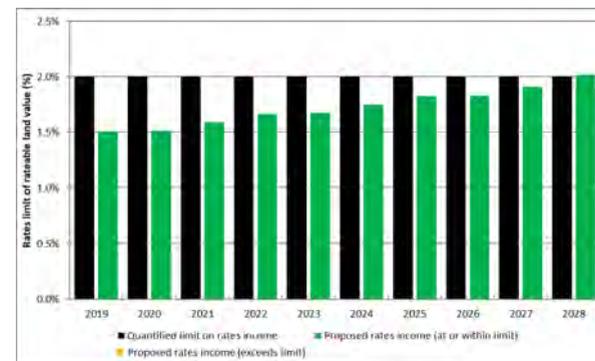
Rates affordability benchmark

The Council meets the rates affordability benchmark if:

- its planned rates income equals or is less than each quantified limit on rates; and
- its planned rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

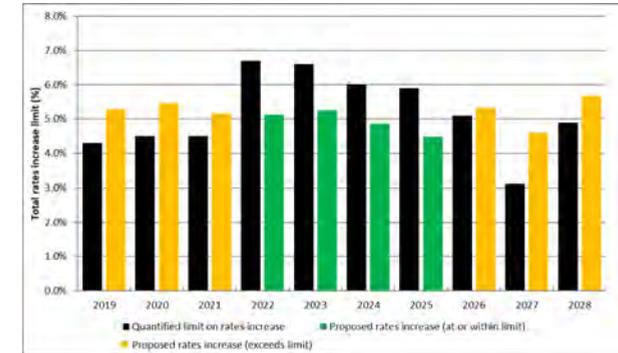
The following graph compares the Council's planned rates with a quantified limit on rates contained in the financial strategy included in this long-term plan. The quantified limit is that total rates will be no more than 2% of the city's rateable land value.



Rates (increases) affordability

The following graph compares the Council's planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this 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 2% (to fund increasing asset renewal costs and new services)
- plus an allowance for accelerated debt repayment.

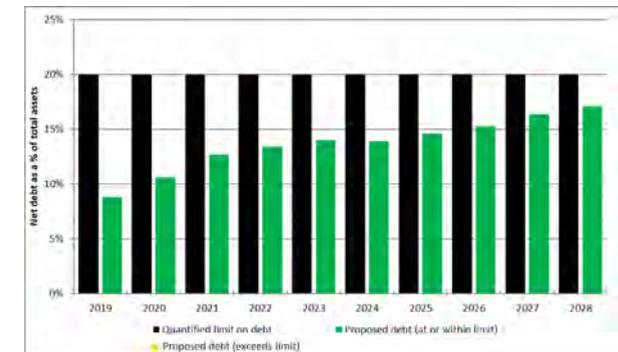


Debt affordability benchmark

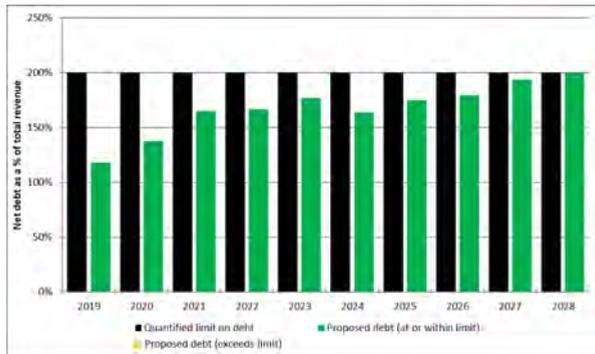
The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

The following four graphs compares the Council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan.

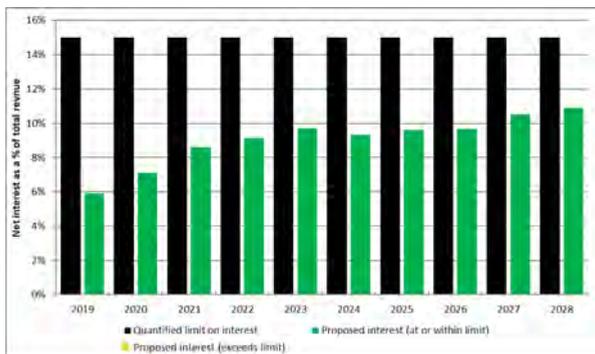
The quantified limit for this graph is that net external debt as a percentage of total assets will not exceed 20%.



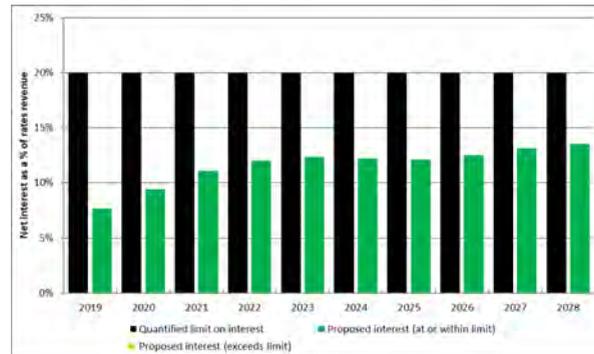
The quantified limit for this graph is that net external debt as a percentage of total revenue will not exceed 200%.



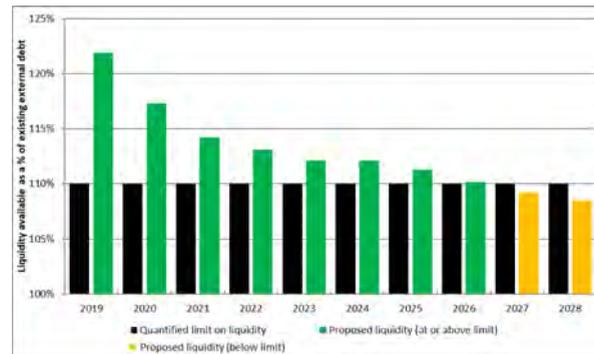
The quantified limit for this graph is that net interest as a percentage of total revenue will not exceed 15%.



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.

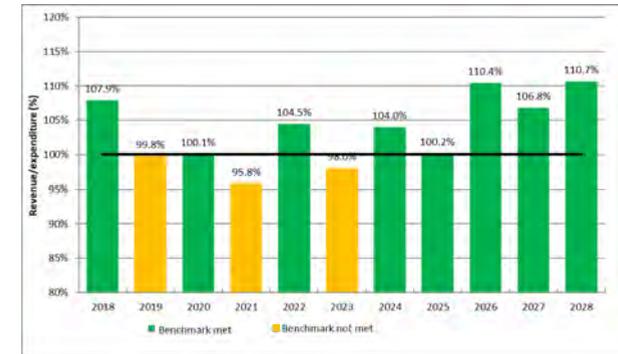


Balanced budget benchmark

The following graph displays the Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of planned operating expenses

(excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

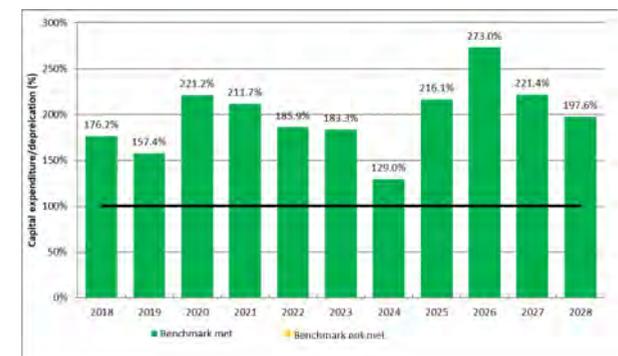
The Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.



Essential services benchmark

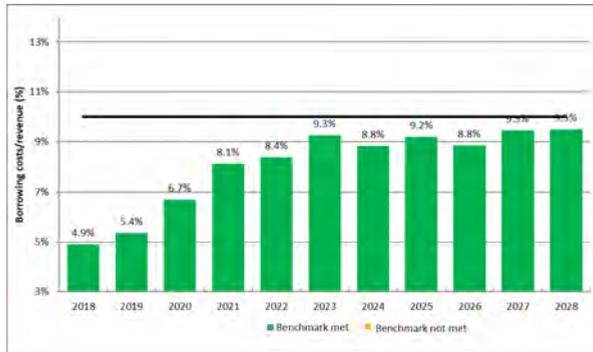
The following graph displays the Council's planned capital expenditure on network services as a proportion of expected depreciation on network services.

The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



Debt servicing benchmark

The following graph displays the Council's planned borrowing costs as a proportion of planned 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 is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.



Additional information or comment

Rates (increases) affordability

At this stage the proposed 10 Year Plan does not achieve the policy aims for some of the years. To meet its Vision and Goals for the City the Council believes rates need to increase by more than its target limit at least in the short term and then again when the full impact of the proposed upgrade to the wastewater treatment and disposal system takes effect. The forecast rates increases (and the policy maxima) include provision for significant accelerated debt repayment from year four onward. The actual increase each year will be determined in the light of updated circumstances and the development of the Annual Plan

Balanced budget benchmark

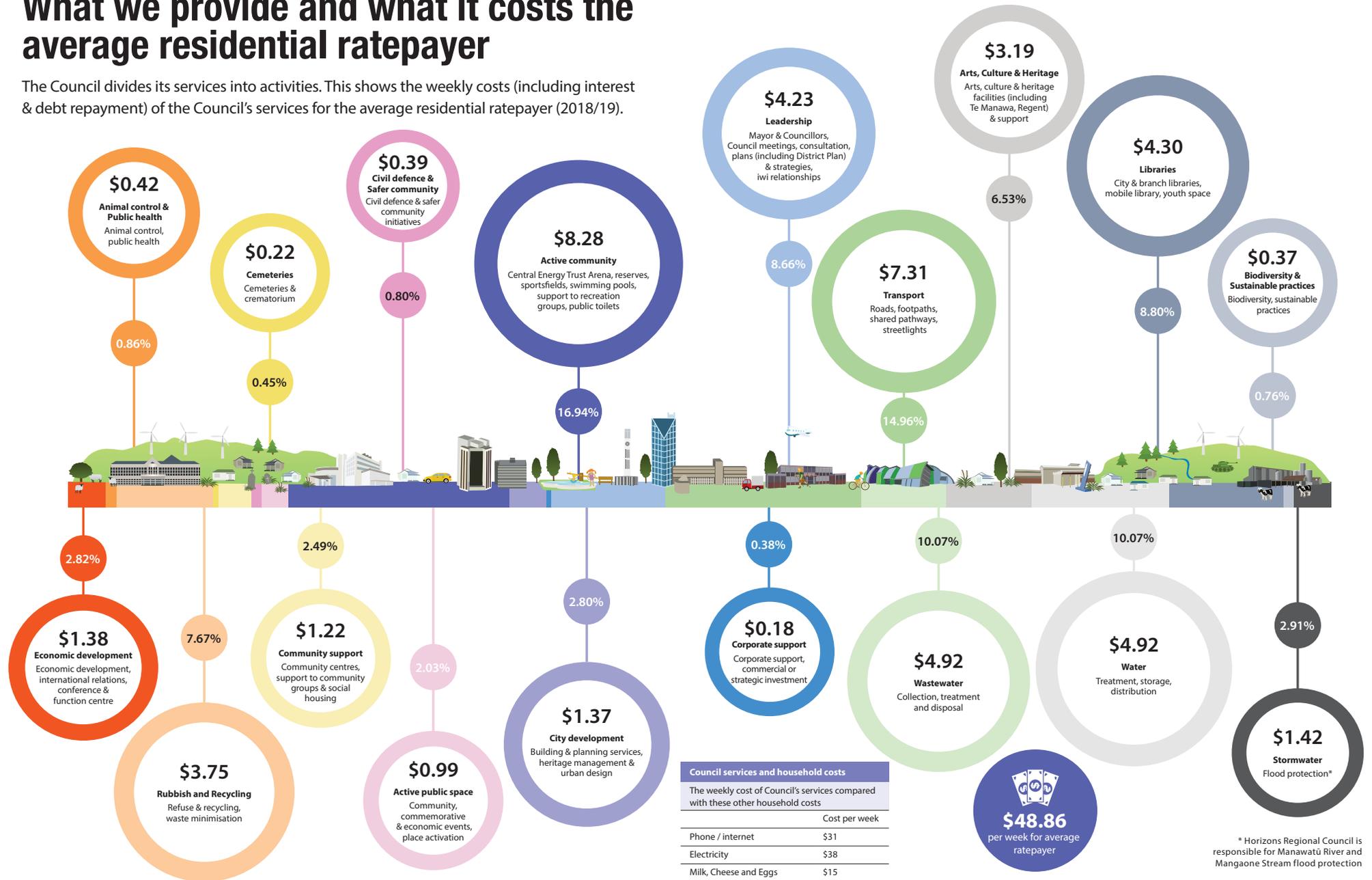
The Council's asset management plans ensure Council is appropriately planning for renewals. The financial strategy includes ensuring that rates are set at levels that are adequate to fund operating services, average capital renewals and debt repayment over the expected life (with a maximum of 30 years) of assets being funded from debt. The graph shows the Council does not meet the prescribed benchmark in years 1, 3, & 5 of the 10 Year Plan. It is the Council's view that its financial strategy is prudent and if it set rates at a higher level to ensure the benchmark would be met it would be building up unnecessary cash reserves

Debt affordability benchmark

The forecasts for available liquidity are based on the current funding lines the Council has organised. The present funding lines will not be sufficient for the forecast requirements in 2027 and 2028. Updated funding lines will be arranged before then based on updated forecasts.

What we provide and what it costs the average residential ratepayer

The Council divides its services into activities. This shows the weekly costs (including interest & debt repayment) of the Council's services for the average residential ratepayer (2018/19).



Council services and household costs

The weekly cost of Council's services compared with these other household costs

| | Cost per week |
|-----------------------|---------------|
| Phone / internet | \$31 |
| Electricity | \$38 |
| Milk, Cheese and Eggs | \$15 |

* Horizons Regional Council is responsible for Manawatu River and Mangaone Stream flood protection

Revenue and Financing Policy

Introduction

The Local Government Act 2002 (The Act) requires the adoption of policies that outline how operating and capital expenditure will be funded for each activity. They are aimed at providing predictability and certainty about sources and levels of funding.

The Act requires the Council to manage its finances prudently and in a way that promotes the current and future interests of the community. The Council must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses and that its long-term development programme is financially sustainable.

In deciding the most appropriate funding source for each activity the Council must show:

- the community outcomes to which the activity primarily contributes; and
- the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
- the period in or over which those benefits are expected to occur; and

- The extent to which the actions or inactions of particular individuals or a group contribute to the need to undertake the activity; and
- the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
- the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural well-being of the community.

In its long-term plan (10 Year Plan) the Council identifies the Vision, Goals and Strategies that represent its desired community outcomes.

Vision Palmerston North: Small city benefits, big city ambition

Goals and Related Strategies

| Goal | Strategy |
|--------------------------------|--|
| An innovative and growing city | Economic development strategy City development strategy |
| A creative and exciting city | Creative and liveable strategy |
| A connected and safe community | Connected community strategy |
| An eco-city | Eco-city strategy |
| A driven and enabling Council | Organisational strategy |

The Council's activities have been grouped into major groups of activities, as follows:

- Innovative and Growing City
- Transport (incorporating Roading and Footpaths)
- Creative and Exciting City
- Connected and Safe Community
- Eco-city
- Stormwater
- Wastewater
- Water Supply
- Driven and Enabling Council

The relationships between these groups of activities and the identified community outcomes (Council's Vision and Goals) are outlined in detail in each Activity page of the 10 Year Plan.

Funding of operating expenses

The Council has made a determination as to the most appropriate way of funding the operating expenses for each activity. This was based on an assessment of the nature of the benefits provided from the activity, and who benefits (i.e. the whole community, identifiable groups or individuals) and for what period. Funding source proportions were then attributed using the following scale:

| | |
|-----------------|----------------|
| High | 80-100% |
| Med/high | 60-79% |
| Med | 40-59% |
| Med/low | 20-39% |
| Low | 0-19% |

The specified funding source proportions are indicative only. They are not intended as an exact realisable proportion, rather as a guideline. It is recognised that within each activity there may be justification for variation from those proportions on a case-by-case basis. The basis for such variations will need to rest in the criteria outlined below.

In general terms the Council believes that:

- an activity should be collectively funded if the benefits of the activity are largely received by the broader community without differentiation, in equivalent proportions, and the costs of the activity cannot easily be attributed to an individual or group of individuals.
For example: civil defence. Everyone benefits. No individual can be responsible for the costs. Therefore it is entirely publicly funded.
- an activity should be funded on a user-pays basis if an individual or group of individuals directly receives benefits of the activity exclusively, and the costs of the activity can easily be attributed to that individual or group of individuals.

For example: Private Planning Services. Only those who seek resource consents benefit from them so they can be held responsible for the costs. Therefore it is entirely funded by users.

- an activity should be funded by an exacerbator if the benefits of the activity are largely received by the broader community without differentiation, in equivalent proportions, but the costs of the activity can be attributed to an individual or group of individuals.
For example: parking enforcement. Everyone faces the cost of unavailability of public parking if someone parks over the time they're allowed. The individual who parked over time can be held directly responsible for that cost. Therefore the public cost can be privately borne completely by that individual.
- an activity can be funded from other sources if the benefits of the activity are largely received by the broader community without differentiation, in equivalent proportions, but the costs of the activity can be met by other means.
For example: roading. Everyone benefits. No individual can be responsible for the costs. However, the Council is eligible for central government subsidies from organisations such as the New Zealand Transport Agency. Therefore it is entirely publicly funded, but a proportion of the costs is recouped from 'other' sources.
- although the Council believes that it would be appropriate to charge for some activities on a user-pays basis this is not always practicable and sometimes a proxy is required.
For example: wastewater. Everyone benefits although the extent of use depends on the nature of the use of the property. Trade waste can be measured and separately charged for. It is not practical to measure other non-residential users with higher volumes, such as motels or hospitals but a proxy of the number of pans can be used. Likewise, a targeted rate in the form of a fixed annual charge for each

separately occupied portion of a rating unit is seen as a reasonable proxy for residential property.

The tables that follow show this analysis for each activity within the groups of activities. A summary is provided on the final page of the policy.

The process for funding operating costs of these activities is as follows:

- Any operating grants or subsidies for a particular activity are used to reduce the gross cost.
- Where it is practical to recover the designated portion of the net operating cost of an activity from a private user or exacerbator, fees and charges are set at levels designed to achieve this, provided there are no legislative constraints.
- Where a fee or charge is not practical, targeted rates may be set in accordance with Council's rating policies.
- Any net income from investments or fuel taxes may then be applied and any residual requirement will be funded through general rates and/or uniform annual general charges (UAGC) – these latter rates and charges will be set on a differential basis according to Council's rating policies. For the purposes of this policy any reference to general rates as a funding source is considered to include UAGCs.
- Rating policies including the details of targeted rates, the level of the UAGC, the choice of valuation base for the general rate and the details of the differential system will be outlined in the Funding Impact Statement in the 10 Year Plan or Annual Plan as appropriate.

Funding of capital expenditure

The Council takes a consolidated corporate approach to the management of its financial position. Through its 10 Year Plan it determines what capital expenditure is sustainable within the prudential guidelines it has set itself. These parameters are contained in the Financial Strategy.

Asset management plans are maintained for all infrastructural services and these provide information about asset condition and asset renewals required to maintain desired service levels.

Routine ongoing plant and equipment purchases are funded from operating revenue and proceeds of asset sales.

Renewals are funded from subsidies and grants (when available), revenue and, in extenuating circumstances, from borrowing.

New capital developments are funded from subsidies and grants (when available), user contributions, reserves, asset sales and, where necessary, from borrowing.

Through the application of its Development Contributions policy, the Council seeks to obtain contributions to fund infrastructure required due to city growth.

Borrowing is an appropriate funding mechanism to enable the effect of peaks in capital expenditure to be smoothed and to enable the costs of major developments to be borne by those who ultimately benefit from the expenditure. This is known as the 'intergenerational equity principle' and means that the costs of any expenditure should be recovered from the community at the time or over the period the benefits of that expenditure accrue. It is not appropriate or sustainable for all capital expenditure to be funded from borrowings. In periods of low capital expenditure borrowings should be reduced.

| REVENUE SOURCE | POLICY FOR FUNDING OPERATING EXPENSES ¹ | POLICY FOR FUNDING CAPITAL EXPENDITURE ² |
|--|--|--|
| <p>General rates</p> <p>General rates are currently set at rates of cents in the dollar of land value, calculated differentially based on the following classifications (and further sub-classifications) of property:</p> <ul style="list-style-type: none"> • Single-unit Residential • Multi-unit residential • Non-residential • Miscellaneous • Rural/semi-serviced <p>Its incidence is modified by a uniform annual general charge (UAGC).</p> | <p>General rates will be primarily used to fund those activities, or parts of activities, that benefit the community in general and where no identifiable individuals or groups benefit in a significantly different way from the rest of the community.</p> <p>General rates may also be used where the use of direct charging would discourage use, when encouraging use of the service is an explicit objective, or important to achieving the community outcomes to which the activity is intended to contribute.</p> <p>General rates may also be used where it is impractical, or too administratively expensive, to fund the activity from other funding sources.</p> <p>General rates are currently apportioned according to the land value and deemed use of each property. National studies have concluded that capital value is a better measure of benefits received from council services and of a ratepayer's ability to afford rates. To date the Council has not been convinced the benefits are so superior as to justify a change to the system. Further investigation is continuing, and this policy would enable a change to a capital value base following appropriate public consultation.</p> <p>Use of property is determined according to whether its primary use is single-unit residential, multi-unit residential, non-residential, miscellaneous or rural/semi-serviced. Each type of property pays different rates (cents in the dollar of land value). These differentials are designed to achieve an apportionment of rates that more closely reflects the estimated value of services received by each classification of property, after modification by the use of the UAGC and uniform charges (targeted rates).</p> <p>The UAGC is a fixed charge per rating unit which the Council treats as a part of the general rate. It is used as a mechanism to ensure each rating unit contributes a minimum amount of the general rate and also to moderate rates on high value properties.</p> | <p>General rates may be used to retire debt.</p> <p>General rates may be used to purchase assets where the Council determines that funding the assets from debt is not the preferred option.</p> |

¹ Operating expenses are those incurred to provide the day to day activities of the Council and include the costs of staff and consumables. Operating expenses are funded from the sources mentioned and for the reasons outlined.

² Capital expenditures include those to purchase, build or acquire physical assets into council ownership. Such assets have service lives of more than one year. The principle of "intergenerational equity" says that expenditure that provides benefits over time should be funded over the same period, so that each generation of users pays a fair share. Capital expenditures also include the renewal or replacement of existing assets. These are usually funded from resources built up from the revenue sources that fund the particular activity. They also include debt repayment.

| REVENUE SOURCE | POLICY FOR FUNDING OPERATING EXPENSES ¹ | POLICY FOR FUNDING CAPITAL EXPENDITURE ² |
|---|--|--|
| Targeted rates | | |
| <p>Targeted rates, in the form of fixed amounts are set to cover the net cost of water, wastewater and rubbish/recycling.</p> <p>Targeted rates, in the form of a percentage of the service amount (the cost of insulation provided by the Council under a Warm Palmerston North scheme) may be set to cover the service amount and the cost of servicing the service amount.</p> <p>Targeted rates may be set to fund the operation of Business Improvement Districts (BIDs) if such districts are established at the community's request.</p> | <p>Targeted rates may be used to fund activities which identifiable categories of ratepayer, or ratepayers in identifiable locations, receive benefits from the activity to be funded in a significantly different way from other ratepayers.</p> <p>Targeted rates may be set as a fixed annual charge, or based on some other legally permissible basis such as land or capital value. They may be set differentially depending the location or classification of ratepayer or the nature of the service being provided.</p> <p>Targeted rates may be set for the purpose of achieving a more fair, efficient or transparent allocation of costs across the community.</p> | <p>Targeted rates may be used to retire debt, where the debt arose from the purchase of assets used for the activity funded from the targeted rate.</p> <p>Targeted rates may be used to purchase physical assets, where the Council determines that funding the assets from debt is not the preferred option, and the assets are to be used for the activity funded from the targeted rate.</p> |
| Lump sum contributions | | |
| <p>These are a mechanism for enabling ratepayers to elect to pay for capital projects by lump sums instead of by targeted rates.</p> | <p>Operating costs are not funded from lump sum contributions.</p> | <p>The Council may fund capital projects in whole or part through lump sum contributions.</p> |
| Fees and charges | | |
| <p>A wide range of fees and charges are made to cover either the whole or part of the cost of activities.</p> | <p>Fees and charges will generally be used for services where the benefit is entirely, or in part, to the direct user of the service and where the use of the service is at the discretion of the user. This includes fees for various consents, licences, permits and property information. The user charge may recover all, including a market return on the value of the Council's investment, or part of the cost of the activity.</p> <p>Where the Council needs to ration the use of an activity, it may charge at a level above what would be necessary to recover the costs of the activity.</p> <p>Fees and charges may be in the form of fines, penalties or similar and used where the Council wishes to modify the behaviours that impose cost, or inconvenience, on other members of the community.</p> | <p>User charges may be used to retire debt, where the debt arose from the purchase of assets used for the activity funded by the user charge.</p> <p>User charges may be used to purchase physical assets, where the Council determines that funding the assets from debt is not the preferred option, and the assets are to be used for the activity funded from the user charge.</p> |
| Interest and dividends from investments | | |
| <p>The Council receives interest and dividends from its investments and short-term cash management.</p> | <p>Ordinary budgeted interest and dividends, along with any other investment income, is treated as general revenue.</p> | <p>Investment income may be used to retire debt when that income has not been budgeted for other purposes.</p> |

| REVENUE SOURCE | POLICY FOR FUNDING OPERATING EXPENSES ¹ | POLICY FOR FUNDING CAPITAL EXPENDITURE ² |
|--|---|---|
| Borrowing | | |
| Borrowing involves the taking on of debt and in normal circumstances is only appropriate to fund assets with long lives. | Unless there are exceptional circumstances the Council will not borrow to fund operating costs. | Borrowing is the preferred means of funding capital expenditure because it promotes intergenerational fairness. What is an appropriate level of borrowing is assessed against criteria in the Council's Financial Strategy. The Council may also borrow to fund insulation for homes under a Warm Palmerston North scheme in conjunction with the Energy Efficiency and Conservation Authority (ECCA). The borrowing and associated servicing costs will be repaid from targeted rates set on the properties concerned for a term of up to nine years. |
| Proceeds from asset sales | | |
| These are the sums received when physical assets are sold. | Operating costs are not funded from asset sales. | Proceeds from asset sales are an appropriate source for purchasing assets or retiring debt because they have a neutral effect on Council's financial position (assets versus liabilities). |
| Development contributions | | |
| Development contributions are sums payable or assets transferred to Council by developers or new service users to cover the costs imposed on infrastructure and facilities by growth in numbers of users. | Operating costs are not funded from development contributions. | Development contributions will be used to fund that proportion of new asset expenditure that is made necessary by increased demand as a result of growth in the number of users. Contributions will be calculated in accordance with the Council's Development Contributions Policy. |
| Financial contributions under Resource Management Act | | |
| Financial contributions are sums payable, or assets transferred to Council by developers or new service users to enable mitigation, avoidance or remedying of adverse effects arising from subdivision or development. | Operating costs are not funded from financial contributions. | Financial contributions may be used to fund that proportion of new asset expenditure that is made necessary by the effects of subdivision and development. The contribution may be required as a condition of consent, in accordance with any relevant rule in the District Plan. |
| Grants and subsidies | | |
| These are payments from external agencies and are usually for an agreed specified purpose. The main source of these are NZ Transport Agency subsidies for road maintenance, renewals and improvements. | Grants and subsidies will be used for operating expenses only when this is consistent with the purpose for which they were given. | Grants and subsidies will be used for capital expenditure only when this is consistent with the purpose for which they were given. |

Innovative and Growing City

| NATURE OF ACTIVITY | WHO BENEFITS | PERIOD OF BENEFIT | WHO CREATES NEED | FUNDING SOURCE (PROPORTION #) | FUNDING SOURCE RATIONALE |
|---|---|---|--|---|---|
| ECONOMIC DEVELOPMENT | | | | | |
| Economic development International relations | Individual businesses will benefit directly from specific initiatives Entire economy benefits from improved economic activity, choice, employment opportunities and incomes | Short-term business support initiatives, but on-going benefits of infrastructure development and flow-on effects Ongoing benefits for entire economy | Entire economy displays need for economic development Businesses display specific need for support services and infrastructure | General rates, but with business differential (high) Central government funding (low) Other territorial local authorities (low) Private sector (low) | As the entire city benefits from the economic returns from this expenditure the cost should be funded from general rates Most businesses benefit from increased economic activity so should contribute a greater portion of the cost through the application of a differential on the general rate |
| Conference and function centre | Individual users benefit from the provision of the Conference and function centre Accommodation, food and other businesses benefit from the presence of the users of the centre | Benefits are on-going | Need is created by those who which to stage events, functions and conferences | General rates (medium/low) Fees and charges (medium/high) | Individual users of the conference and function centre should pay market rates for its use As the entire City benefits from the economic returns from this expenditure the cost should be funded from general rates Many businesses benefit from increased economic activity so should contribute a greater portion of the cost through the application of a differential on the general rate |
| CITY DEVELOPMENT | | | | | |
| Building services | The entire community benefits from safe reliable infrastructure and resources and consistent, transparent Council procedures Developers and property owners benefit from the building services advice, information and certainty provided by the Council | Benefits of regulation in general are ongoing even though the specific regulations may change over time | Need is created by the following: <ul style="list-style-type: none"> entire community for structure, consistency and certainty those who do not comply with the rules (i.e. exacerbators) property developers and building owners seeking building consents Council for rules to protect its position and manage its risk exposure | General rates (medium/low) Fees and charges (medium/high) | As the main beneficiaries are property developers and building owners they should pay for the majority of the cost of the activity No particular group or individual benefits more than others so the residual cost should be allocated to the whole city as part of the general rate |

| NATURE OF ACTIVITY | WHO BENEFITS | PERIOD OF BENEFIT | WHO CREATES NEED | FUNDING SOURCE (PROPORTION #) | FUNDING SOURCE RATIONALE |
|--|--|---|--|--|---|
| <p>Planning services – public (includes planning advice, information, monitoring and enforcement)</p> <p>Planning services – private (resource consent processing)</p> | <p>The entire community benefits from safe reliable infrastructure and resources and consistent, transparent Council procedures</p> <p>The entire community benefits from advice relating to potential resource consents or resource management as well as from resource consent monitoring and enforcement activities</p> <p>Developers and property owners benefit from the resource consent advice, information and certainty provided by the Council</p> | <p>Benefits of regulation in general are ongoing even though the specific regulations may change over time</p> <p>Benefits of providing free information to the public and monitoring resource consents are ongoing</p> | <p>Need for information is created by entire community</p> <p>Need for enforcement is created by those who do not comply with the rules (i.e. exacerbators)</p> <p>Need is created by developers and property owners seeking resource consents</p> | <p>Planning services – public: General rates (high) Fees and charges (low)</p> <p>Planning services – private: Fees and charges (high)</p> | <p>No particular group or individual benefits more than others from the provision of information, monitoring and enforcement activities so the cost should be allocated to the whole City as part of the general rate</p> <p>As the main beneficiaries of processing resource consents are property developers and building owners they should pay for the cost of the activity</p> |
| <p>Urban design</p> | <p>The entire community benefits from increased citywide knowledge of the principles of good urban design</p> | <p>Benefits are ongoing</p> | <p>Need for information is created by entire community</p> | <p>General rates (high)</p> | <p>As the entire community benefits from the application of good urban design principles the cost should be funded through general rates</p> |
| <p>Heritage management</p> | <p>The entire community benefits from retention of sites and buildings of significance with heritage features</p> <p>Owners of heritage buildings benefit from any support given to preserve and protect them</p> | <p>Benefits are ongoing</p> | <p>Need is created by building owners requiring assistance or support to preserve the city's heritage features</p> | <p>General rates (high)</p> | <p>Although building owners benefit directly from the preservation of heritage sites and buildings, the entire community benefits from the city retaining its heritage features so any Council contribution toward achieving this should be funded through general rates</p> |

- this proportion relates to the whole of the activity, not the individual components of it, unless stated otherwise.

