



PALMERSTON NORTH CITY COUNCIL

**ATTACHMENTS
COUNCIL
UNDER SEPARATE COVER**

9AM, WEDNESDAY 7 APRIL 2021
COUNCIL CHAMBER, FIRST FLOOR, CIVIC ADMINISTRATION BUILDING
32 THE SQUARE, PALMERSTON NORTH

COUNCIL MEETING

7 April 2021

UNDER SEPARATE COVER

REPORTS

5. Adoption of Annual Report 2019/20

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| 2. Annual Report Summary 2019/20 | Page 256 |

6. Adoption of the 2021 10 Year Plan Consultation Document and Supporting Material for Consultation

- | | |
|--------------------------|----------|
| 1. Consultation Document | Page 288 |
|--------------------------|----------|



DRAFT

AR 2019/20
PŪRONGO Ā-TAU
ANNUAL REPORT
PAPAIOEA
PALMERSTON NORTH CITY

PALMY
PAPAIOEA
PALMERSTON
NORTH
CITY

**SMALL CITY BENEFITS
BIG CITY AMBITION**

pncc.govt.nz

ONE VISION

Palmerston North **SMALL CITY BENEFITS BIG CITY AMBITION**

Five Strategic Goals

- 1. AN INNOVATIVE
AND GROWING CITY**
- 2. A CREATIVE
AND EXCITING CITY**
- 3. A CONNECTED
AND SAFE COMMUNITY**
- 4. AN ECO CITY**
- 5. A DRIVEN AND
ENABLING COUNCIL**

HE MIHI

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

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

Tini whetu ki te rangi, Rangitāne ki te whenua.

Tihei Mauriora!

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

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

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WĀHANGA TUATAHI
SECTION ONE





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8 YEAR IN REVIEW

YEAR IN REVIEW

Kia ora tatou,

The 2019/2020 financial year was a success for Palmerston North despite the ongoing impacts of the Covid-19 pandemic on the community and businesses in the last part of the year. Our vision of small city benefits, big city ambition achieved major milestones. Momentum was maintained in developing infrastructure, services, facilities and experiences to offer the best combination of metropolitan and provincial New Zealand to residents, visitors and investors.

Palmerston North made strides this year in ensuring its ongoing growth happens in a planned, sustainable and exciting way. Overall progress continued, in part due to the region being less affected by the Covid-19 downturn than some other regions in New Zealand. This was a result of the City's broad economic base and focus in sectors less susceptible to the pandemic's economic impacts. Also, increased employment in major construction projects already underway in 2019 created economic momentum.

Council progress in furthering city goals through the year, and its agile response during the nation-wide lockdown emergency, benefited from an organisational transformation programme (commenced in 2018) to build capacity, systems and culture that better support the city vision and its goals, as a driven and enabling Council.

MAJOR PROJECT HIGHLIGHTS

Notwithstanding the intervention of the Covid-19 crisis creating some temporary delays, central government, local government, and private sector investment commitments have remained in place for the region's \$4.5 billion plus pipeline of construction and development projects over the next 10 years. This development activity has continuity and is the foundation for building the most liveable regional City in New Zealand.

Sustainable Growth:

Nature Calls is the largest environmental and financial decision our City faces. Considerable technical and liaison work was conducted during the year ahead of the consultation on our Wastewater Treatment Plant Upgrade. Public consultation was undertaken on shortlisted options to determine the best practicable option for how we manage, treat and discharge the City's wastewater for up to the next 35 years. The significant public engagement and inputs received, alongside technical reports, will be assessed by Council to decide later this year the option for a resource consent application.

A range of essential and residential infrastructure projects to manage city growth were progressed across the City. Wellbeing infrastructure included completion of the second part of stage one of the Papaioea Place social housing redevelopment, bringing the total number of new homes in the precinct to 50. Work has also commenced on stage two, with 28 more units being built. At the top end of the market, the first stage of the \$130 million Centennial Park housing development was completed with 28 sections ready for houses to be constructed.

City Centre Transformation

Stage 2 Square East of the 'Streets for People' CBD plan and redesign, to create a vibrant city centre, made good progress and was completed in July. Modernisation of the Central Energy Trust Arena continued with the official opening of the artificial turf in 2019 and the commencement of the major upgrades in May 2020. A new entrance plaza (including immersive LED bridge lighting display) will be created, new speedway pits installed, and the embankment re-developed. This multi-purpose sports, entertainment and events project is vitalising our local economy and making the City a major action attraction for both residents and visitors.

Manawatū River Network

The recreational projects that are part of the Manawatū River network advanced through the year. In November the City's newest landmark He Ara Kotahi bridge was fully lit up, and over its first year, more than 600,000 people used the pathway. Designs and works on the Victoria Esplanade and the series of river catalyst projects progressed, with completed actions ranging from Pou for the Marae Atea through to the multi-stakeholder Urban Eels project, where the Turitea Stream flows into the Manawatū River.

Mercury Energy Turitea Wind Farm

Renewable energy producer and retailer, Mercury Energy made further turbine-raising announcements of its investments of hundreds of millions of dollars in the Taranaki ranges - positioning Palmerston North region as the country's renewable energy capital of New Zealand. A breaking-of-the ground marked the start of construction of the foundations for the first consented wind turbines.



9 YEAR IN REVIEW

KiwiRail Intermodal Freight Hub

Government funding was formalised for purchase of land for KiwiRail's intermodal road and rail freight hub, and the preferred site was identified – to be between the airport and Bunnythorpe. This precinct represents a game-changer for city growth and vitality. Strategically co-located with the airport, major distribution companies and the Regional Freight Ring Road to create an efficient transport freight network, this is set to be the nation's pre-eminent freight and logistics hub.

Recent Funding Announcements

Government announcements in the financial year included a multimillion-dollar injection for an all-weather synthetic track for Awapuni racecourse and \$206 million towards critical infrastructure upgrades for Ohakea Air Force base. Initial Covid-19 recovery actions included funding applications for government "shovel ready" projects and the NZTA Innovating Streets for People pilot fund. Half a million dollars of funding for six projects was confirmed during the first round of the latter fund.

FINANCIAL POSITION

Council's overall financial position was significantly impacted by the Covid-19 pandemic. While lost revenue and unforeseen expenses totalling \$3.5m (offset by interest and expense savings) led to a net reduction of \$2.6m over the year's final four months, the year ended with a favourable operating surplus from activities of \$1.6 million.

The capital new programme outcome led to 49% of the capital new budget being spent, compared to 73% completed in the previous year. This result however was heavily impacted by work halting during the Covid-19 lockdown period. The previous year's comparison is also impacted by the value of some major projects. Despite the year's interruptions, it was positive that 94% of renewal work was completed against budget.

In adopting our 2020/21 Annual Budget, some reductions were made in the immediate capital works programme and additional debt repayment was halted. A proposed rates income increase by 4.4% was reduced to 1.95%, following further reductions in operating costs. This responded to hardship impacts of the pandemic while maintaining sufficient capability to deliver services and take advantage of opportunities.

PANDEMIC RESPONSE & RECOVERY

The Covid-19 pandemic presented significant ongoing challenges for the region's communities and businesses. The major crisis situation underlined the valuable roles that local councils play in ensuring the continuity of essential services and also welfare assistance.

The national Covid-19 lockdown from late March 2020 necessitated the closure of facilities and suspension of Council services, projects and programmes, and cancellation of events including the New Zealand Military Tattoo.

Council worked alongside Central Government, iwi and our social sector groups to support our communities. Through the end of May 2020, multi-disciplinary teams in our Emergency Operations Centre – in the newly completed Te Ao Nui facility – managed Palmerston North's essential services and welfare needs. Meeting people's basic needs was a fundamental priority. This included welfare assistance for over 20,000 people. A highly-effective welfare request system and hotline set-up have attracted strong interest from other councils.

Anchor organisations in our region worked shoulder-to-shoulder in coordinated response and recovery efforts. City services and projects resumed from Alert Level 3, and Council advanced a City Recovery Plan, with inputs from strategic partners including Horizons Regional Council, CEDA, Rangitāne o Manawātū and the Manawātū Chamber of Commerce. The phased City Recovery Plan, along with regional economic recovery planning, is a platform for the City to deliver on its long-term goals and to bounce back from the crisis. Immediate initiatives for recovery ranged from shop local campaign "Choose Manawātū", to government funding applications, through to Council relaxing financial obligations on commercial stakeholders.

Internationally, during the pandemic, there was close communication between Palmerston North and our sister cities Guiyang and Kushan in China, Missoula in USA, and Mihara city in Japan. In a show of global friendship, Guiyang donated 10,000 medical masks to our City's Covid-19 response effort.



EVENTS, ATTRACTIONS & AWARDS

Entertainment shone through in the year despite the necessary cancellation of some 2020 events. Events celebrated ranged from Diwali Festival of Lights and Festival of Cultures, to Explore Esplanade Day and the New Zealand Superstock Teams Champs. The City's credentials as a vibrant and exciting city were burnished. Among awards, The Lido won 'Best Pool', and Central Energy Trust Wildbase Recovery won 'Best Project' at the national recreation awards. He Ara Kotahi won the Sustainable Transport Leadership at the NZ Transportation Institute Awards. Our reputation as a welcoming host city went up another level, with Immigration New Zealand promoting Council and Palmerston North upgraded from 'Committed' to 'Established' Welcoming Community.

GREATER COLLABORATION, OPPORTUNITY AHEAD

After a year that leaves significant economic challenges for Council, businesses and residents in our City, there is a measure of confidence and some cause for optimism. Key indicators such as growth in retail spending and building activity are positive. Value of building consents issued in the City in the year to May 2020 was an increase of 39% from the previous year, whereas New Zealand consents nationally declined by 2%.

The Coronavirus cloud had silver linings for optimising efficiencies and effectiveness. Operationally these included greater digital engagement, technology advancements and agility; an example was the first Council meeting, entirely online in an audio-visual setting. Strategically, to leverage with our regional partners, government funding pools being rolled out for recovery present opportunities to stimulate economic recovery, jobs, and welfare.

The value of collaboration to get results faster was underscored through the collegial approach the City's lead organisations took throughout the Covid-19 crisis to support the community. Coordinated, region-wide responses to challenge and opportunity are a strategic way forward to generate major wellbeing outcomes. Regional coordination is being committed to through processes such as Three Waters improvements, tackling climate change, spatial planning and improving iwi partnerships.

A notable partnership advanced in 2019, was the invitation to Rangitāne to join Council committees. The representation and participation of mana whenua on the Council's key committees evidence our strengthening relationship with mana whenua and genuine support for realising their aspirations.

In summary, Palmerston North's communities have rallied together through a volatile year. Our growth platform remains strong, while our recovery settings are in place, and we have good opportunities to flourish. Council looks forward to servicing and inspiring our communities and customers to build an outstanding future for Palmerston North.

Ngā mihi nui,

Grant Smith JP
Mayor

7 April 2021



Heather Shotter
Chief Executive

7 April 2021



FINANCIAL OVERVIEW



Operating surplus from activities is \$1.6m higher than budget



Renewal capital expenditure of 26.7m incurred, up \$3.4m on 2018/19



New capital expenditure of \$26.5m incurred, down \$8.5m on 2018/19



Net debt increased \$20.8m, lower than the budgeted increase of \$44.8m

FINANCIAL OVERVIEW

The year was a difficult one for Council, with Covid-19 lockdown and associated restrictions delaying capital programmes and reducing the ability of Council to generate revenue. Despite this, the financial performance shows that the Council continues to be in good shape and operating within its financial strategy.

Financially, the year has seen Council with an operating surplus against budget, with debt significantly lower than planned and an operating surplus higher than budgeted.

Operating surplus from activities	\$1.6m higher than budget	\$2m was due Whakarongo land development expenses not being recognised as no sales were made. The balance was unfavourable mainly due to Covid-19 lockdown leading to reductions in operating revenues and unplanned expenses associated with the lockdown.
Renewal capital expenditure to maintain capabilities	\$26.7m spent, \$1.6m lower than budget, but \$3.4m higher than 2018/19.	Despite Covid-19 lockdown, 94% of budget was achieved due to improvements in the planning process for renewal works. Most of the difference relates to delays to renewal work due to lockdown, which are now scheduled to be completed in 2020/21.
New capital expenditure for growth and to increase capabilities	Spend of \$26.5m, \$27.1m lower than budget, but \$8.5m higher than 2018/19.	The difference is made up of a few significant projects that have been delayed to future years, with the most significant being the Central Energy Trust Arena masterplan projects.
Increase in net debt	Actual net debt increased by \$20.8m, lower than the budgeted increase of \$44.8m.	Net debt has not increased as much as expected. This is due lower capital spends as a result of Covid-19 lockdown delays to works.

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

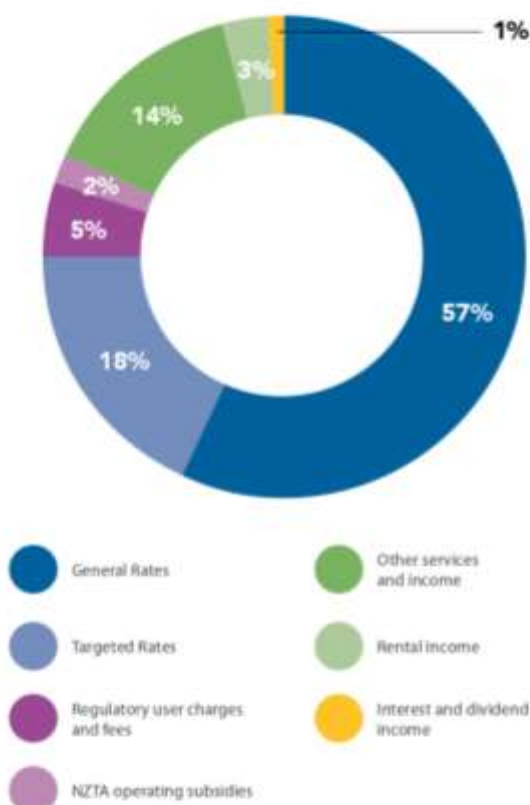
FINANCIAL OVERVIEW

OPERATING REVENUE AND EXPENDITURE

Operating Revenue

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

SOURCES OF REVENUE



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

When compared to budget:

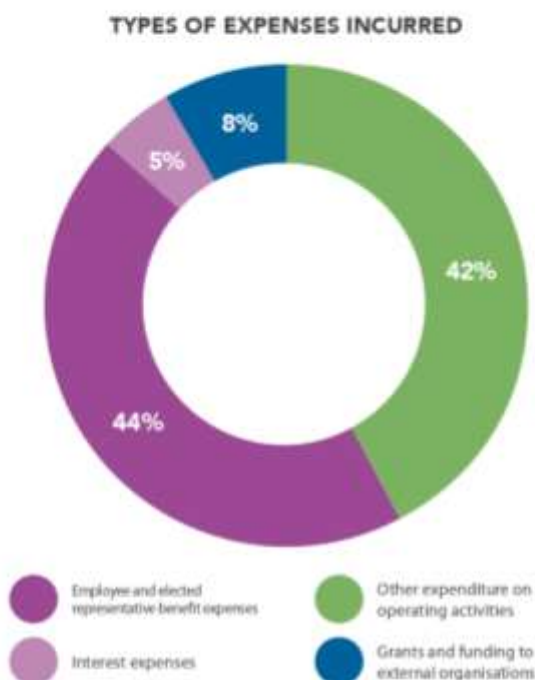
- Rates received, including penalties, were 3k less than budget.
- Operating revenue generated from activities was 4,352k more than budget, with unbudgeted revenue from the government as reimbursement for Covid-19 community welfare accounting for 1,455k of that. The balance came from additional revenue in areas such as building consents and the Central Energy Trust Arena earning more than budget
- Other non-operating capital revenues relating to capital expenditure from government transport subsidies, grants, development contributions, and vested assets, were also received.

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

FINANCIAL OVERVIEW

OPERATING EXPENDITURE

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

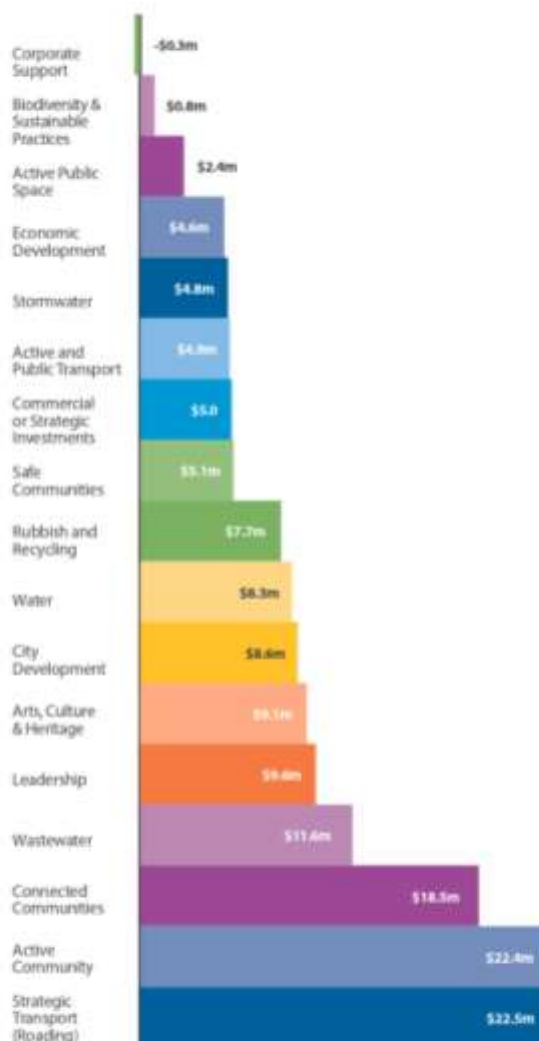


When compared to budget:

- Interest expense was \$2.1m lower than budget. This was due to less capital expenditure incurred than budget, and a lower interest rate than anticipated.
- Overall operating expenses, excluding depreciation, were \$5.1m more than budget. This included expenses associated with Council's Covid-19 response, as well as expenses associated with higher other revenues.

Total operating expenditure from activities was \$145.6m. This is detailed in Section Two by the services provided, known as Activities. The below chart summarises the operating expenditure, including depreciation, by Activity.

OPERATING EXPENDITURE BY ACTIVITY



Activities include the provision of infrastructure and services such as:

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

FINANCIAL OVERVIEW

CAPITAL EXPENDITURE

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

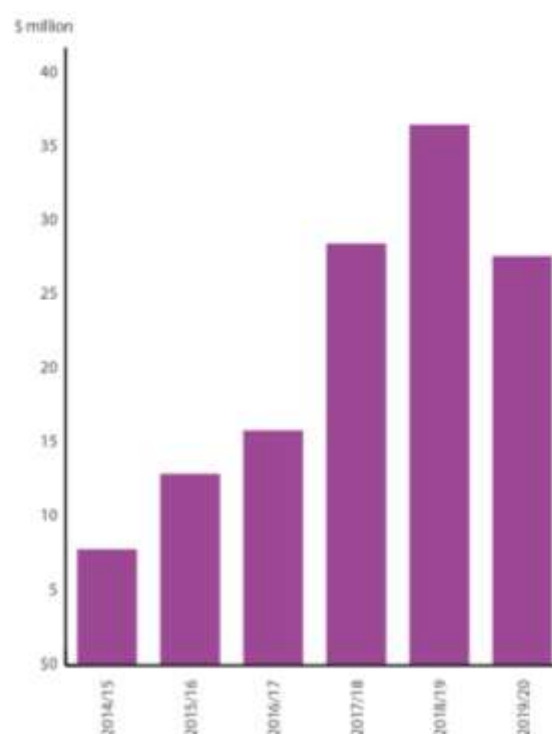
This year, Council had a large capital programme budget, completing works totalling \$53.1m compared with \$58.3m in the previous year. This was a significant achievement, given that significant planned works were delayed due to Covid-19 lockdown. Some major projects could only be commenced and not completed or were deferred without being started, with Covid-19 lockdown being a key cause of this. Many of these projects will be completed in 2020/21.

\$million	Actual 2019/20	Budget 2019/20	Actual 2018/19
Renewal capital	26.7	28.3	23.3
New capital	26.5	53.5	35.0
Total	53.1	81.8	58.3

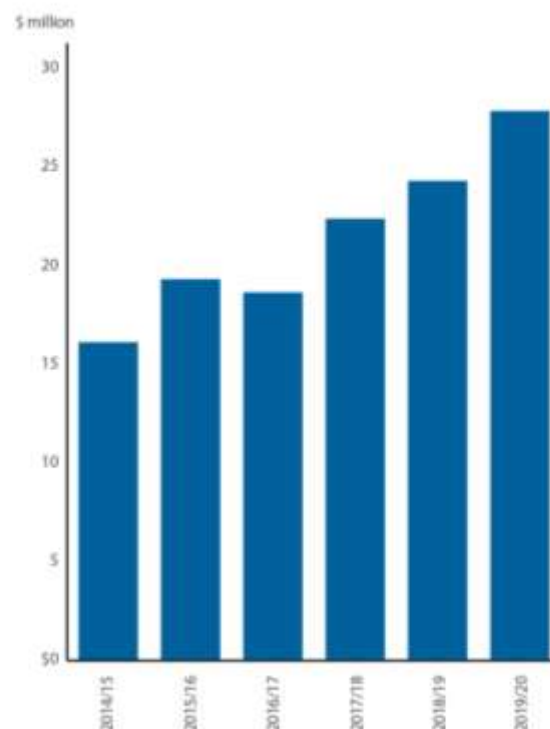
The following charts show how much capital has been spent in recent years for both new and renewal expenditure.

New capital expenditure has decreased by 24% compared to the previous year, and by 3% compared to two years ago. Renewal capital expenditure has increased by 14% compared to the previous year, and by 24% compared to two years ago.

NEW CAPITAL EXPENDITURE SPENT

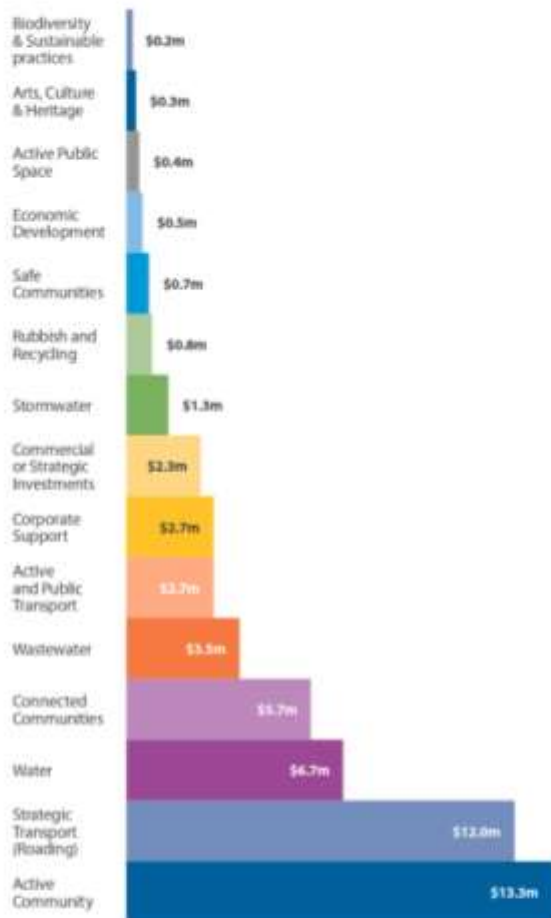


RENEWAL CAPITAL EXPENDITURE SPENT



FINANCIAL OVERVIEW

CAPITAL EXPENDITURE BY ACTIVITY



Some of the more significant new capital projects advanced in 2019/20 were:

'Streets for People' - Square East (Plaza to ANZ)

The project focused on creating a vibrant city centre with wider footpaths, increased accessibility parking, more trees and plants and moveable furniture.

The majority of the five-month construction period focused on infrastructure upgrades including major upgrades to the stormwater services.

While the visual changes to the street will benefit the businesses in this area, the upgrades underground will ensure the road is fit for purpose long term.

After a four-week delay due to Covid-19 lockdown, the project was near completion by the end of the financial year

Central Energy Trust Arena Redevelopment

The artificial turf was completed in August 2019, delivered under budget.

In May 2020, construction started on the next three programmes – the relocation and improvements to the speedway pits, the Cuba Street entrance plaza and concourse, connecting the embankment to the existing grandstand and Stage One of the south grandstand project.

Papaioea Place Redevelopment

The second part of Stage One was completed bringing the number of new homes to 50. Construction on Stage Two commenced on a further 28 units

Stoney Creek Road (School) Safety Upgrade

Programme completed creating safer zones for pedestrians and parking at Whakarongo School.

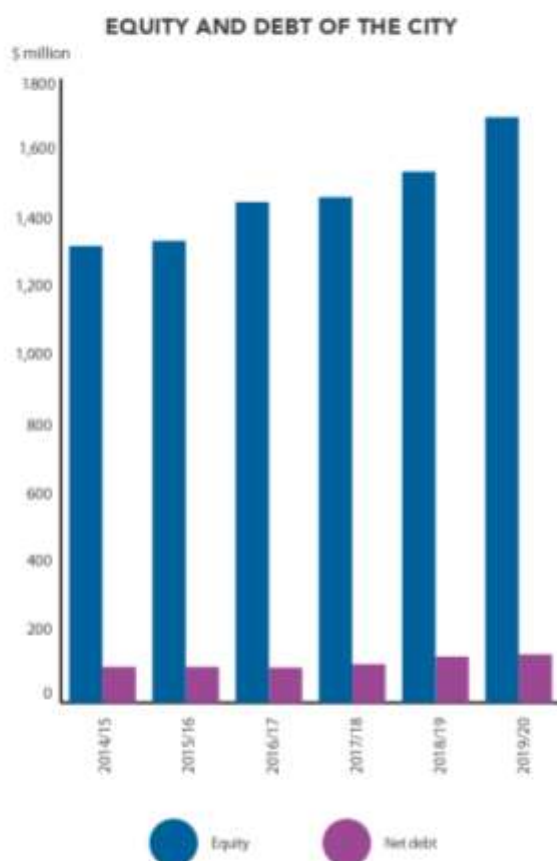
Turitea Water Treatment Plant - Construction of Duplicate Water Pipeline from Lower Dam to Harts Road Reservoirs

Upper and lower bridge sections were completed, including pressure and disinfection testing.

FINANCIAL OVERVIEW

EQUITY AND DEBT

Over the past 5 years, Council has increased its equity by 28% due to asset revaluations and accumulated surpluses. Council is mindful that there is a significant increase in debt forecast to fund infrastructure relating to forecast city growth and other activities such as the wastewater treatment plant and earthquake-prone buildings. To remain within the prudential debt limits, future commitments to unplanned projects will have to be carefully managed.

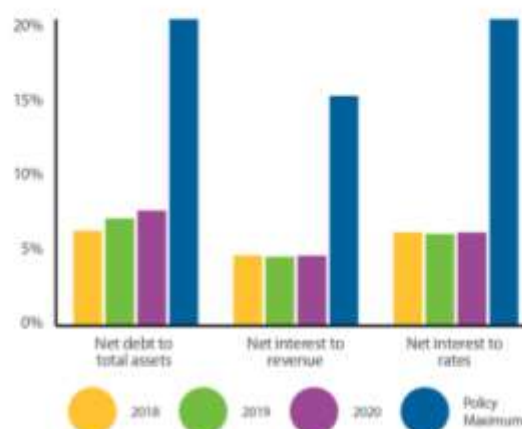


Statistics on equity and net debt per rateable property and per resident are provided in the following table. Equity increases compared to 2018/19 are due to infrastructure asset valuations, which resulted in increases in revaluation reserves. Net debt increases are due to significant increases in capital projects being achieved.

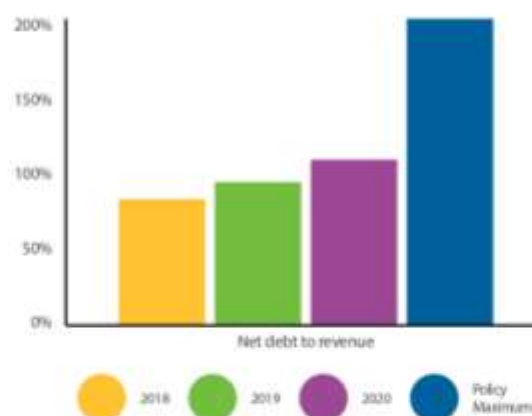
	2018/19	2019/20	% change last year (unfav)
Equity per rateable property	\$46,182	\$50,366	9.1%
Equity per resident	\$17,299	\$19,119	10.5%
Net debt per rateable property	\$3,618	\$4,207	(16.3%)
Net debt per resident	\$1,355	\$1,597	(17.8%)

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

BORROWING RATIOS AT 30 JUNE 2020



BORROWING RATIOS AT 30 JUNE 2020



Council debt has increased due to the increased capital spending. With significant projects planned within the current 10 Year Plan, this is likely to continue to increase. Currently, the debt and interest ratios are below those set by the Council's Treasury Policy. This policy contains conservative prudential ratios of borrowing permitted against several benchmarks, as detailed in the graphs.

THE ROLE OF COUNCIL

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

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

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

A 10 Year Plan is completed every three years to help outline how Council will achieve its goals. This is a major exercise for determining what the community wants and what the city needs. It involves consulting with the community on proposed future services, the planned renewal of infrastructure, and new projects. Council considered submissions from the community before finalising the 10 Year Plan from 2018/28. The Plan was then adopted in June 2018.

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

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

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

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

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

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

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

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

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

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

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

PALMERSTON NORTH Small city benefits, big city ambition

Further details are included in the 10 Year Plan 2018-2028, available on Council's website.

THE ROLE OF COUNCIL



Back: Brent Barrett, Leonie Hapeta, Lew Findlay, Zulfiqar Butt, Vaughan Dennison, Bruno Petrenas, Renee Dingwall, Susan Baty, Pat Handcock
Forefront: Aleisha Rutherford, Lorna Johnson, Karen Naylor, Tangi Utikere ^{PM} (Deputy Mayor), Grant Smith (Mayor), Billy Meehan, Rachel Bowen

COUNCIL STRUCTURE

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 one being held in October 2019. The current Council comprises 15 Councillors, elected on a City-wide basis, and the Mayor. There are no Community Boards.

Council and Committee Structure

The Mayor and 15 Councillors work through committees to make decisions about what Council will do and how work will be funded.

The committee structure is reviewed every three years after each election. Our committees cover the strategic foci and legislative roles of Palmerston North City Council.

For the 2019-2022 term of Council the following committees have been established. Most committees meet on Wednesdays at 9am in Council Chambers, unless otherwise advertised.

Monthly:

Council
Finance & Audit
Infrastructure
Planning & Strategy

Quarterly:

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

As needed:

Committee of Council
Hearings
Rangitāne o Manawātū

Meetings are usually held in public and Council advertises the issues it will be considering. Agendas are available on the Meetings page of the PNCC website.

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

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

19

PUBLIC

Meetings with the Community



MAYOR AND 15 COUNCILLORS

13 COMMITTEES

ARTS, CULTURE & HERITAGE	FINANCE & AUDIT	ECONOMIC DEVELOPMENT
MDC/PNCC JOINT STRATEGIC PLANNING	COMMUNITY DEVELOPMENT	PLAY, RECREATION AND SPORT
DISTRICT LICENSING	INFRASTRUCTURE	COMMITTEE OF COUNCIL
ENVIRONMENTAL SUSTAINABILITY	CREATIVE COMMUNITIES NZ / ARTS & CULTURE FUND	HEARINGS COMMITTEE
		PLANNING & STRATEGY

COUNCILLORS AND THEIR PORTFOLIOS

GO TO PNCC.GOV.T.NZ/COUNCIL FOR CONTACT INFO

Grant Smith ^{MP} Mayor	Tangi Utikere ^{MP} Deputy Mayor	Renee Dingwall Support Portfolio People & Community Climate Change Housing	Bruno Petrenas Portfolio Neighbourhoods, Villages & Rural Support Portfolio Health & Wellbeing Inner City/CBD Transportation
Karen Naylor Support Portfolio Health & Wellbeing Transportation	Lorna Johnson Portfolio People & Community Support Portfolio Climate Change Housing	Zulfiqar Butt ^{MP} Portfolio Climate Change Support Portfolio Inner City/CBD Education & Students People & Community	Rachel Bowen Portfolio Education & Students Support Portfolio People & Community Defence Science, Technology & Innovation Health & Wellbeing Inner City/CBD
Low Findlay ^{ONZM} Portfolio Defence Support Portfolio People & Community	Patrick Handcock ^{ONZM} Portfolio Safe City Support Portfolio Inner City/CBD Housing Defence People & Community Neighbourhoods, Villages & Rural	Brent Barrett Portfolio Science, Technology & Innovation Transportation Support Portfolio Safe City Climate Change	Leonie Hapeta ^{MP} Portfolio Inner City/CBD Support Portfolio Health & Wellbeing Science, Technology & Innovation Transportation Education & Students
Billy Meehan Portfolio Health & Wellbeing Support Portfolio People & Community Neighbourhoods, Villages & Rural	Aleisha Rutherford ^{MP} Support Portfolio Transportation People & Community Neighbourhoods, Villages & Rural	Susan Baty Portfolio Housing	
Vaughan Dennison Support Portfolio Neighbourhoods, Villages & Rural Safe City			

THE ROLE OF COUNCIL

MANAGEMENT AND EMPLOYEES

The Chief Executive is appointed by the Council to oversee Council operations. Certain powers of management are delegated to that position in accordance with Section 42 and clauses 33 and 34 of Schedule 7 of the Local Government Act 2002.

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

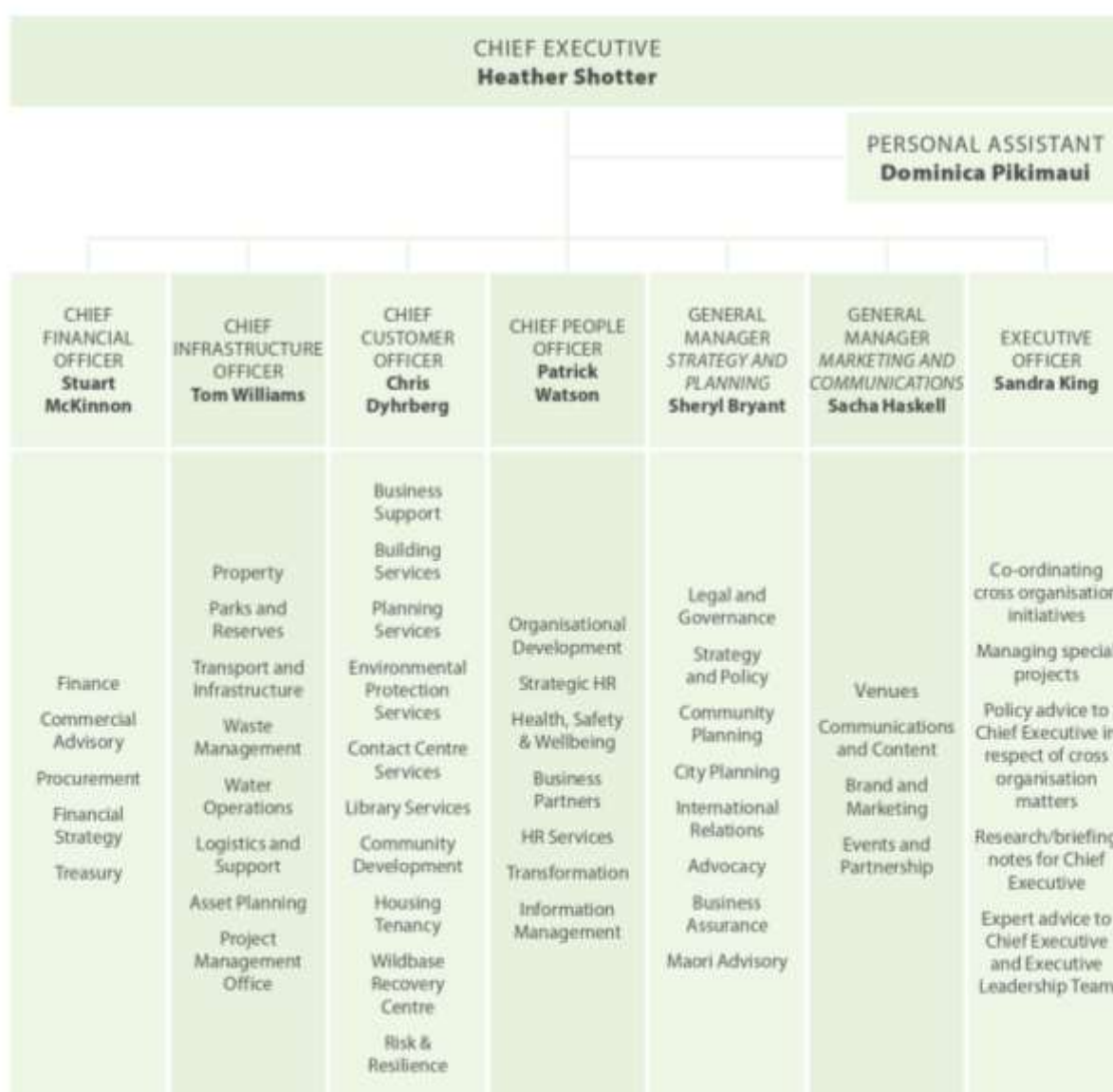
At June 2020 the Council organisation is divided into six units, the managers of which report to the Chief Executive. The Chief Executive is responsible for day-to-day operation of the Council's activities, acting within delegated

authority from the Council, as detailed in the Council's Delegation Manual.

Important areas of focus for management are compliance with legislation, Council policy, management of risk, and acting in a sustainable manner while delivering agreed services within budget.

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

PALMERSTON NORTH CITY COUNCIL ORGANISATIONAL CHART



WHAT'S HAPPENING IN THE CITY?



WHAT'S HAPPENING IN THE CITY?

CITY DEMOGRAPHICS

Palmerston North's population is growing strongly. Based on 2013 census figures, NZ Statistics in June 2019 estimated the city's population to be 88,300.

This was a 1.1 per cent increase over the previous 12 months (the national increase was 1.6 per cent). The estimate suggests Palmerston North has a 1.8 per cent share of the national population.

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

YOUTHFUL POPULATION

In 2019, the median age of the City's population was 33.9 years. The national median age is 37.4 years, making Palmerston North, New Zealand's second youngest city after Hamilton (32.3). This is influenced by the large number of tertiary students attracted primarily for tertiary education and New Zealand's largest army base located within the city boundary at Linton Military Camp. About 18 per cent of Palmerston North residents are Māori, compared with 16.2 per cent nationally (2018 Census). Palmerston North is one of New Zealand's recognised refugee centres, and prides itself on being a welcoming, diverse, inclusive and safe place for all its residents, with over 152 different ethnic communities calling the city home in March 2018.

SOCIAL, CULTURAL AND LEISURE ENVIRONMENT

Access to lifestyle is a feature of living in Palmerston North, and the city has a high level of community spirit. Residents enjoy a comfortable work-life balance. There are many organised community events, recreational amenities, with numerous interest and hobby groups and clubs providing plenty to do.

HOUSING IS STILL RELATIVELY AFFORDABLE.

The city's average price has risen 14.2 per cent since June 2019 and is now \$508,716. That sits well below the national average of \$738,018, where average prices increased by 7.4 per cent in the year to June 2020 (CoreLogic QV June 2020).

Due to the lower median age of the city's population, in 2018 only 62.7 per cent of Palmerston North households lived in a house they owned (with or without a mortgage). This is slightly lower than the proportion of people nationwide who own their own houses (64.5 per cent). The average median weekly rent was \$351 compared with the national median of \$443 (MBIE private sector rental bond data, year ended June 2020).

Data from MidCentral Health shows age-adjusted mortality rates from all causes in Palmerston North matches the rate for New Zealand.

The City is well-provided with playgrounds, sports fields, parks and reserves. There are over 10 hectares of recreation parks and open space per 1000 people. The national benchmark is 4 hectares per 1000 people.

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

WHAT'S HAPPENING IN THE CITY?

ENVIRONMENTAL SUSTAINABILITY

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

There's a commitment to develop its shared pathway and cycleway network. This continues to encourage alternative means of transport and commuting, while providing for safer leisure activities.

The Green Corridors programme continues to create open green spaces from the Tararua Ranges to the Manawatu River. Since 2001 more than 150,000 trees have been planted in the Turitea Valley and Summerhill areas. These plantings have restored wonderful habitats for native birds, improved the water quality for native fish, and resulted in a scenic network of public tracks through the bush.

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

THE MOST PROMINENT ISSUE IS WASTEWATER DISPOSAL.

Council is addressing the impact of the city's treated wastewater discharge on the Manawatu River. As a result, Council has agreed with Horizons Regional Council to apply for new consents for the treatment and discharge of wastewater from the Wastewater Treatment Plant in Awapuni by June 2022, six years before current consents come to an end. A Best Practicable Options Assessment (BPO) review for treating and disposing of the city's wastewater is underway. Following extensive community consultation, the final decision on this is to be made by June 2021, with an application to Horizons for resource consents by June 2022. Council will ensure the resulting wastewater scheme is operational no later than five years after the necessary resource consents come into play.

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

ECONOMY, VISITOR NUMBERS, BUSINESS DEVELOPMENT AND EMPLOYMENT:

Palmerston North has experienced strong economic growth since 2000. Median annual salaries and wages in the city have been increasing faster than the rate of growth for New Zealand, with an increase of 87.5 per cent between March 2000 and March 2019. The national increase over this period was 82.8 per cent. Total income (salaries and wages and income from self-employment) in 2018 was \$2,860 million in the year to March 2018, 125 per cent higher than in 2000, while national income growth was 151 per cent over this period.

Total visitor spending in the city has been increasing, but declined between March and May 2020 due to Covid-19 travel restrictions. Domestic visitor spending was \$337 million in the year to June 2020 – a decline of 10 per cent from the previous year, and international visitor spending was \$59 million – down 12.8 per cent.

Two carriers operate from Palmerston North Airport – Air New Zealand and Originair. Following the introduction of Jetstar flights between Palmerston North and Auckland in February 2016, and the reintroduction of Originair flights between Nelson and Palmerston North in September 2016, passenger numbers through the airport increased significantly. However, Jetstar flights ceased in November 2019. In the year to June 2020, there were 498,442 passengers – a decline of 27 per cent from the previous year. This reflects the impact of the ending of Jetstar flights and Covid-19 travel restrictions in place between late March and early June 2020.

Another key indicator of the impact of Covid-19 controls on the city's economy is the number of beneficiaries. The total number registered in Palmerston North for Ministry of Social Development benefits in June 2020 was 23.3 per cent higher than in June 2019, while national benefit numbers increased by 39.8 per cent.

Electronic card retail spending in Palmerston North reached \$1,147 million in the year ended June 2020, a decline of 3.9 per cent from the previous year, while national retail spending growth also declined by 3.9 per cent. The seven-week closure of most retail stores during Covid-19 Level 3 and 4 restrictions resulted in significant declines in spending during April and May.

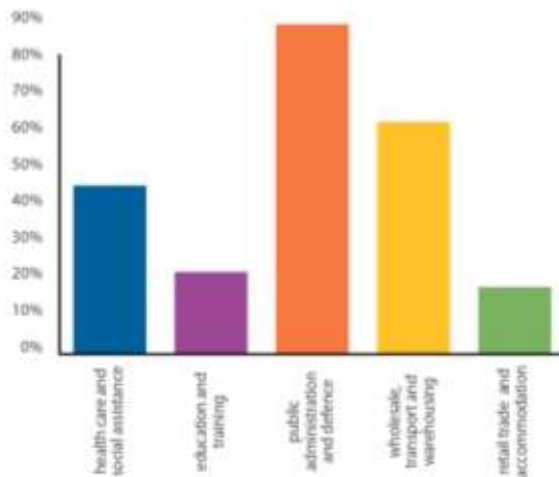
Employment trends in Palmerston North have shown encouraging growth across several business sectors. While tertiary education remains extremely important to the city, it is no longer the largest sector for total earnings (salaries and wages and self-employment income).

Between 2000 and 2019, job numbers have increased by 62 per cent in wholesale, transport and warehousing. Numbers in healthcare and social assistance have increased by 45 per cent. The public administration and defence sectors have increased by 88 per cent. The range of sectors now contributing to growth reduces economic exposure should any downturn affect one or two sectors and provides for a more robust economy.

Construction is a key business confidence indicator. Total residential and non-residential building consents were \$367 million in the year to June 2020, an increase of \$125 million from the previous year – a 51 per cent increase. The consents for an additional 565 new residential dwellings in the year ended June 2020, had a value of \$179 million. The number of consents for new dwellings was 37 per cent higher than the previous year, while the value of the issued consents was 51 per cent higher. A further 423 consents were issued for residential additions and alterations, an increase of 1 per cent over the previous year. Non-residential consents issued in the year to June 2020 were \$172 million, an increase of 40 per cent from the previous year.

WHAT'S HAPPENING IN THE CITY?

PALMERSTON NORTH INCREASE IN JOB NUMBERS BETWEEN 2000 AND 2019:

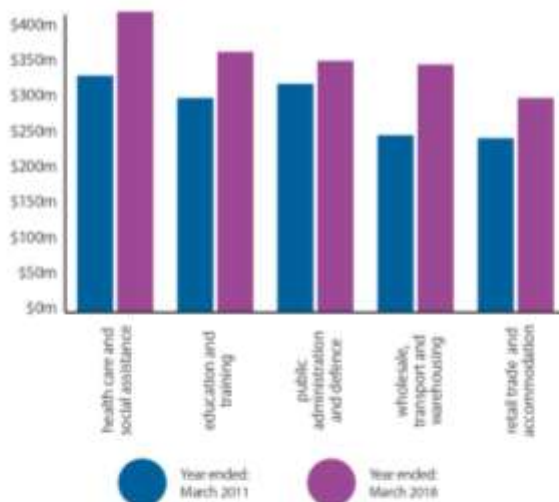


CONCLUSION

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

Overseas travel restrictions since February have impacted international visitor arrivals, both tourist and students, and the number of people moving here for employment. It is likely there will be some ongoing impacts on the economy from these travel restrictions, but most sectors of the city's economy recovered quickly once New Zealand moved to Level 2 Covid-19 restrictions on 13 May. A significant increase in building consents in the first half of 2020 has provided a significant boost to economic activity.

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



WĀHANGA TUARUA
SECTION TWO





HE ARA KOTAHI WALKWAY



NGĀ MAHI A TE KAUNIHERA WHAT THE COUNCIL DOES

Goal 1 - Innovative & Growing City

City Development Activity <i>(includes Housing and Future Development, Urban Design Heritage Management)</i>	40
Strategic Transport (Roading) Activity	45
Economic Development Activity	52

Goal 2 - Creative & Exciting City

Active Public Space Activity <i>(includes Placemaking, Events & Festivals, Palmy Unleashed)</i>	60
Arts, Culture & Heritage Activity <i>(includes arts & cultural organisations/groups)</i>	66
Active Community Activity <i>(includes Sport and Recreation, Parks, Sports fields and Reserves)</i>	71
Active and Public Transport Activity <i>(includes cycle/pedestrian paths, buses & bike stands)</i>	80

Goal 3 - Connected & Safe Community

Connected Communities Activity <i>(includes libraries, community centres, community groups and Social Housing)</i>	86
Safe Communities Activity <i>(includes animal control, civil defence, public health & safer community initiatives)</i>	95

Goal 4 - Eco-City

Rubbish & Recycling Activity	102
Biodiversity & Sustainable Practices Activity	106
Stormwater Activity	111
Wastewater Activity	115
Water Supply Activity	121

Goal 5 - Driven & Enabling Council

Leadership Activity	128
Corporate Support Activity	134
Commercial or Strategic Investments Activity	138

WHAT THE COUNCIL DOES

(Statement of service provision)

OVERVIEW

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

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

Council's goals as set in the 10 Year Plan for 2019/20 were:

1. An Innovative & Growing City

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

2. A Creative & Exciting City

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

3. A Connected & Safe Community

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

4. An Eco City

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

5. A Driven & Enabling Council

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

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

There are explanations of significant capital projects for new acquisitions, to meet future growth requirements or increase levels of service. As well as renewals, to replace and maintain the standard of existing assets.

The summaries also detail issues Council is facing, how we expect these to impact our city and residents, and how Council services are improving.

ACTIVITIES SUMMARY INFORMATION

The following tables summarise the following activity and service information:

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

Activity pages containing more detail can be found immediately after the tables within the relevant activities.

Since the budget was prepared, circumstances have changed in some areas. Explanation of significant variances are included in the activities sections that follow.

FINANCIAL RESULTS

FINANCIAL RESULTS

Operational Summary by Activity

ALL ACTIVITIES

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
REVENUE				
Innovative & Growing City				
City Development	5,189	4,045	1,144	4,812
Economic Development	1,164	1,193	(29)	1,143
Creative & Exciting City				
Active Community	2,911	2,094	817	3,088
Active Public Space	95	46	49	40
Arts, Culture & Heritage	93	62	31	62
Connected & Safe Community				
Connected Communities	3,775	3,945	(170)	3,720
Safe Communities	2,697	1,224	1,473	1,084
Eco-City				
Biodiversity & Sustainable Practices	42	-	42	39
Rubbish and Recycling	3,212	2,748	464	3,221
Transport				
Roothing	6,894	7,376	(482)	7,140
Active and Public Transport	639	207	432	687
Stormwater	9	2	7	14
Wastewater	1,208	1,298	(90)	1,064
Water	256	36	220	129
Driven & Enabling Council				
Leadership	228	303	(75)	1,598
Corporate Support	328	515	(187)	728
Commercial or Strategic Investments	4,606	3,900	706	3,890
TOTAL REVENUE	33,346	28,994	4,352	32,459

EXPENSES				
Innovative & Growing City				
City Development	8,548	7,348	(1,200)	7,919
Economic Development	4,608	4,463	(145)	4,364
Creative & Exciting City				
Active Community	22,411	19,490	(2,921)	20,464
Active Public Space	2,434	2,260	(174)	2,226
Arts, Culture & Heritage	9,051	8,546	(505)	8,382
Connected & Safe Community				
Connected Communities	18,450	18,795	345	18,381
Safe Communities	5,135	3,270	(1,865)	2,807
Eco-City				
Biodiversity & Sustainable Practices	805	773	(32)	744
Rubbish and Recycling	7,729	8,050	321	7,338
Transport				
Roothing	22,536	24,752	2,216	24,184
Active and Public Transport	4,947	4,450	(497)	3,735
Stormwater	4,764	4,200	(564)	3,928
Wastewater	11,636	11,178	(458)	10,516
Water	8,273	8,420	147	8,130
Driven & Enabling Council				
Leadership	9,620	9,652	32	9,609
Corporate Support	(367)	(203)	164	235
Commercial or Strategic Investments	5,000	6,261	1,261	4,128
TOTAL EXPENSES	145,580	141,705	(3,875)	137,090

FINANCIAL RESULTS

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
NET OPERATING COST OF ACTIVITY	(112,234)	(112,711)	477	(104,631)
RATING ALLOCATION				
Add back depreciation	36,483	35,619	864	33,183
Add back Transfers to/from reserves	-	2,607	(2,607)	-
Less Renewal capital expenditure	(26,688)	(28,297)	1,609	(23,309)
Add/(Less) borrowing effect of renewal 3 year averaging	5,794	5,794	-	3,579
Add external revenue for renewal capital	2,659	2,614	45	2,248
Add proceeds from sale of assets	74	-	74	1,102
Less provision for debt reduction	(3,386)	(4,481)	1,095	(3,999)
Add targeted rates allocation	23,582	23,652	(70)	23,541
Add general rates allocation	75,271	75,203	68	71,768
FUNDING SURPLUS/(DEFICIT)	1,555	-	1,555	3,482

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

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

NET OPERATING COST OF ALL OPERATING ACTIVITIES	(112,234)	(112,711)	477	(104,631)
Add back non-cash depreciation	36,483	35,619	(864)	33,183
Add targeted rates allocation	23,582	23,652	(70)	23,541
Add general rates allocation	75,271	75,203	68	71,768
NET RATES-FUNDING AVAILABLE FOR RENEWAL CAPITAL EXPENDITURE AND DEBT REDUCTION	23,102	21,763	1,339	23,861

Council finished the year with a favourable operating surplus from activities \$1.6m compared to budget. This surplus was due to unbudgeted expenses for Whakarongo development of \$2m that were not required. The overspend on remaining budget of \$400k was due to unbudgeted Covid-19 related expenses, as well as additional unbudgeted expenses approved through Council for Wastewater consent renewal, a grant for the Regent Theatre sound system replacement, and a Council-led district plan change.

FINANCIAL RESULTS

FUNDING OF ACTIVITIES AND SERVICES	GENERAL RATES/ TARGETED RATES		USER FEES & CHARGES		OTHER	
	POLICY TARGET	ACTUAL	POLICY TARGET	ACTUAL	POLICY TARGET	ACTUAL
INNOVATIVE & GROWING CITY						
Economic Development						
Economic Development	80-100%	82%	-	-	0-19%	18%
Conference & Function Centre	20-39%	59%	60-79%	41%	-	-
International Relations	80-100%	100%	-	-	-	-
City Development						
Building Services	20-39%	27%	60-79%	73%	-	-
Planning Services - Public	80-100%	100%	-	-	-	-
Planning Services - Private	0-19%*	31%	80-100%	69%	-	-
Urban Design	80-100%	100%	-	-	-	-
Heritage Management	80-100%	100%	-	-	-	-
TRANSPORT						
Roading						
Parking	0-19%	0%	80-100%	100%	0-19%	0%
Roads	80-100%	81%	0-19%	5%	0-19%	13%
Street Facilities	80-100%	94%	-	-	0-19%	6%
Street Lighting	80-100%	81%	-	-	0-19%	19%
Traffic Services	80-100%	79%	-	-	0-19%	21%
Active and Public Transport						
Footpaths	80-100%	96%	-	-	0-19%	4%
Active Transport	80-100%	90%	-	-	0-19%	10%
Public Transport	60-79%	0%	-	-	20-39%	100%
CREATIVE & EXCITING CITY						
Active Public Space						
Community & Commemorative Events	80-100%	95%	0-19%	3%	0-19%	3%
Economic Events	80-100%	100%	-	-	0-19%	0%
Place activation	80-100%	100%	-	-	0-19%	0%
Arts, Culture & Heritage						
Te Manawa	80-100%	99%	-	-	-	-
Other Cultural Facilities	80-100%	100%	-	-	-	-
Support to arts, culture & heritage groups	80-100%	97%	-	-	0-19%	3%
Active Community						
Central Energy Trust Arena	60-79%	68%	20-39%	32%	-	-
City-Wide Reserves	80-100%	99%	0-19%	1%	-	-
Local Reserves	80-100%	97%	0-19%	3%	-	-
Sportsfields	80-100%	95%	0-19%	2%	0-19%*	3%
Swimming Pools	80-100%	93%	0-19%*	7%	-	-
Support to recreation groups	80-100%	100%	-	-	-	-
CONNECTED & SAFE COMMUNITY						
Connected Communities						
Cemeteries	20-39%	41%	60-79%	59%	0-19%*	0%
Community Centres	80-100%	86%	0-19%	14%	-	-
Libraries	80-100%	99%	0-19%	1%	-	-
Public toilets	80-100%	100%	0-19%	0%	-	-
Social Housing	0-19%*	30%	80-100%	70%	-	-
Support to community groups	80-100%	97%	0-19%*	0%	0-19%*	3%

FINANCIAL RESULTS

FUNDING OF ACTIVITIES AND SERVICES	GENERAL RATES/ TARGETED RATES		USER FEES & CHARGES		OTHER	
	POLICY TARGET	ACTUAL	POLICY TARGET	ACTUAL	POLICY TARGET	ACTUAL
Safe Communities						
Animal Control	0-19%	23%	80-100%	77%	-	-
Civil Defence	80-100%	43%	-	-	0-19%*	57%
Public Health	60-79%	63%	20-39%	37%	-	-
Safer Community Initiatives	80-100%	100%	-	-	-	-
ECO-CITY						
Rubbish and Recycling						
Landfill Management	80-100%	32%	0-19%	68%	-	-
Waste Management	0-19%	27%	80-100%	73%	-	-
Waste Minimisation	80-100%	70%	-	-	0-19%	30%
Biodiversity & Sustainable Practices						
Biodiversity	80-100%	84%	-	-	0-19%*	16%
Support to environmental groups	80-100%	100%	-	-	-	-
Sustainable Practices	80-100%	100%	-	-	-	-
Stormwater	80-100%	100%	0-19%	0%	-	-
Wastewater	80-100%	90%	0-19%	10%	-	-
Water	80-100%	97%	0-19%*	3%	-	-
DRIVEN & ENABLING COUNCIL						
Leadership						
Councillor Meetings and Administration	80-100%	100%	0-19%*	0%	-	-
Direction Setting	80-100%	98%	0-19%	2%	-	-
Elections	80-100%	61%	-	-	0-19%	39%
Mayoral and Chief Executive's Office	80-100%	100%	-	-	-	-
Corporate Support	0-19%*	-	-	-	80-100%	100%
Commercial or Strategic Investments	0-19%*	8%	-	-	80-100%	92%

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

Variance explanation for user fees and charges:

Conference & Function Centre – The policy target has not been achieved due to Covid-19 lockdown. Revenue from use of the facility during lockdown was zero.

Planning Services-Private – The policy target has not been achieved as vacancies led to additional professional service expenses that weren't able to be completely offset by revenue. Covid-19 also impacted on Planning Services ability to generate revenue, while still incurring the expenses.

Traffic Services – Outside of policy due to targeting of maintenance that was able to claim for NZTA operating subsidies.

Social Housing – The policy has not been achieved due to additional maintenance to ensure the quality of housing is up to standard.

Animal Control – The policy target has not been achieved as updated MPI legislation meant that investigations were needed into new animal housing facilities as the current one did not meet the requirements.

Civil Defence – Outside of policy due to Covid-19 welfare response with costs being reimbursed by central government.

Landfill Management – Overall actual outcomes are consistent with budget expectations. The Revenue & Financing policy incorrectly states the funding intention and will be corrected when the policy is next updated in 2021.

Waste Management – Overall actual outcomes are consistent with budget expectations. The Revenue & Financing policy incorrectly states the funding intention and will be corrected when the policy is next updated in 2021.

Waste Minimisation – Percentage of revenue from other sources higher than anticipated.

Elections – Revenue from other sources higher as it was an election year. Elections revenue is higher every third year so the Revenue and Financing policy doesn't accurately represent this in election years.

FINANCIAL RESULTS

FINANCIAL RESULTS

Capital Expenditure Summary by Activity

ALL ACTIVITIES

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
CAPITAL RENEWAL				
Innovative & Growing City				
City Development	-	-	-	-
Economic Development	386	262	(124)	461
Creative & Exciting City				
Active Community	6,826	7,119	293	3,547
Active Public Space	23	-	(23)	-
Arts, Culture & Heritage	144	311	167	374
Connected & Safe Community				
Connected Communities	1,871	2,124	253	1,824
Safe Communities	71	81	10	13
Eco-City				
Biodiversity & Sustainable Practices	-	-	-	-
Rubbish and Recycling	513	498	(15)	275
Transport				
Roading	4,688	4,705	17	4,917
Active and Public Transport	1,098	1,046	(52)	943
Stormwater	673	677	4	578
Wastewater	2,631	3,079	448	3,456
Water	3,794	4,406	612	3,608
Driven & Enabling Council				
Leadership	-	-	-	-
Corporate Support	1,958	2,031	73	2,092
Commercial or Strategic Investments	2,012	1,960	(52)	1,221
TOTAL CAPITAL RENEWAL	26,688	28,299	1,611	23,309

CAPITAL NEW

Innovative & Growing City				
City Development	-	-	-	-
Economic Development	91	54	(37)	7
Creative & Exciting City				
Active Community	6,518	12,875	6,357	5,945
Active Public Space	357	403	46	381
Arts, Culture & Heritage	156	591	435	121
Connected & Safe Community				
Connected Communities	3,779	7,485	3,706	4,708
Safe Communities	671	843	172	187
Eco-City				
Biodiversity & Sustainable Practices	162	142	(20)	42
Rubbish and Recycling	303	457	154	420
Transport				
Roading	7,304	12,769	5,465	7,598
Active and Public Transport	1,618	4,394	2,776	11,072
Stormwater	597	1,371	774	835
Wastewater	914	4,159	3,245	559
Water	2,927	7,277	4,350	2,717
Driven & Enabling Council				
Leadership	-	75	75	-
Corporate Support	727	311	(416)	91
Commercial or Strategic Investments	329	309	(20)	333
TOTAL CAPITAL NEW	26,453	53,515	27,062	35,016
TOTAL CAPITAL PROJECTS	53,141	81,814	28,673	58,325

FINANCIAL RESULTS

SUMMARY OF NON-FINANCIAL PERFORMANCE MEASURES

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

	# OF MEASURES	# TARGETS MET
 Goal 1 - Innovative & Growing City City Development Strategic Transport (Rooding) Economic Development	8 8 2	6 3 1
 Goal 2 - A Creative & Exciting City Active Public Space Arts, Culture and Heritage Active Community Active & Public Transport	6 5 5 N/A	2 4 3 N/A ¹
 Goal 3 - A Connected & Safe Community Connected Communities Safe Communities	17 7	16 5
 Goal 4 - An Eco-City Rubbish & Recycling Activity Biodiversity & Sustainable Practices Stormwater Wastewater Water Supply	4 4 7 7 11	4 3 6 6 9
 Goal 5 - A Driven & Enabling Council Leadership Corporate Support Commercial or Strategic Investments	3 N/A* N/A*	3 N/A* N/A*
TOTAL MEASURES	94	71

1- Included in Strategic Transport (Rooding).

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

IMPACT OF COVID-19

IMPACT ON COMMUNITY

The national Alert Level 4 Covid-19 lockdown caused our City to stop functioning as usual, except for essential services, for five weeks (from 25 March to 27 April). Most businesses and operations closed for this period, except for fuel, medical, food supply businesses, and Council essential services (water supply, wastewater, EOC and cemetery operations). Reduced Council operations during this period resulted in the closure of our public facilities, including all libraries, pools, community centres, playgrounds, our Arena sports facility and Conference and Function Centre.

Restrictions on gatherings saw the cancellation of all events and activities including the Council-run New Zealand Military Tattoo, concerts, shows, public meetings and sports events. The closure of Palmerston North Airport during this period impacted all flights and subsequent limitation of services upon reopening under Alert Level 2. The reduction in domestic visitation also had an impact on accommodation providers.

RESPONSE

Our Emergency Operation Centre (EOC) was activated on 25 March 2020 under the Covid-19 national emergency management declaration. At Alert Level 4, staff assigned to the EOC stepped up to manage both the City's essential services and welfare needs. As the alert levels reduced and essential services moved back to the business, the EOC transitioned to a welfare response. The EOC eventually wound up operations on 25 May 2020 as the City moved back to normal.

Our EOC response work included continuing to operate our wastewater, water supply, rubbish collection, emergency road repairs, and coordinating the City's welfare needs. Welfare needs were a significant element of our response. This included the development of an online Needs Assessment Request System (NARS), setting up a welfare hotline with our call centre, and coordination of city welfare agencies and social service providers to provide food, medical and clothing needs. Through the response period, we responded to over 7252 requests for essential welfare services, coordinated food and clothing supplies for social service providers. We assisted Te Tihi o Ruahine Whanau Ora Alliance through enabling space at Central Energy Trust Arena 3 and staff to assist in the preparation of care packages for thousands of families in the Central Region.

In the week leading up to the national Covid-19 lockdown Council's Business Continuity Plan was reframed to ensure council operations continued through various scenarios (subsequently aligned to alert levels). During the city-wide lockdown, we:

- Enabled 85 per cent of Council staff to continue in essential roles or be redeployed into other critical positions.
- Continued to deliver to 32 territorial authorities and 10 other organisations around New Zealand our Call Centre services.
- Amended Council meeting practices (virtual meetings) and enabled the emergency committee to make urgent governance decisions.
- Continued planning to implement major projects to resume within alert level 3, e.g. Streets for People, Turitea duplicate water main, Central Energy Trust Arena Redevelopment.
- Continued to process planning and building consent applications, with inspections resumed under Alert Level 3.

The organisation transitioned back to the workplace over three weeks, as Alert Levels reduced to Level 2 from Level 3 on 13 May 2020. The country moved to Level 1 on 8 June.

RECOVERY PLAN

With a focus on the City's economic recovery following the lockdown, several immediate actions were undertaken to assist City businesses and residents. These included:

- Lodging funding applications for 10 'shovel ready' projects that aligned with the government's Infrastructure Industry Reference Group criteria.
- Applying to the New Zealand Transport Agency's (NZTA) Innovating Streets for People pilot fund, with six projects awarded during Round One to value of \$500k.
- Enabling a rental holiday for PNCC commercial tenants (\$68,000 cost).
- Enabling early payment of PNCC creditors – paid weekly and daily.
- Establishment of PalmyProud Papaioea Whakahi Hub on the PNCC website.
- Survey of community groups to understand challenges and opportunities.
- No enforcement of parking during Level 4 and Level 3 lockdown (estimated \$50,000 per week cost).
- A waiver of library fees during Level 4 and 3 (estimated \$35,000 cost).
- Early release of leased car parks without penalty (estimated \$2,000 cost).
- Additional cleaning of public toilets.
- Re-establishment of all PNCC services.

COVID-19 IMPACT

Over the next financial year (2020/21), we will be actively monitoring economic indicators for the City and adjusting our continued response, which includes actions that:

- Facilitate new building, support local businesses and support efficient procurement and contractor relations to enable 'Economic Well-being'.
- Promote placemaking, encourage future events and build community spirit to enable 'Cultural Well-being'.
- Support community welfare and active communities to enable 'Social Well-being'.
- Promote climate change adaptation and mitigation, promote the use of active and public transport, increase biodiversity, and strengthen the relationship with Environment Network Manawātū to support 'Environmental Well-being'.
- Investigate actions for further development of the 10 Year Plan (2021/31).

IMPACT ON COUNCIL SERVICES/FINANCES

The impact on Council's ability to achieve the budgeted operating result was severely impacted by Covid-19 lockdown, with reductions in revenue in various activities and increased costs associated with welfare and safety of the city. Excluding the \$2m Whakarongo land development budget, Council's net position against the operating rates-funded surplus was unfavourable by approximately \$0.4m.

The major impacts from Covid-19 on the net result are noted below by activity. Further information, including the variances to budget, can be found in the relevant Activity's financial tables, or on pages 29-30 for the funding policy target.

ACTIVITY	OPERATING OR FUNDING POLICY TARGET IMPACT
Economic Development	1. The funding policy target for Conference and Function Centre was not met, as the revenue during Covid-19 lockdown was zero.
City Development	1. The funding policy target for Planning Services-Private was not met, as Covid-19 impacted on Planning Services ability to generate revenue, while expenses were still being incurred.
Strategic Transport (Roading)	1. Parking revenues decreased, including from lease parking, parking meters and infringements. There were no charges or infringements from late March through to early June 2020. 2. Expenses for roads were lower, as planned maintenance was delayed until after Covid-19 lockdown.
Active Community	1. Central Energy Trust Arena incurred expenses that were not able to be offset by revenue during lockdown. 2. Sports fields expenditure was higher with additional operating expenses for cleaning, signage and safety.
Safe Community	1. Civil Defence revenue and expenditure were both higher due to Covid-19. The Emergency Operations Centre was activated, and additional Welfare Services were provided on behalf of the central government. The essential goods purchased for the community were reimbursed by central government.
Commercial or Strategic Investments	1. External contracts expenses due to the contact centre having increased business, particularly during Covid-19 lockdown. This was partially offset by additional revenue.
Council-wide impacts	1. Annual leave balances of staff increased considerably more than anticipated, as staff worked through lockdown and subsequent changes in levels. These balances will be actively managed during 2020/21. 2. Lease revenues for properties (Investment properties, Civic Administration Building) weren't charged during lockdown. 3. Additional expenditures were incurred for: <ul style="list-style-type: none"> • signage on all Council properties • PPE for staff to ensure safe working conditions for essential workers • higher cleaning standards to ensure sanitisation of Council facilities were maintained post-lockdown.

COVID-19 IMPACT

SERVICE PERFORMANCE IMPACT

ACTIVITY	MEASURE	IMPACT
Strategic Transport (Rooding)	8. Major services and projects are provided within budget.	Capital new projects that were expected to be further advanced were delayed due to Covid-19 lockdown.
Economic Development	1. Funding is distributed and the contract deliverables achieved with the funding will be described.	Primary focus in last quarter of financial year was on response and recovery to Covid-19, specifically to assist businesses affected by Covid-19. Sort It Careers Expo focused on not only secondary schools, but also those whose work was affected by Covid-19. Business Support Webinar Series was developed to assist local businesses through the impact, with over 20 webinars delivered to over 600 attendees.
Economic Development	2. Major services and projects are provided within budget.	Target not met, as Conference and Function Centre's ability to generate revenue was affected, leading to an unfavourable operating result against budget.
Active Public Space	1. Projects from the City Centre Streetscape Plan are implemented on time and budget.	Target not met. Final completion of The Square East Stage 2 was delayed until early August 2020 due to Covid-19 lockdown.
Active Public Space	4. Description of the range of community events and initiatives.	Target not met. Due to Covid-19, the Government imposed restrictions on public events and mass gatherings. These included activities such as festivals, fairs, sporting, religious and cultural events and subsequently impacted all community events and initiatives programmed. The lockdown period enabled preparation and planning for re-imagined, reframed or reinvented events with smaller operational budgets for the next financial year. An event funding framework for next financial year has been developed in preparation for July 2020.
Active Public Space	5. Funding for economic events is distributed and the contract deliverables achieved with the funding are described.	Target not met. Due to Covid-19, the Government imposed restrictions on public events and mass gatherings. These included activities such as festivals, fairs, sporting, religious and cultural events and subsequently impacted on all Major Events programmed. The Ford Ranger Rural Games was the last of the large-scale events permitted to be delivered under New Zealand's Covid-19 Alert level system and we are awaiting a final event report and confirmed attendance numbers from event organisers, a requirement of the contract. The contestable process for the next financial year has been reviewed and revised in preparation for July 2020.
Active Public Space	6. Major services and projects are provided within budget.	Target not met, as cancellation of the Military Tattoo due to Covid-19 lockdown led to the refunding of ticket sales, meaning that expenses incurred in planning for the event were not able to be offset.
Active Community	2. Sports fields are available for weekend organised use. (At least 85%).	In spite of Covid-19, which led to a 7-week period in which sports fields were not permitted to be open, this target was met, with 86.5% availability at weekends.
Active Community	3. Swimming pool annual usage: • Lido (more than 330,000 people) • Freyberg (more than 110,000 people).	Target not met, as annual usage was affected by the Covid-19 lockdown period, affecting the overall numbers. There were 286,065 users for the Lido and 154,604 users for Freyberg Pool, a drop of 25% and 13% respectively on 2018/19.
Active Community	5. Major services and projects are provided within budget.	Target not met, as Central Energy Trust Arena revenue was impacted by Covid-19, and its associated capital programmes were also delayed due to the lockdown.

COVID-19 IMPACT

Connected communities	1. Library visitor numbers. (More than 800,000 connections a year).	Target met, but physical visits were impacted by Covid-19 lockdown. Up to that point, visits were 3% higher than the same point in 2018/19. Digital usage during Covid-19 alert levels 4 and 3 remained high with more than 11,000 eBooks and eAudio, 1400 magazines through RB Digital and over 600 titles available on Press Reader were read.
Connected communities	2. Use of physical collections. (Average use per item per year is at least 4).	Target met. Despite the closure of The City Library (all sites) due to Covid-19 restrictions this target was still met with a slight decrease compared to last year. No physical materials were allowed to circulate until restrictions were lifted and the library was allowed to reopen under Alert Level 2. Items were used an average of 4.12 times a year compared to 4.85 times last year.
Connected communities	3. Use of digital collections.	Target met. In response to Covid-19, and particularly across Alert Levels 4 and 3, the library continued to be innovative in the way it responded to community needs by providing a range of digital content, services, programmes, connections and experiences.
Connected communities	4. Description of the range of programmes and events.	Target met. All library event planning was put on hold at the end of the 3rd quarter due to Covid-19. This meant no community events were delivered during the 4th quarter.
Connected communities	7. Levels of community centre use. (Narrative measure, including use of at least 1400 hours per centre per year).	Target not met. Covid-19 had a significant impact on community centres with all closed during the lockdown and return to Level 2.
Connected communities	17. Major services and projects are provided within budget.	Target met. Overall services (including Social Housing and Community Centres with higher maintenance) and most projects are provided within budget, with some delays post Covid-19 lockdown in major projects such as Papaioea Stage 2.
Safe communities	3. Council works with local communities to get people prepared for emergencies.	Target met. Council worked with community groups and government agencies throughout the Covid-19 response providing excellent welfare support to our community.
Safe communities	5. Council is an accredited Food Act verifier. (99% of verifications are conducted within statutory timeframes).	Target not met. Due to Covid-19 restrictions, verifications haven't been conducted within statutory timeframes. MPI has introduced Food (Exemption from Compliance with Verification Requirements) Regulations 2020 which give Territorial Authorities 6 months to complete outstanding audits.
Safe communities	7. Major services and projects are provided within budget.	Target not met. Not achieved due to an increase in levels of service within Emergency Management related to the Covid-19 pandemic. There was increased expenditure mainly relating to the welfare function. Most of this expenditure has been reimbursed by the Government, apart from approximately \$300,000 of expenditure which did not meet the criteria to be claimed for reimbursement.
Rubbish & recycling	4. Major services and projects are provided within budget.	Target met, but two of the capital programmes: 1373-City Wide Public Recycling Facility and 1371-Closed Landfills behind schedule due to issues with design, contractor availability and Covid-19.
Biodiversity and sustainable practices	2. Number and description of sustainable practices campaigns.	Target met. Due to Covid-19 lockdown period, the hazardous household waste collection day was rescheduled to August 2020.

COVID-19 IMPACT

Wastewater	7. Major services and projects are provided within budget.	Target met, but Covid-19 lockdown resulted in progress delays for a number of projects including Seismic Strengthening of Totara Rd Treatment Plant, Replacement of the Inlet Screens, Renewal of the Lift Pumps and Renewal of the Grit Removal Systems.
Water Supply	11. Major services and projects are provided within budget.	Target not met. The Covid-19 lockdown has contributed to progress delays for some major projects including the Duplicate Water Pipeline, Seismic Strengthening of Water Structures, Water Conservation Management, Ashhurst Water Supply Upgrade and the Ashhurst Rising Main Renewal.

CAPITAL EXPENDITURE IMPACT

TYPE	IMPACT
Expenditure	During Covid-19 lockdown, capital expenditure was minimal due to only essential works being completed. This impacted on the overall capital programme delivered in 2019/20, with the final amount of expenditure being 65%, compared to 79% in 2018/19.
Expenditure (Corporate Support)	Capital Expenditure on Information Management projects 53-Computer Replacement-Rolling Replacement and 60-Information Management Strategic Plan Project-New Software Applications were overspent due to Covid-19 lockdown, bringing forward the need to work remotely and an increase in phone and laptop requirements. There has been a reduction in 2020/21 capital budgets associated with Information Management related to this.
Carry forward amounts	Prior to Covid-19 lockdown, the carry forward amount indicated to future years in the draft 2020/21 annual budget for consultation was \$21.1m (\$15.1m in 2020/21). As a result of delays to programmes from lockdown, this increased to \$32.7m (\$17.6m in 2020/21).

2020/21 ANNUAL BUDGET IMPACT

During Covid-19 lockdown, the 2020/21 Annual Budget was out for consultation, proposing a budget that would have seen a need for total rates income to increase by 4.4%. Covid-19 had a significant impact on the community and the Council itself, and in light of this budgets were reviewed in detail to address:

- A projected reduction in non-rates revenue expected to be received for a number of Council activities (especially for parking, community facilities and some regulatory activities) and from dividends from investment in Palmerston North Airport Ltd
- A revised assessment of likely increases in underlying operating costs especially salaries and wages
- A reassessment of the proposed capital expenditure programme taking into account delays in the 2019/20 programme during the lockdown period
- A political desire to reduce to the level of the rates increase to recognise the hardship likely to be faced by a number of ratepayers as a consequence of business interruption and job loss

As a result of this, the final outcome was that the total rates income was budgeted to increase by 1.95%, a 2.45% reduction compared to the increase consulted on.

GOAL 1

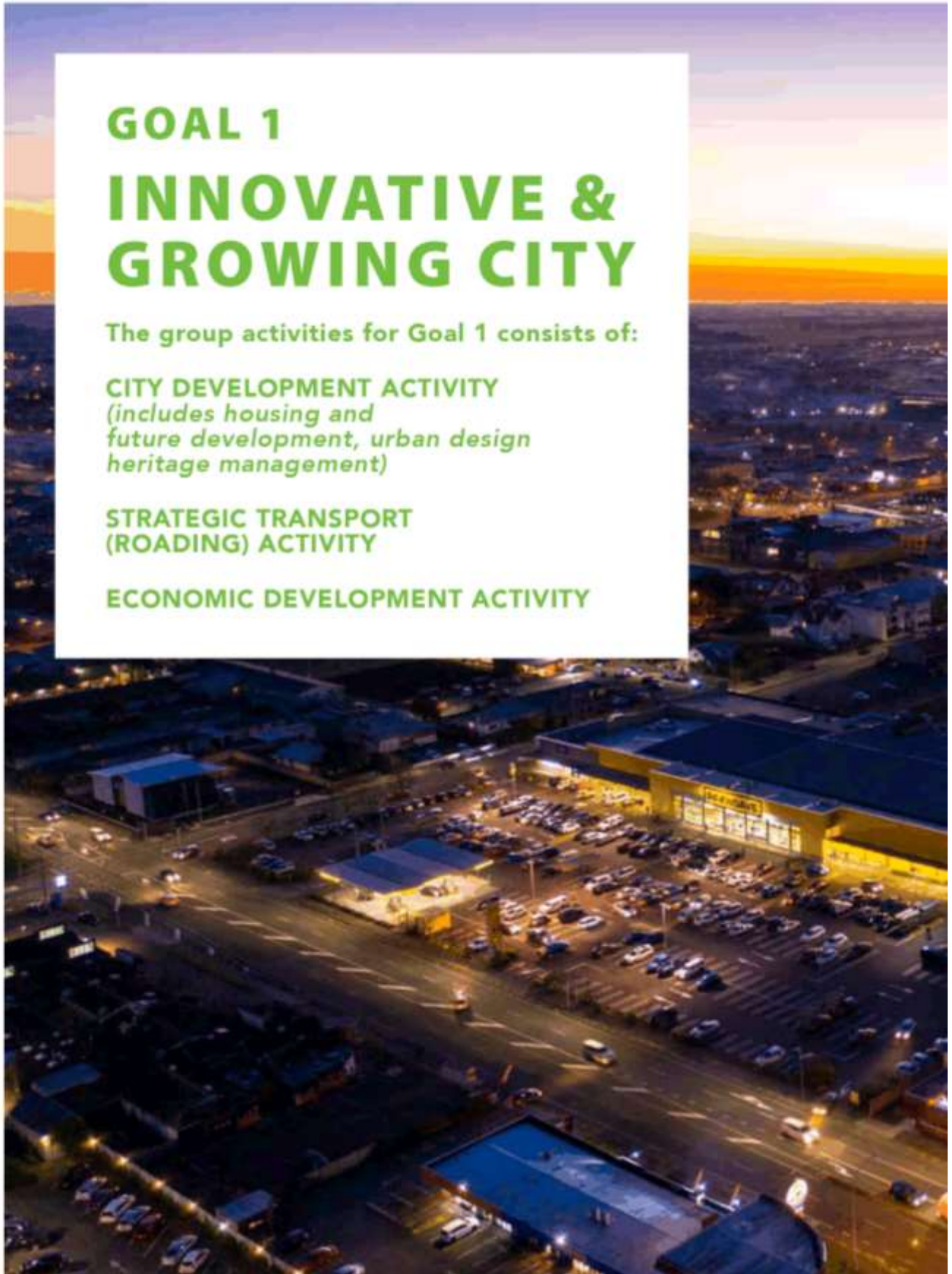
INNOVATIVE & GROWING CITY

The group activities for Goal 1 consists of:

CITY DEVELOPMENT ACTIVITY
*(includes housing and
future development, urban design
heritage management)*

**STRATEGIC TRANSPORT
(ROADING) ACTIVITY**

ECONOMIC DEVELOPMENT ACTIVITY





G1 - CITY DEVELOPMENT ACTIVITY



CITY DEVELOPMENT ACTIVITY

WHAT THE COUNCIL DOES

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

As well as making sure the City looks after its natural and built environment, Council uses and promotes principles of good urban design to ensure Palmerston North has high quality public and private places.

Council works with Rangitāne o Manawatu and the owners of heritage buildings to ensure heritage sites of significance are protected. This support includes the Council's Natural and Cultural Heritage Fund for projects that involve:

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

KEY ACHIEVEMENTS



Housing and Business
Needs Assessment
Capacity Completed



MoU signed with
NZTA and KiwiRail
to work together on
Regional Freight Ring
Road and Central
North Island Freight Hub

**BUILDING
CONSENT**
INSPECTIONS
REACHED THE
HIGHEST VOLUME
RECORDED

\$372.17M
OF VALUE OF
**BUILDING
CONSENTS**

G1 - CITY DEVELOPMENT ACTIVITY

WHAT HAPPENED IN THE YEAR

HOUSING AND FUTURE DEVELOPMENT

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

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

- Napier Road
- Kikiwhenua
- Kakatangia
- Aokautere, informed by a new structure plan.
- Roxburgh
- Ashhurst
- Flyers Line

Council has also initiated work on a new Future Development Strategy, as required by the National Policy Statement for Urban Development Capacity. This will look closely at the options for increasing the rate and quality of infill and medium density housing development.

BUILDING CONTROL

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

The number of building consent applications received for processing increased by 5 per cent over the previous year (1187 received in 2019/20, up from 1135 received in 2018/19). Council met its target with 95% of these processed within the statutory timeframes.

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

The team continues to build strong relationships with key industry professionals, particularly owners, designers, builders and developers. The challenges of working within the constraints of Covid-19 restrictions led to innovative methods of maintaining customer contact. Having an established online processing system proved beneficial.

Consultation with, and notification to owners of earthquake-prone buildings (EPB) on priority routes was completed, including other priority building owners (emergency services and education buildings). The national register is now populated with confirmed local EPBs, as per the new legislation.

PLANNING

Land-use and subdivision consent application numbers remained high. Attracting planners has proven difficult in a period of high workload and therefore the reliance on external consultants remained high. Expected revenue was on target until the Covid-19 lockdown. The lockdown affected new staff joining the team and working remotely while not having access to all systems and staff from other units available slowed the pace of processing. We continue to work on recruitment and expect two new planners to join the team soon.

Several significant consents were processed during the year including:

- Papaioea Place housing development stage 2
- A 46-unit multi-residential development
- A centrally-located new retirement village
- A significant variation to the proposed Countdown supermarket on Pioneer Highway.

A review of the Building and Planning Development services was undertaken by an independent consultant. The purpose of the review was to create customer-centric service, improve and streamline line processes and enable proactive stakeholder engagement. The review recommended a number of initiatives that are being implemented.

These included:

- Developing urban design guidelines;
- promotion of pre-application meetings;
- improved consent tracking
- establishing an Industry Engagement role to help foster relationships and promote education within the development community.

A number of these initiatives are underway and are proving successful.

URBAN DESIGN

Urban design manages the relationships between buildings, places, spaces, activities and networks. It recognises towns and cities are part of constantly evolving relationships between people, land, culture and the wider environment. Council applies urban design principles to Council projects and private development. This helps Council to improve the quality of the built environment and the reputation of the City. Improvements in this area have been a focus for Council, after recommendations from Charles Landry, following the 2013 assessment of the City.

Design review and pre-application processes for important commercial and residential developments continued as part of the administration of the District Plan. A reassessment of the 2013 creative cities index was also completed during the year, with the results to be confirmed early next year.

HERITAGE MANAGEMENT

The key focus for heritage management was working with owners of earthquake-prone heritage buildings. Council concentrated on helping owners understand the process, options and costs of addressing the earthquake-prone

G1 - CITY DEVELOPMENT ACTIVITY

status of their buildings. Allocation of the Heritage Fund was completed, with the focus again on supporting owners of earthquake-prone heritage buildings. Council also connected with All Saints Church regarding the allocation of the second of three \$100,000 grants over the next three years. An assessment of ground conditions in the city centre was also initiated to provide greater certainty seismic assessments of earthquake-prone buildings.

ONGOING CONSIDERATIONS

HOUSING AND FUTURE DEVELOPMENT

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

BUILDING CONTROL

As has plagued Building Services in the past, recruitment and retention of skilled staff is problematic. With a relentless increase in volume and complexity of work, the service struggles to attract skilled building control staff and are forced to 'grow our own'. Whilst the cadet scheme, partnered with UCOL has been successful, it is a laboriously time-consuming process unable to meet current demand alone. New, unskilled staff equally sap already existing under-pressure staff in on-the-job training requirements,

making for a heavier reliance on contracted resources. With the recent approval of three additional officers, there will be short term training pain, hopefully resulting in long term productivity gain. A remuneration review may further align the service more favourably in an extremely competitive market for attracting already skilled staff.

PLANNING

Planning services will focus on managing workloads to keep up with the sheer number of consents that need processing. To address this, the finalisation of the recruitment of additional planners to get workloads under control is underway. There is also ongoing work implementing the recommendations of the Building and Planning Development Services review.

URBAN DESIGN

Council will continue to promote and communicate the benefits of good urban design with the development community and internally with council officers delivering capital and some renewal projects. The Delivering Change Fund continues to be used to good effect to shape outcomes across a variety of city development projects and will continue to be employed as a unique tool to build urban design capacity amongst the design and development community.

HERITAGE MANAGEMENT

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

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council rezones land and reviews the District Plan provisions to ensure land supply continues to exceed demand. (Housing and Future Development Plan)	1. There is a continual supply of land for at least 1,900 greenfield residential sections.	Target met.	Progressing rezoning of land at Kikiwhenua, Kakatangiata, Aokautere, Ashhurst, Napier Road, Flyers Line and Roxburgh Crescent.
	2. Ratio of lower quartile home price to median household income. (This measures whether a household that is renting can afford to buy a home. It is part of the MBIE set of indicators and will allow comparisons with other Councils. This is a new measure so Council has no target set yet.)	Target not met.	The December 2018 Housing Affordability Buy measures shows that 74% of Palmerston North renting households fell below the 2013 National Affordability Benchmark.

G1 - CITY DEVELOPMENT ACTIVITY

Council processes planning and building consents to support growth. (Housing and Future Development Plan)	3. At least 95% of resource consent applications are processed within statutory timeframes.	Target not met.	<p>65% of consents (321 of 492) were on time. This compares to a total 85% processed on time in 2018/19 (371 out of 435). Result due to an ongoing high volume of work compared to usual levels which is expected to continue for the foreseeable future.</p> <p>Attempts to recruit additional staff have continued in a market where there is a shortage of planners. Council has successfully recruited one additional planner due to start in the next financial year in August 2020.</p> <p>Efforts to recruit additional staff will continue in the 2020/21 year. A Communications plan with the Development Community regarding delays is being developed.</p>
	4. At least 95% of building consent applications are processed within statutory timeframes.	Target met.	<p>A total of 95% of consents were processed on time (1,187 out of 1,254 consents).</p> <p>This compares to a total of 96% processed on time in 2018/19 (1,198 out of 1,248).</p>
	5. Council keeps its status as an accredited building consent authority.	Target met.	Accreditation retained.
Council provides water, transport and waste infrastructure to support growth. (Growth Infrastructure Plan)	6. At least three years of housing and business land with services is immediately available. (new)	Target met.	<p>Residential land available via infill, Napier Road, Whakarongo, Milson, Aokautere, Tremaine Ave, Kelvin Grove and Hokowhitu. National Policy Statement (NPS) monitoring demonstrated there is sufficient supply of business land. Early work underway on identifying additional land for small scale industrial. KiwiRail project will provide additional land for large format freight and distribution activities.</p>
Council uses and promotes the principles of good urban design to have high-quality public and private developments. (Urban Design Plan)	7. Council development projects reflect principles of good urban design.	Target met.	Master plans directing key catalyst projects at the Manawatu River, City Centre, Arena and Esplanade.
Council manages its City Development Activity in a financially sustainable way.	8. Major services and projects are provided within budget. (new)	Target met.	Services provided within budget.

G1 - CITY DEVELOPMENT ACTIVITY

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary

CITY DEVELOPMENT

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
REVENUE				
Building Services	4,216	3,261	955	3,956
Planning Services - Private	973	784	189	856
TOTAL REVENUE	5,189	4,045	1,144	4,812
EXPENSES				
Building Services	5,776	5,184	(592)	5,643
Heritage Management	177	224	47	215
Planning Services - Private	1,407	677	(730)	990
Planning Services - Public	777	918	141	810
Urban Design	411	345	(66)	261
TOTAL EXPENSES	8,548	7,348	(1,200)	7,919
NET OPERATING COST OF ACTIVITY	(3,359)	(3,303)	(56)	(3,107)
RATING ALLOCATION				
Add back depreciation	-	1	(1)	1
Add general rates allocation	3,359	3,302	57	3,106
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Building and resource consents processed were considerably higher than budgeted for, increasing revenue earned. This has also incurred additional costs to ensure timely performance.

G1- STRATEGIC TRANSPORT ACTIVITY



STRATEGIC TRANSPORT (ROADING) ACTIVITY

WHAT THE COUNCIL DOES

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

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

KEY ACHIEVEMENTS



MAJOR SAFETY IMPROVEMENTS AROUND THE CITY WERE COMPLETED

13.3KM OF THE URBAN ROADING NETWORK WAS RE-SEALED

\$865K IN UPGRADES TO STREET LIGHTING UPGRADES



G1- STRATEGIC TRANSPORT ACTIVITY

WHAT HAPPENED IN THE YEAR

MAINTENANCE AND RENEWAL

Throughout the year, our maintenance programmes and renewal programmes made sure that our network standards continue to improve, ensuring operational fault issues are corrected promptly and to the required standard.

Our investment in renewals around the network included the following:

- Resealed 13.3 km of roading
- Reconstructed and resealed 350m of Tremaine Avenue pavement
- Replaced 442m of kerb and channel
- Repaired 1565 pavement faults
- Vegetation management, street sweeping, sump cleaning and asset inspection was undertaken in line with the contract requirements and the restrictions of Covid-19

The upgrade of Tremaine Avenue continued with the replacement of an additional 350m of the roadway. We completed the reseal of the intersections of Tremaine Ave and Vogel Street, and the roundabout at the Tremaine Ave and Botanical intersection to address major pavement condition issues.

NETWORK IMPROVEMENTS

The key focus of capital investment has been safety improvements with the following initiatives completed:

- Temporary safety improvements involving splitter islands and road marking at the Monrad/Pencarrow Streets intersection. These works will remain there until the roundabout construction scheduled for 2020-21.
- A parking layby for Whakarongo School and realignment of the Stoney Creek Road/SH3 intersection were constructed.
- Traffic-calming measures in Coventry Street were constructed.
- Barrier arms and pedestrian crossing controls for the James Line railway crossing were installed.
- Walding Street/Taonui Street intersection was improved.

Council has worked with New Zealand Transport Agency (NZTA), to deliver safety improvements for road users in Ashhurst and mitigate the impact of increased State Highway traffic flow through the village.

Streetlight upgrades in Milson were completed, at the cost of \$865k. This included installing extra streetlights (infill streetlights) to improve evening lighting levels.

New footpaths totalling 1420m were constructed in Longburn and Ashhurst to improve the accessibility for pedestrians. The shared pathway along the Manawatu River along Dittmer Drive was upgraded from limestone to concrete, over a length of 1340m.

Work started on the College Street upgrade to improve cyclist safety with new buffered cycle lanes on the Fitzherbert to Victoria Avenues section, and traffic calming measures around the Awapuni community centre.

The upgrade to The Square-side East between Church Street and Main Street (Streets for People project) is primarily complete with an opening scheduled early August 2020.

REGIONAL FREIGHT

Council continued to work collaboratively with NZTA and other road controlling authorities to progress the Regional Freight Ring Road proposal. The Regional Growth Fund support for a KiwiRail regional freight hub has slowed progress. This was due to KiwiRail's continued work on confirming their preferred location for their new rail hub. A location on the outskirts of Palmerston North will support the detailed business case work for the ring road. The ring road is central to improving access for freight movement in central New Zealand. Once the project is confirmed, Council will be looking to get NZTA agreement on advancing certain projects. These projects will enable heavy transport to be diverted away from Palmerston North's urban roads.

ONGOING CONSIDERATIONS

Reaching an agreement with NZTA and other key regional stakeholders on the preferred route, staging and speed of development of a regional ring road will continue to be a priority. While early consideration of options has been completed. Further work to determine the preferred option is required to clarify a potential timeline and programme of work. Reaching agreement on the ring road is critical to achieving Council's goal of diverting unnecessary heavy transport traffic out of the city. The ring road also directly impacts on facilitating approval for NZTA funding for projects to remove road restrictions to freight movements. The ring road is also directly impacted by the planned establishment by KiwiRail's Central North Island freight and logistics hub in the City's northeast. KiwiRail have announced their preferred location and the potential for future freight volumes.

In line with government's new 'Road to Zero' road safety focus, Council has collaborated with NZTA to identify safety priorities and treatments across the network to be included in a safety network programme of work. This programme will be complemented by Council's minor road safety programme of work targeting minor safety interventions.

As Palmerston North grows, congestion on key arterials in the City will become more common. Resolving the congestion will require persuading more people to choose active transport alternatives. Council will continue to prioritise the development of infrastructure to support safer cycling routes, pedestrian-friendly spaces, and improved and accessible bus services.

G1- STRATEGIC TRANSPORT ACTIVITY

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council provides an interconnected transport system to safely, reliably and efficiently get freight, services, and people where they need to be. [Strategic Transport Plan]	1. Percentage of requests for service relating to roads and footpaths responded to (with at least an initial formal response) within three working days. (greater than 95%)	Target not met.	5,641 requests for service received with 4,663 (82.7%) responded to within three working days. Achievement of this target is not considered achievable given the majority of RFSs relate to non-urgent work requests. Activity Managers will identify the subset of all RFSs which should be responded to in three days based on urgency and criticality and seek an amendment to the KPI to reflect this. (Result for 2018/19 84.06%)
Council provides an adequate supply of parking for economic growth and to encourage a strong culture of walking, cycling and public transport use. [Strategic Transport Plan]	2. The average quality of ride on the sealed local road network, measured by smooth travel exposure. (STE greater than 80%)	Target met.	The quality of ride on the sealed road network is measured every two years. Data from the latest data in 2020 confirms an average of 82% of the network meets or exceeds the target. On average 97% of rural roads meet or exceed the standard. (Result for 2018/19 84%)
Council provides a safe, reliable and interconnected transport system that provide priority for active and public transport users. [Active Transport Plan]	3. Decline in the number of fatal and serious injury crashes from the previous financial year on the city's local road network.	Target not met.	The number of fatal and serious injuries has increased from 24 crashes in 2018/19 to 43 in 2019/20. This is an increase of 19 crashes that are serious or fatal in nature from the previous financial year. It should be noted that common contributing factors are outside of council's control such as excessive speed, failure to give way/stop and alcohol related crashes. Not necessarily related to Council's local road network standard.
	4. Decline in five year rolling average in the number of fatal and serious injury accidents.	Target not met.	The five-yearly average of fatal and serious crashes has increased from 30.8 to 32.6 (five years ending June 2020 and June 2019). As with the above measure, it should be noted that common contributing factors are outside of Council's control such as excessive speed, failure to give way/stop and alcohol related crashes. Not necessarily related to Council's local road network standard.

G1- STRATEGIC TRANSPORT ACTIVITY

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council provides transport infrastructure to support growth. [Growth Infrastructure Plan]	5. Percentage of sealed roads that are resurfaced each year. (Greater than 3.5%)	Target not met.	In the 2019/20 financial year a total of 3% (16 km) of the sealed road network of 530km was resurfaced. The current level of Council funding for re-sealing is inadequate to achieve the target.
	6. The percentage of footpaths that meet Council standard. (Note: Council is developing an improved system for monitoring footpath standards. It is based on IPWEA (Institute of Public Works Engineering Australasia). Footpath Condition Rating Standard, and will be a much more robust way of measuring and prioritizing footpath maintenance and renewals. The results in the first year of its use will be used to set new targets for subsequent years).	Target met.	The footpath condition survey will be repeated in the 2022/23 financial year being year 2 of the next Long Term Plan in order to inform the following Long Term Plan period. The 2018/2019 survey reported 90.7% of footpaths met the minimum standard (Condition Grade 1 to 3) while 2% of the footpaths were graded as very poor (Grade 5) and 7.3% as poor (Grade 4). A total of 2,273 grade 4 and 5 faults were identified within the network. During the 2019/20 financial year a total of 694 Grade 4 and 5 faults were addressed or 30% of the total identified in 2018/19. As a result approximately 93% of footpaths in the city are now considered to meet the required standard.
	7. A 30-year Asset Management Plan is in place and major AMP projects approved in the 10 Year Plan are achieved.	Target met.	The Roading Asset Management Plan was completed and adopted by Council prior to adoption of the current 2018/28 Long Term Plan. Work has been progressing on improvements particularly in condition assessment of critical assets to better inform future programmes of work.
Council manages its Strategic Transport (Roading) and Active and Public Transport Activities in a financially sustainable way	8. Major services and projects are provided within budget.	Target not met.	Planned network maintenance and renewal programmes of work were largely delivered despite the Covid-19 restrictions. This was in part due to a significant volume of work being undertaken in May and June. Capital new projects which have not been completed due to the Covid-19 lockdown, third party issues and delays within Council include Streets for People Square East, College Street Urban Cycleway, Stoney Creek Road, Monrad Pencarrow roundabout as well as a range of footpath extension and minor Road Safety projects.

G1- STRATEGIC TRANSPORT ACTIVITY

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary

STRATEGIC TRANSPORT (ROADING)

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
REVENUE				
Parking	3,370	3,896	(526)	3,685
Roads	2,467	2,272	194	2,320
Street Facilities	161	132	29	164
Street Lighting	366	422	(55)	455
Traffic Services	530	654	(124)	516
TOTAL REVENUE	6,894	7,376	(482)	7,140
EXPENSES				
Parking	2,457	3,085	628	2,726
Roads	13,159	14,353	1,194	14,275
Street Facilities	2,494	2,563	69	2,424
Street Lighting	1,946	1,989	43	2,227
Traffic Services	2,479	2,762	283	2,532
TOTAL EXPENSES	22,535	24,752	2,217	24,184
NET OPERATING COST OF ACTIVITY	(15,641)	(17,376)	1,735	(17,044)
RATING ALLOCATION				
Add back depreciation	8,577	8,716	(139)	8,416
Less Renewal capital expenditure	(4,688)	(4,705)	17	(4,914)
Add/(Less) borrowing effect of renewal 3 year averaging	(288)	(288)	-	(137)
Add external revenue for renewal capital	2,659	2,087	572	2,243
Less provision for debt reduction	(920)	(920)	-	(761)
Add general rates allocation	10,301	12,486	(2,185)	12,197
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Parking revenue and expenses were lower than budget due to Covid-19 lockdown leading to lower meter and infringement revenue as well as associated costs.

Roads expenses were lower due to only reactive maintenance being completed during Covid-19 lockdown and targeting capital renewal expenditure post-lockdown.

G1- STRATEGIC TRANSPORT ACTIVITY

Significant Activity Capital Projects

STRATEGIC TRANSPORT (ROADING)

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
CAPITAL RENEWAL				
74-City-wide - Street Light Replacements	115	138	23	
82-City-wide - Off Street Parking Resurfacing, Remarking and Signage Replacement	9	10	1	
115-City-wide - Sealed Pavement Renewals (Council approved additional Carry forward from 2018/19 - \$168k)	1,741	1,735	(6)	
122-City-wide - Road Drainage Replacements	207	358	151	
139-City-wide - Sealed Road Resurfacing	2,095	1,806	(289)	
155-City-wide - Street Tree Replacements	138	61	(77)	
162-City-wide - Vehicle Crossing Replacements	370	491	121	
743-Railway Road - Culvert Renewal	-	55	55	
1443-City-wide - Road Drainage Replacements (Unsubsidised)	13	51	38	
TOTAL CAPITAL RENEWAL	4,688	4,705	17	4,917
CAPITAL NEW				
163-City-wide - New Street Tree Planting	88	90	2	
167-Urban Growth - Whakarongo - James Line Upgrade - Stage 4	156	100	(56)	
201-City-wide - Roothing Subdivision Contributions	-	170	170	
243-City Centre Streetscape Plan - Main Street East (Bus Terminal & Canopies) (Council approved additional Carry forward from 2018/19 - \$138k)	3	622	619	
244-City Centre Streetscape Plan - Square East (Plaza to ANZ) (Council approved additional Carry forward from 2018/19 - \$42k)	2,752	4,138	1,386	
279-City-wide - Minor Road Projects	627	879	252	
324-Park Road / Cook Street - Intersection Upgrade	3	41	38	
684-Longburn Rongotea Road/No. 1 Line Intersection - Safety Upgrade	27	102	75	
719-College Street - Implementation Plan for Transport Upgrade (Council approved additional budget - \$92k)	15	-	(15)	
829-City-wide - Undergrounding of Power and Telecom Cables	28	244	216	
1003-Urban Growth - Whakarongo - Intersection Upgrades	132	200	68	
1007-Urban Growth - Whakarongo - Internal Roads	-	153	153	
1086-City-wide - Street Lighting Upgrade to Current LEDs (Council approved additional Carry forward from 2018/19 - \$296k)	112	105	(7)	
1089-Industrial Growth - NEIZ - Richardsons Line Upgrade	-	1,199	1,199	
1090-Industrial Growth - NEIZ - Roberts/Richardsons Line Intersection Upgrades	-	456	456	
1121-Massey and Research Institutes Development (Food HQ) (subject to part external funding) (Council approved additional Carry forward from 2018/19 - \$200k)	254	200	(54)	

G1- STRATEGIC TRANSPORT ACTIVITY

1183-Stoney Creek Road (School) Safety Upgrade (Council approved additional budget - \$400k)	1,570	1,294	(276)	
1362-Roberts/Railway Road North Intersection Safety Realignment (Council approved additional Carry forward from 2018/19 - \$229k)	36	100	64	
1367-Street Light Infill Improvements	812	865	53	
1440-Cuba Street urban streetscape improvements - Rangitikei to George Street	31	650	619	
1488-Seal extension Rural Unsealed Road	422	511	89	
1578-Monrad Pencarrow Roundabout installation	102	650	548	
1615-City Wide - Parking and Traffic Signs and Marking (Council approved additional budget - \$75k)	7	-	(7)	
1623-College Street Upgrade Parking Mitigation (Council approved additional budget - \$480k)	127	-	(127)	
TOTAL CAPITAL NEW	7,304	12,769	5,465	7,598
TOTAL CAPITAL PROJECTS	11,992	17,474	5,482	12,515

Some of the capital projects have been unable to be proceeded with or completed and are to be carried forward to future years for completion, with Covid-19 being a major factor in this. Some of the projects to be carried forward include:

- 167-Urban Growth - Whakarongo - James Line Upgrade - Stage 4
- 279-City-wide - Minor Road Projects
- 1362-Roberts/Railway Road North Intersection Safety Realignment
- 1440-Cuba Street urban streetscape improvements - Rangitikei to George Street
- 1578-Monrad Pencarrow Roundabout installation
- 1615-City Wide - Parking and Traffic Signs and Marking
- 1623-College Street Upgrade Parking Mitigation

ECONOMIC DEVELOPMENT ACTIVITY

**CENTRAL ECONOMIC DEVELOPMENT AGENCY
CONFERENCE AND FUNCTION CENTRE
INTERNATIONAL RELATIONS**

WHAT THE COUNCIL DOES

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

KEY ACHIEVEMENTS

WEBINAR SERIES DEVELOPED TO SUPPORT LOCAL BUSINESSES

through
the impact
of Covid-19



DESPITE COVID-19 EFFECT,
THE
CONFERENCE AND
FUNCTION CENTRE
CONTRIBUTED **\$2.65M** IN
DIRECT
ECONOMIC
BENEFIT
TO THE CITY



The City established a
new relationship with
**MIHARA
CITY,
JAPAN**



**A REGIONAL
AGRITECH
STRATEGY**
WAS LAUNCHED BY CEDA



WHAT HAPPENED IN THE YEAR

CENTRAL ECONOMIC DEVELOPMENT AGENCY (CEDA)

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

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

- Regional AgriTech Strategy. The launch, in late 2019, to position Manawātū as a world-leading agrihub, gained extensive media coverage for the region. The strategy received the EDNZ award for Best Practice Integrated Planning. The implementation of Year One and Two of the plan are well underway, including support of the Rural Innovation Labs Innovation Muster and the Roaming Networker.
- Visitor Sector Development. Initial actions from the Destination Management Plan framework are well underway. Online workshops and training sessions were given to support regional tourism operators to become 'trade ready' for the international visitor market. A domestic-led approach applied to our short-to-medium plans continues the momentum with the visitor sector development.
 - Te Āpiti Manawātū Gorge. A feasibility study funded by the Provincial Growth Fund was undertaken to support positioning Te Āpiti Manawātū gorge as an iconic tourism destination. Part of the study included hosting key leaders and experts from the tourism industry and working with over 45 stakeholders, including multiple central and local government agencies, landowners, iwi, and hapū. The next steps are underway, working alongside PNCC's Te Āpiti Master Plan.
 - Māori Tourism Workshop. In partnership with Rangitāne o Manawātū, a Māori Tourism workshop was delivered to understand how to develop authentic, unique and year-round Māori cultural visitor experiences for our region and to share Manawātū's story.
- Sort it Careers Expo. This year a fresh approach encompassed using technology. Industry/employers and providers actively participated in webinars focusing on work, careers, and learning pathways. The expo was promoted to secondary schools and those affected by Covid-19 or concerned about the future of their work. Additionally, giving local tertiary students the ability to engage.
- Te Aho Tamaka. A network of local industry leaders provided mentoring, internships and investment to future regional leaders. Seven leadership engagements were undertaken. In March, a webinar series provided motivational and inspirational topics by the leaders to inspire both business and individuals through challenging times.
- Student Connect. Two events for international students were delivered (including a Mayoral welcome), and alternative ways of engaging via social media events, due to the impact of Covid-19 were undertaken.
- Profiling the Region. More than 55 media features supported by CEDA provided coverage of the city and region's economic strengths and position and profiled the region. Regional websites, Manawatu Stories and ManawatuNZ.co.nz average annually, over 250,000 visitors.
- Business Support Webinar Series. This was developed to support local businesses impacted by Covid-19, with over 600 people attending 20 webinars. Topics included business continuity planning, financial management, communicating in a crisis, leadership resilience, business planning, managing supply chain risk, team management, employment law, company director responsibilities and cash flow management.

CONFERENCE AND FUNCTION CENTRE

Hosts a range of events that bring significant economic benefit to the city. The number of events and attendance over the past three years has been strong and the 2019/20 financial year was in line with previous years' achievements until Covid-19 affected the March-June months significantly.

With consumer and business confidence down due to fear of Covid-19 infection, events and bookings were cancelled or postponed from the start of March. These are not expected to start picking up again until the new financial year, following the lockdown and subsequent alert levels and guidelines in place.

This year the venue hosted 279 events over the period, including:

- 6 Conferences
- 187 Seminars/Meetings
- 3 Exhibitions
- 82 Social Events
- 1 Wedding

The Conference and Function Centre contributed \$2.65m in direct economic benefit to the city over the past financial year. This was \$1.3m less than last year, reflecting loss of business such as conferences and meetings over the last third of the year due to Covid-19.

INTERNATIONAL RELATIONS

Council continues to build on the city's reputation with global partners. A key focus in 2019/20 was advancing Palmerston North's Global City Partnerships (Sister Cities), including our newly-established relationship with Mihara City, Japan, and raising the profile of Palmerston North with key embassies and high commissions in New Zealand.

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

In 2019/20, Council was involved in facilitating several activities and events, including:

- Raising the profile of Palmerston North among the Diplomatic Corps, hosting visits from the Ambassadors of Ireland, Israel and the European Union, and showcasing the FoodHQ precinct to the High Commissioners of Australia, Singapore, India and Malaysia.
- Hosting Mayoral welcomes in the Council Chamber for a range of international visitors, including from Singapore Institute of Technology, Guiyang University, and a delegation of Mayors from Indonesia.
- Receiving a generous scholarship from the Hiroshima-NZ Friendship Foundation (Japan), which helped a young Palmerston North triathlete participate and win first place in the Sagishima Triathlon in Mihara.
- Deepening cooperation with Sister City, Missoula, Montana (USA), including university partnerships, indigenous cooperation, and joint environmental sustainability interests.
- Enabling public awareness of, and involvement in, the city's international relations through the Palmy Global Ambassador programme, model United Nations, and Festival of Cultures.

The global Covid-19 pandemic travel restrictions affected much of Council's planned international delegation activities for 2020, including the now-postponed New Zealand China Mayoral Forum.

Despite this, global partnerships continued to be active and beneficial for the city. In April, Chinese Sister City Guiyang donated 10,000 PPE face masks to aid our Covid-19 recovery effort, recognising the support shown by our community during the 2020 Festival of Cultures Lantern Parade. In May, Mihara City announced it will name its new city plaza Kia Ora Square in recognition of its relationship with Palmerston North.

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

ONGOING CONSIDERATIONS

CEDA

CEDA continues to work on a recovery plan for the region in response to Covid-19, in delivering support to local business including targeted assistance to Māori business, and promotion of the region and its local businesses, and opportunities for talent.

CONFERENCE AND FUNCTION CENTRE

Confidence from the business and community that risks have diminished or been eradicated will play an enormous part in how soon business, as usual, will resume. From a venue's perspective, the focus over the lockdown and when return-to-work was possible, was developing packages and strategies to market the venue and its services and identify areas of potential.

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

G1 - ECONOMIC DEVELOPMENT

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council funds external organisations to create and enable opportunities for employment and growth in line with Council's strategies. [Economic Development Plan]	1. Funding is distributed and the contract deliverables achieved with the funding will be described.	Target met.	Funding distributed as per contract. Primary focus for the last quarter was on response and recovery as a result of Covid-19. Additional support was provided by NZTE specifically to assist businesses affected by Covid-19. Highlights from the year include the launch of AgriTech Strategy in late 2019, Visitor Sector Development, Te Aho Tamaka leaders programme saw seven leadership engagements and creation of webinar series. The Sort it Careers Expo was recreated for 2020 encompassing a fresh approach using technology. Industry/employers and providers actively participated in webinars focussing on work/careers/learning pathways. The expo was promoted not only to Secondary Schools, but also to those who have had their work/jobs/career affected by Covid-19 or are concerned about the future of work. There was also the creation of Business Support Webinar Series, developed to assist in supporting local businesses through the impact of Covid-19, with over 20 webinars delivered to over 600 attendees in total.
Council manages its Economic Development Activity in a financially sustainable way.	2. Major services and projects are provided within budget.	Target not met.	Operating budget was unfavourable due to Covid-19 lockdown affecting Council's ability to generate revenue in the Conference and Function Centre. These were not able to be completely offset by reductions in operating costs during that period.

G1 - ECONOMIC DEVELOPMENT

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary

ECONOMIC DEVELOPMENT

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
REVENUE				
Conference & Function Centre	660	999	(339)	953
Economic Development	504	194	310	190
TOTAL REVENUE	1,164	1,193	(29)	1,143
EXPENSES				
Conference & Function Centre	1,594	1,778	184	1,716
Economic Development	2,747	2,367	(380)	2,370
International Relations	267	318	51	278
TOTAL EXPENSES	4,608	4,463	(145)	4,364
NET OPERATING COST OF ACTIVITY	(3,444)	(3,270)	(174)	(3,221)
RATING ALLOCATION				
Add back depreciation	544	470	74	509
Less Renewal capital expenditure	(386)	(262)	(124)	(461)
Add/(Less) borrowing effect of renewal 3 year averaging	(19)	(19)	-	43
Less Provision for debt reduction	(19)	(19)	-	(11)
Add general rates allocation	3,324	3,100	224	3,141
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

G1 - ECONOMIC DEVELOPMENT

Significant Activity Capital Projects

ECONOMIC DEVELOPMENT

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
CAPITAL RENEWAL				
251-Conference & Function Centre - Replacement of Equipment	36	36	-	
270-Investment Properties - Holiday Park - Renewals	220	144	(76)	
664-Conference & Function Centre - Renewals (Council approved additional Carry forward from 2018/19 - \$5k)	53	5	(48)	
1166-Conference & Function Centre - Equipment Purchases	77	77	-	
TOTAL CAPITAL RENEWAL	386	262	(124)	461
CAPITAL NEW				
1535-City-Wide - Campervan Dump Stations	91	54	(37)	
TOTAL CAPITAL NEW	91	54	(37)	7
TOTAL CAPITAL PROJECTS	477	316	(161)	468

GOAL 2

CREATIVE & EXCITING CITY

The group activities for Goal 2 consists of:

ACTIVE PUBLIC SPACE

(includes Placemaking, events and festivals, Palmy Unleashed)

ARTS, CULTURE & HERITAGE

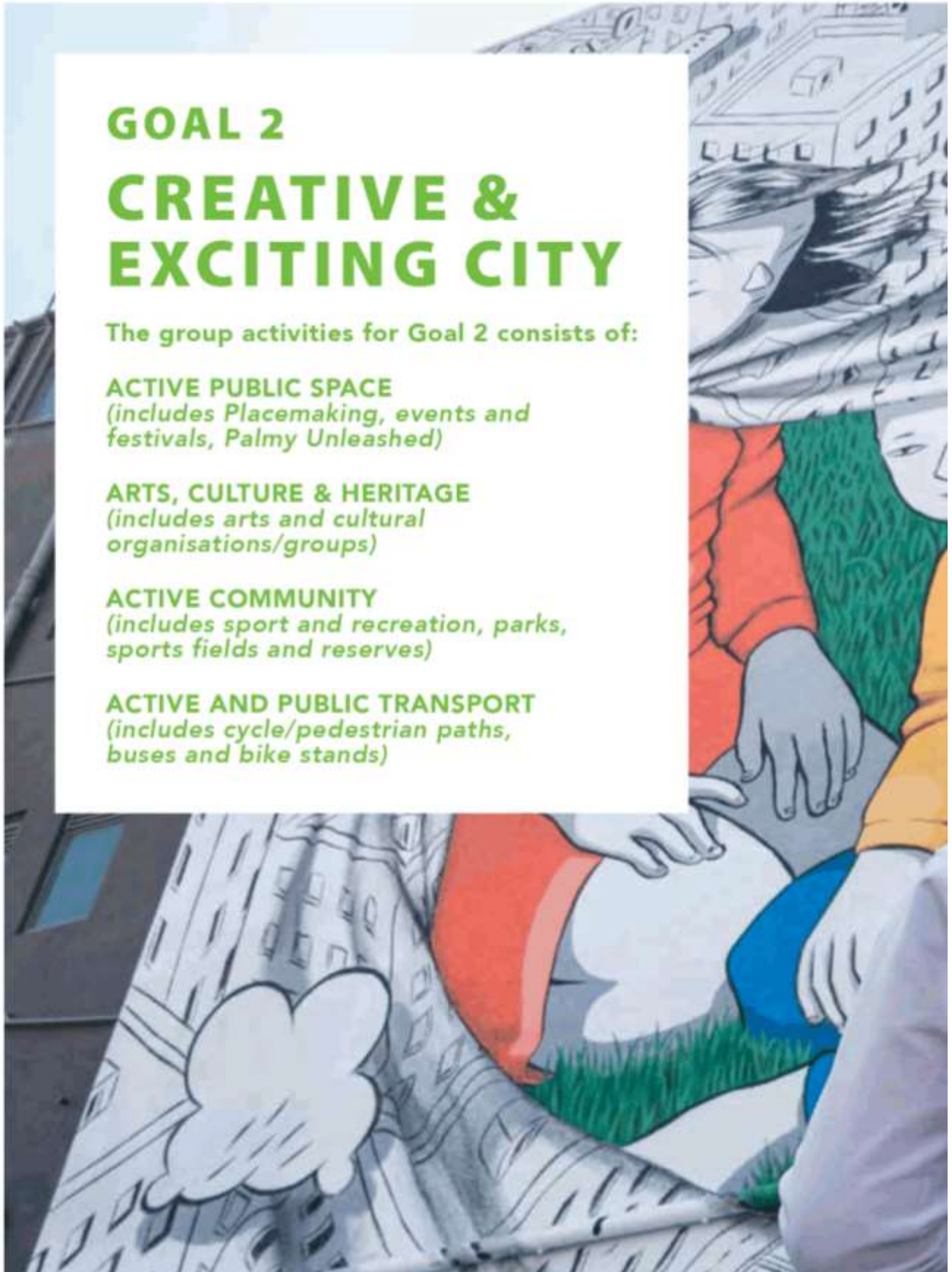
(includes arts and cultural organisations/groups)

ACTIVE COMMUNITY

(includes sport and recreation, parks, sports fields and reserves)

ACTIVE AND PUBLIC TRANSPORT

(includes cycle/pedestrian paths, buses and bike stands)





ACTIVE PUBLIC SPACE ACTIVITY

WHAT THE COUNCIL DOES

The Council provides, manages and develops Council's public places. Urban design and crime prevention principles are applied through environmental design to ensure public places are safe, friendly and focused on people. Key public spaces for Council are the city centre, the Manawātū River, and parks and reserves. These are used for recreation and events, delivered by the public, private and Council activations.

KEY ACHIEVEMENTS

STAGE TWO OF
SQUARE EAST
was largely completed
DESPITE
COVID-19
LOCKDOWN DELAY



HOSTED
U18 WORLD
SOFTBALL
CHAMPS

STREET
PRINTS
PAPAIOEA FESTIVAL
created
20 NEW MURALS
in the City



A FOUR-HECTARE
WATER PATTERN FEATURE
in a limestone and
concrete path next to
Manawātū River

WHAT HAPPENED IN THE YEAR

STREETScape/CITY CENTRE PLAN

Council's vision to create a vibrant and exciting city-centre that has great places for all people, including families, continues to advance. Development of key city centre spaces is now well underway to create a highly accessible, walkable, connected and prosperous destination in the heart of our City. Stage 2 of the Square East phase of Streets for People was primarily completed by the end of the year following the Covid-19 close-down.

The next stage of the Cuba Street streetscape upgrade is well advanced with concept design prepared and underground water and sewer service upgrades ahead of the planned start to the work in the next financial year.



G2 - ACTIVE PUBLIC SPACE

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

Impacts from Covid-19 have been felt across many parts of the city centre including public programmes. Construction timeframes for council-led projects have been delayed by 6 – 8 weeks.

MANAWATŪ RIVER FRAMEWORK

The Manawātū River Framework consists of several interrelated programmes. This year's largest project was the Albert Street Event Hardstand. This is a four-hectare water pattern stretching for a half kilometre designed by Warren Warbrick (Rangitāne artist) that is laid on the ground in limestone and concrete. The concrete is inlaid with high-quality glow stones that make the area a real night-time hit. In 2020 we will install signage, seating and a food truck area to encourage markets, events and placemaking activities along this large stretch of the open river plain.

PLACEMAKING AND PALMY UNLEASHED

The Placemaking initiative has solidified the kaupapa of local mural arts as one tool for building identity. This has been achieved through a mixture of smaller accessible projects for students, youth, and non-artists, and flagship projects such as the first Street Prints Papaioea Festival in partnership with Rangitāne o Manawātū. Tactical placemaking projects are continuing to progress with ease, e.g. Balmy Palmy Piano, Memorial Park Pataka Kai, and Longburn Adventist College partnerships to contribute public furniture to the City. Laneways partnerships are making alleyways in the City less threatening for visitors. Tactical urbanism partnerships with NZTA (e.g. play streets, 'streatery' trials in George Street) will help socialise the value of iterative street changes on the way that placemaking occurs on the street level.

Palmy Unleashed focused on restarting the programme, and through Council's events team delivered an Event 101 workshop to support capability and capacity development within the City. The timing of the event coincided with New Zealand Placemaking Week. Funding applications to Palmy Unleashed have been streamlined and makes use of the Smarty Grants funding portal used by Council.

Palmy Unleashed highlighted the value of non-monetary support using existing event resources and breaking down barriers to public space activation. This has been shown through the support provided for pop-up music studios, the Forest for Families activation, Earth Hour with Extinction Rebellion and projection activations in laneways.

Palmy Unleashed partnered with 10 groups over the year, with several other activations only requiring reassurance to use a public space, including:

- Snails Lane activations.
- Christmas in the City.
- The Street Prints Papaioea street art festival was supported with micro-activations, including an evening guided tour of the murals.

- Palmerston North Chinese School partnered with Council to activate The Square to celebrate Lunar New Year.
- UCOL and Massey University' O' week activations for the City to welcome new students.
- The Unbox pop-up place was activated in multiple spaces within the City including The Square, All Saints Church and UCOL, and used by the public to enjoy these spaces in new ways.

EVENTS AND FESTIVALS

We continued to improve our successful annual economic and community event programme. The Council events and partnerships team developed and refined the City's event framework by delivering events through four areas of focus: major events, festivals and cultural events, community and civic events, and Palmy Unleashed.

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

- **Matariki Puanga** in collaboration with Rangitāne.
- **Eid Adha**, Council's events and community development teams supported the Manawātū Multicultural Council's Eid Adha celebrations.
- **Ngā Manu Kōrero**, the National Kōrero speech competition took centre stage in The Square during Te Wiki o te Reo Māori.
- **Waitangi Day**.
- **Diwali**.

We also successfully delivered a programme of community and commemorative events including Fireworks over the River, Christmas, Explore Esplanade Day and the award-winning Festival of Cultures and Lantern Parade.

Council continued facilitating opportunities for new and existing community-focused events and saw an increase in public space bookings before Covid-19.

Covid-19 impacted the latter part of the year. On 16 March, the Government advised public events or mass gatherings where 500 or more people are together in one place, at one time, should be cancelled. These included activities such as festivals, fairs, sporting, religious and cultural events and subsequently impacted on all community events and initiatives for the remainder of the financial year.

Unfortunately, the Government decision around Covid-19 forced the cancellation of the New Zealand Tattoo, due to be delivered on 4 April. This was hugely disappointing, especially as the event was postponed following the 2019 Christchurch terrorist attacks.

The usually well-attended Anzac Day Dawn Service was memorably different for 2020, with the Cenotaph being out of bounds. In collaboration with the PNAOC and local RSA, Council's events and communications team supported the national #StandAtDawn campaign, sharing videos and open messages from the Mayor.

G2 - ACTIVE PUBLIC SPACE

SIGNIFICANT EVENTS AND PARTNERSHIPS

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

Gravel & Tar UCI Road Cycling Events

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

Ford Ranger New Zealand Rural Games

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

New Zealand Grand Prix Motor Racing

The New Zealand Grand Prix is the final race in the five-round New Zealand Castrol Toyota Racing Series that features a blend of rookie and return international and domestic young drivers (Average age is about 17 yrs). This was the final year of a three-year package to secure the rights, promotional and economic benefits of the event. It was a combined effort with City, District and Central Energy Trust supporting the Grand Prix and Manfeld Park Trust.

WBSC U18 Men's Softball World Cup

Palmerston North hosted the U18 Men's Softball World Cup that attracted 11 international teams including the New Zealand national team at Colquhoun Park.