Transport (incorporating Roothing and Footpaths)

| NATURE OF ACTIVITY | WHO BENEFITS | PERIOD OF BENEFIT | WHO CREATES NEED | FUNDING SOURCE (PROPORTION #) | FUNDING SOURCE RATIONALE |
|--|---|--|--|---|--|
| ROADING | | | | | |
| Roads Street lighting Street facilities Traffic services Parking | Entire community benefits from accessibility of city and ease of transportation throughout the city Specific benefit to road users including cyclists and pedestrians Businesses benefit from an effective roading infrastructure Specific benefit to parking facility users | Ongoing benefits as long as infrastructure is maintained | Entire community creates the need for an accessible urban environment where transport links are readily available for both business and public use | Roads: Street lighting: Street facilities: Traffic services : General rates with business differential (high) NZTA subsidy (medium for qualifying expenditure) Parking: Fees and fines (high) | Roading and related costs that meet the benefit/cost qualifying criteria should be funded from NZTA subsidies as a proxy for direct contributions from road users, many of whom are not city residents It is impractical to charge for road use by any direct mechanism such as tolls so the residual cost should be borne by the whole city through the general or a targeted rate with a differential applied to business Parking users should pay at levels that are appropriate to manage demand and provide a net return that can be applied to reduce the net cost to ratepayers of roading and transportation |
| ACTIVE AND PUBLIC TRANSPORT | | | | | |
| Footpaths Active transport Public transport | Entire community benefits from the provision of footpaths and cycle/pedestrian pathways Entire community benefits from public transport being available | Ongoing benefits as long as infrastructure is maintained | Entire community creates the need for an accessible urban environment where walking, cycling and bus links are readily available for public use | General rates (high) NZTA subsidy (medium for qualifying expenditure) | Active and public transport costs that meet the benefit/cost qualifying criteria should be funded from NZTA subsidies as a proxy for direct contributions from users, many of whom are not city residents It is impractical to charge for footpath or pathway use by any direct mechanism so the residual cost should be borne by the whole city through the general rate |

- this proportion relates to the whole of the activity, not the individual components of it, unless stated otherwise.

Creative and Exciting City

| NATURE OF ACTIVITY | WHO BENEFITS | PERIOD OF BENEFIT | WHO CREATES NEED | FUNDING SOURCE (PROPORTION #) | FUNDING SOURCE RATIONALE |
|--|---|--|--|---|--|
| ACTIVE PUBLIC SPACE | | | | | |
| Community and commemoratives events Economic events Place activation | The entire community benefits from community events that celebrate the richness of a diverse community and bring vibrancy to the city The business community benefits from spending by visitors attending events Specific benefit for those who attend events | The benefit of events are both immediate and longer term, the latter bringing the perception of vibrancy of the city | Need is created by those who wish to stage events Need is created by the entire community who wish to have a variety of events to attend | General rates (high) Sponsorship/grants (low) Fees and charges (low) | Many events are provided for the benefit of the entire community and are held in venues where it is not possible to charge those who attend Every effort will be made to obtain grant funding from external agencies As the entire city benefits from these activities any residual expenditure should be funded from general rates |
| ARTS, CULTURE AND HERITAGE | | | | | |
| Te Manawa (Museum, Art Gallery and Science Centre) Other cultural facilities such as: Regent on Broadway Globe Theatre Caccia Birch House Creative Sounds (The Stomach) Support to arts, culture and heritage groups | The entire community benefits from the educational opportunities and cultural awareness that the provision of activities and facilities brings The business community benefits from spending by visitors attending facilities and events Specific benefit to those who use facilities and attend activities | Ongoing benefits from an informed, creative and innovative population | Need is created by the entire community for access to information about cultural heritage and creative media as well as for venues for the performing arts | General rates (high) Some entry charges (low) Sponsorship/grants (low) Central government (low) Rental income (low) [Represents the manner in which the Council's share of the costs are funded. Organisations running some of these facilities also incur costs and receive any revenue associated with them] | Those who use the facilities should pay a reasonable charge but it is recognised that for some activities (such as Te Manawa) such a charge would be prohibitively high if set at a level to cover the entire cost Every effort will be made to obtain grant funding from external agencies As the entire city benefits from these activities any residual expenditure should be funded from general rates |

- this proportion relates to the whole of the activity, not the individual components of it, unless stated otherwise.

| NATURE OF ACTIVITY | WHO BENEFITS | PERIOD OF BENEFIT | WHO CREATES NEED | FUNDING SOURCE (PROPORTION #) | FUNDING SOURCE RATIONALE |
|---|---|--|--|---|---|
| ACTIVE COMMUNITY | | | | | |
| Central Energy Trust Arena City-wide reserves Local reserves Sports fields Swimming pools Support to recreation groups | <p>The entire community benefits from choice of recreational activities and a healthy active community</p> <p>Particular event organisers also benefit from commercial gains from activities</p> <p>The business community benefits from spending by visitors attending facilities and events</p> <p>Specific benefits for users of facilities and spectators at events</p> | <p>Benefits are ongoing as long as facilities are maintained</p> <p>The benefit of events are both immediate and longer term, the latter being to the perception of vibrancy of the city</p> | <p>Need is created by entire community for recreational facilities, activities and choice</p> <p>Event organisers create a need for infrastructure in order to hold events</p> | <p>Central Energy Trust Arena:</p> <p>General rates (medium/high)</p> <p>User charges (medium/low)</p> <p>City-wide reserves, local reserves and sports fields:</p> <p>General rates (high)</p> <p>User charges (low)</p> <p>Swimming pools:</p> <p>General rates (high)#</p> <p>Support to recreation groups:</p> <p>General rates (high)</p> <p>[# Operation of the swimming pools is contracted to an external entity that incurs day-to-day operating costs and obtains all revenue from entry fees – the general rates funding represents the share of the costs incurred by Council]</p> | <p>Those who use the facilities should pay a reasonable charge but it is recognised that for some activities (such as swimming pools, sports fields and Central Energy Trust Arena) such a charge would be prohibitively high if set at a level to cover the entire cost</p> <p>Also it is impractical to charge users of some facilities such as city-wide and local area reserves</p> <p>Every effort will be made to obtain grant funding from external agencies</p> <p>As the entire city benefits from these activities any residual expenditure should be funded from general rates</p> |

- this proportion relates to the whole of the activity, not the individual components of it, unless stated otherwise.

Connected and Safe Community

| NATURE OF ACTIVITY | WHO BENEFITS | PERIOD OF BENEFIT | WHO CREATES NEED | FUNDING SOURCE (PROPORTION #) | FUNDING SOURCE RATIONALE |
|---|--|---|---|--|--|
| CONNECTED COMMUNITIES | | | | | |
| Cemeteries (including the Crematorium) | Individual users particularly families of the deceased The entire community benefits from the comfort that there is adequate provision for interring the deceased in an appropriate manner and that cemeteries are maintained as a place of remembrance | Benefits are on-going | The entire community creates the need for cemeteries and related services Families and genealogists researching cemetery records | General rates (medium/low) Fees and charges (medium/high) | As the main beneficiaries of the activity are those who use the service a significant portion of the cost should be borne by the users As there are public benefits from the service a portion of the cost should be funded from general rates As the service is partially subsidised by ratepayers a premium should be charged to non-city residents where this is practicable |
| Community centres | The entire community benefits from the existence of places to meet to foster community identity Specific benefits for users of facilities | Benefits are ongoing as sharing of experiences and expertise leads to community enhancement | The entire community creates the need as the more integrated members of society are, the more they contribute to the city's economic, social and cultural wellbeing | General rates (high) Fees and charges (low) | Those who use the facilities should pay a reasonable charge but it is recognised there are wider community benefits from the availability of community centres. The residual cost should be funded from general rates |
| Libraries | The entire community benefits from choice of leisure and recreational activities, a healthy caring community, the educational opportunities the library offers and from being informed Specific benefits for borrowers of material | Ongoing educational benefits from an informed, creative population Benefits are ongoing as sharing of experiences and expertise leads to community enhancement | Need is created by the entire community for library facilities and access to information sources | General rates (high) Fees and charges (low) | Those who utilise some services (such as CDs, DVDs, etc) should pay a reasonable charge as should non-residents provided it is practical and cost effective to do so City residents take great pride in the facilities and expect the resource to be available to all regardless of whether they actually use it It is not practical to charge visitors of the facility nor for the lending of basic resources so the net cost should be funded from general rates |

- this proportion relates to the whole of the activity, not the individual components of it, unless stated otherwise.

| NATURE OF ACTIVITY | WHO BENEFITS | PERIOD OF BENEFIT | WHO CREATES NEED | FUNDING SOURCE (PROPORTION #) | FUNDING SOURCE RATIONALE |
|-----------------------------|---|---|--|---|--|
| Public toilets | The entire community benefits from the provision of public toilets | Benefits are ongoing | Need is created by the entire community for public toilets | General rates (high) Fees and charges (low) | Apart from the main central city facility it is not practical to charge individual users Costs should be funded through general rates |
| Social housing | People on low incomes who: <ul style="list-style-type: none"> • are superannuitants; • have long-term disabilities; or • are on low incomes and experience barriers to renting in the private market | Benefits accrue through the period of tenancy | Need is created by the housing tenants | Fees and charges (high) | As the main beneficiaries of the activity are those who use the service the cost should be borne by the users taking into account Council's rental policies for current tenants which were based on a tenant's income It is the intention that this activity standalone financially and is fully funded from rental income Central government funding assistance will be sought (if available) |
| Support to community groups | Members of community groups and those they support | Benefits accrue for the period of the support | | General rates (high) Central government grant agency funding (low) | Council's contribution is directed to community groups rather than individuals and to events and facilities that benefit the entire community so should be funded from general rates |
| Safe Communities | | | | | |
| Animal control | Animal control activity is principally related to the actions or inactions of dog owners - owners and the public at large (through reduced nuisance) benefit from this | Benefits of regulation in general are ongoing even though the specific regulations may change over time | Need is created by : <ul style="list-style-type: none"> • entire community for structure, consistency and certainty • those who do not comply with the rules (i.e. exacerbators) • Council for rules to protect its position and manage its risk exposure | General rates (low) Fees and charges (high) | A significant portion of the costs should be borne by dog owners as the majority of the activity relates to their actions or inactions No particular group or individual benefits more than others so the residual cost should be allocated to the whole city as part of the general rate |

- this proportion relates to the whole of the activity, not the individual components of it, unless stated otherwise.

| NATURE OF ACTIVITY | WHO BENEFITS | PERIOD OF BENEFIT | WHO CREATES NEED | FUNDING SOURCE (PROPORTION #) | FUNDING SOURCE RATIONALE |
|-----------------------------|---|--|--|--|--|
| Civil defence | The entire community benefits from having people who are trained and organised to help the community survive and cope with natural disasters | Benefits in terms of peace of mind for residents are ongoing, although direct benefits are short to medium term in the event of a disaster | Need is created by: <ul style="list-style-type: none"> the entire community for an action plan in the event of a disaster or emergency Council to meet legal obligations | General rates (high) | No particular group or individual benefits more than others so the cost should be allocated to the whole city as part of the general rate |
| Public health | Licensed businesses gain economic advantage from the public health activity of the Council and the public benefit from a healthy, safe and clean city | Benefits of regulation in general are ongoing even though the specific regulations may change over time | Need is created by: <ul style="list-style-type: none"> entire community for structure, consistency and certainty those who do not comply with the rules (exacerbators) Council for rules to protect its position and manage its risk exposure | General rates (medium/high) Fees and charges (medium/low) | As licensed businesses are major beneficiaries they should bear a significant portion of the cost of the activity. The public at large also benefit from the activity so the residual cost should be allocated to the whole city as part of the general rate |
| Safer community initiatives | The entire community benefits from activities that aim to keep people safe | Benefit is on-going | <ul style="list-style-type: none"> Need is created by the entire community, who wish to be able to feel safe, especially in public places | General rates (high) | As the benefits accrue to the entire community, the costs should be funded from all ratepayers through the general rate |

- this proportion relates to the whole of the activity, not the individual components of it, unless stated otherwise.

Eco-City

| NATURE OF ACTIVITY | WHO BENEFITS | PERIOD OF BENEFIT | WHO CREATES NEED | FUNDING SOURCE (PROPORTION #) | FUNDING SOURCE RATIONALE |
|---|---|--|--|---|---|
| Rubbish and recycling | | | | | |
| <p>Landfill management</p> <p>Waste management (includes kerbside rubbish collection and disposal, public space rubbish collection and disposal)</p> <p>Waste minimisation (includes kerbside recycling and processing, green waste, minimisation projects, recycling centre)</p> | <p>Entire community benefits from safe and efficient disposal of solid waste</p> <p>Direct households benefit from kerbside refuse collection and recycling</p> | Ongoing benefits as long as infrastructure is maintained | <p>The entire community creates the need for a safe urban environment where solid waste is adequately dealt with</p> <p>Exacerbators and individual householders</p> | <p>Landfill management:</p> <p>Targeted rates (high)</p> <p>Fees and charges (low)</p> <p>Waste management:</p> <p>Rubbish bag sales or similar (high)</p> <p>Targeted rate with fixed annual property charge (low)</p> <p>Waste minimisation:</p> <p>Targeted rate with fixed annual property charge (high – net after sales of recyclable material)</p> <p>Subsidies and grants (low)</p> | <p>To minimise the volume of waste, costs should be funded by the users of the service – through rubbish bag sales or other mechanism with the same effect</p> <p>The costs of public space rubbish collection and disposal should be funded by all ratepayers through a targeted rate (set on a fixed annual charge basis)</p> <p>Recycling costs should be funded as much as possible from the sale of recyclables but as the Council wishes to encourage recycling it is not desirable or practicable to charge individual users by volume. The residual cost should be funded from a targeted rate (set on a fixed annual charge basis)</p> |
| Biodiversity and sustainable practices | | | | | |
| <p>Biodiversity</p> <p>Support to environmental groups</p> <p>Sustainable practices</p> | <p>The entire community will benefit from activity that leads to improved environmental practices with more sustainable outcomes</p> | Ongoing benefits | <p>The entire community creates the need to implement more sustainable operating practices</p> | General rates (high) | <p>As the whole community benefits from this activity the costs should be funded from the general rate</p> |

- this proportion relates to the whole of the activity, not the individual components of it, unless stated otherwise.

Stormwater

| NATURE OF ACTIVITY | WHO BENEFITS | PERIOD OF BENEFIT | WHO CREATES NEED | FUNDING SOURCE (PROPORTION #) | FUNDING SOURCE RATIONALE |
|------------------------------------|--|--|---|---|--|
| Stormwater | | | | | |
| Stormwater collection and disposal | <p>The entire community benefits from safe and efficient discharge of stormwater</p> <p>Specific benefit to owners of properties more prone to effects of stormwater</p> | Ongoing benefits as long as infrastructure is maintained | <p>The entire community creates the need for a safe urban environment where stormwater discharges are adequately dealt with</p> <p>Property owners directly affected by stormwater create a need for infrastructure to maintain adequate protection</p> | General rates with business differential (high) | As the whole community benefits from this activity the costs should be funded from the general rate with a business differential due to the nature and volume of run-off from properties used for business |

Wastewater

| NATURE OF ACTIVITY | WHO BENEFITS | PERIOD OF BENEFIT | WHO CREATES NEED | FUNDING SOURCE (PROPORTION #) | FUNDING SOURCE RATIONALE |
|--|--|--|---|--|---|
| Wastewater | | | | | |
| Wastewater collection Wastewater treatment and disposal | <p>The entire community benefits from safe and efficient disposal of wastewater</p> <p>Commercial and industrial businesses benefit specifically from the provision of wastewater services</p> <p>Direct household benefit from the provision of wastewater services</p> | Ongoing benefits as long as infrastructure is maintained | <p>The entire community creates the need for a safe urban environment where wastewater is adequately dealt with</p> <p>Commercial and industrial enterprise create the need for wastewater services applicable to their business</p> <p>Property owners</p> | <p>Targeted rate with fixed annual charge for households and small users (medium/high)</p> <p>Targeted rate in form of pan charges for larger users (medium/low)</p> <p>Trade waste charges for exacerbators (low)</p> | <p>Although there is some overall community benefit from the activity, the major benefit is to those who use the facilities</p> <p>Volumes of trade waste are capable of being measured so those who discharge trade waste should be charged based on the nature and volume of discharge</p> <p>Those capable of being connected to the wastewater system are identifiable so should bear the cost through a targeted rate</p> <p>The cost of servicing each household is similar so a fixed annual charge is appropriate</p> <p>Costs are higher for those with more discharge so it is appropriate to charge non-residential users on a per-pan basis</p> |

- this proportion relates to the whole of the activity, not the individual components of it, unless stated otherwise.

Water Supply

| NATURE OF ACTIVITY | WHO BENEFITS | PERIOD OF BENEFIT | WHO CREATES NEED | FUNDING SOURCE (PROPORTION #) | FUNDING SOURCE RATIONALE |
|---|--|--|--|---|---|
| Water Supply | | | | | |
| Water collection Water treatment Water distribution | <p>The entire community benefits from safe and efficient provision of drinking water</p> <p>Commercial businesses benefit specifically from the provision of water services</p> <p>The entire community benefits from provision of water services for fire-fighting to maintain community safety services</p> <p>Direct household benefit from the provision of water services</p> | Ongoing benefits as long as infrastructure is maintained | <p>The entire community creates the need for a safe urban environment where water services are adequately provided and health standards maintained</p> <p>Commercial and industrial enterprise create the need for water services applicable to their business</p> <p>Property owners create need for water services to aid fire-fighting services</p> | <p>Targeted rate with fixed annual household charge (medium/high)</p> <p>Targeted rate through metering of non-residential users (medium/low)</p> | <p>Although there is some overall community benefit from the activity, the major benefit is to those who use the facilities</p> <p>Volumes of water used are capable of being measured so it would be desirable to charge by metered use</p> <p>The Council does not currently support a universal metering philosophy, so only non-residential users are metered</p> <p>Those capable of being connected to the water system are identifiable, so should bear the cost through a targeted rate</p> <p>The cost of servicing each household is similar, so a fixed annual charge is appropriate</p> |

- this proportion relates to the whole of the activity, not the individual components of it, unless stated otherwise.

Driven and Enabling Council

| NATURE OF ACTIVITY | WHO BENEFITS | PERIOD OF BENEFIT | WHO CREATES NEED | FUNDING SOURCE (PROPORTION #) | FUNDING SOURCE RATIONALE |
|---|--|--|--|---|---|
| Leadership | | | | | |
| Elections Councillor meetings and administration Mayoral and Chief Executive's Offices | The entire community benefits from the ability to elect local representatives and influence Council decisions Council benefits from the clarity of community needs and wants | Benefits of a good working relationship between the Council and the community are on-going Benefits of the Council being well led and operating as an effective, efficient organisation are ongoing | Need is created by entire community for knowledge of and involvement in Council decisions Need is created by Council for guidance from the public in decision making | General rates (high) Fees and charges (low) | No particular group or individual benefits more than others so the cost should be allocated to the whole city as part of the general rate Additional costs are incurred each third year to run the elections. Part of the cost is recovered from the Regional Council and Health Board Costs relating to processing private District Plan changes are recovered from applicants |
| Direction setting | The entire community benefits from transparent Council goals and clear paths to meet them Council benefits from defined objectives and clear processes | Benefits of providing clear direction for city development are ongoing | Need is created by the entire community for a well-structured community infrastructure with adequate provision to cope with growth | | |
| Commercial or strategic investments | | | | | |
| External contracts (provision of services to external entities) | The entire community benefits from the Council obtaining positive net financial returns on its investments | Benefits are ongoing or for the life of the particular contract | Need for strategic investments is created by community as a whole | General rates (high) Net cost or return from investments or provision of services to external entities | Commercial investments are expected to generate a net return that can benefit the city as a whole and lead to lower rates, fees and charges Strategic investments benefit the whole city and so it is appropriate to fund any net cost from general rates |
| Investment property Investments in companies (including airport) | The entire community benefits from the Council making sound strategic investments Lessees and users benefit from the provision of property | | | | |
| Corporate support | | | | | |
| Civic Administration Building Customer services Financial services Human resources Information services Marketing and communication Print Synergy | The entire community benefits from access to Council information, efficient dealings with Council, and basic channel through which to communicate with Council Council benefits from clarity of community needs and wants, and efficient processing of public enquiries | Benefits are ongoing | All of the Council's activities require some corporate support Need is created by the entire community for knowledge and an accessible Council Need is created by Council for an efficient interface with the public | Costs are allocated to other activities based on appropriate drivers | Corporate support exists not for itself, but to enable the Council to provide its other activities. Support costs should therefore be reflected in the overall costs of other activities |

Revenue and Financing Policy

Funding source proportions for operating costs

| | GENERAL RATES | TARGETED RATES | USER FEES AND CHARGES | OTHER |
|------------------------------------|---------------|----------------|-----------------------|---------|
| Innovative and Growing City | | | | |
| Economic development | | | | |
| Economic development | High | | | Low |
| Conference and function centre | Med/Low | | Med/High | |
| International relations | High | | | |
| City development | | | | |
| Building services | Med/Low | | Med/High | |
| Planning services – public | High | | | |
| Planning services – private | | | High | |
| Urban design | High | | | |
| Heritage management | High | | | |
| Transport | | | | |
| Roading | | | | |
| Parking | | | High | |
| Roads | High | | Low | Low |
| Street facilities | High | | | Low |
| Street lighting | High | | | Low |
| Traffic services | High | | | Low |
| Active and public transport | | | | |
| Footpaths | High | | | Low |
| Active transport | High | | | Low |
| Public transport | Med/High | | | Med/Low |

| | GENERAL RATES | TARGETED RATES | USER FEES AND CHARGES | OTHER |
|--|---------------|----------------|-----------------------|-------|
| Creative and Exciting City | | | | |
| Active public space | | | | |
| Community and commemorative events | High | | Low | Low |
| Economic events | High | | | Low |
| Place activation | High | | | Low |
| Arts, culture and heritage | | | | |
| Te Manawa (see note 1) | High | | | |
| Other cultural facilities (see note 1) | High | | | |
| Support to arts, culture and heritage groups | High | | | Low |
| Active community | | | | |
| Central Energy Trust Arena | | | Med/Low | |
| City-wide reserves | Med/High | | Low | |
| Local reserves | High | | Low | |
| Sports fields | High | | Low | |
| Swimming pools (see note 1) | High | | | |
| Support to recreation groups | High | | | |
| | High | | | |
| Connected and Safe Community | | | | |
| Connected communities | | | | |
| Cemeteries | Med/Low | | Med/High | |
| Community centres | High | | Low | |
| Libraries | High | | Low | |
| Public toilets | High | | Low | |
| Social housing | | | High | |
| Support to community groups | High | | | |
| Safe communities | | | | |
| Animal control | Low | | High | |
| Civil defence | High | | | |
| Public health | Med/High | | Med/Low | |
| Safer community initiatives | High | | | |

| | GENERAL RATES | TARGETED RATES | USER FEES AND CHARGES | OTHER |
|--|---------------|----------------|-----------------------|-------|
| Eco-city | | | | |
| Rubbish and recycling | | | | |
| Landfill management | | High | Low | |
| Waste management | | Low | High | |
| Waste minimisation | | High | | Low |
| Biodiversity and sustainable practices | | | | |
| Biodiversity | High | | | |
| Support to environmental groups | High | | | |
| Sustainable practices | High | | | |
| Stormwater | High | | Low | |
| Wastewater | | High | Low | |
| Water Supply (see note 2) | | High | | |
| Driven and Enabling Council | | | | |
| Leadership | | | | |
| Councillor meetings and administration | High | | | |
| Elections | High | | | Low |
| Mayoral and Chief Executive's office | High | | | |
| Direction setting | High | | Low | |
| Corporate support | | | | High |
| Commercial or strategic investments | | | | High |

| | |
|----------|-----------|
| High | 80 – 100% |
| Med/High | 60 – 79% |
| Med | 40 – 59% |
| Med/Low | 20 – 39% |
| Low | 0 – 19% |

The funding proportions outlined in this table represent the Council's desired consolidated intention, that is, the share of the gross operating costs borne by each sector.

Note 1: The Council has varying levels of control over the actual revenue obtained from users of these facilities. Management and operations are contracted to other entities and revenue from entry fees is retained by them.

Note 2: Metered water is deemed to be a targeted rate.

Rates Remission and Postponement Policies

1. Introduction

The Local Government (Rating) Act 2002 requires that if the Council wishes to remit or postpone rates it must do so in accordance with a policy prepared and adopted in a manner which gives effect to the requirements of the Local Government Act 2002. This latter Act also requires the Council to adopt a policy on the remission and postponement of rates on Maori freehold land.

These Policies were adopted by the Council on 24 June 2015 and no changes have been made since then.

This policy embraces all situations in which the Council would wish to remit or postpone rates.

2. Remissions for Community, Sporting and Other Non Profit Organisations

2.1 Objective

To facilitate the ongoing provision of non-commercial community services and non-commercial recreational opportunities for the residents of Palmerston North City.

The purpose of granting rates remission to an organisation is to:

- assist the organisation's survival
- make membership of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people, and economically disadvantaged people.

2.2 Conditions and Criteria

This part of the policy will apply to land used by a charitable, sports or recreation organisation, which is used exclusively or principally for sporting, recreation, or community purposes.

In some instances a rating division may be required where only part of the land is used for sporting, recreation or community purposes. The policy will not apply to organisations operated for private pecuniary profit or which charge commercial tuition fees.

The policy will also not usually apply to groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting, or community services as a secondary purpose only.

For the avoidance of doubt this policy specifically excludes chartered clubs and clubs holding permanent charters. Applications for remission must be made in the form prescribed by the Council.

As far as practicable, applications for rates remission are to be made to the Council prior to the commencement of the rating year. The Council reserves the right to consider any applications received during a rating year to be applicable from the commencement of the following rating year. In the normal course, applications will not be backdated.

Organisations making application should include the following documents in support of their application:

- statement of objectives; and
- constitution or rules or equivalent; and
- latest financial statements; and
- information on activities and programmes; and
- details of membership or clients.

The policy shall apply to such organisations as approved by the Council as meeting the relevant criteria. The Council may delegate the authority to make such approvals to particular Council officers as specified by a resolution of the Council and those officers will utilise the services of a panel to advise them.

The extent of any remission to any qualifying organisation shall be as determined by the Council or by the officers to whom the authority is delegated. In the normal course, no remission will be granted on targeted rates for water supply, wastewater disposal, waste collection or recycling.

Each year a schedule of remissions granted will be published in accordance with the requirements of the Council's Community Funding Policy.

3. Remissions of Penalties

3.1 Objective

To enable the Council to act fairly and reasonably in its consideration of rates which have not been received by the Council by the penalty date due to circumstances outside of the ratepayer's control.

To encourage ratepayers who are in arrears due to financial difficulty or other genuine unusual circumstances to make arrangements to clear arrears and keep their payments up to date.

3.2 Conditions and Criteria

Automatic remission of the penalties incurred on instalment one will be made where the ratepayer pays the total amount due for the year on or before the penalty date of the second instalment.

Remission of one penalty will be considered in any one rating year where payment has been late due to significant family disruption.

Remission will be considered in the case of death, illness, or accident of a family member, as at due date.

Remission of the penalty will be granted if the ratepayer is able to provide evidence that their payment has gone astray in the post or the late payment has otherwise resulted from matters outside their control.

Remission of the penalty will be considered where payment is made by regular bank transaction and where minor penalties occur due to timing differences.

Remission of penalties may be considered where there is an offer for immediate settlement of all rates outstanding which can be facilitated by the remission of penalties. This would apply where there are substantial arrears.

Each application will be considered on its merits and remission will be granted where it is considered just and equitable to do so. Remission will not be granted in cases of deliberate non-payment or where there is repetitive omission.

Decisions on remission of penalties will be delegated to officers as set out in the Council's delegation resolution.

4. Remission of Uniform Annual General Charges on Non-Contiguous Rating Units Owned by the Same Owner

4.1 Objective

To provide for relief from uniform annual general charges (UAGC) for land which is non-contiguous, farmed as a single entity and owned by the same ratepayer.

4.2 Conditions and Criteria

Rating units that meet the criteria under this policy may qualify for a remission of UAGCs on non-contiguous rating units. The ratepayer will remain liable for at least one UAGC.

The rating units on which remission is given must be owned by the same ratepayer and must each be classified in group code FL or FM for differential purposes.

Only one of the rating units may have any residential dwelling situated on it.

Applications for remission must be made in the form prescribed by the Council.

Council will delegate authority to consider and approve applications to Council officers.

5. Remission for Residential Land in Commercial or Industrial Areas

5.1 Objective

To ensure the owners of rating units situated in commercial or industrial areas are not unduly penalised by the zoning decisions of this Council and previous local authorities.

5.2 Conditions and Criteria

To qualify for remission under this part of the policy the rating unit must:

- be situated within an area of land that has been zoned for commercial or industrial use. Ratepayers can determine where their property has been zoned by inspecting the Palmerston North City Council District Plan, copies of which are available for inspection at the Council's office
- be listed as a "residential" property for differential rating purposes. Ratepayers wishing to ascertain whether their property is treated as a residential property may inspect the Council's rating information database at the Council's office.

Applications for remission must be in the form prescribed by the Council.

As far as practicable, applications for rates remission are to be made to the Council prior to the commencement of the rating year. The Council reserves the right to consider any applications received during a rating year to be applicable from the commencement of the following rating year. In the normal course applications will not be backdated.

Applications for remission under this part of the policy will be determined by Council officers acting under delegated authority from the Council as specified in the delegations resolution.

If an application is approved, the Council will direct its valuation service provider to inspect the rating unit and prepare a valuation that will treat the rating unit as if it were a comparable rating unit elsewhere in the City. The ratepayer may be asked to contribute to the cost of this valuation. Ratepayers should note that the valuation service provider's decision is final as there are no statutory rights of objection or appeal for values done in this way.

6. Remission of Rates on Land Protected for Natural or Cultural Heritage Purposes

6.1 Objective

To contribute to sustainable management of the City's built and natural environment through providing relief to property owners who have voluntarily protected land or buildings of natural or cultural heritage value.

6.2 Conditions and Criteria

Ratepayers who own rating units which have some feature of natural or cultural heritage which is protected through such arrangements as a covenant or caveat may qualify for remission of rates under this part of the policy.

Land that is non-rateable under section 8 of the Local Government (Rating) Act 2002 and is liable only for rates for water supply, wastewater disposal, waste collection or recycling will not qualify for remission under this part of the policy.

Applications must be in writing supported by documentary evidence of the protected status of the rating unit, e.g. a copy of the covenant.

In considering any application for remission of rates under this part of the policy the Council will consider the following criteria:

- the extent to which the preservation of natural or cultural heritage will be promoted by granting remission of rates on the rating unit
- the nature and extent of the natural or cultural heritage features present on the land
- the extent to which preservation of features of natural or cultural heritage might be prejudicially affected if relief is not granted.

The Council will decide what amount of rates will be remitted on a case by case basis subject to a maximum

amount of 33 percent of rates assessed for that rating unit per year. The Council may agree to an on-going remission in perpetuity provided the terms and conditions of the voluntary legal mechanism applying to the feature are not altered.

In granting remissions under this part of the policy the Council may specify certain conditions before remission will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are violated.

Applications for the remission for protection of heritage will be considered by officers of the Council acting under delegated authority from the Council.

7. Rates Remission – Wastewater Charges for Educational Establishments

7.1 Objective

To provide relief and assistance to educational establishments as defined in the Rating Powers (Special Provision for Certain Rates for Educational Establishments Amendment Act) 2001 in paying wastewater charges.

7.2 Conditions and Criteria

1. This policy will apply to the following educational establishments:
 - established as a special school under section 98(1) of the Education Act 1964; or defined as
 - a state school under section 2(1) of the Education Act 1989; or
 - an integrated school under section 2(1) of the Private Schools Conditional Integration Act 1975; or
 - a special institution under section 92(1) of the Education Act 1989; or
 - an early childhood centre under section 308(1) of the Education Act 1989, but excluding any early childhood centre operated for profit.

2. The policy does not apply to school houses occupied by a caretaker, principal or staff.
3. The wastewater rates assessed in any year may not exceed the amount calculated as shown below.
4. The wastewater rate is the rate that:
 - 4.1 Would be assessed using the same rating mechanisms as are applied to other separate rating units within the City divided by the number of toilets as determined in accordance with condition 5 below (the full charge); and
 - 4.2 Reduced in accordance with the following graduated formula:
 - the full charge for the first 4 toilets or part thereof
 - 75% of the full charge for each of the next 6 toilets or part thereof
 - 50% of the full charge for each toilet after the first 10 toilets.
5. For the purposes of condition 4.1 above the number of toilets for separately rateable units occupied for the purpose of an educational establishment is one toilet for every 20 students and staff or part thereof.
6. The number of students in an educational establishment is the number of students on the roll on 1 March in the year immediately before the year in which the charge relates.
7. The number of staff in an educational establishment is the number of teaching and administration staff employed by that establishment on 1 March in the year immediately before the year in which the charge relates.
8. Officers of the Council will be delegated authority to approve remission of the wastewater charges in excess of the charges payable according to the policy.

8. Rates Remission – Wastewater Charges – Non-Residential Properties

8.1 Objective

To ensure that the wastewater charging regime is applied in a fair and equitable manner.

8.2 Conditions and Criteria

The Council has introduced a system of charging for wastewater which is a combination of a targeted fixed charge and a charge based on the number of pans (or pan equivalents) in non-residential properties. It is recognised that in some exceptional circumstances the number of pans may not be a fair reflection of the use made of the Council's wastewater system. This may be because of the infrequency of use or the nature of use.

This policy enables Council officers, acting under delegated authority, to determine circumstances in which it would be fair and equitable to remit a portion of the wastewater charges.

9. Rates Remission – Targeted Rates for Serviceable Properties for Water and Wastewater

9.1 Objective

To provide for the remission of targeted rates for water and wastewater for rating units that are not connected to the Council's system but use an on-site water supply system and/or wastewater disposal system which existed prior to Council's system becoming available to the rating unit.

9.2 Conditions and Criteria

Sometimes ratepayers have invested significant sums to provide on-site water and wastewater systems so do not wish to immediately connect to the Council's reticulation systems when they become available.

This policy enables Council officers, acting under delegated authority, to determine remissions in such circumstances until such time as the ratepayer connects to the Council's system.

10. Rates Remission – Property affected by Natural Disaster

10.1 Objective

To provide rate relief for any ratepayer where the use that may be made of any rating unit has been detrimentally affected by erosion, subsidence, submersion, or other natural disaster.

10.2 Conditions and Criteria

In the event of a significant natural disaster the Council will determine whether or not remissions will be contemplated under this policy and if so the criteria to be used. It is likely that the criteria will include the following elements:

- the severity of the damage to the rating unit, as well as the individual circumstances of the ratepayer and the financial circumstances of the Council
- the period during which the buildings are uninhabitable and/or the rating unit is unable to be utilised to the extent it was prior to the occurrence of the natural disaster.
- Officers of the Council will be delegated authority to approve remissions in accordance with the criteria.

11. Rates Remission – Miscellaneous Circumstances

11.1 Objective

To provide the flexibility to enable the Council to remit rates in circumstances where it considers it fair and equitable to do so but where authority is not provided in the more specific remission policies.

11.2 Conditions and Criteria

There are occasionally situations arise which have not been contemplated in the specific remission policies but where the Council considers that providing a remission of some or

all of the rates on a rating unit would be fair and equitable. The situations would most likely arise as an unintended consequence of the application of the Council's rating policies. Applications would normally be expected to be in writing and ratepayers' financial records may be required.

Officers of the Council will be delegated authority to approve remissions under this policy.

12. Rates Postponement Policy for Cases of Extreme Financial Circumstances

12.1 Objective

To assist ratepayers experiencing extreme financial circumstances which affect their ability to pay rates.

12.2 Conditions and Criteria

Only rating units used solely for residential purposes (as defined by the Council) will be eligible for consideration for rates postponement for extreme financial circumstances.

Only the person entered as the ratepayer, or their authorised agent, may make application for rates postponement for extreme financial circumstances. The ratepayer must be the current owner of, and have owned for not less than three years, the rating unit which is the subject of the application or another rating unit within Palmerston North City. The person entered on the Council's rating information database as the "ratepayer" must not own any other rating units or investment properties (whether in the City or in another district).

The ratepayer (or authorised agent) must make an application in the form prescribed by the Council.

The Council will consider, on a case by case basis, all applications received that meet the criteria described in the first two paragraphs under this section.

When considering whether extreme financial circumstances exist, all of the ratepayer's personal circumstances will be

relevant including the following factors: age, physical or mental disability, injury, illness and family circumstances.

Before approving an application the Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal health care, proper provision for maintenance of his/her home and chattels at an adequate standard as well as making provision for normal day to day living expenses.

Before approving an application the Council must be satisfied that the ratepayer has taken all steps necessary to claim any central government benefits or allowances the ratepayer is properly entitled to receive to assist with the payment of rates.

Where the Council decides to postpone rates the ratepayer must first make acceptable arrangements for payment of future rates, for example, by setting up a system of regular payments.

Any postponed rates will be postponed until:

- the death of the ratepayer(s); or
- the ratepayer(s) ceases to be the owner of the rating unit; or
- the ratepayer ceases to use the property as his/her residence; or
- a date specified by the Council.

The Council will charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover the Council's administrative and financial costs and may vary from year to year. Even if the rates are postponed, as a general rule the ratepayer will be required to pay the first \$500 of the rate account.

The policy will apply from the beginning of the rating year in which the application is made although the Council may consider backdating past the rating year in which the application is made depending on the circumstances.

The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have pursuant to this policy.

Postponed rates will be registered as a statutory land charge on the rating unit title. This means that the Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.

The Council will delegate authority to approve applications for rates postponements to particular officers.

13. Rates Remission and Postponement Policy for Maori Freehold Land

Maori freehold land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by the Maori Land Court by freehold order. Only land that is the subject of such an order may qualify for remission or postponement under this policy. Section 91 of the Local Government (Rating) Act 2002 prescribes that in the normal course Maori freehold land is liable for rates in the same manner as if it were general land. Section 108 of the Local Government Act 2002 outlines that this policy is not required to provide for the remission of, or postponement of, the requirement to pay rates on Maori freehold land. If the policy were to provide for remissions or postponements then it is required to outline the objectives sought to be achieved by so doing and the conditions and criteria which would need to be met in order to qualify.

The Council will not provide for any remissions or postponements under this policy except for one rating unit which is normally a small island surrounded by the Manawatū River. In this instance 100% of the rates will be remitted.

Significant Forecasting Assumptions

A forecasting assumption is defined as something the Council accepts as being true for the purposes of future decisions and actions.

The Local Government Act 2002 requires councils to disclose in their 10 Year Plan the significant forecasting assumptions they have used to develop their Plan and the risks underlying the financial estimates. In cases where the level of uncertainty is assessed as being high, this has to be disclosed as well as an estimate of the potential effects on the financial estimates.

This section contains assumptions about the following matters:

| Issue | Level of uncertainty of assumption | Significance of financial impact on overall position |
|---|------------------------------------|--|
| 1. Population & Household Growth | Medium | Medium |
| 2. City Growth – Nature, Type & Location | Medium | High |
| 3. Worldwide Economic Position | Low | Low |
| 4. Social Change | Low | Low |
| 5. Climate Change | Low/Medium | Low |
| 6. Energy Price Change | Low | Low |
| 7. Natural Disasters & Adverse Weather Events | High | High |
| 8. Services Provided by Council | Medium | Low |
| 9. Continuity of External Funding | Low | Low |
| 10. Sources of Funds for Future Replacement of Assets | Low | Low |
| 11. NZTA Subsidy | Low | Medium |
| 12. Airport Shareholding & Dividends | Low | Low |
| 13. Revaluation of Property, Plant & Equipment Assets | Low | Low |
| 14. Asset Lives | Low | Low |
| 15. Depreciation | Low | Low |
| 16. Inflation | Low | Medium |
| 17. Interest Rates for Borrowings | Low | Medium |
| 18. Resource Consents (especially wastewater discharge) | High | High |
| 19. Turitea Windfarm | Low | Low |
| 20. Weathertight (Leaky) Homes Claims | Low | Low |
| 21. Insurance | Low | Low |
| 22. Earthquake-prone Buildings | Medium | Low |
| 23. Additional Road Crossing of Manawatū River | Medium | High |
| 24. Legal Expenses | Low | Low |
| 25. Delivery of Services Reviews | Low | Low |
| 26. Residential Subdivision | High | Medium |
| 27. Drinking Water Standards | Medium | Low |
| 28. Te Manawa Upgrade | High | High |

| 2018-28 10YP assumption | Risk | Level of uncertainty of assumption | Reasons and financial effect of uncertainty |
|---|--|------------------------------------|--|
| <p>1. Population and household growth</p> <p>The population will increase as follows:</p> <ul style="list-style-type: none"> • 10-year projection 2018–28, 940 people per annum at 1.0% • 20 year projection 2018–28, 710 people per annum at 0.7% • 30 year projection 2018–48, 598 people per annum at 0.6% <p>The number of households will increase as follows:</p> <ul style="list-style-type: none"> • 10-year projection 2018–28, 460 households per annum at 1.3% • 20 year projection 2018–28, 378 households per annum at 1.0% • 30 year projections 2018–48, 315 households per annum at 0.8% <p>This is a hybrid growth scenario based on a specific Palmerston North high-growth projection for years 1–10 and a Statistics New Zealand medium-growth projection for years 11–30, which also accommodates the additional margins required by the National Policy Statement for Urban Development Capacity for the household projections, but not the population projections. These population projections assume the city will retain its status as having one of the lowest median ages (33.6 in 2017 compared with the national median age of 37.0) but, as is projected for the rest of New Zealand, there will be a gradual ageing of the population.</p> <p>The difference between population and household growth is because of the reduction in average household size and the additional margins required by the National Policy Statement for Urban Development Capacity.</p> <p>Any change in the makeup of the city's population in terms of ethnicity or age will have minimal impact on the activities to be provided by the Council.</p> <p>Employment growth of 1.9% per annum (1,000 jobs) for the first 10 years and 0.9% per annum (566 jobs) for the next 20 years</p> | <p>City growth is at significantly different rates than assumed.</p> | <p>Medium</p> | <p>If growth is less than predicted, then some projects will be deferred and expenditure will be lower than forecast. If growth is higher than predicted, then some projects will go ahead earlier than forecast and expenditure will be higher than forecast. Higher or lower expenditure will impact on debt levels, the total rates requirement and the timing of the receipt of development contributions.</p> <p>Actual growth and changes to the makeup of the city's population will be monitored and any changes will be reflected in subsequent Annual and 10 Year Plans.</p> |

| 2018-28 10YP assumption | Risk | Level of uncertainty of assumption | Reasons and financial effect of uncertainty |
|---|---|------------------------------------|--|
| <p>2. City growth – nature, type and location</p> <p>The Strategies and Plans assume that during years 1–10, greenfields residential growth will continue at Aokautere, be centred on the Whakarongo area and make a start in the City West area. New industrial growth will be focused on the extended northeast area of the city and in Longburn.</p> <p>The types of residential development are assumed to remain constant throughout the next 30 years, based on a preference for greenfields development of 55%, infill development of 33%, and rural residential development of 12%. These percentages exclude the construction of apartments and housing units in retirement villages.</p> | Privately initiated development is approved in areas other than those planned for by the Council or earlier than anticipated. | Medium | <p>The Council's plans for longer-term residential growth rely heavily on final assessments of the appropriateness of the land for affordable development (especially in the City West area).</p> <p>The results of final assessments of residential growth options may require increased infrastructure investment by Council.</p> <p>If such development is approved, it may result in a need for increased infrastructural investment by the Council. This may lead to the Council needing to reprioritise other planned expenditure so that it can operate within its own prudential limits.</p> |
| <p>3. Worldwide economic position</p> <p>There will be no long-term significant economic or social threats such as increased unemployment, homelessness, lack of income or reduced personal wellbeing that adversely affects residents as a result of a worldwide economic crisis.</p> | That a worldwide economic crisis will be a significant threat to people in Palmerston North | Low | <p>The impact of a worldwide economic crisis is unknown. As a people-focused council, the impact and effects on residents of any downturn will be monitored.</p> <p>If necessary, the Council has the ability to modify its priorities through the Annual Plan process each year.</p> |
| <p>4. Social change</p> <p>There are no major changes in social structures, nor any large-scale social disruption.</p> | That there is a major change in social order that affects social stability in the city. | Low | Any major changes to social structures would be a national phenomenon and therefore central government would be the key level of government involved. |

| 2018-28 10YP assumption | Risk | Level of uncertainty of assumption | Reasons and financial effect of uncertainty |
|---|---|------------------------------------|--|
| <p>5. Climate change</p> <p>Any climate changes will not be significant during the 10 Year Plan period, but revised design approaches to cope with change, especially for stormwater, are incorporated in capital renewal and new programmes.</p> <p>Efforts will be made to reduce Palmerston North's greenhouse gas emissions by 25% over the next 10 years, in line with targets set by Council and central government.</p> | <p>That changes to climate will be more significant than assumed.</p> <p>That new levels of service and/or standards of living expectations will require a significant expansion in energy use and hence emissions.</p> <p>That the targets set will become more ambitious and enforced, as is intended under the COP21 Paris Accord signed by New Zealand.</p> | <p>Low</p> <p>Medium</p> | <p>Climate change is a long-term phenomenon but an important part of Council's asset management planning and in particular AMPs, which have a 30-year timeframe. The projected impacts of climate change are likely to become more noticeable towards the end of this period, particularly for water, stormwater and wastewater assets. The Ministry for the Environment predicts that Manawatū–Whanganui will become warmer and subject to more extreme events (such as heavy rainfall and droughts). Climate scientists estimate that by 2040 the average temperature in the region could be up to 0.90C warmer than in 1990 with 2% more rainfall and significant seasonal variability.</p> <p>Council monitors changing weather patterns and takes this into account in designing new and upgraded infrastructure.</p> <p>Work is required to better understand the greenhouse gas emissions profile of Palmerston North, and to better understand what actions are required to meet the set targets. Further, while new technologies such as LED lights and electric vehicles (EVs) create significant opportunities for greater energy efficiency and, therefore, cost and emission reductions, many emerging technologies are emission-intensive and will require significant offset if implemented widely. Palmerston North's emissions will also depend on future commodity prices, particularly for oil, and whether the current trend of falling EV and renewable energy prices continue.</p> |
| <p>6. Energy price change</p> <p>There will be no major social changes arising from increased energy prices. The cost to Council of energy price increases is built into the BERL forecasts of price level adjusters (refer to assumption 16).</p> | <p>That major increases in energy prices, especially for transport, have marked effects on people's living, work and recreation patterns.</p> | <p>Low</p> | <p>Changed living, work and recreation patterns could change the types and location of services that residents expect from Council. The Council monitors these expectations and provides appropriate services through its strategies</p> |

| 2018-28 10YP assumption | Risk | Level of uncertainty of assumption | Reasons and financial effect of uncertainty |
|---|---|------------------------------------|---|
| <p>7. Natural disasters and adverse weather events</p> <p>There will be no significant natural disasters such as storms, floods, earthquakes and volcanic eruptions that damage city infrastructure.</p> <p>There will be no adverse weather events that cause significant damage to the city's infrastructure, including parks.</p> | <p>That there will be a significant natural disaster or adverse weather event.</p> | <p>High</p> | <p>The Council currently contributes to the Local Authority Protection Programme (LAPP) and has the ability to source commercial infrastructure insurance if required. The LAPP fund was designed to cover 40% of the repair costs for certain damaged infrastructure. In certain circumstances, central government may fund the remainder of the costs, although this is subject to review by the Government. Roads and bridges are not covered by this programme, with the only relief available being from New Zealand Transport Agency, which funds some of these repair costs. In the event of a disaster, the Council has the flexibility to fund uninsured repair costs by re-prioritising its capital expenditure programme and utilising available lines of credit.</p> <p>If there is an adverse weather event, the Council will need to reprioritise its operating budgets to cope or, in the short-term, utilise established lines of credit.</p> |
| <p>8. Services provided by council</p> <p>Unless otherwise stated in the individual activity sections, service levels are generally assumed to remain the same. Increases to service levels are shown in the individual activity sections as operating and capital programmes. It has been assumed there will be no unexpected changes to legislation or other external factors that alter the nature of services provided by Council.</p> | <p>That there will be some unexpected change to legislation or other factors.</p> | <p>Medium</p> | <p>In the past, changes have usually taken time to be developed then passed into legislation. There continues to be debate about the structure of local government (for example, the possibility of larger regional groupings) and the possible centralisation of some resource management functions but these have not developed to specific proposals in this region.</p> <p>Other possibilities for change include the water and roading activities. If these are to be progressed, costs and benefits will be assessed and appropriate consultation undertaken, including an amended 10 Year Plan if necessary.</p> |
| <p>9. Continuity of external funding</p> <p>Unless otherwise stated in the individual activity sections, it is assumed that external funding sources will continue at present levels for the duration of the 10 Year Plan.</p> <p>It is also assumed that the Council will be able to borrow at the assumed levels.</p> | <p>That there is a material change to the way Council services are used or charged for that adversely impacts on revenue.</p> <p>That qualifying criteria or subsidy rates will be changed and/or the Council's access to borrowing becomes restricted.</p> | <p>Low</p> | <p>Any changes to the way Council services are charged for will be planned with consideration for the Revenue and Financing Policy and the impact on revenue. Use patterns are monitored and any change in use that impacts on revenue will be considered in subsequent Annual and 10 Year Plans. Lower external operating revenue would lead to an increased rates requirement.</p> <p>Qualifying criteria and subsidy ratios have traditionally been stable and there is no indication they are likely to be changed. If they are, Council will reassess its commitment to undertaking the projects concerned.</p> <p>The Council has strong relationships with the financial markets and access to the Local Government Funding Agency to raise cost-effective funding, and will manage its financial arrangements in a manner designed to protect its AA S&P Global credit rating.</p> |

| 2018-28 10YP assumption | Risk | Level of uncertainty of assumption | Reasons and financial effect of uncertainty |
|--|--|------------------------------------|--|
| <p>10. Sources of funds for future replacement of assets</p> <p>Adequate funding will be provided to replace assets as scheduled. The funding approach is detailed in the Revenue and Financing Policy.</p> | That a particular funding source is unavailable. | Low | As the Council operates a central treasury function, should one source of funding be unavailable for asset replacement, a further option would be available. |
| <p>11. NZTA subsidy</p> <p>The present New Zealand Transport Agency (NZTA) financial assistance rate for the Council is 51% of qualifying expenditure. NZTA subsidies have been assumed at this rate throughout the term of the Plan and for the 30 years of the Infrastructure Strategy. A conservative view has been taken about which programmes will meet the qualifying criteria for subsidy.</p> <p>Based on the changed emphasis of the new Government's policy statements on transport funding it has been assumed maintenance and renewal expenditure for footpaths will now qualify for NZTA subsidy.</p> | Changes in subsidy rate and variation in criteria for inclusion in subsidised works programmes. | Low | In the past, the Government has demonstrated a long-term commitment to funding roading infrastructure that meets the funding agency's benefit/cost ratios. However, in recent times NZTA has focused more of its funding on 'roads of national significance', meaning it has been more difficult to obtain funding for capital projects in other areas. The new Government's recent transport policy statements, with a greater emphasis on other modes of transport, will mean a change of focus for NZTA funding and more funding available to subsidise footpath maintenance and renewals. Over the 10 years of the Plan, it has been assumed that \$63 million of new capital programmes will attract NZTA funding of \$33.5 million. In the event this funding is not secured, the Council will review its priorities and may choose to delay projects until funding can be obtained. |
| <p>12. Airport shareholding and dividends</p> <p>A dividend of \$0.5 million will be received from Palmerston North Airport Ltd (PNAL) in 2018/19, increasing by \$50,000 per annum for the following three years and staying at that level for the remaining period of the 10 Year Plan.</p> <p>No additional share capital will be required by the company in the foreseeable future.</p> | <p>That the actual dividends may be lower than assumed.</p> <p>That the company requires additional capital.</p> | <p>Low</p> <p>Low</p> | <p>PNAL's ability to pay dividends depends on the company's net surplus each year. To maintain and grow its position in the market could involve the company in significant capital expenditure. Servicing the borrowings required could impact on the company's operating surpluses in the short to medium term. The financial effect of the uncertainty is unknown, but is not material for the Council. Based on the current financial projections of the company the dividend assumption is conservative.</p> <p>PNAL had a debt to equity ratio of 19:81 at 1 July 2017 and this is forecast to move to 21:79 over the next three years. The Council has the ability to consider business cases put forward by the company and to reorganise its priorities in future Annual and 10 Year Plans.</p> |

| 2018-28 10YP assumption | Risk | Level of uncertainty of assumption | Reasons and financial effect of uncertainty |
|---|--|------------------------------------|---|
| <p>13. Revaluation of property, plant and equipment assets</p> <p>Property, plant and equipment assets will be revalued using the following cycle:</p> <ul style="list-style-type: none"> • Leisure assets – years 1, 4, 7 and 10 • Roading and parking – years 2, 5 and 8 • Water and waste – years 2, 5 and 8 • Property – years 1, 4, 7 and 10 <p>The revaluations have been based on the Business and Economic Research Ltd (BERL) forecasts of price level change adjusters, and revaluation movements will be shown in the Statement of Comprehensive Revenue and Expense.</p> | <p>Actual revaluation results differ from those in the forecast.</p> | <p>Low</p> | <p>Where the actual inflation rate is different from what has been forecast, the actual revaluation will be different from the forecast. This would lead to depreciation being higher or lower than forecast, but as the Council does not fund depreciation, there will be no direct impact on ratepayers.</p> <p>Annual Plans will reflect the outcomes of actual revaluations, as will the new 10 Year Plan produced every three years.</p> |
| <p>14. Asset lives</p> <p>Useful lives of assets are as recorded in asset management plans or based on professional advice. These are summarised in the depreciation note within the accounting policies. The 30 Year Infrastructure Strategy also contains summarised information about the roading, water, wastewater, stormwater, recreation and built property assets.</p> | <p>That assets wear out or are decommissioned earlier than estimated.</p> | <p>Low</p> | <p>Asset life is based on estimates of engineers, valuers and asset managers.</p> <p>In the event that assets need to be replaced in advance of the assumption, depreciation and interest costs may increase. The extent of the increase will depend on the nature and value of the asset. The renewal programme is reviewed annually, and any changes to planned timing of renewals will be reflected in the Annual Plan, with adjustments to funding arrangements if required.</p> |
| <p>15. Depreciation</p> <p>Depreciation has been calculated on asset values at their latest revaluation date, and on additions at cost afterwards. It is assumed that:</p> <ul style="list-style-type: none"> • existing depreciation rates will continue • new assets' depreciation will be the result of their estimated lives and values • depreciation on new and renewal programmes will impact in the year following the capital programme. | <p>That more detailed analysis of planned capital works once complete may alter the depreciation expense.</p> <p>That asset lives may be extended due to new technology improving asset lives, or reduced due to assets being decommissioned sooner than originally assumed.</p> | <p>Low</p> | <p>Council has asset management planning and upgrade programmes in place. Asset capacity and condition is monitored, with replacement works planned according to standard asset management and professional practices. Actual depreciation is calculated according to normal accounting and asset management practices, which require depreciation to start once an asset is commissioned. However, the planning assumption is considered reasonable given the level of uncertainty about the likely timing of the commissioning of each asset. Also, from a funding perspective, the Council bases its funding decisions on the forecast average levels of renewals, so the forecast level of depreciation does not affect this.</p> |