National Young Performer Awards

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

ONGOING CONSIDERATIONS

STREETSCAPE/CITY CENTRE PLAN

Council is looking to ramp-up the implementation of the Streets for People programme of work by packaging several future stages of work to enable alternative fast-track procurement options to be considered. To support the activation of the CBD and The Square, Council is working on a package of speed limit reductions supported by infrastructure improvements to slow traffic through the centre of the City and prioritise pedestrians and active transport users.

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

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

MANAWATŪ RIVER FRAMEWORK

The programme for next year includes:

- Pou installation at Ahimate Reserve
- More natural play features built at Ahimate Reserve
- Bike jumps built at the Linton end of He Ara Kotahi
- A new skills area for mountain bikers developed at Ahimate Reserve
- Significant progress is being made on forward-planning for Awapuni Recovery Centre, He Ara Kotahi and the River Park as a City Reserve

PLACEMAKING AND PALMY UNLEASHED

The Street Prints Papaioea Festival absorbed a significant proportion of the Placemaking budget. Restrictions to gatherings from Covid-19 provided some breathing room for the programme budget in 2019/20 following the delivery of the Festival. The Placemaking Initiative continues to rely on the scaling of initiatives that have been tested through community partnerships into their own programmes to maintain flexibility in the use of the budget as a seed fund for communities. Further work is required to ensure placemaking communications are dispersed wider across the City.

Capacity within Council's events and partnerships team impacts on the delivery model being offered through Palmy Unleashed. The programme has evolved from its original concept and to elevate and maintain the profile of the Palmy Unleashed programme within the operating constraints of the City's events programme, will require a review and reframing of Palmy Unleashed's purpose and supporting resources (including human) and process. Post Covid-19, an injection of curated pop-up events will be required to kick-start momentum.

EVENTS AND FESTIVALS

Successfully rebuilding the City's event's environment post Covid-19 to deliver a creative and exciting city with plenty of evening and weekend activities impacts on funding ability, event capability and capacity.

Continuing to develop our events capability and develop a sustainable city event strategy that enables the delivery of a proportionally blended portfolio of cultural, community, sporting, arts, music, food and beverage events that showcase and use our natural environment and best complement the existing Palmerston North programmed facility-based events are important to rekindle momentum and growth.

G2 - ACTIVE PUBLIC SPACE

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council implements the City Centre Streetscape Plan to increase city centre vibrancy and improve the perception of the city [City Centre Plan]	1. Projects from the City Centre Streetscape Plan are implemented on time and budget.	Target not met.	The Square East Stage 2 project was substantially complete (80%) at the end of the financial year, however final completion was delayed until early August 2020 due to the Covid-19 lockdown.
Council implements the Manawatu River Framework to increase the use of the river environment for active and passive recreation [Manawatu River Plan]	2. Projects from the Manawatu River Framework are implemented on time and budget.	Target met.	A range of projects within the Manawatu River Framework programme for 2019/20 were implemented on time and budget. This includes: Urban Eels Project completed at the end of June 2020 on time and within budget. Next stage is preparation for planting. Albert Street Hardstand completed at the end of June 2020 on time and on budget. Preparation work for the Victoria Esplanade Entrance has commenced and is on track. Pou has been installed at Ahimate Reserve with the blessings of Iwi. Turitea Pa project has commenced and is on track. Preparation is proceeding for the AMP for the 10 Year Plan.
Council provides seed funding and support for people wanting to lead public space projects to develop accessible, active, comfortable and social public places [Placemaking and Palmy Unleashed Plans]	3. Description of the range of public space projects and their outcomes.	Target met.	A range of projects were completed to activate public spaces which included Robert Harris Parklet installation – prioritising a carpark to a higher use along a city centre Place Street and reinforcing the character that this longstanding business provides to Square North. Launch of trial parklet kits to lower barriers to entry for businesses wanting to maximise their engagement with the street. Block Party supported by Palmy Unleashed to grow a locally-led food truck event as a staple activation to look forward to in the city centre. Six projects successfully funded by NZTA's Innovating Streets for People Programme to change behaviours around the role of streets and the way that capital projects can be delivered in a lighter, quicker, cheaper way. Soft launch of a berm garden manual to promote outcomes in the Vegetation Framework. Development of a cul-de-sac play streets guide to lower barriers to entry for people to use their streets to connect as neighbours and stay active. Community-initiated street tree pilot delivered in Balrickard Way to trial an improved approach towards empowering neighbourhoods to collectively select tree species that suit their values and to participated in the planting of these trees to build an emotional connection to the street.

G2 - ACTIVE PUBLIC SPACE

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council co-ordinates the delivery of the city's community and commemorative events and initiatives so Palmerston North has a full events calendar that caters well for different sectors of the city's population (Events and Festivals Plan)	4. Description of the range of community events and initiatives.	Target not met.	On Monday 16 March 2020 the Government imposed restrictions on public events and mass gatherings. These included activities such as festivals, fairs, sporting, religious and cultural events and subsequently impacted all community events and initiatives programmed through to midnight 8 June 2020. The lockdown period enabled preparation and planning for re-imagined, reframed or reinvented events with smaller operational budgets for the next financial year. A strategic event framework for future financial years is being developed.
Council funds external organisations to facilitate economic events that will create and enable opportunities for employment and growth in line with Council's strategies. (Events and Festivals Plan)	5. Funding for economic events is distributed and the contract deliverables achieved with the funding are described.	Target not met.	On Monday 16 March 2020, the Government imposed restrictions on public events and mass gatherings. These included activities such as festivals, fairs, sporting, religious and cultural events and subsequently impacted on all major events programmed through to midnight 8 June 2020. The Ford Ranger Rural Games was the last of the large-scale events permitted to be delivered under New Zealand's Covid-19 Alert level system and we are awaiting a final event report and confirmed attendance numbers from event organisers, a requirement of the contract. The contestable process for the next financial year has been reviewed and revised in preparation for July 2021.
Council manages its Active Public Space Activity in a financially sustainable way.	6. Major services and projects are provided within budget.	Target not met.	Major services and projects not provided for within budget. The main cause being the cancellation of the Military Tattoo due to Covid-19 and refunding of ticket sales.

G2 - ACTIVE PUBLIC SPACE

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary

ACTIVE PUBLIC SPACE

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
REVENUE				
Community & Commemorative Events	95	46	49	40
TOTAL REVENUE	95	46	49	40
EXPENSES				
Community & Commemorative Events	1,764	1,651	(113)	1,697
Economic Events	242	204	(38)	317
Place activation	428	405	(23)	212
TOTAL EXPENSES	2,434	2,260	(174)	2,226
NET OPERATING COST OF ACTIVITY	(2,339)	(2,214)	(125)	(2,186)
RATING ALLOCATION				
Add back depreciation	8	5	3	4
Less Renewal capital expenditure	(23)	-	(23)	-
Add/(Less) borrowing effect of renewal 3 year averaging	-	-	-	15
Less provision for debt reduction	(22)	(22)	-	(7)
Add general rates allocation	2,376	2,231	145	2,174
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Significant Activity Capital Projects

ACTIVE PUBLIC SPACE

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
CAPITAL RENEWAL				
1496-Replacement of Street Flags	23	-	(23)	-
TOTAL CAPITAL RENEWAL	23	-	(23)	-
CAPITAL NEW				
1131-City Boundary Entrance Treatments (Council approved additional Carry forward from 2018/19 - \$290k)	289	-	(289)	-
1330-Placemaking Co-created Project (Council approved additional Carry forward from 2018/19 - \$7k)	24	15	(9)	-
1449-Events and Festivals equipment purchase	-	-	-	-
1473-City Centre Lighting and Projection Demonstration Project	3	204	201	-
1476-City Centre Laneways Programme	41	184	143	-
TOTAL CAPITAL NEW	357	403	46	381
TOTAL CAPITAL PROJECTS	380	403	23	381

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

1473-City Centre Lighting and Projection Demonstration Project - due to funding being secured.

ARTS, CULTURE & HERITAGE ACTIVITY

WHAT THE COUNCIL DOES

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

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

KEY ACHIEVEMENTS

CREATIVE COMMUNITIES FUND
PROVIDED \$84,414
 FOR ARTS AND CULTURAL PROJECTS

The Globe Theatre
 hosted 190 performances



Council paid over
\$3.5m
 to CCOs
 in operating funds



G2 - ARTS, CULTURE & HERITAGE

WHAT HAPPENED IN THE YEAR

Council supports the Palmerston North art sector with significant community funding. One major scheme is Creative Communities Fund which provided \$84,414 to organisations and individuals running projects which encourage participation in local arts activities and support diverse artistic, cultural traditions. The Fund was undersubscribed, because of the interruption of Covid-19. Unallocated funds are being carried over to the next round of funding.

Our Arts Event and Celebrating Communities Fund provides grants towards the running of art and cultural celebrations and City events. Covid-19 had a significant impact on events throughout the City, causing many to postpone. Due to this, we have offered flexibility for some funded projects to be delivered within revised timeframes.

In addition to Council Controlled Organisations (CCOs), we support other art facilities - Centrepoint, Square Edge, Snails and Creative Sounds, through our Strategic Priority Grants. This year our contracted arts organisations worked with us to implement our new Results-Based Accountability framework for monitoring the effectiveness of community funding in contributing to the achievement of Council's Creative and Exciting City goal. We have developed a library of key performance measures from which we select appropriately and introduce to all groups we fund.

The City welcomed three Artists in Residence during the year: filmmaker Jonny Walls, Summer Shakespeare director Mel Cook and writer Octavia Cade. This is a partnership programme with Square Edge Community Arts, Council and Massey University English and Media Studies Department.

CULTURAL FACILITIES

Council Controlled Organisations (CCOs) were established by Council to govern and operate facilities and services under contract to Council. Annual Statements of Intent (SOI), similar to annual plans, are negotiated annually and include core activities, budgets and performance measures. In 2019/2020 Council paid over \$3.5 million to CCOs in operating funds, distributed as follows:

- Te Manawa - \$3,199,909
- The Regent - \$235,988
- The Globe - \$115,748
- Caccia Birch - \$107,068

Council carried out a Section 17A Review (Local Government Act 2002 - Delivery of services) of the four cultural Council Controlled Organisations (CCOs): The Regent Theatre, Te Manawa, Caccia Birch and The Globe Theatre.

Local authorities must review the cost-effectiveness of current arrangements for the delivery of services not less than every six years. Options include delivery by the Council itself, by another Council, by a Council Controlled Organisation or some other person or agency. After completing the review, Council decided the status quo would remain. During the review Council identified some additional planning activities that would be useful in the medium to long term, particularly as it heads into the 10 Year Plan. This work included moving to an outcomes-based reporting framework, governance planning, relationship mapping and asset management. The additional requirements would be incorporated into the Statement of Intent for 2020/2021.

The Covid-19 pandemic had a significant impact on all CCOs due to the lockdown and social distancing requirements. The last facility to open under Alert Level 1 was The Regent in July 2020.

COUNCIL OWNED BUILDINGS

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

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

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

There was a reasonable amount of improvements and maintenance undertaken this year throughout this portfolio, including:

- A complete external repaint of the Te Manawa complex
- Replacement of Te Manawa's art gallery's air-conditioning unit which had reached the end of its working life
- The design, consent, and heritage consent for carport at Caccia Birch
- The fire safety upgrade, design and plan and some minor compliance preparation work within the Square Edge Building.

TE MANAWA

Te Manawa is the largest and most complex of the CCOs. The 'TM2025 Museum of the Future' plan that Te Manawa had been developing is now being led by Council as it develops a Civic and Cultural Precinct Masterplan. The Section 17A review of Te Manawa provided an excellent analysis of current operations and the opportunity to consider the future role of the museum, science centre and art gallery.

G2 - ARTS, CULTURE & HERITAGE

THE GLOBE THEATRE

The Globe Theatre was on track for a very successful year until the Covid-19 pandemic shut everything down in March. As of December 2019, the strategic priorities set by the Board for the year were either on-track or had been achieved. The most striking measure was 190 performances against a full-year target of 185.

The inaugural Palmy Comedy Festival brought 48 performances from 30 different acts including a sold-out Guy William's show, 'A Head Full of Steam'. Other notable shows throughout the year included:

- Manawatu Theatre Society 'Swingers'
- Manawatu Youth Theatre's 'Alice In Wonderland'
- Music performers such as Lloyd Cole (UK) (from 80's band Lloyd Cole and the Commotions), Mel Parsons (NZ), Nicole Son Quartet (Brazil), Missy Raines (USA) and The Maes (Aus).
- 2020 Summer Sounds Festival featured Scott Cook (Canada), Rosier (Canada), Andy Irvine (Ireland), Richie & Rosie (USA), Gordie Tentrees (Canada), French For Rabbits (NZ), Glass Heart String Choir (USA), Pangaea (NZ/India), Tattletale Saints (NZ), Isiah B Brunt (Aus) and You, Me, Everybody (NZ)
- Chamber Music New Zealand
- Sunday Matinee Series

A major highlight was the completely accessible play 'Up Down Girl' – a funny and heart- warming show about a young woman growing up with Down's Syndrome and her mother. All three shows sold out.

Globe 1 had a lighting upgrade with \$85,000 worth of LED lights installed with support from the Central Energy Trust, Mainland Foundation and the Eastern & Central Community Trust.

REGENT

The year started well for The Regent with a highly successful season of Les Misérables followed by usual activity of school productions, international touring shows, prizegivings, and local dance productions with attendances tracking well. Covid-19 meant the Theatre had to close and 24 major events were cancelled or postponed until 2021. Significant to the audience experience was the installation of the new sound system, the result of fundraising and donations by Friends of the Regent. The retirement of theatre manager Charles Forbes marks the end of an era. Charles had given 20 years of service to the community in this role but intends to still be active in the art sector.

CACCIA BIRCH

The business side of operations was tracking on target until Covid-19 hit in late March including hosting the 'Fight the Fire' fundraising event in January. The eighth annual Bridal Fair and the 125th Jubilee celebrations scheduled for April have been deferred until the end of 2020. The loss of revenue has meant the planned development of the Lagoon edge, and grounds and some building work was deferred.

Work has continued to create the Coach House Archive into a mini museum. A second history panel has been installed along with new lighting funded by Central Energy Trust. A governess gig is on permanent loan which complements the display.

ONGOING CONSIDERATIONS

COUNCIL OWNED BUILDINGS

Work planned within the cultural facilities portfolio next year include:

- Implementation of the first stage of the fire safety upgrade programme in Square Edge
- Detailed seismic upgrade plans and designs will continue to be explored to ensure the various buildings are earthquake ready
- Upgrading the performers' toilets at the Globe Theatre
- Construction of the carport at Caccia Birch

TE MANAWA, REGENT, CACCIA BIRCH AND THE GLOBE

Covid-19 has had an impact on the four CCOs. We are not sure yet of the full extent, as it is unknown when international acts will be allowed to visit New Zealand. There is widespread expectation unemployment may increase, and there will be some financial hardship which may impact on entry receipts for ticketed events, donations and other income. Lower interest rates have affected charitable trusts who will have less to distribute, and expectations are gaming trusts, and lottery funding will be also be reduced. The CCOs will need to tightly manage their cash flows, especially those who depend on income through sales or grants and don't have sufficient cash reserves.

G2 - ARTS, CULTURE & HERITAGE

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council funds and enhances the cultural Council Controlled Organisations (and other external organisations), to help make Palmerston North a creative and exciting city and an arts powerhouse. [Arts Plan]	1. Funding is distributed and the key objectives achieved with the funding are described.	Target met.	The Creative Communities Scheme ran its second round of the year in March 2020. 11 applications were received, and 10 applications were approved. These numbers were down compared to previous rounds, however, due to Covid-19, there was uncertainty how this funding round would occur. \$41,430 was allocated to the successful applicants. The Arts Event fund was also set up during the 2019/20 year. Support provided for Footnote New Zealand Dance and Diwali digital projection artists. Conservation and maintenance plan developed for Te Peeti Te Awe Awe memorial. Developed artist brief for RNZ Signal Corps commission to commemorate Corps centenary.
Council protects and enhances places of Māori heritage to incorporate Rangitāne history and aspirations in modern-day Palmerston North. [Culture and Heritage Plan and Heritage Management Plan]	2. Sites of significance to Rangitāne are identified, protected or acknowledged.	Target met.	Occurring via individual District Plan Changes, for example Plan Change C. A broader District Plan Change is also scheduled for 2021.
Council takes a whole-of-council approach to proactively work with owners of heritage buildings and features to preserve the city's heritage. [Heritage Management Plan]	3. Increase in the number of scheduled heritage features contained in the District Plan. (Current numbers are 7 Sites of Significance to Tangata Whenua, 89 Buildings & Objects, 2 Heritage Areas, 117 Notable Trees and Groups of Trees, and 15 Habitats of Local Significance).	Target not met.	Target not met due to no Plan Changes scheduled for this year. The next heritage update is scheduled for 2021.
	4. Increase in investment in earthquake-prone heritage buildings.	Target met.	Working with a variety of landowners on strengthening of earthquake-prone heritage buildings via the enhanced heritage fund, e.g. Old Post Office.
Council manages its Arts, Culture and Heritage Activity in a financially sustainable way.	5. Major services and projects are provided within budget.	Target met.	Services provided within budget.

G2 - ARTS, CULTURE & HERITAGE

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary

ARTS, CULTURE & HERITAGE

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
REVENUE				
Other cultural facilities	1	-	1	-
Support to arts, culture & heritage groups	68	62	6	62
Te Manawa	24	-	24	-
TOTAL REVENUE	93	62	31	62
EXPENSES				
Other Cultural Facilities	2,375	2,125	(250)	2,034
Support to arts, culture & heritage groups	1,968	1,833	(135)	1,905
Te Manawa	4,708	4,588	(120)	4,443
TOTAL EXPENSES	9,051	8,546	(505)	8,382
NET OPERATING COST OF ACTIVITY	(8,958)	(8,484)	(474)	(8,320)
RATING ALLOCATION				
Add back depreciation	2,493	2,049	444	2,010
Add back Transfers to/from reserves	-	259	(259)	-
Less Renewal capital expenditure	(144)	(311)	167	(374)
Add/(Less) borrowing effect of renewal 3 year averaging	(106)	(106)	-	(89)
Less provision for debt reduction	(97)	(97)	-	(85)
Add general rates allocation	6,812	6,690	122	6,858
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

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

Significant Activity Capital Projects

ARTS, CULTURE & HERITAGE

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
CAPITAL RENEWAL				
213-Cultural Facilities - Replacement of Structures, Internal Fit Out and Services (Council approved additional Carry forward from 2018/19 - \$30k)	134	301	167	
1144-Manawatu Heritage (Archives Digital Repository) Renewal	10	10	-	
TOTAL CAPITAL RENEWAL	144	311	167	374
CAPITAL NEW				
902-Property - Seismic Strengthening of Council Owned Buildings (Council approved additional Carry forward from 2018/19 - \$4k)	156	591	435	
TOTAL CAPITAL NEW	156	591	435	121
TOTAL CAPITAL PROJECTS	300	902	602	495

Some of the capital projects have been unable to be proceeded with or completed and are to be carried forward to future years for completion, with Covid-19 being a major factor in this. Some of the projects to be carried forward include:

213-Cultural Facilities - Replacement of Structures, Internal Fit Out and Services

902-Property - Seismic Strengthening of Council Owned Buildings



ACTIVE COMMUNITY ACTIVITY

WHAT THE COUNCIL DOES

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

KEY ACHIEVEMENTS

CENTRAL ENERGY TRUST WILDBASE RECOVERY

hosted over

**100,000
VISITORS**



\$100,000
allocated to Sport
Event Partnership
Fund to support
SPORTING EVENTS



**COUNCIL'S PARKS
AND WALKWAYS**
REMAINED OPEN DURING
COVID-19 LOCKDOWN

CENTRAL ENERGY TRUST

ARENA

hosted

**2,500
INDIVIDUAL
BOOKINGS**

WHAT HAPPENED IN THE YEAR

CENTRAL ENERGY TRUST ARENA

Central Energy Trust Arena was dramatically affected by the Covid-19 situation. The associated lockdown of public facilities throughout the later part of March and April meant no activity occurred, and no revenue was gained. This impact remained following the change in Alert Levels as strict guidelines and Ministry of Health directions meant many sporting and business activities have not been able to restart quickly. Effectively this curtailed what was another very positive year for Central Energy Trust Arena, however, when the country moved to Alert Level 1 and restrictions on public gatherings eased, events will recover relatively quickly.

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

- YONEX Junior Badminton Champs
- Manawātū Home & Lifestyle Expo
- Mitre 10 Cup
- Schick Basketball
- King in the Ring boxing
- Ultimate Frisbee Nationals
- National Orchid Expo
- Schick Basketball Nationals
- Roller Derby Nationals
- Speedway Regular Season (shortened by six weeks due to Covid-19)
- Manawātū Food Expo
- PNBHS Prizegiving
- Katchafire/The Black Seeds Concert
- Devilskin/ Wolfmother Concert
- ENZED Superstock Teams Champs
- Vodafone Warriors v Melbourne Storm

A highlight has been the Arena Masterplan project starting construction in May for the new entrance plaza, speedway pits, northern grandstand link and the southern embankment. We awarded the contract before lockdown and work commenced immediately following alert level changes. After Covid-19 disruptions, this was a boost to the local construction industry and progressed the facility's improvements for the benefit of competitors and attending public. These upgrades will dramatically improve the aesthetics and operational ability of the venue and will make Central Energy Trust Arena a more marketable venue to major event organisers to complement the existing use by Robertson International Speedway and the Manawātū Rugby Union.

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

Fly Palmy Arena (Arena 2), has also been undergoing significant building renewals work this year. This work was also interrupted during Covid-19 lockdown; however, it recommenced in May and is due for completion at the end of August. Renewals work

includes the re-laddering of the building, enhanced sprinkler protection system, new ceiling tiles and LED lighting. These improvements will significantly enhance the aesthetics, offerings and marketability of the facility.

CITY-WIDE RESERVES/LOCAL RESERVES

A full condition assessment of all parks and reserve equipment was completed.

Council's parks and walkways remained open during Covid-19 lockdown and were well-used during this time.

There have been many projects undertaken during the year.

The Square

Three pou are being restored and will be ready to go back up early next year. The pou were aging and in need of repair. We have engaged with Detlef Klein, a specialised restoration expert, to complete this work.

Hokowhitu Lagoon

Fifty per cent of Stage 1 of the embankment restoration to prevent erosion was completed.

Victoria Esplanade

Park Road entrance option finalised

Rose garden signage completed

The Lath House design stage completed. Preparing to tender and awaiting outcomes of external funding request.

Linklater Reserve

The final block was opened-up, and 750m of new pathway was added.

The Linklater car park has been extended due to the overflow of car traffic as this environment is becoming a busy and well-used Reserve.

Gloucester Reserve

The playground was renewed due to aging equipment, with new play equipment including the installation of a tower unit and fort structure. The playground was last updated 16 years ago.

Memorial Park

The design of playground was completed. Construction has started on this project, and new play equipment is being manufactured. Provision for the new splash pad and playground upgrade included removal and clearing of the site and groundworks. The project is expected to be completed by early December, ready for summer.

Milverton Park

A major upgrade of the park included replacing the old children's play equipment with a new natural play experience. The redevelopment uses greater use of natural materials, planting and recycled products and invites children to create their own play rather than providing structured and formal play. Council has received fantastic feedback on the new play area, and it continues to be popular.

G2 - ACTIVE COMMUNITY

CENTRAL ENERGY TRUST WILDBASE RECOVERY CENTRE

Central Energy Trust Wildbase Recovery Centre has been operating since February 2019 and reached its full operational model mid-August.

The centre has had nearly 100,000 visitors since 1 July 2019 which is in-line with the projected visitor numbers. This is especially positive given the temporary closing of the centre from 20 March – 2 June due to Covid-19 restrictions. The education components of the centre have continued to be developed over the year for students from early childhood to high school. These developments have seen 2669 students over 122 visits access the free education programmes. The Central Energy Trust Wildbase Recovery community has increased its volunteer team to over 60 who are engaging with the daily operations of the centre.

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

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

- Wildbase Recovery Community Trust
- Central Energy Trust
- NZ Lotteries Commission
- Powerco
- NZ Community Trust
- Eastern & Central Community Trust
- The Lion Foundation
- The Sargood Bequest and
- Pub Charity

There have been many others who have supported the project, such as community groups and several trade-related parties who have contributed in-kind.

SPORTSFIELDS**Skoglund Park**

Council supported the World 2020 U18 World Softball Cup at Colquhoun Park. There was a refurbishment to the changing rooms that was well-timed for the event. Both skin diamonds were brought up to international standards with the lime skin enlarged, and both outfields levelled-off and re-sowed. Four state-of-the-art light towers were installed and can be used for night training or televised events. Some paths were also upgraded.

Two football fields at Skoglund Park had irrigation installed to improve the play performance of turf and safety of players transiting from summer to winter sports.

Massey University

The artificial hockey turf at Massey University was completed and is being used. This project was undertaken as a partnership between Council and Massey University.

Fitzherbert Park

Hockey turf 1 was renewed, and a water recycling system installed for both turfs.

Cricket had its new practice wickets and nets installed. This was one of the last requirements to bring it up to first-class standards.

Vautier Park

Three netball/tennis courts at Vautier Park were renewed.

Swimming Pools

Completed the refurbishment and re-opening of Splashhurst in Ashhurst School.

Pool users' surveys showed 100 per cent of users were satisfied or very satisfied with Council pool facilities.

SUPPORT TO RECREATION GROUPS

The Council's primary support to sport and recreation groups is through its partnership with Sport Manawātū. In July 2019 a new funding agreement and strategic partnership plan was entered into between Council and Sport Manawātū. New outcomes were set that align to the Active Community, Active and Public Transport, Events and Festivals, and Economic Development Plans.

Sport Manawātū reported highlights over the 2019/20 year, including:

- The inaugural Women and Girls Festival (12-20 October 2019) to improve sport and active recreation opportunities, experiences and outcomes for women and girls.
- Allocation of over \$260,000 Kiwisport funding (a Sport New Zealand initiative) to local schools and sporting organisations.
- Delivery of the national 'Bike Ready' cycle skills instruction to several primary and intermediate schools.
- Facilitating the process and reporting on the consolidation of three of the City's bowling clubs, and potential for a covered artificial green.
- Coordination of the Regional Sport Facilities Plan steering group that facilitates discussion on priority sports facility projects within each of the region's territorial authorities.
- Allocating over \$100,000 of funding from the Sports Event Partnership Fund to support sporting events in the City (Note: Many scheduled sports events from March-June were not held due to Covid-19 restrictions).

G2 - ACTIVE COMMUNITY

ONGOING CONSIDERATIONS

CENTRAL ENERGY TRUST ARENA

Confidence of the business and public community that health risks have diminished or has been eradicated post-Covid-19, will play an enormous part in how soon usual business will resume. The focus is on strategies to market the venue and develop new event opportunities for the benefit of the venue and the community.

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

CITY-WIDE RESERVES/LOCAL RESERVES

Hokowhitu lagoon

Stage 2 of the Hokowhitu Lagoon embankment restoration will be built during summer 2020/21.

Arapuke park

The Manawātū Mountain Bike Club continues to develop mountain bike trails at Arapuke Park. Council is continuing to collaborate with the Manawātū Mountain Bike Club in the park development with improvements to shuttle facilities completed and construction of a shuttle shelter at the exposed top of the park.

CENTRAL ENERGY TRUST WILDBASE RECOVERY CENTRE

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

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

Covid-19 has impacted the centre by stopping attendance during the lockdown period. This has also decreased the engagement with the education programmes. We expect an increase in digital delivery and the progressive growth of bookings following the easing of restrictions.

SPORTSFIELDS

Sports fields assessments show the demand for sports and training fields are changing, and this trend will continue. It is forecast there will be an increased demand for training fields and training lights. Future consideration will need to be given to the capacity of the existing network including opportunities to reassign and/or redevelop existing green spaces to meet these changing needs, as well as provision for the development of new sports fields in growth areas.

SUPPORT TO RECREATION GROUPS

Covid-19 had a considerable impact on the sport and recreation organisations and clubs in the City. Loss of revenue, challenges in meeting expenses during the lockdown period and uncertainty around the commencement of winter sport and recreation, and flow-on effects to the summer season were experienced. Sport Manawātū plays a significant role in the recovery of the sector. Some of their planned activities were redirected to the latter part of the year as a result of Covid-19

Council also leases land and buildings to wide-range of community and sport/recreation groups. Other groups have been supported through grants such as the Manawātū Mountain Bike Club, and Massey University to assist with costs of the Manawātū Community Athletics Track.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
<p>Council provides a wide range of accessible and well-maintained sports facilities to increase levels of participation in sport and active recreation. (Active Community Plan)</p> <p>(Note: These facilities are city-wide reserves, amenity reserves and playgrounds, reserves, sports fields, the Central Energy Trust Arena, walkways and shared paths, and swimming pools.)</p>	1. A 30-year Asset Management Plan is in place and major AMP projects approved in the 10 Year Plan are achieved.	Target met.	The Asset Management Plans were adopted by Council in June 2018 and being implemented as per 2018/28 10 Year Plan. All programmes are on track.
	2. Sports fields are available for weekend organised use. (At least 85%)	Target met.	There has been 86.5% playing field availability for weekend organized sport. Despite the seven week Covid-19 lockdown period in which sports fields were not permitted to be open for organised use. Prior to this there had been no sport field closures. (2018/19 95%)
	3. Swimming pool annual usage: <ul style="list-style-type: none"> Lido (more than 330,000 people). Freyberg (more than 110,000 people). 	Target not met.	During the Covid-19 lockdown period there was a decrease in pool usage in the last two quarters, affecting the overall annual usage for the 2019/20 year. The number of users of the Lido was 286,065. (25% decrease from last year) The number using the Freyberg Pool was 154,604. (13% decrease from last year)
<p>Council funds and works in partnership with external recreation organisations to help increase levels of participation in sport and active recreation. (Active Community Plan)</p>	4. Funding is distributed and the key objectives achieved with the funding are described.	Target met.	Sport Manawatu receives Council funds to assist the community's participation in play, active recreation and sport through various activities, programmes and by allocating funds on Council's behalf (the Active Community Fund that targets people on low incomes). A new funding agreement and strategic partnership plan with Sport Manawatu started on 1 July 2019 and aligns to Council's strategic direction. Sport Manawatu's twelve-month report will be presented to the Play, Recreation and Sport Committee in October 2020 along with officer comments. Officers meet regularly with Sport Manawatu staff to discuss strategic and operational activities that are contributing towards these outcomes.
<p>Council manages its Active Community Activity in a financially sustainable way.</p>	5. Major services and projects are provided within budget. ¹	Target not met.	Arena, Citywide Reserves and Sportsfields are the main reasons why this activity is over budget in OPEX, due to the introduction of new assets. Arena was impacted due to Covid-19 as revenue was down. There has been more ground maintenance work carried out in the Citywide Reserves and Sportsfields area compared to the previous year, however the budget may not be adequate. With the capital programmes the major variances from three Arena related programmes. The lack of progress was due to Covid-19.

G2 - ACTIVE COMMUNITY

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary

ACTIVE COMMUNITY

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
REVENUE				
Central Energy Trust Arena	2,332	1,780	552	2,751
City-Wide Reserves	72	90	(18)	76
Local Reserves	131	113	18	107
Sportsfields	180	111	69	124
Swimming Pools	196	-	196	30
TOTAL REVENUE	2,911	2,094	817	3,088
EXPENSES				
Central Energy Trust Arena	7,188	6,085	(1,103)	7,218
City-Wide Reserves	4,852	4,788	(64)	4,180
Local Reserves	3,997	3,159	(838)	4,022
Sportsfields	3,128	2,298	(830)	2,191
Support to recreation groups	542	910	368	781
Swimming Pools	2,704	2,250	(454)	2,072
TOTAL EXPENSES	22,411	19,490	(2,921)	20,464
NET OPERATING COST OF ACTIVITY	(19,500)	(17,396)	(2,104)	(17,376)
RATING ALLOCATION				
Add back depreciation	5,765	4,686	1,079	4,925
Add back Transfers to/from reserves	-	350	(350)	-
Less Renewal capital expenditure	(6,826)	(7,118)	292	(3,547)
Add/(Less) borrowing effect of renewal 3 year averaging	3,574	3,574	-	543
Add external revenue for renewal capital	-	-	-	5
Less provision for debt reduction	(623)	(623)	-	(519)
Add general rates allocation	17,610	16,527	1,083	15,969
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Central Energy Trust Arena received higher revenues due to higher usage of facilities pre-Covid-19 lockdown, as well as a large insurance claim. These all came with additional expenditure. Due to Covid-19 lockdown, there was a period of expenditure without the capability to offset expenses with revenue.

Local Reserves expenditure was higher than budget mainly due to depreciation.

Sportfields expenditure was higher than budget mainly due to depreciation and additional operating expenses associated with Covid-19 lockdown.

G2 - ACTIVE COMMUNITY

Significant Activity Capital Projects

ACTIVE COMMUNITY

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
CAPITAL RENEWAL				
98-Citywide Reserves - Renewals (Victoria Esplanade, Memorial Park, Ashhurst Domain and The Square)	168	245	77	
173-Citywide - Playground Renewals	353	347	(6)	
174-Citywide - Replacement of Furniture on Reserves	120	126	6	
177-Citywide - Replacement of Gardens on Reserves	25	32	7	
184-Walkways and Shared Paths - Refurbishments and Replacements	59	47	(12)	
190-Citywide - Replacement of Trees on Reserves	6	13	7	
194-Citywide - Renewal of Bridges on Reserves	52	48	(4)	
195-Citywide - Renewal of Hardsurface Areas on Reserves	145	142	(3)	
234-Sportsfields and Outdoor Courts - Changing Room Refurbishments (Carry forward from 2018/19 reduced as more spent - \$51k)	1,448	1,758	310	
254-City-wide - Sportsfield Carpark and Hardsurface Area Resurfacing	43	39	(4)	
257-Sportsfields and Outdoor courts - Fitzherbert/Manawaroa/Ohgley Parks - Cricket Block Replacements	16	48	32	
258-Citywide - Refurbishment and Replacement of Boundary Fences on Reserves	45	47	2	
264-Sportsfields and Outdoor Courts - Memorial Park - Sand Carpet Replacement	180	141	(39)	
266-Sportsfields and Outdoor Courts - Fitzherbert Park - Hockey Turf Refurbishment	549	534	(15)	
269-Sportsfields and Outdoor Courts - Vautier Park - Synthetic Court Refurbishments (Plexipave)	45	46	1	
565-City Reserves -The Square - Events Quadrant Resurface and Drainage	14	16	2	
596-Aquatics - Lido Pool - Asset Renewals	247	245	(2)	
598-Aquatics - Freyberg Community Pool - Asset Renewals	24	20	(4)	
819-Central Energy Trust Arena - Replacement of Equipment	45	45	-	
1051-Central Energy Trust Arena Manawatu - Combined Asset Refurbishment	2,718	2,496	(222)	
1108-Cultural/Heritage Reserve - Hokowhitu Lagoon - Bank Renewal (Carry forward from 2018/19 reduced as more spent - \$12k)	323	493	170	
1406-City Reserves - The Square - Te Marae O Hine - Pouwhenua Replacement	201	190	(11)	
TOTAL CAPITAL RENEWAL	6,826	7,118	292	3,547

G2 - ACTIVE COMMUNITY

CAPITAL NEW

93-City Reserves - Memorial Park Reserve Development Plan Implementation (Carry forward from 2018/19 reduced as more spent - \$17k)	680	821	141
94-Walkways and Shared Path - Purchase of Land to Extend Network (Council approved additional Carry forward from 2018/19 - \$135k)	115	380	265
95-Walkways and Shared Path - Construction	74	72	(2)
111-Neighbourhood Reserves - Roslyn - Edwards Pit Park Development	53	31	(22)
158-Citywide - Safety Improvements to Reserves	42	35	(7)
160-Citywide - Improved Access to Reserves for Persons with Disabilities	39	38	(1)
161-Public Toilets - Citywide programme (Council approved additional Carry forward from 2018/19 - \$22k)	-	-	-
165-Outdoor Adventure Reserves - Arapuke Forest Park/Kahuterawa Development	43	39	(4)
196-Caccia Birch - Lagoon Embankment Upgrade	2	90	88
368-Central Energy Trust Wildbase Recovery Centre (subject to part external funding)	53	-	(53)
558-Neighbourhood Reserves - Takaro - Oriana Reserve Development	-	15	15
560-Cultural/Heritage Reserves - Te Motu o Poutoa / Anzac Park Reserve Development	-	332	332
587-Neighbourhood Reserves - Kelvin Grove - Linklater Reserve Development	325	281	(44)
697-Clearview Reserve Development	-	31	31
708-Urban Growth - Aokautere - Reserves Land Purchase	261	294	34
752-City Reserves - Manawatu River - Framework Implementation	607	410	(197)
967-Citywide - Edibles Planting	3	5	2
1081-City Reserves -Victoria Esplanade - Park Road Entrance and Parking Reconfiguration	34	41	6
1082-Central Energy Trust Arena Manawatu - Speedway Relocation & Artificial Pitch (Council approved budget movement from programme 1514 - \$620k)	867	2,877	2,010
1083-Central Energy Trust Arena Manawatu - Entrance Plaza	568	2,264	1,696
1097-Sportsfields - Drainage to Increased Capacity	3	16	12
1127-City Reserves - Victoria Esplanade - Bonsai House (Council approved additional Carry forward from 2018/19 - \$8k)	30	102	72
1133-Sportsfields - Artificial Football Field (subject to part external funding)	-	82	82
1175-Citywide - Shade Trees	8	10	3
1182-Citywide - Recreation spaces - Improved Lighting	20	21	1
1282-Panieri Park - Purchase of Adjacent Land	-	40	40
1342-Fitzherbert Park - Cricket Ground Enhancements (subject to part external funding)	141	136	(5)
1357-Urban Growth - Ashhurst - Reserve Land Purchase	326	771	445
1391-Urban Growth - City West South of Pioneer Highway - Walkways Development	-	74	74
1408-City Reserves - CBD Reserves - Play Development	-	5	5
1411-Sportsfields - Skogland park Irrigation	93	61	(32)
1414-Vautier Park Power Supply	-	-	-
1439-Culture/Heritage - Urban Eels Project Contribution	201	151	(50)
1454-City Reserves - Victoria Esplanade Development Plan	11	71	61
1514-Central Energy Trust Arena Manawatu - Commercial Building (Council approved movement of budget to programme 1082 - \$620k)	-	1,500	1,500
1523-Ashhurst Pool Enhancements	84	85	1
1534-Central Energy Trust Arena Manawatu - Embankment Redevelopment	1,835	1,694	(142)
TOTAL CAPITAL NEW	6,518	12,875	6,357
TOTAL CAPITAL PROJECTS	13,344	19,993	6,649

G2 - ACTIVE COMMUNITY

Some of the capital projects have been unable to be proceeded with or completed and are to be carried forward to future years for completion, with Covid-19 being a major factor in this. Some of the projects to be carried forward include:

- 234-Sportsfields and Outdoor Courts - Changing Room Refurbishments
- 1108-Cultural/Heritage Reserve - Hokowhitu Lagoon - Bank Renewal
- 93-City Reserves - Memorial Park Reserve Development Plan Implementation
- 196-Caccia Birch - Lagoon Embankment Upgrade
- 697-Clearview Reserve Development
- 1082-Central Energy Trust Arena Manawatu - Speedway Relocation & Artificial Pitch
- 1083-Central Energy Trust Arena Manawatu - Entrance Plaza
- 1357-Urban Growth - Ashhurst - Reserve Land Purchase
- 1534-Central Energy Trust Arena Manawatu - Embankment Redevelopment

G2 - ACTIVE AND PUBLIC TRANSPORT



ACTIVE AND PUBLIC TRANSPORT ACTIVITY

ACTIVE TRANSPORT

FOOTPATHS

PUBLIC TRANSPORT

WHAT THE COUNCIL DOES

Council provides a transport system that offers multimodal transport choices as part of an easy-to-use and efficient system. Council ensures this system meets the needs of people, businesses and the environment. Council's focus is encouraging a strong culture of walking, cycling and public transport for commuting to work and education. People want to move easily around Palmerston North on safe roads. This means travelling through intersections that allow traffic to flow freely. Or on safe cycle-friendly access routes, on well-maintained footpaths, and safe and easy-to-use pedestrian crossings. The network includes 568 km of footpaths, 42 km of off-road shared pathways, 88 bus shelters and 428 cycle-stands.

KEY ACHIEVEMENTS

8

New bus shelters installed, and four poor condition shelters replaced



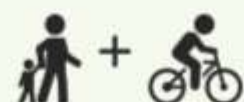
1420m of new
FOOTPATHS



\$52,000
BIKES IN SCHOOLS

1340m

of upgraded
shared paths



G2 - ACTIVE AND PUBLIC TRANSPORT

WHAT HAPPENED IN THE YEAR

ACTIVE TRANSPORT

In 2019/20, Council strived towards creating an easily accessible and manoeuvrable city with key improvements to the active transport network. This included:

- Upgraded 1340m of shared path to concrete along the Manawatu River.
- Upgraded College Street cycle lanes between Victoria Avenue and Fitzherbert Avenue.
- Continued support of Bikes in Schools, providing \$52,000 to Awapuni School for bike tracks, storage and new bikes and equipment.
- Cycle sharrows markings installed within the CBD.

FOOTPATHS

Council has invested strongly in maintaining and upgrading footpaths around the City. Following the identification of more than 2000 serious footpath faults across the City and Ashhurst in late 2018, Council has been working on an enhanced work programme to address these faults. In 2019/20, six contractors working with Council staff completed renewals to address over 700 of the faults costing \$1.15 million.

In 2019/20 several footpaths were extended to improve pedestrian levels of services mainly in areas with limited footpaths or new growth areas of the City. Completed footpath extensions were on:

- James Line pedestrian connection over railway tracks
- Dairy Farm Road
- Ngaire Street
- Stanford Street
- Oxford Street
- Worcester Street
- Wyndham Street

New Zealand Transport Agency (NZTA) has committed to delivering transport improvements in Ashhurst as part of the gorge detour enhancement work. This has included several new footpaths and shared paths within the township. The planned path works complement Council's programme of footpath extensions and improvements in Ashhurst which started in 2019/20 and will be completed by the end of the 2020 year.

PUBLIC TRANSPORT

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

In 2019/20, Palmerston North City Council investigated several opportunities to install and upgrade bus shelters around the City. Overall eight new bus shelters have been installed, and four inadequate condition shelters replaced.

To deliver a more effective public transport service, both Councils have worked together to reassess bus services

and consider changes to routes to connect the community better and more efficiently.

ON-GOING CONSIDERATIONS

ACTIVE TRANSPORT

Following the completion of the first section of the College Street cycleway, Council will be advancing the rest of the project and working to deliver the other projects set out in the Urban Cycling Masterplan, which has as its vision the delivery of the priority cycle network for the City.

To enable the construction of a cost-effective active transport network will require trade-offs, particularly the allocation of road space. The impacts of cycleways on parking will require engagement with the community. Council will need to ensure the benefits of an active city are achieved with acceptable impacts on existing road users. To assist with developing a futuristic and integrated transport network, Council is undertaking work to clarify how the road space might be allocated. This work is integral to meet the needs of different users and transport modes.

A key focus in the short term is linking up existing cycleway infrastructure to create a connected network with appropriate way-finding. This work can proceed ahead of consultation on the wider network projects.

FOOTPATHS

Council will continue the strong focus on renewals and the targeting of serious faults in the network. A similar level of funding has been allocated to the programme as in 2019/20.

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

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

PUBLIC TRANSPORT

Council will continue to work collaboratively with Horizons Regional Council to deliver improved public services. This will include continued investment in infrastructure for improved bus stops, more bus shelters and an upgraded central city bus terminal. These investments will be scheduled and designed to support and integrate with Horizons Regional Council's new ticketing initiatives and the outcomes from a review of the services which Horizons is undertaking to inform a re-tendering of the public transport services.

G2 - ACTIVE AND PUBLIC TRANSPORT

HOW DID WE PERFORM

The levels of service and performance measures for this Activity are included with the Strategic Transport (Roading) levels of service pages 47-48.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary

ACTIVE AND PUBLIC TRANSPORT

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
REVENUE				
Active Transport	182	15	167	49
Footpaths	106	109	(3)	526
Public Transport	351	83	268	112
TOTAL REVENUE	639	207	432	687
EXPENSES				
Active Transport	1,812	1,121	(691)	474
Footpaths	2,861	3,136	275	2,985
Public Transport	274	193	(81)	276
TOTAL EXPENSES	4,947	4,450	(497)	3,735
NET OPERATING COST OF ACTIVITY	(4,308)	(4,243)	(65)	(3,048)
RATING ALLOCATION				
Add back depreciation	3,498	2,931	567	2,615
Less Renewal capital expenditure	(1,098)	(1,046)	(52)	(943)
Add/(Less) borrowing effect of renewal 3 year averaging	(5)	(5)	-	60
Add external revenue for renewal capital	-	527	(527)	-
Less provision for debt reduction	(416)	(416)	-	(262)
Add general rates allocation	2,329	2,252	77	1,578
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Active Transport expenditure was higher than budget due to depreciation.

Significant Activity Capital Projects

ACTIVE AND PUBLIC TRANSPORT

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
CAPITAL RENEWAL				
64-City-wide - Footpath Renewals and Replacements	1,054	1,000	(54)	
181-City-wide - Bus Shelter Upgrades and Replacements	32	35	3	
648-City-wide - Replacement of Deteriorating Cycle Stands	12	11	(1)	
TOTAL CAPITAL RENEWAL	1,098	1,046	(52)	943

G2 - ACTIVE AND PUBLIC TRANSPORT

CAPITAL NEW				
57-Manawatu River - Downstream Pedestrian/Cycle Bridge Construction (subject to part external funding) (Council approved additional Carry forward from 2018/19 - \$200k)	267	-	(267)	
114-City-wide - New Cycle Stands and Shelters (Council approved additional Carry forward from 2018/19 - \$4k)	21	18	(3)	
148-City-wide - Bus Stop Improvements (Council approved additional Carry forward from 2018/19 - \$12k)	73	64	(9)	
235-Manawatu River (Ashhurst to Riverside Drive) - Cycle/Pedestrian Pathway	41	656	615	
636-Aokautere Drive Pedestrian Cycle Improvements (Council approved additional Carry forward from 2018/19 - \$24k)	73	307	234	
732-Summerhill Drive - Pedestrian and Cycle Improvements (Council approved additional Carry forward from 2018/19 - \$170k)	24	102	78	
977-Manawatu River (Fitzherbert Bridge to Linton) - Cycle/Pedestrian Pathway (subject to part external funding)	(36)	-	36	
1039-Shared Path Connection - Riverside Drive to Railway Road	6	39	33	
1155-City-wide - Street Seats	16	11	(5)	
1216-City-wide - Additional Cycle Lanes	-	104	104	
1257-City-wide - Cycle Phases at Intersections	-	42	42	
1349-Dittmer Drive Shared Path Permanent Surface - New Bridge to Buick Crescent	622	736	114	
1352-Napier Road - Roberts Line to BUPA - Footpath link	-	31	31	
1354-Walkways and Shared Paths - City Loop Wayfinding	-	33	33	
1358-Footpath extensions city wide (Carry forward from 2018/19 reduced as more spent - \$1k)	362	546	184	
1361-Turitea Road - Pedestrian Path/Steps	32	51	19	
1444-Shared path resilience improvements - Limestone to concrete	43	153	110	
1492-Wayfinding signage CBD area for key public institutions	-	36	36	
1559-Urban Cycle Network Development	74	1,465	1,391	
TOTAL CAPITAL NEW	1,618	4,394	2,776	11,072
TOTAL CAPITAL PROJECTS	2,716	5,440	2,724	12,015

Some of the capital projects have been unable to be proceeded with or completed and are to be carried forward to future years for completion, with Covid-19 being a major factor in this. Some of the projects to be carried forward include:

636-Aokautere Drive Pedestrian Cycle Improvements
 732-Summerhill Drive - Pedestrian and Cycle Improvements
 1216-City-wide - Additional Cycle Lanes
 1257-City-wide - Cycle Phases at Intersections
 1358-Footpath extensions city wide
 1361-Turitea Road - Pedestrian Path/Steps
 1444-Shared path resilience improvements - Limestone to concrete
 1492-Wayfinding signage CBD area for key public institutions
 1559-Urban Cycle Network Development

GOAL 3

CONNECTED & SAFE COMMUNITY

The group activities for Goal 3 consists of:

CONNECTED COMMUNITIES

*(includes libraries, community centres,
community groups and social housing)*

SAFE COMMUNITIES

*(includes animal control, civil defence,
public health and safer community initiatives)*







CONNECTED COMMUNITIES ACTIVITY

SOCIAL HOUSING

LIBRARY SERVICES

COMMUNITY CENTRES

SUPPORT TO COMMUNITY GROUPS

CEMETERIES

DECISION MAKING AND COMMUNITY ENGAGEMENT

WHAT THE COUNCIL DOES

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

KEY ACHIEVEMENTS



50 NEW UNITS

were built in Stage 1 of
THE PAPAIOEA PLACE
Housing Redevelopment.



THE CITY
LIBRARY
WAS VISITED

707,000 TIMES

MANAWATŪ HERITAGE
continues to grow with
29,000 DIGITAL ITEMS

The City Library hosted

2350
**ACTIVITIES,
PROGRAMMES
AND EVENTS**

**ESTABLISHED AN
ONLINE BOOKING
SYSTEM FOR
COMMUNITY
ROOMS**



G3 - CONNECTED COMMUNITIES

WHAT HAPPENED IN THE YEAR

SOCIAL HOUSING

Continuing the redevelopment of the Papaioea Place housing complex was Council's major capital project. Stage 1 of the project is now complete with 50 of the 78-unit development completed. Construction of Stage 2, the next 28 units is underway.

Occupancy levels across Council's social housing portfolio remained high with demand continuing to exceed availability. Following the completion of Stage 1 of the Papaioea Place redevelopment project, 50 grateful tenants have relocated into these units. Many have reported feeling more connected to their local community in their modern, eco-friendly units. They're regularly engaging with their neighbours and feel warm and safe in their new units.

Tenant satisfaction survey results had 96 per cent of respondents expressing appreciation and satisfaction with their units, complex and service received from Council.

LIBRARY SERVICES

The City Library (all eight sites) continued to be the most heavily-used Council facilities, with over 707,000 visits, until the Library closed on 21 March and re-opened on 20 May, due to the Covid-19 lockdown. This was an increase of 21,000 visits on the previous year even with the reduced period. The Library continued to be innovative in responding to community needs, physical and digital content, services, programmes, connections and experiences. The digital library remained open during the lockdown and users had access to more than 44,000 eBook and eAudio titles across three platforms, 6,000 eMagazines and eNewspapers and 44 online databases. During lockdown the team worked hard to expand digital offerings. The breadth of digital content allowed people to learn a new language (Mango Languages), take a course to learn a new skill (Lynda.com), have an author read their book to your child (Storybox Library), or stream a movie or documentary (Kanopy and Beamfilm). During Covid-19 Alert Levels 4 and 3, library users checked out over 11,000 eBooks and eAudio, 1400 eMagazines through RB Digital, read close to 600 titles available on Press Reader and made great use of the Storybox and Tumblebooks databases.

Over the lockdown period, Blueprint: The City Library Makerspace was the de facto Manawātū co-ordinator of the ShieldsUp Project which started on 24 March (the day before Alert Level 4 lockdown) by our Auckland-based primary plastic filament supplier - Mindkits. In Manawātū, five locals joined Blueprint to provide 3D printed parts for the shields, delivering completed shields to Palmerston North Hospital, GPs, midwives and pharmacies across Palmerston North, Feilding, Whanganui and Taranaki.

Manawātū Heritage is growing with close to 29,000 digital items. Examples of the breadth of reach include:

- The digitisation of Polish Army League archives which were used by the Polish Embassy for an online presentation
- Images used by the National Library's Services to Schools team to create "The Covid-19 Story" – these resources are well-used by teachers throughout New Zealand
- The first multi-page international community contribution from the United States was uploaded
- Barry O'Sullivan used many images sourced from Manawātū Heritage in his book *New Zealand Dress Regulations 1852-1909*

During the Covid-19 lockdown, the Heritage team worked hard to reduce the backlog of archives and Manawātū Heritage images that needed processing. Eight archive collections were processed, 1700 items were uploaded and 1500 items already held were geocoded. The team also uploaded PNCC-generated Covid-19 content to Manawātū Heritage, fulfilling a need for immediate use and future research.

Approximately 2350 activities, programmes and events were delivered before the Covid-19 lockdown; all fostering and supporting the goals of literacy, lifelong learning, creative expression, celebrating heritage, and enhancing social connection and wellbeing. Successful examples included book launches, film festivals and poetry readings, through to activities supporting Local Heritage Week and Vex Robotics. These collaborations with local groups, organisations, cultural institutions and the community add vibrancy and a sense of creativity.

Now in its 23rd year, the Summer Reading Programme sponsored by the Eastern and Central Community Trust was highly successful with over 570 children participating with Te Reo and 14 language options, across the City Library's seven facilities continued to go from strength-to-strength. A new and popular initiative to this year's Summer Reading programme was the Summer Carnival of Curiosities Collect-A-Card series. The cards, designed by UCOL students, promoted activities linked to Library content, children collected 856 cards. Feedback from families about the programme included:

- *'This is a fantastic programme for the Children of Palmerston North. Please continue to fund this worthwhile programme to help increase our literacy rates and improve the trajectory for our children.'*
- *'Keep at it! This is one of the best and well-organised programmes for literacy I have come across. And my kid is pretty good at and interested in reading, partly because she has been using the programme since she was four.'*

G3 - CONNECTED COMMUNITIES

There has been a continued focus on youth development through daily activities and regular events and programmes that utilise Youth Space as a base. The Youth Space team have been innovative and taken a leading role in building the capacity of the organisation to engage young people and students with PNCC. Examples include the Youth Council holding a hui about best ways to engage with them; urban planning workshops in the lead to Play Policy consultation (informed decision-making) and Global Ambassadors programming. Highlights include:

- The Pūrea i te Ahi, a suicide awareness bonfire event at Ahimate Reserve in September which was planned, organised, marketed, and set up by the Co-Lab team and Youth Space staff. Close to 300 people attended where youth performed original songs, which they later recorded at The Stomach.
- Over 120 young people put through youth development programmes including Co-Lab, Youth Council, Tuia, Sounds of Wairua, Student Leaders, Global Ambassadors, and Festival for the Future.
- Partnering with Student City, VTNZ and the iHow caravan to put six youths through "Drive Club" to attain their learner licenses with a 100 per cent pass rate.
- Supporting Te Tihi in their Hiko Hack programme for whānau to get involved with technology to problem-solve for Palmerston North businesses.
- Partnering with the Pushing Arts Trust to enable 16 youths to participate in a week-long art internship shadowing international street artists as they painted murals on buildings across the City.
- Working alongside Youthline within the space over Valentine's week with activities to promote wellbeing and healthy relationships.
- School holiday block courses offering life and employability skills through activities such as goal setting, CV writing, cooking, interview skills and budgeting.

COMMUNITY CENTRES (AND SUPPORT TO COMMUNITY GROUPS)

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

Council also provided \$18,000 for a training programme delivered by the Palmerston North Community Services Council. 20 programmes were delivered and 409 people took part. A survey of community groups taken during the Covid-19 lockdown identified areas groups wished they had expertise in. This resulted in Council making an additional \$20,000 available to fund courses that would build on the

capability needs identified. Some of the trainings that were delivered online to community groups were: Scenario Planning & responding to crisis; Reimagining service delivery; Boosting your resilience & ability to respond; Dealing with stress & anxiety in uncertain times.

Regular meetings were held with community centres management committees. This year's milestone was the rollout of an online booking system for community rooms. Usage of Community Centres was high despite their closures during the Covid-19 lockdown and physical distancing requirements.

Expressions of interest have been called for the construction of the Bunnythorpe Community Centre.

Monitoring Community Grants

Implementing the Results-Based Accountability (RBA) methodology for monitoring the effectiveness of community funding has been a game-changer for how our team interact with partnering groups. Widely used by government agencies, this is a new process for Council. Together, we are learning how the framework is applied, what the core activities are that contribute to Council's strategic objectives and identify the vital measures for monitoring. This means not just counting 'how much' was done but looking at 'how well' and whether anyone was better-off through changes in attitude, behaviour, circumstance or skills and knowledge. The process is founded on principles of co-design, reducing onerous reporting requirements, working collaboratively for greater impact, learning the story behind the organisations' work and being able to provide a clear story to elected representatives of the value of investing in community groups. The Safety Advisory Board has also taken an RBA approach in developing their new strategic plan.

Welcoming Communities

Palmerston North received accreditation as an Established Welcoming Community. The External Accreditation Assessment Panel commented on the City's commitment to partnering with organisations and sectors to identify and address barriers for newcomers accessing services and participating in the community. Newcomers refer to migrants, former refugees and international students. The Welcoming Communities programme involves residents in developing, delivering and participating in welcoming activities. This approach creates communities where everyone can belong, participate, contribute and thrive. It helps increase social engagement, build social connections and grow social inclusion which generates economic, social, civic and cultural benefits for the community.

G3 - CONNECTED COMMUNITIES

CEMETERIES

This year saw the ongoing programme of construction of new burial beams and ash interment options. Work commenced on the construction of a new burial section, Section W which, when completed, will provide for burials for the next 12-15 years. More niche walls were constructed as they continue to be popular. Significant reactive maintenance was required on the cremator flue.

At the Kelvin Grove Cemetery, work commenced on building a fence to the James Line frontage, providing improved security and consistency with the appearance of the Terrace End Cemetery.

Ashhurst Cemetery - the last beam in the existing area was poured, and to create an opportunity for future cemetery expansion, boundary trees were removed.

DECISION MAKING AND COMMUNITY ENGAGEMENT

This area is about community involvement in Council's decisions. This is part of Council's Connected Communities and Leadership Activities. Information on what we did this year is in the Leadership Activity section – see pages 128-133.

ONGOING CONSIDERATIONS**SOCIAL HOUSING**

Council will continue Stage 2 of the Papaioea Place housing redevelopment, the construction of an additional 28 units, increasing units to 78. Stage 2 is due to be completed in August 2021. Consideration will be given for Stage 3 - the construction of further units and supporting infrastructure.

There is high demand for social housing with shortages in suitable housing for Palmerston North's most vulnerable residents, especially those with complex needs. Council works closely with other social housing providers to ensure there is a coordinated understanding of housing demand and availability.

LIBRARY SERVICES

The Central Library building was designated earthquake-prone in December 2018. The City Library still occupies the building running full services, while the investigation of options continues. These options include the consideration of the Civic and Cultural Masterplan.

COMMUNITY CENTRES + SUPPORT TO COMMUNITY GROUPS

Covid-19 is likely to have an impact for at least the next 12 months. The Community Development team have developed a lens to apply when planning the 2020/21 work plan in the recovery phase.

Community groups are likely to find it harder to secure funding at the same time as they may experience higher demand, particularly groups working in the social sector. Community Advisors are readily available to advise and support groups as they recalibrate their activities. A survey of community groups taken during the Covid-19 lockdown showed some groups might consider winding-up or merging. A \$200,000 Relief Fund was established to assist groups facing that situation in 2020/21.

During the Covid-19 response, a collaboration of foodbank providers provided food parcels and other household goods to those in need. There is a willingness to investigate the feasibility of a shared food warehouse for the City's various food banks.

CEMETERIES

Further work was completed on refinements to the 2018 Cemetery Bylaw, with the implementation of the new processes to manage decorated graves to be introduced in 2020/21.

G3 - CONNECTED COMMUNITIES

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council provides library services, including physical and digital content and the facilitation of programmes to support digital inclusion, access to information, literacy, lifelong learning, cultural and creative expression and social inclusion. [Community Services and Facilities Plan]	1. Library visitor numbers. (More than 800,000 connections a year)	Target met.	Due to Covid-19, the City Library closed on 21 March 2020 which impacted the physical visits (773,450) to the seven City Library locations. Prior to the lockdown restrictions physical visits were at an increase of 3% over the same period last year. The digital library remained open during lockdown. During Covid-19 alert levels 4 and 3, library users checked out more than 11,000 eBooks and eAudio, 1400 magazines through RB Digital and read over 600 titles available on Press Reader. There were 67,734 Manawatu heritage website sessions. 77,378 PC sessions and 209,000 WiFi sessions. Work has been undertaken on the website to enable the use of new analytics, in light of this the raw data reflects 261,713 Library website sessions.
	2. Use of physical collections. (Average use per item per year is at least 4)	Target met.	Despite the closure of The City Library (all sites) due to Covid-19 restrictions this target was still met with a slight decrease compared to last year. No physical materials were allowed to circulate until restrictions were lifted and the library was allowed to reopen under Alert Level 2. Items were used an average of 4.12 times a year compared to 4.85 times last year. This usage was still above the national average of 3.42 times per year.
	3. Use of digital collections.	Target met.	In response to Covid-19, and particularly across Alert Levels 4 and 3, the library continued to be innovative in the way it responded to community needs by providing a range of digital content, services, programmes, connections and experiences. Users had access to more than 35,000 eBook and eAudio titles, a large range of eMagazines, streaming services and a wide range of on-line databases. The breadth of digital content allowed people to learn a language (Mango languages), take a course to learn a new skill (Lynda.com) or have an author read their book to a child (Storybox library). eBook and eAudiobook usage increased by 32% this year (90,799 vs 68,894). Two streaming platforms were added to the digital collection, Beamafilm and Kanopy. Beamafilm is an Australasian video streaming service, featuring a large collection of documentaries, award winning movies, kids' movies, festival favourites, and foreign films. The second platform Kanopy, which also includes Kanopy Kids, provides access to more than 30,000 of the world's best films, including award winning documentaries, rare and hard-to-find titles, film festival, indie, classic and world cinema. Usage of these streaming platforms continues to rise as more people become aware of the huge range on offer.
	4. Description of the range of programmes and events.	Target met.	2,350 activities, programmes, events, celebrations and commemorations were delivered prior to the Covid-19 lockdown on 21 March; all with the intention of fostering and supporting the goals of literacy, lifelong learning, creative expression, celebrating heritage and enhancing social connection and wellbeing. Successful examples included literacy programmes across ages and stages, book launches, film festivals and poetry readings, robotics sessions, projection mapping and many informative talks encompassing a wide range of topics and in a number of languages. Now in its 23rd year, the Summer Reading programme was highly successful with over 570 children participating in the programme. The Te Reo and multi-language summer reading streams continued to go from strength to strength and for the second year the programme was offered in fourteen languages. There has been a continued focus on youth development through daily activities and regular events and programmes that utilise Youth Space as a base. The focus this year continued to be on employment and preparing for work with development opportunities offered on CV writing, personal branding, being work ready and youth leadership. These courses have been run in conjunction with local organisations including Careers NZ, Youth Chamber of Commerce and tertiary education providers. All event planning was put on hold at the end of the 3rd quarter due to Covid-19. This meant no community events were delivered during the 4th quarter. A small communications campaign was run to mark World Refugee Day in June. This was built around PalmyLegends and celebrated 3 locals of refugee background who worked as essential workers throughout lockdown. (inspired by the NZ Red Cross' Essential KiwiLegends campaign.)

G3 - CONNECTED COMMUNITIES

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council provides public toilets throughout the city, in parks and reserves, community centres and hubs, libraries and civic areas to meet people's needs. [Community Services and Facilities Plan]	5. Public toilets are accessible, appropriately located and gender neutral.	Target met.	All toilet renewals and new installations are accessible and gender neutral and located in areas of need. There is an on-going annual programme in place to refurbish and renovate all existing public toilets to be accessible and gender neutral. This is underway. All new toilet blocks are always being installed with this in mind.
Council provides community centres and hubs to cater to the diverse needs of local communities. [Community Services and Facilities Plan]	6. A 30-year Asset Management Plan is in place and major AMP projects approved in the 10 Year Plan are achieved. (Renewals as a group)	Target met.	Asset Management Plans were adopted by Council in June 2018 and are being implemented as per the 2018/28 10 Year Plan. These are currently being reviewed by the new Assets and Planning Division. There is an on-going Annual Programme in place for renewals for Council's community centres and hubs.
	7. Levels of community centre use. (Narrative measure, including use of at least 1400 hours per centre per year)	Target not met.	Covid-19 had a significant impact on community centres with all closed during the lock down and return to Level 2. Milson was closed prior to Covid-19 closures due to a refurbishment, and Ashhurst also had a repaint. Most centres were close to the 1,400-hour target. However, usage hours for the complete year were: Ashhurst 1,372, Awapuni 3,581, Highbury Whanau Centre 1,896, Kelvin Grove 1,563, PN Community Leisure Centre 2,267, Milson 1,164, Pasifika 885 and Rangiora 1,329.
Council provides cemeteries and a crematorium to meet community needs. [Community Services and Facilities Plan]	8. A 30-year Asset Management Plan is in place and major AMP projects approved in the 10 Year Plan are achieved.	Target met.	Asset Management Plans were adopted by Council in June 2018 and are being implemented as per 2018/28 10 Year Plan.
	9. Cemetery provision meets legislative requirements.	Target met.	The operation of Palmerston North Cemeteries meets all requirements of the Burial and Cremation Act. During 2019/20 Council consulted on minor alterations to the wording of the Palmerston North Cemeteries and Crematorium Bylaw 2018. This work will be finalised in 2020/21 following determination by Council resolution.

G3 - CONNECTED COMMUNITIES

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council provides warm and safe housing units for people in line with Council's priorities. [Council Housing and Support Plan]	10. Council housing is tenanted. (At least 95%, excluding units not available due to renovations)	Target met.	An average of 98% occupancy.
	11. Council tenants are satisfied with the standard of housing (two-yearly survey). (At least 90%)	Target met.	Tenant satisfaction survey results show 96% of our tenants are satisfied with the standard of Council housing.
	12. Units meet the Otago Medical School He Kainga Oranga Rental Warrant of Fitness Standard. (not met – Papaioea Place)	Target met.	On track and meeting requirements of the Warrant of Fitness standards.
	13. A 30-year Asset Management Plan is in place and major AMP projects approved in the 10 Year Plan are achieved. ¹	Target met.	Asset Management Plans were adopted by Council in June 2018 and are being implemented as per the 2018/28 10 Year Plan. Currently these are being reviewed by the new Assets and Planning Division. There is an on-going Annual Programme in place to refurbish and renovate existing housing complexes. In addition to this Council is also on track to deliver the Papaioea Place Redevelopment.
Council supports and funds community groups to build community, neighbourhood and organisational resilience, capacity and capability. [Community Support Plan]	14. Funding is distributed according to Council's Community Funding Policy and the key objectives achieved with the funding are described.	Target met.	The Community Funding policy has been implemented to deliver the Celebrating Communities Fund and the Local Initiatives fund. The Celebrating Communities Fund had 26 successful applications.
Council engages on a wide range of decisions and projects so that people and organisations from all sectors actively are involved in Council decision making. [Active Citizenship Plan]	15. Positive feedback from residents on Council's community engagement. (Narrative measure)	Target met.	The 2020 Residents Survey (of 500 randomly selected residents) shows that 44% are satisfied with the opportunity for them to have a say in Council decisions, 42% are neutral and 13% are dissatisfied. The corresponding figures for the ease of having a say are 34%, 46% and 19%. These levels are similar to the 2019 Survey. Council is aiming to increase satisfaction, including by getting people in the neutral grouping more actively involved in Council decisions.
	16. Description of the range of engagement techniques used by Council. (Narrative measure)	Target met.	Council's main focus is on online engagement, as this is how most people say they would like to be involved in Council decision making. Hence we use methods like Social Pinpoint and online submissions. These are all co-ordinated through the "Have Your Say" Engagement Hub on our website. Covid-19 reinforced this online approach. Council also uses more traditional methods, such as community meetings and Elected Member drop-in sessions for those who prefer.
Council manages its Connected Communities Activity in a financially sustainable way.	17. Major services and projects are provided within budget. ²	Target met.	Overall services (including Social Housing and Community Centres with higher maintenance) and most projects are provided within budget, with some delays post Covid-19 lockdown in major projects such as Papaioea Stage 2. The affordability of the Bunnythorpe Community Centre will be reviewed after the competitive tender process.

¹ Renewals as a group

² Papaioea Place (programmes 377 and 1277), Library of the Future / Upgrade (programmes 595 and 1518)

G3 - CONNECTED COMMUNITIES

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary

CONNECTED COMMUNITIES

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
REVENUE				
Cemeteries	731	690	41	726
Community Centres	138	137	1	136
Libraries	139	357	(218)	189
Social Housing	2,697	2,761	(64)	2,591
Support to community groups	70	-	70	78
TOTAL REVENUE	3,775	3,945	(170)	3,720
EXPENSES				
Cemeteries	1,232	1,206	(26)	1,183
Community Centres	966	763	(203)	711
Libraries	9,608	10,691	1,083	10,572
Public toilets	418	416	(2)	340
Social Housing	3,826	3,429	(397)	3,440
Support to community groups	2,400	2,290	(110)	2,135
TOTAL EXPENSES	18,450	18,795	345	18,381
NET OPERATING COST OF ACTIVITY	(14,675)	(14,850)	175	(14,661)
RATING ALLOCATION				
Add back depreciation	3,350	3,641	(291)	3,053
Less Renewal capital expenditure	(1,871)	(2,124)	253	(1,824)
Add/(Less) borrowing effect of renewal 3 year averaging	313	313	-	1,912
Less provision for debt reduction	(237)	(237)	-	(291)
Add general rates allocation	13,120	13,257	(137)	11,811
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Libraries expenditure was lower than budget due to depreciation (\$484k) and delays in programmes relating to investigations into central library and community hub options (\$400k).

Significant Activity Capital Projects

CONNECTED COMMUNITIES

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
CAPITAL RENEWAL				
37-Cemeteries - Terrace End - Site Enhancements	-	9	9	
178-Central Library Replacement of Shelving, Furniture and equipment (Council approved additional Carry forward from 2018/19 - \$100k)	60	160	100	
180-Social Housing - Citywide - Community Housing Refurbishments (Council approved additional Carry forward from 2018/19 - \$13k)	153	150	(3)	

G3 - CONNECTED COMMUNITIES

186-Public Toilets - Refurbishments and Replacements	69	80	11	
188-City Library Replacement and Purchase of Library Materials	793	800	7	
202-Central Library Interior Design Renewals (Council approved additional Carry forward from 2018/19 - \$65k)	34	202	168	
203-Interior Design of Community Libraries, Youth Space, and Mobile Library	-	33	33	
265-Citywide - Community Centre Refurbishments (Council approved additional Carry forward from 2018/19 - \$102k)	136	53	(83)	
278-Cemeteries - Kelvin Grove - Roothing and Footpath Refurbishment (Council approved additional Carry forward from 2018/19 - \$51k)	102	36	(66)	
1120-Ashhurst and Te Patikitiki Community Library Renewals (Council approved additional Carry forward from 2018/19 - \$73k)	45	-	(45)	
1138-Digital Technology to Support 21st Century Citizens and Service (Renewal)	58	51	(7)	
1139-Radio Frequency Identification (RFID) Materials Management	101	102	1	
1151-City Libraries - Building Security System Renewal	113	50	(63)	
1291-Library Roof and HVAC Replacement (Carry forward from 2018/19 reduced as more spent - \$32k)	168	199	31	
1575-Seismically brace the HVAC piping	39	199	160	
TOTAL CAPITAL RENEWAL	1,871	2,124	253	1,824
CAPITAL NEW				
107-Cemeteries - Kelvin Grove - Ash Plot developments and Childrens area extension (Council approved additional Carry forward from 2018/19 - \$8k)	16	38	22	
133-Cemeteries - Kelvin Grove - New Burial Sections Footpaths and Roothing Extension	2	46	44	
147-Cemeteries - Kelvin Grove, Ashhurst and Bunnythorpe - New Burial Berms	40	23	(17)	
161-Public Toilets - Citywide programme (Council approved additional Carry forward from 2018/19 - \$22k)	453	409	(44)	
357-Social Housing - Papaioea Place Redevelopment	2,305	3,386	1,081	
1219-Social Housing - Papaioea Stage 2	851	2,553	1,702	
1413-Bunnythorpe Community Facility (Carry forward from 2018/19 reduced as more spent - \$25k)	112	1,030	918	
TOTAL CAPITAL NEW	3,779	7,485	3,706	4,708
TOTAL CAPITAL PROJECTS	5,650	9,609	3,959	6,532

Some of the capital projects have been unable to be proceeded with or completed and are to be carried forward to future years for completion, with Covid-19 being a major factor in this. Some of the projects to be carried forward include:

- 178-Central Library Replacement of Shelving, Furniture and equipment
- 202-Central Library Interior Design Renewals
- 203-Interior Design of Community Libraries, Youth Space, and Mobile Library
- 1120-Ashhurst and Te Patikitiki Community Library Renewals
- 1139-Radio Frequency Identification
- 1575-Seismically brace the HVAC piping
- 1219-Social Housing - Papaioea Stage 2
- 1413-Bunnythorpe Community Facility

G3 - SAFE COMMUNITIES



SAFE COMMUNITIES ACTIVITY

CIVIL DEFENCE EMERGENCY MANAGEMENT (CDEM)

ANIMAL CONTROL

PUBLIC HEALTH

SAFETY ADVISORY BOARD/SAFE CITY ACCREDITATION

WHAT THE COUNCIL DOES

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

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

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

REGISTERED DOG NUMBERS
IN THE CITY INCREASED TO

9193



REPLACED AND
UPGRADED THE
CCTV CAMERAS
IN THE CBD WITH
9 HIGH-QUALITY
MULTI-SENSOR CAMERAS



**EMERGENCY
OPERATIONS
CENTRE** responded
to **5,495** assistance
requests during
Covid-19 response

G3 - SAFE COMMUNITIES

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

- Registration of food premises, hairdressers, camping grounds, funeral directors and offensive trades.
- Audit and verification of Food Control Plans and investigation of food complaints.
- Investigation and resolution of public nuisances, housing issues and overgrown vegetation complaints.
- Response to hazardous substance issues not covered by other agencies.
- Investigation of complaints of excessive noise and monitoring compliance with the district plan noise levels.
- Investigation of complaints relating to signs in public places and animals and bees.
- Inspection of and reporting on licensed premises and manager certificates.

WHAT HAPPENED IN THE YEAR

CIVIL DEFENCE – EMERGENCY MANAGEMENT

Our Civil Defence Emergency Management (CDEM) function moved into a shared facility, Te Ao Nui, on Victoria Avenue with Horizons Regional Council in December 2019. Council responded to the Covid-19 pandemic and lockdown between 25 March and 29 May. It activated its Emergency Operations Centre (EOC) for the first time since 1988. Many Council staff were seconded to take up roles within the EOC, mainly, in the welfare area. They responded to 7252 requests for assistance between 23 March and 29 May 2020.

In July, we delivered to the Ashhurst community an informative evening. We partnered with Whakaranga School to develop a series of Get Ready videos which were shared through social media channels and at community events. We also have an ongoing programme for education and community engagement with community groups, as requested.

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

ANIMAL CONTROL

The Temporary Housing of Companion Animals Code of Practice came into force in October 2018, and as a result there have been several improvements made to the pound, such as improved climate control and safety of individual kennels. Council approved the build of a new animal shelter to replace the current pound. Completion is expected in the 2021/22 financial year.

A new Animal Management and Education Team Leader was appointed in September, with the intention of extending the team's focus to include educational and regulatory/enforcement.

The number of registered dogs in the City increased from 8,449 in 2018/19 to 9193 in 2019/20, with 7258 owners, of whom 2935 are approved as a 'preferred owner'.

During the year there were 85 reported dog attacks.

- 21 'dog-on-person' attacks - 13 classified as minor, eight as moderate and zero as serious.
- 35 'dog-on-dog' attacks - 27 classified as minor, five classified as moderate and three as serious.
- 29 'dog-on-other animal' attacks - 14 classified as minor, 12 classified as moderate and three as serious.

Animal Control Officers issued 340 infringement notices (100 were waived or cancelled due to extenuating circumstances). There were no prosecutions brought before the courts.

- 322 non-registration.
- 13 failing to have a dog under control or confined.
- 4 failing to comply with a menacing classification.
- 1 failing to comply with a dangerous classification.

Animal Control Officers impounded 353 dogs;

- 261 were returned to their owners. (33 of these had zero fees)
- 43 dogs were rehomed.
- 44 dogs were euthanised.

A review of the fees and charges schedule was undertaken and the classes of dog registration simplified. These changes now allow owner of rural dogs and unneutered dogs to apply for 'preferred owner' status.

The Animal Control team participated in several public events, such as Linton Family day, Esplanade Open Day and the Rural Games.

PUBLIC HEALTH

Council maintained its Ministry of Primary Industry accreditation as a recognised agency and four of Council staff with recognised person status under the Food Act (2014).

The Environmental Health Officer Cadet has completed the required training and is now permitted to carry out verification audits.

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

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

G3 - SAFE COMMUNITIES

During 2019/20, a high volume of applications and requests were processed and addressed by Council:

Environmental Health Officers processed;

- 50 new food premise applications.
- 291 food control plans were verified.
- 126 food enquiries were responded to and 21 food premises complaints were investigated.

In 2019/20 there were 3365 noise complaints as compared to 3,493 in 2018/19 and 3,319 in 2017/18.

Of which 96 per cent were responded to within 60 minutes.

Council received and processed the following complaints:

- 169 complaints regarding overgrown vegetation, compared with 165 in 2018/19.
- 14 complaints regarding cats, compared to 13 in 2018/19.
- Council also provided 73 cat traps, compared to 135 in 2018/19.
- 49 complaints relating to poultry, compared to 28 in 2018/19.
- 9 complaints relating to bees, compared to 6 in 2018/19.
- 22 complaints relating to signage, compared to 12 in 2018/19.
- 288 regarding abandoned vehicles, compared to 322 in 2018/19.

Palmerston North has 87 registered hairdressers, three funeral directors, one camping ground and one offensive trade.

Palmerston North City Council has entered into a contract with Taranaki District Council to provide an Environmental Health service. Focussing on Food Act function, Health Act registered premises and health complaints.

During the 2019/20 year the following alcohol licenses and manager certificates were processed;

- 10 new on-licenses
- 1 new Off licenses
- 30 on- license renewals
- 16 off license renewals
- 6 club license renewals
- 79 special licenses
- 108 new Manager Certificates
- 184 Manager Certificate renewals
- 12 temporary authorities

SAFE CITY ACCREDITATION AND SAFETY ADVISORY BOARD

The Safety Advisory Board is comprised of representatives from government agencies working within the City. Last year the Board successfully obtained reaccreditation which marked the end of a five-year workplan.

The Board changed coordinators several times during 2019/20 and had a new Chair. This provided an opportunity to review the purpose of the Board and what it wanted to focus on. The Board recognised there were lots of factors

that contributed to a safe city and a broader, root-cause approach was required.

The goal is for people to feel safe and secure, connected and valued as a member of the community. People will live in healthy homes, have positive relationships, and feel empowered to seek out educational opportunities and work in jobs of their choice. They will have a sense of place, belonging and hope. In times of emergency or stress our communities will be cohesive and resilient. Residents will know how to keep themselves safe and will collectively act in support of the wider community.

The work of agencies represented on the board directly contributes to this goal and progress will be tracked through data measuring: healthy lifestyles and relationships, housing, education, employment, income, crime, resilience including emergency response, belonging and connectedness.

Other activities contributing to safe city activities included supporting community groups working in the safe city space, promoting safe city initiatives and organising the City Ambassadors programme. This programme is run over summer with ambassadors roaming the CBD daily acting as guardians of the public space and addressing anti-social behaviour.

A major achievement was the upgrade and replacement of the CCTV cameras in the CBD and The Square with nine high-quality multi-sensor cameras. These are actively monitored and recording 24/7.

ONGOING CONSIDERATIONS

CIVIL DEFENCE EMERGENCY MANAGEMENT (CDEM)

Our emergency management staff still continue to monitor the Covid-19 situation and the preparedness of any further response. Council will take learnings from our Covid-19 response, to ensure our community continues to build resiliency and awareness of Emergency Management. We will continue to develop staff to deliver essential services and key Civil Defence Emergency Management functions during an emergency.

PUBLIC HEALTH

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

SAFE CITY ACCREDITATION AND SAFETY ADVISORY BOARD

The Safety Advisory Board are actively working to a Results Based Accountability methodology to turn the data curve in a positive way through the identification of initiatives that work and those that might work. The goal is that at the end of five years our reaccreditation application will demonstrate the positive change achieved from working with collective impact. This will also include the activities of the community groups who are funded through Strategic Priority Grants and who work in the Safe City area.

G3 - SAFE COMMUNITIES

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council co-ordinates and facilitates the work of the Safety Advisory Board to prevent crime and injury. [Safe Communities Plan]	1. The range of SAB initiatives and the outcomes they achieve.	Target met.	The Board has met remotely during the Covid-19 pandemic to further the work on crafting a strategic plan using the Results Based Accountability framework. A database recording all the initiatives across the City has been established.
Council works with the Manawatu-Whanganui Civil Defence Emergency Management Group to build resilience and disaster preparedness for civil defence and emergency situations. [Safe Communities Plan]	2. Palmerston North retains its accreditation as a Safe City.	Target met.	Safe City accreditation retained.
	3. Council works with local communities to get people prepared for emergencies.	Target met.	Council has worked with community groups and government agencies throughout the Covid-19 response providing excellent welfare support to our community. Council will continue to work with local communities to develop community Response Plans in response to an emergency.
Council enforces bylaws and legislation to ensure dog owners and residents are aware of safety, protection and etiquette around dogs, and to ensure that food premises comply with the Food Act. [Safe Communities Plan]	4. Three dog education campaigns and / or community events attended.	Target met.	Three dog education campaigns / community events were attended consisting of the Linton Family Day, Esplanade Day and Rural Games.
	5. Council is an accredited Food Act verifier. (99% of verifications are conducted within statutory timeframes)	Target not met.	Council is currently an accredited Food Act verifier. Due to Covid-19 restrictions, verifications haven't been conducted within statutory timeframes. MPI has introduced Food (Exemption from Compliance with Verification Requirements) Regulations 2020 which give Territorial Authorities 6 months to complete outstanding audits, a catch-up plan is being prepared.
Council implements policies and bylaws to promote healthy lifestyles. [Healthy Community Plan]	6. Description of healthy lifestyle initiatives.	Target met.	Sun Protection Policy – Tree planting and shade development is being implemented as per 2018/28 10 Year Plan. Smokefree Outdoors Policy – Council continues to promote a smokefree city through the use of smokefree signage in public places, and working collaboratively with partners through the smokefree reference group who are responsible for promoting the policy. Sugar Sweetened Beverages Policy – actively encouraging food and beverage vendors to make available non-sugary drinks at PNCC events.
Council manages its Safe Communities Activity in a financially sustainable way.	7. Major services and projects are provided within budget.	Target not met.	Not achieved due to an increase in levels of service within Emergency Management related to the Covid-19 pandemic. There was increased expenditure mainly relating to the welfare function. Most of this expenditure has been reimbursed by the Government, apart from approximately \$300,000 of expenditure which does not meet the criteria to be claimed for reimbursement.

G3 - SAFE COMMUNITIES

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary

SAFE COMMUNITIES

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
REVENUE				
Animal Control	773	689	84	696
Civil Defence	1,455	-	1,455	1
Public Health	469	535	(66)	387
TOTAL REVENUE	2,697	1,224	1,473	1,084
EXPENSES				
Animal Control	1,007	809	(198)	754
Civil Defence	2,560	695	(1,865)	468
Public Health	1,261	1,395	134	1,262
Safer Community Initiatives	307	371	64	323
TOTAL EXPENSES	5,135	3,270	(1,865)	2,807
NET OPERATING COST OF ACTIVITY	(2,438)	(2,046)	(392)	(1,723)
RATING ALLOCATION				
Add back depreciation	157	43	114	42
Less Renewal capital expenditure	(71)	(81)	10	(13)
Add/(Less) borrowing effect of renewal 3 year averaging	22	22	-	(16)
Less provision for debt reduction	(5)	(5)	-	(1)
Add general rates allocation	2,335	2,067	268	1,711
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Civil Defence revenue and expenditure were both higher due to Covid-19. The Emergency Operations Centre was activated, and additional Welfare Services were provided on behalf of the central government. The essential goods purchased for the community were reimbursed by central government.

Significant Activity Capital Projects

SAFE COMMUNITIES

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
CAPITAL RENEWAL				
40-Noise Measuring Equipment for Noise Complaints - Rolling Replacement	29	44	15	
1269-Bylaw Signage - Replacement	2	6	4	
1512-CCTV replacements	40	31	(9)	
TOTAL CAPITAL RENEWAL	71	81	10	13
CAPITAL NEW				
1513-New emergency operations centre (EOC) Fit Out (Carry forward from 2018/19 reduced as more spent - \$29k)	671	843	172	
TOTAL CAPITAL NEW	671	843	172	187
TOTAL CAPITAL PROJECTS	742	924	182	200

GOAL 4

ECO-CITY

The group activities for Goal 4 consists of:

RUBBISH & RECYCLING

BIODIVERSITY & SUSTAINABLE
PRACTICES

STORMWATER

WASTEWATER

WATER SUPPLY





RUBBISH & RECYCLING ACTIVITY

WHAT THE COUNCIL DOES

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

KEY ACHIEVEMENTS



WHAT HAPPENED IN THE YEAR

Our Waste Management and Minimisation Plan 2019 was reviewed and adopted in late June 2019 and came into effect in July 2019. The Plan describes our vision, targets and approach for reducing and managing waste in our City.

Initiatives we undertook this year to improve the quality and output of Council's rubbish, and recycling services were:

- Replacement of the Materials Recovery Facility's (MRF) baler. This compacts sorted recycling for efficient transport to markets.
- The recycling drop-off point (RDOP) at the Awapuni Resource Recovery Centre had a significant upgrade to make recycling more accessible and attractive.
- Construction started on a new truck wash-down area, which negates the need for our vehicles to travel to the Albert Street depot for washing. The completion was delayed due to Covid-19 lockdown and will now be completed in 2020/21.
- Two new rubbish collection vehicles replaced leased vehicles.
- The collection vehicle used to collect the public space litter bins was replaced.

G4 - RUBBISH & RECYCLING

- The lease of the loader used at Awapuni Resource Recovery Centre was upgraded, with a new JCB loader that provides a better option for the site.
- Retaining the 60L rubbish bag price at \$2.50.
- Introducing a smaller rubbish bag option (40L priced at \$1.80 per bag).
- Continuing to work closely with commodity buyers to provide good quality and targeted products to meet the demands.

The Covid-19 pandemic and subsequent lockdown was an issue for the year. To keep our Material Recovery Facility (MRF) workers safe during the lockdown, we had to send 395 tonnes of recycling to the landfill. Following the reintroduction of recycling processing, contamination levels were higher than usual, which we were expecting. Due to staffing levels during Alert Level 2, wheelie bin audits (strikes) could not take place which added to the amount of contamination received in the MRF.

Education and behaviour change programmes managed several school groups tours through the MRF. These educational experiences play an important role in sharing the messaging about reducing what is sent to landfill. A new position was created to focus on encouraging the commercial sector to divert their waste away from landfill. This has resulted in an increase in commercial recycling collection by 21 per cent and food waste by 28 per cent.

We worked closely with charity stores to reduce the amount of illegal dumping outside their premises. This involved erecting signage as a deterrent to illegal dumping and offering advice on camera placement and procedures to enable prosecution of offenders. Early reports suggest this activity was effective as less illegal dumping has been occurring at these locations.

ONGOING CONSIDERATIONS

Increasing levels of contamination in recycling bins is an ongoing problem. Our audits indicate certain areas in the City where the contamination is an issue. This information allows us to respond with targeted education campaigns. This has anecdotally been exacerbated by the Covid-19 response when recycling behaviours were not monitored through strikes or encouraged through media.

The price of fibre fell significantly. Private City recycling companies increased the cost of fibre recycling collection, which increased drop-offs to RDOP's. The falling fibre price will be a significant issue next year.

There continues to be an ongoing concern with the market for recycled plastics. An already volatile market was worsened due to Covid-19 when the price of virgin plastic fell below the price of recycled plastic.

The Ministry for the Environment (MFE) consulted during the year on several issues that create some uncertainty in how waste streams will be managed in the future. This may impact how we do business, including:

- Reducing harm from waste – product stewardship.
- Reducing waste: A more effective landfill levy.
- Managing the trade in plastic waste: New Zealand's approach to implementing amendments to the Basel Convention.

Auckland Council and Marlborough District Council are leading and coordinating an MFE-funded project to design a container return scheme (CRS) for beverages. It is expected the scheme's design will be finalised and delivered for consideration in September 2020.

G4 - RUBBISH & RECYCLING

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
<p>Council provides:</p> <ul style="list-style-type: none"> a kerbside solid waste collection service a kerbside recycling collection service recycling drop-off points a greenwaste drop-off service <p>to manage waste in an environmentally responsible manner and maximise the amount of waste diverted from landfill. (Waste Plan)</p>	1. Rubbish and recycling placed in Council's official bags or bins are collected on the stated day. (At least 98%)	Target met.	99.99% rubbish and recycling placed in Council's official bags and bins were collected on the stated day. There were a total of 34 missed recycling bins and crates, and 21 total missed rubbish bags. (2018/19 99.96%)
	2. 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. 	Target met.	Complete compliance with resource consent conditions during the period. No abatement or infringement notices, enforcement orders or convictions in relation to resource consents were received.
	3. A 30-year Asset Management Plan is in place and major AMP projects approved in the 10 Year Plan are achieved. ¹	Target met.	Asset Management Plan adopted by Council in June 2018 and major projects approved in the 10 Year Plan on schedule.
Council manages its Rubbish and Recycling Activity in a financially sustainable way.	4. Major services and projects are provided within budget.	Target met.	Operational spending is under budget mainly due to revenue earned in the recycling area, exceeding expectation. Two of the capital programmes: 1373-City Wide Public Recycling Facility and 1371-Closed Landfills are behind the schedule due to issues with design, contractor availability and Covid-19.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary

RUBBISH AND RECYCLING

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
REVENUE				
Landfill Management	227	241	(14)	277
Waste Management	1,261	1,179	82	1,214
Waste Minimisation	1,724	1,328	396	1,730
TOTAL REVENUE	3,212	2,748	464	3,221
EXPENSES				
Landfill Management	336	244	(92)	339
Waste Management	1,720	1,773	53	1,584
Waste Minimisation	5,673	6,033	360	5,415
TOTAL EXPENSES	7,729	8,050	321	7,338
NET OPERATING COST OF ACTIVITY	(4,517)	(5,302)	785	(4,117)

G4 - RUBBISH & RECYCLING

RATING ALLOCATION				
Add back depreciation	606	923	(317)	609
Less Renewal capital expenditure	(513)	(498)	(15)	(275)
Add/(Less) borrowing effect of renewal 3 year averaging	208	208	-	1
Less provision for debt reduction	(1,338)	(849)	(489)	(1,603)
Add targeted rates allocation	5,554	5,515	39	5,385
FUNDING SURPLUS/(DEFICIT)	-	(3)	3	-

Net operating cost of Waste Minimisation due to favourable revenue from recycling collection and processing and favourable depreciation expense.

Significant Activity Capital Projects

RUBBISH AND RECYCLING

	<i>Actual 2020 \$000</i>	<i>Budget 2020 \$000</i>	<i>Variance 2020 \$000</i>	<i>Actual 2019 \$000</i>
CAPITAL RENEWAL				
185-Closed Landfills and Transfer Stations - Site Infrastructure Renewals	84	76	(8)	
612-Recycling - City Wide Wheelie Bin and Crate Renewals	60	50	(10)	
649-Recycling - Materials Recovery Facility Renewals	346	349	3	
1368-City Wide Public Space Rubbish & Recycling Bins Renewals	15	15	-	
1374-City Wide Public Recycling Facilities Renewals	8	8	-	
TOTAL CAPITAL RENEWAL	513	498	(15)	275
CAPITAL NEW				
506-City Wide Public Space Rubbish & Recycling Bins	41	40	(1)	
657-Recycling - City Wide Wheelie Bins and Crates to Additional Properties	60	57	(3)	
721-Awapuni Landfill - Landscaping	9	17	8	
1371-Closed Landfills and Transfer Stations - Site Infrastructure	84	90	6	
1373-City Wide Public Recycling Facilities (Carry forward from 2018/19 reduced as more spent - \$6k)	88	94	6	
1410-Recycling - Recycling Bins and Crates to Non Residential Properties	21	158	137	
TOTAL CAPITAL NEW	303	456	153	420
TOTAL CAPITAL PROJECTS	816	954	138	695

BIODIVERSITY & SUSTAINABLE PRACTICES ACTIVITY

GREEN CORRIDORS

SUSTAINABLE PRACTICES / CAMPAIGN

ECO DESIGN HOMES

BIODIVERSITY - PLANT AND PEST CONTROL

SUPPORT TO ENVIRONMENTAL GROUPS

WHAT THE COUNCIL DOES

The Council plays its part in regenerating biodiversity by:

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

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

KEY ACHIEVEMENTS

12,000

**ECO-SOURCED
NATIVE PLANTS**
were planted
throughout the
Green Corridors



\$168,288

GIVEN IN GRANTS
TO THE
ENVIRONMENTAL
SECTOR



230

volunteers attended
community planting events



11,258

visitors referred
to Council's
online Guru Guide



G4 - BIODIVERSITY & SUSTAINABLE PRACTICES

WHAT HAPPENED IN THE YEAR

GREEN CORRIDORS

We managed the planting of 12,000 eco-sourced native plants throughout the Green Corridors network of gullies and streams. This aligns with Council's strategic direction to extend the Green Corridors programme.

A highlight for the year was the completion of community plantings in the Lower Titoki Reserve. Ricoh has sponsored community planting events in this location for 11 years with over 10,000 plants, planted in that time. This year had the largest volunteer turnout for a Green Corridors event, with 95 volunteers attending. We are investigating a new area for Ricoh to sponsor for the upcoming planting season.

Another highlight of the year was the establishment of community-managed volunteer working bees. These are coordinated by community members of the Green Corridors Committee. Work was primarily in Adderstone Reserve but has also taken place in Pari Reserve. Community volunteer efforts have been substantial.

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

There were twice as many community planting events this year compared to the previous year with over 230 volunteers involved.

- Titoki Reserve (sponsored by Ricoh) – 95 volunteers
- Adderstone Reserve – 30 volunteers
- Pari Reserve – 12 volunteers
- Valley Views (Massey Vet Student Association) – 60 volunteers
- Working Bees – 30+ volunteers

SUSTAINABLE PRACTICES/CAMPAIGNS

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

- Our website's Guru's Guide that outlines where items can be recycled or disposed of correctly was continuously improved.
- Created several promotional videos about City recycling processes including:
 - Recycling glass at Awapuni Resource Recovery Centre
 - Recycling at Awapuni Resource Recovery Centre
- Timely communications were shared with residents to conserve water, especially during the summer (through tips on Facebook) and World Water Day and generally maintaining a web page on water conservation
- We encouraged City Council employees and Palmy residents to participate in Plastic Free July Aotearoa. Including a prize to eco-warriors in the city for submitting the best example of actions taken to reduce the use of single-use plastic.

- Recycling campaigns (battery recycling mini-campaign, and recycling week)
- We ran a cycling behaviour change campaign and compiled information for the Bike Palmy webpage on the Council's website

ECO DESIGN HOMES

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

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

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

BIODIVERSITY, PLANT AND PEST CONTROL

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

Council's ongoing investment in pest management in the Turitea Reserve is vindicated through native bird species monitoring. Results confirmed a population increase of triple numbers in species such as bellbird, tui and kereru over the last ten years. The planned introduction of toutouwai (NZ Robin) to be re-introduced into the reserve (scheduled for 2020) was delayed until 2021 due to the Covid-19 lockdown which prevented the translocation happening. The work in this reserve is now recognised as an example of best practice pest management in unfenced reserves. A scientific report due next year will report on the outcomes of 16 years of intensive pest management in Turitea Reserve. Council continues to work beyond the Turitea Reserve to manage pests and weeds in adjacent locations:

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

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

G4 - BIODIVERSITY & SUSTAINABLE PRACTICES

A weed and willow clearance programme also commenced, along the lower reaches of the Turitea and Mangaone Streams with follow-up planting with the support of matching funding from the Ministry of Environment's Freshwater Improvement Fund. Also, 70x hazardous 40-year-old pines were removed from Springdale Park to eliminate the risk to adjacent housing.

The He Ara Kotahi pathway to Linton Military Camp has highlighted the work needed to control various plant and animal pests in areas largely unvisited by people until now. More than 3,900 native plants have been planted along the pathway. Focus has been planting the stream crossings and embankment sections, as well as associated weed and invasive species, control along the path, primarily focusing on Old Man's Beard.

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

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

SUPPORT TO ENVIRONMENTAL GROUPS

Through the Strategic Priority Grant (SPG) funding, the Council contributes \$168,288 towards the environmental sector. Through this contribution five groups are supported, and they influence outcomes for four of the eco-city priorities. The groups promote sustainability through the Waste Minimisation Challenge, educational programmes, and food sovereignty.

ONGOING CONSIDERATIONS

GREEN CORRIDORS

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

Pioneer species such as manuka, kanuka and ribbonwood are only short-lived. Bigger canopy trees like totara, tawa, titoki and kahikatea need to be grown in a nursery for at least five years before they can be planted. They also require a supporting sub-canopy so they can be protected from the elements. Because the Green Corridors network is growing

year-on-year, it was decided to grow 5000 long-lived canopy trees annually to ensure the succession of pioneer, to sub-canopy to canopy trees can be achieved over 10 years in each location.

After 20 years, an area should be self-sustaining. Some maintenance of pest plants will likely always be needed, given the risk of fly-tipping from neighbouring properties or pest plants washing downstream. The first crop of 5000 canopy trees per year will be available in four years. Until then, a smaller supply of canopy trees is available each year, based on the funding available five years ago, which was significantly less than now. Because there is added expense in propagating longer lived trees, due to re-potting and nursery hire, there may be a need to reduce the number of pioneer species being planted in the future, causing a delay of planting-up the Green Corridors network. This could become problematic because significant areas of new Green Corridor space are expected as a result of the upcoming Aokautere residential rezoning. Additional future funding may be needed to ensure these new areas are planted-up in a timely manner. This should be investigated in the 2024 LTP, once rezoning has been confirmed.

SUSTAINABLE PRACTICES/CAMPAIGNS

The focus of sustainable practices will shift from recycling and disposal of items to campaigns to promote reduction and reuse. This will include exploring the potential of how we can manage food waste effectively from the context of circular economy. In the water space, focus will be on Council's vision of 'one water' as we look to develop these activities.

Council is collaborating with Environment Network Manawātū in Taking Palmy's Plastic Challenge to Manawātū, funded by the Waste Minimisation Fund of the Ministry of the Environment. It is focused on citizen science, community engagement and raising awareness. By raising consciousness and enhancing engagement, we hope to influence behavior and how we can make incremental positive changes to environment through our (day-to-day) actions and decisions.

ECO DESIGN HOMES

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

G4 - BIODIVERSITY & SUSTAINABLE PRACTICES

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council works with iwi and community groups to re-establish bush, particularly along waterways, and to control introduced predators. [Biodiversity Plan]	1. 15,000 green corridors trees planted per year. (This is an average over three years, because as the number of trees increases so does the work required to look after the total number of planted trees.)	Target not met.	15,000 planted this year. However, not met overall as the average over the last three years is 11,000. It is anticipated that the lower planting numbers from previous years will be off-set by more consistent numbers in the future. The more trees planted have also increased maintenance costs required which effects the budget allowed for new plantings. The 15,000 planted have utilised the entire budget for this project. Planning to plant 20,000 for next year. <ul style="list-style-type: none"> • 8,000 2017/18 year • 10,000 20 18/19 year
Council fosters sustainable practices and behaviours so that city residents and organisations become more sustainable. [Sustainable Practices Plan and Energy Plan]	2. Number and description of sustainable practices campaigns.	Target met.	Major initiatives include PNCC submission to MfE supporting establishment of mandatory product stewardship scheme and signatory to the Digital Wings Programme which donates refurbished high-end quality IT equipment to local community groups. PNCC also supported community and Rangitane led planting and restoration of open drains and streams. Sustainability promotion activities included plastic free July, on-going presentations and workshops to businesses, schools and community groups; increased battery recycling drop-off locations; released five educational videos on Council's recycling, water supply, wastewater and stormwater services; development of collateral for water conservation; Aotearoa Bike Challenge 2020; and involvement in recycling week to promote PNCC services. Due to Covid-19 lock-down period, the hazardous household waste collection day has been rescheduled to August 2020. PNCC's organisation-wide sustainability efforts included investments in electric equipment alternatives (ride-on mower and handheld leaf blowers); and supporting re-purposing surplus PNCC furniture.
	3. Number and description of Eco Design home consultations.	Target met.	For the 12 months to 30 June 2020 totals were: 137 in-home consultations, 32 community/service provider workshop/ meetings and 28 engagements with media.
Council manages its Biodiversity and Sustainable Practices Activity in a financially sustainable way.	4. Major services and projects are provided within budget.	Target met.	Operational expenditure is on budget. Capital expenditure is over 13% budget due to Council LED lighting project.

G4 - BIODIVERSITY & SUSTAINABLE PRACTICES

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary

BIODIVERSITY & SUSTAINABLE PRACTICES

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
REVENUE				
Biodiversity	42	-	42	39
TOTAL REVENUE	42	-	42	39
EXPENSES				
Biodiversity	262	314	52	288
Support to environmental groups	158	158	-	168
Sustainable Practices	385	301	(84)	288
TOTAL EXPENSES	805	773	(32)	744
NET OPERATING COST OF ACTIVITY	(763)	(773)	10	(705)
RATING ALLOCATION				
Less provision for debt reduction	(1)	(1)	-	-
Add general rates allocation	764	774	(10)	705
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Significant Activity Capital Projects

BIODIVERSITY & SUSTAINABLE PRACTICES

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
CAPITAL NEW				
1077-Citywide - Biodiversity Enhancement Through Native Planting	7	21	14	
1451-Council Facilities LED Lighting Upgrades	155	121	(34)	
TOTAL CAPITAL NEW	162	142	(20)	42
TOTAL CAPITAL PROJECTS	162	142	(20)	42

STORMWATER ACTIVITY

WHAT THE COUNCIL DOES

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

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

KEY ACHIEVEMENTS

City-wide
stormwater
model
extended
to include

ASHHURST

4km of the
critical network was
inspected by

CCTV

100%

of network capital new
and renewal programmes

DELIVERED



**BIRMINGHAM STREET
AND ELLESMERE
PUMP STATIONS
UPGRADED**

WHAT HAPPENED IN THE YEAR

STORMWATER MANAGEMENT

There was a significant increase in sub-division activities, particularly infill development. Council has continued to work pro-actively with property owners and developers to mitigate the quality and quantity effects of the additional stormwater runoff. This has become more critical with the impact of climate change on rainfall intensities and expected changes to National Freshwater Policies setting higher water quality standards for discharges. Stormwater Management Plans are now a standard requirement for all sub-division and major building consent applications. There is also an increased understanding of the requirements for the design of measures to treat stormwater discharge and control stormwater peak flows.



G4 - STORMWATER

To guide the measures to be employed, Council is developing a Stormwater Management Framework, following discussions and stakeholder engagement workshops. When completed, the framework will provide an overview of the challenges for each stormwater catchment in the City and establish priorities for action and improved guidance on engineering and non-engineering solutions. Also, it will guide potential future investment in flood mitigation for larger areas.

Council has continued its focus on identifying and addressing local stormwater efficiency and nuisance flooding issues and completed significant investments in new and upgraded infrastructure in the following areas:

- Flint and Fairs Road
- Manchester St/Aberdeen Ave
- Forbury Ave
- Ashburn Lane to Wincanton Place along Long Melford Road
- Wincanton to Leigh Place
- Nikau Street
- Darren Lane
- Sump and minor network upgrades in seven other locations

The year started with significant work in two of the city's stormwater pump stations. Following a significant pump failure at the Birmingham Street pump station in late June, the pump was renewed along with minor pipe remedial works on an emergency basis to ensure the level of service was maintained for the catchment. Significant mechanical and electrical upgrade works were carried out at the Ellesmere pump station.

Council continued to invest in the development of its city-wide stormwater network model to improve understanding of flooding risks and identify cost-effective improvements. The city-wide flood model was extended to include Ashhurst in January 2019. Further extensions are currently in development to include areas of Bunnythorpe and north of the airport where Council has zoned large areas of land for industrial development. Flood hazard models have been developed for Aokautere and Kakatangiata to support Plan Changes and structure planning processes planned for these areas.

NETWORK PERFORMANCE

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

Council has an on-going investment in CCTV inspection of critical and aged parts of the pipe network. This year 4km of the critical network was inspected, and this data will be used to plan priorities for renewal works for the next few years. The CCTV inspections, as well as condition assessments of pump stations, has identified areas of the network in urgent need of renewal.

A city-wide inspection of the open drain and streams network identified a significant backlog in deferred maintenance. Additional funding was approved by Council to begin to address this issue over the next ten years.

A programme of work has been developed to address some of the most critical sections of the network. The focus for 2019/20 has been vegetation clearance. Long term other more extensive work will be required to rehabilitate slopes and establish new, more suitable species to hold the banks. Sections of the stream network that have been cleared include:

- Kawan Stream at Colquhoun Park (between Fairs Rd and John F Kennedy Dr)
- Kawan Stream (Vogel St to Rangiora Ave through Norton Park)
- Kawan Stream (Milton Line to Apollo Parade)
- Kawan Stream (Darren Lane to Queen Elizabeth College)
- Milton Stream
- Stream E (Malden St to McGregor St)

ON-GOING CONSIDERATIONS

STORMWATER

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

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

To support this, Council has started work on a comprehensive city-wide freshwater monitoring programme called Hai Manga Oranga in close collaboration with Rangitāne. The development of the cultural monitoring element began in August 2019 and work is in progress on the urban waterway monitoring component. A draft programme was initiated to identify the locations, sampling parameters, frequency of monitoring, and a joint platform for reporting. This will help benchmark current water quality issues, identify problem areas for priority attention and enable improvements to be reported to the regulator. Council's goal is to transform our urban waterways into breathing and living green corridors.

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

G4 - STORMWATER

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council provides stormwater services to protect buildings from inundation from flooding in major events. [Three Waters Plan]	1. The number of flood events per year resulting in stormwater from Council's stormwater system entering a habitable floor in an urban area. (no more than 5)	Target met.	There have been no recorded flood events resulting in stormwater entering a habitable floor during the 2019/20 financial year.
Council provides stormwater infrastructure to support growth. [Growth Infrastructure Plan]	2. The number of habitable floors per 1,000 properties within urban stormwater service areas affected by a flood event. (0.1 habitable floors per 1000 properties)	Target met.	There have been no recorded flood events resulting in stormwater entering a habitable floor during the 2019/20 financial year.
	3. Median time to attend a flooding event (Less than 2 hours). (Note: A flooding event is one resulting in stormwater entering a habitable building.)	Target met.	There have been no recorded events with the potential for stormwater entry to habitable floor during this 2019/20 financial year.
	4. The number of complaints received about the performance of Council's stormwater system per 1,000 properties connected. (No more than 15)	Target met.	To date a total of 320 complaints have been received for the year or 9.6 complaints per 1000 properties connected. The complaints to date include 46 related to sump/grate problems, 79 associated with pipe/underground services damage, 29 cases of property flooding or drainage problems; 145 cases related to roadside ponding and 20 complaints related to waterway or open drain problems.
	5. Compliance with resource consents ¹ for discharge from Council's stormwater system measured by the number of: <ul style="list-style-type: none"> • abatement notices • infringement notices • enforcement orders • convictions in relation to stormwater resource consents.	Target met.	100% compliance with resource consents.
	6. A 30-year Asset Management Plan is in place and major AMP projects approved in the 10 Year Plan are achieved. ²	Target met.	A 30 year Asset Management Plan for Stormwater was adopted by Council in June 2018 prior to adopting the 2018-2028 10 Year Plan. The 2020 AMP is currently being developed and the first draft will be available in August 2020.
Council manages its Stormwater Activity in a financially sustainable way.	7. Major services and projects are provided within budget.	Target not met.	Stormwater planning and investigation services were provided to expectation but exceeded budget due to the additional costs of consultancy to prepare assessments for plan changes, structure plans and for the drafting of asset management plans. Capital new and renewal projects were all completed within available budgets.

G4 - STORMWATER

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary

STORMWATER

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
REVENUE				
Stormwater Collection and Disposal	9	2	7	14
TOTAL REVENUE	9	2	7	14
EXPENSES				
Stormwater Collection and Disposal	4,764	4,200	(564)	3,928
TOTAL EXPENSES	4,764	4,200	(564)	3,928
NET OPERATING COST OF ACTIVITY	(4,755)	(4,198)	(557)	(3,914)
RATING ALLOCATION				
Add back depreciation	1,802	1,805	(3)	1,744
Less Renewal capital expenditure	(673)	(677)	4	(578)
Add/(Less) borrowing effect of renewal 3 year averaging	51	51	-	(6)
Add proceeds from sale of assets	-	-	-	157
Less provision for debt reduction	(159)	(159)	-	(123)
Add general rates allocation	3,734	3,178	556	2,720
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Stormwater Collection and Disposal unfavourable due to unbudgeted preparation works being completed for asset management planning.

Significant Activity Capital Projects

STORMWATER

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
CAPITAL RENEWAL				
20-City-wide - Stormwater Pump Station Renewals	63	72	9	
1060-City-wide - Stormwater Improvement Works	-	-	-	
1062-City-wide - Stormwater Renewal Works	610	605	(5)	
TOTAL CAPITAL RENEWAL	673	677	4	578
CAPITAL NEW				
51-City-wide - Stormwater Subdivision Contributions	40	51	11	
197-Urban Growth - North East Industrial Park Stormwater	-	276	276	
1001-Urban Growth - Whakarongo - Installation of Stormwater Systems	7	519	512	
1060-City-wide - Stormwater Improvement Works	550	525	(25)	
TOTAL CAPITAL NEW	597	1,371	774	835
TOTAL CAPITAL PROJECTS	1,270	2,048	778	1,413



WASTEWATER ACTIVITY

WHAT THE COUNCIL DOES

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

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

KEY ACHIEVEMENTS



1.8KM
OF PIPES RENEWED



Condition assessments of WW network a big focus point



Major focus on inflow and infiltration from network capacity model

MAJOR PROJECTS INITIATED

for Totara Road WWTP to maintain levels of service



8 PUMPS AND 2 COMPLETE ELECTRICAL SUPPLY AND CONTROL CABINETS RENEWED

WHAT HAPPENED IN THE YEAR

TOTARA ROAD WASTEWATER TREATMENT PLANT

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

- Two of the three existing inlet screens were replaced.
- Two of the four pumps which lift wastewater into the plant were purchased ready for replacement.
- The Supervisory Control and Data Acquisition (SCADA) system which controls and operates the plant were successfully replaced.
- Design for an upgrade of the high voltage electricity network at the plant was initiated.
- Seismic assessments of the WWTP infrastructure were completed to identify areas requiring more detailed design and strengthening.

While all six projects are underway, technical issues and the need to schedule work during the low summer flow period mean physical works are deferred. Two of the projects will be completed in early 2021. These upgrades are important to ensure the plant is capable and robust enough to handle current flows and future flows through to 2025 when a new wastewater treatment and disposal system will need to be in place following the conclusion of the Wastewater BPO project.

BEST PRACTICABLE OPTIONS (BPO) PROJECT – NATURE CALLS

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

Council identified a long list of 26 options for an initial assessment. With the support of a range of technical, cultural and environmental assessments, Council went through several rounds of workshops. These involved the Project Steering Group and external stakeholder representatives. The Project Steering Group endorsed the selection of a shortlist of six options to move to the next stage. More detailed cultural and technical assessment work into river water quality, fish and ecological studies and land

and groundwater assessments were completed. This work has informed community and stakeholder consultation and engagement as well as assisting the further deliberations by Council and Rangitāne later in 2020 to select a preferred option.

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

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

WASTEWATER NETWORK

While the treatment plant has operated effectively, some parts of the wastewater network have not coped, resulting in localised releases of dilute wastewater to the environment typically during heavy rain events. During heavy rain events, some parts of the network cannot accommodate the high peak flows occurring because of large quantities of stormwater entering the network.

Particular challenges exist in Bunnythorpe, Longburn and parts of the College Street catchment. The network capacity modelling has given Council clear guidance as to where to focus efforts on reducing inflow and infiltration and/or increasing network capacity to reduce the frequency of these overflows.

Council has continued its investment in the renewal of the pipe network, with the renewal of 1.8 km of pipe. Significant work was undertaken to the network of pump stations around the city, including the upgrade and replacement of two electrical cabinets, eight pumps, flow meters, as well as a new standardised design for the renewal of future pump stations. In addition, a new pump station has been constructed and commissioned to serve the lower part of James Line and the lower part of the Whakarongo growth area.

On-going condition assessment of the plant and equipment at the WWTP and key pump stations around the city has confirmed the extent of the backlog in renewal and upgrade work. These upgrades will be critical to ensure the reliable operation of the wastewater system and high standards of health and safety for Council staff and contractors.

G4 - WASTEWATER

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

The Bunnythorpe wastewater network was identified as under-performing due to persistent and frequent wet weather overflows. A flow meter has been installed at Kairanga-Bunnythorpe Road WWPS to improve understanding of network flows under all conditions. A complete network condition assessment has been initiated to identify the severity of the issue, identify any quick solutions which can be immediately implemented and scope a more significant programme of work for inclusion in the 10 Year Plan.

ONGOING CONSIDERATIONS

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

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

In parallel with the capacity modelling work, Council will continue to consider the options and funding required to reduce stormwater inflows and infiltration to the network practically. The work will target parts of the network with very high inflows. Council will look to evaluate cost-effective diagnostic techniques, specific interventions and the effectiveness of the work. As the city moves towards selecting a best practicable option for managing wastewater, identifying effective strategies to limit and even reduce stormwater inflow to the system will be key to finding a cost-effective solution.

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

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

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

G4 - WASTEWATER

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council provides wastewater services for the safe collection, treatment and disposal of the city's wastewater. [Three Waters Plan]	1. Number of dry weather wastewater overflows from Council's wastewater system per 1,000 connections per year. (No more than 1)	Target met.	20 incidents, this is 0.605 overflows per 1000 connections. (2018/19 0.77 per 1000)
Council provides wastewater infrastructure to support growth. [Growth Infrastructure Plan]	2. Complaints per 1,000 connections about: <ul style="list-style-type: none"> wastewater odour (no more than 1) Wastewater system faults (no more than 3) Wastewater system blockages (no more than 10) Council's response to issues with the wastewater system. (no more than 1) Total target: no more than 15)	Target met.	411 complaints in total, this equals to 12.43 complaints per 1000 connections. (2018/19 12.25 per 1000) Of the total, 244 complaints, 222 (54%) were attributable to service issues and resulted in a work order being issued and work being undertaken Complaints included 21 for wastewater odour (0.6 per 1000 connections), 88 manhole faults (2.7 per 1000 connections) and 302 relating to network blockages or wastewater leaks (9.13 per 1000 connections). Complaints attributable to the performance of Council assets and systems are tracking at around 54% of total complaints and well below the target.
	3. Median time for attending to overflows resulting from blockages or other faults. (Less than 1.5 hours)	Target met.	Median response time is 0.56 hours. (2018/19 0.485 hours) Maximum response time is 207 hours. (2018/19 517.77 hours)
	4. Median time for resolution of overflows resulting from blockages or other faults.	Target met.	Median resolution time is 4.27 hours. (2018/19 3.33 hours) Maximum resolution time is 517.77 hours. (2018/19 183.5 hours)
	5. Compliance with resource consents for discharge from Council's wastewater system as measured by the number of (zero): <ul style="list-style-type: none"> abatement notices infringement notices enforcement notices convictions received by Council in relation to resource consents 	Target met.	Fully compliant with the target. There are no abatement notices, infringement notices, enforcement notices or convictions received by Council in relation to resource consents.
	6. A 30-year Asset Management Plan is in place and major AMP projects approved in the 10 Year Plan are achieved.	Target met.	A 30 year Asset Management Plan was adopted by Council in June 2018 ahead of approval of the 2018/28 10 Year Plan. The 2020 AMP is currently being prepared and the first draft will be available by August 2020.
Council manages its Wastewater Activity in a financially sustainable way.	7. Major services and projects are provided within budget.	Target not met.	Wastewater services were provided however operational costs exceeded budget due to additional costs for consultancy for investigation and planning of upgrades at the WWTP and the drafting of the asset management plan. Covid-19 lockdown has resulted in progress delays for a number of projects including Seismic Strengthening of Totara Rd Treatment Plant, Replacement of the Inlet Screens, Renewal of the Lift Pumps and Renewal of the Grit Removal Systems.

G4 - WASTEWATER

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary

WASTEWATER

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
REVENUE				
Wastewater Collection	49	927	(878)	940
Wastewater Treatment and Disposal	1,159	371	788	124
TOTAL REVENUE	1,208	1,298	(90)	1,064
EXPENSES				
Wastewater Collection	6,087	5,306	(781)	5,440
Wastewater Treatment and Disposal	5,549	5,872	323	5,076
TOTAL EXPENSES	11,636	11,178	(458)	10,516
NET OPERATING COST OF ACTIVITY	(10,428)	(9,880)	(548)	(9,452)
RATING ALLOCATION				
Add back depreciation	3,692	4,153	(461)	3,404
Less Renewal capital expenditure	(2,631)	(3,079)	448	(3,457)
Add/(Less) borrowing effect of renewal 3 year averaging	383	383	-	1,100
Less provision for debt reduction	75	(501)	576	(573)
Add targeted rates allocation	8,909	8,921	(12)	8,978
Add general rates allocation	-	-	-	-
FUNDING SURPLUS/(DEFICIT)	-	(3)	3	-

Wastewater collection and Wastewater Treatment and Disposal revenues overall were close to budget. However, the actual revenues were mainly associated to the Treatment and Disposal sub-activity. This will be corrected when it is reviewed in 2021.

Wastewater Collection expenses were unfavourable due to additional Council approved budgets associated with the Wastewater consent renewal.

Significant Activity Capital Projects

WASTEWATER

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
CAPITAL RENEWAL				
54-City-wide - Wastewater Pipe Renewal	1,746	1,845	99	
65-City-wide - Wastewater Pump Station Renewal	197	300	103	
179-Totara Road Wastewater Treatment Plant - Minor Equipment Renewals (Carry forward from 2018/19 reduced as more spent - \$63k)	337	325	(12)	
1056-Totara Road Wastewater Treatment Plant - Replacement of Inlet Screens (Renewal) (Council approved additional Carry forward from 2018/19 - \$60k)	61	-	(61)	
1059-Totara Road Wastewater Treatment Plant - Replacement of Grit Removal Systems (Council approved additional Carry forward from 2018/19 - \$316k)	1	-	(1)	

120

G4 - WASTEWATER

1067-Totara Road Wastewater Treatment Plant - Replacement of Security Fence and Gate (Carry forward from 2018/19 reduced as more spent - \$50k)	51	50	(1)	
1068-Totara Road Wastewater Treatment Plant - Replacement of Inlet Pumps (Council approved additional budget - \$404k, Council approved additional Carry forward from 2018/19 - \$37k)	205	-	(205)	
1351-Eastern Trunk Main - Hokowhitu Campus Renewal	-	272	272	
1379-Maxwell's Line 825 Wastewater Trunk Main Renewal	-	272	272	
1380-Totara Rd WWTP - Biogas Generator Major Overhauls (Carry forward from 2018/19 reduced as more spent - \$2k)	33	15	(18)	
TOTAL CAPITAL RENEWAL	2,631	3,079	448	3,457
CAPITAL NEW				
73-City-wide - Wastewater Subdivision Contributions	11	103	92	
210-Urban Growth - Installation of Wastewater Systems for New Industrial Areas - NEIZ Extension Area	5	231	226	
1000-Urban Growth - Whakarongo - Installation of Wastewater Systems (Council approved additional Carry forward from 2018/19 - \$153k)	373	371	(2)	
1043-Totara Road Wastewater Treatment Plant - Inlet Main Duplication	18	1,299	1,281	
1048-Totara Road Wastewater Treatment Plant - Construction of New Food Waste Facilities (Council approved additional Carry forward from 2018/19 - \$86k)	363	-	(363)	
1055-Urban Growth - City West - Installation of Wastewater Systems	-	50	50	
1074-Totara Road Wastewater Treatment Plant - Earthquake Strengthening of Civil Structures (Council approved additional Carry forward from 2018/19 - \$57k)	58	1,229	1,171	
1381-Totara Rd WWTP - Biogas Generator Exhaust Heat Recovery	-	193	193	
1382-Totara Rd WWTP - Emergency Bypass Upgrades	-	151	151	
1380-Totara Rd WWTP - Biogas Generator Major Overhauls (Carry forward from 2018/19 reduced as more spent - \$2k)	-	267	267	
1579-WWTP - Health and Safety Upgrades	86	265	179	
TOTAL CAPITAL NEW	914	4,159	3,245	559
TOTAL CAPITAL PROJECTS	3,545	7,238	3,693	4,016

Some of the capital projects have been unable to be proceeded with or completed and are to be carried forward to future years for completion, with Covid-19 being a major factor in this. Some of the projects to be carried forward include:

1067-Totara Road Wastewater Treatment Plant - Replacement of Security Fence and Gate

1351-Eastern Trunk Main - Hokowhitu Campus Renewal

TOTAL CAPITAL RENEWAL

1048-Totara Road Wastewater Treatment Plant - Construction of New Food Waste Facilities

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

1381-Totara Rd WWTP - Biogas Generator Exhaust Heat Recovery

1579-WWTP - Health and Safety Upgrades

WATER SUPPLY ACTIVITY

WHAT THE COUNCIL DOES

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

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

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

KEY ACHIEVEMENTS

100%

of the **network renewal programme** of work completed



STAGE 2

of Ashhurst water supply rising main project
90 per cent completed



REVISED WATER SAFETY PLAN

for the city's water supply was lodged



SIGNIFICANT WATER SAFETY IMPROVEMENTS

completed at Turitea WTP, bores and reservoirs sites

WHAT HAPPENED IN THE YEAR

QUANTITY AND QUALITY OF SUPPLY

Total water demand for the year was similar to the previous year at 280L per person per dy.

Palmerston North experienced low rainfall and dry conditions throughout the summer. Due to falling dam levels at Turitea, this required the imposition of water restrictions for a short period in April.

Water supplied from all the sources in the City has continued to comply with the New Zealand Drinking Water Standards.



G4 - WATER SUPPLY

Council continued to invest in increasing supply capacity to meet growth and provide resilience. The new Railway Road bore and associated water storage, and the replacement No 3 bore at Papaioea Park were completed.

A new Water Safety Plan in which all aspects of water production and distribution activities were evaluated, to ensure robust measures are in place throughout the supply system to deliver safe and secure drinking water was prepared. An improvement plan was also written to address aspects that could be enhanced to provide greater confidence and certainty in water safety.

The Water Safety Plan documents Council's commitment to water safety and the measures it takes in all its activities to ensure water safety. The plan provides a strong focus for Council's actions in the effective management of the water supply.

RISK AND RESILIENCE

To increase supply resilience the water main from the Turitea Water Treatment Plant to the Ngahere Park Reservoir is being duplicated. Work commenced in May 2020 and is expected to be completed by November 2020.