| 2018-28 10YP assumption | Risk | Level of uncertainty of assumption | Reasons and financial effect of uncertainty | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|------------------------------------|--|----------------------|----------------------|----------|------|------|------|------|----------|------|------|------|------|----------|------|------|------|------|----------|------|------|------|------|----------|------|------|------|------|----------|------|------|------|------|----------|------|------|------|------|----------|------|------|------|------|----------|------|------|------|------|----------|------|------|------|------|---|------|------|------|------|--|------------|---|
| <p>16. Inflation Costs and revenues for 2018/19 have been predicted. Beyond this, inflation has been included in the 10 Year Plan using the BERL forecasts of price level change adjustors, issued in September 2017, as follows</p> <table border="1" data-bbox="202 386 860 906"> <thead> <tr> <th>Year ending</th> <th>Roading</th> <th>Planning & regulation</th> <th>Water & environment</th> <th>Community activities</th> </tr> </thead> <tbody> <tr><td>Jun 2019</td><td>2.0%</td><td>2.0%</td><td>2.3%</td><td>1.7%</td></tr> <tr><td>Jun 2020</td><td>2.2%</td><td>2.1%</td><td>2.5%</td><td>2.0%</td></tr> <tr><td>Jun 2021</td><td>2.2%</td><td>2.1%</td><td>2.3%</td><td>2.1%</td></tr> <tr><td>Jun 2022</td><td>2.3%</td><td>2.1%</td><td>2.4%</td><td>2.1%</td></tr> <tr><td>Jun 2023</td><td>2.4%</td><td>2.2%</td><td>2.4%</td><td>2.2%</td></tr> <tr><td>Jun 2024</td><td>2.4%</td><td>2.3%</td><td>2.5%</td><td>2.3%</td></tr> <tr><td>Jun 2025</td><td>2.5%</td><td>2.3%</td><td>2.6%</td><td>2.3%</td></tr> <tr><td>Jun 2026</td><td>2.6%</td><td>2.4%</td><td>2.6%</td><td>2.4%</td></tr> <tr><td>Jun 2027</td><td>2.7%</td><td>2.4%</td><td>2.7%</td><td>2.4%</td></tr> <tr><td>Jun 2028</td><td>2.8%</td><td>2.5%</td><td>2.8%</td><td>2.6%</td></tr> <tr><td>Remaining 20 years of Infrastructure Strategy</td><td>2.5%</td><td>2.3%</td><td>2.6%</td><td>2.3%</td></tr> </tbody> </table> | Year ending | Roading | Planning & regulation | Water & environment | Community activities | Jun 2019 | 2.0% | 2.0% | 2.3% | 1.7% | Jun 2020 | 2.2% | 2.1% | 2.5% | 2.0% | Jun 2021 | 2.2% | 2.1% | 2.3% | 2.1% | Jun 2022 | 2.3% | 2.1% | 2.4% | 2.1% | Jun 2023 | 2.4% | 2.2% | 2.4% | 2.2% | Jun 2024 | 2.4% | 2.3% | 2.5% | 2.3% | Jun 2025 | 2.5% | 2.3% | 2.6% | 2.3% | Jun 2026 | 2.6% | 2.4% | 2.6% | 2.4% | Jun 2027 | 2.7% | 2.4% | 2.7% | 2.4% | Jun 2028 | 2.8% | 2.5% | 2.8% | 2.6% | Remaining 20 years of Infrastructure Strategy | 2.5% | 2.3% | 2.6% | 2.3% | <p>That actual inflation differs from what has been predicted and that decisions are made based on predicted inflation levels.</p> | <p>Low</p> | <p>Where the actual inflation rate is different from what has been forecast, the cost of projects and expenditure will be different from the forecast. In the two years following the adoption of the 10 Year Plan, this will be addressed through the Annual Plan process, and in the third year a new 10 Year Plan is produced.</p> |
| Year ending | Roading | Planning & regulation | Water & environment | Community activities | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jun 2019 | 2.0% | 2.0% | 2.3% | 1.7% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jun 2020 | 2.2% | 2.1% | 2.5% | 2.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jun 2021 | 2.2% | 2.1% | 2.3% | 2.1% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jun 2022 | 2.3% | 2.1% | 2.4% | 2.1% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jun 2023 | 2.4% | 2.2% | 2.4% | 2.2% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jun 2024 | 2.4% | 2.3% | 2.5% | 2.3% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jun 2025 | 2.5% | 2.3% | 2.6% | 2.3% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jun 2026 | 2.6% | 2.4% | 2.6% | 2.4% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jun 2027 | 2.7% | 2.4% | 2.7% | 2.4% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jun 2028 | 2.8% | 2.5% | 2.8% | 2.6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Remaining 20 years of Infrastructure Strategy | 2.5% | 2.3% | 2.6% | 2.3% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>17. Interest rates for Borrowings The interest rate on term debt is calculated at 5.7%. To allow for anticipated timing of capital expenditure, interest expenditure is provided for on only 50% of forecast new loan amounts in the year of the capital expenditure, but on the full amount in each year thereafter.</p> | <p>That the interest rate will differ from what has been used in the calculations.</p> | <p>Low</p> | <p>This will be managed through the Treasury (incorporating Liability Management and Investment) Policy. The Council has hedging strategies to protect against upward movement in interest rates. It currently has an AA S&P Global credit rating and utilises the Local Government Funding Agency – both arrangements mean the Council has access to markets at prime rates. If the average cost of borrowing increased by 0.5% the interest expense for each year of the 10 Year Plan would increase as follows:</p> <ul style="list-style-type: none"> 2018/19 \$0.63 million 2019/20 \$0.82 million 2020/21 \$1.01 million 2021/22 \$1.16 million 2022/23 \$1.26 million 2023/24 \$1.30 million 2024/25 \$1.35 million 2025/26 \$1.48 million 2026/27 \$1.62 million 2027/28 \$1.77 million <p>There would be an equivalent reduction in each year if the average cost of borrowing was 0.5% lower than assumed.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| 2018-28 10YP assumption | Risk | Level of uncertainty of assumption | Reasons and financial effect of uncertainty |
|--|---|------------------------------------|---|
| <p>18. Resource consents (especially wastewater discharge)</p> <p>Conditions of resource consents held by the Council will not be altered significantly, except for the discharge consent for the wastewater plant. In this case, it has been assumed that the new consent will require the Council to invest significantly to upgrade the plant with consequential ongoing operating cost impacts.</p> | <p>That resource consent conditions are altered in a way that is different from what was assumed.</p> | <p>High</p> | <p>Council's most significant resource consent is for the discharge from the main wastewater treatment plant to the Manawātū River, which is due to expire in 2028. A condition of the consent is that the Council will complete a best practicable option review for its wastewater treatment and disposal by June 2021 and lodge a complete consent application by June 2022.</p> <p>Financial provision of at least \$0.7 million has been made in each year until 2023/24 to undertake investigations and manage the consent application process relating to this project.</p> <p>The range of potential operating and capital costs is unknown at this stage and will not be known until completion of the best practicable option investigation review and the granting of the consent.</p> <p>The Council does not wish to prejudge which option might be chosen (or imposed through the regulatory process), but is required to make adequate financial provision for whatever the final outcome is. A number of factors will influence the final outcome, and it is likely that national and regional policy for water quality will change before a final decision is made. It is assumed that whatever option is chosen, it will have a significant impact on the Council's debt levels and rates requirements. For the purpose of the 10 Year Plan, it has been assumed that a solution will be provided with a capital outlay of \$110 million (plus inflation) and that the expenditure will be incurred between 2023 and 2028. This is based on significantly improving the treatment of wastewater and continuing to discharge the treated water into the river. It is simply a budget provision as it is not known what other options might cost. It is also not signaling a preferred option, as this will be determined in consultation with the community once options are known. Options could include disposal to land or the ocean and could cost between \$250 and \$300 million. In addition, it has been assumed there will be additional operating costs of \$4 million per annum from 2028 on top of the debt servicing and repayment costs.</p> <p>The Council has been conscious of the potential scale and financial impact of this project and has considered this when programming its other likely commitments. If the final option chosen costs more than has been assumed, the Council may need to review its debt and rates policy limits and priorities for other projects in later years of the Plan.</p> |

| 2018-28 10YP assumption | Risk | Level of uncertainty of assumption | Reasons and financial effect of uncertainty |
|--|--|------------------------------------|---|
| <p>19. Turitea Windfarm</p> <p>Any revenue received from Mercury (previously called Mighty River Power) resulting from a contract relating to the lease of land in the Council's Turitea water reserve will be used for the purposes outlined in the Reserves Act 1977. Any expenditure proposals to utilise the revenue will be the subject of a specific resolution of the Council. The proposed lease enables Mercury to operate a windfarm from the site, provided it is successful in obtaining the necessary resource consents. No revenue has been included in the 10 Year Plan and no expenditure programmes utilising this revenue have been included.</p> | <p>That Mercury will determine the constraints imposed on the consent make a windfarm unviable.</p> | <p>Low</p> | <p>In September 2011, Mercury obtained a resource consent (subject to conditions). Mercury has a 10-year lapse period to give effect to the consent. As there is a high level of uncertainty about Mercury's future plans, the Council has taken a conservative approach and not included any lease income in the 10 Year Plan. Due to the restrictions on the use of any lease revenue, the revenue, if received, will have only minimal impact on the Council's day-to-day operations. Proposals for utilising the revenue will be separately considered by the Council if the revenue source becomes more certain.</p> |
| <p>20. Weathertight (leaky) homes claims</p> <p>The Council will continue to receive claims relating to leaky homes and that it will be required to pay contributions toward settlement.</p> <p>Any uninsured claims that are paid will be charged against the balance of the previously funded provision.</p> | <p>That the number of claims and/or the level of settlement per claim is significantly higher than the levels assumed.</p> | <p>Low</p> | <p>The Council's exposure to new claims is uninsured.</p> <p>For several years, the Council funded a provision for future claims. The balance of this provision is expected to be approximately \$0.8 million at 1 July 2018 and to be adequate to cope with claims in the foreseeable future. If the Council is faced with paying more than remains in the provision in any particular year, it will determine at the time whether it has the financial capacity to fund from operations or whether short-term borrowing will be required. The appropriateness of the level of expenditure assumed will be reviewed in each year's Annual Plan.</p> |
| <p>21. Insurance</p> <p>The Council will continue to be able to obtain adequate insurance cover for its infrastructure and property assets at terms and cost that are affordable.</p> | <p>That the terms of insurance cover available become unreasonably restrictive and/or the premium cost is significantly higher than assumed.</p> | <p>Low</p> | <p>The significant earthquakes in New Zealand in the last decade have impacted on the terms and cost of insurance cover. The market had recently largely stabilised following the impact of the Canterbury earthquakes, but the more recent Kaikoura and Wellington claims have had an adverse impact on reinsurance costs, and therefore premiums.</p> <p>To date, the Council has retained its membership of the Local Authority Protection Programme, but each year it assesses other market options for underground infrastructure insurance.</p> <p>Significant increases to fire service levies were made from 1 July 2017 to fund the new Fire and Emergency New Zealand. Although further increases to levies are not anticipated, a change to the basis of calculation is expected from 1 July 2019.</p> |

| 2018-28 10YP assumption | Risk | Level of uncertainty of assumption | Reasons and financial effect of uncertainty |
|--|---|------------------------------------|---|
| <p>22. Earthquake-prone buildings</p> <p>The Council will need to incur significant expenditure to address any shortcomings in the standard of its buildings in relation to earthquakes.</p> <p>The Council will upgrade each of its buildings to a minimum of 34% of the New Build Standard (NBS) and that this will be done progressively over a 10-year period.</p> | <p>That when the upgrade work starts, the actual cost will be significantly more than is currently contemplated.</p> | <p>Medium</p> | <p>Council's properties have been assessed, beginning with those that are the most significant (in terms of size and public exposure) and those considered to be the most likely to be at risk.</p> <p>Preliminary assessments have been made of the forecast cost of upgrading the buildings to meet a minimum of 34% of the NBS.</p> <p>Given what is known about the buildings at this stage, a proposed programme of works has been prepared to progressively upgrade the buildings over a 10-year period. As more information becomes available, the Council will reassess budget priorities.</p> <p>At all times the Council will have regard for the safety of occupiers and public users of the properties.</p> |
| <p>23. An additional road crossing of the Manawatū River</p> <p>Business case planning will be undertaken in conjunction with NZTA to determine the location of and justification for a downstream bridge forming part of the strategic regional roading network.</p> <p>The Council will not be required to provide any capital funding during the 10-year period.</p> | <p>That regional economic growth may be hindered by the lack of a bridge.</p> <p>That there will be pressure from stakeholders to advance provision of the bridge and for the Council to be required to make some financial contribution.</p> | <p>Medium</p> | <p>In March 2018 NZTA announced its preferred option to replace the state highway through the Manawatū Gorge, arising from technical and economic investigations. Alongside this, NZTA also committed to advancing investigations for a Rural Freight Ring Road around Palmerston North, including a second bridge across the Manawatū River, which from the earlier Gorge assessments showed would be the type of investment to unlock regional economic development opportunities.</p> <p>Accordingly NZTA will undertake a detailed business case, with regional stakeholders including the Council, to scope a programme of integrated transport improvements targeted for completion at the same time of the replacement route for the Manawatū Gorge. This will embrace earlier uncompleted planning investigations into the north-eastern leg of the Rural Freight Ring Road along Kairanga – Bunnythorpe Road and Ashhurst – Bunnythorpe Road, plus a review of the state highway network in and around Palmerston North.</p> <p>The findings of the business case are expected to be known by early – mid 2019 and will establish the extent of funding required for these transport improvements from NZTA, the Council and / or other parties.</p> |
| <p>24. Legal expenses</p> <p>The Council will not be required to incur significantly more legal expenses than has been the case in recent years.</p> | <p>That the Council needs to incur more legal expenses than assumed.</p> | <p>Low</p> | <p>The nature of Council's activities (especially in the resource management and regulatory areas) means legal expenses are often incurred to develop and/or defend Council's position. The actual position will be monitored and, if necessary, changes made to operating budgets to cope.</p> |

| 2018-28 10YP assumption | Risk | Level of uncertainty of assumption | Reasons and financial effect of uncertainty |
|---|---|------------------------------------|--|
| <p>25. Delivery of services reviews</p> <p>The service reviews required under section 17A LGA 2002 will not lead to major changes to the governance, funding and delivery of Council's infrastructure or services.</p> | <p>That following the reviews, the Council may decide to change certain current service delivery arrangements.</p> | <p>Low</p> | <p>Changes would be proposed only if they were expected to produce a more effective and efficient outcome for citizens and ratepayers. If a change is proposed, the Council will be able to decide on any transitional arrangements to be made. The nature and extent of any public consultation undertaken will be assessed against the Council's Significance and Engagement Policy.</p> |
| <p>26. Residential subdivision</p> <p>The Council will progressively develop and sell 9.63ha of its land in the Whakarongo growth residential zone and that the subdivision will provide a net return of more than \$10 million during the 10-year period.</p> | <p>That development costs are higher than assumed (with additional requirements identified through detailed design or higher contracting costs).</p> <p>That the variability of the housing market will impact on the sale price and period</p> | <p>High</p> | <p>At this stage, the assessment is based on a concept design and preliminary estimates only. These may be subject to revision during detailed design. The Council has yet to determine which layout option it prefers and the specific nature of the proposed development. There is always a relatively high level of risk in greenfields subdivision. As the project is staged over a number of years, the Council has the ability to revise the proposed timing of construction if sales are not as high as assumed.</p> |
| <p>27. Drinking water standards</p> <p>The Council has made adequate financial provision to accommodate any changes that may be made as a result of the latest review of the NZ Drinking Water Standards.</p> | <p>That the expected changes to the standards will impose requirements that are more expensive and/or needed sooner than provided for.</p> | <p>Medium</p> | <p>The city's water supply is fully chlorinated. Provision has been made in the 10 Year Plan for programmes to add an additional layer of barrier protection (UV treatment) to its water treatment to maintain compliance with the standards. It may be necessary to add storage to the city's bore sites so that free available chlorine contact time can be provided to the water from the bores.</p> <p>The provisions will be reviewed when the updated standards are known, and the Council will be able to reassess the timing and/or scope of the work required when preparing future Annual and 10 Year Plans.</p> |
| <p>28. Te Manawa upgrade</p> <p>The Te Manawa Museums Trust's proposal to redevelop the facilities will be undertaken at a cost of \$69 million (\$58 million plus inflation) with a maximum Council contribution of \$17.9 million (\$15 million plus inflation).</p> | <p>That the project is unable to be delivered in the form expected for \$69 million or less.</p> <p>That the Trust is unable to raise the external funding assumed.</p> | <p>High</p> | <p>The proposal to upgrade the facilities is being driven by the Trust which is confident it will be able to raise the external funding required.</p> <p>In the event this does not happen there are several options available including scaling down the project or delaying the timing. The project will not be committed until funding is secured.</p> <p>The Council will review its assumptions when preparing future Annual and 10 Year Plans.</p> |

Statement of accounting policies

Reporting entity

Palmerston North City Council (the Council) is a territorial local authority governed by the Local Government Act 2002 and is domiciled and operates in New Zealand.

The financial statements in the 10 Year Plan are those of the Council as a separate legal entity and not of the Council group.

The Council provides local infrastructure, regulatory services and local public services to the community and does not operate to make a financial return. Accordingly, the Council has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The prospective financial statements of the Council are for the years ended 30 June 2019 to 30 June 2028. The Council does not intend to update the prospective financial statements subsequent to presentation.

Basis of preparation

Statement of compliance

The financial statements of the Council 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 (NZGAAP).

These financial statements have been prepared in accordance with NZGAAP. They comply with PBE FRS 42, NZ Public Benefit Entity Standards, other applicable financial reporting standards, as appropriate for public benefit entities, 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.

Standards issued that are not yet effective and have not been early adopted

There are no standards, amendments, and interpretations, issued but not yet effective that have not been early adopted, and which are relevant to the Council.

Significant accounting policies

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, the Council 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 income 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 the Council.

Rates revenue

The following policies for rates are applied:

- General rates, targeted rates (excluding metered water), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from metered water rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rates 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

The Council receives government subsidies from the New Zealand Transport Agency, which subsidises part of the Council'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 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 the Council 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 the Council 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 income 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 the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council'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 income or directly in equity.

Leases**Finance leases**

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the start of the lease term, the Council recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Financial assets

Financial assets and liabilities are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade- date, the date on which the Council 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 the Council has transferred substantially all the risks and rewards of ownership.

The Council classifies its financial assets into the following categories:

- fair value through surplus or deficit
- loans and receivables
- held-to-maturity investments
- fair value through other comprehensive revenue and expense.

The classification depends on the purpose for which the investment 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 (the Council does not apply hedge accounting).

Assets in this category are classified as current assets unless settlement is beyond 12 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. The Council'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 the Council 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 the Council 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 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. The Council's financial assets at fair value through other comprehensive revenue and expense include:

- investments, the Council intends to hold long term but which may be realised before maturity (that is, unlisted shares held in Civic Financial Services Ltd)
- shareholdings the Council holds for strategic purposes.

The Council's investments in its subsidiary companies are not included in this category as they are held at cost (as allowed by PBE IPSAS 6 Consolidated and Separate Financial Statements and PBE IPSAS 7 Investments in Associates) 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. The Council uses a variety of methods and makes assumptions 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, the Council 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 the Council 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 the Council 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 - including land, buildings, recreation and community facilities, landfill post-closure, library books, heritage and art collections, plant and equipment, and motor vehicles.

Restricted assets – Council-owned parks and reserves that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets - the fixed utility systems owned by the Council, including roading and parking, water, wastewater and stormwater networks, and waste management. Each asset class includes all items that are required for the network to function, such as, reticulation piping and sewer pump stations for wastewater reticulation.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Revaluation

The following plant, property 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
- parks, building property, recreation, sportsfields and community facilities.

All other asset classes are carried at depreciated historical cost.

The Council assesses the carrying values of its revalued assets annually to ensure they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

The Council 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, the Council is not revaluing this land and will carry this at deemed cost. Under the previous NZ IFRS, the Council 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 the Council 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 the Council 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 proper ties, biological assets and heritage assets are not depreciated.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

| OPERATING ASSETS | YEARS |
|--------------------------------|--------------|
| Buildings | 50-100 |
| Building fitout | 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 |
| Car parks | |
| Car parking 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 | 15-25 |
| Pumping stations | 15-100 |
| Dams | 15-1000 |
| Reservoirs | 100 |

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

Intangible assets**Goodwill**

Goodwill on acquisition of subsidiaries is included in Intangible Assets

Separately recognised goodwill is tested for impairment annually and carried at cost less accumulated impairment losses. An impairment loss recognised for goodwill is not reversed in any subsequent period.

Goodwill is allocated to cash-generating units for the purposes of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by the Council 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.

Car park leases

Acquired carpark leases are capitalised on the basis of the costs incurred to acquire and bring to use the specific car parks.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated 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 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 assets 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 comprehensive revenue and expense, and increases the 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 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 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 for 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.

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, the Council 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 the Council 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, retiring and long service leave entitlements expected to be settled within 12 months, time in lieu and sick leave.

The Council 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 the Council 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
- 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 - the Council 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, because 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.

Provisions

The Council 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 requires the Council to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received a provision is recognised based on the probability the Council 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, but if the Council 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 their fair value net of 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 the Council 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 the Council and 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 the Council.

Special reserves and funds are those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council 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.

Asset revaluation reserves

Asset revaluation reserves relate 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.

Cost allocation

The Council has derived the cost of service for each significant Council activity using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs which 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 the Council 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 or the Council's financial performance are disclosed on pages 237-248 under Significant Forecasting Assumptions.

Reporting format

These financial statements incorporate applicable amendments to legislation governing financial reporting requirements. The effect of these is that any required additional or amended disclosure has also required restatement of 2018 comparative information from what was previously reported.

Rating system, rates and Funding Impact Statements

1. Introduction

Rating incidence is governed by the Council's Revenue and Financing Policy and its Rating Policies. This section outlines details of the present rating system used by the Council. It also incorporates the Funding Impact Statements in the form prescribed by the Local Government (Financial Reporting and Prudence) Regulations 2014.

At various points within this section a level of rate or charge is outlined. These are indicative figures provided to give ratepayers an estimate of what their level of rates is likely to be in the forthcoming year. They are not necessarily the actual figures as these will not be known until the Council's rating information database is finalised. Rates figures in this section are GST-inclusive unless otherwise specified.

2. Rating objectives

These are the Council's rating objectives:

- to encourage growth and confidence in the city by operating a stable, easily understood method of setting rates
- to set rates in a manner that is fair and equitable as between various ratepayers and classes of ratepayer, and consistent with Council's planning objectives
- to ensure that all citizens contribute to the cost of providing city services by charging on a user-pays basis where practicable
- to foster the sense of a single community by operating a common system throughout the city.

3. Components of the present rating system - a summary

The Council's rating system, designed to meet these objectives, is utilised to fund the net cost of operations and programmes outlined in the 10 Year Plan and Annual Plan. It comprises the following components:

A common system applies throughout the city.

Targeted rates, in the form of fixed amounts (as proxy user charges) are made to cover the costs of services that are identifiable by property (water supply, wastewater disposal, and rubbish and recycling). In addition, significant non-residential and some rural users of water are metered and some non-residential wastewater users are charged on the basis of the number of pans.

A Uniform Annual General Charge (UAGC) is applied as a fixed amount to every rating unit within the city. It is used as a mechanism to ensure each rating unit contributes a minimum amount of the general rate and also to moderate rates on high land-value properties.

A General Rate, based on the land value, is applied to each rating unit, with different rates (differentials) applying to each property category.

The categories in the Council's differential rating scheme reflect differing property use and can be broadly grouped as follows:

- Single-unit residential
- Multi-unit residential
- Non-residential
- Rural and semi-serviced
- Miscellaneous.

Differential surcharges (that is, a higher rate in the dollar) are applied to multi-unit residential and non-residential properties, while lower rates are applied to single unit residential and rural/semi-serviced properties. No surcharge is applied to miscellaneous properties.

4. Examples of proposed rates for 2018/19

Examples of proposed rates for 2018/19 are shown in the following table:

| | Land value | Rates 2017/18 | Rates 2018/19 |
|--|------------|---------------|---------------|
| Single unit residential | | | |
| Average | 147,000 | 2,433 | 2,541 |
| Median | 128,000 | 2,292 | 2,393 |
| Quartile 1 | 101,000 | 2,090 | 2,183 |
| Quartile 3 | 175,000 | 2,642 | 2,759 |
| Two unit residential | | | |
| Average | 160,000 | 3,867 | 4,008 |
| Median | 139,000 | 3,627 | 3,759 |
| Quartile 1 | 113,000 | 3,331 | 3,449 |
| Quartile 3 | 185,000 | 4,152 | 4,306 |
| Non-residential | | | |
| Average | 574,000 | 14,559 | 15,249 |
| Median | 315,000 | 8,412 | 8,826 |
| Quartile 1 | 180,000 | 5,208 | 5,479 |
| Quartile 3 | 640,000 | 16,125 | 16,886 |
| Rural & semi-serviced (5ha or more) | | | |
| Average | 643,000 | 1,606 | 1,716 |
| Median | 350,000 | 1,188 | 1,280 |
| Quartile 1 | 235,000 | 1,025 | 1,109 |
| Quartile 3 | 680,000 | 1,658 | 1,771 |
| Rural & semi-serviced (between 0.2 and 5ha) | | | |
| Average | 224,000 | 1,455 | 1,559 |
| Median | 220,000 | 1,442 | 1,545 |
| Quartile 1 | 180,000 | 1,305 | 1,402 |
| Quartile 3 | 260,000 | 1,578 | 1,687 |
| Miscellaneous | | | |
| Average | 395,000 | 4,440 | 4,677 |
| Median | 235,000 | 2,921 | 3,090 |
| Quartile 1 | 113,000 | 1,763 | 1,880 |
| Quartile 3 | 475,000 | 5,199 | 5,471 |

The three-yearly revaluation of the city for rating purposes was undertaken in 2015 and those valuations are the base for general rates set in 2018/19.

The examples should be read with regard for the following assumptions:

- the Council's total rates revenue will increase by 5.3%
- the Uniform Annual General Charge will be \$690 per rating unit (\$630 in 2017/18)
- targeted rates in the form of fixed amounts will be applied for water supply (\$256); wastewater disposal (\$256); kerbside recycling (\$126); rubbish and public recycling (\$69) (\$273, \$246, \$128 and \$60 respectively in 2017/18)
- a targeted rate for wastewater disposal will be set on non-residential properties on the basis of the number of pans, in excess of three, on the rating unit. The charge per pan will be \$256 compared with \$246 per pan in 2017/18
- the examples shown for non-residential, miscellaneous and rural/semi-serviced properties do not include the charges (either fixed or metered) for water, wastewater or kerbside recycling because these vary from property to property but they do include the rubbish and public recycling rate.

5. Components of the rating system – more detail

5.1 General rate

The Council proposes to set a general rate based on the land value of each rating unit in the city.

The general rate will be set on a differential basis based on land use (see description below), with the differential factors as shown in the following table:

| Differential group | | Differential factor (expressed as % of Group Code MS) | Rate (cents in \$ of LV) |
|--------------------|--|---|--------------------------|
| Code | Brief description | | |
| R1 | Single-unit residential | Balance (approx. 78%) | 0.7782 |
| R2 | Two-unit residential | 120 | 1.1903 |
| R3 | Three-unit residential | 130 | 1.2895 |
| R4 | Four-unit residential | 140 | 1.3887 |
| R5 | Five-unit residential | 150 | 1.4879 |
| R6 | Six-unit residential | 160 | 1.5870 |
| R7 | Seven-unit residential | 170 | 1.6862 |
| R8 | Eight- or more unit residential | 180 | 1.7854 |
| MS | Miscellaneous | 100 | 0.9919 |
| CI | Non-residential (commercial/industrial) | 250 | 2.4798 |
| FL | Rural/semi-serviced (5 ha or more) | 15 | 0.1488 |
| FS | Rural/Semi-serviced (0.2 ha or less) | 51 | 0.5059 |
| FM | Rural/Semi-serviced (between 0.2 & 5 ha) | 36 | 0.3571 |

5.2 Uniform annual general charge

The Council proposes to set a uniform annual general charge of \$690 (\$630 for 2017/18) on each rating unit.

5.3 Targeted rates

For the purposes of the targeted rates proposed below the term 'residential' is defined as "having a predominant or exclusive residential use and on which one or more residential units is erected."

For the purposes of the targeted rates proposed below, a 'separately used or inhabited part (SUIP) of a rating unit' is defined as:

"Any part of the rating unit that is, or is able to be, separately used or inhabited by the ratepayer, or any other person who has the right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement.

This definition includes separately used parts, whether or not actually occupied at any particular time, which are provided by the owner for rental (or other form of occupation) on an occasional or long term basis by someone other than the owner.

For the purposes of the definition, vacant land and vacant premises offered or intended for use or habitation by a person other than the owner and usually used as such are defined as 'used'.

For the avoidance of doubt, a rating unit that has a single use or occupation is treated as having one SUIP.

For a residential property a SUIP will have a separate entrance, kitchen facilities (including sink or cooking facilities), living facilities and toilet/bathroom facilities.

By way of example the following would be considered to have separately used or inhabited parts of a rating unit:

- A single dwelling with flat attached
- Two or more houses, flats or apartments on one certificate of title."

The Council does not have a lump sum contribution policy and lump sum contributions will not be invited for any targeted rate.

5.3.1 Water supply

The Council proposes to set targeted rates for water supply. For residential rating units it shall be on the basis of a fixed amount per separately used or inhabited part, and for all other properties a fixed amount per rating unit. The charge will be set on a differential basis based on the availability of the service (either 'connected' or 'serviceable'). Connected means the rating unit is connected to a Council-operated waterworks while serviceable means the rating unit is not connected to a Council-operated waterworks but is within 100m of such waterworks and Council would allow a connection. The serviceable rate will be 50% of the connected rate.