A further seismic control valve was installed at the outlet of the newest of the Ngahere Park reservoirs to retain stored water in the event of a significant earthquake damaging pipes in the network.

Work being undertaken on the Ashhurst trunk main will improve security of supply and firefighting capability for the residential and commercial areas of Ashhurst.

Water safety improvements at the Turitea water treatment plant included inflow and outflow slam shut valves to prevent out of specification water being supplied. Chlorine safety improvements were implemented around the bores, including upgraded chlorine leak detectors and automatic shut-off valves at sensitive sites. On-line fluoride analysers have been installed at all sites. New sludge handling facilities were installed at the treatment plant.

At Papaioea Park, the new bore is now operational along with the UV treatment to treat water from all bores and supplying water to the network.

All the safety improvements are part of Council's multi-barrier risk management approach to water safety and security.

Seismic strengthening of the water treatment plant main building is set to commence over the winter of 2021.

A Water Safety Plan for the City water supply was prepared and submitted to the Ministry of Health's water assessor. The Water Safety Plan is in effect a Public Health Risk Management Plan but with a much greater emphasis on water safety and security through adoption of a proactive approach to preventing water supply contamination by adopting a multiple barrier approach.

NETWORK INVESTMENT

Council continued its significant investment in network renewals and upgrades, including:

- Renewal of a further 3.4 km of water mains.
- Construction of 3.4 km of new mains including a new fire main in Ashhurst.
- Replacement of 42 water meters.
- 140 tobies with service manifolds.

Tobies are progressively being replaced with service manifolds at the point of supply which contains a service valve, a backflow prevention device, and provision for future meter installation. These manifold installations are aligned with our focus on water safety and minimising risks to the water supply.

Work is progressing on the Ashhurst trunk main renewal (rising and falling main) between the Hackett's Road bore and the water treatment plant, with completion scheduled for August 2020.

ONGOING CONSIDERATIONS

WATER SUPPLY ACTIVITY

Planning commenced for a programme to install reservoirs at all bore sites. This will enable minimum chlorine contact times to be achieved before water enters the reticulation. It will also buffer peak water demand from the network enabling reduced pump running hours and stop/starts of the pumps.

We began rolling out a programme to reduce pressure in high-pressure zones. This initiative is part of our demand management strategy and aims to manage water demand and water wastage better, reducing leakage and increase pipe life. The first target site is scheduled to be at the Massey/Food HQ site, followed by the south-west lower pressure zone and a site near the airport.

Work was undertaken on improving how connections to the water network are made with an emphasis on water safety, backflow prevention, meeting Council's conditions of supply, customer obligations, and managing water demand, especially where large water users are involved. This work is complementary to the adoption of a new Water Supply Bylaw which is scheduled for 2020/21 and will include a greater focus on water safety, ensuring conditions of supply are observed and managing water demand.

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

Work commenced on a water toby replacement programme in a trial area in Roslyn/Terrace End where some of the oldest tobies are still in use. These tobies are being replaced with manifolds that incorporate a backflow prevention device alongside the service valve. The backflow prevention device furthers Council's multi-barrier approach to water safety and enables compliance with the Health Act requirements. The manifolds also facilitate the insertion of a water meter if required in the future.

Most water meters are also old and well past their useful life resulting in under-registering actual consumption. A similar programme of meter replacement will be undertaken in the 2020/21 financial year.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Council provides water services for the provision of safe and readily available water. (Three Waters Plan)	1. Compliance with Part 4 (bacteria compliance criteria) of the Public Health Act 1956 (as amended by the Health (Drinking Water) Amendment Act 2007). (target 100%)	Target met.	All monitoring data received to date indicates full compliance with bacterial compliance criteria included the New Zealand Drinking Water Standards. The compliance assessment report is not due until Quarter 2 of the 2020/21 year.
Council provides water infrastructure to support growth. (Growth Infrastructure Plan)	2. Compliance with Part 5 (protozoal compliance criteria) of the Public Health Act 1956 (as amended by the Health (Drinking Water) Amendment Act 2007). (target 100%)	Target met.	All monitoring data received to date indicates full compliance with bacterial compliance criteria included in the New Zealand Drinking Water Standards. The compliance assessment report is not due until Quarter 2 of the 2020/21.
	3. The number of complaints per 1,000 connections relating to clarity, taste odour, continuity of water supply, drinking water pressure or flow, and Council's response to any of these issues (no more than 40)	Target not met.	Total of 1406 complaints received for the year or 43.65 complaints per 1000 connections. (2018/19 51 per 1000) Of these, 70 mains bursts, 40 low pressure issues, 78 issues associated with continuity of supply, 61 for meter faults, 630 toby faults, 7 for bad smell, 146 for discoloured water, 9 water taste issues. The target will not be met without significant additional funding for renewal of network assets such as meters, tobies, hydrants and valves.
	4. Average consumption of drinking water per day per resident. (no more than 360 litres per person per day)	Target met.	197 litres per day per resident (2018/19 207.3 litres per day)
	5. Median response time for urgent call-out attendance. (2 hours or less)	Target met.	0.225 hours median response time. (2018/19 0.24 hours) 10.25 hours maximum response time (2018/19 2.35 hours)
	6. Median response time for resolution of urgent call outs. (7 hours or less)	Target met.	0.73 hours median resolution time. (2018/19 0.93 hours) 68.85 hours maximum resolution time.(2018/19 16 hours)
	7. Median response time for non-urgent call-out attendance. (10 hours or less)	Target met.	2.03 hours median response time. (2018/19 1.52 hours) 283.17 hours maximum response time. (2018/19 266.6 hours)
	8. Median response time for resolution of non-urgent call-outs. (75 hours or less)	Target met.	4.8 hours median resolution time. (2018/19 4.23 hours) 2044.95 hours maximum resolution times. (2018/19 474 hours)
	9. Percentage of real water loss from the water reticulation network. (less than 20%)	Target met	Real water loss from the water reticulation network is calculated at 18.2% (2018/19 18%)
	10. A 30-year Asset Management Plan is in place and major AMP projects approved in the 10 Year Plan are achieved. ¹	Target met.	Asset Management Plan was adopted by Council in June 2018 following approval of the 2018/28 10 Year Plan. The 2020 AMP is currently being developed, the first draft will be available in August.
Council manages its Water Activity in a financially sustainable way.	11. Major services and projects are provided within budget.	Target not met.	Water services were provided within the allocated operational budgets. The Covid-19 lockdown has contributed to progress delays for some major projects including the Duplicate Water Pipeline, Seismic Strengthening of Water Structures, Water Conservation Management, Ashhurst Water Supply Upgrade and the Ashhurst Rising Main Renewal.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary

WATER SUPPLY

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
REVENUE				
Water Collection	158	28	130	120
Water Distribution	6	8	(2)	11
Water Treatment	92	-	92	(2)
TOTAL REVENUE	256	36	220	129
EXPENSES				
Water Collection	2,469	1,949	(520)	2,636
Water Distribution	4,096	3,837	(259)	3,986
Water Treatment	1,708	2,634	926	1,508
TOTAL EXPENSES	8,273	8,420	147	8,130
NET OPERATING COST OF ACTIVITY	(8,017)	(8,384)	367	(8,001)
RATING ALLOCATION				
Add back depreciation	3,074	3,100	(26)	2,891
Less Renewal capital expenditure	(3,794)	(4,406)	612	(3,608)
Add/(Less) borrowing effect of renewal 3 year averaging	908	908	-	168
Add proceeds from sale of assets	-	-	-	793
Less provision for debt reduction	(1,250)	(434)	(816)	(1,378)
Add targeted rates allocation	9,079	9,216	(137)	9,135
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Water Collection expenses were unfavourable due to higher use of labour and contractors to ensure adequate collection needs are met. This is offset by lower Water Treatment expenses.

Significant Activity Capital Projects

WATER SUPPLY

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
CAPITAL RENEWAL				
199-City-wide - Water Bore Headworks and stations Renewal	312	360	48	
207-Turitea Water Treatment Plant - Equipment and Facility Renewals	191	270	79	
214-City-wide - Water Toby and Meter Replacements	223	175	(48)	
218-City-wide - Water Pipe Replacements	1,727	2,065	338	
663-Ashhurst - Bore to Reservoir Pipe Replacement	1,311	1,435	124	
1063-Turitea Water Treatment Plant - Replacement of SCADA System Hardware and Software	30	101	71	
TOTAL CAPITAL RENEWAL	3,794	4,406	612	3,608

G4 - WATER SUPPLY

CAPITAL NEW				
91-Turitea Water Treatment Plant - Construction of Duplicate Water Pipeline from Lower Dam to Harts Road Reservoirs (Council approved additional Carry forward from 2018/19 - \$100k)	1,179	2,624	1,445	
246-City-wide - Water Subdivision Contributions	20	205	185	
406-C/Forward - Water Mini Hydro Expansion	(111)	-	111	
592-Turitea Water Treatment Plant - Sludge Handling and Disposal Improvements (Council approved additional Carry forward from 2018/19 - \$17k)	12	-	(12)	
593-Water Safety and Security Mitigation (Council approved additional Carry forward from 2018/19 - \$51k)	46	-	(46)	
651-City-wide - Seismic Strengthening of Water Structures (Council approved additional Carry forward from 2018/19 - \$35k)	82	518	436	
985-Kelvin Grove Water Supply Zone - New Bore (Council approved additional Carry forward from 2018/19 - \$68k)	303	537	234	
1004-Urban Growth - Whakarongo - Installation of Water Supply Systems	-	437	437	
1005-Industrial Growth - Installation of Water Supply Systems to an Expanded North East Industrial Zone	-	411	411	
1054-Ashhurst Water Treatment to Address the Discoloured Water Issues	-	103	103	
1057-Turitea Dams - Installation of Dewatering Systems on the Turitea Upper and Lower Dams	-	46	46	
1170-Urban Growth - City West - Installation of Water Supply Systems	-	100	100	
1384-Citywide - New water supply reservoirs to replace an earthquake prone reservoir and enhance supply storage through out the city (Carry forward from 2018/19 reduced as more spent - \$30k)	115	643	528	
1385-Water Telemetry Disaster Resilience Additional Microwave Link (Council approved additional Carry forward from 2018/19 - \$164k)	204	-	(204)	
1386-Ashhurst water supply upgrade to address fire fighting shortfalls and cater for growth	679	687	8	
1388-Citywide Water Conservation Management - New pressure zone and District Meter Area Implementation	28	103	75	
1389-City Wide - Second River Crossing and Emergency Supply	1	610	609	
1570-UV Treatment for Papaioea Park Bore 3 (Council approved additional Carry forward from 2018/19 - \$202k)	289	113	(176)	
1607-Water Safety and Security Mitigation	80	140	60	
TOTAL CAPITAL NEW	2,927	7,277	4,350	2,717
TOTAL CAPITAL PROJECTS				
	6,721	11,683	4,962	6,325

Some of the capital projects have been unable to be proceeded with or completed and are to be carried forward to future years for completion, with Covid-19 being a major factor in this. Some of the projects to be carried forward include:

207-Turitea Water Treatment Plant - Equipment and Facility Renewals

663-Ashhurst - Bore to Reservoir Pipe Replacement

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

651-City-wide - Seismic Strengthening of Water Structures

985-Kelvin Grove Water Supply Zone - New Bore

1385-Water Telemetry Disaster Resilience Additional Microwave Link

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

GOAL 5 DRIVEN & ENABLING COUNCIL

The group activities for Goal 5 consists of:

LEADERSHIP

CORPORATE SUPPORT

COMMERCIAL OR STRATEGIC INVESTMENTS







LEADERSHIP ACTIVITY

COMMUNITY ENGAGEMENT

STRATEGIES, PLANS AND POLICIES

DIRECTION SETTING

COUNCIL MEETINGS AND ELECTIONS

MAYORAL AND CHIEF EXECUTIVE'S OFFICE

KEY ACHIEVEMENTS



Rangitāne o Manawātū and Council signed a Partnership Agreement and a Kawenata

COUNCIL APPOINTED

5

PEOPLE TO SIT ON COUNCIL COMMITTEES

WHAT THE COUNCIL DOES

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

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

WHAT HAPPENED IN THE YEAR

COMMUNITY ENGAGEMENT

Council engages with people and communities in many ways through its consultation, communication, community development, and customer services. Council also engages and interacts with people through the provision of everyday services like water, roading, libraries, parks and playgrounds, animal control and health services. All of these are important in building a high level of trust between residents and Council.

When Council asks people how they want us to engage with them, most people are keen to engage online. As a result, Council has been emphasising this. Council has developed an online engagement hub on its website for people to locate projects and issues we are seeking feedback on.

Online techniques like Social Pinpoint let people visually see what Council is thinking about. Through Social Pinpoint people pin comments to a map or noticeboard for others to view and in turn comment on, for Council to consider. In 2019/20 Social Pinpoint was used for several consultations about Play in the City, exploring play opportunities in parks, reserves, schools, natural and open spaces, streets and footpaths, pools and libraries.

Covid-19 reinforced the importance of online engagement as we were unable to host planned public drop-in sessions. The Annual Budget engagement, hearings of submissions and Council meetings during Covid-19 Alert Levels 3 and 4 were all online. Council is looking at ways it can continue to provide these online. One example of innovation in this space was the live-streaming of a Best Practicable Option – Nature Calls public meeting.

Council recognises providing opportunities for face-to-face engagement is important. Acknowledging this, Council postponed its Nature Calls engagement (on future wastewater treatment options) until after the Covid-19 restrictions, starting engagement in mid-June.

STRATEGIES, PLANS AND POLICIES

The policy review agenda was determined by the new strategic direction established through the 10 Year Plan 2018/28.

During 2019/20, two bylaws were reviewed:

- an amendment to the Dog Control Policy and Bylaw was made to allow dogs in the city centre.
- Stage One of the Speed Limits Bylaw was completed, although the pandemic response delayed deliberations on this review.

Several policies were reviewed or developed during the year:

- The Draft Play Policy was approved for consultation.
- The Smokefree Outdoor Areas Policy was revised and adopted for consultation as the Auahi Kore Smokefree and Vapefree Policy.
- A Draft Local Alcohol Policy was consulted on.
- The Policy for the Use of Public Spaces was adopted.

The Play Policy, Smokefree Policy and Local Alcohol Policy processes were all delayed by the pandemic response but will proceed early in the 2020/21 year.

Council also developed a Draft Venues Policy, but then decided not to proceed with consultation on this proposal.

The City Dashboards were published to Council's website and provide an up-to-date picture of progress in the City. This information is presented under each of Council's strategic goals, and in May, additional data was added to the dashboard to track the City's recovery from the Covid-19 pandemic.

DIRECTION SETTING

Council's direction (Small City benefits, Big City ambition) was set as part of the 2018 Long Term Plan. The focus of 2019/20 was on communicating the direction, especially online.

Council also developed the City Dashboards mentioned above. These report on the measures of success for the Council's strategic goals and provide demographic information about Palmerston North people.

STRENGTHENING AND GROWING PARTNERSHIP WITH RANGITĀNE

In August 2019, Rangitāne o Manawātū and Council signed an inaugural Partnership Agreement and a Kawenata that mandated a co-management framework for Te Motu o Poutoa – Anzac Park. The agreements acknowledge the significance of the relationship and the diverse opportunities for both parties to achieve mutually agreed outcomes and aspirations that benefit the City and region.

Iwi continues to provide leadership with the Manawātū River Framework and the establishment of the working group Te Ohunga Mauri ensures Council staff and Rangitāne continue to work together to create an engaging environment and to affirm and share cultural narratives. Iwi has been at the heart of emerging major events at the river and this year the winter Puanga-Matariki event and the Koanga bonfire festival continued to showcase the river as a key place where we gather together to enjoy our environment and celebrate community. The Hei Manga Oranga cultural monitoring programme was progressed this year with its focus on ensuring improvement in the health and mauri of our waterways extends to our urban and rural streams.

G5 - LEADERSHIP

Rangitāne leaders continue as members of the Best Practicable Options (BPO) Wastewater Steering Group to ensure Rangitāne is fully involved through all stages of this major project.

Major physical works are underway, well advanced in planning, or completed in 2018/19 that reflect Rangitāne culture, values and design. These include:

- Village gateways at Linton, Bunnythorpe, Ashhurst and Longburn
- Arena Manawātū upgrade
- Whatonga whakairo, Linklater Park
- Ahimate Reserve
- 'Tini Whetu ki te Rangi' at the Hokowhitu riverside
- Urban Eels project
- Manawātū River gateways at Albert Street and Raukawa Road

Social development continued to be a focus of the partnership with Council and Rangitāne working with regional Iwi's response to the Covid-19, led by the Te Tihi o Ruahine collective. This included a distribution centre based at Central Energy Trust Arena Manawātū that delivered health campaigns, enabled the distribution of sanitation packs and resources, providing support for whānau to be resilient in the period of isolation. Other community development projects this year included public housing provision with the Housing Alliance, and rangatahi training and employment pathways.

Welcoming Communities has continued to flourish as Rangitāne extend their manaakitanga alongside agency partners and Council to welcome and orientate new arrivals to the City. Iwi also embraced our local, national and international artists in the City's major Papaioea Street Prints Festival in January, with a legacy of over 20 major works inspired by Rangitāne narratives.

COUNCIL MEETINGS AND ELECTIONS

The review of the Governance Support function in 2019 has resulted in the re-establishment of a Democracy and Governance Team. They aim to manage the democratic processes of Council by working closely with elected members, Council officers and the public to ensure effective decision-making.

The October 2019 local body election brought three new Councillors to the Council of sixteen elected members. The Local Government Act also allows councils to appoint members to committees who will bring further skills and knowledge to the table. Five members have been appointed. These members sit on the Community Development, Economic Development, Environmental Sustainability, Finance and Audit and Rangitāne o Manawātū committees.

Since October, inductions for the Mayor, Councillors and Appointed Members were run. Council has also been busy establishing the legislative functions after the election, for example, setting-up the committee structure, appointing members to committees, and appointing Councillors to community bodies.

Council held 64 meetings. These formal meetings provide an opportunity for public comment, presentations and deputations. Forty-nine submissions were received to the Annual Budget, with 17 people speaking to elected members through the hearings process. Seventeen other formal consultations were undertaken. Each of these offers an opportunity for people to express their views and inform Council's decision-making.

Council's Annual Residents' Survey measures satisfaction with a wide range of Council services. It shows residents' satisfaction with Council's Governance and Reputation increased from 61 per cent in 2019 to 66 per cent in 2020. (12 per cent very satisfied, 54 per cent satisfied, 25 per cent neutral, 8 per cent dissatisfied, 2 per cent very dissatisfied.) This shows Council's actions like the ones mentioned in this section have led to a growing sense of connection between residents and Council.

ONGOING CONSIDERATIONS

COMMUNITY ENGAGEMENT

The Residents' Survey includes questions on satisfaction with Council's community engagement. Most people are satisfied or neutral. The following graph shows the 2020 results – these are very similar to the 2019 figures:



Note: The surveys were previously carried out via land line telephone, which excluded many people who only have mobile phones. The 2019 and 2020 surveys were run by a different company who use the Electoral Roll to randomly select respondents. This means we cannot compare the results directly with previous years.

The results suggest many people have a passive approach to being involved in Council decision-making. That is, they may be interested in the information or the impact of the final decision but may not be sufficiently concerned to write a submission or attend a meeting. Council's social media channels have had increased engagement.

Council is working to increase the levels of satisfaction, and active citizenship. It is doing this by developing a communications plan on how decisions impact residents' lives. Council is establishing an internal system of peer review and learning to improve the how staff plan Council engagement by sharing good practices and learnings from previous engagements.

DIRECTION SETTING, STRATEGIES, PLANS AND POLICIES

Council must adopt its next 10 Year Plan by 30 June 2021. As part of this Council is reviewing its Vision, Goals, Strategies and Plans. Based on ongoing community feedback and long-term trends, Elected Members feel the current vision of Small City Benefits, Big City Ambition still sums up the aspiration for Palmerston North.

COUNCIL MEETINGS AND ELECTIONS

Council is considering how it communicates with residents about opportunities to be involved in decision-making processes. Council will work with the Youth Council to improve the depth and breadth of opportunities for young people to contribute to decision-making.

Council is looking to build its capacity to provide online streaming of its meetings with a focus on providing the opportunity for the public to attend meetings virtually.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
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.	1. Positive feedback from residents on Council's community engagement.	Target met.	The 2020 Residents Survey (of 500 randomly selected residents) shows that 44% are satisfied with the opportunity for them to have a say in Council decisions, 42% are neutral and 13% are dissatisfied. The corresponding figures for the ease of having a say are 34%, 46% and 19%. These levels are similar to the 2019 Survey. Council is aiming to increase satisfaction, including by getting people in the neutral grouping more actively involved in Council decisions.
	2. Description of the range of engagement techniques used by Council.	Target met.	Council's main focus is online engagement, as this is how most people say they would like to be involved in Council decision making. Hence we use methods like Social Pinpoint and online submissions. These are all co-ordinated through the "Have Your Say" Engagement Hub on our website. Covid-19 reinforced this online approach. Council also uses more traditional methods, such as community meetings and Elected Member drop-in sessions for those who prefer.
<p>Council has Plans, Strategies and Policies in place to deliver on the Vision.</p> <p>Council works on the Plans, Strategies and Policies with city stakeholders to lead the city and deliver on the Vision in a collaborative way.</p>	3. Strategies, Plans and Policies are in place, monitored and reviewed.	Target met.	The strategic direction is now measured and monitored as part of the overall 10 Year Plan development process. All plans and policies within the strategic framework are in place or being reviewed as planned. Part of the 10 Year Plan process is to consider how each of the Council-adopted policies (including bylaws) contribute to the overall achievement of Council's strategic direction.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary

LEADERSHIP

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
REVENUE				
Councillor Meetings and Administration	10	19	(9)	383
Direction Setting	90	153	(63)	1,208
Elections	128	131	(3)	-
Mayoral and Chief Executive's Office	-	-	-	7
TOTAL REVENUE	228	303	(75)	1,598
EXPENSES				
Councillor Meetings and Administration	2,343	2,693	350	2,465
Direction Setting	5,239	5,152	(87)	5,627
Elections	327	365	38	52
Mayoral and Chief Executive's Office	1,711	1,442	(269)	1,465
TOTAL EXPENSES	9,620	9,652	32	9,609
NET OPERATING COST OF ACTIVITY	(9,392)	(9,349)	(43)	(8,011)
RATING ALLOCATION				
Add back depreciation	3	3	-	3
Less provision for debt reduction	-	-	-	(3)
Add general rates allocation	9,389	9,346	43	8,011
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Significant Activity Capital Projects

LEADERSHIP

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
CAPITAL NEW				
1188-Land Use Monitoring	-	75	75	-
TOTAL CAPITAL NEW	-	75	75	-
TOTAL CAPITAL PROJECTS	-	75	75	-

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G5 - CORPORATE SUPPORT



CORPORATE SUPPORT ACTIVITY

CIVIC ADMINISTRATION BUILDING
MARKETING AND COMMUNICATIONS
INFORMATION MANAGEMENT SERVICES
DIGITAL TRANSFORMATION
CUSTOMER SERVICES
FINANCIAL SERVICES
PEOPLE AND PERFORMANCE

WHAT THE COUNCIL DOES

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

KEY ACHIEVEMENTS

30.8%
INCREASE
 IN SOCIAL MEDIA
 FOLLOWING



ESTABLISHED
DIGITAL
STEERING
GROUP



INTRODUCTION OF
STAFF
IDENTIFICATION
CARDS



SECURITY
REVIEW
OF CAB
BUILDING
COMPLETED

WHAT HAPPENED IN THE YEAR

CIVIC ADMINISTRATION BUILDING

Council staff occupy 90 per cent of the Civic Administration Building (CAB) with external tenants occupying the balance.

Fire compliance works in the building continued during the year. Stage three of the four-stage fire safety upgrade programme focused on the conversion of doors to fire doors and the installation of additional detection throughout areas of the building.

There was also a review carried out on improving security and access to the building.

Other works completed in the CAB this year included:

- The installation of energy-efficient LED lighting in parts of the building.
- Improvement of some of the working environments throughout the building to reflect the increased operational needs.
- The replacement of the old heavy ceiling tiles in the governance/Council Chamber area with new seismically compliant tiles.

MARKETING AND COMMUNICATIONS

Market research was gathered on our city reputation from across New Zealand, to gain a clearer understanding of the perceptions of Palmerston North City.

Significant growth was achieved in our digital channels through entertaining, informative and educational content. A best practice approach in the management of social media was implemented. Website statistics show significant increases during our social media campaigns also produced an increased number of visitors to the website. Social media achieved a 147.58 per cent increase in followers on our Instagram page and 30.8 per cent growth for Facebook followers. Our top video post on Facebook was from our wastewater treatment plant, reminding people not to put flushable wipes down the toilet. This video reached 129,700 people and highlights how even an unattractive topic can attract new audiences.

Improving the channels and capability of all staff in internal communications has also been a focus of the year. We launched and continue to develop the capability of new intranet 'The Sauce'. This was well-used during Covid-19, when Council's workforce was unexpectedly required to work away from each other and had limited access to 'in-office' resources. We also implemented plain language as a writing style to adopt a way of written communication that everyone can understand.

Covid-19 was a significant communications effort internally and externally. Keeping our staff, stakeholders and community informed throughout the pandemic was critical in the safe management of the city. Some staff were redeployed as Public Information Managers for the Emergency Operations Centre, which, while challenging, was also rewarding.

Digital initiatives were implemented during Covid-19 lockdown - the 'buy local' campaign Choose Manawatu, a partnership with CEDA to support local businesses, a new events portal, and the Palmy Proud hub for activities and resources for the community over Covid-19 lockdown.

Our events continued to grow with record-breaking attendances across community and national events.

INFORMATION MANAGEMENT SERVICES

It's been a challenging year due to the effects of the Covid-19 pandemic.

Setting-up remote workspaces across all critical and redeployed staff was a challenging task but yet successful, given the timeframe and user volumes to execute this exercise.

The Information Management Operational Engagement Model is being reviewed in-line with the Information Management and Digital Steering Group requirements.

The team made improvements to security with the introduction of staff ID cards which replaced the fob. All staff will be required to have these visible while at work. A review of the CCTV cameras around the city was also completed with new cameras with higher quality video capture installed.

We've focussed on using proven practices such as an end-user solution, and cloud services to improve resiliency and the human experience.

DIGITAL TRANSFORMATION

The digital transformation roadmap identifies six priority outcomes over five years. These include governance and prioritisation of the digital programmes of work; improving the way Council collects, manages and uses data; improving the customer experience of our digital services; modernising our core services and building platforms required to run a smart city. These priorities are critical to achieving Goal 5 - A driven and enabling council.

The Digital Steering Group (DSG) was established in August 2019 with the role of prioritising and governing digital initiatives. The 'Raising the Bar on Data' project completed a stocktake of PNCC's functions, roles, processes and data assets, and proposed long-term and quick-win improvements. The 'CX Improvement Project' defined the ideal customer experience as a benchmark for changes to the digital services platform. A smart city strategy was developed.

ONGOING CONSIDERATIONS

CIVIC ADMINISTRATION BUILDING

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

- Complete Stage four of the Fire Safety Upgrade Programme.
- Replacing lighting with energy-efficient LED lighting.

G5 - CORPORATE SUPPORT

- Continue to explore detailed seismic upgrade plans and designs to ensure the building is earthquake-ready.
- Replacement of old office furniture.
- Creation of additional workstations to reflect the increased level of service in some of Council's operations.
- Upgrade the staff access-fob system to chipped photo ID cards.
- Construct new disability access ramp at the main entrance to the building.

MARKETING AND COMMUNICATIONS

Following the market research, position and amplify the benefits of the city and measure these annually.

Encourage people to sign-up for a regular monthly e-newsletter on Council news and activities. Promotion of this is starting early in the year.

Continue to deliver the quarterly in-house produced publication – Palmy Proud.

INFORMATION MANAGEMENT SERVICES

Information Management will continue to look for ways to enable staff to self-serve, free-up resources, perform more data analytics and identify problematic trends. This will assist the teams in making continuous improvements to our services.

An Information Management Strategic Plan is being put together by CORUM consultants who will help shape IM and provide validation and direction on our service delivery.

Cloud-based subscription services and the ability to work remotely will be considered as part of the thought-process for any current and future initiatives brought into the project space. This will be in addition to assessing whether that initiative is strategically-aligned with Council goals.

Looking longer-term, the budget for our move to more modernised technology will mean ongoing changes to the structure of the Information Management budgets.

HOW DID WE PERFORM

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

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary

CORPORATE SUPPORT

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
REVENUE				
Civic Administration Building	159	352	(193)	266
Financial Services	153	99	54	419
Human Resources	(7)	-	(7)	(4)
Information Services	-	-	-	31
Marketing & Communications	13	-	13	-
Print Synergy	10	64	(54)	16
TOTAL REVENUE	328	515	(187)	728
EXPENSES				
Civic Administration Building	74	224	150	636
Customer Services	-	-	-	-
Financial Services	(92)	433	525	789
Human Resources	(6)	-	6	(4)
Information Services	574	-	(574)	(175)
Marketing & Communications	147	84	(63)	146
Print Synergy	(114)	19	133	(227)
TOTAL EXPENSES	583	760	177	1,165
NET OPERATING COST OF ACTIVITY	(255)	(245)	(10)	(437)

G5 - CORPORATE SUPPORT

RATING ALLOCATION				
Add back depreciation	1,449	1,717	(268)	1,550
Add internal rates recovered	950	963	(13)	930
Add back Transfers to/from reserves	-	-	-	-
Less Renewal capital expenditure	(1,958)	(2,030)	72	(2,097)
Add/(Less) borrowing effect of renewal 3 year averaging	382	382	-	(8)
Less provision for debt reduction	(151)	(151)	-	(159)
Add targeted rates allocation	40	-	40	43
Add general rates allocation	(457)	(636)	179	178
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Information Services was overspent due to the Te Huringa (ERP replacement) programme. This was budgeted as a Finance Services expense, so is offset by an underspend in that sub-activity.

Significant Activity Capital Projects

CORPORATE SUPPORT

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
CAPITAL RENEWAL				
53-Computer Replacement - Rolling Replacements	639	485	(154)	
58-Network Additions and Upgrades	56	42	(14)	
68-Aerial Photography	-	85	85	
86-Council Wide - Furniture Replacements	340	160	(180)	
221-Print Synergy - Replacement of Print Synergy Machinery	-	11	11	
272-Staff Cafeteria - Replacement of Equipment	6	6	-	
281-CAB - Renewals	611	1,023	412	
318-Telecommunications Replacement - Council Buildings	121	102	(19)	
755-Replacement of Parking Enforcement Hand Helds and iPhones	28	55	27	
784-Replacement of Council's Photocopiers/Printers	157	61	(96)	
TOTAL CAPITAL RENEWAL	1,958	2,030	72	2,092
CAPITAL NEW				
60-Information Management Strategic Plan Project - New Software Applications	711	106	(605)	
1185-Non-Financial Reporting System	-	205	205	
1187-PNCC Website Customisation	16	-	(16)	
TOTAL CAPITAL NEW	727	311	(416)	91
TOTAL CAPITAL PROJECTS	2,685	2,341	(344)	2,183

Capital Expenditure on Information Management projects 53-Computer Replacement-Rolling Replacement and 60-Information Management Strategic Plan Project-New Software Applications were overspent due to Covid-19 lockdown, bringing forward the need to work remotely and an increase in phone and laptop requirements. There has been a reduction in 2020/21 capital budgets associated with Information Management related to this.



COMMERCIAL OR STRATEGIC INVESTMENTS ACTIVITY

EXTERNAL CONTRACTS

INVESTMENT PROPERTIES

INVESTMENTS (INCLUDING INVESTMENT FUND)

INVESTMENTS IN COMPANIES (INCLUDING AIRPORT)

WHAT THE COUNCIL DOES

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

KEY ACHIEVEMENTS



G5 - COMMERCIAL OR STRATEGIC INVESTMENTS

WHAT HAPPENED IN THE YEAR

EXTERNAL CONTRACTS

After-hours call centre

Council provides after-hours call centre services for Palmerston North and the wider local government sector for other cities, districts and region. The introduction of Facebook monitoring and lone worker alarm monitoring services have enhanced the service portfolio.

Three councils acquired our services during 2019/20. Council now provides services to support 43 per cent of the sector. The Covid-19 lockdown increased the volume of work undertaken on behalf of other councils with the registration of callers to welfare services for many regions. A move to a cloud-based platform enabled the centre to operate with staff working remotely. With more than half of the after-hours contracts expiring during the year, it is a strong endorsement of the service, all have been renewed.

Building services

Building Services (as a brand) continued to be delivered to Manawatu District Council with the level of activity, on average, increasing throughout the year. Resourcing has been increased to cope with the demand as a result of the buoyant regional economic growth. Building Services continues to be recognised as a consistent delivery model within the region and remains unique within New Zealand.

Parking enforcement

Council provides parking enforcement administration for parking infringements issued by Palmerston North Airport. There were 669 parking infringements issued in 2019/20, compared to 1116 in 2018/19 and 364 in 2017/16.

This drop in the number of infringements is attributed to the impact of Covid-19 and a decrease in the number of staff trained to carry out this task. Plans are in place to address the training issue.

INVESTMENT PROPERTY

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

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

The portfolio also maintained low levels of arrears.

INVESTMENTS

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

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

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

Further roadworks were carried out to improve access for all forest operations and provide better emergency access. This is the last of the scheduled capital roadworks and completes a multi-year programme.

INVESTMENTS IN COMPANIES (INCLUDING AIRPORT)

Council owns Palmerston North Airport Ltd (PNAL) to ensure the City has an appropriate air gateway for passengers and freight. PNAL has been on a significant growth path both in terms of passenger numbers and financial returns. However, like all airports PNAL has been significantly impacted by Covid-19. This meant passenger volumes for the year were 498,422 compared with 687,147 the previous year, and the net profit after tax to shareholders funds was 2.4% compared with 4.1% in 2019. A dividend of \$685,238 was paid to the Council during the year, an increase from \$643,650 in 2019.

ONGOING CONSIDERATIONS

EXTERNAL CONTRACTS

Anticipating customer experience goals and the role of a contact centre prompted a review of the staffing needs of the service. Once in place, the new structure will ensure the centre is suitably positioned to build on three consecutive years of double-digit growth. At the same time the service offered needs to be carefully positioned post Covid-19 given many councils are looking to reduce costs or spend local.

The move to cloud-based technology platforms, while presenting some challenges, creates further growth opportunities and the ways in which service can be delivered. The potential to augment the service with artificial intelligence alongside the creation of a CX shared service eco-system could be pivotal value-add solutions to meet existing and potential client needs.

BUILDING SERVICES

Regional growth within the construction sector is solid and likely to continue at a similar pace. The contract with MDC for building services is likely to continue with levels of service maintained within the current staffing model. Recruitment difficulties have been a hurdle for the service and maintaining the staff level within the contract has been a challenge over the past year, but this does look set to improve with successful recruitment of new staff. Proposed technology improvements by the online building consenting vendor will further align the consistency and capabilities of Building Services across the two sites.

G5 - COMMERCIAL OR STRATEGIC INVESTMENTS

INVESTMENTS

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

INVESTMENTS IN COMPANIES (INCLUDING AIRPORT)

Airport

Palmerston North Airport Ltd's investment plan has had to be scaled-back significantly due to the impacts of Covid-19. Its current focus is on maintaining its core infrastructure and to seek innovative ways of continuing the development of the company's Ruapehu Business Park. As the future for air travel becomes more certain, focus will return to the plans to upgrade the terminal building. To date it has been assumed this would be undertaken without further shareholder input. The Council has accepted that in the immediate future PNAL will not be in a position to pay dividends.

HOW DID WE PERFORM

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

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary

COMMERCIAL OR STRATEGIC INVESTMENTS

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
REVENUE				
External Contracts	3,217	2,933	284	2,867
Investment Property	233	287	(54)	255
Investments (including Investment Fund)	471	130	341	124
Investments in Companies (including Airport)	685	550	135	644
TOTAL REVENUE	4,606	3,900	706	3,890
EXPENSES				
External Contracts	3,889	3,059	(830)	2,738
Investment Property	742	2,382	1,640	884
Investments (including Investment Fund)	221	364	143	287
Investments in Companies (including Airport)	148	456	308	219
TOTAL EXPENSES	5,000	6,261	1,261	4,128
NET OPERATING COST OF ACTIVITY	(394)	(2,361)	1,967	(238)

G5 - COMMERCIAL OR STRATEGIC INVESTMENTS

RATING ALLOCATION				
Add back depreciation	1,466	1,376	90	1,407
Add back Transfers to/from reserves	-	1,998	(1,998)	-
Less Renewal capital expenditure	(2,012)	(1,960)	(52)	(1,218)
Add/(Less) borrowing effect of renewal 3 year averaging	371	371	-	(7)
Add external revenue for renewal capital	-	-	-	-
Add proceeds from sale of assets	74	-	74	152
Less provision for debt reduction	1,777	(47)	1,824	1,777
Add general rates allocation	275	623	(348)	1,609
FUNDING SURPLUS/(DEFICIT)	1,557	-	1,557	3,482

Total Revenue is favourable due to a one time dividend payment (investments), higher dividend payment from Airport (investments in Companies).

Investment property expenses \$1.6m under due to Whakarongo development. Costs relating to this development were to be treated as expenditure as sales are recognised, but the development has been delayed so no sales have occurred yet.

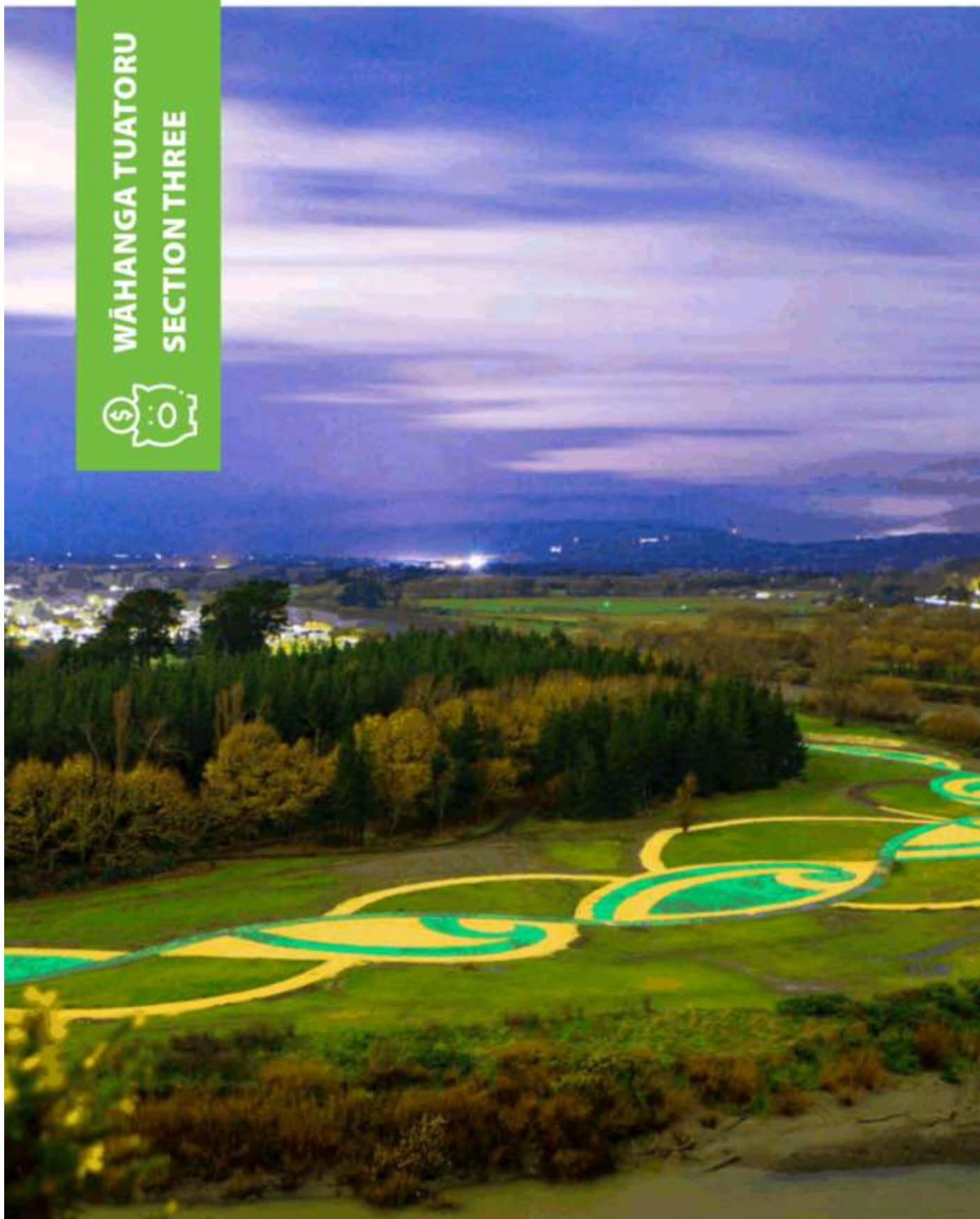
External Contracts expenses were higher due to the contact centre having increased business, particularly during Covid-19 lockdown. This was partially offset by additional revenue.

Significant Activity Capital Projects

CORPORATE SUPPORT

	Actual 2020 \$000	Budget 2020 \$000	Variance 2020 \$000	Actual 2019 \$000
CAPITAL RENEWAL				
63-Council's Plant and Vehicles - Replacements	1,735	1,748	13	
80-Council's Plant and Equipment - Replacement	169	170	1	
85-Council's Depot Buildings and Structures	108	42	(66)	
TOTAL CAPITAL RENEWAL	2,012	1,960	(52)	1,221
CAPITAL NEW				
99-Council's Service Development - New Technology and Programmes	315	295	(20)	
245-Gordon Kear Forest - Development of Internal Roding	14	14	-	
TOTAL CAPITAL NEW	329	309	(20)	333
TOTAL CAPITAL PROJECTS	2,341	2,269	(72)	1,554

WĀHANGA TUATORU
SECTION THREE





PUAKANGA AHUMONI FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND
Mana Aotake Aotearoa

To the readers of Palmerston North City Council's annual report for the year ended 30 June 2019

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

We are also required to report on:

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

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

We completed our work on 23 September 2019. This is the date on which we give our report.

OPINION ON THE AUDITED INFORMATION

In our opinion:

- the financial statements on pages 138 to 195:
 - present fairly, in all material respects;
- the City Council and Group's financial position as at 30 June 2019; and
- the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 202, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual plan; and
- the "what the council does" (statement of service performance) on pages 26 to 131:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2019, including:
- the levels of service achieved compared with the

intended levels of service and whether any intended changes to levels of service were achieved; and

- the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 31 to 131, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's annual plan; and
- the funding impact statement for each group of activities on pages 201 to 211, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's long-term plan.

REPORT ON THE DISCLOSURE REQUIREMENTS

We report that the City Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 196 to 199, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council and Group's audited information and, where applicable, the City Council's long term plan and annual plans.

BASIS FOR OUR OPINION ON THE AUDITED INFORMATION

NOT UPDATED

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

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

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

RESPONSIBILITIES OF THE COUNCIL FOR THE AUDITED INFORMATION

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

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

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

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

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDITED INFORMATION

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

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

For the budget information reported in the audited information, our procedures were limited to checking that the

budget information agreed to the City Council's annual plan.

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the City Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the City Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the City Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the

disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER INFORMATION

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 4 to 234, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

We are independent of the City Council and Group in

accordance with the independence requirements of the Auditor General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to this audit of the audited information and our report on the disclosure requirements, we have performed a limited assurance engagement related to the City Council's debenture trust deed. Other than this audit and the engagement, we have no relationship with, or interests in the City Council or its subsidiaries.

Karen Young

Audit New Zealand
On behalf of the Auditor General
Wellington, New Zealand

23 September 2019

NOT UPDATED

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

COMPLIANCE

1. The Council of Palmerston North City Council hereby confirms that all statutory requirements relating to the Annual Report adopted on 7 April 2021 have been complied with.

RESPONSIBILITY

2. The Council and management of Palmerston North City Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.
3. The Council and management of Palmerston North City Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
4. In the opinion of the Council and management of Palmerston North City Council, the annual Financial Statements for the year ended 30 June 2020 fairly reflect the financial position and operations of Palmerston North City Council.

Grant Smith
Mayor
7 April 2021

Heather Shotter
Chief Executive
7 April 2021

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

STATEMENT OF COMPREHENSIVE
REVENUE AND EXPENSE

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

		COUNCIL			GROUP	
	Notes	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
OPERATING REVENUE						
Rates revenue	2	98,852	98,855	95,309	98,480	94,962
Finance revenue	3	1,043	567	930	384	326
Other revenue	4	28,690	29,100	27,767	38,734	38,960
Operating subsidies and grants	5	3,613	3,322	3,761	4,228	3,888
Other gains	6	119	-	739	120	1,790
TOTAL OPERATING REVENUE		132,317	131,844	128,506	141,946	139,926
CAPITAL REVENUE						
Capital subsidies and grants	5	6,808	7,822	11,007	6,808	11,007
Development contributions		2,992	1,476	1,776	2,992	1,776
Vested assets		2,841	2,000	1,714	2,863	1,788
TOTAL CAPITAL REVENUE		12,641	11,298	14,497	12,663	14,571
TOTAL REVENUE	7	144,958	143,142	143,003	154,609	154,497
EXPENSES						
Employee and elected representatives benefit expenses	8	48,494	46,591	44,726	52,840	48,783
Depreciation and amortisation	17&18	36,483	35,619	33,183	38,748	35,402
Finance costs	3	8,129	7,616	9,565	8,660	10,087
Other expenses	9	55,069	51,880	53,162	55,884	54,765
Other losses	6	(19)	-	37	380	126
TOTAL EXPENSES		148,156	141,706	140,673	156,512	149,163
NET SURPLUS/(DEFICIT) BEFORE TAX		(3,198)	1,436	2,330	(1,903)	5,334
Share of associate's surplus/(deficit)	15	-	-	-	(95)	(44)
Income tax refund/(expense)	10	95	-	-	424	(880)
Movement in deferred tax	10	-	-	-	-	-
NET SURPLUS/(DEFICIT) AFTER TAX		(3,103)	1,436	2,330	(1,574)	4,410
OTHER COMPREHENSIVE REVENUE AND EXPENSE						
Increase/ (decrease) in operating property valuations	26	157,202	33,784	77,983	154,120	82,894
Financial assets at fair value through other comprehensive revenue and expense	26	(306)	-	(870)	(306)	(870)
Movement in deferred tax on revaluations	26	-	-	-	507	(255)
TOTAL OTHER COMPREHENSIVE REVENUE AND EXPENSE		156,896	33,784	77,113	154,321	81,769
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		153,793	35,220	79,443	152,747	86,179

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

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION

as at 30 June 2020 - Palmerston North City Council

		COUNCIL			GROUP	
	Notes	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	11	2,039	1,643	2,671	3,337	3,824
Trade and other receivables	12	12,845	7,850	9,844	13,499	11,053
Inventories	13	385	512	348	612	398
Other financial assets	14	-	-	-	934	380
Derivative financial instruments	16	-	-	-	-	-
TOTAL CURRENT ASSETS		15,269	10,005	12,863	18,382	15,655
NON-CURRENT ASSETS						
Inventories	13	5,104	-	4,984	5,104	4,984
Other financial assets	14	-	-	-	-	-
Investments in CCOs and industry companies	14	13,925	13,051	13,590	3,083	2,748
Investment in Associate	15	1	1	1	371	466
Derivative financial instruments	16	-	-	-	-	-
Property, plant and equipment	17	1,835,362	1,680,202	1,658,710	1,931,454	1,758,483
Intangible assets	18	1,281	1,408	1,408	1,304	1,437
Forestry assets	20	1,419	898	1,300	1,419	1,300
Investment property	21	4,550	4,620	4,620	11,075	11,433
TOTAL NON-CURRENT ASSETS		1,861,642	1,700,180	1,684,613	1,953,810	1,780,851
TOTAL ASSETS		1,876,911	1,710,185	1,697,476	1,972,192	1,796,506
LIABILITIES						
CURRENT LIABILITIES						
Trade and other payables	22	23,489	9,654	21,774	24,960	24,199
Provisions	23	754	-	1,258	754	1,258
Employee benefit liabilities	24	6,001	-	5,096	6,502	5,517
Borrowings	25	20,000	-	10,000	23,700	13,964
Derivative financial instruments	16	2,925	24,139	2,551	2,925	2,551
TOTAL CURRENT LIABILITIES		53,169	33,793	40,679	58,841	47,489
NON-CURRENT LIABILITIES						
Provisions	23	631	2,156	665	631	665
Employee benefit liabilities	24	1,297	1,368	1,131	1,300	1,136
Borrowings	25	122,000	166,833	111,200	130,000	119,250
Deferred tax liability	10	-	-	-	6,543	8,056
Derivative financial instruments	16	11,636	-	9,416	11,636	9,416
TOTAL NON-CURRENT LIABILITIES		135,564	170,357	122,412	150,110	138,523
TOTAL LIABILITIES		188,733	204,150	163,091	208,951	186,012
EQUITY ATTRIBUTABLE TO PNCC						
Retained earnings	26	1,046,309	1,050,400	1,049,412	1,079,935	1,081,564
Other reserves	26	641,869	455,635	484,973	683,306	528,930
TOTAL EQUITY		1,688,178	1,506,035	1,534,385	1,763,241	1,610,494

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

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY

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

	Notes	COUNCIL			GROUP	
		Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
BALANCE AT 1 JULY		1,534,385	1,470,815	1,454,942	1,610,494	1,524,315
Total comprehensive revenue and expense for the year		153,793	35,220	79,443	152,747	86,179
BALANCE AT 30 JUNE	26	1,688,178	1,506,035	1,534,385	1,763,241	1,610,494

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

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS

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

		COUNCIL			GROUP	
	Notes	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from rates revenues		98,627	98,855	95,456	98,255	95,109
Interest received		(21)	17	291	10	328
Dividends received		1,035	550	649	350	5
Operating subsidies and grants		3,443	3,322	3,740	3,930	3,878
Receipts from other revenue		27,434	29,101	27,713	38,278	38,712
Capital subsidies and grants		5,853	7,822	13,388	5,853	13,388
Development contributions		2,992	1,476	2,203	2,992	2,203
Receipts from tax losses		95	-	-	95	-
Payments to suppliers and employees		(103,336)	(96,907)	(99,221)	(109,319)	(104,859)
Interest paid		(5,535)	(7,616)	(6,019)	(6,066)	(6,541)
Income tax paid (net)		-	-	-	(971)	(853)
Goods and Services Tax (net)		374	-	(78)	337	(53)
NET CASH FROM OPERATING ACTIVITIES	27	30,961	36,620	38,122	33,744	41,317
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property		227	-	202	227	202
Proceeds from sale of biological assets		-	402	781	-	781
Purchase of intangible assets		(74)	-	(84)	(77)	(84)
Purchase of property, plant and equipment		(52,029)	(81,813)	(59,151)	(53,946)	(66,992)
Purchase of investment property		(108)	-	(46)	(108)	(46)
Other advances made, repayment received		(528)	-	(121)	(528)	(121)
Reduction in investment fund		-	-	-	-	-
Repayment, acquisition of investments		119	-	-	(285)	303
NET CASH FROM INVESTMENT ACTIVITIES		(52,393)	(81,411)	(58,419)	(54,717)	(65,957)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from borrowings		33,000	49,272	36,325	38,000	57,842
Repayment of borrowings		(12,200)	(4,481)	(15,000)	(13,550)	(34,567)
NET CASH FROM FINANCING ACTIVITIES		20,800	44,791	21,325	24,450	23,275
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		(632)	-	1,028	3,477	(1,365)
Cash, cash equivalents and bank overdrafts at the beginning of the year		2,671	1,279	1,643	(140)	1,225
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE AT THE END OF THE YEAR	11	2,039	1,279	2,671	3,337	(140)

The Income tax paid (net) and GST (net) component of operating activities reflects the respective net amounts paid and received with the Inland Revenue Department. These have been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

THE MOVEMENT IN NET DEBT FOR THE YEAR COMPRISES THE TOTAL OF:		\$000
Reduction in investment fund		-
Proceeds from borrowings		33,000
Repayment of borrowings		(12,200)
INCREASE IN NET DEBT FOR THE YEAR		20,800

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2020

REPORTING ENTITY

Palmerston North City Council (PNCC) is a territorial local authority governed by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The parent 'council' financial statements are for PNCC as a separate legal entity. The Palmerston North City Council 'group' financial statements incorporate the Palmerston North City Council, its 100% share of its subsidiary Palmerston North Airport Limited (PNAL) and the following Council Controlled Organisations (CCO's) (100% share) with all incorporated in New Zealand:

- Caccia Birch Trust Board
- Globe Theatre Trust Board
- Palmerston North Performing Arts Trust Board
- The Regent Theatre Trust
- Te Manawa Museums Trust

PNCC's 50% equity share of its associate Central Economic Development Agency Limited (CEDA) is equity accounted into the group financial statements.

PNCC and group provide local infrastructure, regulatory services and local public services to the community. The Council does not operate to make a financial return. Accordingly, PNCC has designated itself and the group as public benefit entities ("PBE") for financial reporting purposes.

The financial statements of PNCC and entities included in the group are for the year ended 30 June 2020. The financial statements were authorised for issue by Council on 7 April 2021.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements of PNCC have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ Public Benefit Entity International Public Sector Accounting Standards, and are prepared in accordance with Tier 1 PBE Standards.

Measurement base

The financial statements have been prepared on an historical cost basis, modified by the revaluation of land and buildings, infrastructural assets, investment property, biological assets and certain financial instruments (including derivative instruments).

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000), unless shown otherwise.

Changes in accounting policies

There have been no changes in accounting policies during the financial year as a consequence of changes in accounting standards.

Standards issued and not yet effective that have not been early adopted.

PNCC expects there will be minimal or no change to these accounting policies in applying any currently updated or proposed accounting standards.

SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue and expenses of entities in the group on a line-by-line basis. All significant intra-group balances, transactions, revenue and expenses are eliminated on consolidation.

SUBSIDIARIES

PNCC consolidates as subsidiaries in the group financial statements all entities where PNCC has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where PNCC controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by PNCC or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

PNCC measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, in exchange for control of the subsidiary.

Any excess of the cost of the business combination over PNCC's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If PNCC's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the surplus or deficit.

Investment in subsidiaries is carried at cost in PNCC's own "parent entity" financial statements.

ASSOCIATE

An associate is an entity over which the Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. PNCC's associate investment is accounted for in the group financial statements using the equity method. The investment in an associate is initially recognised at cost and the carrying amount in the group financial statements is increased or decreased to recognise the group's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment in the group financial statements.

If the share of deficits of an associate equals or exceeds its interest in the associate, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that PNCC has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the group transacts with an associate, surpluses or deficits are eliminated to the extent of the group's interest in the associate.

Dilution gains or losses arising from investments in associates are recognised in the surplus or deficit.

The investment in the associate is carried at cost in the PNCC's parent entity financial statements.

JOINT VENTURES

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

For jointly controlled assets, PNCC recognises in its financial statements its share of jointly controlled assets, the liabilities and expenses it incurs, its share of liabilities and expenses incurred jointly, and revenue from the sale or use of its share of the output of the joint venture.

REVENUE

Revenue is measured at the fair value of consideration received or receivable when it is probable that the economic benefit will flow to PNCC.

Rates revenue

The following policies for rates have been applied:

General rates, targeted rates (excluding metered water), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.

Rates arising from late payment penalties are recognised as revenue when rates become overdue.

Revenue from metered water rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Rate remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

Agency revenue

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on that transaction.

Provision of services

Revenue from the rendering of services is recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

Sale of goods

Sales of goods are recognised when a product is sold to the customer. Sales are usually in cash or by credit card. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.

Government subsidies and other grants

PNCC receives government subsidies from the New Zealand Transport Agency, which subsidises part of PNCC's costs of maintenance and capital expenditure of the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

NOTES TO THE FINANCIAL STATEMENTS

Traffic and parking infringements

Traffic and parking infringements are recognised when the infringement notices are issued, less assessed impairment losses determined by considering the collection history over the last year.

Vested assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as capital revenue when control over the asset is obtained. Fair value is determined by reference to the cost of constructing the asset or construction cost of the property developer.

Development contributions

Development and financial contributions are recognised as revenue when PNCC provides, or is able to provide, the service for which the contribution was charged. Otherwise development and financial contributions are recognised as liabilities until such time that PNCC provides, or is able to provide, the service.

Development contributions are classified as part of "Capital Revenue" in the Statement of Comprehensive Revenue and Expense.

Interest and dividends

Interest revenue is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.

GRANT EXPENDITURE

The Council's grants awarded have no substantive conditions attached.

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where PNCC has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of PNCC's decision.

INCOME TAX

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates that have been enacted or substantively enacted by balance date.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting surplus nor taxable surplus.

Current tax and deferred tax are recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly in equity.

OPERATING LEASES

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

FINANCIAL ASSETS

Financial assets and liabilities are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which PNCC commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and PNCC has transferred substantially all the risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS

PNCC classifies its financial assets into the following categories:

- fair value through surplus or deficit,
- loans and receivables,
- held-to-maturity investments, and
- fair value through other comprehensive revenue and expense.

The classification depends on the purpose for which the financial asset was acquired. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit taking. Derivatives are also categorised as held for trading unless they are designated as hedges (PNCC does not apply hedge accounting).

Assets in this category are classified as current assets unless settlement is beyond twelve months and in management's assessment they are likely to be held to maturity or are not expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. PNCC's loans and receivables comprise cash and cash equivalents, trade and other receivables, term deposits, community and related party loans.

After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans to community organisations made by PNCC at nil, or below market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that PNCC has the positive intention and ability to hold to maturity.

After initial recognition they are measured at amortised cost, using the effective interest method to each repricing date, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Assets in this category include NZLGA borrower notes.

Financial assets at fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date. PNCC's financial assets at fair value through other comprehensive revenue and expense include:

- investments that PNCC intends to hold long-term but which may be realised before maturity (i.e. unlisted shares held in Civic Financial Services Ltd), and
- shareholdings that PNCC holds for strategic purposes.

PNCC's investments in its subsidiary companies are not included in this category as they are held at cost (as allowed by PBE IPSAS 35 Consolidated Financial Statements and PBE IPSAS 36 Investments in Associates and Joint Ventures) whereas this category is to be measured at fair value.

After initial recognition these investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Fair value

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments (including financial assets at fair value through surplus or deficit) that are not traded in an active market is determined using appropriate valuation techniques. PNCC uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as discounted expected cash flows, are used to determine fair value for the remaining financial instruments.

Impairment of financial assets

At each balance sheet date PNCC assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

NOTES TO THE FINANCIAL STATEMENTS

Impairment of a loan or receivable is established when there is objective evidence that PNCC will not be able to collect all amounts due according to the original terms. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

Impairment for all other financial assets is established when there is objective evidence that PNCC will not be able to collect amounts due on original terms or there is a significant or prolonged decline in fair value of an investment. Any impairment losses are recognised in the surplus or deficit.

INVENTORIES

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services are measured at cost adjusted for any loss of service potential.

The amount of any write down from cost for any loss of service potential is recognised in the surplus or deficit.

When land held for development and future resale is transferred from property, plant and equipment to inventory, the fair value of the land at the date of transfer is its deemed cost.

Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural assets which are capitalised to property, plant and equipment.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of:

Operational assets - include land, buildings, recreation and community facilities, landfill post-closure, library books, heritage and art collections, plant and equipment, and motor vehicles.

Restricted assets - are parks and reserves owned by PNCC which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets - are the fixed utility systems owned by PNCC and the group. The infrastructure networks owned by PNCC include transport, water, wastewater and stormwater networks, waste management and airport utility assets (PNAL). Each asset class includes all items that are required for the network to function, for example, wastewater reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Revaluation

The following property, plant and equipment asset groups are revalued at least every three years to ensure their carrying amount does not differ materially from fair value:

- roading (except land under roads) and parking network,
- water, wastewater and stormwater networks, and
- parks, building property, recreation, sportsfields and community facilities.

All other asset classes are carried at depreciated historical cost.

PNCC assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

PNCC accounts for revaluations of property, plant and equipment on a class of asset basis.

Land under roads is generally considered 'non tradable' due to the perpetual nature of community use. As there is no generally accepted methodology for the valuation of land under roads, PNCC is not revaluing this land and will carry this at deemed cost. Under the previous NZ IFRS PNCC has elected to use the fair value of land under roads as at 1 July 2005 as deemed cost.

Accounting for revaluation

The results of revaluing are included in other comprehensive revenue and expense and credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to PNCC and group and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired through a non-exchange transaction, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to PNCC and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment (except as referred to in the following paragraph), at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Land, land under roads, restricted assets, assets under construction, investment properties, biological assets, and the museum, art gallery and heritage assets are not depreciated.

The heritage and art collection assets of Te Manawa Museums Trust have not been depreciated, as it is the Trust's policy to maintain the collections in its current state, in accordance with the Trust's Conservation Policy. Donated objects are recorded at fair value, or depreciated replacement cost, or nil value if considered unrealisable or irreplaceable. There is a portion of the heritage and art collection that is not formally owned by the Te Manawa Museums Trust. These assets are held and maintained by the Trust by agreement with the owners.