Rating units that are not connected to the scheme, and are not serviceable will not be liable for this rate. The estimated rates for the 2018/19 year are:

Connected: \$256

Serviceable: \$128

There are situations where the Council will require water to be supplied on a metered basis. Where this occurs, the Council proposes instead of the above to set metered water targeted rates that comprise a fixed amount (estimated at \$212.75 per metered connection) and a variable amount (estimated at \$1.1845 per cubic metre) based on the volume of water supplied.

5.3.2 Wastewater disposal

The Council proposes to set a targeted rate for wastewater disposal. For residential rating units, it shall be set on the basis of a fixed charge per separately used or inhabited part, and for all other properties a fixed charge per rating unit. The charge will be set on a differential basis based on the availability of the service (either 'connected' or 'serviceable'). Connected means the rating unit is connected to a public

wastewater drain, while serviceable means the rating unit is not connected to a public wastewater drain but is within 30m of such a drain, and Council would allow a connection. The serviceable rate will be 50% of the connected rate.

Rating units that are not connected to the scheme, and which are not serviceable will not be liable for this rate.

The estimated rates for the 2018/19 year are:

| | |
|--------------|-------|
| Connected: | \$256 |
| Serviceable: | \$128 |

In addition, for the 2018/19 year the Council proposes to set a targeted rate for connected non-residential rating units of \$256 per pan (water closet or urinal) for each pan in excess of three.

5.3.3 Rubbish and recycling

5.3.3.1 Kerbside recycling

The Council proposes to set a targeted rate for kerbside recycling on the basis of:

- a fixed amount per separately used or inhabited part of a rating unit for residential properties receiving the Council's kerbside collection service
- a fixed amount per rating unit for non-residential and rural/semi-serviced properties receiving the Council's kerbside collection service

Where ratepayers elect, and the Council agrees, additional levels of service may be provided. These additional services could be providing more recycling bins or more frequent service. Each additional level of service will be charged at a rate of \$126. This may include charges to non-rateable rating units where the service is provided. Rating units for which the Council is not prepared to provide the service will not be liable for these rates.

The estimated rates for the 2018/19 year are:

Kerbside recycling \$126

5.3.3.2 Rubbish and public recycling

The Council proposes to set a targeted rate for rubbish and public recycling on the basis of a fixed amount per separately used or inhabited part of each residential rating unit and a fixed amount per rating unit for all other rating units. Rating units that are vacant land will not be liable for these rates.

The estimated rates for the 2018/19 year are:

| | |
|------------------------------|------|
| Rubbish and public recycling | \$69 |
|------------------------------|------|

5.3.4 Warm Palmerston North

The Council proposes to set a targeted rate on properties that have benefited from the installation of insulation through the Warm Up Palmy Home Insulation Scheme. The rate is calculated as a percentage of the service amount (the cost of the installation) until the service amount and costs of servicing the service amount are recovered. For 2018/19 the rate is proposed to be 16%.

5.4 Differential matters and categories

5.4.1 Objectives of differentials for general rate

The Council believes that a uniform general rate based on land value would not produce a fair and equitable allocation of rates. For this reason, it operates a system of differentials based on land use. Descriptions of the land use categories are shown in 5.4.2.

The Council describes the relationship between the rates charged to each group in terms of a factor expressed as a percentage of the rate that would apply if there were no differential rating in place – that is, the group described as Miscellaneous (MS). Each year, the Council reviews the differential factors applied to each land use category. The factors proposed for 2018/19 are outlined in 5.1 and remain unchanged from 2017/18 except those for multi-storey buildings where it is proposed they will no longer be

charged a surcharge higher than for other non-residential property.

The factors have been developed to address the following matters:

- rating units containing more than one residential unit will place an increasing demand on Council services as the number of units increase
- the land value for non-residential property is often driven by different influences from the land value for residential or rural land and therefore is not directly comparable as a rating base
- the Council's Revenue and Financing Policy identifies a number of activities where it believes non-residential users gain a greater benefit than other users and should bear a greater share of the cost
- for large rural rating units a pure land value system would produce rates charges that would be unsustainable
- rural and semi-serviced rating units generally have limited or, in some cases, no access to some Council activities funded through the general rate

5.4.2 Differentials based on land use

The Council proposes to differentiate the general rate primarily on the basis of land use. Properties with more than one use will be placed in a category that the Council considers reflects the primary use.

The Council will consider partitioning the property into parts and allocate each part to the most appropriate category in situations such as the following:

- where there are discreet parts of the property used for different purposes such as a retail shop and a residence
- for manager's residences associated with motel complexes
- where part of the property is used for not-for-profit or other community purposes and the remainder is used for other purposes

- where the property is not serviced and is used for commercial, industrial or business purposes but a significant part is used for farming or horticultural purposes
- where a property has a rural zoning but is serviced and has one or more residential units then the first 2ha will be classified as group code R1 and the balance as FM or FL depending on its size.
- where a property that is greater than 5ha (and residential use is a permitted activity under the city's District Plan) becomes serviced the first 5ha (or the area of the actual sub-divisional development if larger than this) will be categorised in group code R1 and the remainder will continue to be treated as not serviced for rating purposes
- where a property that is less than 5ha becomes serviced and features of the land or District Plan requirements impede subdivision the part that reflects the extent of the impediment will continue to be treated as not serviced for rating purposes

Note that, subject to the rights of objection to the rating information database set out in sections 29 and 39 of the Local Government (Rating) Act 2002, the Council is the sole determiner of the categories.

In the context of the general rate, 'serviced' means the property is either connected or serviceable for wastewater disposal. Connected means the rating unit is connected to a public wastewater drain, while serviceable means the rating unit is not connected to a public wastewater drain but is within 30m of such a drain, and Council would allow a connection.

The following differential categories will be used:

Single-unit residential (R1)

Every serviced rating unit not otherwise classified:

- having a predominant or exclusive residential use (excluding home occupations) and on which is erected one residential unit; or
- being vacant property where residential use is a permitted activity under the city's District Plan.

Multi-unit residential (R2 - R8)

Every serviced rating unit not otherwise classified on which is erected:

- two residential units (R2); or
- three residential units (R3); or
- four residential units (R4); or
- five residential units (R5); or
- six residential units (R6); or
- seven residential units (R7); or
- eight or more residential units (R8).

In determining what is a residential unit, the Council will apply the same criteria as defined for a SUIP, as shown in 5.3.

Miscellaneous (MS)

Every rating unit not otherwise classified of the following types:

- property used primarily for not-for-profit or other community purposes, excluding retail shops
- property owned by the Council that is used by it for parking that is available for public use
- property where the ratepayer conducts or permits to be conducted a business (a Home Occupation, as defined in the city's District Plan), which would otherwise qualify for inclusion in group code R1
- vacant serviced property where non-residential use is a permitted activity under the city's District Plan
- property that is not serviced and would otherwise qualify for inclusion in group code FL, FS or FM but

is used for predominantly commercial, industrial or business purposes (excluding farming and horticulture).

- Property not specifically categorised in any of the other group codes.

Non-residential (CI)

Every serviced rating unit, not otherwise classified, used for commercial, industrial or business purposes including licensed hotel, serviced apartments or residential institution including a guesthouse, rooming house, boarding house, private hotel, motel, residential club or hostel.

Rural and semi-serviced (FL, FS and FM)

FL – Every rating unit not otherwise classified that is not serviced and has either

- an area of 5ha or more; or
- an area less than 5ha but on which there is no residential dwelling or non-residential improvements.

When the rating unit becomes serviced, as defined above (and provided it is zoned to permit subdivision), the property will be reclassified to the higher rated differential category in the immediately following year.

FS – Every rating unit not otherwise classified that is not serviced and has an area of 0.2ha or less and on which there is a residential dwelling.

FM – Every rating unit not otherwise classified that is not serviced and has an area greater than 0.2ha and less than 5ha and on which there is either residential dwellings or non-residential improvements.

6. Early payment of rates

Sections 55 and 56 of the Local Government (Rating) Act 2002 empowers councils to accept early payment of rates.

The Council will accept any payment of rates for either the current or future years in advance of the due date.

7. Rates payable by instalment and due dates

The Council provides for rates to be paid in four equal instalments. For the 2018/19 year the due dates (that is, final dates for payment without incurring penalty charges) will be:

| | |
|---------------|------------------|
| Instalment 1: | 31 August 2018 |
| Instalment 2: | 30 November 2018 |
| Instalment 3: | 28 February 2019 |
| Instalment 4: | 31 May 2019 |

Ratepayers may elect to pay on a more regular basis if they choose. They may also elect to pay the full year's rates in one lump sum prior to the due date for instalment 2 without incurring penalty charges on instalment 1.

Rates may be paid using any one of a number of payment methods acceptable to the Council, including direct debit, cheque by mail, cheque or cash or Eftpos at Council's office, direct credit and other bank transfer methods. Payment by credit card can be made using the Internet, subject to the payment of a fee to cover costs.

The due date for metered water targeted rates will be the 20th of the month following the invoice date as follows:

| Monthly Invoicing | |
|-------------------|-------------------|
| Instalment | Due date |
| 1 | 20 July 2018 |
| 2 | 20 August 2018 |
| 3 | 20 September 2018 |
| 4 | 20 October 2018 |
| 5 | 20 November 2018 |
| 6 | 20 December 2018 |
| 7 | 20 January 2019 |
| 8 | 20 February 2019 |
| 9 | 20 March 2019 |
| 10 | 20 April 2019 |
| 11 | 20 May 2019 |
| 12 | 20 June 2019 |

| Two-monthly Invoicing | | | |
|-----------------------------|-------------------|---|------------------|
| Linton, East & North Rounds | | Ashhurst, South West, PNCC & Central Rounds | |
| Instalment | Due date | Instalment | Due date |
| 1 | 20 July 2018 | 1 | 20 August 2018 |
| 2 | 20 September 2018 | 2 | 20 October 2018 |
| 3 | 20 November 2018 | 3 | 20 December 2018 |
| 4 | 20 January 2019 | 4 | 20 February 2019 |
| 5 | 20 March 2019 | 5 | 20 April 2019 |
| 6 | 20 May 2019 | 6 | 20 June 2019 |

8. Rates penalties

To provide an incentive for rates to be paid by the due date, penalties will be imposed when rates are not paid on time. A penalty of 10% will be added to any portion of an instalment remaining unpaid after the due date for payment, as outlined in clause 7 above.

A penalty charge of 10% will be added to any outstanding rates (including penalties) assessed in previous years and remaining outstanding at 2 July 2018 and again on 3 January 2019.

Penalty charges will not be applied to the metered water targeted rate.

9. Rating base information

The number of rating units projected for each year of the Plan as at the end of the preceding financial year is as follows:

| Year ¹ | No. of rating units | Year | No. of rating units |
|-------------------|---------------------|---------|---------------------|
| 2018/19 | 33,050 | 2023/24 | 34,550 |
| 2019/20 | 33,350 | 2024/25 | 34,850 |
| 2020/21 | 33,650 | 2025/26 | 35,150 |
| 2021/22 | 33,950 | 2026/27 | 35,450 |
| 2022/23 | 34,250 | 2027/28 | 35,750 |

The following are projected as at 30 June 2018:

| | |
|--|------------------|
| Total capital value of all rating units: | \$15,120,000,000 |
| Total land value of all rating units: | \$6,434,000,000 |

¹ As at 30 June of the preceding year – for example, 2018/19 = as at 30 June 2018.

10.Rates summary

| Basis of rates | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|--------------------------------|--|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| General Rates | | | | | | | | | | | |
| General Rates | rate in \$ of LV (differentiated by use) | 52,220 | 55,476 | 58,369 | 60,213 | 63,608 | 66,192 | 68,756 | 71,771 | 72,217 | 72,731 |
| UAGC | fixed charge p rating unit | 19,206 | 20,454 | 21,721 | 23,066 | 24,518 | 25,963 | 27,401 | 29,157 | 30,789 | 32,839 |
| Targeted rates | | | | | | | | | | | |
| Water | | | | | | | | | | | |
| - connected | fixed charge p SUIP (residential) or p rating unit (non-residential) | 6,578 | 7,288 | 8,374 | 9,483 | 10,202 | 11,148 | 11,661 | 11,793 | 11,319 | 11,538 |
| - serviceable | fixed charge p SUIP (residential) or p rating unit (non-residential) | 72 | 79 | 89 | 100 | 107 | 115 | 120 | 120 | 114 | 115 |
| - metered | \$ p m3 plus fixed charge | 2,080 | 2,150 | 2,170 | 2,190 | 2,210 | 2,220 | 2,230 | 2,240 | 2,250 | 2,260 |
| Wastewater | | | | | | | | | | | |
| - connected | fixed charge p SUIP (residential) or p rating unit (non-residential) | 6,966 | 6,949 | 6,747 | 7,284 | 7,337 | 7,559 | 8,102 | 9,545 | 13,240 | 17,318 |
| - serviceable | fixed charge p SUIP (residential) or p rating unit (non-residential) | 71 | 70 | 67 | 72 | 72 | 73 | 78 | 91 | 124 | 161 |
| - pans | fixed charge p pan in excess of three | 1,992 | 1,971 | 1,903 | 2,038 | 2,033 | 2,074 | 2,202 | 2,573 | 3,533 | 4,583 |
| Rubbish & Recycling | | | | | | | | | | | |
| - kerbside recycling | fixed charge p SUIP | 3,370 | 3,185 | 3,214 | 3,369 | 3,184 | 3,316 | 3,580 | 3,710 | 3,776 | 3,712 |
| - rubbish & public recycling | fixed charge p SUIP | 1,982 | 2,084 | 2,190 | 2,403 | 2,739 | 2,985 | 2,976 | 2,887 | 2,679 | 2,747 |
| | | 94,537 | 99,706 | 104,845 | 110,218 | 116,008 | 121,645 | 127,105 | 133,886 | 140,043 | 148,003 |

11. Source and application of funds statements (Funding Impact Statements)

The Local Government (Financial Reporting and Prudence) Regulations 2014 prescribe the format for statements showing 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 comes from, and how they are used.

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 because 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
- to replace existing assets.

The 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 is also providing Activity Financial Statements which show the revenue and expenses for the services provided, as well as how the rates are calculated (see section 1).

Note:

1. In the statements, the term Other Operating Funding is an abbreviation of "Local authority fuel tax, fines, infringement fees and other receipts".
2. 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 Financial Statements separate rates out to clearly show how they've been calculated. In addition, the Activity Financial Statements include depreciation in the expenses to show the full cost of the activity, but this is not included in the Funding Impact Statements

Funding Impact Statements

Whole of Council - Funding Impact Statements

| Budget | Whole of Council | 10YP |
|-------------------------------------|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s |
| Sources of Operating Funding | | | | | | | | | | | |
| 67,103 | General Rates, UAGC & Rates Penalties | 71,426 | 75,930 | 80,090 | 83,279 | 88,126 | 92,155 | 96,158 | 100,929 | 103,008 | 105,569 |
| 22,693 | Targeted Rates | 23,111 | 23,776 | 24,755 | 26,939 | 27,882 | 29,490 | 30,947 | 32,957 | 37,035 | 42,433 |
| 2,757 | Subsidies & Grants for Operating Purposes | 3,207 | 3,233 | 3,576 | 3,186 | 3,264 | 3,358 | 3,458 | 3,554 | 3,965 | 3,767 |
| 4,705 | Fees and Charges | 5,228 | 5,367 | 5,525 | 5,564 | 5,724 | 5,910 | 5,970 | 6,113 | 6,260 | 6,416 |
| 340 | Interest and Dividends from investments | 517 | 567 | 617 | 667 | 717 | 717 | 717 | 717 | 717 | 717 |
| 18,559 | Other Operating Funding (see note 1, page 264) | 19,193 | 23,887 | 20,296 | 25,210 | 21,534 | 27,313 | 22,641 | 28,675 | 24,036 | 24,679 |
| 116,157 | Total Operating Funding | 122,682 | 132,759 | 134,860 | 144,845 | 147,247 | 158,943 | 159,890 | 172,945 | 175,021 | 183,582 |

| Budget | Whole of Council | 10YP |
|--|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s |
| Applications of Operating Funding | | | | | | | | | | | |
| 85,184 | Payments to Staff and Suppliers | 94,468 | 95,559 | 98,509 | 97,230 | 100,573 | 100,530 | 104,281 | 105,778 | 110,715 | 115,144 |
| 6,462 | Finance Costs | 7,284 | 9,450 | 11,634 | 13,266 | 14,330 | 14,853 | 15,375 | 16,762 | 18,423 | 20,016 |
| - | Other operating funding applications | - | - | - | - | - | - | - | - | - | - |
| 91,646 | Total Applications of Operating Funding | 101,752 | 105,009 | 110,143 | 110,497 | 114,903 | 115,383 | 119,656 | 122,540 | 129,138 | 135,160 |
| 24,511 | Surplus/(Deficit) of Operating Funding | 20,930 | 27,751 | 24,717 | 34,349 | 32,344 | 43,560 | 40,234 | 50,405 | 45,883 | 48,421 |
| Sources of Capital Funding | | | | | | | | | | | |
| 15,441 | Subsidies and Grants for Capital Expenditure | 13,373 | 8,411 | 8,407 | 13,540 | 7,465 | 9,330 | 7,396 | 16,491 | 19,803 | 27,233 |
| 1,731 | Development & Financial Contributions | 1,063 | 1,476 | 1,891 | 2,090 | 2,465 | 2,783 | 3,406 | 3,932 | 4,346 | 4,495 |
| 18,994 | Increase/(Decrease) in Debt | 38,710 | 38,085 | 39,685 | 18,588 | 19,630 | (439) | 19,413 | 30,239 | 29,324 | 27,850 |
| - | Gross proceeds from sale of assets | - | 402 | - | - | - | - | 248 | - | - | - |
| - | Lump sum contributions | - | - | - | - | - | - | - | - | - | - |
| - | Other dedicated capital funding | - | - | - | - | - | - | - | - | - | - |
| 36,166 | Total Sources of Capital Funding | 53,146 | 48,375 | 49,983 | 34,218 | 29,560 | 11,674 | 30,463 | 50,662 | 53,473 | 59,578 |

| Budget | Whole of Council | 10YP |
|--|---------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s |
| Applications of Capital Funding | | | | | | | | | | | |
| Capital Expenditure:- | | | | | | | | | | | |
| 5,406 | - to meet additional demand | 2,261 | 8,377 | 9,935 | 5,294 | 7,049 | 2,744 | 9,961 | 7,464 | 3,727 | 3,289 |
| 30,554 | - to improve the level of service | 43,651 | 44,816 | 40,310 | 37,125 | 29,500 | 27,659 | 33,336 | 61,627 | 68,721 | 73,828 |
| 27,308 | - to replace existing assets | 28,164 | 22,932 | 24,456 | 26,148 | 25,355 | 24,831 | 27,401 | 31,976 | 26,907 | 30,882 |
| - | Increase/(Decrease) in Reserves | - | - | - | - | - | - | - | - | - | - |
| (2,591) | Increase/(Decrease) of Investments | - | - | - | - | - | - | - | - | - | - |
| 60,677 | Total Applications of Capital Funding | 74,076 | 76,125 | 74,700 | 68,567 | 61,904 | 55,235 | 70,697 | 101,067 | 99,356 | 107,999 |
| (24,511) | Surplus/(Deficit) of Capital Funding | (20,930) | (27,751) | (24,717) | (34,349) | (32,344) | (43,561) | (40,234) | (50,405) | (45,883) | (48,421) |
| - | Total Funding Surplus/(Deficit) | - | - | - | - | - | - | - | - | - | - |

Connected & Safe Community - Group of Activities - Funding Impact Statements

| Budget | Connected & Safe Community - Group of Activities | 10YP |
|--|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s |
| Sources of Operating Funding | | | | | | | | | | | |
| 13,853 | General Rates, UAGC & Rates Penalties | 14,027 | 15,145 | 16,091 | 16,555 | 17,217 | 17,713 | 18,450 | 19,090 | 19,842 | 19,805 |
| - | Targeted Rates | - | - | - | - | - | - | - | - | - | - |
| 67 | Subsidies & Grants for Operating Purposes | 56 | 6 | 6 | 6 | 7 | 7 | 7 | 7 | 7 | 7 |
| 1,040 | Fees and Charges | 1,188 | 1,213 | 1,238 | 1,264 | 1,298 | 1,334 | 1,371 | 1,404 | 1,438 | 1,474 |
| 525 | Internal Charges & Overheads Recovered | 516 | 526 | 537 | 549 | 561 | 574 | 587 | 601 | 615 | 631 |
| 3,634 | Other Operating Funding (see note 1, page 264) | 3,795 | 3,970 | 4,053 | 4,196 | 4,346 | 4,466 | 4,596 | 4,727 | 4,869 | 5,007 |
| 19,119 | Total Operating Funding | 19,581 | 20,861 | 21,926 | 22,570 | 23,428 | 24,094 | 25,011 | 25,829 | 26,771 | 26,924 |
| Applications of Operating Funding | | | | | | | | | | | |
| 10,566 | Payments to Staff and Suppliers | 11,398 | 11,947 | 12,193 | 12,377 | 12,660 | 13,023 | 13,478 | 13,773 | 14,105 | 14,497 |
| 420 | Finance Costs | 519 | 1,040 | 1,383 | 1,574 | 1,737 | 1,890 | 1,964 | 1,975 | 1,960 | 1,901 |
| 5,433 | Internal Charges & Overheads Applied | 5,466 | 5,690 | 5,894 | 5,916 | 6,101 | 6,317 | 6,597 | 6,699 | 6,873 | 7,052 |
| - | Other operating funding applications | - | - | - | - | - | - | - | - | - | - |
| 16,419 | Total Applications of Operating Funding | 17,383 | 18,678 | 19,470 | 19,867 | 20,498 | 21,231 | 22,039 | 22,447 | 22,938 | 23,450 |
| 2,700 | Surplus/(Deficit) of Operating Funding | 2,198 | 2,183 | 2,456 | 2,703 | 2,930 | 2,863 | 2,972 | 3,382 | 3,834 | 3,474 |

| Budget | Connected & Safe Community - Group of Activities | 10YP |
|--|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s |
| Sources of Capital Funding | | | | | | | | | | | |
| - | Subsidies and Grants for Capital Expenditure | 152 | 580 | - | - | - | 2,223 | - | - | - | - |
| - | Development & Financial Contributions | - | - | - | - | - | - | - | - | - | - |
| 6,818 | Increase/(Decrease) in Debt | 11,858 | 8,331 | 3,908 | 2,881 | 3,267 | 2,700 | 919 | 885 | (402) | (947) |
| - | Gross proceeds from sale of assets | - | - | - | - | - | - | - | - | - | - |
| - | Lump sum contributions | - | - | - | - | - | - | - | - | - | - |
| - | Other dedicated capital funding | - | - | - | - | - | - | - | - | - | - |
| 6,818 | Total Sources of Capital Funding | 12,010 | 8,911 | 3,908 | 2,881 | 3,267 | 4,923 | 919 | 885 | (402) | (947) |
| Applications of Capital Funding | | | | | | | | | | | |
| Capital Expenditure:- | | | | | | | | | | | |
| - | - to meet additional demand | - | - | - | - | - | - | - | - | - | - |
| 3,926 | - to improve the level of service | 8,989 | 8,439 | 4,358 | 3,564 | 3,755 | 5,696 | 1,301 | 1,622 | 565 | 166 |
| 5,593 | - to replace existing assets | 5,219 | 2,655 | 2,006 | 2,021 | 2,442 | 2,090 | 2,590 | 2,646 | 2,866 | 2,360 |
| - | Increase/(Decrease) in Reserves | - | - | - | - | - | - | - | - | - | - |
| - | Increase/(Decrease) of Investments | - | - | - | - | - | - | - | - | - | - |
| 9,519 | Total Applications of Capital Funding | 14,208 | 11,094 | 6,364 | 5,585 | 6,197 | 7,786 | 3,891 | 4,268 | 3,431 | 2,526 |
| (2,700) | Surplus/(Deficit) of Capital Funding | (2,198) | (2,183) | (2,456) | (2,703) | (2,930) | (2,863) | (2,972) | (3,382) | (3,834) | (3,474) |
| - | Total Funding Surplus/(Deficit) | - | - | - | - | - | - | - | - | - | - |

Creative & Exciting City - Group of Activities - Funding Impact Statements

| Budget | Creative & Exciting City - Group of Activities | 10YP |
|--|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s |
| Sources of Operating Funding | | | | | | | | | | | |
| 23,881 | General Rates, UAGC & Rates Penalties | 25,861 | 26,431 | 27,031 | 27,706 | 29,339 | 31,130 | 32,352 | 34,847 | 35,978 | 37,722 |
| - | Targeted Rates | - | - | - | - | - | - | - | - | - | - |
| 58 | Subsidies & Grants for Operating Purposes | 62 | 63 | 65 | 66 | 67 | 69 | 71 | 72 | 74 | 76 |
| - | Fees and Charges | - | - | - | - | - | - | - | - | - | - |
| - | Internal Charges & Overheads Recovered | - | - | - | - | - | - | - | - | - | - |
| 1,950 | Other Operating Funding (see note 1, page 264) | 2,035 | 2,076 | 2,119 | 2,164 | 2,212 | 2,262 | 2,315 | 2,370 | 2,427 | 2,490 |
| 25,889 | Total Operating Funding | 27,958 | 28,570 | 29,215 | 29,936 | 31,618 | 33,461 | 34,737 | 37,289 | 38,479 | 40,288 |
| Applications of Operating Funding | | | | | | | | | | | |
| 12,793 | Payments to Staff and Suppliers | 13,659 | 14,015 | 14,328 | 13,620 | 13,757 | 13,886 | 14,291 | 14,831 | 14,975 | 15,445 |
| 1,078 | Finance Costs | 1,538 | 2,035 | 2,529 | 2,958 | 3,146 | 3,138 | 3,030 | 3,015 | 3,100 | 3,294 |
| 7,540 | Internal Charges & Overheads Applied | 8,089 | 8,336 | 8,584 | 8,791 | 9,032 | 9,271 | 9,518 | 9,799 | 10,053 | 10,325 |
| - | Other operating funding applications | - | - | - | - | - | - | - | - | - | - |
| 21,411 | Total Applications of Operating Funding | 23,286 | 24,386 | 25,440 | 25,369 | 25,936 | 26,295 | 26,839 | 27,645 | 28,128 | 29,064 |
| 4,478 | Surplus/(Deficit) of Operating Funding | 4,672 | 4,185 | 3,774 | 4,568 | 5,683 | 7,166 | 7,899 | 9,644 | 10,352 | 11,224 |

| Budget | Creative & Exciting City - Group of Activities | 10YP | 10YP |
|--|--|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s | \$'000s |
| Sources of Capital Funding | | | | | | | | | | | |
| 4,404 | Subsidies and Grants for Capital Expenditure | 1,066 | 1,011 | 630 | 6,954 | 523 | 1,448 | 1,475 | 10,017 | 15,395 | 22,680 |
| 165 | Development & Financial Contributions | 165 | 230 | 294 | 325 | 384 | 433 | 530 | 612 | 677 | 700 |
| 3,660 | Increase/(Decrease) in Debt | 9,869 | 9,251 | 10,831 | 5,102 | 1,069 | (1,053) | (2,088) | 1,661 | 539 | 6,714 |
| - | Gross proceeds from sale of assets | - | - | - | - | - | - | - | - | - | - |
| - | Lump sum contributions | - | - | - | - | - | - | - | - | - | - |
| - | Other dedicated capital funding | - | - | - | - | - | - | - | - | - | - |
| 8,229 | Total Sources of Capital Funding | 11,100 | 10,491 | 11,755 | 12,382 | 1,976 | 828 | (83) | 12,291 | 16,611 | 30,095 |
| Applications of Capital Funding | | | | | | | | | | | |
| Capital Expenditure:- | | | | | | | | | | | |
| - | - to meet additional demand | - | 1,351 | 1,431 | 719 | 1,427 | 200 | 309 | 1,093 | 56 | 790 |
| 8,934 | - to improve the level of service | 11,028 | 8,285 | 8,903 | 12,372 | 3,648 | 3,844 | 2,654 | 14,447 | 22,044 | 32,187 |
| 3,773 | - to replace existing assets | 4,744 | 5,040 | 5,196 | 3,858 | 2,584 | 3,951 | 4,853 | 6,394 | 4,863 | 8,342 |
| - | Increase/(Decrease) in Reserves | - | - | - | - | - | - | - | - | - | - |
| - | Increase/(Decrease) of Investments | - | - | - | - | - | - | - | - | - | - |
| 12,707 | Total Applications of Capital Funding | 15,772 | 14,676 | 15,529 | 16,949 | 7,659 | 7,994 | 7,815 | 21,934 | 26,963 | 41,319 |
| (4,478) | Surplus/(Deficit) of Capital Funding | (4,672) | (4,185) | (3,774) | (4,568) | (5,683) | (7,166) | (7,899) | (9,644) | (10,352) | (11,224) |
| - | Total Funding Surplus/(Deficit) | - | - | - | - | - | - | - | - | - | - |