The useful lives used to determine associated depreciation rates of major classes of assets have been estimated as follows:

OPERATING ASSETS

YEARS

Buildings	50-100
Building fit-out	10-50
Plant and equipment	3-25
Furniture and fittings	4-25
Motor vehicles	3-18
Computer equipment	2-7
Library books	3-10
Exhibitions	1-5
Leasehold improvements	1-30

INFRASTRUCTURAL ASSETS

Roading

Bridges and culverts	25-125
Sub-base and base course	100
Surfaces	1-20
Footpaths	15-99
Kerb and channel	80
Signage	20
Signals, streetlights	10-80
Trees	100
Vehicle crossing	80

Carparks

Carpark buildings	50
Sub-base and base course	100
Surfaces	20-40
Waste Management	
Buildings	50-100
Safety fence, portable screens	40
Pumps	30
Sumps, drainage	100
Machinery	15-35
Wheelie bins	15

Stormwater

Pipework	100-250
Sumps	150
Laterals, manholes	120-150
Pumping station/pumps	10-100

Wastewater

Pipeworks, laterals, manholes	75-120
Pumps	15-30
Pumping stations	30-100
Buildings	50-100
Treatment plants	15-120

NOTES TO THE FINANCIAL STATEMENTS

Water

Pipeworks, laterals	50-120
Hydrants	75
Tobies	50-70
Valves	80
Water meters	15-25
Pumping stations	10-100
Dams	15-1000
Reservoirs	100

Airport

Runway, taxiways, and aprons	2-99
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The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

INTANGIBLE ASSETS

Goodwill

Goodwill on acquisition of subsidiaries is included in "Intangible Assets".

Separately recognised goodwill is tested for impairment annually and carried at cost less accumulated impairment losses. An impairment loss recognised for goodwill is not reversed in any subsequent period.

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by PNCC are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Costs associated with maintaining computer software and staff training costs are recognised as an expense when incurred.

Other intangible assets

Costs incurred are capitalised on assets constructed on third party land, such as an athletic track, which have long term access available to residents.

Carpark leases

Acquired carpark leases are capitalised on the basis of the costs incurred to acquire and bring to use the specific carparks.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives used to determine amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software

and licences	3-7 years
Athletic track	9 years
Carpark leases	50 years

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, and goodwill, are not subject to amortisation and are tested annually for impairment.

Property, plant, and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

NOTES TO THE FINANCIAL STATEMENTS

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

FORESTRY ASSETS

Standing investment forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions.

Gains or losses arising on initial recognition of biological assets at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell are recognised in the surplus or deficit.

The costs to maintain the forestry assets are included in the surplus or deficit when incurred.

Compensating emission units relating to pre-1990 forest land are recorded at a nil cost. Possible deforestation penalties relating to pre-1990 forest land are not recognised. Refer Note 29 for details.

INVESTMENT PROPERTY

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, PNCC measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

TRADE AND OTHER PAYABLES

Trade and other payables are recorded at their face value.

EMPLOYEE BENEFITS**Short-term employee benefits**

Employee benefits that PNCC expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date, retirement gratuities and long service leave entitlements expected to be settled within 12 months, time in lieu and sick leave.

PNCC recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that PNCC anticipates it will be used by staff to cover those future absences.

Long-term employee benefits

Entitlements that are payable beyond 12 months, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information, and
- the present value of the estimated future cash flows discounted at a current market determined rate.

Superannuation schemes

Defined contribution schemes - obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

Defined benefit schemes - PNCC belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme the extent to which the scheme's surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme. Further information on this scheme is disclosed in note 29.

PROVISIONS

PNCC recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL GUARANTEE CONTRACTS

A financial guarantee contract is a contract that requires PNCC to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received a provision is recognised based on the probability PNCC will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation, however if PNCC assesses that it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

BORROWINGS

Borrowings are initially recognised at the amount borrowed plus transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless PNCC and group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

EQUITY

Equity is the community's interest in PNCC and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- retained earnings,
- special reserves and funds,
- asset revaluation reserves, and
- fair value through other comprehensive revenue and expense.

Special reserves and funds

Special reserves and funds are a component of equity generally representing a particular use to which various parts of equity have been assigned. Special reserves and funds may be legally restricted or created by PNCC.

Special reserves and funds are those subject to specific conditions accepted as binding by PNCC and which may not be revised by PNCC without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in special reserves and funds are reserves restricted by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

PNCC's objectives, policies and processes for managing capital are described in note 35.

Asset revaluation reserves

Asset revaluation reserves relates to the revaluation of property, plant and equipment to fair value.

Fair value through other comprehensive revenue and expense

Fair value through other comprehensive revenue and expense reserve relates to the cumulative net change of fair value of financial assets through other comprehensive revenue and expense.

GOODS AND SERVICES TAX (GST)

All items in the financial statements are stated exclusive of GST, except for trade and other receivables and trade and other payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

BUDGET FIGURES

The budget figures are those approved by the Council prior to the beginning of the year in the relevant 10 Year Plan or Annual Budget. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by PNCC for the preparation of these financial statements.

COST ALLOCATION

PNCC has derived the cost of service for each significant activity of PNCC using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

NOTES TO THE FINANCIAL STATEMENTS

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements PNCC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Landfill aftercare provision

Estimating the landfill aftercare provision – see note 23.

Property, Plant and Equipment Revaluation

Estimating the fair value of groups of property, plant and equipment – see note 17.

Infrastructural assets

Estimating depreciated replacement cost (DRC) valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example PNCC could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by PNCC performing a combination of physical inspections and condition modelling assessments of underground assets.
- estimating any obsolescence or surplus capacity of an asset.
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then PNCC could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit. To minimise this risk PNCC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the New Zealand Asset Management Support Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the PNCC's asset management planning activities, which gives PNCC further assurance over its useful life estimates.

Experienced staff engineers perform PNCC's infrastructural asset revaluations which are certified by independent valuers or reviewed and confirmed as appropriate by independent engineers.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Management has exercised the following critical judgements in applying accounting policies for the period ended 30 June 2020.

Classification of property

PNCC owns a number of residential rental properties (community housing), which are maintained primarily to provide housing to older people and people with special needs. The receipt of market-based rental from these properties is not the prime reason for holding these properties. The properties are held for service delivery objectives as part of PNCC's social housing policy. The properties are therefore accounted for as property, plant and equipment and not investment property.

For the purpose of assessing impairment indicators and impairment testing, PNCC classifies non-financial assets as either cash-generating or non-cash-generating assets.

PNCC classifies a non-financial asset as a cash-generating asset if the primary objective of the asset is to generate commercial return. All other assets are classified as non-cash-generating assets.

All property, plant and equipment and intangible assets held by PNCC and the group are classified as non-cash-generating assets. This includes assets that generate fee revenue or other cash flows, as the cash flows generated are generally not sufficient to represent commercial return on the assets. Forestry Assets and Investment Property are classified as cash-generating assets as these assets generate cash returns.

Reporting format

These financial statements incorporate applicable amendments to legislation governing financial reporting requirements. In addition, the 2019/20 Annual Budget may incorporate changes from 2018/28 10 Year Plan.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2

RATES REVENUE

	Actual 2020 \$000	Actual 2019 \$000
GENERAL RATES (including UAGC)	75,694	72,101
Rates penalties	527	597
TARGETED RATES ATTRIBUTABLE TO ACTIVITIES:		
Water	6,772	6,684
Wastewater	8,909	8,978
Rubbish and recycling	5,554	5,385
Metered water	2,306	2,451
Warmup Palmy	40	43
	99,802	96,239
Less internal rates	(950)	(930)
TOTAL REVENUE FROM RATES	98,852	95,309

PNCC is required by the NZLGFA Guarantee and Indemnity Deed to disclose in its financial statements its annual rates revenue, as defined in that Deed. For this purpose the total revenue from rates above is as defined in that Deed.

RATES REMISSIONS

Rates revenue is shown net of rates remissions. PNCC has adopted rates remission policies that provide for rates to be remitted for a variety of purposes. During the year the following sums have been remitted in accordance with these policies.

	Actual 2020 \$000	Actual 2019 \$000
Community organisations	121	119
Arts, recreation and sporting organisations	26	24
Wastewater charges for non-residential properties	13	8
Penalties	103	86
Wastewater charges for educational establishments	143	144
Residential land in commercial or industrial areas	5	16
TOTAL REMISSIONS	411	397

In accordance with the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. This includes schools, universities, hospitals, places of religious worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of wastewater, water, rubbish and recycling. Non-rateable land does not constitute a remission under PNCC's rates remission policy.

PNCC's rating base information at the end of the preceding financial year are detailed below:

	Actual 2020	Actual 2019
Number of rating units (units)	33,518	33,225
Total capital value of rating units (\$million)	19,736	15,147
Total land value of rating units (\$million)	10,087	6,435

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3

FINANCE REVENUE AND FINANCE COSTS

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
FINANCE REVENUE				
Interest revenue	8	281	34	321
Dividend received	1,035	649	350	5
Revenue from financial assets at fair value through surplus or deficit:				
Revenue from Long Term Investment Fund	-	0	-	0
Fair value movement of Long Term Investment Fund	-	-	-	-
TOTAL FINANCE REVENUE	1,043	930	384	326
FINANCE COSTS				
Interest on borrowings:				
Secured loans	5,535	6,019	6,066	6,541
Finance lease liabilities	-	-	-	-
Effect on provisions of discount unwind (note 23)	-	-	-	-
Fair value movement through surplus or deficit:				
Loss/(gain) on derivative financial instruments	2,594	3,546	2,594	3,546
TOTAL FINANCE COSTS	8,129	9,565	8,660	10,087
NET FINANCE REVENUE (COSTS)	(7,086)	(8,635)	(8,276)	(9,761)

NOTE 4

OTHER REVENUE

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Regulatory user charges and fees	6,015	6,863	6,015	6,863
Rendering of services and other revenue (excludes metered water)	17,836	16,219	27,880	27,412
Rental revenue from investment properties	227	253	227	253
Rental revenue from operating properties	4,057	3,808	4,057	3,808
Fuel tax	550	598	550	598
Impairment of receivables recovered	5	26	5	26
TOTAL OTHER REVENUE	28,690	27,767	38,734	38,960

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5

SUBSIDIES AND GRANTS

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
OPERATING SUBSIDIES AND GRANTS				
Receipt of grants	626	548	1,241	675
NZ Transport Agency subsidies	2,987	3,213	2,987	3,213
TOTAL OPERATING SUBSIDIES AND GRANTS	3,613	3,761	4,228	3,888
CAPITAL SUBSIDIES AND GRANTS				
Revenue for capital expenditure	458	2,388	458	2,388
NZ Transport Agency subsidies	6,350	8,619	6,350	8,619
TOTAL CAPITAL SUBSIDIES AND GRANTS	6,808	11,007	6,808	11,007

There are no unfulfilled conditions and other contingencies attached to government grants recognised (2019 nil).

NOTE 6

OTHER GAINS/(LOSSES)

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
OTHER GAINS				
Gain on changes in fair value of forestry assets (note 20)	119	227	119	227
Gain on harvest of investment forest	-	512	-	512
Gain on changes in fair value of investment property (note 21)	-	-	1	1,051
TOTAL OTHER GAINS	119	739	120	1,790
OTHER LOSSES				
Reversal (impairment) of property, plant and equipment	-	-	-	-
Financial asset fair value adjustment	-	-	-	-
Loss on changes in fair value of investment property (note 21)	(84)	(941)	(482)	(941)
Net gain/(loss) on disposal of property, plant and equipment	103	904	102	815
TOTAL OTHER LOSSES	19	(37)	(380)	(126)
TOTAL GAINS/(LOSSES)	138	702	(260)	1,664

Gains/(losses) on changes in fair value arises from the annual revaluation of investment properties, forestry assets and other valuation changes. In accordance with PBE accounting standards, all changes in the fair value of these assets must be recognised in surplus or deficit.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7

EXCHANGE AND NON-EXCHANGE REVENUE

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
EXCHANGE REVENUE				
Elections	128	-	128	-
External contracts	3,217	2,867	3,217	2,867
Investment property	233	255	233	255
Investments	592	368	611	407
Investments in companies	685	644	-	-
Print Synergy	10	16	10	16
Public rental housing	-	-	-	-
Civic Administration Building	160	266	160	266
Provision of goods and services	-	-	10,366	11,192
TOTAL EXCHANGE REVENUE	5,025	4,416	14,725	15,003
NON-EXCHANGE REVENUE				
Revenue from rates				
Rates	98,852	95,309	98,480	94,962
REVENUE FROM TRANSFERS				
Provision of goods and services	17,503	16,861	17,188	17,914
Fines and infringements	1,309	1,296	1,309	1,296
Regulatory user charges and fees	6,015	6,863	6,015	6,863
Operating subsidies and grants	3,613	3,761	4,229	3,888
Capital subsidies and grants	6,808	11,007	6,808	11,007
Development contributions	2,992	1,776	2,992	1,776
Vested assets	2,841	1,714	2,869	1,788
TOTAL NON-EXCHANGE REVENUE	139,933	138,587	139,890	139,494
TOTAL REVENUE	144,958	143,003	154,615	154,497

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8

EMPLOYEE AND ELECTED REPRESENTATIVES BENEFIT EXPENSES

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Salaries, wages and earned compensation	45,051	42,625	49,231	46,616
Elected representatives total remuneration	995	936	995	936
Employer contributions to multi-employer defined contribution plans	1,377	1,377	1,476	1,439
Increase/(decrease) in employee benefit liabilities	1,071	(212)	1,138	(208)
TOTAL EMPLOYEE AND ELECTED REPRESENTATIVES BENEFIT EXPENSES	48,494	44,726	52,840	48,783

Employer contributions to superannuation plans include those required as an employer, for example to KiwiSaver, plus contributions paid by the employer as part of the employees' remuneration package, excluding any employee salary contribution.

Chief Executive

The Chief Executive of PNCC is appointed under section 42 of the Local Government Act 2002. Heather Shotter received total remuneration (including any non-financial benefits) of \$378,124 (2019 \$356,521).

Executive Management Team Remuneration

The table below includes detail of the key management personnel, being the Chief Executive and members of the executive leadership team. Details of Councillors are excluded and detailed below.

	COUNCIL	
	Actual 2020 \$000	Actual 2019 \$000
Total remuneration	2,209,997	2,576,507
Full-time equivalent members	8	8

Elected Representatives

Elected representatives received the following remuneration:

MEMBER	POSITION	Annual Salary 2020 \$	Non Salary \$000	Total Remuneration 2020 \$000	Annual Salary 2019 \$	Non Salary \$000	Total Remuneration 2019 \$000
Current Elected Representatives		\$	\$000	\$000	\$	\$000	\$000
Smith G	Mayor	144,956	-	144,956	136,309	-	136,309
Utikere T	Deputy Mayor	89,636	13,105	102,741	71,736	10,181	81,917
Barrett B	Councillor	49,948	1,187	51,135	44,835	2,707	47,542
Baty S	Councillor	62,778	8,891	71,669	54,700	9,643	64,343
Bowen R	Councillor	53,608	3,038	56,646	50,664	987	51,651
Butt Z	Councillor	33,264	479	33,743	-	-	-
Dennison V	Councillor	53,404	1,187	50,505	49,318	1,187	50,505
Dingwall R	Councillor	33,195	410	33,605	-	-	-
Findlay L	Councillor	47,882	1,187	49,069	44,835	1,187	46,022
Handcock P	Councillor	33,194	409	33,603	-	-	-
Hapeta L	Councillor	52,183	987	55,343	52,681	2,662	55,343
Johnson L	Councillor	51,965	3,204	55,169	44,835	1,147	45,982
Meehan B	Councillor	33,196	411	33,607	-	-	-
Naylor K	Councillor	47,830	1,134	48,964	44,835	1,187	46,022
Petrenas B	Councillor	48,100	987	49,087	46,181	987	47,168
Rutherford A	Councillor	56,268	3,007	59,275	52,681	1,987	54,668

NOTES TO THE FINANCIAL STATEMENTS

<i>Elected representatives to October 2019</i>								
Broad A	Councillor	16,919	365	17,284		53,354	1,187	54,541
Bundy-Cooke G	Councillor	14,276	365	14,641		44,835	1,187	46,022
Jefferies J	Councillor	15,737	365	16,102		49,543	1,187	50,730
McCann D	Councillor	17,693	304	17,997		56,045	987	57,032
TOTAL REMUNERATION				995,141				935,796
Number of elected representatives				16				16

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

With the enactment of the Local Government Act 2002, the Remuneration Authority is now responsible for setting the remuneration levels for elected members. The PNCC monetary remuneration (salary) detailed above was determined by the Remuneration Authority. As permitted under the Authority's guidelines PNCC has chosen for its elected members to receive an annual salary for the 2019/20 financial year rather than the alternative option of a combination of meeting fee payments and annual salary.

The determination issued by the Remuneration Authority also provides for the payment of hearing fees for those Councillors who sit as members on the Hearings Committee. This includes hearings of resource consent applications lodged under the Resource Management Act 1991 and any other hearings required, such as for the Sectional District Plan Review. The fees for members who act in this capacity are paid at the rate of \$100 per hour for the Chair and \$80 per hour for other members of the Committee. Councillors may also sit as members on the District Licensing Committee with fees paid at the rate of \$78 per hour for the Chair and \$51 per hour for other members. Fees received by Councillors who have sat on these Committees are included under the heading Monetary Remuneration - Non-salary.

Councillors also receive a communications allowance and are able to claim an allowance for mileage. These allowances are set by the Remuneration Authority with the communications allowance to reimburse for costs incurred and is included under the heading Monetary Remuneration - Non-salary. The allowance for mileage is paid to Councillors when using their personal vehicle to travel from their normal place of residence to official PNCC meetings where the distance exceeds the threshold distance set by the Authority. The mileage allowance paid to individual Councillors is not included under this disclosure as it is a reimbursement of costs incurred and not considered remuneration.

In addition, the Mayor and Councillors can receive non-monetary remuneration in relation to car parking exemptions provided. The Councillors have shared working space available for use and access to computers. The Mayor, Grant Smith, was also provided with a motor vehicle for use on PNCC business and private use in addition to the Mayors remuneration above. Professional indemnity and trustee liability insurance is also provided to Councillors against any potential legal litigation which may occur while undertaking PNCC business.

Employee Remuneration

The table below includes details of employees and their remuneration, including members of key management but excluding elected representatives.

NUMBER OF EMPLOYEES RECEIVING TOTAL ANNUAL REMUNERATION AT 30 JUNE OF:	COUNCIL	
	Actual 2020	Actual 2019
Less than \$60,000	354	329
Between \$60,001 and \$79,999	132	125
Between \$80,000 and \$99,999	77	66
Between \$100,000 and \$119,999	49	35
Between \$120,000 and \$139,999	25	27
Between \$140,000 and \$159,999	12	6
Between \$160,000 and \$219,999	-	6
Between \$160,000 and \$239,999	6	-
Between \$220,000 and \$359,999	-	6
Between \$240,000 and \$379,999	6	-
TOTAL EMPLOYEES	661	600

As required by legislation where the number of employees in any band is 5 or fewer, the number for that band has been combined with the next highest band or bands.

NOTES TO THE FINANCIAL STATEMENTS

THE TOTAL EMPLOYEES COMPRISES:	COUNCIL	
	Actual 2020	Actual 2019
Full-time employees	560	496
Full-time equivalent of all other employees (basis 40 hour working week)	57	62
TOTAL FULL-TIME EQUIVALENT	617	558

Severance payments

For the year ended 30 June 2020, PNCC made 3 severance payments exceeding contractual entitlements totalling \$125,617 (2019, one, total \$12,451). The value of each severance payments were \$36,036, \$52,336 and \$24,393.

The term severance payment includes non-monetary benefits but excludes salary, holiday pay, superannuation contributions and any other contractual entitlements to which the employee was already entitled. The precise amount of each severance payable to each individual is required to be disclosed. Employees are not required to be named, however, section 33 of schedule 10 of the Local Government Act 2002 requires the disclosures of the severance paid to a Chief Executive.

NOTE 9

OTHER EXPENSES

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Fees to principal auditor:				
Audit fees for financial statement audit	219	226	339	323
Audit fees for 10 year plan audit	-	-	-	-
Audit fees for debenture trust deed audit	5	5	5	5
Impairment of receivables	191	26	191	26
Minimum lease payments under operating leases	833	879	833	879
Direct expenses from investment property	657	695	5,105	695
Grants for community support and economic promotion	9,192	9,150	5,399	5,565
Professional service costs	12,906	13,274	13,251	13,515
Insurance premiums	2,031	1,816	2,321	2,068
Transition payment to Manawatu District Council	439	427	439	427
Other operating expenses	28,596	26,664	28,001	31,262
TOTAL OTHER EXPENSES	55,069	53,162	55,884	54,765

Audit fees above exclude disbursements.

In the context of reporting by local authorities, donations are interpreted as per their common usage, that is, discretionary charitable gifts, and exclude any grants made in terms of PNCC's normal funding programme that seek to achieve the objectives of the Council. There have been no donations during the year.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10

TAX

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
COMPONENTS OF TAX EXPENSE				
Current tax expense	-	-	(685)	(923)
Adjustments to current tax for prior years	95	-	95	-
Deferred tax expense	-	-	1,014	43
Deferred tax adjustment from removal of tax depreciation on buildings	-	-	-	-
INCOME TAX REFUND/ (EXPENSE)	95	-	424	(880)
RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT:				
Surplus/(deficit) before tax	(3,198)	2,330	(1,903)	5,330
Tax at 28% (2019 28%)	895	(652)	532	(1,492)
Non-deductible expenditure	-	-	-	-
Non-taxable revenue, permanent differences	(895)	652	(904)	772
Prior year adjustment, deferred tax adjustment	-	-	-	-
Deferred tax adjustment for the year & deferred tax movement at revaluation	95	-	796	(160)
TAX CHARGE FOR THE YEAR	95	-	424	(880)
Movement in deferred tax due to tax depreciation changes	-	-	-	-
Movement in deferred tax due to tax rate changes	-	-	-	-
TAX REFUND / (EXPENSE)	95	-	424	(880)

	PROPERTY, PLANT AND EQUIPMENT	EMPLOYEE ENTITLEMENTS	OTHER PROVISIONS	TOTAL
DEFERRED TAX ASSETS/(LIABILITIES)				
GROUP				
Balance at 1 July 2018	(7,874)	25	5	(7,844)
Charged to surplus or deficit	(224)	12	-	(212)
Balance at 30 June 2019	(8,098)	37	5	(8,056)
Charged to surplus or deficit	1,007	4	(4)	1,007
Charged to other comprehensive income	506	-	-	506
Charged to equity - revaluation surplus	-	-	-	-
BALANCE AT 30 JUNE 2020	(6,585)	41	1	(6,543)

During the year, tax losses were transferred to PNAL by tax loss offset with payment of \$55,000 and loss effect of \$196,000.

A deferred tax asset has not been recognised in relation to unused tax losses of \$212,000 (2019 \$194,000) with a tax effect of \$59,000 (2019 \$54,000).

Imputation credits of \$3.6m (PNAL) are available to impute distributions from subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11

CASH AND CASH EQUIVALENTS

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Cash at bank and on hand	1,039	1,671	2,110	2,239
Short term bank deposits with maturities of less than three months	1,000	1,000	1,227	1,585
TOTAL CASH AND CASH EQUIVALENTS	2,039	2,671	3,337	3,824

The carrying value of short term deposits with maturity dates of three months or less approximates their fair value.

The Construction Contracts Act 2002 requires that where PNCC holds retention money deducted from commercial construction contracts those retentions be held "on trust" in the form of cash or other liquid assets for the benefit of those contractors. This relates to contracts entered into or renewed on or after 31 March 2017. At June 2020 PNCC has designated that \$1,000,000 of the short term bank deposits are held on trust for those contractors. At June 2020 the actual retentions held amounted to \$1,160k. The amount held "on trust" will be reviewed when the short term bank deposits mature on 29 July 2020 to ensure it is sufficient to cover obligations.

The total value of cash and cash equivalents that can only be used for a specified purpose as outlined in the relevant trust deeds is \$nil (2019 \$nil).

Cash and cash equivalents are held by each entity within the group. Each of the group entities are governed by controlling documents, for example trust deeds, with those documents determining the availability of the cash and cash equivalents to other members of the group. The requirements of those documents in applying group cash amounts means that the amounts may not be available to other members of the group.

Cash and bank overdrafts include the following for the purposes of the cash flow statement:

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Cash at bank and on hand	1,039	1,671	2,110	2,239
Short term bank deposits with maturities of less than three months	1,000	1,000	1,227	1,585
Bank overdrafts (note 25)	-	-	-	(3,964)
	2,039	2,671	3,337	(140)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12

TRADE AND OTHER RECEIVABLES

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Rates receivables	1,611	1,250	1,611	1,250
Other receivables	4,261	4,273	4,772	5,217
Related party receivables	29	18	-	-
Water debtors	467	365	467	365
Tax receivable (includes GST receivables)	1,312	1,687	1,354	1,687
Prepayments and accruals	5,414	2,326	5,544	2,626
	13,094	9,919	13,748	11,145
Less provision for impairment of receivables	(249)	(75)	(249)	(92)
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	12,845	9,844	13,499	11,053
TOTAL RECEIVABLES COMPRISES:				
Receivables from exchange transactions	824	751	824	1,550
Receivables from non-exchange transactions	12,021	9,093	12,675	9,503

The carrying value of trade and other receivables approximates their fair value.

PNCC does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow PNCC to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgment, then PNCC can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

Rates and penalties receivable and overdue at balance date comprise the following:

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Current year	1,544	1,202	1,544	1,202
Past due one year	64	48	64	48
Past due two years	3	-	3	-
CARRYING AMOUNT	1,611	1,250	1,611	1,250

PNCC has consistently collected more than 50% of rates receivable at balance date within two months and 95% within six months of balance date. No forced sales have been necessary in the current year.

NOTES TO THE FINANCIAL STATEMENTS

The status of receivables, excluding rates receivables, as at 30 June 2020 and 2019 are detailed below:

	Actual 2020 \$000			Actual 2019 \$000		
	Gross	Impairment	Net	Gross	Impairment	Net
COUNCIL						
Not past due	2,196	-	2,196	2,588	-	2,588
Past due 1-30 days	448	-	448	608	-	608
Past due 31-60 days	202	-	202	124	-	124
Past due > 60 days	1,415	249	1,166	953	75	878
	4,261	249	4,012	4,273	75	4,198
GROUP						
Not past due	2,657	-	2,657	3,464	-	3,464
Past due 1-30 days	479	-	479	657	-	657
Past due 31-60 days	220	-	220	124	-	124
Past due > 60 days	1,416	249	1,167	972	92	880
	4,772	249	4,523	5,217	92	5,125

As of 30 June 2020 and 2019, all overdue receivables, except for rates receivable, have been assessed for impairment and appropriate provisions applied, as detailed below. PNCC holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provision has been calculated based on expected losses for PNCC's debtors determined based on a review of specific debtors. No collective impairment provision is considered necessary.

Movements in the provision for impairment of receivables and community loans are as follows:

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
At 1 July	75	109	75	124
Additional provisions made during the year	190	4	190	6
Provisions reversed during the year	(10)	(20)	(10)	(20)
Receivables written-off during the period	(6)	(18)	(6)	(18)
AT 30 JUNE	249	75	249	92

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13

INVENTORIES

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Current portion				
Depot Store - roading, water, stormwater and wastewater reticulation spares and various network parts	304	265	355	315
Plant nursery	75	76	75	76
Fuel and other consumables	6	7	6	7
Assets held for sale	-	-	176	-
TOTAL CURRENT PORTION	385	348	612	398
Non current portion				
Whakarongo - land held for sale	4,730	4,730	4,730	4,730
Whakarongo - work in progress	374	254	374	254
TOTAL NON-CURRENT PORTION	5,104	4,984	5,104	4,984

All inventory held for distribution is valued at cost. The write-down of inventories for loss of service potential amounted to \$nil (2019 \$nil).

No inventories are pledged as security for liabilities (2019 \$nil).

Land is classified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than continuing use. It is measured at the lower of the carrying amount and fair value less costs to sell.

The Council is currently developing land for future sale, and of the costs to date (including the value of land transferred to inventory) of \$5,104k are not expected to be recovered until after 30 June 2021 (2019 \$4,984k).

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14

OTHER FINANCIAL ASSETS

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
CURRENT PORTION				
Loans and receivables (unsecured)	-	-	-	-
Short term bank deposits with maturities of 4-12 months	-	-	934	380
TOTAL CURRENT PORTION	-	-	934	380
NON-CURRENT PORTION				
Investments in CCOs and industry companies:				
Shares in subsidiaries (Palmerston North Airport Ltd)	10,842	10,842	-	-
Unlisted shares - Civic Financial Services Ltd	382	650	382	650
Unlisted shares - New Zealand Local Government Funding Agency	352	306	352	306
Borrower notes - New Zealand Local Government Funding Agency	2,349	1,792	2,349	1,792
	13,925	13,590	3,083	2,748
Other financial assets:				
Other advances	-	-	-	-
Bank deposits with maturities beyond 12 months	-	-	-	-
	-	-	-	-
Total non-current portion	13,925	13,590	3,083	2,748
Total other financial assets	13,925	13,590	4,017	3,128

Impairment

There are no impairment provisions for other financial assets. None of the financial assets are either past due or impaired.

Fair value

The carrying value of loans and receivables, short term bank deposits and other advances approximates their fair value, except as detailed below.

Palmerston North Airport Limited owns and operates Palmerston North Airport. As at 30 June 2020 PNCC owned 100% (2019 100%) of the issued and paid up share capital of the Company.

Palmerston North Airport Limited's share capital at 30 June 2020 comprised 9,195,000 fully paid ordinary shares (2019 9,195,000 fully paid ordinary shares). All shares carry equal voting rights and the right to any share in surplus on the winding up of the company. None of the shares carry fixed dividend rights.

Civic Financial Services Ltd provides financial services primarily to New Zealand local government. PNCC holds a 3.73% (2019 3.73%) shareholding in the entity. There is no intention to dispose of this investment and there has not been a business valuation to establish fair value. As the holding is not material, net asset backing has been used as a proxy to assess fair value. A shareholder dividend distribution during the year upon sale of the company's main asset. This reduced the value of the asset.

PNCC is a shareholder of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. During the 2013 year PNCC subscribed for \$200,000 of shares, including \$100,000 of uncalled capital. There is no intention to dispose of this investment and there has not been a business valuation to establish fair value. As the holding is not material, net asset backing has been used as a proxy to assess fair value.

When a local authority obtains debt from the NZLGFA it is required to subscribe for "borrower notes" for a portion of the debt. These notes have maturity as for the debt, accrue interest and are repayable when the associated debt is repaid. Interest has been accrued and included in the total outstanding.

Short term bank deposits held by group entities are governed by each entities controlling documents, for example trust deeds. Those documents determine the requirements in applying funds and availability of the bank deposits to other members of the group. The requirements of those documents in applying group cash amounts means that the amounts may not be available to other members of the group.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15

INVESTMENT IN ASSOCIATE

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
NON-CURRENT PORTION				
Investment in Central Economic Development Agency Limited (CEDA) at cost	1	1	1	1
Equity accounted share of associate's surplus/(deficit)	-	-	370	465
TOTAL NON-CURRENT PORTION	1	1	371	466
PNCC'S 50% SHARE OF ASSOCIATE'S GROUP SUMMARISED FINANCIAL INFORMATION:				
Assets			564	861
Liabilities			194	395
Revenues			1,686	1,966
Surplus/(deficit)			(95)	(44)
Group's interest			50%	50%
Share of contingent liabilities incurred jointly with other investors			-	-

The CEDA group includes the Events Manawatu Trust as CEDA has the capacity to control the trust's governing body.

NOTE 16

DERIVATIVE FINANCIAL INSTRUMENTS

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
CURRENT ASSET PORTION				
Interest rate swaps	-	-	-	-
TOTAL CURRENT ASSET PORTION	-	-	-	-
NON-CURRENT ASSET PORTION				
Interest rate swaps	-	-	-	-
TOTAL NON-CURRENT ASSET PORTION	-	-	-	-
CURRENT LIABILITY PORTION				
Interest rate swaps	2,925	2,551	2,925	2,551
TOTAL CURRENT LIABILITY PORTION	2,925	2,551	2,925	2,551
NON-CURRENT LIABILITY PORTION				
Interest rate swaps	11,636	9,416	11,636	9,416
TOTAL NON-CURRENT LIABILITY PORTION	11,636	9,416	11,636	9,416

All derivative financial instruments are categorised as held for trading at fair value through surplus or deficit. The fair value of interest rate swaps have been determined using discounted cash flow valuation techniques based on quoted market prices.

Outstanding interest rate swap contracts at 30 June 2020 comprised the following:

\$5m notional value of swaps in which PNCC will pay fixed interest of 4.6% (2019 4.6%) and receive floating on a monthly basis (2019 \$5m).

\$86m notional value of swaps in which PNCC will pay fixed interest varying from 1.3% to 6.3% (2019 3.8% to 6.3%) and receive floating on a quarterly basis (2019 \$79m).

\$56m notional value of forward start swaps in which PNCC will pay fixed interest varying from 1.3% to 4.0% (2019 2.6% to 4.6%) and receive floating on a quarterly basis (2019 \$74m).

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17

PROPERTY, PLANT AND EQUIPMENT

Note: Pages 176 - 177 (Property, plant and equipment) table should be read as one continuous table across both pages.

2020	Cost/ revaluation	Accumulated depreciation & impairment charges	Carrying amount	Additions transferred	Current year additions constructed by Council
	1-Jul-19 \$000	1-Jul-19 \$000	1-Jul-19 \$000	\$000	\$000
COUNCIL OPERATIONAL ASSETS					
Land	131,787	-	131,787	-	375
Buildings	184,715	62	184,653	-	2,297
Improvements	56,477	1,442	55,035	-	17,272
Office equipment, furniture and fittings	25,518	21,723	3,795	-	3,082
Library materials	5,677	3,414	2,263	-	793
Motor vehicles and plant	22,616	16,336	6,280	-	2,439
TOTAL OPERATIONAL ASSETS	426,790	42,977	383,813	-	26,258
COUNCIL INFRASTRUCTURAL ASSETS					
Waste management	23,427	1,140	22,287	-	815
Wastewater					
- treatment plants and facilities	36,944	1,457	35,487	-	2,519
- other assets	130,420	5,286	125,134	-	2,172
Water					
- treatment plants and facilities	44,812	1,088	43,724	-	3,792
- other assets	117,895	4,620	113,275	-	522
Stormwater	188,493	3,457	185,036	-	1,939
Roading network	388,810	21,614	367,196	-	13,929
Land under roads	355,675	-	355,675	-	1,161
TOTAL INFRASTRUCTURAL ASSETS	1,286,476	38,662	1,247,814	-	26,849
COUNCIL RESTRICTED ASSETS					
Land	27,083	-	27,083	-	-
TOTAL RESTRICTED ASSETS	27,083	-	27,083	-	-
TOTAL PNCC PROPERTY, PLANT AND EQUIPMENT	1,740,349	81,639	1,658,710	-	53,107
COUNCIL CONTROLLED ORGANISATIONS PROPERTY, PLANT AND EQUIPMENT					
Land	32,004	-	32,004	(176)	-
Buildings	13,541	-	13,541	-	495
Improvements	1,055	825	230	-	16
Infrastructural assets	38,734	4,192	34,542	(4)	355
Plant and equipment	7,476	4,881	2,595	4	807
Office equipment, furniture and fittings	1,276	957	319	-	93
Collection assets	16,542	-	16,542	-	36
Motor vehicles	12	12	-	-	14
TOTAL CCO PROPERTY, PLANT AND EQUIPMENT	110,640	10,867	99,773	(176)	1,816
TOTAL GROUP PROPERTY, PLANT AND EQUIPMENT	1,850,989	92,506	1,758,483	(176)	54,923

NOTES TO THE FINANCIAL STATEMENTS

Current year vested asset additions	Current year disposals	Reversal of accumulated depreciation on disposal	Current year depreciation	Revaluation surplus	Cost/ revaluation	Accumulated depreciation & impairment charges	Carrying amount
\$000	\$000	\$000	\$000	\$000	30-Jun-20 \$000	30-Jun-20 \$000	30-Jun-20 \$000
-	-	-	-	-	132,162	-	132,162
-	-	-	8,304	-	187,012	8,366	178,646
-	-	-	3,303	-	73,749	4,745	69,004
-	-	-	1,192	-	28,600	22,915	5,685
-	8	8	806	-	6,462	4,212	2,250
-	346	138	1,549	-	24,709	17,747	6,962
-	354	146	15,154	-	452,694	57,985	394,709
-	-	-	589	2,285	26,527	155	26,372
-	-	-	820	(1,331)	38,132	241	37,891
628	-	-	2,871	39,927	173,147	857	172,290
-	-	-	592	1,615	50,219	164	50,055
435	-	-	2,482	12,706	131,558	678	130,880
700	-	-	1,802	26,245	217,377	478	216,899
1,078	-	-	11,971	20,453	424,270	2,376	421,894
-	-	-	-	453	357,289	-	357,289
2,841	-	-	21,127	102,353	1,418,519	4,949	1,413,570
-	-	-	-	-	27,083	-	27,083
-	-	-	-	-	27,083	-	27,083
2,841	354	146	36,281	102,353	1,898,296	62,934	1,835,362
-	-	-	-	-	31,828	-	31,828
-	-	-	346	-	13,690	-	13,690
-	-	-	50	-	1,071	875	196
-	-	-	1,208	(1,810)	37,275	5,400	31,875
-	13	11	551	-	8,274	5,421	2,853
-	56	55	102	-	1,313	1,004	309
22	-	-	-	(1,273)	15,327	-	15,327
-	-	-	-	-	26	12	14
22	69	66	2,257	(3,083)	108,804	12,712	96,092
2,863	423	212	38,538	99,270	2,007,100	75,646	1,931,454

NOTES TO THE FINANCIAL STATEMENTS

Note: Pages 178-179 (Property, plant and equipment) table should be read as one continuous table across both pages.

2019	Cost/ revaluation	Accumulated depreciation & impairment charges	Carrying amount	Additions transferred	Current year additions constructed by Council
	1-Jul-18 \$000	1-Jul-18 \$000	1-Jul-18 \$000	\$000	\$000
COUNCIL OPERATIONAL ASSETS					
Land	91,369	-	91,369	-	(286)
Buildings	176,537	13,713	162,824	-	245
Improvements	50,882	4,688	46,194	-	16,738
Office equipment, furniture and fittings	24,013	20,790	3,223	-	1,507
Library materials	5,319	3,117	2,202	-	845
Motor vehicles and plant	21,385	15,126	6,259	-	1,537
TOTAL OPERATIONAL ASSETS	369,505	57,434	312,071	-	20,586
COUNCIL INFRASTRUCTURAL ASSETS					
Waste management	22,875	563	22,312	-	552
Wastewater					
- treatment plants and facilities	33,801	710	33,091	-	3,143
- other assets	129,267	2,629	126,638	-	736
Water					
- treatment plants and facilities	43,543	539	43,004	-	1,269
- other assets	112,820	2,278	110,542	-	4,807
Stormwater	185,382	1,713	183,669	-	2,379
Road network	365,013	10,654	354,359	-	24,440
Land under roads	355,246	-	355,246	-	289
TOTAL INFRASTRUCTURAL ASSETS	1,247,947	19,086	1,228,861	-	37,615
COUNCIL RESTRICTED ASSETS					
Land	17,677	-	17,677	-	-
TOTAL RESTRICTED ASSETS	17,677	-	17,677	-	-
TOTAL PNCC PROPERTY, PLANT AND EQUIPMENT	1,635,129	76,520	1,558,609	-	58,201
COUNCIL CONTROLLED ORGANISATIONS PROPERTY, PLANT AND EQUIPMENT					
Land	27,732	-	27,732	288	(16)
Buildings	14,700	-	14,700	-	(1,714)
Improvements	1,049	780	269	-	6
Infrastructural assets	35,692	3,337	32,355	-	3,402
Plant and equipment	7,125	4,856	2,269	-	867
Office equipment, furniture and fittings	1,448	1,076	372	-	82
Collection assets	16,436	-	16,436	-	32
Motor vehicles	12	11	1	-	-
TOTAL CCO PROPERTY, PLANT AND EQUIPMENT	104,194	10,060	94,134	288	2,659
TOTAL GROUP PROPERTY, PLANT AND EQUIPMENT	1,739,323	86,580	1,652,743	288	60,860

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

NOTES TO THE FINANCIAL STATEMENTS

Current year vested assets	Current year disposals	Reversal of accumulated depreciation on disposal	Current year depreciation	Revaluation surplus	Cost/ revaluation	Accumulated depreciation & impairment charges	Carrying amount
\$000	\$000	\$000	\$000	\$000	30-Jun-19 \$000	30-Jun-19 \$000	30-Jun-19 \$000
-	3,930	-	-	44,634	131,787	-	131,787
-	103	24	6,965	8,036	184,715	62	184,653
-	5	2	3,410	(11,138)	56,477	1,442	55,035
-	2	1	736	-	25,518	21,723	3,795
-	487	487	777	-	5,677	3,414	2,263
-	306	261	1,471	-	22,616	16,336	6,280
-	4,833	775	13,359	41,532	426,790	42,977	383,813
-	-	-	577	-	23,427	1,140	22,287
-	-	-	747	-	36,944	1,457	35,487
417	-	-	2,657	-	130,420	5,286	125,134
-	-	-	549	-	44,812	1,088	43,724
268	-	-	2,342	-	117,895	4,620	113,275
732	-	-	1,744	-	188,493	3,457	185,036
157	800	-	10,960	-	388,810	21,614	367,196
140	-	-	-	-	355,675	-	355,675
1,714	800	-	19,576	-	1,286,476	38,662	1,247,814
-	-	-	-	9,406	27,083	-	27,083
-	-	-	-	9,406	27,083	-	27,083
1,714	5,633	775	32,935	50,938	1,740,349	81,639	1,658,710
-	-	-	-	4,000	32,004	-	32,004
-	-	-	363	918	13,541	-	13,541
-	-	-	45	-	1,055	825	230
-	360	304	1,159	-	38,734	4,192	34,542
-	516	483	508	-	7,476	4,881	2,595
-	254	251	132	-	1,276	957	319
74	-	-	-	-	16,542	-	16,542
-	-	-	1	-	12	12	-
74	1,130	1,038	2,208	4,918	110,640	10,867	99,773
1,788	6,763	1,813	35,143	55,856	1,850,989	92,506	1,758,483

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NOTES TO THE FINANCIAL STATEMENTS

Assets under construction

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

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
OPERATIONAL ASSETS				
Land	-	-	20	20
Buildings	851	-	3,922	3,071
Improvements	9,803	9,219	9,803	9,219
Office equipment, furniture and fittings	1,011	352	1,021	362
Library	-	-	-	-
Motor vehicles and plant	1,060	1	1,097	38
	12,725	9,572	15,863	12,710
INFRASTRUCTURAL ASSETS				
Waste management	1,585	776	1,585	776
Wastewater	3,290	3,513	3,290	3,513
Water	3,652	5,021	3,652	5,021
Stormwater	670	1,136	670	1,136
Road network	8,639	12,529	8,639	12,529
Infrastructure - CCO's	-	-	642	642
	17,836	22,975	18,478	23,617
TOTAL ASSETS UNDER CONSTRUCTION	30,561	32,547	34,341	36,327

Capital Commitments

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

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Buildings	16,456	1,934	16,456	1,934
Improvements	17	536	17	536
Library materials	-	-	-	-
Motor vehicles and plant	-	-	-	-
Road network	720	1,251	720	1,251
Waste management	-	-	-	-
Stormwater	-	-	-	-
Wastewater treatment plant	363	158	363	158
Water other assets	-	899	-	899
CCO capital commitments	-	-	24	2,295
Total capital commitments	17,556	4,778	17,580	7,073

PNCC currently has no construction contracts.

NOTES TO THE FINANCIAL STATEMENTS

REVALUATION OF ASSETS

Property, plant and equipment have been valued in accordance with the accounting policy set out in the Statement of Accounting Policy, under the 'asset revaluation' section (note 1).

Assets are valued to 'fair value' under the highest and best use scenario. Fair value is the amount for which an item could be exchanged or settled between knowledgeable willing parties in an arm's length transaction.

Where the fair value of the asset can be determined by reference to the price in an active market for the same asset or similar asset, the fair value of the asset is determined using this information. Where direct evidence of value is not available from an active market, fair value is determined from market-based evidence by appraisal, undertaken by a professionally qualified valuer. If there is no market-based evidence of fair value because of the specialised nature of the asset and the asset is rarely sold, fair value will be determined using the optimised depreciated replacement cost approach.

OPERATIONAL LAND, BUILDINGS, SPORTSFIELDS AND RECREATIONAL AND COMMUNITY FACILITIES

Fair value of land and buildings was determined from market-based evidence by an independent valuer. Where buildings and site improvements have been identified as being earthquake prone, then the valuation has been reduced by the estimated earthquake strengthening costs. The most recent valuation was performed by Andrew Walshaw (ANZIV, SPINZ) of Morgans Property Advisors, last valued effective 30 June 2019.

For site improvements valuation at fair value is determined by optimised depreciated replacement cost basis. The most recent valuation was performed by Andrew Walshaw (ANZIV, SPINZ) of Morgans Property Advisors, last valued effective 30 June 2019.

RESTRICTED LAND AND BUILDINGS

Fair value was determined from market-based evidence by an independent valuer. The most recent valuation was performed by Andrew Walshaw (ANZIV, SPINZ) of Morgans Property Advisors, effective 30 June 2019.

INFRASTRUCTURAL ASSET CLASSES: ROADS, WATER RETICULATION, WASTEWATER RETICULATION, STORMWATER NETWORKS AND WASTE MANAGEMENT

Infrastructure assets were last valued effective 31 March 2020.

The fair value of infrastructure assets, excluding land, was determined on an optimised depreciated replacement cost basis, assuming continuation of current asset capability and processing requirements. The valuation was prepared by staff engineers employed by PNCC (led by Eng Lim - BE, ME, CMEngNZ, PGDipBusAdmin) and was carried out using the New Zealand Infrastructure Asset Valuation and Depreciation Guidelines produced by New Zealand Asset Management Support (NAMS) Group. The valuation was reviewed by Stephen Garlick (BE, Diploma in Civil Engineering Asset Management (Strategic), CMEngNZ), an Associate Director from AECOM New Zealand Limited, who confirmed that the valuation basis is appropriate for external reporting purposes.

There is uncertainty around the impact of Covid-19 on construction costs. However, at the time of the most recent infrastructure asset revaluation, it was too early to identify whether there would be any trends regarding unit rates, and given the long lives of the assets in these classes it is likely that any impact of Covid-19 on rates will have passed before the majority of these assets are due for replacement.

Infrastructure land (excluding land under roads) was valued in 2020 on the basis of 'open market value' derived from sales evidenced for 17 urban localities in Palmerston North, Ashhurst and Aokautere and one rate for rural area. The open market value was in turn discounted to provide the specific rates for undeveloped land. While some infrastructure land (particularly off-street parking land) has independent certificates of title and therefore can be disposed of, the reality is that infrastructure land is required to be retained by PNCC for community use. The fair value was determined by Andrew Walshaw (ANZIV, SPINZ) of Morgans Property Advisors.

Additions and acquisitions to infrastructure assets since valuation date are valued at cost.

LAND UNDER ROADS (ROAD RESERVES), INFRASTRUCTURE LAND AND OFF-STREET PARKING LAND

Valuation of infrastructure land is generally considered 'non tradable' due to the perpetual nature of community use. It was valued at 31 March 2020 based on the undeveloped land value of the adjoining land with a discount applied to recognise the non-tradable nature of the asset. This asset class is re-valued as part of the infrastructural assets revaluation. The fair value was determined by Andrew Walshaw (ANZIV, SPINZ) of Morgans Property Advisors.

Land for off-street carparks, that have independent 'certificates of title' and can be disposed of, have been individually valued by registered valuer on an open market value basis, which is the price for which the property might reasonably be expected to be sold at the operative date between a willing buyer and willing seller in an arms length transaction. The fair value was determined by Andrew Walshaw (ANZIV, SPINZ) of Morgans Property Advisors at 31 March 2020.

NOTES TO THE FINANCIAL STATEMENTS

Land under roads was valued based on the fair value of adjoining undeveloped land determined by Chris Leahy (Registered Valuer FNZIV, FNZPI) of CL Property Solutions Ltd, effective 30 June 2005. On transition to NZ IFRS PNCC

	Council \$000
Wastewater	
- treatment plants and facilities	37,891
- other assets	172,290
Water	
- treatment plants and facilities	50,055
- other assets	130,880
Stormwater	216,899
Roading network	421,894

has elected to use the fair value of land under roads as at 30 June 2005 as deemed cost. Land under roads is no longer revalued.

Replacement cost

The most recent estimate of the replacement cost of infrastructural assets detailed above and as existed as at the latest valuation 31 March 2020 is:

PALMERSTON NORTH AIRPORT

Land and buildings owned by Palmerston North Airport Ltd are recorded at fair value. Land fair value has been determined using the market value in alternative use highest and best use methodology with buildings using an optimised depreciated replacement cost basis. An independent registered valuer, Morgans Property Advisors,

last re-valued the assets as at 30 June 2019

Airside infrastructure assets owned by Palmerston North Airport Ltd have been valued at fair value. Fair value was last determined by independent valuers AECOM New Zealand Ltd on an optimised depreciated replacement cost basis as at 30 June 2020.

LIBRARY COLLECTIONS

Library books were valued as at 30 June 1993, at their deemed cost. The NZ Pacific collection is valued at cost. All other books are valued at cost less accumulated depreciation. Additions since valuation date are stated at cost.

HERITAGE AND ART COLLECTION

The art collection assets are re-valued every three years and the heritage collection assets every four years.

The entire art collection (owned and custodial) was valued as at 30 January 2018 by Art + Object Auckland, on the basis of a fair, minimum value realisable.

The entire heritage collection (owned and custodial) was valued as at 30 June 2015 by Webb's, Auckland, on the basis of a fair, minimum value realisable.

ASSETS PLEDGED AS SECURITY

The net carrying amount of plant and equipment held under finance leases is \$nil (2019 \$nil). Except for assets subject to the housing improvement suspensory loan of \$480k (2019 \$480k) secured by mortgage against the relevant housing units, PNCC does not have any assets pledged as security for liabilities.

A registered first debenture and mortgage is secured over assets and property owned by Palmerston North Airport Ltd. The borrowings are from the Bank of New Zealand and at 30 June 2020 land, buildings and other property assets with a carrying value of \$82m has been pledged as security.

SIGNIFICANT ACQUISITIONS AND REPLACEMENT OF ASSETS

In accordance with the provisions of clause 24 of Schedule 10 of the Local Government Act 2002, the What the Council Does section contains more information on the significant acquisitions and renewals of assets on an activity basis.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 18

INTANGIBLE ASSETS

2020	COUNCIL					GROUP
	Computer Software \$000	Computer Licences \$000	Athletic Track \$000	Carpark Leases \$000	Total \$000	Total \$000
BALANCE AT 1 JULY 2019						
Cost	5,262	369	675	1,016	7,322	7,452
Accumulated amortisation and impairment	(4,650)	(366)	(675)	(223)	(5,914)	(6,015)
OPENING CARRYING AMOUNT	612	3	-	793	1,408	1,437
YEAR ENDED 30 JUNE 2020						
Additions	74	-	-	-	74	74
Amortisation charge	(177)	(4)	-	(20)	(201)	(211)
Disposals cost	-	-	-	-	-	-
Disposal accumulated amortisation	-	-	-	-	-	4
CLOSING CARRYING AMOUNT	509	(1)	-	773	1,281	1,304
BALANCE AT 30 JUNE 2020						
Cost	5,336	369	675	1,016	7,396	7,526
Accumulated amortisation and impairment	(4,827)	(370)	(675)	(243)	(6,115)	(6,222)
CLOSING CARRYING AMOUNT	509	(1)	-	773	1,281	1,304

2019	COUNCIL					GROUP
	Computer Software \$000	Computer Licences \$000	Athletic Track \$000	Carpark Leases \$000	Total \$000	Total \$000
BALANCE AT 1 JULY 2018						
Cost	5,178	369	675	1,016	7,238	7,368
Accumulated amortisation and impairment	(4,458)	(331)	(675)	(202)	(5,666)	(5,756)
OPENING CARRYING AMOUNT	720	38	-	814	1,572	1,612
YEAR ENDED 30 JUNE 2019						
Net additions	84	-	-	-	84	84
Amortisation charge	(192)	(35)	-	(21)	(248)	(259)
Disposals cost	-	-	-	-	-	-
Disposal accumulated amortisation	-	-	-	-	-	-
CLOSING CARRYING AMOUNT	612	3	-	793	1,408	1,437
BALANCE AT 30 JUNE 2019						
Cost	5,262	369	675	1,016	7,322	7,452
Accumulated amortisation and impairment	(4,650)	(366)	(675)	(223)	(5,914)	(6,015)
CLOSING CARRYING AMOUNT	612	3	-	793	1,408	1,437

Computer software includes software and systems under development of \$24k (2019 \$60k).

The carpark leases are for the lease of carpark for a period of 999 years with amortisation over the life of the carpark.

No intangible assets are pledged as security for liabilities (2019 \$nil).

There are no restrictions over the title of intangible assets except for the athletic track. The athletic track is on third party land with the cost reflecting PNCC construction cost. PNCC has a long term access agreement for residents.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 19

ACTIVITY DEPRECIATION AND AMORTISATION

Included in activity expenditure in section 2 are the following amounts of depreciation and amortisation:

	COUNCIL	
	Actual 2020 \$000	Actual 2019 \$000
Innovative & Growing City	545	509
Creative & Exciting City	8,265	6,939
Connected & Safe Community	3,507	3,096
Eco-City	606	609
Driven & Enabling Council	2,918	2,960
Transport	12,073	11,031
Stormwater	1,802	1,744
Wastewater	3,693	3,404
Water	3,074	2,891
TOTAL ACTIVITY DEPRECIATION AND AMORTISATION	36,483	33,183

NOTE 20

FORESTRY ASSETS

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
BALANCE AT 1 JULY	1,300	1,432	1,300	1,432
Increases due to purchases, replanting	-	-	-	-
Gains/(losses) arising from changes in fair value less estimated point of sale costs	119	227	119	227
Decreases due to harvest	-	(359)	-	(359)
BALANCE AT 30 JUNE	1,419	1,300	1,419	1,300

PNCC owns two forests held for harvest: Turitea and Gordon Kear. The forest assets referred to in this note are limited to the biological asset, being the forest crop (and do not include forest land or site improvements).

Turitea Forest is a pinus radiata plantation located within the water catchment reserve. During the 2019 period most of the older trees were harvested. The remaining plantation comprising 27 hectares is at varying stages of maturity ranging from 25 to 45 years. The land that has been harvested is being restored back into native vegetation.

Gordon Kear Forest is a second rotation pinus radiata plantation located in the upper Kahuterawa Valley, comprising 401.1 hectares aged from 4 to 10 years. Harvest of the first rotation tree crop finished in 2016 with replanting completed in 2017.

Forestry assets (biological assets) were valued as at 30 June 2020 by an independent registered forestry consultant Alan Bell (Registered Forestry Consultant - NZ Institute of Forestry). A pre-tax discount rate of 8.5% (2019 9%) has been used in discounting the present value of expected cash flows to determine fair value of the forestry crops. Valuation has been on a going concern basis and only includes the value of the current crop, based on current average costs and three year historical rolling average sales prices. The forest crops are valued on an annual basis.

There are no capital commitments in relation to forestry assets.

Financial risk management strategies

PNCC is exposed to financial risks arising from changes in timber prices. PNCC is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore, has not taken any measures to manage the risks of a decline in timber prices. PNCC reviews its outlook for timber prices regularly in considering the need for active financial risk management.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 21

INVESTMENT PROPERTY

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
BALANCE AT 1 JULY	4,620	5,515	11,433	6,090
Additions and acquisitions	14	46	124	5,233
Transfer to/(from) property, plant and equipment	-	-	-	-
Disposals	-	-	-	-
Fair value gains/(losses) on valuation (note 6)	(84)	(941)	(482)	110
BALANCE AT 30 JUNE	4,550	4,620	11,075	11,433

PNCC's investment properties are valued annually at fair value effective 30 June. All investment properties were valued based on open market evidence to determine fair value. The valuation was performed by Andrew Walshaw (ANZIV, SPINZ) of Morgans Property Advisors.

At the date of revaluation, Covid-19 created significant market uncertainty. The valuations are current as at the date of valuation only.

There are no contractual obligations in relation to investment properties at balance date not recognised in the financial statements for either capital expenditure or operating expenditure.

Whilst PNCC does not have any contractual commitment for capital expenditure, there is an intention (as detailed in the Property Asset Management Plan) to maintain and renew all investment property.

Palmerston North Airport Ltd has investment properties. These are valued annually at fair value effective 30 June, performed by Morgans Property Advisors.

NOTE 22

TRADE AND OTHER PAYABLES

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Trade payables	5,525	6,972	6,353	8,662
Deposits and bonds	3,203	3,335	3,221	3,389
Accruals and capital creditors	10,743	7,880	11,089	8,046
Amounts due to related parties	35	11	-	-
Fees and grants in advance	755	817	761	823
Rates in advance	1,461	1,225	1,461	1,225
Retentions	1,245	1,102	1,245	1,102
Tax payable (includes GST payables)	-	-	153	475
Other payables	522	432	677	477
TOTAL TRADE AND OTHER PAYABLES	23,489	21,774	24,960	24,199
TOTAL PAYABLES COMPRISES:				
Payables from exchange transactions	21,273	19,732	22,591	21,610
Payables from non-exchange transactions	2,216	2,042	2,369	2,589

Trade and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value.

Retentions are amounts deducted from commercial construction contracts. The Construction Contracts Act 2002 requires that for contracts entered into or renewed on or after 31 March 2017 those retentions be held "on trust" in the form of cash or other liquid assets for the benefit of those contractors. At June 2020 of the total retentions held, \$1,160k was required to be held on trust (2019 \$966k). PNCC has designated that a \$1,000,000 short term bank deposit is held on trust for those contractors. This amount will be reviewed when the current short term deposit matures on 29 July 2020 to ensure it is sufficient to cover obligations.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 23

PROVISIONS

	COUNCIL		GROUP	
	<i>Actual 2020 \$000</i>	<i>Actual 2019 \$000</i>	<i>Actual 2020 \$000</i>	<i>Actual 2019 \$000</i>
CURRENT				
Landfill aftercare provision	91	90	91	90
Building weather tightness claims	617	633	617	633
Building claims	46	46	46	46
Restructuring provision	-	489	-	489
TOTAL CURRENT PROVISIONS	754	1,258	754	1,258
NON-CURRENT				
Landfill aftercare provision	631	665	631	665
TOTAL NON-CURRENT PROVISIONS	631	665	631	665

COUNCIL AND GROUP	<i>Landfill aftercare \$000</i>	<i>Building weather tightness claims \$000</i>	<i>Building Act claims \$000</i>	<i>Restructuring provision \$000</i>
Balance at 30 June 2018	755	812	46	543
Additional provisions made during the year	-	-	-	489
Amounts used during the year	-	(179)	-	(543)
Discount unwind (note 3)	-	-	-	-
Balance at 30 June 2019	755	633	46	489
Additional provisions made during the year	-	-	-	-
Amounts used during the year	(33)	(16)	-	(489)
Discount unwind (note 3)	-	-	-	-
BALANCE AT 30 JUNE 2020	722	617	46	-

LANDFILL AFTERCARE PROVISION

PNCC, as owner and operator of the Awapuni landfill since 1952, has a legal obligation under resource consent to provide ongoing maintenance and monitoring of its landfill post-closure. The landfill closed at the end of January 2007. Post-closure activities include leachate, water, gas monitoring and remedial measures such as ongoing site maintenance, drainage systems and wastewater treatment, final clay capping, soil covering and vegetation.

Estimates of future monitoring costs and remedial works have been made by council engineers. These engineering estimates are the basis upon which PNCC has established this financial provision. The provision includes all expected future costs and obligations associated with landfill post-closure.

The provision has been estimated taking into account and based upon known technology, existing knowledge and current legal requirements for the remaining closure and ongoing maintenance and monitoring costs. The amount of the provision is the present value of future cash flows

expected to be incurred, using a discount rate of 3.4%. PNCC engineers and accountants review the amount of the landfill provision at least once a year. The long term nature of the landfill liability means that there are inherent uncertainties in estimating costs that will be incurred.

Cash outflows for post-closure remedial works were completed in 2015, with consent monitoring costs expected to continue for up to 9 years (until 2029).

Landfill post-closure remedial works are capitalised to the landfill asset where they give rise to future economic benefits. Components of the capitalised landfill asset are then depreciated over their useful lives.

The landfill provision of \$722k (2019 \$755k) is for consent monitoring costs.

No reimbursement from other sources outside of PNCC is expected.

NOTES TO THE FINANCIAL STATEMENTS

BUILDING WEATHER TIGHTNESS CLAIMS

PNCC has unresolved weather tightness claims. Refer to note 29 for further details. PNCC is unable to assess its exposure to these claims with the cost of any successful claims against PNCC expected to be substantially covered by provisions made.

PNCC also has exposure to possible calls relating to professional indemnity insurance cover, mainly relating to weather tightness claims. Refer to note 29 for further details. Current expectations are that one final call of an amount less than \$167k will be made in either 2023 or 2024.

PNCC has made a provision of \$617k (2019 \$633k) to cover unresolved and future weather tightness claims and future insurance pool calls.

BUILDING ACT CLAIMS

PNCC has further unresolved Building Act claims. Refer to note 29 for further details. PNCC is unable to assess its exposure to these claims with the cost of any successful claims against PNCC expected to be substantially covered under PNCC's insurance policies.

PNCC has made a provision of \$46,000 (2019 \$46,000) to cover unresolved and future building claims, although the potential liability and timing of any payment is uncertain.