Driven & Enabling Council - Group of Activities - Funding Impact Statements

| Budget | Driven & Enabling Council - Group of Activities | 10YP |
|--|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s |
| Sources of Operating Funding | | | | | | | | | | | |
| 9,205 | General Rates, UAGC & Rates Penalties | 8,061 | 8,999 | 8,924 | 8,745 | 8,397 | 7,807 | 7,740 | 7,785 | 7,670 | 7,505 |
| - | Targeted Rates | - | - | - | - | - | - | - | - | - | - |
| - | Subsidies & Grants for Operating Purposes | - | - | - | - | - | - | - | - | - | - |
| 187 | Fees and Charges | 150 | 153 | 156 | 160 | 163 | 167 | 171 | 175 | 179 | 184 |
| 42,805 | Internal Charges & Overheads Recovered | 34,868 | 36,156 | 37,424 | 37,754 | 38,765 | 39,916 | 41,168 | 42,015 | 45,649 | 49,286 |
| 4,029 | Other Operating Funding (see note 1, page 264) | 4,223 | 8,474 | 4,480 | 8,914 | 4,855 | 10,036 | 4,905 | 10,260 | 5,109 | 5,218 |
| 56,226 | Total Operating Funding | 47,303 | 53,782 | 50,984 | 55,573 | 52,180 | 57,925 | 53,984 | 60,234 | 58,607 | 62,193 |
| Applications of Operating Funding | | | | | | | | | | | |
| 40,543 | Payments to Staff and Suppliers | 33,401 | 32,964 | 34,362 | 33,771 | 35,833 | 34,696 | 36,721 | 36,489 | 39,095 | 42,240 |
| 776 | Finance Costs | 811 | 817 | 762 | 693 | 641 | 561 | 472 | 384 | 247 | 238 |
| 11,827 | Internal Charges & Overheads Applied | 13,010 | 13,379 | 13,822 | 13,806 | 14,118 | 14,540 | 14,902 | 15,159 | 15,564 | 15,852 |
| - | Other operating funding applications | - | - | - | - | - | - | - | - | - | - |
| 53,147 | Total Applications of Operating Funding | 47,222 | 47,160 | 48,945 | 48,271 | 50,592 | 49,798 | 52,095 | 52,033 | 54,906 | 58,330 |
| 3,079 | Surplus/(Deficit) of Operating Funding | 81 | 6,622 | 2,039 | 7,302 | 1,588 | 8,127 | 1,888 | 8,201 | 3,702 | 3,863 |

| Budget | Driven & Enabling Council - Group of Activities | 10YP | 10YP | 10YP | 10YP | 10YP | 10YP | 10YP | 10YP | 10YP | 10YP |
|--|--|--------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s |
| Sources of Capital Funding | | | | | | | | | | | |
| - | Subsidies and Grants for Capital Expenditure | - | - | - | - | - | - | - | - | - | - |
| - | Development & Financial Contributions | - | - | - | - | - | - | - | - | - | - |
| (1,379) | Increase/(Decrease) in Debt | 3,373 | (3,572) | 1,100 | (3,876) | 2,030 | (4,883) | 1,353 | (5,126) | (521) | (590) |
| - | Gross proceeds from sale of assets | - | - | - | - | - | - | - | - | - | - |
| - | Lump sum contributions | - | - | - | - | - | - | - | - | - | - |
| - | Other dedicated capital funding | - | - | - | - | - | - | - | - | - | - |
| (1,379) | Total Sources of Capital Funding | 3,373 | (3,572) | 1,100 | (3,876) | 2,030 | (4,883) | 1,353 | (5,126) | (521) | (590) |
| Applications of Capital Funding | | | | | | | | | | | |
| Capital Expenditure:- | | | | | | | | | | | |
| - | - to meet additional demand | - | - | - | - | - | - | - | - | - | - |
| 332 | - to improve the level of service | 795 | 416 | 410 | 418 | 428 | 437 | 448 | 458 | 466 | 476 |
| 3,959 | - to replace existing assets | 2,659 | 2,635 | 2,730 | 3,008 | 3,191 | 2,807 | 2,794 | 2,617 | 2,714 | 2,797 |
| - | Increase/(Decrease) in Reserves | - | - | - | - | - | - | - | - | - | - |
| (2,591) | Increase/(Decrease) of Investments | - | - | - | - | - | - | - | - | - | - |
| 1,700 | Total Applications of Capital Funding | 3,453 | 3,050 | 3,139 | 3,426 | 3,619 | 3,244 | 3,242 | 3,075 | 3,181 | 3,273 |
| (3,079) | Surplus/(Deficit) of Capital Funding | (81) | (6,622) | (2,039) | (7,302) | (1,588) | (8,127) | (1,889) | (8,201) | (3,702) | (3,863) |
| - | Total Funding Surplus/(Deficit) | - | - | - | - | - | - | - | - | - | - |

Eco-City - Group of Activities - Funding Impact Statements

| Budget | Eco-City - Group of Activities | 10YP | 10YP | 10YP | 10YP | 10YP | 10YP | 10YP | 10YP | 10YP | 10YP |
|--|--|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s |
| Sources of Operating Funding | | | | | | | | | | | |
| 95 | General Rates, UAGC & Rates Penalties | 756 | 835 | 748 | 736 | 733 | 724 | 714 | 732 | 750 | 776 |
| 5,088 | Targeted Rates | 5,352 | 5,269 | 5,405 | 5,772 | 5,922 | 6,301 | 6,556 | 6,597 | 6,455 | 6,460 |
| 320 | Subsidies & Grants for Operating Purposes | 330 | 338 | 346 | 354 | 363 | 372 | 382 | 392 | 402 | 413 |
| - | Fees and Charges | - | - | - | - | - | - | - | - | - | - |
| 15 | Internal Charges & Overheads Recovered | 15 | 16 | 16 | 17 | 17 | 17 | 18 | 18 | 19 | 19 |
| 2,651 | Other Operating Funding (see note 1, page 264) | 2,625 | 2,640 | 2,698 | 2,759 | 2,823 | 2,890 | 2,962 | 3,036 | 3,114 | 3,197 |
| 8,168 | Total Operating Funding | 9,078 | 9,098 | 9,212 | 9,638 | 9,858 | 10,305 | 10,631 | 10,774 | 10,740 | 10,865 |
| Applications of Operating Funding | | | | | | | | | | | |
| (226) | Payments to Staff and Suppliers | 455 | 502 | 403 | 413 | 399 | 325 | 315 | 308 | 374 | 412 |
| 435 | Finance Costs | 467 | 486 | 489 | 487 | 467 | 425 | 371 | 313 | 252 | 192 |
| 6,414 | Internal Charges & Overheads Applied | 6,740 | 6,929 | 7,114 | 7,244 | 7,419 | 7,569 | 7,784 | 7,968 | 8,178 | 8,402 |
| - | Other operating funding applications | - | - | - | - | - | - | - | - | - | - |
| 6,623 | Total Applications of Operating Funding | 7,663 | 7,917 | 8,006 | 8,144 | 8,285 | 8,319 | 8,470 | 8,588 | 8,804 | 9,006 |
| 1,545 | Surplus/(Deficit) of Operating Funding | 1,416 | 1,181 | 1,206 | 1,495 | 1,573 | 1,986 | 2,161 | 2,186 | 1,936 | 1,859 |

| Budget | Eco-City - Group of Activities | 10YP |
|--|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s |
| Sources of Capital Funding | | | | | | | | | | | |
| - | Subsidies and Grants for Capital Expenditure | - | - | - | - | - | - | - | - | - | - |
| - | Development & Financial Contributions | - | - | - | - | - | - | - | - | - | - |
| (778) | Increase/(Decrease) in Debt | (409) | (375) | (310) | (636) | (833) | (1,188) | (925) | (801) | (591) | (712) |
| - | Gross proceeds from sale of assets | - | - | - | - | - | - | - | - | - | - |
| - | Lump sum contributions | - | - | - | - | - | - | - | - | - | - |
| - | Other dedicated capital funding | - | - | - | - | - | - | - | - | - | - |
| (778) | Total Sources of Capital Funding | (409) | (375) | (310) | (636) | (833) | (1,188) | (925) | (801) | (591) | (712) |
| Applications of Capital Funding | | | | | | | | | | | |
| Capital Expenditure:- | | | | | | | | | | | |
| - | - to meet additional demand | - | - | - | - | - | - | - | - | - | - |
| 40 | - to improve the level of service | 628 | 463 | 483 | 466 | 231 | 249 | 181 | 182 | 200 | 194 |
| 727 | - to replace existing assets | 379 | 343 | 413 | 393 | 510 | 550 | 1,055 | 1,203 | 1,146 | 953 |
| - | Increase/(Decrease) in Reserves | - | - | - | - | - | - | - | - | - | - |
| - | Increase/(Decrease) of Investments | - | - | - | - | - | - | - | - | - | - |
| 767 | Total Applications of Capital Funding | 1,006 | 806 | 896 | 858 | 740 | 798 | 1,236 | 1,385 | 1,346 | 1,147 |
| (1,545) | Surplus/(Deficit) of Capital Funding | (1,416) | (1,181) | (1,206) | (1,495) | (1,573) | (1,986) | (2,161) | (2,186) | (1,936) | (1,859) |
| - | Total Funding Surplus/(Deficit) | - | - | - | - | - | - | - | - | - | - |

Innovative & Growing City - Group of Activities - Funding Impact Statements

| Budget | Innovative & Growing City - Group of Activities | 10YP |
|--|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s |
| Sources of Operating Funding | | | | | | | | | | | |
| 4,968 | General Rates, UAGC & Rates Penalties | 5,940 | 5,962 | 6,122 | 6,201 | 6,357 | 6,328 | 6,708 | 6,743 | 6,957 | 6,959 |
| - | Targeted Rates | - | - | - | - | - | - | - | - | - | - |
| - | Subsidies & Grants for Operating Purposes | - | - | - | - | - | - | - | - | - | - |
| 3,477 | Fees and Charges | 3,890 | 4,001 | 4,131 | 4,140 | 4,263 | 4,409 | 4,428 | 4,534 | 4,643 | 4,759 |
| 826 | Internal Charges & Overheads Recovered | 969 | 989 | 1,010 | 1,031 | 1,054 | 1,078 | 1,103 | 1,129 | 1,156 | 1,185 |
| 1,154 | Other Operating Funding (see note 1, page 264) | 1,210 | 1,236 | 1,262 | 1,288 | 1,316 | 1,347 | 1,378 | 1,411 | 1,445 | 1,481 |
| 10,425 | Total Operating Funding | 12,009 | 12,188 | 12,524 | 12,660 | 12,989 | 13,162 | 13,616 | 13,817 | 14,201 | 14,384 |
| Applications of Operating Funding | | | | | | | | | | | |
| 7,501 | Payments to Staff and Suppliers | 8,335 | 8,427 | 8,648 | 8,782 | 9,014 | 9,112 | 9,343 | 9,524 | 9,796 | 9,996 |
| 1 | Finance Costs | 1 | 3 | 4 | 4 | 4 | 6 | 7 | 7 | 6 | 6 |
| 2,797 | Internal Charges & Overheads Applied | 3,374 | 3,465 | 3,563 | 3,579 | 3,662 | 3,762 | 3,877 | 3,939 | 4,030 | 4,126 |
| - | Other operating funding applications | - | - | - | - | - | - | - | - | - | - |
| 10,299 | Total Applications of Operating Funding | 11,711 | 11,895 | 12,215 | 12,365 | 12,681 | 12,880 | 13,227 | 13,470 | 13,832 | 14,128 |
| 126 | Surplus/(Deficit) of Operating Funding | 298 | 293 | 309 | 295 | 309 | 282 | 389 | 347 | 369 | 256 |

| Budget | Innovative & Growing City - Group of Activities | 10YP |
|--|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s |
| Sources of Capital Funding | | | | | | | | | | | |
| - | Subsidies and Grants for Capital Expenditure | - | - | - | - | - | - | - | - | - | - |
| - | Development & Financial Contributions | - | - | - | - | - | - | - | - | - | - |
| 36 | Increase/(Decrease) in Debt | 39 | 23 | (39) | 16 | 2 | 30 | (25) | (124) | 199 | (17) |
| - | Gross proceeds from sale of assets | - | - | - | - | - | - | - | - | - | - |
| - | Lump sum contributions | - | - | - | - | - | - | - | - | - | - |
| - | Other dedicated capital funding | - | - | - | - | - | - | - | - | - | - |
| 36 | Total Sources of Capital Funding | 39 | 23 | (39) | 16 | 2 | 30 | (25) | (124) | 199 | (17) |
| Applications of Capital Funding | | | | | | | | | | | |
| Capital Expenditure:- | | | | | | | | | | | |
| - | - to meet additional demand | - | - | - | - | - | - | - | - | - | - |
| - | - to improve the level of service | 7 | 54 | - | - | 8 | 59 | - | - | - | - |
| 162 | - to replace existing assets | 330 | 262 | 270 | 311 | 303 | 253 | 364 | 223 | 567 | 238 |
| - | Increase/(Decrease) in Reserves | - | - | - | - | - | - | - | - | - | - |
| - | Increase/(Decrease) of Investments | - | - | - | - | - | - | - | - | - | - |
| 162 | Total Applications of Capital Funding | 337 | 316 | 270 | 311 | 311 | 312 | 364 | 223 | 567 | 238 |
| (126) | Surplus/(Deficit) of Capital Funding | (298) | (293) | (309) | (295) | (309) | (282) | (389) | (347) | (369) | (256) |
| - | Total Funding Surplus/(Deficit) | - | - | - | - | - | - | - | - | - | - |

Transport - Group of Activities - Funding Impact Statements

| Budget | Transport - Group of Activities | 10YP |
|--|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s |
| Sources of Operating Funding | | | | | | | | | | | |
| 12,666 | General Rates, UAGC & Rates Penalties | 14,023 | 15,669 | 18,275 | 20,222 | 22,707 | 24,833 | 26,360 | 27,712 | 27,953 | 28,793 |
| - | Targeted Rates | - | - | - | - | - | - | - | - | - | - |
| 2,313 | Subsidies & Grants for Operating Purposes | 2,759 | 2,825 | 3,159 | 2,759 | 2,827 | 2,910 | 2,998 | 3,083 | 3,481 | 3,270 |
| - | Fees and Charges | - | - | - | - | - | - | - | - | - | - |
| - | Internal Charges & Overheads Recovered | - | - | - | - | - | - | - | - | - | - |
| 4,529 | Other Operating Funding (see note 1, page 264) | 4,633 | 4,722 | 4,813 | 4,909 | 5,013 | 5,119 | 5,232 | 5,353 | 5,481 | 5,618 |
| 19,508 | Total Operating Funding | 21,414 | 23,216 | 26,247 | 27,890 | 30,547 | 32,862 | 34,591 | 36,148 | 36,916 | 37,681 |
| Applications of Operating Funding | | | | | | | | | | | |
| 9,070 | Payments to Staff and Suppliers | 10,567 | 10,788 | 11,640 | 11,017 | 11,518 | 11,792 | 12,244 | 12,673 | 13,706 | 13,473 |
| 1,845 | Finance Costs | 2,210 | 2,963 | 3,867 | 4,595 | 5,169 | 5,417 | 5,462 | 5,562 | 5,492 | 5,223 |
| 3,839 | Internal Charges & Overheads Applied | 4,073 | 4,190 | 4,414 | 4,442 | 4,572 | 4,703 | 4,841 | 4,969 | 5,115 | 5,247 |
| - | Other operating funding applications | - | - | - | - | - | - | - | - | - | - |
| 14,753 | Total Applications of Operating Funding | 16,850 | 17,941 | 19,920 | 20,054 | 21,259 | 21,912 | 22,546 | 23,204 | 24,313 | 23,942 |
| 4,754 | Surplus/(Deficit) of Operating Funding | 4,564 | 5,275 | 6,327 | 7,836 | 9,288 | 10,950 | 12,044 | 12,944 | 12,603 | 13,738 |

| Budget | Transport - Group of Activities | 10YP | 10YP | 10YP | 10YP | 10YP | 10YP | 10YP | 10YP | 10YP | 10YP |
|--|--|---------|---------|---------|---------|---------|----------|----------|----------|----------|----------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s |
| Sources of Capital Funding | | | | | | | | | | | |
| 11,037 | Subsidies and Grants for Capital Expenditure | 12,156 | 6,820 | 7,777 | 6,586 | 6,941 | 5,658 | 5,921 | 6,474 | 4,408 | 4,553 |
| 692 | Development & Financial Contributions | 369 | 513 | 657 | 726 | 856 | 967 | 1,184 | 1,366 | 1,510 | 1,562 |
| 6,993 | Increase/(Decrease) in Debt | 8,840 | 16,703 | 15,660 | 10,796 | 10,615 | (343) | 3,015 | 1,991 | (2,097) | (6,197) |
| - | Gross proceeds from sale of assets | - | - | - | - | - | - | - | - | - | - |
| - | Lump sum contributions | - | - | - | - | - | - | - | - | - | - |
| - | Other dedicated capital funding | - | - | - | - | - | - | - | - | - | - |
| 18,721 | Total Sources of Capital Funding | 21,365 | 24,036 | 24,094 | 18,108 | 18,412 | 6,282 | 10,120 | 9,831 | 3,820 | (83) |
| Applications of Capital Funding | | | | | | | | | | | |
| Capital Expenditure:- | | | | | | | | | | | |
| 2,964 | - to meet additional demand | 652 | 3,680 | 5,867 | 2,468 | 2,496 | 682 | 5,340 | 3,406 | 1,624 | 1,271 |
| 15,033 | - to improve the level of service | 18,936 | 19,900 | 17,160 | 15,488 | 16,345 | 8,588 | 8,404 | 8,433 | 6,073 | 3,377 |
| 5,479 | - to replace existing assets | 6,341 | 5,730 | 7,394 | 7,988 | 8,859 | 7,962 | 8,420 | 10,936 | 8,727 | 9,007 |
| - | Increase/(Decrease) in Reserves | - | - | - | - | - | - | - | - | - | - |
| - | Increase/(Decrease) of Investments | - | - | - | - | - | - | - | - | - | - |
| 23,476 | Total Applications of Capital Funding | 25,929 | 29,311 | 30,421 | 25,944 | 27,700 | 17,233 | 22,164 | 22,775 | 16,423 | 13,656 |
| (4,754) | Surplus/(Deficit) of Capital Funding | (4,564) | (5,275) | (6,327) | (7,836) | (9,288) | (10,950) | (12,044) | (12,944) | (12,603) | (13,738) |
| - | Total Funding Surplus/(Deficit) | - | - | - | - | - | - | - | - | - | - |

Stormwater - Group of Activities - Funding Impact Statements

| Budget | Stormwater - Group of Activities | 10YP |
|--|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s |
| Sources of Operating Funding | | | | | | | | | | | |
| 2,436 | General Rates, UAGC & Rates Penalties | 2,758 | 2,889 | 2,900 | 3,114 | 3,376 | 3,620 | 3,834 | 4,021 | 3,857 | 4,010 |
| - | Targeted Rates | - | - | - | - | - | - | - | - | - | - |
| - | Subsidies & Grants for Operating Purposes | - | - | - | - | - | - | - | - | - | - |
| - | Fees and Charges | - | - | - | - | - | - | - | - | - | - |
| 17 | Internal Charges & Overheads Recovered | 18 | 18 | 19 | 19 | 20 | 20 | 21 | 21 | 22 | 22 |
| 2 | Other Operating Funding (see note 1, page 264) | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 |
| 2,456 | Total Operating Funding | 2,778 | 2,910 | 2,921 | 3,135 | 3,398 | 3,642 | 3,857 | 4,045 | 3,882 | 4,035 |
| Applications of Operating Funding | | | | | | | | | | | |
| 961 | Payments to Staff and Suppliers | 1,246 | 1,307 | 1,259 | 1,179 | 1,205 | 1,236 | 1,266 | 1,298 | 1,334 | 1,368 |
| 342 | Finance Costs | 248 | 299 | 341 | 359 | 359 | 361 | 385 | 393 | 393 | 391 |
| 516 | Internal Charges & Overheads Applied | 521 | 536 | 553 | 567 | 591 | 618 | 646 | 676 | 693 | 714 |
| - | Other operating funding applications | - | - | - | - | - | - | - | - | - | - |
| 1,818 | Total Applications of Operating Funding | 2,015 | 2,142 | 2,153 | 2,105 | 2,156 | 2,216 | 2,297 | 2,366 | 2,420 | 2,473 |
| 637 | Surplus/(Deficit) of Operating Funding | 763 | 768 | 768 | 1,031 | 1,242 | 1,427 | 1,560 | 1,679 | 1,462 | 1,563 |

| Budget | Stormwater - Group of Activities | 10YP |
|--|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s |
| Sources of Capital Funding | | | | | | | | | | | |
| - | Subsidies and Grants for Capital Expenditure | - | - | - | - | - | - | - | - | - | - |
| 176 | Development & Financial Contributions | 71 | 98 | 126 | 139 | 164 | 185 | 226 | 261 | 289 | 299 |
| 423 | Increase/(Decrease) in Debt | 813 | 1,002 | 671 | (99) | (251) | (115) | 277 | (984) | 106 | (985) |
| - | Gross proceeds from sale of assets | - | - | - | - | - | - | - | - | - | - |
| - | Lump sum contributions | - | - | - | - | - | - | - | - | - | - |
| - | Other dedicated capital funding | - | - | - | - | - | - | - | - | - | - |
| 599 | Total Sources of Capital Funding | 884 | 1,100 | 797 | 40 | (87) | 70 | 503 | (723) | 395 | (686) |
| Applications of Capital Funding | | | | | | | | | | | |
| Capital Expenditure:- | | | | | | | | | | | |
| 356 | - to meet additional demand | 450 | 666 | 367 | 54 | 440 | 417 | 1,247 | 59 | 975 | 63 |
| 614 | - to improve the level of service | 563 | 525 | 588 | 430 | 110 | 451 | 347 | 356 | 487 | 376 |
| 266 | - to replace existing assets | 635 | 677 | 610 | 587 | 606 | 629 | 469 | 541 | 396 | 438 |
| - | Increase/(Decrease) in Reserves | - | - | - | - | - | - | - | - | - | - |
| - | Increase/(Decrease) of Investments | - | - | - | - | - | - | - | - | - | - |
| 1,236 | Total Applications of Capital Funding | 1,648 | 1,868 | 1,566 | 1,071 | 1,155 | 1,497 | 2,063 | 956 | 1,858 | 877 |
| (637) | Surplus/(Deficit) of Capital Funding | (763) | (768) | (768) | (1,031) | (1,242) | (1,427) | (1,560) | (1,679) | (1,462) | (1,563) |
| - | Total Funding Surplus/(Deficit) | - | - | - | - | - | - | - | - | - | - |

Wastewater - Group of Activities - Funding Impact Statements

| Budget | Wastewater - Group of Activities | 10YP |
|--|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s |
| Sources of Operating Funding | | | | | | | | | | | |
| - | General Rates, UAGC & Rates Penalties | - | - | - | - | - | - | - | - | - | - |
| 8,590 | Targeted Rates | 9,029 | 8,989 | 8,718 | 9,394 | 9,441 | 9,706 | 10,380 | 12,207 | 16,897 | 22,061 |
| - | Subsidies & Grants for Operating Purposes | - | - | - | - | - | - | - | - | - | - |
| - | Fees and Charges | - | - | - | - | - | - | - | - | - | - |
| 31 | Internal Charges & Overheads Recovered | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 49 | 50 |
| 927 | Other Operating Funding (see note 1, page 264) | 1,152 | 1,298 | 1,449 | 1,607 | 1,646 | 1,867 | 1,927 | 2,191 | 2,262 | 2,338 |
| 9,548 | Total Operating Funding | 10,221 | 10,328 | 10,208 | 11,044 | 11,131 | 11,619 | 12,353 | 14,446 | 19,208 | 24,449 |
| Applications of Operating Funding | | | | | | | | | | | |
| 3,159 | Payments to Staff and Suppliers | 3,465 | 3,442 | 3,288 | 3,390 | 3,212 | 3,083 | 2,812 | 2,884 | 2,960 | 3,041 |
| 684 | Finance Costs | 635 | 714 | 765 | 733 | 687 | 798 | 1,390 | 2,817 | 4,706 | 6,578 |
| 2,367 | Internal Charges & Overheads Applied | 2,787 | 2,979 | 2,992 | 3,112 | 3,186 | 3,247 | 3,334 | 3,385 | 5,913 | 8,602 |
| - | Other operating funding applications | - | - | - | - | - | - | - | - | - | - |
| 6,210 | Total Applications of Operating Funding | 6,887 | 7,135 | 7,045 | 7,235 | 7,085 | 7,127 | 7,537 | 9,087 | 13,579 | 18,221 |
| 3,338 | Surplus/(Deficit) of Operating Funding | 3,334 | 3,193 | 3,163 | 3,809 | 4,046 | 4,491 | 4,816 | 5,359 | 5,629 | 6,228 |

| Budget | Wastewater - Group of Activities | 10YP |
|--|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s |
| Sources of Capital Funding | | | | | | | | | | | |
| - | Subsidies and Grants for Capital Expenditure | - | - | - | - | - | - | - | - | - | - |
| 383 | Development & Financial Contributions | 271 | 376 | 482 | 533 | 628 | 709 | 868 | 1,002 | 1,107 | 1,145 |
| 1,061 | Increase/(Decrease) in Debt | 1,690 | 1,822 | (88) | (671) | (1,212) | 4,422 | 16,010 | 32,825 | 32,408 | 32,810 |
| - | Gross proceeds from sale of assets | - | - | - | - | - | - | - | - | - | - |
| - | Lump sum contributions | - | - | - | - | - | - | - | - | - | - |
| - | Other dedicated capital funding | - | - | - | - | - | - | - | - | - | - |
| 1,444 | Total Sources of Capital Funding | 1,961 | 2,198 | 394 | (138) | (584) | 5,131 | 16,878 | 33,827 | 33,515 | 33,955 |
| Applications of Capital Funding | | | | | | | | | | | |
| Capital Expenditure:- | | | | | | | | | | | |
| 1,115 | - to meet additional demand | 440 | 704 | 771 | 268 | 1,146 | 431 | 1,677 | 1,151 | 61 | 344 |
| 154 | - to improve the level of service | 616 | 2,108 | 262 | - | - | 6,199 | 17,346 | 35,595 | 36,555 | 36,952 |
| 3,513 | - to replace existing assets | 4,239 | 2,578 | 2,524 | 3,403 | 2,316 | 2,992 | 2,671 | 2,441 | 2,528 | 2,887 |
| - | Increase/(Decrease) in Reserves | - | - | - | - | - | - | - | - | - | - |
| - | Increase/(Decrease) of Investments | - | - | - | - | - | - | - | - | - | - |
| 4,782 | Total Applications of Capital Funding | 5,295 | 5,390 | 3,557 | 3,671 | 3,462 | 9,622 | 21,694 | 39,187 | 39,144 | 40,183 |
| (3,338) | Surplus/(Deficit) of Capital Funding | (3,334) | (3,193) | (3,163) | (3,809) | (4,046) | (4,491) | (4,816) | (5,359) | (5,629) | (6,228) |
| - | Total Funding Surplus/(Deficit) | - | - | - | - | - | - | - | - | - | - |

Water - Group of Activities - Funding Impact Statements

| Budget | Water - Group of Activities | 10YP | 10YP | 10YP | 10YP | 10YP | 10YP | 10YP | 10YP | 10YP | 10YP |
|--|--|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s | \$'000s |
| Sources of Operating Funding | | | | | | | | | | | |
| - | General Rates, UAGC & Rates Penalties | - | - | - | - | - | - | - | - | - | - |
| 9,015 | Targeted Rates | 8,730 | 9,518 | 10,632 | 11,773 | 12,518 | 13,483 | 14,012 | 14,153 | 13,683 | 13,912 |
| - | Subsidies & Grants for Operating Purposes | - | - | - | - | - | - | - | - | - | - |
| - | Fees and Charges | - | - | - | - | - | - | - | - | - | - |
| 184 | Internal Charges & Overheads Recovered | 98 | 100 | 102 | 104 | 107 | 109 | 111 | 115 | 117 | 120 |
| 24 | Other Operating Funding (see note 1, page 264) | 36 | 36 | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 |
| 9,223 | Total Operating Funding | 8,863 | 9,654 | 10,771 | 11,915 | 12,664 | 13,631 | 14,164 | 14,309 | 13,843 | 14,077 |
| Applications of Operating Funding | | | | | | | | | | | |
| 1,739 | Payments to Staff and Suppliers | 1,514 | 1,507 | 1,476 | 1,520 | 1,564 | 1,696 | 1,858 | 1,752 | 1,822 | 1,806 |
| 881 | Finance Costs | 855 | 1,093 | 1,494 | 1,863 | 2,120 | 2,256 | 2,294 | 2,297 | 2,267 | 2,193 |
| 2,750 | Internal Charges & Overheads Applied | 2,891 | 3,003 | 3,128 | 3,221 | 3,297 | 3,412 | 3,508 | 3,599 | 3,756 | 3,861 |
| - | Other operating funding applications | - | - | - | - | - | - | - | - | - | - |
| 5,370 | Total Applications of Operating Funding | 5,260 | 5,603 | 6,097 | 6,605 | 6,980 | 7,364 | 7,660 | 7,648 | 7,846 | 7,859 |
| 3,853 | Surplus/(Deficit) of Operating Funding | 3,603 | 4,052 | 4,674 | 5,310 | 5,684 | 6,268 | 6,504 | 6,662 | 5,997 | 6,217 |

| Budget | Water - Group of Activities | 10YP |
|--|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 2017/18 | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| \$'000s | | \$'000s |
| Sources of Capital Funding | | | | | | | | | | | |
| - | Subsidies and Grants for Capital Expenditure | - | - | - | - | - | - | - | - | - | - |
| 315 | Development & Financial Contributions | 187 | 259 | 332 | 367 | 433 | 489 | 598 | 691 | 763 | 789 |
| 2,160 | Increase/(Decrease) in Debt | 2,636 | 4,901 | 7,953 | 5,074 | 4,943 | (8) | 878 | (88) | (318) | (2,226) |
| - | Gross proceeds from sale of assets | - | 402 | - | - | - | - | 248 | - | - | - |
| - | Lump sum contributions | - | - | - | - | - | - | - | - | - | - |
| - | Other dedicated capital funding | - | - | - | - | - | - | - | - | - | - |
| 2,475 | Total Sources of Capital Funding | 2,823 | 5,563 | 8,285 | 5,441 | 5,376 | 481 | 1,724 | 603 | 445 | (1,437) |
| Applications of Capital Funding | | | | | | | | | | | |
| Capital Expenditure:- | | | | | | | | | | | |
| 971 | - to meet additional demand | 719 | 1,975 | 1,499 | 1,785 | 1,540 | 1,014 | 1,388 | 1,754 | 1,011 | 820 |
| 1,521 | - to improve the level of service | 2,089 | 4,626 | 8,145 | 4,388 | 4,976 | 2,137 | 2,655 | 534 | 2,331 | 100 |
| 3,836 | - to replace existing assets | 3,618 | 3,013 | 3,314 | 4,579 | 4,544 | 3,597 | 4,186 | 4,976 | 3,100 | 3,859 |
| - | Increase/(Decrease) in Reserves | - | - | - | - | - | - | - | - | - | - |
| - | Increase/(Decrease) of Investments | - | - | - | - | - | - | - | - | - | - |
| 6,328 | Total Applications of Capital Funding | 6,427 | 9,614 | 12,959 | 10,751 | 11,060 | 6,748 | 8,228 | 7,264 | 6,442 | 4,780 |
| (3,853) | Surplus/(Deficit) of Capital Funding | (3,603) | (4,052) | (4,674) | (5,310) | (5,684) | (6,268) | (6,504) | (6,662) | (5,997) | (6,217) |
| - | Total Funding Surplus/(Deficit) | - | - | - | - | - | - | - | - | - | - |

| | | |
|--|--|--|
| | | |
|--|--|--|

Wāhanga 4 Section 4

He Kōrero Āpiti Additional Information



Photo courtesy : Penny Aspin

Consultation Process

(How we developed the plan and where it came from)

Summary of Policy on Significance and Engagement

Māori Participation in Council Decision Making

Council Controlled Organisations

Village Planning

The Role and Structure of the Council

How to Contact the Council

Glossary

Section 4

Additional Information



Consultation process (How we developed the plan and where it came from)

The Council sought views from the community. Copies of the Consultation Document and supporting information were made available at the Civic Administration Building, at the City and Community Libraries and on the Council’s website. The consultation was called “What’s the Big Picture?” and it included:

- a Consultation Document,
- a website, with interactive maps, videos and feedback forms
- targeted social media promotion pointing people to the website and encouraging them to have their say
- Let’s Talk sector focussed meetings on the environment, art, sport, community services and business (open to sector groups and the public)
- Let’s Talk general meetings, including meetings in Longburn, Bunnythorpe and Ashhurst
- Square Circular articles and postcards to all households
- cinema, radio, newspaper and billboard promotions
- mini pop-up events in public places and events
- media briefings.

Social Media, radio advertising, Square Circular articles and “Let’s Talk with a Councillor” sessions also encouraged people to have their say and included information about the 10 Year Plan and how people could access the Consultation Document and supporting information and give their feedback. The public then had the option of making a submission and speaking to a Council Hearings Committee.

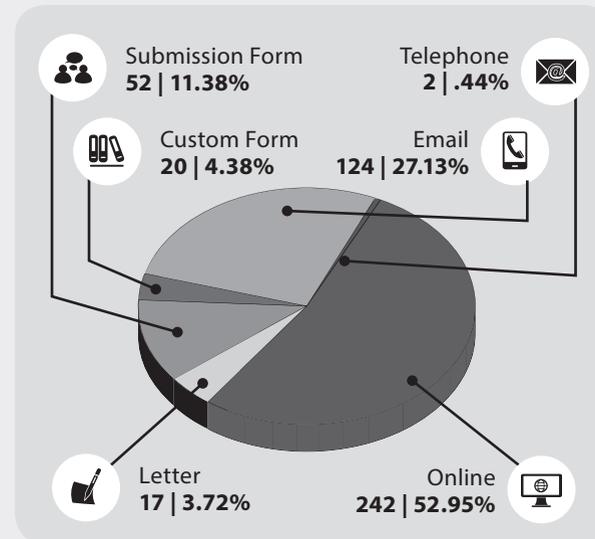
A total of **457 submissions** were received representing 641 signatures. We used social media as well as more traditional methods to raise awareness of the Plan and promote the different ways for people to tell us “What’s the Big Picture?” These included face-to-face sessions with councillors and

council staff in libraries, schools, communities and markets, and an online survey. The Let’s Talk sessions were promoted on the Council’s Facebook page which has almost 10,000 followers and achieved 3,372 hits.

The public was given a variety of ways to make submissions – these are broken down in the graph below.

130 of the 457 submissions were presented by people or organisations at the 11 hearing sessions.

The variety of ways public made submissions



Those that made a submission to the Council’s proposals will receive a personalised letter responding to the issues they raised in their submission. A summary of “Responses to Submissions” has also been prepared, which details the Council’s decisions about the issues raised in all of the submissions it received. This is available by contacting the Council - see details below.

“Responses to Submissions” available

 pncc.govt.nz

 info@pncc.govt.nz

 356 8199

The following briefly outlines some of the common issues raised in submissions

What do you think of our draft vision – Small City

Benefits, Big City Ambition? 220 submitters commented: majority support the vision seeing it as a way to move our city beyond small town thinking to grow our status and reputation, while some see it as too much money spent on things that are not important.

Proposed Rates Increase 78 submitters commented. Most do not support the proposed rates increase, either because we should be spending within our means or because it affects those on fixed or low incomes. The rating system itself was also raised.

Te Manawa 2025 (ID 1460, 1525, pages 73, 74) 167 submitters commented (plus 21 online comments) about the proposed redevelopment, with majority in favour of the upgrade and earthquake strengthening. Some submitters commented that they did not see a revamped Te Manawa attracting enough patronage to make the expenditure worthwhile. A further 30 submitters commented on the plans for the Art Gallery – with a strong theme coming through of retaining the Art Gallery as an iconic building with ideas of it being returned to a separate institution from Te Manawa.

Proposed Project for Victoria Esplanade 155 submitters commented (and nine online comments) with 86 in support of the overall plan as it is a drawcard for visitors and has room for continual improvements. 45 submitters were opposed as they thought the Esplanade was perfect as it is and the plans were too expensive. A number of submitters saw the Park Road entranceway as an important part of the Victoria Esplanade Masterplan for safety reasons.

Central Energy Trust Arena Masterplan (ID 1082, 1083, 990, 1430, 1083 pages 79, 82, 83)148 submitters commented (plus 21 online comments) on the plans for Arena, majority in favour of the proposal stating that our

city needs a multi-function centre to attract sports and cultural events. Some submitters think that a user-pays option would be better and that Council shouldn't be spending heaps on this. In relation to this 42 submitters commented on the Sports House with 40 in support and 2 against.

Proposed Project City Centre Streetscape (ID 244, 1400, 243, 1377, 209, 247, 248, 1402 pages 53, 54, 55) 142 submitters commented (plus 29 online comments) on this, with a range of feedback, 62 in support, 47 opposed and 33 with no specific stance but feedback and suggestions provided. Some submitters commented it is essential to attract new people and businesses and that the proposed listed order is appropriate, others suggested it is expensive and not needed as it is beautiful as it is.

Active Transport (ID 732, 636, 1225, 1039, 1095, 1125, 1117, 1040 pages 88, 89)117 submitters commented (plus 20 online comments) on Active Transport, most support Council's programmes and plans for cycling, walking, pathways and the like, with a strong emphasis on safety deemed necessary. Specific projects commented on:

- Palmerston North to Bunnythorpe Cycle/Pedestrian pathway – 21 submitters commented, majority in support.
- Manawatu River (Ashhurst to Riverside Drive) – Cycle/Pedestrian pathway – 15 submitters commented, majority in support.
- Napier Road (SH3) / Roberts Line intersection pedestrian and cyclists safety upgrade – 14 submitters commented, majority in support.
- Aokautere Drive Pedestrian and Cycle improvements – 13 submitters commented, majority in support.
- Summerhill Drive Pedestrian and Cycle improvements – 13 submitters commented, majority in support.

Housing Support (ID 1459, 1522 page 99) 117 submitters commented, most opposed to Council moving to market rates for rent for new tenants, but support Council building more units.

Wastewater (ID 1319, 628 page 126, 128) 112 submitters commented, (along with nine online comments) most see it as a priority and state that when options become available they would prefer an option that eliminates or reduces discharge into the Manawatu River.

Living Wage 60 submitters commented (plus 34 online comments) most are in support of Council paying permanent staff the Living Wage.

Library Upgrade (Library of the Future) (ID 1518 page 99) 32 submitters commented, majority in favour of the plans and see it as necessary to ensure that the library can remain the Living Room of the City, an active and vibrant space for our diverse community. There were also 17 online comments where a majority said a library café was not needed.

Changes the Council did make in light of submissions include:

- Reduce the proposed rates increase in the first year by lowering the budgeted debt repayments in the first three years. Originally it was proposed to budget for debt repayment over a maximum of 20 years but it was decided to instead retain the present 30 year maximum and plan for one-off additional debt repayment from year 4 onward.
- Dropping the idea of market rents for new tenants in Council owned housing. Council would have used the extra income raised by market rents to build new units, but will now look for different ways to fund this.
- Swapping the order of the Broadway Upgrade (now in year 3) and the Main St East / Urban Bus Terminal (now in year 2).
- Developing an Urban Cycle network Development Masterplan.
- Making safety improvements to the “5 Dips” part of Kelvin Grove Road (Stoney Creek Road to Henaghans Road) in years 5-8.
- Increasing Council’s contribution to the Manawatu Mountain Bike Club to \$50,000 p.a. for years 1-4. This supports the valuable work the club does in Arapuke Forest Park.
- Undertaking an impact assessment on future flooding risks across the city and identifying mitigation measures to reduce flooding risks.
- Building 40 additional carparks at Bill Brown Park in year 3 and additional carparking to the value of \$100,000 at Kelvin Grove Community Centre spread over years 3 and 4.
- Increasing the Globe Theatre operational grant by \$30,000 p.a. and providing a capital grant of \$20,000 to the NZ Rugby Museum for cataloguing and conservation work (year 1).

- Providing a capital grant of \$300,000 to All Saints Church for its redevelopment over 3 years (1 – 3), offset by a \$100,000 p.a. reduction in the Heritage Fund for the three years.
- Installing an extra 17 bins along the walkway network.

Although a majority of submissions did support the idea of paying a living wage Council decided not to proceed with this.

Many of the projects in the Plan will involve further consultation and the points raised in the 10 year Plan submissions will be used as part of this.

Summary of the Council's Significance and Engagement Policy

This is a summary of the Council's Policy on Significance and Engagement 2018.

This Policy lets Council know when and how people expect to be involved in its decision making. It also lets people know when and how they can expect to be involved in Council's decision making.

The Council also has an Active Citizenship Plan. The purpose of this is "to build community capacity to take ownership and encourage community leadership of solutions, including better co-ordination between community organisations and groups."

The Meaning of Community Engagement in Decision Making

Community engagement is a very important part of Council's decision making.

Community engagement means Council and people connecting together to share ideas and build understanding.

Key elements of good engagement are:

- Council involving people throughout the process
- Council giving people the time and information they need to have their say
- Council and people listening to each other and feeling listened to
- Council valuing and genuinely considering peoples' ideas
- Council giving people information about the decisions it has made and the reasons for these
- That it is purposeful and aimed at shaping the decisions and actions of Council.

In community engagement, peoples' ideas may or may not be fully adopted, but they know that they have been genuinely listened to and that their ideas have been fully considered.

Community engagement is a planned process that occurs right through the decision making process. Hence it is a wider process than consultation, which tends to be more formal and to happen towards the end of the decision making process.

The Council's General Approach to Community Engagement

The Council wishes to engage in a way that meets peoples' expectations. This means using a wide range of techniques. However, it does not mean widely engaging in detail over every decision.

Previous research and engagement shows that people have different expectations of how much engagement the Council should do. Most people want Council to consult on major issues only. Other people expect the Council to engage with them in detail on most issues, while others expect Council just to make decisions and keep them informed. The number of people in these different groups will vary according to the specific issue.

The Council has to balance these different levels of desired community engagement.

The Council uses a model based on the IAP2 continuum to guide its engagement:

This shows that community engagement for decision making is a continuum. At one end of the continuum the Council gives people information about what it is doing. At the other end Council delegates decision making to the public. In the middle it uses a range of techniques to gather community views and to involve people in making its decisions.

Most of the Council's engagement will be in the middle of the continuum - at the Consult, Involve or Collaborate levels. In general, the more important (or significant) the decision, the more the Council will work at the Involve or Collaborate level.

Increasing Level of Public Impact 

| | INFORM | CONSULT | INVOLVE | COLLABORATE | EMPOWER |
|----------------------------------|--|--|--|--|--|
| PUBLIC PARTICIPATION GOAL | To provide the public with balanced and objective information to assist them in understanding the problems, alternatives and/or solutions. | To obtain public feedback on analysis alternatives and/or decision. | To work directly with the public throughout the process to ensure that public issues and concerns are consistently understood and considered. | To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution. | To place final decision-making in the hands of the public. |
| PROMISE TO THE PUBLIC | We will keep you informed. | We will keep you informed, listen to and acknowledge concerns and provide feedback on how public input influenced the decision. | We will work with you to ensure that your concerns and issues are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision. | We will look to you for direct advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible. | We will implement what you decide. |
| EXAMPLE TOOLS | <ul style="list-style-type: none"> • Fact sheets • Websites • Open houses | <ul style="list-style-type: none"> • Public comment • Focus groups • Surveys • Public meetings | <ul style="list-style-type: none"> • Public comment • Focus groups • Surveys • Public meetings | <ul style="list-style-type: none"> • Citizen Advisory committees • Consensus-building • Participatory decision-making | <ul style="list-style-type: none"> • Citizen juries • Ballots • Delegated decisions |

In some cases the Council will use engagement techniques from a mix of levels and it may use different levels at different points of the engagement. For example, when it is exploring issues and options Council could use Collaborative techniques, and then use techniques from the Consult level to get community views on these options.

It is the Council that decides what level or levels of engagement are appropriate for each issue. When it makes these decisions it will consider peoples' preferences.

The Council also has a set of Community Engagement Principles to guide its community engagement. These principles sit alongside the consultation principles from s82 of the Local Government Act, and the wider decision making and consultation requirements in sections 76-90 of the Act.

The Council's Community Engagement Principles say that when it engages with local residents and organisations it will:

- Engage in a way that shows people that their contribution is valued and will be fully considered
- Be clear about the process being used and the level of influence that people have
- Encourage as many people as reasonably possible to take part from the start to the finish of the process, especially affected and interested people
- Make it easy for people to give their views to the Council
- Engage in the community by going to where people are and not always expecting them to come to the Council
- Give people time to think about the issues and respond to them
- Use honest and easy to understand information
- Listen to everybody who engages with the Council and gather other information so that it understands a reasonably wide range of peoples' views
- Tell people what it decides and why

- Use relevant information from previous engagement processes
- Take a common sense, cost effective approach.

The Council will use these principles when it designs its engagement processes. Council's approach is to select appropriate techniques based on the issue it is engaging on and the communities it is engaging with, within appropriate levels of resource.

These techniques could include things like social media, email, on line surveys, meetings, deliberative polling, fact sheets, citizens juries, polls, and advisory groups. More information on the range of techniques the Council could use in its engagement is set out in the Council's Community Engagement Guidelines for Staff.

In some instances the Council has to use the Special Consultative Procedure (public notice, draft document, submissions, hearings, decision). Under the LG Act this is when the Council adopts or amends the 10 Year Plan or a significant bylaw. Other legislation also requires use of the Special Consultative Procedure in some cases. These are listed in the Council's Community Engagement Guidelines for Staff.

Other legislation, such as the Resource Management Act 1991, also has prescribed forms of consultation.

The aim of community engagement is to make better decisions. However, community engagement on any particular issue can become an end in itself and turn into an open-ended process. As the principles indicate the Council will take a common sense, cost effective approach that involves as many people as reasonably possible. What is "reasonably possible" is a judgement call that the Council will make. When it makes this judgement it will take into account the views and preferences of affected and interested people, the extent to which their views are already known, the significance of the issue (including its likely impact from the perspective of interested and affected people), and the costs and benefits of any

engagement process or procedure. (These criteria are a summary of the decision making criteria and consultation principles from s78 and s82 of the LG Act.)

The Council is committed to engaging with Rangitāne o Manawatū and with Māori generally in all aspects of the City, including how the Council will engage Māori in its decision making.

The Treaty of Waitangi is New Zealand's founding document and reflects an ongoing commitment to recognise, protect and promote mana whenua (local iwi or tribal communities) as kaitiaki (customary guardians). By implication the Treaty also acknowledges the ethos embodied in tikanga or Māori philosophy and practices. Local government and other bodies are required by legislation to take these into account to give effect to the Crown's intent to protect Māori Treaty rights. As well as acknowledging and working closely with local iwi, local government has a key role in shaping the communities all Māori people live in, and therefore the experience they have in those in those communities.

The Local Government Act Meaning of Significance

The LG Act (s5) says that significance means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for:

- a. the district or region;
- b. any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter;
- c. the capacity of the local authority to perform its role, and the financial and other costs of doing so.

Significance is a continuum that ranges from decisions of low significance to decisions of high significance. The Act says that a decision of high significance is 'significant' (s5). The legislation does not contain any specific criteria to distinguish between significant and non-significant decisions. Instead, the legislation says that that is a decision for each Council to make in each instance.

The Council will ensure that its community engagement and decision making is appropriate for the significance of each decision it makes, irrespective of whether or not the decision is significant.

If a decision is significant (under s5) then the Council will meet a higher standard of engagement and (as required by s76(3) of the LG Act) will ensure that the decision making and consultation principles of s77, 78, 80, 81 and 82 have been appropriately complied with.

Council's General Approach to Significance

Based on the above definitions the Council will determine the significance of a decision by assessing:

- Its impact on the achievement of the Council's 10 Year Plan (Long-Term Plan). The 10 Year Plan sets out what the Council is aiming to achieve (see the table on the next page). In general, a significant decision is one that has high and ongoing impact on the achievement of the Council's 10 Year Plan
- Its impact on those persons who are particularly affected by or interested in the decision. In general, a significant decision is one that has high and ongoing impact on or interest from many people across the community
- Its impact on the Council's resources and capacity to perform its role. In general, a significant decision is one that has high and ongoing cost.

It is the Council that decides whether or not a decision is significant. In making this decision the Council will take into account community views.

The Council has no pre-set triggers or thresholds to determine what is high or ongoing.

In making its decision the Council will take into account all three of the above criteria - a single criterion on its own does not necessarily determine significance. The Council will also consider the cumulative impact of closely related decisions.

10 Year Plan Vision and Goals

Vision:

**Palmerston North: Small city benefits,
Big city ambition**

Goals:

An innovative and growing city

A creative and exciting city

A connected and safe community

An eco city

A driven and enabling Council

Adopted 25 June 2018.

All reports that go to Council will contain an assessment of the significance of the recommended decisions. If the recommendations are considered to be significant a recommendation confirming this and that the Council has engaged appropriately will be included. A statement showing how the Council will (or has) appropriately observe(d) the applicable sections of the Act will also be included.

Whether or not a decision is significant, the Council will still engage appropriately.

Most recommended Council decisions will not be significant.

If the Council substantially changes the report's recommendations then it will have to assess the significance of the new recommendations before it adopts them.

Council's Strategic Assets

The Significance and Engagement Policy must list Council's strategic assets.

A strategic asset any "asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community" (s5).

The Act also says that any housing Council owns to provide affordable housing as part of its social policy and any airport company shares are strategic assets.

In general, if Council is making a decision about a strategic asset it will use a greater degree of engagement than it will for a non-strategic asset. In particular, the Council cannot transfer ownership or control of a strategic asset unless it has first consulted with the community through a Long-Term Plan Consultation Document (LG Act s97).

The Council's strategic assets are:

- social housing as a whole (for low-income older people or people on low incomes with additional needs)
- public rental housing as a whole
- shares in Palmerston North Airport Ltd
- roading and traffic network as a whole (including footpaths, street lighting & parking)
- wastewater reticulation network and treatment plant as a whole
- water supply, treatment, storage and reticulation network as a whole
- stormwater network and land drainage system as a whole
- The Square and Te Marae o Hine as a whole
- reserves zoned for recreation purposes or subject to the Reserves Act as a whole
- the Esplanade, Ongley Park, Fitzherbert Park and Manawaroa Park as a whole

- aquatic facilities as a whole
- Central Energy Trust Arena as a whole
- walkways as a whole
- Ashhurst Domain as a whole
- Memorial Park as a whole
- Te Manawa
- the Regent Theatre
- Caccia Birch
- City Library (including community libraries and mobile library) as a whole
- archives as a whole
- community centres as a whole
- cemeteries and crematorium as a whole
- that portion of the Civic Administration Building sited on The Square.

The Council considers each asset and groups of assets listed above as a single whole asset. This is because the asset or group of assets as a whole delivers the service.

"Strategic assets", therefore refers to the whole asset or group of assets and not individual components unless that component substantially affects the ability of the Council to deliver the service. If the Council is considering a decision on any individual component of a strategic asset that substantially affects the ability of the Council to deliver or promote its services then that component will be treated as strategic.

The Council recognises that there will be some assets that, although not fitting the legal definition of strategic asset, are of high community importance and interest. The Council will appropriately engage with the community on issues relating to these assets. In these cases proposals or decisions regarding these assets may be significant.

Monitoring and Review

This Policy will be reviewed every three years through the 10 Year Plan.

Every year the Council will prepare an Annual Report on the Policy. This will look at feedback from people who participated in some of Council's engagement processes and at the cost-effectiveness of a range of techniques used by the Council.

All Policy reports to Council will also include an assessment of the community engagement. For draft Policies this will be an assessment of how Council should appropriately engage. For final Policies this will be an assessment of how well the engagement worked and what feedback has been provided / is proposed to be provided to participants.

Māori Participation in Council Decision Making

The Council acknowledges Rangitāne o Manawatū as mana whenua.

Council is engaging with Rangitāne and with Māori generally to improve our working relationships in the following ways. This work will culminate in a revised description for the final Plan.

Rangitāne o Manawatū

The Council continues to value its close relationship with Rangitāne o Manawatū. Elected members and staff see Rangitāne as a key partner in achieving the outcomes in the Long-term Plan and they will be building on existing relationships over the next few months as they work closely with the iwi on the 10 Year Plan.

Māori community

The Council is committed to ensuring its goals and intent are achieved alongside Māori. Council's strategic direction confirms that Māori have a key role to play in the positive development of the city.

The Council will continue to prioritise its collaboration with Māori in local and regional projects, including those led by Te Tihi Whānau Ora Alliance, which are making a tremendous difference to whānau in the city and region.

Council is committed to its engagement with Rangitāne, iwi partners in the region and the wider Māori community to ensure it makes a significant contribution to positive Māori development through the Long-term Year Plan.

Council Controlled Organisations

The Council does some of its work through Council Controlled Organisations (CCOs).

A CCO is any organisation in which the Council owns or controls at least 50% of the voting rights or has the right to appoint at least 50% of the directors or trustees. CCOs are often set up to independently manage Council facilities, or deliver specific services to residents.

Council wholly owns four CCOs:

- **Caccia Birch Trust**
Purpose:
The Caccia Birch Trust board maintains and enhances the heritage-listed House and its grounds, while preserving and promoting community access. (Note: The Caccia Birch Trust is an exempted CCO – see below)
- **Globe Theatre Trust**
Purpose:
The Globe Theatre Trust ensures the theatre is accessible to the city and region, and fosters a sense of community by encouraging youth, helping amateurs and promoting participation.
- **Regent Theatre Trust**
Purpose:
The Regent Theatre Trust preserves and promotes the Regent on Broadway, providing a vibrant and unique theatre, performing arts and community venue for the city and region.
- **Te Manawa Museums Trust**
Purpose:
Te Manawa Museums Trust provides the Manawatū with interactive experiences in art, science and history by acquiring, conserving and communicating material evidence of people and their environment.

The Council is a 50% shareholder of another CCO, along with Manawatū District Council:

- **Central Economic Development Agency Limited (CEDA)**
Purpose:
CEDA's mission and primary objective is to drive and facilitate the creation and growth of economic wealth in the Manawatū and beyond.
The Council also has one Council Controlled Trading Organisation (CCTO). A CCTO is a CCO that is set up to make a profit for the Council and ratepayers:
- **Palmerston North Airport Limited (PNAL)**
Purpose:
PNAL's mission is to grow shareholder and regional economic value by operating a safe, efficient, attractive and profitable airport that serves the Central Region.

The Council has these CCOs because they bring business and community expertise that the Council may not otherwise be easily able to access.

The CCOs may also be able to attract funding from sources other than ratepayers.

CCOs and CCTOs operate at arm's length to the Council. They are run by their boards, not by the Council. Each year, the Council and the boards agree on what services the boards will provide to help Council implement the 10 Year Plan. This agreement is called the Statement of Intent. The Council then provides funding (if required) so that the boards can implement the Statements of Intent.

Council's budgets include provision for the proposed amounts to be paid to the CCOs for their core funding and any other specific services sought from time to time. The actual amount to be paid is determined each year and is adjusted for inflation.

The Council can exempt small CCOs from the planning and reporting requirements of the Local Government Act. These are called exempted organisations. The Council has recently exempted the Caccia Birch Trust from formally being a CCO, but it is still expected to prepare a Statement of Intent and annual financial statements.

Other exempted organisations are the Palmerston North Performing Arts Trust and the Manawatū-Whanganui Regional Disaster Relief Fund Trust.

Caccia Birch, Globe Theatre, Regent Theatre and Te Manawa Museum Trusts contribute in particular to the Creative and Exciting City Goal, the Creative and Liveable Strategy, the Arts Plan, and the Culture and Heritage Plan.

The Creative and Liveable Strategy sets out Council's key arts and cultural priorities:

Priority 2: Celebrate the City's history and diversity, and build on the strength of being a city of many cultures and languages

Priority 3: Develop the City into an arts powerhouse with a national reputation for creativity and the arts

Priority 4: Develop a national and international reputation as an exciting City with plenty to do at night and on weekends

Caccia Birch



Caccia Birch Trust’s key items for the next three years are:

- Maintain a focus on preservation
- Develop a higher profile in the community to increase visitor numbers
- Complete ambitious and creative projects which enhance the gardens and buildings
- Grow the range of services and activities available to encourage participation
- Increase revenue generating activities
- Manage any required seismic strengthening of the buildings in order to meet legislative requirements, while maintaining the heritage features of the property.

| MEASURE | 2016/17 Actual | 2017/18 Target | 2018/19 Target | 2019/20 Target | 020/21 Target |
|---------------------------|-------------------|-------------------|-------------------|-------------------|------------------|
| Open afternoons | 20 | 10 | 10 | 12 | 14 |
| Tour groups | New | New | 6 | 7 | 8 |
| Usage days | 230 | n/a | 250 | 255 | 260 |
| Satisfaction (users) | New | New | 90% | 92% | 94% |
| New community group users | New | New | 1 | 2 | 3 |

Note: KPI's as at 25 June 2018

Globe



The Globe Theatre Trust's strategic priorities for the next three years are:

- Support the Council's vision for Palmerston North as provision of small city benefits and big city ambition, particularly through the goal of a creative and exciting city
- Support the local performing arts community to showcase their talents
- Maintain venues equipped to accommodate both community and professional performing arts organisations and events

| MEASURE | 2016/17 Actual | 2017/18 Target | SOI 2018/19 | SOI 2019/20 | SOI 2020/21 |
|---|-------------------|-------------------|----------------|----------------|----------------|
| Usage nights | 273 | 250 | ≥350 | ≥350 | ≥350 |
| Performances | 138 | 165 | ≥165 | ≥165 | ≥165 |
| Satisfaction (hirers) | New | New | ≥97% | ≥97% | ≥97% |
| Satisfaction (audiences) | New | New | ≥78% | ≥78% | ≥78% |
| Events co-promoted by the Globe | 8 ¹ | 2 | 5 | 10 | 12 |
| Proportion of MOU-driven usage | New | New | 60% | 65% | 70% |
| Depreciation costs funded | New | New | 33% | 67% | 75% |
| Donation and fundraising revenue ² | New | \$10,000 | \$10,000 | \$13,000 | \$15,000 |

Note: KPI's as at 25 June 2018

¹ Includes seven Globe Matinee sessions

² Excluding PNCC, non-capital

Regent



The Regent Theatre Trust's strategic priorities for the next three years are:

- To maintain the architectural and historical significance of the Regent on Broadway for future generations
- To be professionally maintained and operated and financially secure
- To be an exciting performing arts and multi-purpose community venue
- Develop and maintain strong strategy for marketing, partnerships and celebrations

| MEASURE | 2016/17 Actual | 2017/18 Target | SOI 2018/19 | SOI 2019/20 | SOI 2020/21 |
|------------------------------------|-------------------|-------------------|----------------|----------------|----------------|
| Significant events assisted | New | New | 1 | 2 | 2 |
| Culturally diverse events assisted | New | New | 2 | 3 | 4 |
| Iconic community events assisted | New | New | 2 | 2 | 2 |
| School events assisted | 13 | 8 | 10 | 11 | 11 |
| Total attendances | 100,576 | n/a | 92,800 | 98,600 | 102,500 |
| Total live nights | 204 | n/a | 160 | 180 | 200 |
| Income from commercial use | 66.91% | n/a | ≥55% | ≥58% | ≥60% |
| Attendances (community events) | 60.86% | n/a | ≥60% | ≥65% | ≥65% |
| Community satisfaction | 97% | n/a | 95% | 95% | 95% |
| Events in foyer and function rooms | 223 ¹ | n/a | 230 | 240 | 250 |

Note: KPI's as at 25 June 2018

¹ Result is for Regency and Rehearsal Rooms only, not foyer

Te Manawa



Te Manawa Museum Trust's strategic objectives for the next three years are:

- Attract visitors from within and outside the region and build international profile
- Enhance partnership with Rangitāne
- Increase third party revenue and visitor satisfaction
- Develop rapid evolution programme to define long term vision
- Commit to staff development

| MEASURE | 2016/17 Actual | 2017/18 Target | SOI 2018/19 | SOI 2019/20 | SOI 2020/21 |
|---------------------------------------|-------------------|-------------------|----------------|----------------|----------------|
| Visits to TM | 175,853 | 172,000 | 178,000 | 180,000 | 185,000 |
| Visits to exhibitions at other venues | 75,240 | 100,000 | 100,000 | 120,000 | 150,000 |
| Online reach (including e-visits) | 581,129 | 160,000 | 200,000 | 250,000 | 300,000 |
| Visits to Te Ahikaea activities | New | New | 5,000 | 10,000 | 20,000 |
| Third-party revenue | \$972,000 | \$577,000 | \$577,000 | \$800,000 | \$800,000 |
| Visitor satisfaction (TM surveys) | 96.3% | >96% | >93% | >94% | >95% |
| Deliver on 'out-of-the-box' thinking | New | New | 2 | 3 | 3 |

Note: KPI's as at 25 June 2018

CEDA and Palmerston North Airport Limited contribute in particular to Council's economic goal of having A Growing and Innovative City.