NOTE 24**EMPLOYEE BENEFIT LIABILITIES**

	COUNCIL		GROUP	
	<i>Actual 2020</i>	<i>Actual 2019</i>	<i>Actual 2020</i>	<i>Actual 2019</i>
	\$000	\$000	\$000	\$000
Accrued pay (includes time in lieu and deductions payable)	689	409	864	525
Annual leave	4,550	3,929	4,863	4,224
Long service leave	525	500	538	512
Retirement gratuities	1,309	1,192	1,309	1,192
Sick leave	225	197	228	200
TOTAL EMPLOYEE BENEFIT LIABILITIES	7,298	6,227	7,802	6,653
COMPRISING:				
Current	6,001	5,096	6,502	5,517
Non-current	1,297	1,131	1,300	1,136
TOTAL EMPLOYEE BENEFIT LIABILITIES	7,298	6,227	7,802	6,653

Entitlements for long service leave and retirement gratuities that are payable beyond 12 months have been calculated on an actuarial basis. The amount of the provision is the present value of future cash flows expected to be incurred, using a discount rate of 3.5% and 3.5% (2019 2.75% and 3.5%) being for maturities that approximate the estimated future cash outflows. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 25

BORROWINGS

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
CURRENT				
Bank overdraft	-	-	3,700	3,964
Commercial paper	-	-	-	-
Secured loans	20,000	10,000	20,000	10,000
Finance lease liabilities	-	-	-	-
TOTAL CURRENT BORROWINGS	20,000	10,000	23,700	13,964
NON-CURRENT				
Secured loans	122,000	111,200	130,000	119,250
Finance lease liabilities	-	-	-	-
TOTAL NON-CURRENT BORROWINGS	122,000	111,200	130,000	119,250
TOTAL BORROWINGS	142,000	121,200	153,700	133,214

SECURED LOANS

PNCC has a total bank overdraft facility of \$0.5m (2019 \$0.5m) with interest being charged at the bank's prime lending rate.

PNCC has bank multi-option credit lines totalling \$43 million with \$nil drawn at 30 June 2020 (2019 \$2.2m). When drawn interest is currently incurred at the OCR rate plus 1.08%, payable in arrears.

Interest on PNCC's floating rate debenture stock is payable quarterly in arrears.

PNCC has debt raised with the New Zealand Local Government Funding Agency. At 30 June 2020, \$137 million is outstanding with maturities from 2021 to 2030. Interest rates are reset quarterly at the bankbill rate plus a margin varying from 0.3% to 0.8% with interest payable in arrears.

Effective interest rates, including line fees, are 4.2% (2019 5.2%). PNCC manages interest rate risk by use of interest rate swaps.

There are no conditions or covenants which, if contravened, would significantly alter the terms of the borrowing instruments or arrangements.

PNCC manages its borrowings in accordance with its funding and financial policies, which includes a Treasury Policy. These policies have been adopted in conjunction with PNCC's 10 Year Plan.

SECURITY

All of PNCC's secured loans plus the overdraft are secured under the terms of the Debenture Trust Deed between the PNCC and Covenant Trustee Services Ltd, as Trustee. Security is by a charge over the Council's ability to levy rates in favour of the Trustee. Pursuant to the Debenture Trust Deed PNCC has issued to its bankers security certificates totalling \$98m to secure the various bank loan facilities, bank overdraft, guarantees issued on behalf of PNCC and other general banking facilities (excluding commercial paper). Security certificates have also been issued to secure the debt raised with the New Zealand Local Government Funding Agency.

In 2010 and 2011 PNCC received a total of \$480,000 as part of a housing improvement scheme operated by Housing New Zealand. This loan has been utilised in improving community housing, is interest free and secured against those housing units. The loan is suspensory providing PNCC continues to own the units for 20 years, as is intended. PNCC has treated this as a grant and included this in revenue for capital expenditure as it intends to own these units indefinitely.

PNAL's borrowing is secured by a registered first debenture and mortgage over the assets and property of the Company. The balance outstanding is \$11.7m (2019 \$12.01m).

NOTES TO THE FINANCIAL STATEMENTS

FAIR VALUE

Fair values of the secured loans are as follows:

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
FLOATING RATE BANK LOANS				
Fixed rate bank loans	-	2,200	0	2,200
Floating rate debenture stock	-	-	0	8,050
Floating rate debenture stock	5,000	5,000	5,000	5,000
Fixed rate debenture stock	-	-	0	0
Commercial paper, short term	-	-	-	-
New Zealand Local Government Funding Agency	137,000	114,000	137,000	114,000
Fixed rate table loan	-	-	-	-
Housing improvement suspensory loan	-	-	-	-
Forestry encouragement loans	-	-	-	-
TOTAL	142,000	121,200	142,000	129,250
Current portion	(20,000)	(10,000)	(20,000)	(10,000)
Non-current portion	122,000	111,200	122,000	119,250

The carrying amounts of the short term borrowings approximate their fair values due to interest rates on debt predominantly being reset to the market rate every three months.

NOTE 26

EQUITY

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
RETAINED EARNINGS				
As at 1 July	1,049,412	1,043,437	1,081,564	1,073,560
Transfer following boundary alteration	-	-	-	-
Transfers from/(to) special funds	-	-	(60)	(51)
Transfer from/(to) Group on CCO transfer to Council	-	-	-	-
Transfers from asset revaluation reserve on disposal of property	-	3,645	-	3,645
Surplus/(deficit) for the year	(3,103)	2,330	(1,569)	4,410
As at 30 June	1,046,309	1,049,412	1,079,935	1,081,564
SPECIAL RESERVES AND FUNDS				
As at 1 July	-	-	289	242
Transfers (to)/from retained earnings	-	-	60	52
As at 30 June	-	-	349	294
Special reserves and funds consist of:				
- Wastewater Treatment Plant deferred expenditure (refer note 2)	-	-	-	-
- Endowment fund	-	-	11	11
- Collection development fund	-	-	16	21
- Historic building maintenance reserve	-	-	22	22
- Starlab replacement reserve	-	-	-	-
- Other reserves	-	-	-	-
- Development reserve - exhibitions	-	-	300	235
- Coach House fund	-	-	-	5
Total Special Reserves and Funds	-	-	349	294

NOTES TO THE FINANCIAL STATEMENTS

FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE				
As at 1 July	(474)	396	(474)	396
Revaluation of shares in industry companies	(306)	(870)	(306)	(870)
As at 30 June	(780)	(474)	(780)	(474)
ASSET REVALUATION RESERVES THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE				
As at 1 July	485,447	411,109	529,110	450,116
Revaluation gains/(losses) of operating property (net of deferred tax)	157,202	77,983	154,627	82,639
Transfer to retained earnings on disposal of property	-	(3,645)	-	(3,645)
As at 30 June	642,649	485,447	683,737	529,110
ASSET REVALUATION RESERVES CONSISTS OF:				
Operational assets				
Land	46,735	46,735	66,946	66,945
Buildings	101,516	101,516	104,276	103,770
Airside infrastructure	-	-	12,317	14,126
Improvements	-	-	-	-
Heritage collection	-	-	143	1,416
Art collection	-	-	5,657	5,657
Infrastructural assets				
Wastewater system	95,482	47,550	95,482	47,550
Water system	63,844	41,583	63,844	41,583
Stormwater system	105,250	74,224	105,250	74,224
Roading network	213,679	161,555	213,679	161,555
Waste management	5,314	1,455	5,314	1,455
Restricted assets				
Land	10,829	10,829	10,829	10,829
Total Revaluation Reserve	642,649	485,447	683,737	529,110
TOTAL EQUITY	1,688,178	1,534,385	1,763,241	1,610,494

Special reserves and funds include those held by CCO's. These originate from funds received for a specific purpose or reserves designated to be used for a specific purpose by the CCO.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 27

RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Surplus/(Deficit) after Tax	(3,103)	2,330	(1,568)	4,410
Add/(less) non-cash items:				
Depreciation and amortisation	36,483	33,183	38,747	35,402
Impairment charges	-	-	-	-
Vested assets	(2,841)	(1,714)	(2,869)	(1,788)
Provision movement	(537)	(233)	(537)	(233)
Share of associates deficit	-	-	95	44
(Gains)/losses in fair value of biological assets	(119)	(227)	(119)	(227)
(Gains)/losses in fair value of investment property	84	941	(314)	(21)
(Increase)/decrease in operating property valuation	-	-	-	-
(Gains)/losses in fair value of investment fund	-	-	-	-
Financial asset fair value adjustment	2,594	3,546	2,594	3,546
(Gains)/losses in fair value of derivative financial instruments	-	-	-	-
Effect of change in discount rate on provisions and discount unwind	-	-	-	-
Loan recognised as grant	-	-	-	2
Effective interest	-	-	(31)	(43)
Deferred tax movement	-	-	-	-
Add/(less) items classified as investing or financing activities:	(19)	37	(19)	39
(Gains)/losses on disposal of property, plant and equipment	-	-	-	-
Add/(less) movements in working capital items:				
Accounts receivable	(2,844)	1,312	(2,289)	1,296
Goods and Services Tax (net)	374	(78)	282	(147)
Inventories	158	90	157	92
Accounts payable (inclusive of employee benefits)	731	(1,065)	(385)	(1,055)
Provision for taxation	-	-	-	-
Net Cash inflow/(outflow) from operating activities	30,961	38,122	33,744	41,317

NOTES TO THE FINANCIAL STATEMENTS

NOTE 28

OPERATING LEASES AND OTHER COMMITMENTS

Operating Leases as Lessee

PNCC leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable remaining term of 18 months. The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Non-cancellable Operating Leases as Lessee				
Not later than one year	362	265	455	383
Later than one year and not later than five years	1,131	-	1,272	133
Later than five years	993	-	993	8
Total non-cancellable operating leases	2,486	265	2,720	524

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2019 \$nil).

Lease amounts payable have been determined on the basis of current annual rent payable and have not been discounted or inflation adjusted.

Leases can be renewed at PNCC's option, with rents set by reference to current market rates for items of equivalent age and condition. PNCC does have the option to purchase some of the leased assets at the end of the lease term.

There are no restrictions placed on PNCC by any of the leasing arrangements.

Operating Leases as Lessor

PNCC leases its investment property and some operational assets under operating leases. The majority of these leases have a non-cancellable term of 24 or 36 months. For some leases the lessee has the right for further renewal periods. The future aggregate lease payments to be collected under non-cancellable operating leases are as follows:

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Non-cancellable Operating Leases as Lessor				
Not later than one year	916	1,122	2,318	2,578
Later than one year and not later than five years	2,946	3,771	6,617	7,797
Later than five years	3,514	3,505	9,305	9,983
Total non-cancellable operating leases	7,376	8,398	18,240	20,358

No contingent rents have been recognised in the statement of comprehensive revenue and expense during the period.

Non-cancellable Energy Contracts

PNCC has a contract with Meridian Energy Ltd to supply electricity to all its complexes with the contract expiring on 30 September 2022. Electricity is charged on an actual usage basis.

PNCC has a contract with Trustpower Ltd to supply gas to all its complexes with the contract expiring on 30 September 2021. Gas is charged on an actual usage basis.

Boundary alteration

Effective 1 July 2012 the boundary between PNCC and Manawatu District Council ("MDC") was altered. This brought some additional areas into PNCC together with the transfer of assets and liabilities related to those areas. As a consequence of the boundary alteration PNCC is also required to make a transitional payment to MDC. This payment is to be made for ten years from 1 July 2012 funded from the net additional revenue increase that PNCC will receive. As such no provision has been made for either the payments or additional revenue in future years. The payment for 2020 included in other expenses was \$439k (2019 \$427k) and increases each year by an inflation factor.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 29

CONTINGENCIES

CONTINGENT LIABILITIES	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Building Act claims and RiskPool insurance (net of provision)	-	-	-	-
Financial guarantees	-	-	-	-
Other legal proceedings	-	-	-	-
Uncalled share capital	100	100	100	100
Housing improvement suspensory loan	480	480	480	480
Total contingent liabilities	580	580	580	580

Litigation

As at 30 June 2020, there were no material legal actions being taken against PNCC which may result in a potential liability to PNCC (2019 no actions). Should any claims be received they would be contested with any liability uncertain and would be substantially covered by PNCC's public liability or professional indemnity insurance policies which have an excess payment requirement against all claims.

Building Act Claims

The Building Act 2004 imposes certain obligations and liabilities on local authorities in respect to the issue of building consents and inspection of work done.

PNCC has four claims or potential claims relating to weather tightness issues of homes in the Palmerston North area which name PNCC as well as other parties (2019, 3). These are claims lodged with either the Weathertight Homes Resolution Service (WHRS), the Financial Assistance Programme, awaiting assessment for the programmes or outside these programmes which name PNCC. It is not yet certain whether these claims are valid and whom will be liable for the building defects, therefore, PNCC is unable to assess its exposure to the claims and the timing of any payment is uncertain. There are also two other building claims (2019, 3). The costs of any successful weather tightness claims against PNCC are expected to be substantially covered from provisions made with successful building claims against PNCC expected to be substantially covered under PNCC's insurance policies or from provisions made. The estimated maximum potential liability for weather tightness claims to PNCC is \$390,000 (2019 \$235,000) and other building claims of \$20,000 (2019 \$20,000). A provision has been recognised for weather tightness claims and other Building Act claims, refer note 23.

PNCC is also exposed to potential future claims which have not been advised. The amount of these claims and any potential liability are not able to be reliably measured and are therefore not quantifiable.

RiskPool Insurance

PNCC obtained public liability and professional indemnity insurance cover from New Zealand Mutual Liability RiskPool until 30 June 2016. This operates as a mutual fund where each member makes an annual contribution to obtain cover, however should claims exceed contributions then calls can be made on the members of that fund year, for the shortfall amount. PNCC may be exposed to calls until it ceased to be a member of the pools on 30 June 2016. A call of less than \$167k is anticipated in either 2023 or 2024. No specific provision has been made for this, however the provision for weather tightness claims (note 23) would be used to be any call.

Financial Guarantees

The value of guarantees disclosed as contingent liabilities reflects PNCC's assessment of the undiscounted portion of financial guarantees that are not recognised in the statement of financial position. PNCC has been the guarantor of the bank loans for a small number of community organisations with facilities built on PNCC land however at 30 June 2020 there are no balances outstanding.

PBE IPSAS 29 requires financial guarantees to be recognised at their fair value based on the probability PNCC will be required to reimburse a guarantee holder for a loss incurred, discounted to present value. The portion that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability. The value of financial guarantees recognised has been assessed as \$nil, because PNCC believes that the probability of being called upon to honour any guarantees given is currently unlikely.

PNCC is a participating employer in a Defined Benefit Plan Contributors Scheme ("the scheme"), which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the scheme, PNCC could be responsible for the entire deficit of the scheme. Similarly, if a number of employers ceased to participate in the scheme, PNCC could be responsible for an increased share of the deficit.

NOTES TO THE FINANCIAL STATEMENTS

New Zealand Local Government Funding Agency Limited

PNCC is a shareholder of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from S&P Global's of AA+. PNCC is one of several shareholders of the NZLGFA. In that regard it has uncalled capital of \$0.1m. When aggregated with the uncalled capital of other shareholders, this is available in the event that an imminent default is identified. Also, together with the other shareholders, PNCC is a guarantor of all of NZLGFA's borrowings. At 30 June 2020 NZLGFA had borrowings totalling \$12,438m (2019 \$9,840m). Financial reporting standards require PNCC to recognise the guarantee liability at fair value. However, PNCC has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. PNCC considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that we are not aware of any local authority debt default events in New Zealand and local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Housing improvement suspensory loan

In 2010 and 2011 PNCC received a total of \$480,000 as part of a housing improvement scheme operated by Housing New Zealand. This loan has been utilised in improving community housing, is interest free and secured against those housing units. The loan is suspensory providing PNCC continues to own the units for 20 years, as is intended. PNCC has treated this as a grant and not a loan and included this in revenue for capital expenditure as it intends to own these units indefinitely. Should any of these units be sold within the 20 year period the related loan would be repayable.

Emission Units

PNCC owns land and forests subject to the New Zealand emissions trading scheme. This has implications should the land be deforested with the Government providing compensation emission units for this restriction. PNCC has received 34,470 compensating emission units relating to qualifying pre-1990 forests which are recorded at a nil value.

Should forest land be deforested, PNCC may be liable for deforestation penalties relating to pre-1990 forest land of approximately 620 hectares. As it is intended to re-plant this land, or allow it to regenerate, in forest species with no current intention of deforestation, no liability is provided.

Unquantified contingent liabilities

There are various claims that PNCC are currently contesting which have not been quantified due to the nature of the issues, the uncertainty of the outcome and/or the extent to which PNCC have a responsibility to the claimant. The possibility of any outflow in settlement in these cases is assessed as remote.

Palmerston North Airport Ltd had been using PFOS foam for firefighting training exercises at the airport until the late 1980s. Preliminary investigations have commenced to determine the level and extent of any residue contamination that may be present on site. The extent of any costs from the investigation remain unknown until the preliminary tests are completed. The airport has now selected a compliant foam for future use.

CONTINGENT ASSETS

PNCC enables sports clubs to construct facilities (eg club rooms) on reserve land. These clubs control the use of these facilities and PNCC will only gain control of the asset if the club vacates the facility. Until this event occurs these assets are not recognised as assets in the Statement of Financial Position.

PNCC had provided a loan to the Manfeild Park Trust to assist with the construction of a multi-purpose indoor/outdoor stadium at Manfeild Park. Repayment of the loan has been suspended and will be required only if certain conditions are incurred, primarily relating to winding up of the Trust or sale by the Trust of its assets. As this is not expected to occur in normal ongoing operations of the Trust the loan asset is not recognised in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 30

RELATED PARTY TRANSACTIONS

In this section PNCC disclose the related party transactions between the parent PNCC, its five Council Controlled Organisations (CCO's), its equity accounted CCO, and those transactions involving Councillor's and key management personnel. Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect PNCC would have adopted in dealing with the party at arm's length in the same circumstances. Other than the grants provided to CCO's below, PNCC does not provide any other financing to those CCO's.

PNCC is the ultimate parent of the group and controls five entities, being Caccia Birch Trust Board, Globe Theatre Trust Board, Palmerston North Airport Limited, The Regent Theatre Trust, and Te Manawa Museums Trust. PNCC also has influence over its 50% owned associate Central Economic Development Agency Ltd.

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

RELATED PARTY TRANSACTIONS WITH SUBSIDIARIES AND CCO'S	Actual 2020 \$000	Actual 2019 \$000
Caccia Birch Trust Board		
Grants provided by PNCC	107	109
Services provided by PNCC	5	-
Services provided to PNCC	2	5
Accounts payable by PNCC	3	-
Globe Theatre Trust Board		
Grants provided by PNCC	116	113
Services provided by PNCC	4	4
Services provided to PNCC	2	6
Accounts payable by PNCC	29	-
Palmerston North Airport Limited		
Dividends paid to PNCC	685	644
Services provided by PNCC	54	76
Services provided to PNCC	47	78
Rates paid to PNCC	372	347
Accounts payable by PNCC	2	10
Accounts receivable by PNCC	9	6
Tax loss offset paid to PNCC	95	-
The Regent Theatre Trust		
Grants provided by PNCC	370	232
Services provided by PNCC	4	10
Services provided to PNCC	15	-
Accounts payable by PNCC	1	1
Te Manawa Museums Trust		
Grants provided by PNCC	3,200	3,131
Services provided by PNCC	181	131
Services provided to PNCC	1	6
Accounts receivable by PNCC	20	12
Central Economic Development Agency Ltd		
Service funding provided by PNCC	2,015	2,138

In addition to the above transactions PNCC also owns the premises used by Caccia Birch, Globe Theatre, Regent Theatre and Te Manawa Museum. While some are used pursuant to leases, the premises are effectively provided as an additional grant. No doubtful debt provision has been required for any advances made.

NOTES TO THE FINANCIAL STATEMENTS

Transactions with Councillors and Key Management

There are close family members of some key management personnel employed by PNCC. The terms and conditions of these arrangements are no more favourable than PNCC would have adopted if there were no relationship to key management personnel.

In addition to any transactions within a normal supplier or client/recipient relationship there are some Councillors who are trustees or officers of organisations who receive grants from PNCC in addition to those detailed above for CCO's. These grants were approved by Council on the same basis as other grant recipients after considering all requests for grants. Amounts paid by Council to organisations in which Councillors or a close family member have an interest were:

COUNCILLOR	ORGANISATION	Actual 2020 \$000	Actual 2019 \$000
Councillors Baty and Utikere	Reach Palmerston North Trust	5	4
Councillor Bowen	Total Learning Ltd	-	3
Councillor Bowen	Christian Community Church	1	-
Councillor Bowen	Access Manawatu	1	-
Councillor Broad	Midcentral District Health Board	1	-
Councillor Bundy-Cooke	Fonterra	1	-
Councillor Bundy-Cooke	Rotary Club	2	-
Councillor Bundy-Cooke & McCann	Chamber of Commerce	2	-
Councillor Hapeta	MBH Coachman 2006 Ltd	1	1
Councillor Hapeta	Fast Forward Group Ltd	1	-
Councillor Hapeta	UCOL Board Member	2	-
Councillor Naylor	Midcentral District Health Board	1	-
Councillor Petrenas	Milson Rotary Club	-	3
Councillor Utikere	iHow Ltd	-	1
Councillor Utikere	Freyberg Board of Trustees	1	-
Councillor Utikere	Sime Darby	8	-
Councillor Handcock	Methodist Social Services	4	-
Councillor Meehan	Boatshed Catering	14	-
Councillor Meehan	Palmerston North Boys High School	4	-

Note- Transactions previously included have been removed as a pecuniary interest does not arise under Section 3 of Local Authorities (Members' Interests) Act 1968.

NOTE 31

EVENTS AFTER THE BALANCE SHEET DATE

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 32

FINANCIAL INSTRUMENT CATEGORIES

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

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
FINANCIAL ASSETS				
LOANS AND RECEIVABLES				
Cash and cash equivalents	2,039	2,671	3,337	3,824
Trade and other receivables	12,845	9,844	13,499	11,053
Other financial assets	-	-	934	380
Borrower notes - New Zealand Local Government Funding Agency	2,349	1,792	2,349	1,792
TOTAL LOANS AND RECEIVABLES	17,233	14,307	20,119	17,049
FAIR VALUE THROUGH SURPLUS OR DEFICIT - HELD FOR TRADING				
Derivative financial instruments assets	-	-	-	-
TOTAL FAIR VALUE THROUGH SURPLUS OR DEFICIT	-	-	-	-
FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE				
Unlisted shares - Civic Financial Services Ltd	382	650	382	650
Unlisted shares - New Zealand Local Government Funding Agency	352	306	352	306
TOTAL FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE	734	956	734	956
FINANCIAL LIABILITIES				
FINANCIAL LIABILITIES AT AMORTISED COST				
Trade and other payables	23,489	21,774	24,960	24,199
Borrowings	142,000	121,200	153,700	133,214
TOTAL FINANCIAL LIABILITIES AT AMORTISED COST	165,489	142,974	178,660	157,413
FAIR VALUE THROUGH SURPLUS OR DEFICIT - HELD FOR TRADING				
Derivative financial instruments liabilities	14,561	11,967	14,561	11,967

NOTES TO THE FINANCIAL STATEMENTS

NOTE 33

FAIR VALUE HIERARCHY DISCLOSURES

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- quoted market price (level 1) for financial instruments with quoted prices for identical instruments in active markets.
- valuation technique using observable inputs (level 2) for financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- valuation techniques with significant non-observable inputs (level 3) for financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

	VALUATION TECHNIQUE			
	Total \$000	Quoted market price \$000	Observable inputs \$000	Significant non-observable inputs \$000
COUNCIL AND GROUP 2020				
FINANCIAL ASSETS				
NZ bonds	-	-	-	-
Unlisted shares	734	-	-	734
Derivative financial instruments	-	-	-	-
FINANCIAL LIABILITIES				
Derivative financial instruments	14,561	-	14,561	-
COUNCIL AND GROUP 2019				
FINANCIAL ASSETS				
NZ bonds	-	-	-	-
Unlisted shares	956	-	-	956
Derivative financial instruments	-	-	-	-
FINANCIAL LIABILITIES				
Derivative financial instruments	11,967	-	11,967	-

There were no transfers between the different levels of the fair value hierarchy.

Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
BALANCE AT 1 JULY	886	886	886	886
Additional new shares purchased	-	-	-	-
Gains and losses recognised in other comprehensive revenue and expense	-	-	-	-
BALANCE AT 30 JUNE	886	886	886	886

NOTES TO THE FINANCIAL STATEMENTS

NOTE 34

FINANCIAL INSTRUMENT RISKS

PNCC has adopted a Treasury Policy which prescribes the framework within which the financial assets and liabilities will be managed. The policy has a particular focus on risks associated with financial instruments. It does not allow any transactions which are speculative in nature to be entered into.

PwC New Zealand is engaged as advisors in relation to PNCC's term borrowings.

PNCC has financial assets and liabilities as outlined in note 11 (cash and cash equivalents), note 12 (trade and other receivables), note 14 (other financial assets), note 16 (derivative financial instruments), note 22 (trade and other payables) and note 25 (borrowings).

The level of borrowing is determined by the Council through the 10 Year Plan as modified each year by the Annual Budget. All external debt must be authorised by resolution of the Council. The Treasury Policy contains not only guidelines aimed at minimising the impact of various types of risk but also sets what are assessed as being prudent maximum borrowing limits.

MARKET RISKS

Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices. PNCC is exposed to equity securities price risk on its share investments intended to be held long term. This price risk arises due to market movements in listed securities or unlisted shares.

Currency risk

Currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates. PNCC has no exposure to currency risk.

Fair value interest rate risks

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowing issued at fixed rates expose PNCC to fair value interest rate risk. PNCC's Treasury Policy prescribes that no more than 45% of the total borrowings.

will have a floating rate profile. Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk arising where PNCC has borrowed at fixed rates in excess of prescribed levels. In addition investments at fixed interest rates expose PNCC to fair value interest rate risk.

Cash flow interest rate risks

Cash flow interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose PNCC to cash flow interest rate risk. PNCC manages its cash flow interest rate risk on borrowings by using interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if PNCC borrowed at fixed rates directly. Under interest rate swaps, PNCC agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit risk

Credit risk is the risk that a third party will default on its obligation to PNCC, causing PNCC to incur a loss. Financial instruments will potentially subject PNCC to credit risk.

Credit risk is minimised as a result of several key controls including maintaining maximum limits for each broad class of counterparty and individual counterparties, limiting investments to organisations with a S&P Global's investment grade rating or equivalent, and controlling the level and spread of trade and other receivables outstanding. As a result there are no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position and the face value of off-balance sheet guarantees to community groups (refer Note 29).

PNCC has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

PNCC is exposed to credit risk as a guarantor of all of the NZLGFA's borrowings. Refer note 29 for details.

PNCC's maximum credit exposure for each class of financial instrument is as follows:

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Cash and cash equivalents and bank deposits	2,039	2,671	4,271	4,204
Trade and other receivables	12,845	9,844	13,499	11,053
Financial guarantees	-	-	-	-
Derivative financial instruments	-	-	-	-
Other advances	-	-	-	-
Borrower notes - New Zealand Local Government Funding Agency	2,349	1,792	2,349	1,792
NZ bonds	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to S&P Global's credit ratings (if available) or to historical information about counterparty default rates;

	COUNCIL		GROUP	
	Actual 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
COUNTERPARTIES WITH CREDIT RATINGS				
Cash and cash equivalents				
AA	-	-	-	-
AA-	2,039	2,671	3,620	3,530
Borrower notes - New Zealand Local Government Funding Agency				
AA+	2,349	1,792	2,349	1,792
NZ bonds				
AA- or better	-	-	-	-
AA	-	-	-	-
A	-	-	-	-
A-	-	-	-	-
BB+	-	-	-	-
BBB+	-	-	-	-
BBB	-	-	-	-
BBB-	-	-	-	-
Derivative financial instrument assets				
AA-	-	-	-	-
COUNTERPARTIES WITHOUT CREDIT RATINGS				
Loans to related parties				
Existing counterparty with no defaults in the past	-	-	-	-
Other advances				
Existing counterparty with no defaults in the past	-	-	-	-

Trade and other receivables mainly arise from PNCC's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. PNCC has no significant concentrations of credit risk in relation to receivables as it has a large number of credit customers, mainly ratepayers, and PNCC has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers. Palmerston North Airport Limited is exposed to credit risk as there is a limited base of customers for the services provided by the Company. Although considered fully recoverable 90% of receivables at 30 June 2020 are from 14 customers.

Liquidity risk

Liquidity risk is the risk that PNCC will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. PNCC aims to maintain flexibility in funding by keeping committed credit lines available.

PNCC manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management Policy. These policies have been adopted as part of PNCC's Treasury Policy.

The table below analyses PNCC's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

NOTES TO THE FINANCIAL STATEMENTS

	Carrying amount \$000	Contractual cash flows \$000	Less than 1 year \$000	1-2 years \$000	3-5 years \$000	More than 5 years \$000
COUNCIL 2020						
Trade and other payables	23,489	23,489	23,489	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured loans	-	-	-	-	-	-
Debentures	5,000	5,094	45	45	5,004	-
Commercial paper, short term	-	-	-	-	-	-
New Zealand Local Government Funding Agency	137,000	143,246	21,362	11,192	62,591	48,101
Finance leases	-	-	-	-	-	-
TOTAL	165,489	171,829	44,896	11,237	67,595	48,101
GROUP 2020						
Trade and other payables	24,960	24,960	24,960	-	-	-
Bank overdraft	3,700	4,590	178	178	4,234	-
Secured loans	8,000	11,140	386	386	10,368	-
Debentures	5,000	5,094	45	45	5,004	-
Commercial paper, short term	-	-	-	-	-	-
New Zealand Local Government Funding Agency	137,000	143,246	21,362	11,192	62,591	48,101
Finance leases	-	-	-	-	-	-
TOTAL	178,660	189,030	46,931	11,801	82,197	48,101
COUNCIL 2019						
Trade and other payables	21,774	21,774	21,774	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured loans	2,200	2,262	57	2,205	-	-
Debentures	5,000	5,393	121	121	5,151	-
Commercial paper, short term	-	-	-	-	-	-
New Zealand Local Government Funding Agency	114,000	117,305	2,489	22,489	40,208	52,119
Finance leases	-	-	-	-	-	-
TOTAL	142,974	146,734	24,441	24,815	45,359	52,119
GROUP 2019						
Trade and other payables	24,199	24,199	24,199	-	-	-
Bank overdraft	3,964	4,894	186	186	4,522	-
Secured loans	10,250	13,098	435	2,583	10,080	-
Debentures	5,000	5,393	121	121	5,151	-
Commercial paper, short term	-	-	-	-	-	-
New Zealand Local Government Funding Agency	114,000	117,305	2,489	22,489	40,208	52,119
Finance leases	-	-	-	-	-	-
TOTAL	157,413	164,889	27,430	25,379	59,961	52,119

PNCC is exposed to liquidity risk as a guarantor of all of the NZLGFA's borrowings. This guarantee becomes callable in the event of the NZLGFA failing to pay its borrowings when they fall due. Refer note 29 for details.

The table below analyses PNCC's derivative financial instrument liabilities to be settled on a net basis in relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount \$000	Contractual cash flows \$000	Less than 1 year \$000	1-2 years \$000	3-5 years \$000	More than 5 years \$000
COUNCIL AND GROUP 2020						
Net settled derivative liabilities	14,561	15,130	3,304	2,932	5,638	3,256
COUNCIL AND GROUP 2019						
Net settled derivative liabilities	11,967	12,872	2,885	2,492	4,860	2,635

NOTES TO THE FINANCIAL STATEMENTS

The table below analyses PNCC's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest revenue.

	Carrying amount \$000	Contractual cash flows \$000	Less than 1 year \$000	1-2 years \$000	3-5 years \$000	More than 5 years \$000
COUNCIL 2020						
Cash and cash equivalents and bank deposits	2,039	2,039	2,039	-	-	-
Trade and other receivables	12,845	12,845	12,845	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Other advances	-	-	-	-	-	-
Borrower notes - New Zealand Local Government Funding Agency	2,349	2,437	379	180	1,040	838
NZ bonds	-	-	-	-	-	-
TOTAL	17,233	17,321	15,263	180	1,040	838
GROUP 2020						
Cash and cash equivalents and bank deposits	4,271	4,271	4,271	-	-	-
Trade and other receivables	13,499	13,499	13,499	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Other advances	-	-	-	-	-	-
Borrower notes - New Zealand Local Government Funding Agency	2,349	2,437	379	180	1,040	838
NZ bonds	-	-	-	-	-	-
TOTAL	20,119	20,207	18,149	180	1,040	838
COUNCIL 2019						
Cash and cash equivalents and bank deposits	2,671	2,671	2,671	-	-	-
Trade and other receivables	9,844	9,844	9,844	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Other advances	-	-	-	-	-	-
Borrower notes - New Zealand Local Government Funding Agency	1,792	1,967	-	370	647	950
NZ bonds	-	-	-	-	-	-
TOTAL	14,307	14,482	12,515	370	647	950
GROUP 2019						
Cash and cash equivalents and bank deposits	4,204	4,204	4,204	-	-	-
Trade and other receivables	11,053	11,053	11,053	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Other advances	-	-	-	-	-	-
Borrower notes - New Zealand Local Government Funding Agency	1,792	1,967	-	370	647	950
NZ bonds	-	-	-	-	-	-
TOTAL	17,049	17,224	15,257	370	647	950

NOTES TO THE FINANCIAL STATEMENTS

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

COUNCIL	2020				2019			
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	-100bp		+100bp		-100bp		+100bp	
	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	(20)	-	20	-	(27)	-	27	
Derivatives - held for trading	-	-	-	-	-	-	-	
Financial liabilities								
Bank overdraft	-	-	-	-	-	-	-	
Secured loans	(1,370)	-	1,370	-	(1,162)	-	1,162	
Debentures	50	-	(50)	-	50	-	(50)	
Derivatives - held for trading	(5,056)	-	4,653	-	(4,985)	-	4,585	
TOTAL SENSITIVITY TO INTEREST RATE RISK	(6,396)	-	5,993	-	(6,124)	-	5,724	

	-10%		+10%		-10%		+10%	
	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
FOREIGN EXCHANGE RISK								
Financial assets								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Other financial assets - quoted share investments	-	-	-	-	-	-	-	-
TOTAL SENSITIVITY TO FOREIGN EXCHANGE RISK	-	-	-	-	-	-	-	-
EQUITY PRICE RISK								
Financial assets								
Other financial assets - quoted share investments	-	-	-	-	-	-	-	-
Unlisted shares	(73)	-	73	-	(96)	-	96	-
TOTAL SENSITIVITY TO EQUITY PRICE RISK	(73)	-	73	-	(96)	-	96	-

NOTES TO THE FINANCIAL STATEMENTS

GROUP	2020				2019			
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	-100bp		+100bp		-100bp		+100bp	
	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	(13)	-	13	-	(13)	-	13	-
Investment fund NZ bonds	-	-	-	-	0	-	0	-
Derivatives - held for trading	-	-	-	-	0	-	0	-
Financial liabilities								
Bank overdraft	-	-	-	-	-	-	-	-
Secured loans	971	-	(971)	-	971	-	(971)	-
Debentures	50	-	(50)	-	50	-	(50)	-
Derivatives - held for trading	(4,987)	-	4,568	-	(4,987)	-	4,568	-
TOTAL SENSITIVITY TO INTEREST RATE RISK	(3,979)	-	3,560	-	(3,979)	-	3,560	-

	-10%		+10%		-10%		+10%	
	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
FOREIGN EXCHANGE RISK								
Financial assets								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Other financial assets - quoted share investments	-	-	-	-	-	-	-	-
TOTAL SENSITIVITY TO FOREIGN EXCHANGE RISK	-	-	-	-	-	-	-	-
EQUITY PRICE RISK								
Financial assets								
Other financial assets - quoted share investments	-	-	-	-	-	-	-	-
Unlisted shares	(73)	-	73	-	(89)	-	89	-
TOTAL SENSITIVITY TO EQUITY PRICE RISK	(73)	-	73	-	(89)	-	89	-

Explanation of interest rate risk sensitivity

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

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

Explanation of other price risk sensitivity

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 35

CAPITAL MANAGEMENT

PNCC's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets. The Local Government Act 2002 (the Act) requires PNCC to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by PNCC. Intergenerational equity requires today's ratepayers to meet the costs of utilising PNCC's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, PNCC has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires PNCC to make adequate and effective provision in its 10 Year Plan and in its Annual Budget (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that PNCC is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in PNCC's 10 Year Plan.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 36

EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variances from PNCC's budget figures in the 2019/20 Annual Budget are detailed below.

Statement of Comprehensive Revenue and Expense

FINANCE REVENUE	Dividends received were higher due to a one time dividend received from Civic Financial Services, which wasn't budgeted for.
OTHER REVENUE	"Regulatory revenue increased due to a higher number of building consents. Revenue received from Central Government in relation to Covid-19 welfare response. All revenues had accompanying higher expenses."
CAPITAL SUBSIDIES AND GRANTS	Overall, lower capital subsidies were received due to applicable capital projects either not proceeding in the current year or not being as advanced as required to receive subsidies, with the key reason for this relating to Covid-19 lockdown delaying projects.
DEVELOPMENT CONTRIBUTIONS	Higher due to increased activity in larger developments.
VESTED ASSETS	Higher due to timing of receiving, which is inherently difficult to budget relating to developments that can span several years. These have no rating impact.
EMPLOYEE AND ELECTED REPRESENTATIVE BENEFIT EXPENSES	"Higher costs than budgeted relating to: - higher revenues associated with regulatory activities - increase in accrued holiday pay due to Covid-19 lockdown."
DEPRECIATION AND AMORTISATION	Higher than budget overall due to higher revaluation of operational properties than anticipated.
FINANCE COSTS	Unbudgeted unfavourable non-cash valuation on derivative financial instruments with no rates impact. Swaps were entered in at higher rates and the BKBM rate dropped.
OTHER EXPENSES	In order to achieve required levels of service, as well as an additional service level for welfare response during Covid-19 lockdown, additional costs were incurred, mostly offset by higher revenue.
INCREASE IN OPERATING PROPERTY VALUATIONS	Revaluation of the assets was significantly higher than budgeted for due to higher land and component valuations.

Statement of Financial Position

CASH AND CASH EQUIVALENTS	Higher than budget due to unforecast other receivables paid near year-end.
TRADE AND OTHER RECEIVABLES	Higher other receivables due to the timing of other revenues.
NON-CURRENT INVENTORIES	Change in accounting treatment of land development at Whakarongo. Sales were budgeted to reduce the balance on inventory but none occurred so full value remained.
PROPERTY, PLANT AND EQUIPMENT	Higher than budget due to higher operational property revaluation in 2018/19 which was not finalised until after the 2019/20 budget was adopted, and higher revaluation of the infrastructural assets in 2019/20.
FORESTRY ASSETS	Sale of trees were budgeted in 2019/20, but none occurred.
TRADE AND OTHER PAYABLES	Substantial capital expenditure was incurred in the latter part of the year, with amounts remaining unpaid at year end.
PROVISIONS	Lower than budgeted due to drawing down on existing provisions from previous year.
BORROWINGS	Lower than budgeted due to lower new capital expenditure through the year.
DERIVATIVE FINANCIAL INSTRUMENTS	Lower balances than budget due to valuation at year end. Actual cost incurred during the year is included in interest expense.
EQUITY	Higher than budget due to higher operational property revaluation in 2018/19 which was not finalised until after the 2019/20 budget was adopted, and higher revaluation of the infrastructural assets in 2019/20.

Statement of Cash Flows

Refer above for explanation of major variances that affect the cash flow variances.

ANNUAL REPORT DISCLOSURE STATEMENT

ANNUAL REPORT DISCLOSURE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020 - PALMERSTON NORTH CITY COUNCIL

WHAT IS THE PURPOSE OF THIS STATEMENT?

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

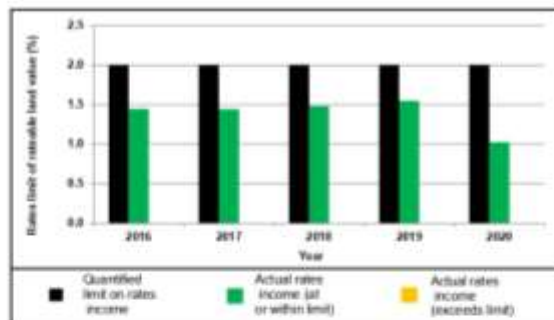
RATES AFFORDABILITY BENCHMARK

The council meets the rates affordability benchmark if—

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

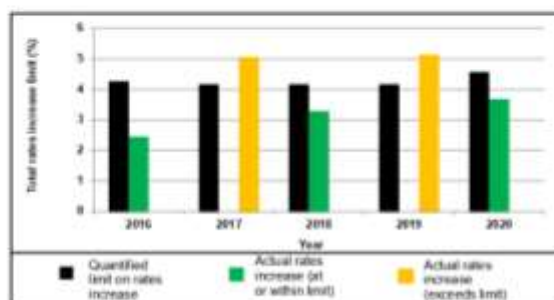
Rates income affordability

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



Rates increases affordability*

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit has applied from 2012/13 and is that total rates will increase by no more than the Local Government Cost Index plus the growth in the rating base plus 2%.



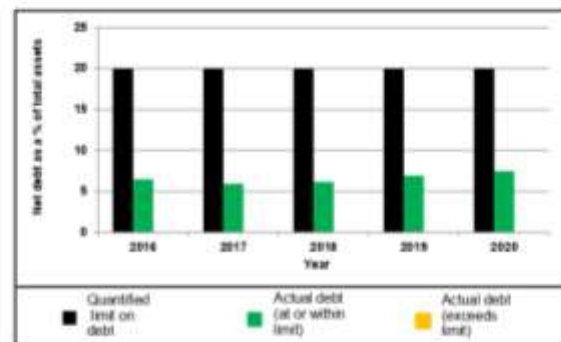
* Refer to additional information or comment on page 209 for further explanation.

DEBT AFFORDABILITY BENCHMARKS

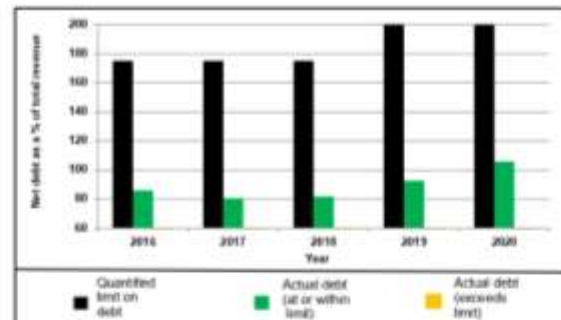
The council meets the debt affordability benchmarks if its actual borrowing is within each quantified limit on borrowing.

The following five graphs compare the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan.

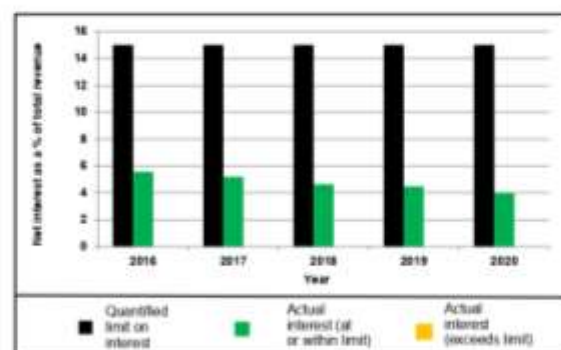
The quantified limit for this graph is that net external debt as a percentage of total assets will not exceed 20%.



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

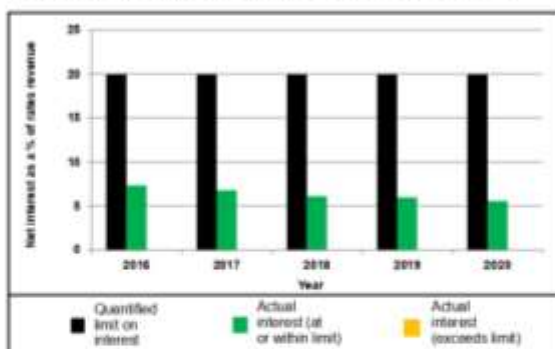


The quantified limit for this graph is that net interest as a percentage of total revenue will not exceed 15%.

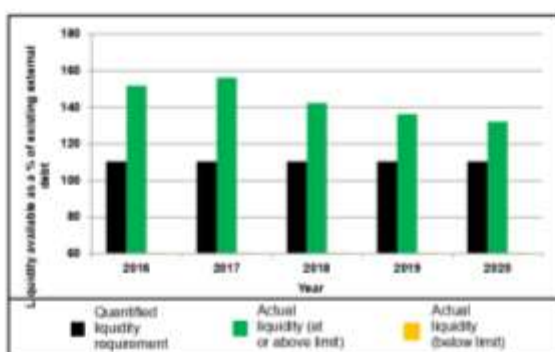


ANNUAL REPORT DISCLOSURE STATEMENT

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



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



BALANCED BUDGET BENCHMARK *

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The council meets this benchmark if its revenue equals or is greater than its operating expenses.

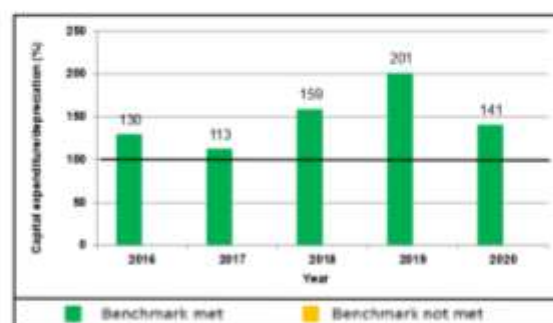


* Refer to additional information or comment on page 209 for further explanation.

ESSENTIAL SERVICES BENCHMARK *

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services.

The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



DEBT SERVICING BENCHMARK

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

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



* Refer to additional information or comment on page 209 for further explanation.

ANNUAL REPORT DISCLOSURE STATEMENT

DEBT CONTROL BENCHMARK

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

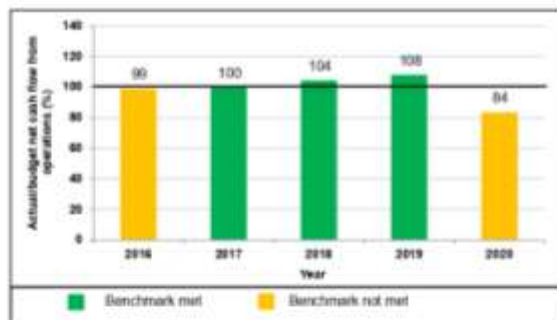
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



OPERATIONS CONTROL BENCHMARK *

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



ADDITIONAL INFORMATION OR COMMENT

Rates increases affordability

In 2016 there was a significant downward adjustment to rates relating to a number of earlier years reducing actual rates in that year. Allowing for this adjustment the increase in actual rates to 2017 complies with the benchmark.

In 2019, to meet its Vision and Goals for the City, the Council believes rates need to increase by more than its target limit in the short term.

Balanced budget benchmark

The Council's financial strategy includes ensuring that rates fund operating services, capital renewals to maintain capability, and debt repayment to ensure financial capability for future generations. This strategy reflects the assessed intergenerational requirements and asset capability with non-cash depreciation (included in the benchmark) not requiring to be fully funded to avoid building up unnecessary cash reserves. Additionally part of the maintaining asset capability in the future will be funded from external grants, for example with Roadway by NZTA subsidies. Council's asset management plans ensure that the Council is appropriately planning for renewals and its financial strategy is to make adequate provision to fund renewals from rates revenues. In each year from 2016 to 2019 there was a surplus from cash rates-funded requirements. In 2020, this measure was not achieved due to Covid19 reducing Council's ability to generate revenue from such sources as venues and parking.

Essential services benchmark

This benchmark compares capital expenditure with depreciation for infrastructure assets. The Council is committed to maintaining and renewing these assets in a responsible manner so that their condition is not run down. As many of the City's key assets are around the middle of their life cycles the total cost of renewing them is not forecast to be required until approximately 15 to 20 years time. Every three years asset management plans are prepared to assess the ongoing capital expenditure requirements with current capital expenditure reflecting the assessment of requirements to maintain asset condition and levels of service.

Operations control benchmark

"2015/16 is lower than budget mainly due to lower receipts for capital expenditure with minimal overall effect on rate-funded operations. These relate to projects not incurred or deferred and the latter will duplicate budget amounts in the subsequent year making it inherently difficult to compare.

The 2019/20 was not achieved due to Covid19, which led to higher unbudgeted expenses relating to welfare. These costs are to be reimbursed by central government, but were unpaid as at 30 June 2020. It also lowered the ability to generate revenues from such sources parking and venues."

* Refer to additional information or comment on page 209 for further explanation.

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INSURANCE OF ASSETS

INSURANCE OF ASSETS

Details of insurance of assets (as required by the Local Government Act 2002) are shown in the following table.

PALMERSTON NORTH CITY COUNCIL INSURANCE OF ASSETS AS AT 30 JUNE 2020

	Carrying value as at 30 June 2020 \$000
ASSETS FROM STATEMENT OF FINANCIAL POSITION	
Property, plant and equipment	1,835,362
Forestry assets	1,419
Investment property	4,550
	1,841,331
Less:	
Land component of operational assets	132,162
Land component of infrastructural assets	39,714
Land under roads	357,289
Land - restricted assets	27,083
	556,248
NET NON-FINANCIAL ASSETS (EXCLUDING LAND)	1,285,083

	Insured value as at 30 June 2020 \$000	
INSURANCE ARRANGEMENTS		
Material damage cover for buildings, plant, contents	602,873	Subject to various deductibles including: \$10k for most claims except for earthquake or volcanic eruption where deductible is 5% of site sum insured or 10% for pre 1935 buildings. Subject to maximum loss limit per claim and in the aggregate pa of \$200m for fire.
Motor vehicle insurance cover (including leased vehicles)	6,962	Insured for market value - carrying value assumed for this purpose.
Forestry/timber cover	1,322	Additional benefit of \$0.9m for replanting. Deductible of 1.5% of declared value.
RISK SHARING ARRANGEMENTS		
Cover for infrastructure assets as a member of LAPP	310,200	Sum equates 40% of the ORV value of scheduled assets however maximum cover is \$56m based on 40% of a disaster of \$140m. A claim threshold of \$1.5m with a deductible of \$0.6m applied.
Central Government assistance		It is anticipated (though cannot be guaranteed) that under the terms contained in the Guide to the Civil Defence Emergency Management Plan central government may fund 60% of the qualifying cost of reinstating essential infrastructure with a deductible of \$1.39m.
Council arrangements for covering deductibles and/or uninsured assets		As at 30 June 2020 the Council had undrawn committed credit lines with banks totalling \$43m. These are not specifically tagged as part of the risk management strategy but the Council could utilise a significant portion of these credit lines if required as a short term funding measure.
	921,357	
Sum not specially insured	363,726	Note the 60% portion of the the ORV of infrastructure assets which may be funded by central government equates \$465.4m.

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

FUNDING IMPACT STATEMENTS

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

The Local Government (Financial Reporting and Prudence) Regulations 2014 prescribe the format for funding impact statements to show the sources and application of funds for the whole of Council and for each group of activities of the Council.

These statements are designed to show where operational and capital funding come from, and how they are used.

In the following pages actual results are detailed along with the budgets from the 2019/20 10 Year Plan. This information is presented in two ways: Firstly, at the "Whole of Council" level, and in a slightly different form at the "Group of Activities" level. At the Group of Activities level, internal revenue and expenditure are shown as separate items, while at the Whole of Council level they are not displayed as the amounts balance each other out.

Capital expenditure is grouped into three broad categories based on which one the programme most relates to.

The three categories are:

- to meet additional demand,
- to improve the level of service, or
- to replace existing assets.

The three categories do not clearly represent the fact that some programmes will contribute to more than one purpose.

In addition to the statements mentioned the Council also provides Activity Operational Requirement and Funding Summary statements for each Group of Activities and for all Activities which show the revenue and expenses for the services provided, as well as how the rates are allocated (refer section 2).

Please Note: The totals appear different between the two statements due to the different way the figures have been categorised. The Funding Impact Statements include rates revenue, whereas the Activity Operational Requirement and Funding Summary separate rates out to clearly show how they have been calculated and the actual amount required to deliver that service. In addition, the Activity Operational Requirement and Funding Summary include depreciation in the expenses to show the full cost of the activity, while this is not included in the Funding Impact Statements.

The Local Government (Financial Reporting and Prudence) Regulations 2014 prescribe that each of the group of activities funding impact statements include budget information from the 10 Year Plan.

FUNDING IMPACT STATEMENTS

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2020 FOR:

Whole of Council

	10 Year Plan 2019 \$000	Actual 2019 \$000	10 Year Plan 2020 \$000	Annual Budget 2020 \$000	Actual 2020 \$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	71,426	71,768	75,931	75,200	75,271
Targeted rates (including metered water)	23,111	23,541	23,776	23,655	23,582
Subsidies and grants for operating purposes	3,207	3,740	3,233	3,322	3,613
Fees and charges	5,228	6,864	5,367	5,353	6,015
Interest and dividends from Investments	517	930	567	567	1,042
Local authority fuel tax, fines, infringement fees and other receipts	19,193	20,925	23,887	23,748	22,769
TOTAL SOURCES OF OPERATING FUNDING	122,682	127,768	132,761	131,845	132,292
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	94,468	98,636	95,559	96,907	104,288
Finance costs	7,284	6,019	9,451	7,616	5,535
Other operating funding applications	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	101,752	104,655	105,010	104,523	109,823
SURPLUS/(DEFICIT) OF OPERATING FUNDING	20,930	23,113	27,751	27,322	22,469
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	13,373	11,007	8,411	7,822	6,808
Development and financial contributions	1,063	1,776	1,476	1,476	2,992
Increase/(decrease) in debt	38,710	21,325	38,085	44,792	20,800
Gross proceeds from sale of assets	-	1,102	402	402	74
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	53,146	35,210	48,374	54,492	30,674
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
-to meet additional demand	2,261	2,557	8,377	5,369	1,331
-to improve the level of service	43,651	31,745	44,816	46,565	24,399
-to replace existing assets	28,164	24,021	22,932	29,880	27,413
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	74,076	58,323	76,125	81,814	53,143
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(20,930)	(23,113)	(27,751)	(27,322)	(22,469)
FUNDING BALANCE	-	-	-	-	-

FUNDING IMPACT STATEMENTS

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2020 FOR:

Innovative & Growing City

	10 Year Plan 2019 \$000	Actual 2019 \$000	10 Year Plan 2020 \$000	Annual Budget 2020 \$000	Actual 2020 \$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	5,940	6,247	5,962	6,405	6,683
Targeted rates (including metered water)	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	3,890	4,597	4,001	4,001	4,792
Internal charges and overheads recovered	969	1,062	989	949	1,151
Local authority fuel tax, fines, infringement fees and other receipts	1,210	1,358	1,236	1,236	1,561
TOTAL SOURCES OF OPERATING FUNDING	12,009	13,264	12,188	12,591	14,187
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	8,336	9,685	8,427	8,794	10,556
Finance costs	1	1	3	14	10
Internal charges and overheads applied	3,374	3,149	3,465	3,482	3,197
Other operating funding applications	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	11,711	12,835	11,895	12,290	13,763
SURPLUS/(DEFICIT) OF OPERATING FUNDING	298	429	293	301	424
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase/(decrease) in debt	39	(252)	23	15	53
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	39	(252)	23	15	53
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
-to meet additional demand	-	-	-	-	-
-to improve the level of service	7	7	54	54	91
-to replace existing assets	330	170	262	262	386
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	337	177	316	316	477
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(298)	(429)	(293)	(301)	(424)
FUNDING BALANCE	-	-	-	-	-

FUNDING IMPACT STATEMENTS

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2020 FOR:

Creative & Exciting City

	10 Year Plan 2019 \$000	Actual 2019 \$000	10 Year Plan 2020 \$000	Annual Budget 2020 \$000	Actual 2020 \$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	25,861	25,001	26,431	25,449	26,798
Targeted rates (including metered water)	-	-	-	-	-
Subsidies and grants for operating purposes	62	102	63	112	241
Fees and charges	-	1	-	-	-
Internal charges and overheads recovered	-	69	-	173	550
Local authority fuel tax, fines, infringement fees and other receipts	2,035	3,088	2,076	2,089	2,858
TOTAL SOURCES OF OPERATING FUNDING	27,958	28,261	28,570	27,823	30,447
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	13,659	18,329	14,015	17,111	19,256
Finance costs	1,538	1,260	2,035	1,619	1,181
Internal charges and overheads applied	8,089	4,696	8,336	4,998	5,746
Other operating funding applications	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	23,286	24,285	24,386	23,728	26,183
SURPLUS/(DEFICIT) OF OPERATING FUNDING	4,672	3,976	4,184	4,095	4,264
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	1,066	1,451	1,011	913	237
Development and financial contributions	165	173	230	230	306
Increase/(decrease) in debt	9,869	4,687	9,251	16,061	9,215
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	11,100	6,311	10,492	17,204	9,758
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
-to meet additional demand	-	-	1,351	1,065	587
-to improve the level of service	11,028	6,239	8,285	12,173	6,288
-to replace existing assets	4,744	4,048	5,040	8,061	7,147
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	15,772	10,287	14,676	21,299	14,022
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(4,672)	(3,976)	(4,184)	(4,095)	(4,264)
FUNDING BALANCE	-	-	-	-	-

FUNDING IMPACT STATEMENTS

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2020 FOR:

Connected & Safe Community

	10 Year Plan 2019 \$000	Actual 2019 \$000	10 Year Plan 2020 \$000	Annual Budget 2020 \$000	Actual 2020 \$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	14,026	13,522	15,147	15,325	15,455
Targeted rates (including metered water)	-	-	-	-	-
Subsidies and grants for operating purposes	56	80	6	6	67
Fees and charges	1,188	1,060	1,213	1,193	1,215
Internal charges and overheads recovered	516	506	526	516	505
Local authority fuel tax, fines, infringement fees and other receipts	3,795	3,664	3,970	3,970	5,190
TOTAL SOURCES OF OPERATING FUNDING	19,581	18,832	20,862	21,010	22,432
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	11,398	13,290	11,947	13,500	14,366
Finance costs	519	428	1,042	908	659
Internal charges and overheads applied	5,466	4,880	5,690	4,488	5,557
Other operating funding applications	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	17,383	18,598	18,679	18,896	20,582
SURPLUS/(DEFICIT) OF OPERATING FUNDING	2,198	234	2,183	2,114	1,850
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	152	-	580	651	-
Development and financial contributions	-	-	-	-	-
Increase/(decrease) in debt	11,858	6,500	8,331	7,769	4,543
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	12,010	6,500	8,911	8,420	4,543
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
-to meet additional demand	-	-	-	-	-
-to improve the level of service	8,989	4,898	8,439	7,485	3,780
-to replace existing assets	5,219	1,836	2,655	3,049	2,613
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	14,208	6,734	11,094	10,534	6,393
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(2,198)	(234)	(2,183)	(2,114)	(1,850)
FUNDING BALANCE	-	-	-	-	-

FUNDING IMPACT STATEMENTS

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2020 FOR:

Eco-City

	10 Year Plan 2019 \$000	Actual 2019 \$000	10 Year Plan 2020 \$000	Annual Budget 2020 \$000	Actual 2020 \$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	756	705	835	774	764
Targeted rates (including metered water)	5,352	5,385	5,269	5,517	5,554
Subsidies and grants for operating purposes	330	337	338	338	318
Fees and charges	-	-	-	-	-
Internal charges and overheads recovered	15	33	16	16	12
Local authority fuel tax, fines, infringement fees and other receipts	2,625	2,923	2,640	2,410	2,936
TOTAL SOURCES OF OPERATING FUNDING	9,078	9,383	9,098	9,055	9,584
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	455	2,476	502	5,917	5,627
Finance costs	467	381	486	330	300
Internal charges and overheads applied	6,740	1,751	6,929	1,669	2,013
Other operating funding applications	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	7,662	4,608	7,917	7,916	7,940
SURPLUS/(DEFICIT) OF OPERATING FUNDING	1,416	4,775	1,181	1,139	1,644
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	20	-	-	(1)
Development and financial contributions	-	-	-	-	-
Increase/(decrease) in debt	(409)	(4,133)	(375)	(42)	(666)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	(409)	(4,113)	(375)	(42)	(667)
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure	-	-	-	-	-
-to meet additional demand	-	-	-	-	-
-to improve the level of service	628	152	463	581	455
-to replace existing assets	379	510	343	516	522
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	1,007	662	806	1,097	977
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(1,416)	(4,775)	(1,181)	(1,139)	(1,644)
FUNDING BALANCE	-	-	-	-	-

FUNDING IMPACT STATEMENTS

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2020 FOR:

Driven & Enabling Council

	10 Year Plan 2019 \$000	Actual 2019 \$000	10 Year Plan 2020 \$000	Annual Budget 2020 \$000	Actual 2020 \$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	8,062	9,798	8,999	9,332	9,207
Targeted rates (including metered water)	-	43	-	-	40
Subsidies and grants for operating purposes	-	7	-	4	-
Fees and charges	150	1,204	153	153	(2)
Internal charges and overheads recovered	34,868	26,159	36,156	26,911	30,106
Local authority fuel tax, fines, infringement fees and other receipts	4,223	5,005	8,474	8,557	5,258
TOTAL SOURCES OF OPERATING FUNDING	47,303	42,216	53,782	44,957	44,609
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	33,401	31,058	32,964	28,058	32,751
Finance costs	811	704	817	517	290
Internal charges and overheads applied	13,010	8,972	13,379	9,386	9,123
Other operating funding applications	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	47,222	40,734	47,160	37,961	42,164
SURPLUS/(DEFICIT) OF OPERATING FUNDING	81	1,482	6,622	6,996	2,445
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	26	-	-	-
Development and financial contributions	-	-	-	-	-
Increase/(decrease) in debt	3,373	2,369	(3,572)	(2,311)	2,510
Gross proceeds from sale of assets	-	152	-	-	74
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	3,373	2,547	(3,572)	(2,311)	2,584
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure	-	-	-	-	-
-to meet additional demand	-	-	-	-	-
-to improve the level of service	795	424	416	696	1,058
-to replace existing assets	2,659	3,605	2,634	3,989	3,971
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	3,454	4,029	3,050	4,685	5,029
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(81)	(1,482)	(6,622)	(6,996)	(2,445)
FUNDING BALANCE	-	-	-	-	-