Council's economic development priorities are set out in its Economic Development Strategy:

Priority 1: Create and enable opportunities for employment and growth (also a priority in the City Development Strategy)

Priority 2: Provide infrastructure to enable growth and a transport system that links people and opportunities

Priority 3: Diversify the economy to reduce reliance on traditional industries

Priority 4: Support an "innovation economy" to underpin growth into the future

Priority 5: Transform the economy to a low carbon economy

CEDA



CEDA's key strategic objectives for the next three years are:

- People - grow and retain education and talent in the region so our businesses have the skills to grow;
- Business – support the growth of business in the region to grow bigger and better;
- Place – enhance the brand and experience of the region so people and businesses want to be based here.

| PERFORMANCE MEASURE | 2018/19 |
|--|---|
| Increase the value of international students in the region | Increase on 2016 baseline |
| Programmes and initiatives developed and delivered to meet needs identified through regional skills gap analysis | 2 programmes developed |
| Year on year growth of unique visits to the regional website www.ManawatuNZ.co.nz | 10% growth |
| Consumer social media and e-Newsletter growth | 10% growth |
| Successful media results for the visitor sector | 5 direct media publications |
| Destination management Plans and Strategy developed | Plan and Strategy developed |
| Develop and implement a cohesive event measurement strategy for the region | Strategy implemented |
| Development and implementation of Regional Events Strategy | Strategy implemented |
| Grow Manawatu's share of regional delegate days through targeted bids | 10% growth |
| Business events bids win/loss ratio (based on results received in the financial year) | 33% win/loss ratio |
| Percentage of customers satisfied with visitor information services in the region | 80% satisfaction |
| Number of businesses actively engaged in Regional Business Partner Programme | 400 |
| Number of unique businesses that have accessed CEDA's additional support services | 100 |
| Engage with business that identify as Maori through the Regional Business Partner Programme | 12 |
| Ongoing engagement with Maori business support agencies / Iwi representatives | 8 engagements |
| Development of Ag Cluster strategy | Strategy developed |
| Distribution and Logistics business attraction plan developed and initiated | Plan initiated |
| Partnership agreements and workplans in place with tertiary sector, and defence committee | Partnership and workplans agreed and actioned |
| Number of businesses assisted by CEDA to relocate to the region | 3 |
| % satisfaction with BCC support / services provided | 80% or higher satisfaction |

Note: KPI's as at 25 June 2018

Palmerston North Airport Limited



Commercial

- Our people are the key to our success. We will develop skills, commitment and resourcefulness across our team recognising achievement.
- We will maintain and develop core infrastructure which is business critical.
- We will diversify and grow revenue streams through a focus on both aeronautical and non-aeronautical revenue sources.
- We will operate a successful enterprise that enables us to distribute shareholder funds surplus to our on-going investment and operating requirements.

Compliance

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

Customer

- We will deliver a high quality and efficient regional airport experience.

- We will promote Palmerston North Airport as the gateway and lower North Island commercial hub to our 90-minute drive market.
- We will facilitate regional economic development by growing passenger and airfreight volumes.

Community

- We will be a guardian for the environment by operating in a sustainable manner in all of our business activities.
- We will be actively engaged with and supportive of the region's communities and iwi.

| PERFORMANCE METRICS | 2018/19 | 2019/20 | 2020/21 |
|--|----------|-----------|-----------|
| | Forecast | Forecast | Forecast |
| A ratio of net surplus before interest/tax/revaluations to total assets. | 3.9% | 4.7% | 5.1% |
| A ratio of net surplus after tax to consolidated shareholders' funds inclusive of revaluation reserve | 3.1% | 3.7% | 4.1% |
| To maintain a ratio of consolidated shareholder's funds to total assets at no less than 40%. | 72% | 73% | 74% |
| To maintain an interest coverage ratio of net surplus before interest at or above 2.25 times. | 4.9 | 5.0 | 5.8 |
| To maintain a tangible net worth (total tangible assets after revaluations less total liabilities) above \$50 million dollars. | \$61.9m | \$63.5m | \$65.2m |
| To maintain a Net Promoter Score of 50 or above. Measured on an annual basis. | 60 | 65 | 70 |
| To achieve targeted annual passenger movement projections | 656,310 | 668,281 | 680,470 |
| To maintain Civil Aviation Rule Part 139 certification and have no adverse findings from the annual audit | Achieve | Achieve | Achieve |
| To achieve zero lost time injuries to those who work within our airport community | Zero | Zero | Zero |
| Complete company roadmap to carbon neutrality | Complete | Implement | Implement |
| Achievement of emission reduction targets | Achieve | Achieve | Achieve |

Note: KPI's as at 25 June 2018

Village Planning

The City Council is helping the residents of three villages – Ashhurst, Bunnythorpe and Longburn – in its area to do Village Planning.

Ashhurst has been part of the city since 1989. Bunnythorpe and Longburn joined the city in 2012 through a boundary change adjustment with Manawatu District Council.

Village planning outlines the type of village that residents want to live in and shows how this could be achieved by residents, Council and other organisations.

Village Planning is “work in progress” and it is up to the residents of each village as to how they want any Village Plans to be finalized and used. This section in the 10 Year Plan shows the Council’s current understanding of the villages’ desired outcomes. It then lists the Council programmes that will help achieve this.

Ashhurst

Desired Village Outcomes

Residents want Ashhurst to keep its unique village character, and to develop in ways that are consistent with Ashhurst’s human and ecological heritage.

In particular, they want Ashhurst to remain a good place for young families and to develop facilities that make the village more enjoyable for youth.

Other important themes are:

- supporting small and local businesses
- having more key services available for residents
- developing recreation opportunities that are grounded in the local environment
- being connected to each other and the larger region with good transport links
- living in a safe village where people know each other and have a sense of belonging
- celebrating their community.

The Village Plan is based on the 2016 Ashhurst Village Vision Planning Process. It was organised by RECAP (the Society for the Resilience and Engagement of the Community of Ashhurst and Pohingina) in co-operation with other local community groups and the City Council.

List of Programmes and Projects

Council provides its day to day services to the village residents. It also has specific one-off projects in the Long-term Plan for the Villages. For Ashhurst these include the following.

As with all programmes in the Plan these are dependent upon future Annual Plans and Long-term Plans. Roading projects are subject to the outcomes of the NZTA Strategic Roading Business Case.

| Programme | Description | Years |
|---|---|---|
| 1225-C/fwd - Manawatu River (Ashhurst to Riverside Drive) -Cycle/Pedestrian Pathway | To finish Manawatu River shared path link between Te Matai Road to Raukawa Road | 2019/20 |
| 1093-Pembroke Street, Ashhurst - Rail Overbridge | Construction of a pedestrian and cycle overbridge | Design: 2027/28 Construction: 2028/29 |
| 1359-Hillary Crescent Ashhurst Safety Improvements | Reconfiguration of intersections at each end of Hillary Crescent to provide improved road geometry and reduce incidence of speed. | 2020/21 |
| 1393-Urban Growth - Ashhurst - Wyndham Street Upgrade | Upgrade Wyndham Street (Cambridge to Oxford) for urban growth to provide for new residential developments. | 2021/22 |
| 1394 – Urban Growth Ashhurst, Custom St Upgrade to urban Standards | Upgrading unsealed roads in Ashhurst to urban standard for the development of adjacent land | 2023/24 |
| 1397-Urban Growth - Ashhurst - Oxford Street Improvements | Upgrading of Oxford Street between Wyndham & North Streets, and intersection at North/Oxford/Colyton. | 2022/23 – 2025/26 |
| 1357-Urban Growth - Ashhurst - Reserve Land Purchase | To purchase one reserve in the Ashhurst area so that, as the village develops, it has enough local reserve provision. | 2019/20 |
| 1364-Urban Growth - Ashhurst - Reserve Development | Development of the local purpose reserve planned for Wyndham Street area to service new urban growth area. | 2021/22 |
| 1455-City Reserves - Ashhurst Domain Development Plan | Reserve management plan and reserve development plan for the Ashhurst Domain | 2025/26 – 2027/28 |
| 1375-Aquatics - Ashhurst Community Pool - Asset Renewals | Renewals of pool equipment | 2023/24 – 2027/28 |
| 1489-Ashhurst School Pool Operating Costs | Funding for pool operating costs | Ongoing |
| 1523-Ashhurst Pool Enhancements | Ashhurst Pool Enhancements | 2018/19 – 2020/21 |
| 1262-Ashhurst Christmas Lights | To put up and take down the Ashhurst Christmas lights each year. | Ongoing |
| 835-Ashhurst Domain - Biodiversity Improvements | Contribution to the Manawatu Gorge Biodiversity Project | Ongoing |
| 1486 Te Apiti Manawatu Gorge Development | Council's contribution to the Te Apiti Manawatu Gorge Project | 2018/19-2022/23 |

| Programme | Description | Years |
|--|--|---|
| 147-Cemeteries - New Burial Berms | New burial berms in the three Council operational cemeteries to ensure that adequate burial space for up to five years . | Ongoing |
| 1120-Ashhurst Library Renewals | Building renewals at Ashhurst Community Library. | 2018/19 |
| 1412-Urban Growth - Ashhurst - Wastewater - North St Network Upgrade | Capacity upgrade and replacement of the existing wastewater pipes downstream of the proposed North Street Subdivision. | 2019/20 |
| 1054-Ashhurst Water Treatment to Address the Discoloured Water Issues | To reduce the soluble iron and manganese in water so that sediments formed in the reticulation will be reduced. | 2019/20 – 2020/21 |
| 1386-Ashhurst water supply upgrade to address firefighting shortfalls and cater for growth | To address fire fighting deficiency for some parts of Ashhurst and at the same time provide capacity to enable full development of existing and future industrial and residential lands in Ashhurst. | 2018/19 – 2020/21 and 2025/26 – 2026/27 |
| 663-Ashhurst Bore to Reservoir Pipe Replacement | Replacement of the pipeline between the Ashhurst bore and the reservoir to maintain asset performance | 2018/19 and 2021/22-2022/23 |
| 1276 – City Boundary Entrance Treatments | Providing entranceways at rural and village boundaries to provide a positive arrival experience to Palmerston North | 2018/19 |

Council is also working with Village residents to help prepare Civil Defence Community Response Plans.

It will also work with residents to develop a Structure Plan for Ashhurst. This involves directing private development and Council investment to ensure that they include community aspirations, eg retaining a village feel.

Bunnythorpe

Desired Village Outcomes

Bunnythorpe residents:

- chose to live in Bunnythorpe for the quiet village and rural lifestyles
- like the easy access they have to nearby facilities and services in Palmerston North and Feilding
- have a strong sense of local community

- want improvements to roading in and around Bunnythorpe

Two of their priorities for developing the village are a new Community Centre and improving roading in and around Bunnythorpe.

The Village Plan has been prepared by the Bunnythorpe Community Committee and the City Council.

List of Programmes and Projects

Council provides its day to day services to the village residents. It also has specific one-off projects in the Long-term Plan for the Villages. For Bunnythorpe these include the following.

As with all programmes in the Plan these are dependent upon future Annual Plans and Long-term Plans.

Roading projects are subject to the outcomes of the NZTA Strategic Roading Business Case.

| Programme | Description | Years |
|--|---|---------------------|
| 1413 and 234 -Bunnythorpe Community Hall | To build a new community facility at Bunnythorpe. | 2018/19 – 2020/21 |
| 147-Cemeteries - New Burial Berms | New burial berms in the three Council operational cemeteries to ensure that adequate burial space for up to five years. | Ongoing |
| 774-Cemeteries - Bunnythorpe - Renewals | To renew fences, path, water supply etc at the Bunnythorpe Cemetery. | 2021/22 |
| 826-Bunnythorpe Sports Domain - Renewals | To renew fields, fences, carpark, changing and meeting rooms as required. | 2018/19 and 2026/27 |
| 1095-Palmerston North to Bunnythorpe - Cycle/ Pedestrian Pathway | To connect the Railway Road shared path to Bunnythorpe, | 2021/22 – 2023/24 |
| 742 and 1548 Campbells Road Bridge Renewals | Renewal of bridge | 2018/19 – 2020/21 |
| 1238-C/fwd and 1498 - Kairanga Bunnythorpe Road (Jacks Creek) - Bridge Renewal | Renewal of 2-lane bridge over Jacks Creek. | 2022/23 |
| 744-Kairanga Bunnythorpe Road (Mangaone Stream) - Bridge Renewal | Renewal of 2-lane bridge over Mangaone Stream on Kairanga Bunnythorpe Road. | 2021/22 |
| 1276 – City Boundary Entrance Treatments | Providing entranceways at rural and village boundaries to provide a positive arrival experience to Palmerston North | 2018/19 |
| 135-Bunnythorpe Water Improvements | To improve water quality, system resilience and firefighting capacity in Bunnythorpe | 2021/22 – 2023/24 |

Council is also working with Village residents to help prepare Civil Defence Community Response Plans.

It will also work with residents to develop a Structure Plan for Bunnythorpe. This involves directing private development and Council investment to ensure that they include community aspirations, eg retaining a village feel.

Longburn

Desired Village Outcomes

Longburn residents like living in the village because it is a caring community in good rural surroundings. It is a good family place and has a relatively young population. The village is close to urban Palmerston North so most residents have relatively easy access to the main city services.

Residents want to feel they are part of the City as well as keeping their village lifestyle and identity.

Priorities for the village include:

- Co-ordinated land and infrastructure planning and communication around developing the Longburn industrial area and the City West Residential Area.
- Transport and infrastructure upgrades that retain a village feel.

List of Programmes and Projects

Council provides its day to day services to the village residents. It also has specific one-off projects in the Long-term Plan for the Villages. For Longburn these include the following.

As with all programmes in the Plan these are dependent upon future Annual Plans and Long-term Plans. Roading projects are subject to the outcomes of the NZTA Strategic Roading Business Case.

| Programme | Description | Years |
|---|---|---|
| 684-Longburn Rongotea Road/No. 1 Line Intersection - Safety Upgrade | Major reconstruction of this intersection. | Design: 2019/20 Construction: 2021/22 – 2022/23 |
| 1327-C/fwd - Walker's Road - New Shared Pathway | Council contribution of \$10,000 to support the installation of a limestone pathway on Walker's Road, subject to external funding or in-kind support. | 2018/19 |
| 1276 – City Boundary Entrance Treatments | Providing entranceways at rural and village boundaries to provide a positive arrival experience to Palmerston North | 2018/19 |

Council will work with the Longburn Community Committee to ensure that Longburn residents understand and are involved in planning for residential and industrial growth in and around village. This includes strategic roading.

It will also work with residents to develop a Structure Plan for Longburn. This involves directing private development and Council investment to ensure that they include community aspirations, eg retaining a village feel.

Council is also working with Village residents to help prepare Civil Defence Community Response Plans.

The Role and Structure of the Council

Palmerston North City Council recognises the expertise, commitment and relationships that exist in the community.

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 composed of 16 elected members – a Mayor and 15 Councillors. The Chief Executive is appointed by the Council to be in charge of Council operations, and 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 implements and manages Council’s policies and objectives within the budgetary constraints established by Council.

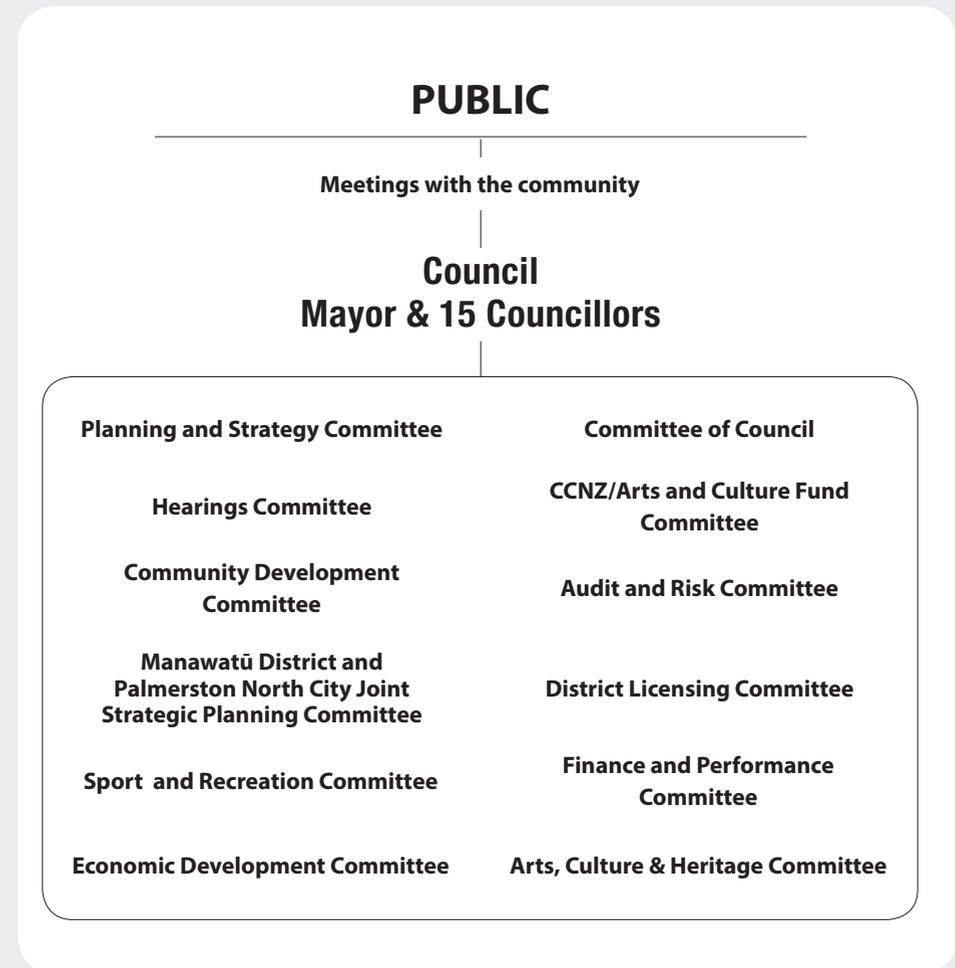
Elections

Triennial Council elections take place every three years, with the most recent held in October 2016. 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 Council reviews its committee structure after each election. The committee structure for the 2016–19 Council term changed to include Economic Development and Arts, Culture and Heritage Committees. The three primary standing committees, being the Economic Development, Finance and Performance, and Planning and Strategy Committees were unchanged. These committees meet monthly, with the full Council meeting on the last Monday of each month. Four committees that have four scheduled meetings a year are: Audit and Risk, Community Development, Arts, Culture and Heritage, and Sport and Recreation. Other committee meetings may be held on an as-required basis.

The purpose of the meetings is to ensure that Council affairs are being conducted according to Council objectives and legislative requirements. The Council also has a monitoring role in relation to the performance of Council Controlled Organisations.



The Mayor and Councillors



Back Row: Bruno Petrenas, Susan Baty, Duncan McCann, Vaughan Dennison, Lew Findlay OSM
Middle Row: Rachel Bowen, Leonie Hapeta JP, Aleisha Rutherford JP, Lorna Johnson, Jim Jefferies OSM, Gabrielle Bundy-Cooke
Front Row: Adrian Broad, Karen Naylor, Grant Smith JP (Mayor), Tangi Utikere JP (Deputy Mayor), Brent Barrett

Governance documents

The Council has adopted a Local Governance Statement, as required by the Local Government Act 2002, setting governance role of the Council. The statement ensures that the community has information about the processes the Council follows when making decisions and taking action, and how the community can influence these processes. This includes requirements for conflicts of interest.

Other governance documents include the Code of Conduct, Appointment of Directors and Trustees Policy, 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, which is available on its website: www.pncc.govt.nz. However, the overall responsibility for maintaining effective systems of internal control ultimately rests with the Council. Internal controls include the policies, systems and procedures established to provide measurable assurance that specific objectives will be achieved.

Legislative compliance

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

Role of Management and employees

The Council organisation is divided into eight units, whose Managers report to the Chief Executive. The Chief Executive is responsible for day-to-day operation of Council activities, acting within statutory authority and delegated authority from the Council, as detailed in the Council's Delegation Manual.

The Chief Executive is employed by the Council, with all other employees employed by the Chief Executive. When employing any individual, equal employment opportunity protocols are followed.

The Council is committed to ensuring that all staff have the capability to deliver the annual plan, and Long Term Plan (10 Year Plan), as agreed with the community. This involves training staff and also providing an environment in which staff can work to their full potential. Across the organisation there are training frameworks that are linked to New Zealand Qualifications, to enable career development for staff.

Palmerston North City Council Organisational Chart

| | | |
|--|--|---|
| Heather Shotter CHIEF EXECUTIVE | | |
| MANAGEMENT TEAM | | |
| City Networks Ray Swadel GENERAL MANAGER | City Corporate Grant Elliott CHIEF FINANCIAL OFFICER | City Future Sheryl Bryant GENERAL MANAGER |
| Asset Management for water supply, rubbish and recycling, wastewater, stormwater, roading, recreation, property. | Governance, information management, finance and treasury, legal, risk management, internal audit. | Community outcomes, community planning (LTP), City advocacy strategies and policies, economic development, lwi and external relationships, international relations, bylaws development, resource management, district planning, urban design. |
| City Enterprises Ray McIndoe GENERAL MANAGER | Libraries & Community Services Debbie Duncan GENERAL MANAGER | Customer Services Peter Eathorne GENERAL MANAGER |
| Horticultural, parks and sports grounds maintenance, rubbish and recycling collections, civil works, emergency services, water and wastewater treatment plants, project consultancy, cemetery administration, Venues Palmerston North. | Library services, community facilities, social housing, Council controlled organisations, grant funding, community development, community safety, managing relationships with social and cultural organisations. | Public health, customer service centre, contact centre, planning and building, animal control, parking control, bylaws and liquor licensing enforcement. |
| Marketing & Communications Sacha Haskell GENERAL MANAGER | Human Resources Wayne Wilson MANAGER | |
| Communications, marketing, events, Print Synergy | Human resources, industrial relations, health and safety, training and development, employee wellbeing, recruitment, payroll | |
| The Council organisation is divided into eight units, the managers of which report to the Chief Executive. | | |

How to contact the Council



Postal address

Private Bag 11034
Manawatu Mail Centre
Palmerston North 4442



Website

pncc.govt.nz



Email

info@pncc.govt.nz



Phone

06 356 8199



Fax

06 351 4471



Customer Services Centre

32 The Square,
Palmerston North

Open hours:

Monday to Friday
8.00am–5.00pm

The Customer Services Centre is the first point of contact within the Council for all of our business. Our friendly, customer-focused team will personally assist you.

The Council also operates a 24-hour, seven-day-a-week, 365-day-a-year Customer Services Call Centre, which acts as a gateway and hub for the Council.

For all enquiries or service requests, or to contact anyone who works for Palmerston North City Council:



City libraries

Central Library

4 The Square, PO Box 1948, Palmerston North

Website citylibrary.pncc.govt.nz

Email: webmanager@library.pncc.govt.nz

Phone: 06 351 4100

Fax: 06 351 4102

Renewals: 06 351 4101

Open hours:

Monday, Tuesday

& Friday 9.30am–6.00pm

Wednesday 10.00am–6.00pm

Thursday 9.30am–8.00pm

Saturday 10.00am–4.00pm

Sunday 1.00pm–4.00pm

(Closed on public holidays)

Ashhurst Community Library

Cnr Cambridge and Bamfield Streets, Ashhurst

Phone/fax: 06 326 8646

Awapuni Community Library

Cnr College Street and Pitama Road, Awapuni

Phone/fax: 06 356 7634

Te Pātikitiki (Highbury) Community Library

157 Highbury Avenue, Highbury

Phone: 06 357 2108

Roslyn Community Library

8 Kipling Street, Roslyn

Phone/fax: 06 357 9287

Mobile Library

Regular stops throughout the city.



Council meetings

The Council encourages public participation in its activities. Meetings of the Council and its committees are generally open to the public and are held in the Council Chamber.

For information about meeting agendas and dates, phone Customer Services on 06 356 8199, look in the Public Notices section of the Manawatu Standard or The Guardian newspapers, or look at our website: pncc.govt.nz

Glossary

This section explains the key terms used in the 10 Year Plan.

10 Year Plan (LTP or Long Term Plan)

A 10 Year Plan developed by the Council and describing what the Council plans to do to contribute to the community outcomes. It shows why the Council does these things, how much they are expected to cost and how success will be judged. A 10 Year Plan is prepared every three years.

Activity

The goods or services that the Council provides to the community. The Council has 17 Activities, e.g. Safe Communities, Water Supply and Active Public Space

Annual Budget (Previously Annual Plan)

This is a budget document that shows how the Council will fund a particular year of the 10 Year Plan. This is to give more consistency of direction to what the Council does for the community. It is produced in years two and three of the 10 Year Plan.

Asset Management Plans (AMPs)

These ensure that the Council's major infrastructural assets are maintained to ensure high environmental standards and can meet the future needs of the city, at the lowest possible cost over the long term. The Council has AMPs for roading and parking, stormwater, rubbish & recycling, wastewater, water, and property and recreation 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

Maintaining and keeping existing infrastructure and facilities up to standard.

Community Outcomes

The outcomes that a local authority aims to achieve in order to promote the social, economic, environmental, and cultural well-being of its district or region, in the present and for the future. They are the Council's Vision and Goals and its Strategies.

Consultation Document

This replaces the previous draft 10 Year Plan and Summary as the document that Council consults on.

Council Controlled Organisation (CCO)

An organisation which the Council owns or controls at least 50% of the voting rights or has the right to appoint at least 50% 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 above for CCO but trading with the main purpose/intention being to make a profit.

Depreciation

Spreading the costs of assets over their useful life.

Development Contributions

Development Contributions provide Council with a method to obtain 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 2018/19 financial year therefore covers the period 1 July 2018 to 30 June 2019.

Funding Impact Statement

A summary of the financial information within a Group of Activities and the whole of Council, under the Local Government Act.

Inflation

A rise in the general level of prices of goods and services over a period of time.

Level of service

A measurable description of what the Council does (or is planning to do) for residents.

LTP (Long Term Plan or 10 Year Plan)

A 10 Year Plan developed by the Council and describing what the Council plans to do to contribute to the community outcomes. It shows why the Council does these things, how much they are expected to cost and how success will be judged. A 10 Year Plan is prepared every three years.

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 the 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 performance measures in its Plans (Active Community Plan, Economic Development Plan, Biodiversity Plan, etc) and documents like Asset Management Plans.

Programmes

Programmes are the detailed financial actions which include capital and non-capital works within a particular financial year to achieve particular outcomes of the Council.

Public Benefit Standards (PBE)

Public Benefit Standards as adopted by the External Reporting Board.

Supporting Information

This is the material that previously would have been in a draft Plan. Under the new Local Government Act councils have to make this information publicly available, but are not to publish it as a separate draft document.

Uniform Annual General Charge (UAGC)

A component of the general rate that is levied as a uniform amount on every property.



Palmerston North City Council

W pncc.govt.nz | E info@pncc.govt.nz | P 356 8199 | Private Bag 11034, The Square, Palmerston North, 4442