FUNDING IMPACT STATEMENTS

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2020 FOR:

Transport

	10 Year Plan 2019 \$000	Actual 2019 \$000	10 Year Plan 2020 \$000	Annual Budget 2020 \$000	Actual 2020 \$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	14,022	13,775	15,669	14,737	12,630
Targeted rates (including metered water)	-	-	-	-	-
Subsidies and grants for operating purposes	2,759	3,214	2,825	2,861	2,987
Fees and charges	-	2	-	-	2
Internal charges and overheads recovered	-	55	-	-	23
Local authority fuel tax, fines, infringement fees and other receipts	4,633	4,610	4,722	4,722	4,543
TOTAL SOURCES OF OPERATING FUNDING	21,414	21,656	23,216	22,320	20,185
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	10,567	12,321	10,788	12,012	9,737
Finance costs	2,210	1,812	2,963	2,345	1,712
Internal charges and overheads applied	4,073	2,809	4,190	3,197	3,983
Other operating funding applications	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	16,850	16,942	17,941	17,554	15,432
SURPLUS/(DEFICIT) OF OPERATING FUNDING	4,564	4,714	5,275	4,766	4,753
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	12,156	9,509	6,820	6,259	6,572
Development and financial contributions	369	787	513	513	1,197
Increase/(decrease) in debt	8,840	9,670	16,703	11,376	2,187
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	21,365	19,966	24,036	18,148	9,956
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
-to meet additional demand	652	1,479	3,680	2,017	289
-to improve the level of service	18,936	17,342	19,901	15,146	8,634
-to replace existing assets	6,341	5,859	5,730	5,751	5,786
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	25,929	24,680	29,311	22,914	14,709
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(4,564)	(4,714)	(5,275)	(4,766)	(4,753)
FUNDING BALANCE	-	-	-	-	-

FUNDING IMPACT STATEMENTS

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2020 FOR:

Stormwater

	10 Year Plan 2019 \$000	Actual 2019 \$000	10 Year Plan 2020 \$000	Annual Budget 2020 \$000	Actual 2020 \$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	2,759	2,720	2,889	3,177	3,734
Targeted rates (including metered water)	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	-	-	-	3
Internal charges and overheads recovered	18	1	18	18	-
Local authority fuel tax, fines, infringement fees and other receipts	2	14	2	2	6
TOTAL SOURCES OF OPERATING FUNDING	2,779	2,735	2,909	3,197	3,743
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	1,246	1,859	1,307	2,037	2,123
Finance costs	248	204	299	276	202
Internal charges and overheads applied	521	122	535	100	637
Other operating funding applications	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	2,015	2,185	2,141	2,413	2,962
SURPLUS/(DEFICIT) OF OPERATING FUNDING	764	550	768	784	781
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	71	9	98	98	67
Increase/(decrease) in debt	813	697	1,002	1,166	422
Gross proceeds from sale of assets	-	157	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	884	863	1,100	1,264	489
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
-to meet additional demand	450	219	666	666	46
-to improve the level of service	563	616	525	705	550
-to replace existing assets	635	578	677	677	674
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	1,648	1,413	1,868	2,048	1,270
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(764)	(550)	(768)	(784)	(781)
FUNDING BALANCE	-	-	-	-	-

FUNDING IMPACT STATEMENTS

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2020 FOR:

Wastewater

	10 Year Plan 2019 \$000	Actual 2019 \$000	10 Year Plan 2020 \$000	Annual Budget 2020 \$000	Actual 2020 \$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	-	-	-	-	-
Targeted rates (including metered water)	9,029	8,978	8,989	8,924	8,909
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	-	-	5	3
Internal charges and overheads recovered	40	21	41	41	21
Local authority fuel tax, fines, infringement fees and other receipts	1,152	1,064	1,298	1,293	1,205
TOTAL SOURCES OF OPERATING FUNDING	10,221	10,063	10,328	10,263	10,138
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	3,465	6,187	3,442	6,165	6,625
Finance costs	635	525	714	687	506
Internal charges and overheads applied	2,787	421	2,979	215	834
Other operating funding applications	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	6,887	7,133	7,135	7,067	7,965
SURPLUS/(DEFICIT) OF OPERATING FUNDING	3,334	2,930	3,193	3,196	2,173
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	271	411	376	376	708
Increase/(decrease) in debt	1,690	677	1,822	3,666	664
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	1,961	1,088	2,198	4,042	1,372
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
-to meet additional demand	440	253	704	704	389
-to improve the level of service	616	244	2,109	3,455	525
-to replace existing assets	4,239	3,521	2,578	3,079	2,631
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	5,295	4,018	5,391	7,238	3,545
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(3,334)	(2,930)	(3,193)	(3,196)	(2,173)
FUNDING BALANCE	-	-	-	-	-

FUNDING IMPACT STATEMENTS

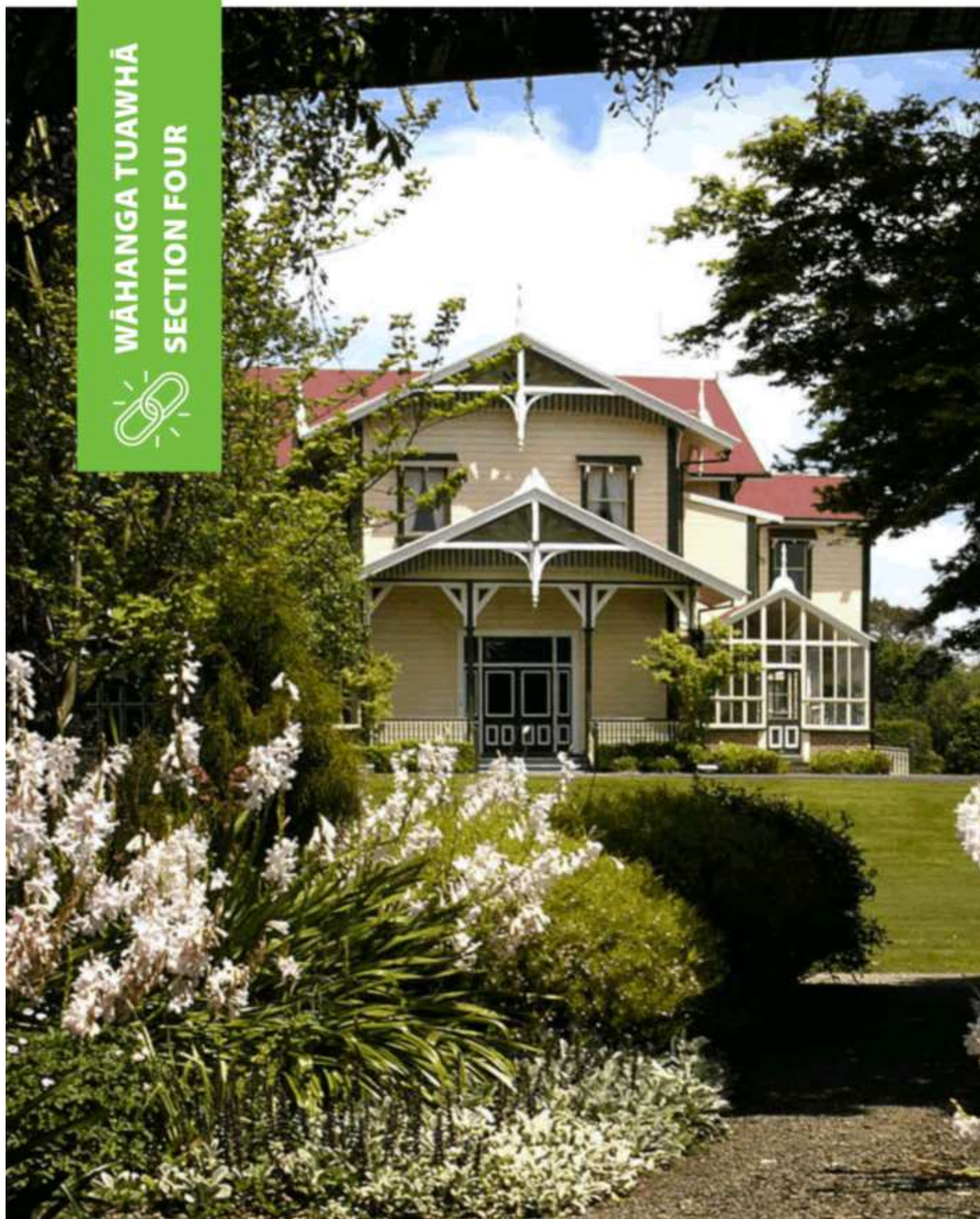
PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2020 FOR:

Water

	10 Year Plan 2019 \$000	Actual 2019 \$000	10 Year Plan 2020 \$000	Annual Budget 2020 \$000	Actual 2020 \$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	-	-	-	-	-
Targeted rates (including metered water)	8,729	9,135	9,518	9,213	9,079
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	-	-	-	2
Internal charges and overheads recovered	98	220	100	173	349
Local authority fuel tax, fines, infringement fees and other receipts	36	130	36	36	254
TOTAL SOURCES OF OPERATING FUNDING	8,863	9,485	9,654	9,422	9,684
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	1,514	4,511	1,507	4,329	4,452
Finance costs	855	703	1,093	919	673
Internal charges and overheads applied	2,891	246	3,002	244	423
Other operating funding applications	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	5,260	5,460	5,602	5,492	5,548
SURPLUS/(DEFICIT) OF OPERATING FUNDING	3,603	4,025	4,052	3,930	4,136
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	187	396	259	259	714
Increase/(decrease) in debt	2,636	1,109	4,901	7,091	1,871
Gross proceeds from sale of assets	-	793	402	402	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	2,823	2,298	5,562	7,752	2,585
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
-to meet additional demand	719	606	1,975	916	20
-to improve the level of service	2,089	1,823	4,626	6,269	3,018
-to replace existing assets	3,618	3,894	3,013	4,497	3,683
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	6,426	6,323	9,614	11,682	6,721
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(3,603)	(4,025)	(4,052)	(3,930)	(4,136)
FUNDING BALANCE	-	-	-	-	-

WĀHANGA TUAWHĀ
SECTION FOUR





CACCIA BIRCH HOMESTEAD



NGĀ TŌPŪTANGA A TE KAUNIHERA

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OVERVIEW



**CACCIA BIRCH
TRUST BOARD**



**CENTRAL ECONOMIC
DEVELOPMENT AGENCY**



**GLOBE THEATRE
TRUST BOARD**



**THE REGENT
THEATRE TRUST**



**TE MANAWA
MUSEUMS TRUST**



**PALMERSTON NORTH
AIRPORT LTD**

OVERVIEW

The Council provides some of its services and facilities through Council Controlled Organisations (CCOs). These organisations independently manage Council facilities or deliver specific services and developments on behalf of residents.

A CCO is an organisation where Council (or Councils) owns or controls at least 50 per cent of the voting rights or has the right to appoint at least 50 per cent of the directors or trustees.

These organisations can bring business and community expertise that Council may not be able to access easily. They can also attract funding from sources other than ratepayers.

Run by independent boards, CCOs and Council Control Trading Organisations (CCTO) operate at arm's length from the Council and annually agree on the services they will provide. This agreement is called a Statement of Intent. Council then provides funding (if required), so the Board can implement their Statement of Intent.

Reporting CCOs:

- Caccia Birch Trust Board
- Central Economic Development Agency Ltd (CEDA)
- Globe Theatre Trust Board
- Te Manawa Museums Trust
- The Regent Theatre Trust

Apart from CEDA, these CCOs meet their obligations by:

- Providing a range of entertainment and recreational opportunities for a wide variety of performers and audiences.
- Preserving and promoting the City's heritage.
- Adding to the City's science, education and research base.

By cultivating a vibrant and creative city that enhances its attractiveness to residents and visitors, these CCOs add to the City's economic development and cultural capital.

CEDA contributes to the City's economic sustainability by attracting, nurturing and retaining businesses and jobs.

Council Controlled Trading Organisations (CCTO)

- Palmerston North Airport Ltd (PNAL)

PNAL advances the region by maximising connectivity, stimulating investment and by providing support for its range of economic sectors.

Exempted Organisations

- Palmerston North Performing Arts Trust
- Manawātū-Wanganui Regional Disaster Relief Fund Trust

Council can exempt small CCOs from the planning and reporting requirements of the Local Government Act. These are call exempted organisations.

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CACCIA BIRCH TRUST BOARD

CACCIA BIRCH
TRUST BOARD

OBJECTIVES

Historic homestead Caccia Birch is listed as a Category 1 Heritage NZ building. The Caccia Birch Trust Board has overseen the restoration and maintenance of this significant historic property since 1992.

The Trust continues to protect, maintain and promote Caccia Birch and its heritage status. To help fund its preservation, the building operates as a meeting and conference centre for functions, social events and weddings.

WHAT THE BOARD DOES

The Board preserves and protects the Category 1 Historic Caccia Birch Homestead for public use and future generations by managing a programme of internal refurbishment and redecoration agreed with the Council as the landlord to enable asset management and development. By doing this, Caccia Birch provides the local community with a significant historic property, that celebrates the history of the city and provides a useable resource.

KEY ACHIEVEMENTS



SUCCESSFUL IN
RECEIVING
FUNDING
FOR LIGHTING

PURCHASE
OF NEW
PRESENTATION
RESOURCES



CACCIA BIRCH TRUST BOARD

WHAT HAPPENED IN THE YEAR

Two months of trading was affected due to Covid-19, during what would have been a busy summer/autumn. Two events the Bridal Fair and the 125th Jubilee celebration of Caccia Birch House have been postponed to August and November 2020.

Free open afternoons were held in the first eight months of the year almost meeting targets. Others were postponed due to Covid-19 and the extra cost of sanitising the venue, the wellbeing of staff, and to keep costs to a minimum cognisant of income reduction.

The Fight the Fires Fundraising event in January was attended by approximately 400 people who enjoyed a line-up of musicians and entertainment.

Our conference and meetings bookings trickled back slowly by mid-to-late June, and there was support by regular clientele.

Central Energy Trust supported our funding request to install the second phase of lighting in the stable area to light up the redesigned panels supported by the Earle Trust and the Heritage Fund.

Funding has also been confirmed by Pub Charity to support entertainment for the 125th Jubilee event.

The Board has purchased drop-down projector screens and a new TV screen to update its client resources.

ONGOING CONSIDERATIONS

The 10-year strategic planning undertaken by the Trust in recent months has highlighted the areas the Trust wish to grow and enhance the visitor experience.

We are developing tour packages for local and international tourism (eventually) and aim to include walks to the river from CBH.

Plans to create a tea room or café to cater to the casual visitor are integral to servicing the local community, and we believe the venue hire business can operate alongside this activity.

Plans are underway to develop the lagoon embankment lookout area and pathway along the water frontage. The Trust Board are working on an overall grounds development plan aiming to include some covered pergola areas with seating and a permanent stage area in the future to encourage more summer events.

HOW DID WE PERFORM

MEASURE	2019/20 TARGET	RESULT	COMMENT
Open afternoons	12	Target met	19 open afternoons. The public access the gardens at least 315 days last year (some weekends due to private weddings or functions. It was also locked up for Covid-19 lock down this year as a security risk). The CB CoachHouse Archive is open each weekday, so at least 220 days last year. (lower due to lockdown)
Tour groups	7	Target not met	3 tour groups. Lower number organised tours although high level of requests until Covid-19 as mostly elderly visitors at risk. March to June affected.
Usage days	255	Target not met	193 usage days. Covid-19 closure was approximately 45 days. This number was also affected under alert levels 3 and 2.
Satisfaction (users)	92%	Target met	98% satisfaction. Three comments about staff not available to show tourists through that arrived unannounced.
New community group users	2	Target met	2 new community group users. Local art group / Sri Lankan Group.

CENTRAL ECONOMIC DEVELOPMENT AGENCY (CEDA)

OBJECTIVES

CEDA is a limited liability company incorporated and registered under the Companies Act 1993 that is 50 per cent owned by the Council and 50 per cent by Manawātū District Council.

It has operated since September 2016. The primary objective of CEDA is to drive and facilitate the creation and growth of economic wealth for Manawātū and beyond.

WHAT THE BOARD DOES

CEDA's purpose is to drive and facilitate the creation and growth of economic wealth for Manawātū and beyond.

With a vision for Manawātū to be New Zealand's most progressive region by 2025, CEDA has three strategic goals for the city and region:

1. To be recognised as one of the top three agrifood hubs in the world,
2. To become a leading distribution hub leveraging off its role in central New Zealand,
3. To be renowned for its exceptional lifestyle, competitive advantages and is a magnet for business, investment and talent.

CEDA's annual programme of projects and initiatives aim to achieve these three goals, and are guided by the Letter of Expectations set by their Shareholders, which outline three priority areas of focus:

- Inward investment, national and international,
- Retention and expansion of businesses in the Manawātū region, and
- Developing a talent pipeline.

All of CEDA's work is undertaken in partnership with local and central government, iwi, and the business community.

KEY ACHIEVEMENTS



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BUSINESSES
MATCHED WITH MENTORS

NEW ZEALAND'S FIRST
REGIONAL
AGRITECH
STRATEGY
LAUNCHED

TE ĀPITI
TOURISM POTENTIAL
STUDY COMPLETED

SORT IT ONLINE
LAUNCHED WITH
37 WEBINARS
HOSTED WITH **500+**
PARTICIPANTS



WHAT HAPPENED IN THE YEAR

With a history of innovation in agrifood science, research and development, the Manawātū Agritech Strategy was launched. The Strategy builds on the sector's strengths in positioning the region as a hub of world-leading expertise and developing opportunities for start-ups and investors. CEDA worked alongside its partners to implement the three-year action plan based on the four pillars of; fuelling doers, growing talent, creating a temple and building a brand. Achievements under Year-Two of the Strategy include the Massey Horticulture Immersion programme, the Sprout Agritech Accelerator, the Transformation awards delivered by Sprout and working with The Factory on the digital delivery of the AgTech Hackathon.

Under the Regional Business Partner programme, 641 businesses including, 38 businesses that identify as Māori, were assisted. These engagements consisted of developing the capability of the business, matching businesses with mentors, and support through the impacts of Covid-19. Close to 3800 businesses, including 27 identified as Māori were supported through the initial stages of Covid-19. The Navigating Covid-19 webinar series delivered 22 webinars to over 760 participants.

CEDA played an active role in the project team that developed the Central North Island Distribution Precinct Strategy. This aims to develop Palmerston North and Manawātū into a significant freight hub within the national network and unlock the region's potential. The precinct includes the KiwiRail Central Regional Freight Hub, the North East Industrial Zone, Palmerston North Airport, and the planned Regional Freight Ring Road. A focus for CEDA was leading the extensive industry and landowner engagement component of this project.

The Choose Manawātū campaign developed in partnership with Manawātū District Council, Palmerston North City Council, Manawātū Chamber of Commerce, Feilding & District Promotion and Paimy BID (Business Improvement District) was borne out of a need to support the business community through the impact of Covid-19. The campaign provided a platform to showcase their businesses and to drive residents to shop, spend and support local.

This followed the successful Move to Manawātū campaign showcasing the benefits of the region's lifestyle. Leveraging on existing media relationships and proactively pitching stories and features to national and local media organisations and publications resulted in 58 direct media features.

A Manawātū Talent and Skills Attraction and Retention Strategy and Action Plan was co-designed with stakeholders and employers, tertiary providers, and key sectors of health, infrastructure and technology. This provides clear priorities and actions to future proof the region, with a focus building the region's reputation, attracting and developing talent, connecting talent and retaining new and existing workforce participants.

Leadership was given to regional schools and tertiary providers to assist in increasing the number of international

students. In partnership with Education New Zealand, CEDA representatives accompanied three teaching institutions to Japan to engage in school seminars and connect with education agents. The purpose was to raise the regional profile for Japanese short and long-term study groups, grow education relationships in Tokyo and help with diversifying our international market.

Strategic planning for the visitor sector helps define what success is. There is a focus on creating a high-value sector that balances the needs of visitors, residents, businesses and Māori to deliver sustainable and productive growth. Working in partnership with Palmerston North City and Manawātū District Councils, iwi and stakeholders, a draft framework was developed in 2018/19 to set the strategic direction for the city and the region's visitor sector. A Manawātū Destination Management Plan was developed with shared vision and goals through to 2025. Its key objective to grow visitor activity and value in the region, by focusing on four key outcomes; cultural and social, visitor, economic, and partnership.

ONGOING CONSIDERATIONS

Before the Covid-19 lockdown, the region was performing strongly across most economic indicators. Gross Domestic Product had matched or was above the New Zealand average since the first quarter of 2018, and house prices had grown at a faster rate than the New Zealand average since the end of 2016.

The region has a diverse economy, underpinned by our farming, food production and agrifood sector, that provides a cushion against the impact many other regions will experience. Our distribution, research, health, public service and defence sectors are vital and resilient, and the diversity of these sectors sets us up well to weather the economic impacts. We have a strong visitor market, contributing \$500 million to our economy in the year to January, and are not dependent on overseas visitors compared to other regions.

Covid-19 has created a challenging and changing environment. As an organisation with a primary objective to support business and grow the regional economy, the approach will require being flexible and responsive to the changing needs and demands of our community. We are acutely aware we will have to adapt our programmes of work in the short-to-medium term to achieve the outcomes required to lead and support the region's economic response successfully. Additional funding secured through the Regional Business Partner Programme will continue into 20/21 to support businesses through the impacts of Covid-19.

CEDA will continue its work towards achieving the three big goals for the city and region, informed by the expectations of shareholders and the community.

A review of PNCC's economic development activity is scheduled for early in the 20/21 financial year. This review will confirm CEDA's ongoing funding after year-end June 2021.

HOW DID WE PERFORM

ATTRACT, RETAIN AND DEVELOP TALENT IN THE REGION

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2019/20	Outputs/achievements
Develop the talent pipeline to grow a skilled workforce, and better utilise the existing labour market	Implementation of the action plan as a result of the regional skills gap analysis.	Talent attraction and retention strategy and action plan developed, and implementation initiated.	Talent Attraction and Retention Strategy developed, with action plan, to be implemented from July 2020. A Primary Sector Skills Shortage Action Plan developed, for implementation in 2020. A Response and Recovery Plan has been drafted, for implementation in 2020/21. Create a dedicated Manawātū recruitment platform to attract tertiary graduates.
	Driving the development of skills in the region and supporting linkages to job opportunities.	Support provided to the development of the National Driving Training Centre and Talent Central employment hub. Deliver the Sort It Careers Expo with 70+ exhibitors. Deliver 5 key engagement activities through Te Aho Tāmaka.	Support provided to Talent Central for Work Ready Portfolio and brokerage service between secondary schools and employers. National Driver Training Centre and the Special Projects Skills Hub also supported. Sort It Careers Expo new website and app launched. 12 Te Aho Tāmaka engagements delivered and four new Te Aho Tāmaka Leaders inducted into the programme
	Understanding of the future of work in the region and how best to prepare the region for change.	Develop a Manawātū future of work project, in collaboration with Massey, UCOL, employers and Infometrics.	Project plan developed to commence in July 2020.

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CEDA

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2019/20	Outputs/achievements
Deliver information, advice, programmes and initiatives to attract more international students to the region.	Increase the value of international students in the region.	Implement annual workplan as agreed with the International Education Leadership Group.	International Education Strategy and Terms of Reference to be reviewed and refreshed. Focus for the year was on marketing the region as an international study destination of choice, student experience and employability. A Response and Recovery Plan has been drafted with a focus on Regenerating International Education, including targeting Chinese students from secondary through to tertiary age.
	Enhance the experience of international students while they are here.	Deliver 6 cross institutional engagement activities.	Six engagement activities were completed including: <ul style="list-style-type: none"> • September Mayoral Welcome. • Pizza with Fireworks. • Festival of Colours in conjunction with PN City of Cultures. • A Mental Health Check in with students entering exam time. • A Movie Night held in conjunction with Youth Space. • Development of, and ongoing activities and social media engagement, through @StudentCityPN and Youth Space.
	Increase the employability of international students.	Deliver employability workshop(s) with 100+ International tertiary student participation. Individually assist 20+ students into local employment opportunities.	Employability resources developed. Implementation was delayed by Covid-19, with delivery of the tools to students and employers planned between July and October 2020. 30+ students have gained work integrated learning opportunities through Callaghan Innovation funded initiatives.

ATTRACT, RETAIN, AND DEVELOP BUSINESS AND INVESTMENT IN THE REGION

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2019/20	Outputs/achievements
Support our sectors of strength to grow through targeted business development and retention initiatives and activities.	Assess and support opportunities for growth through key business engagement, cluster development and sector strategies and relationships with Māori.	Implement the Visitor and Agritech sector strategies. Deliver NZ AgriFood Week, three CEDA ag sector events. Event stakeholder satisfaction of 80%*. Increase in Pint of Science partnerships (events delivered externally) from 2018/19.	Completed the: <ul style="list-style-type: none"> Manawatu Destination Management Plan. Agritech Strategy and three-year implementation plan. Three-year Foundational Strategy for NZ AgriFood Week. Due to Covid-19, New Zealand AgriFood Week 2020 was postponed. NZAFW 2020 will now be held in November. The international Pint of Science event scheduled was also cancelled due to Covid-19.
Develop and grow businesses by delivering information, advice, and support.		400 businesses supported to grow through the Regional Business Partner Programme** (15 businesses that identify as Māori). 150 businesses assisted through CEDA's additional support services including access to government support/funding.	641 business were supported, including 38 business that identify as Māori. A total of 378 businesses including 27 that identified as Māori were supported to help with the impacts of Covid-19 from the last week in March to 30 June 2020. 141 businesses supported and assisted. Due to Covid-19 additional face-to-face engagements were not possible so businesses and individuals were supported through the Navigating Covid-19 webinar series which had 762 participants, and Visitor Sector support webinars which had 96 registrations.
Facilitate access to specialist innovation, business development and start-up expertise.		Deliver 10 Start-up clinics to support new business. 40 referrals to the Chamber of Commerce and The Factory. Attraction of 90 start-ups to enter the Innovate programme supporting 7 businesses to start or accelerate. Support provided to The Factory 'Sprout' Agritech Accelerator.	Seven Startup Clinics held pre-Covid-19. During Covid-19 restrictions 22 Navigating Covid-19 webinar series were delivered instead. 44 referrals made to The Factory and Manawatu Chamber of Commerce. Lower market demand 77 start-ups entered The Factory's 2019 Innovate programme. Funding provided to The Factory to support the 'Sprout' Agritech Accelerator. CEDA also supported Brave New Thinkers, developing entrepreneurial young talent during New Zealand Business Week.

* Some businesses received both capability development and COVID-19 support

** Businesses/individuals may have attended more than one webinar

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2019/20	Outputs/achievements
Attraction of Conference and Business Events that bring economic benefit to the region	Implementation of Inward Investment strategy with regional partners, targeting the Agriculture, and Distribution and Logistics sectors	Investment profile for the region developed and investment ready opportunities identified	<p>As part of the Agrifood Hub, work has continued on the development of the investment profile for the region. This has been completed and reviewed by industry stakeholders.</p> <p>Work on key projects to bring significant investment and job opportunities, eg the KiwiRail Regional Freight Hub, a potential investment in hydrogen technology, the Bio-forestry initiative (with \$380,000 of investment from the Provincial Growth Fund) an apparel company, and investment interest by a bio-pharmaceutical company.</p> <p>CEDA has played an active part in the Central North Island Freight Precinct Strategy, which aims to develop Palmerston North and Manawātū into a significant freight hub.</p> <p>Te Āpiti - Manawātū Gorge Tourism Potential feasibility study was completed in late 2019. Next steps include the application to the Provincial Growth Fund to develop a catalyst project to enhance the visitor offering.</p>
Attraction of Conference and Business Events that bring economic benefit to the region		12 bids prepared/supported with a 30% success rate***	<ul style="list-style-type: none"> The conference sector has been extremely impacted by Covid-19 events. Six conference bids were supported, with two bids won. Unfortunately, these were both impacted by Covid-19. Attraction of a two-and-a-half-week business meeting to Manawātū has also been achieved. Development of a draft Manawātū Conference and Business Events Strategy has been finalised for discussion with stakeholders. A Conference Bid Template has been finalised to ensure consistency and standards in terms of regional bids.

PROFILE THE REGION TO ATTRACT PEOPLE, BUSINESS AND INVESTMENT

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2019/20	Outputs/achievements
Profile Palmerston North City and Manawātū district locally, nationally and globally.	Lead and develop the stories of Manawātū, creating a narrative and a unified positioning, incorporating the cultural heritage of iwi.	Implement the Regional Identity project outcomes.	The second phase of Regional Identity research focused on potential residents and talent, existing residents and businesses and potential investors. Next steps are to develop a distinct, compelling value proposition that can be used across all CEDA's audiences and by our stakeholder community.
	Lead the creation of quality, targeted regional content for distribution on owned and third-party platforms, working with media partners to showcase our region's strengths.	18 direct media features profiling the region.	56 direct media features of the city and region. An additional seven features were achieved indirectly, and extensive coverage through Tourism New Zealand is also underway.
	Grow engagement on regional web and digital platforms for increased promotion of and information on the region.	10% increase in 'sessions' on ManawatuNZ.co.nz. 10% increase in social media engagement across all channels.	ManawatuNZ.co.nz had an 8.8% decrease on sessions, with a total of 229,586 sessions. Sessions were on track to met the target prior to Covid-19. The ManawatuNZ.co.nz session decrease was countered by a significant 45.2% increase in sessions on CEDA.nz, with the focus on business support during the Covid-19 crisis. To help mitigate the effects of Covid-19 the Choose Manawātū initiative was housed on ManawatuNZ.co.nz, and developed in partnership with Palmerston North City Council, Manawātū District Council, Feilding & District Promotion, Palmy BID and the Manawātū Chamber of Commerce. Palmerston North City & Manawātū Facebook followers up 15.8% (13,343 followers). My Manawātū Facebook up 11.5% (10,581 followers) and Manawatu_NZ Instagram up 32.6% (5,106 followers).

LEAD INCLUSIVE AND SUSTAINABLE ECONOMIC DEVELOPMENT FOR THE REGION

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2019/20	Outputs/achievements
Develop strategic partner relationships, leveraging opportunities.	Continue to build on relationships with shareholders, central government agencies, key regional stakeholders, local iwi and Māori, and business support groups through the stakeholder engagement plan.	Customer satisfaction survey increase on previous % of satisfaction. Partnership and workplans agreed and actioned as appropriate.	70% satisfaction, up from 67% baseline set in 2019. Partnerships set up with Manawatu Chamber of Commerce, Immigration New Zealand, Sprout, The Factory, Talent Central and UCOL. Development of relationships with local Māori business networks.
Data and insights communications on the performance of the region's economy.	Undertake research 3 years on from 2016 survey to measure the pulse of the local business community and inform current and future projects. Quarterly economic updates provided in conjunction with shareholders. Economic update events to inform and create discussion on topics of relevance.	Research undertaken, and results reported by end of February 2020. 4 economic updates provided to stakeholders. 2 economic update events held.	Research undertaken by December and results incorporated into CEDA's work on the Manawatu Destination Management Plan. Four Economic Updates for Manawatu prepared with Palmerston North City and Manawatu District Councils. Facilitated a webinar with Infometrics and Accelerate25 to look at the economic implications of Covid-19 for the national and local economy. Helped facilitate two further webinars to look at the Covid-19 impacts for Māori across our regional economy.
Work plan aligned to delivery of Statement of Service Performance.	Development of Business Plan with outcomes on delivery of the Statement of Intent.	Business Plan developed and delivered to shareholders by 31 October.	Business Plan developed and delivered to shareholders.

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GLOBE THEATRE TRUST BOARD



GLOBE THEATRE TRUST BOARD

OBJECTIVES

The Globe Theatre comprises two community theatres run for the Council by the Globe Theatre Trust Board.

The Board controls, develops, promotes, enhances and maintains the Globe Theatres so that they can be used and enjoyed by residents and visitors to the Manawātū region.

WHAT THE BOARD DOES

The Board works to secure the future of the theatres and develop new markets for continued viability and growth. It also develops the relationships with key stakeholders, acknowledging that the theatres provide the primary venue and home for the Manawātū Theatre Society.

The theatre offers professionally-equipped, affordable venues for community-based amateur theatre groups to hire. It also offers intimate performance spaces for professional theatre groups and other performers to hire.

In doing this, the theatres contribute to the development of the city's Cultural Village complex for the community to enjoy in support of the Council's goals for creativity and vibrancy.

KEY ACHIEVEMENTS

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PERFORMANCES


**NEW LED
LIGHTING
RIG & SOUND
EQUIPMENT**
IN GLOBE 1 THEATRE



**THE INAUGURAL
PALMY COMEDY FESTIVAL
WAS HELD THIS YEAR**

GLOBE THEATRE TRUST BOARD

WHAT HAPPENED IN THE YEAR

In 2019/20, Council provided operating funds of \$115,748 paid in quarterly instalments.

The Globe was on target to meet all its measures for the year before the Covid-19 pandemic. The pandemic forced the Globe to close from 15 March until it reopened with a sold-out comedy show on 6 June. While closed, the Globe worked closely with event organisers to reschedule shows and is looking forward to those shows coming back to the Globe in the latter part of 2020. As a Community Theatre, the Globe Theatre works closely with local organisations and is very proud to have Memorandum Of Understanding (MOU) agreements with the Manawatu Theatre Society, The Comedy Hub, the Rose Academy of Dance and Performing Arts, Alliance Francaise de Palmerston North, the Michelle Robinson Dance Studio, Sunday Matinee Series and the Tall Poppies Community Performance Trust.

The Globe's success for 2019/20 was assisted by a number of key productions:

- Alice In Wonderland Jr from the Manawatu Youth Theatre.
- Swingers from the Manawatu Theatre Society.
- The inaugural Palmy Comedy Festival featuring over 50 performances from 30 different acts.

- Sold-out performance of Guy William's "Full Head Of Steam" as part of the Palmy Comedy Festival.
- Tui Award winner Mel Parsons.
- 2020 Summer Sounds Festival featuring 12 acts from NZ and overseas.
- Monthly comedy shows from the Comedy Hub.
- Monthly French Film Nights with Alliance Francaise de Palmerston North.
- Bi-monthly productions from Lola and Friends.

March 2020 also saw the installation of the new LED lighting rig in the Globe 1 Theatre. More than \$74,000 was raised from grants from the Central Energy Trust, Mainland Foundation and the Eastern and Central Community Trust. The Central Energy Trust also gave funds of more than \$24,000 for new sound equipment which will be installed in the Globe 1 Theatre in the later part of 2020.

ONGOING CONSIDERATIONS

The next financial year the long-awaited and badly needed upgrade of the Globe 1 Theatre backstage toilets will be installed. This upgrade will allow the Globe Theatre to maximise its limited storage space.

GLOBE THEATRE TRUST BOARD

HOW DID WE PERFORM

MEASURE	2019/20 TARGET	RESULT	COMMENT
Usage nights	550	Not achieved	Due to 3 month closure during Covid-19 this target was not met, with 534 total usage nights.
Performances	185	Achieved	215 performances.
Satisfaction (hirers)	≥97%	Not achieved	Satisfaction was 94% for 2019/20. A total of 31 surveys were complete 2019/20, our goal for 2020/21 is to increase the number of surveys that are completed. This will be achieved by contacting the venue hirers seven days after the initial survey was sent to them.
Satisfaction (audiences)	≥78%	Achieved	Audience surveys take place monthly and target ticket buyers through the Globe ticketing system. Comments and feedback are considered at Board meetings. The major influencer for audience members is being able to book whatever seat you would like. Globe Theatre & café staff received 93% satisfaction.
Events co-promoted by the Globe	10	Achieved	22 events classed as national or international were brought to the Globe. 16 of the events were co-promoted.
Proportion of MOU-driven usage	65%	Not achieved	Of the 534 usages at the theatre, 288 came from our MOU organisations a total of 54%. Of those 288 usages, 96 were performances. The remaining 192 were classes & workshops.
Depreciation costs funded	67%	To be determined	
Donation and fundraising revenue	\$13,000	Achieved	\$113,358. New LED lighting rig & sound equipment in Globe 1 theatre.

¹ Excluding PNCC, non-capital

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THE REGENT THEATRE TRUST

THE REGENT THEATRE TRUST

OBJECTIVES

The Regent Theatre (Regent on Broadway) constructed as a movie theatre in 1930 is one of the Council's major arts and cultural facilities.

Completely refurbished in 1998, it consists of a 1400-seat civic auditorium and is a regional centre for the performing arts run for the Council by The Regent Theatre Trust.

It develops, promotes, enhances and maintains the Regent as a vibrant and unique venue for live performances, community events, graduations and the performing arts attracting international, national and local performances.

WHAT THE TRUST DOES

The Trust works to secure the future of the Theatre by providing and enabling strategic direction to develop and increase audiences, and bring new events. It also maintains and preserves the physical infrastructure, fixtures and fittings of a recognised heritage building as a pillar of the City's cultural heritage.

The Theatre promotes and operates the Regent to retain its vision of being New Zealand's most vibrant provincial theatre. In doing this it contributes to the city's attractiveness by providing an exciting and innovative venue for cultural and community events with broad appeal.

The Theatre assists the City's economic growth by acting as a cultural and entertainment option for city visitors.

KEY ACHIEVEMENTS



THE REGENT THEATRE TRUST

WHAT HAPPENED IN THE YEAR

The year started well with ten performances during August of the highly successful production of Les Miserable, which was attended by 6256 patrons. The year continued with school productions, international touring acts such as Kris Kristofferson and The Frontmen, The Royal NZ Ballet, plus school prizegivings, and local dance productions. Due to Covid-19 lockdown, bookings halted during March. Total attendances for the year were 65,456, which was below our projected annual target due to the Theatre being closed for 14 weeks. Before the lockdown, the Theatre was on-track to achieve its target. The closure affected the number of events held but also contributed to the economic downturn in the City as events such as the Massey Graduation ceremonies, and touring productions were cancelled.

ONGOING CONSIDERATIONS

It is 21 years since the Theatre's refurbishment. The building is starting to show wear and tear in some areas, and the building maintenance programme is a continuous undertaking. The foyer's carpet is due to be replaced during 2020/21. Repairs to the roof due to water leaks and blocked drains (caused by pigeons) are also a constant area of maintenance.

Covid-19 has had a dramatic effect on the business, and the future is unknown as to how the public will react into coming back to Theatre when the doors open in July 2020. A strict cleaning regime and well-trained staff should help alleviate any fears the public may have.

Our advance bookings for 2020/21 are encouraging, however with borders closed, and no signs of international acts returning, the Theatre will have to rely on local and national productions.

HOW DID WE PERFORM

MEASURE	2019/20 TARGET	RESULT	COMMENT
Significant events assisted	2	Not Achieved	One event only was staged at the theatre with the assistance and support of the Regent on Broadway Promotions, that being Les Miserable during August 2019. Our other event which we had agreement to assist with was Sister Act during April 2020 was however postponed due to Covid-19.
Culturally diverse events assisted	3	Achieved	The theatre assisted the following culturally diverse events: July Mid Winter Hafla September Manukorero Competitions December Bhutanese Festival January Chinese New Year February Tangata Rau Kapa Haka
Iconic community events assisted	2	Achieved	August Abby Musical Theatre, Les Miserable March Palmerston North Dance Association
School events assisted	11	Achieved	The theatre hosted 10 school awards (prize giving's) and 8 school concerts/ productions.
Total attendances	98,600	Not Achieved	We were on track to achieving our attendance target when Covid-19 affecting us from reaching this target. With our business closing in March our attendance figure of 65,456 was comparable for the same period last year.
Total live nights	180	Not Achieved	Prior to Covid-19 our live nights targets were on track compared to last year with 133 events being held.
Income from commercial use	≥58%	Not Achieved	Total revenue generated from Commercial shows was 45.3%. This figure is misleading with 17 Commercial shows being cancelled during the Covid-19 lockdown period.
Attendances (community events)	≥65%	Achieved	Community attendances figure, (76.8%) although greater than last year, is slightly misleading as it does not represent a full year's result.
Community satisfaction	95%	Not Achieved	Community Satisfaction results unavailable as only very few responses were returned to us during the year which prevented us showing a true result.
Events in foyer and function rooms	240	Not Achieved	The number of events held in the Function Rooms were 147.

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TE MANAWA



TE MANAWA MUSEUMS TRUST

OBJECTIVES

Te Manawa is one of the Council's major arts and cultural facilities.

It consists of the museum, science centre and art gallery and is managed for the Council by the Te Manawa Museums Trust. It has key roles in promoting and supporting Kaupapa Māori and Rangitāne, the arts, culture and science, as well as educating visitors by providing challenging experiences and programmes.

WHAT THE TRUST DOES

The Trustees govern and manage Te Manawa as a significant regional cultural institution encompassing a museum, gallery and science centre.

Te Manawa is a 'Museum without Boundaries' of, by and for all the community and co-creates and provides educational and challenging experiences.

It is a storehouse of regionally and nationally important collections of Taonga Māori, New Zealand contemporary art and social history.

Te Manawa hosts international touring exhibitions and develops homegrown exhibitions that challenge and stimulate the mind and celebrate the region. These are supported by learning programmes, special events, and public programmes.

KEY ACHIEVEMENTS

**VISITOR
SATISFACTION**
99%

**CEO APPOINTED
TO THE TE PAPA,
NATIONAL
MUSEUM OF NZ
TRUST BOARD**

Te Manawa was accredited
**'WORKING TOWARDS
BECOMING
DEMENTIA FRIENDLY'**
the first New Zealand museum to have
such recognition from Alzheimers NZ

**ON-LINE REACH
EXCEEDED TARGET**



WHAT HAPPENED IN THE YEAR

Visitor numbers to Te Manawa started to decrease from January 2020 as news of Covid-19 spread internationally.

As well as this, some national venues confirmed to host Te Manawa touring exhibitions cancelled. All large events, exhibitions and functions planned from February - June were cancelled or postponed. There was, however, a rise in online reach which increased from 634,221 in 2018/19 to 664,932 in 2019/20.

CEO Andy Lowe was appointed to the Te Papa Trust Board, which is an acknowledgement of the work Te Manawa has been doing on the international stage, especially around inclusivity. Examples of this were the Santa's Cave exhibition being presented (for the first time) via sign language to members of Deaf Aotearoa (Manawatū), NOA open studio at Te Manawa, NOA artist Malachi Oldridge, being selected as a finalist in the IHC art awards, and the Ngā Toa Patrick Bronte interviews.

The collection continues to grow and gather support from our community such as the addition of a 100-year time capsule from St Paul's Methodist Church, a substantial financial donation from an anonymous donor for a sculptural work for Te Manawa and the offer of a significant art collection from a private donor. Manawatū sculpture Falling Waters (Fred Graham) was refurbished and installed on the Palmerston North Conference and Function Centre, a joint project between Palmerston North City Council, the Palmerston North Sculpture Trust and Te Manawa – a real asset to the city.

Around 20 exhibitions opened over the year including Colin Mc Cahon - 100 years (part of National Mc Cahon commemorative trail); Te Ha o Hine-Ahu-One/Palmerston North Women's Health Collective fundraiser exhibition (art auction proceeds around \$25k); Ngā Kete Toi-Wananga exhibition; Eileen Mayo; Melissa Laing - Controlled Environment Laboratory; Mirror Magic; United Arab Emirates; Animalia and Ngā Toa. The first stage of the refresh of the ever-popular KidsTM was completed with funds donated by a range of local companies. The second stage will be complete by Christmas 2020 with funds donated by Westpac and Beca.

Over 100 events both on-site and off-site enabled communities to interact with Te Manawa in different ways including Māori Language week; Chamber Music NZ; Haunted Museum at the Esplanade; Te Manawa after Dark; Lazer Tag, Nerf Wars, Spotlight; Family Festival; Artist, scientist and heritage talks; Museum takeover - a collaboration with Centrepont Theatre.

ONGOING CONSIDERATIONS

The future impact of the continuing increase internationally of Covid-19 on arts and cultural facilities is not yet known. We do know there will be an increased focus on the local, regional and national markets and national tourism.

Apart from when we host exhibitions from international venues and visitors visit from Bluff to Kaitia, the primary visitor demographic is local and regional. With the severe reduction in international exhibition movement, there are opportunities to leverage off this in collaboration with other facilities and organisations, both national and regional.

PLANNING

Te Manawa has come through some review processes and will now focus on developing a robust Business Plan to include solid stakeholder relationship management and inclusion, fundraising and a three-year programme of exhibitions, upgrades and key events supported by innovative learning programmes.

Te Manawa has some exciting family-friendly and interactive exhibitions coming up including the Bugs exhibition; and events are planned for PN150 and Massey Māori Arts Toioko-Apiti 25th anniversary with a particular focus on science, technology and the environment.

THE DIGITAL POTENTIAL

Te Manawa's awareness of the potential for ongoing Covid-19 related issues has called for more urgent pivoting towards digital experiences and towards new opportunities that arise from the community needing human connection and a trusted place to go for accurate information.

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TE MANAWA

HOW DID WE PERFORM

MEASURE	2019/20 TARGET	RESULT	COMMENT
Visits to TM	170,000	Not achieved	Visitors started to decrease from Jan 2020 due to Covid-19, which resulted in target not being met, with a total of 100,599 visitors.
Visits to TM exhibitions at other venues and off-site events	50,000	Not achieved	Exhibition venues and events cancelled due to Covid-19, which resulted in target not being met, with a total of 16,303 visits.
Online reach (including e-visits)	400,000	Achieved	664,932.
Visits to Te Ahikaea activities	2,000	Not achieved	Te Ahikaea postponed due to Covid-19.
Third-party revenue	\$651,000	Not achieved	Projects and exhibitions cancelled due to Covid-19, which resulted in total third-party revenue of \$337,152.
Visitor satisfaction (TM surveys)	>96%	Achieved	99%.
Deliver on/out-of-the-box thinking	3	Achieved	Climate Change Theatre Action; UAE Exhibition; NOA Paste Up 3; Oral histories project for people living with disabilities.

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PALMERSTON NORTH AIRPORT LTD



PALMERSTON NORTH AIRPORT LTD (PNAL)

OBJECTIVES

Palmerston North Airport Ltd is a limited liability company and is 100 per cent owned by the Council.

The principal activities of the company are to provide airport facilities and services to airlines and airport users (both commercial and non-commercial) through the ownership and operation of Palmerston North Airport.

WHAT THE AIRPORT DOES

The Board protects shareholder value and provides a return to the Council in the form of growth in company value and annual dividends.

The Airport provides a key transport gateway that contributes to the economic development of the city and surrounding region.

The Airport's domestic terminal facilities are the principal Central New Zealand passenger and freight hub, and a lead for Manawātū regional economic development.

The Airport contributes to the economic growth of the city and region by providing transportation services such as its airfreight operations that link businesses to domestic and international suppliers and markets, and by bringing visitors to the city.

It also enhances a positive image of the city as a good place to do business.

KEY ACHIEVEMENTS

ZERO
LOST-TIME
INJURY HOURS



14% ahead
of budgeted profit
prior to impact of
Covid-19

PALMERSTON NORTH AIRPORT LTD

WHAT HAPPENED IN THE YEAR

Palmerston North Airport Limited is a Council Controlled Organisation (CCO) and a limited liability company formed in 1989. In 2019/20 the Board reaffirmed its approach to preserving and enhancing shareholder value. The Airport's vision to be New Zealand's leading regional airport is underpinned by five strategic objectives:

- Commercial: operating a sustainable business to ensure long term success.
- Compliance: maintaining a safe and secure operation and ensure ongoing compliance with all standards and regulations.
- Customer: treating all Airport users as our customers.
- Community: being a leader for regional environmental guardianship and engagement with iwi and communities.
- Culture: one team working together to achieve a common goal.

The safety and wellbeing of its people, customers and tenants remain a focus of the Company with the achievement of zero lost-time injury hours this year being a testament to its safety programmes and the support from the airport community. The Company's Safety Management System implementation plan (SMS) as approved by CAA has been in operation during the year and will be certified by CAA in September 2020.

Nine months into the financial year and before Covid-19's impact, the Company was 14% ahead of its budgeted Profit After Taxation. This is despite the loss of aeronautical and other revenue related to the withdrawal of services by Jetstar from 1 December 2019.

The nationwide lockdown, followed by a period of social distancing on aircraft in May resulted in revenue in the final quarter being \$1.9m less than budget. The Company completed a full review of its cost base and capital expenditure programme, resulting in a structure that best fits the new environment of lower aeronautical revenue for the foreseeable future. Pleasingly, the uptake in demand for domestic air travel since the return to Level 1 in New Zealand has already exceeded the Company's expectations and its forecast for the 2020/21 year. However, a cautious approach to capital investment and expenditure, given the possibility of further economic impacts associated with Covid-19 will remain.

A surplus after tax of \$1.63m was achieved during the financial year ended 30 June 2020, being 59% of the prior financial year, and 82% of the Statement of Intent target. The 2019 result was positively impacted by a \$1m revaluation of investment property through the Statement of Comprehensive Revenue and Expense. Due to Covid-19, valuations of all assets were undertaken at 30 June, resulting in a reduction in the value of investment property of \$0.4m. Excluding the revaluation impacts on both years, the surplus after tax of \$1.69m was 35% below the prior financial year and 38% below the Statement of Intent target.

Passenger volumes were impacted by Jetstar's withdrawal in December and the impact of Covid-19 in April. Total passenger movements were 498,000 for 2019/20, with 24,000 passengers in the final three months compared to 171,000 for the same period last year. The result was 27% below the SOI target of 680,000 passengers.

Capital expenditure during the year was \$1.2m, with particular emphasis on the planning and design of Ruapehu Business Park and terminal development project, including a further stage of the terminal air conditioning system upgrade. Expenditure due to be committed in the final quarter of the year, including subdivision activity in Ruapehu Business Park was deferred as a consequence of the national lockdown.

ONGOING CONSIDERATIONS

The company approach 2020/21 with a degree of cautious optimism. The \$3b plus spend on regional infrastructure projects will provide a stimulus to passenger demand. Airlines have responded by signalling a gradual increase in capacity, which gives a degree of confidence to continue cautiously with a modest capex programme. The company continues to stress its ability to progress property development plans on a small scale. The terminal development plan is on-hold, and other non-essential capex projects have been deferred.

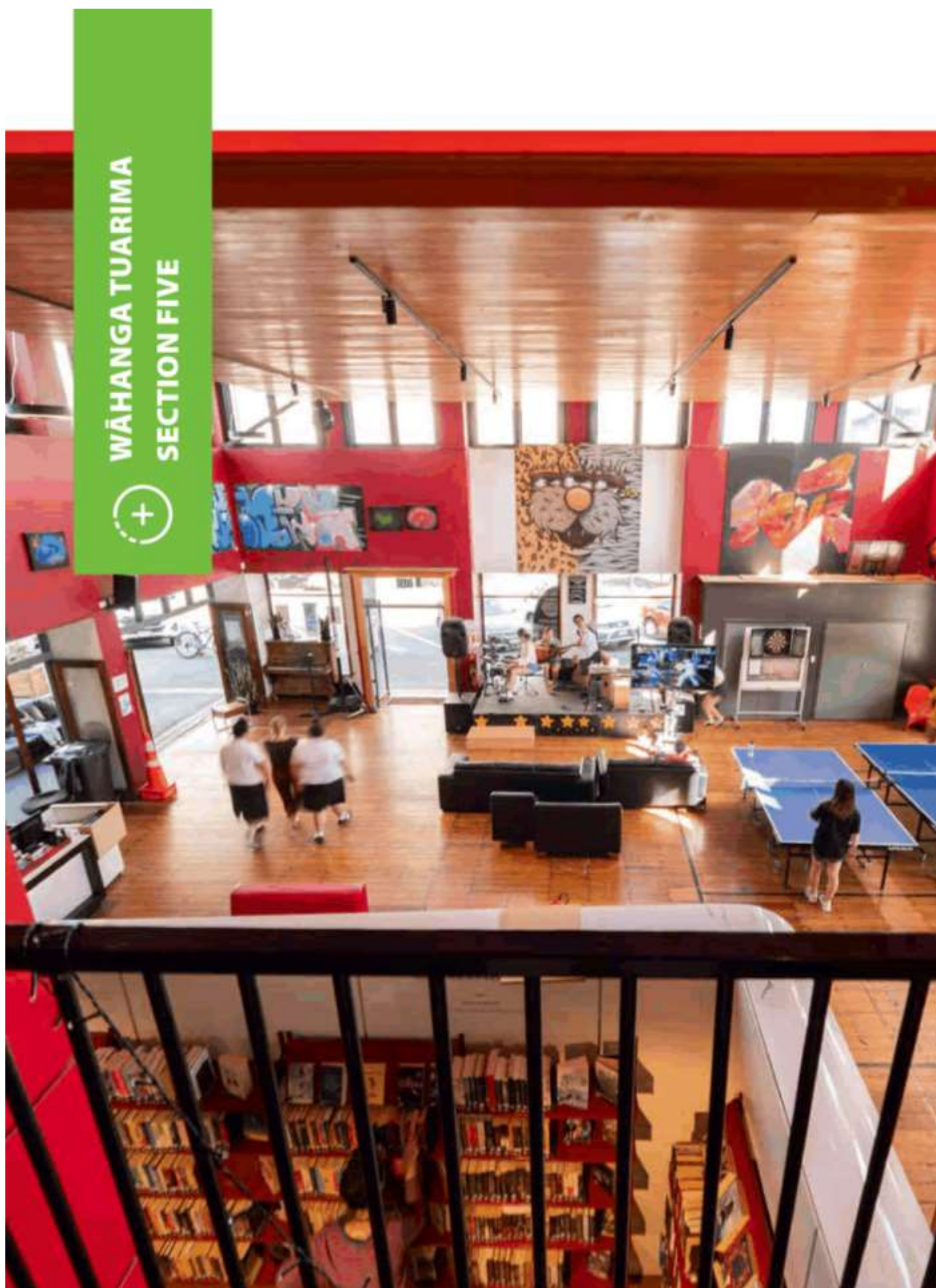
The airport company will continue to invest modestly in community engagement initiatives and will complete the roadmap to carbon neutrality and Stage 2 accreditation.

Further PFAS related testing is programmed to occur.

PALMERSTON NORTH AIRPORT LTD

HOW DID WE PERFORM

MEASURE	2019/20 TARGET	RESULT	COMMENT
A ratio of net surplus before interest/tax/ revaluations to total assets.	6.0%	Not achieved	Lost aeronautical and ancillary revenue associated with reduced passenger volumes March-June due to Covid-19 has impacted on net surplus performance, therefore our result was 2.6%.
A ratio of net surplus after tax to consolidated shareholders' funds inclusive of revaluation reserve	3.1%	Not achieved	Due to Covid-19 our target was not met. Our result for 2019/20 was 2.4%.
To maintain a ratio of consolidated shareholder's funds to total assets at no less than 40%.	69%	Achieved	78%.
To maintain an interest coverage ratio of net surplus before interest at or above 2.25 times.	5.1	Not achieved	Due to Covid-19 our target was not met. Our result for 2019/20 was 3.4.
To maintain a tangible net worth (total tangible assets after revaluations less total liabilities) above \$50m.	\$63.1m	Achieved	\$67.1m.
To maintain a Net Promoter Score of 50 or above. Measured on an annual basis	50%	Not achieved	30%. Score results impacted primarily by dissatisfaction with in-terminal WiFi connectivity. Due to this we received a score of 30%. A hardware upgrade has subsequently taken place.
To achieve targeted annual passenger movement projections.	680,000	Not achieved	Due to Covid-19 our target was not met. Our result for 2019/20 was 498,422.
To maintain Civil Aviation Rule Part 139 certification and have no adverse findings from the annual audit	Achieve	Achieved	5 yearly CAA audit of PNAL's compliance was completed in July 2019.
To achieve zero lost-time injuries to those who work within our airport community	Zero	Achieved	
Complete company roadmap to carbon neutrality	Implement	Achieved	Implemented.
Achievement of emission reduction targets	Achieve	Achieved	





KŌRERO ĀPITI HANGA

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HOW TO FIND US



POSTAL ADDRESS

Private Bag 11034
Manawatu Mail Centre
Palmerston North 4442



CUSTOMER SERVICE CENTRE

32 The Square, Palmerston North

Open Hours:

Monday, Tuesday, Thursday and Friday, 8am-5pm

Wednesday, 9am-5pm

Contact details for all enquiries, service requests, or to contact anyone who works for the Palmerston North City Council are:

 www.pncc.govt.nz

 info@pncc.govt.nz

 06 356 8199

 06 351 4311

The Council operates a 24-hour, seven day a week, 365 days a year phone Contact Centre as a gateway and hub for all enquiries.

This is supported by the Customer Service Centre on The Square as the first point of personal contact for Council business between business hours listed above. The Customer Service Centre has friendly customer-focused staff available to assist and talk about any city-related concerns. There is a translation service for any who need it.

The Council's other main source of contact is through the City Library, which also has copies of Council plans, agendas

and other documents on request.



CITY LIBRARIES

Central Library

4 The Square, PO Box 1948, Palmerston North

 citylibrary.pncc.govt.nz

 06 351 4100

 Renewals: 06 351 4101

 06 351 4102

 webmanager@library.pncc.govt.nz



Hours:

Monday, Tuesday & Friday	9.30am - 6pm
Wednesday	10am - 6pm
Thursday	9.30am - 8pm
Saturday	10am - 4pm
Sunday	1pm - 4pm

Closed on public holidays.



Ashhurst Library

Cnr Cambridge Street and Bamfield Street, Ashhurst

  06 326 8646



Awapuni Library

Cnr College Street and Pitama Road, Palmerston North

  06 356 7634

Roslyn Community Library

8 Kipling Street, Palmerston North

  06 357 9287

Te Pātikitiki (Highbury) Community Library

157 Highbury Avenue, Palmerston North

HOW TO FIND US



06 357 2108

Youth Space

Corner Coleman Mall and George Street, Palmerston North

citylibrary.pncc.govt.nz/pnlibraries/youth-space

06 351 4126

youth@pncc.govt.nzfacebook.com/pnyouthspace/**Mobile Library**

Has regular stops throughout the City.

**COUNCIL MEETINGS**

The Council encourages public participation in its activities. Meetings of the Council and its Committees are open to the public and are normally held in the Council Chamber. For information about meeting agendas and dates, contact the Customer Service Centre (06 356 8199), look in the public notices section of the Manawatu Standard or The Guardian newspapers, or look at our website.

www.pncc.govt.nz**AUDITORS****Audit New Zealand**

31 Amesbury Street, Palmerston North

(on behalf of the Auditor General)

**BANKERS**

Westpac Banking Corporation

**SOLICITORS****Cooper Rapley**

227 Broadway Avenue, Palmerston North

Simpson Grierson

HSBC House - 195 Lambton Quay, Wellington

GLOSSARY

10 Year Plan (LTP or Long Term Plan)

A 10 Year Plan prepared by Council every three years. It describes Council's planned contributions to its vision and goals, shows why they are necessary, how much they are expected to cost, and how success will be judged.

Activity

The goods or services that the Council provides to the community. The Council has 18 Activities, e.g. Cemeteries, Water, or Parks, Sport and Recreation.

Annual Budget (previously Annual Plan)

This is a budget document that shows how the Council will fund any year of the 10 Year Plan. Produced in years two and three of the 10 Year Plan, it provides consistency and direction to Council activities.

Asset Management Plans (AMPs)

These ensure that the Council's major infrastructural assets are maintained to ensure high environmental standards and meet the future needs of the city at the lowest possible cost over the long term. Council has AMPs for roading and parking, stormwater, rubbish and recycling, wastewater, water, property, and recreation and community facilities.

Capital New

Expenditure which will increase the value of or create new Council assets (land, infrastructure, plant and equipment). A household analogy would be expenditure to build a new bedroom.

Capital Renewal

Keeping existing infrastructure and facilities up to standard.

Capital Revenue

Some capital new and capital renewal expenditure is partly funded by amounts received from government or other parties for transport subsidies, grants and development contributions.

Community Outcomes

Short or long-term outcomes that a local authority aims at to promote the social, economic, environmental, and cultural well-being of its district or region. They are the Council's Vision, Goals and Strategies.

Council Controlled Organisation (CCO)

An organisation in which Council (or Councils) owns or controls at least 50 per cent of the voting rights, or has the right to appoint at least 50 per cent of the directors or trustees. CCOs are mostly set up to independently manage Council facilities or deliver specific services on behalf of residents.

Council Controlled Trading Organisation (CCTO)

As for CCO but trading with the main purpose or intention to make a profit.

Depreciation

Spreading the costs of assets over their useful life.

Development Contributions

Development Contributions provide Council with a way of obtaining contributions to fund infrastructure requirements due to growth. A Development Contributions Policy is required as a component of the Funding and Financial Policies in the 10 Year Plan under section 102(2)(d) of the Local Government Act 2002.

Financial Year

The Council's financial year runs from 1 July to 30 June. The 2020 financial year therefore covers the period 1 July 2019 to 30 June 2020.

Group of Activities

Groups of Activities show how the Council will work towards community outcomes. The Council has 11 Groups of Activities. Activities that provide similar services have been grouped together. Changes to the Local Government Act mean that infrastructural Activities are also Groups of Activities.

Level of Service

A measurable description of what the Council does (or is planning to do) for residents.

Maintenance Costs

Expenditure in relation to repairs and maintenance of Council's assets.

Operating Expenditure

Expenditure that is necessary for the normal activities of Council. Using a household analogy, this would be paying for electricity or food.

Performance Measures

Performance measures show how people can judge the success of the Council. The measures in the current 10 Year Plan are part of the Council's performance framework. The Council has other more technical performance measures in documents such as Asset Management Plans.

Programmes

Programmes are the detailed financial actions that include capital and non-capital works within any financial year to achieve Council's outcomes.

Treasury Policy

This sets out when and how Council will invest, and for what purposes, and when and how Council will borrow, and for what purposes.

Uniform Annual General Charge (UAGC)

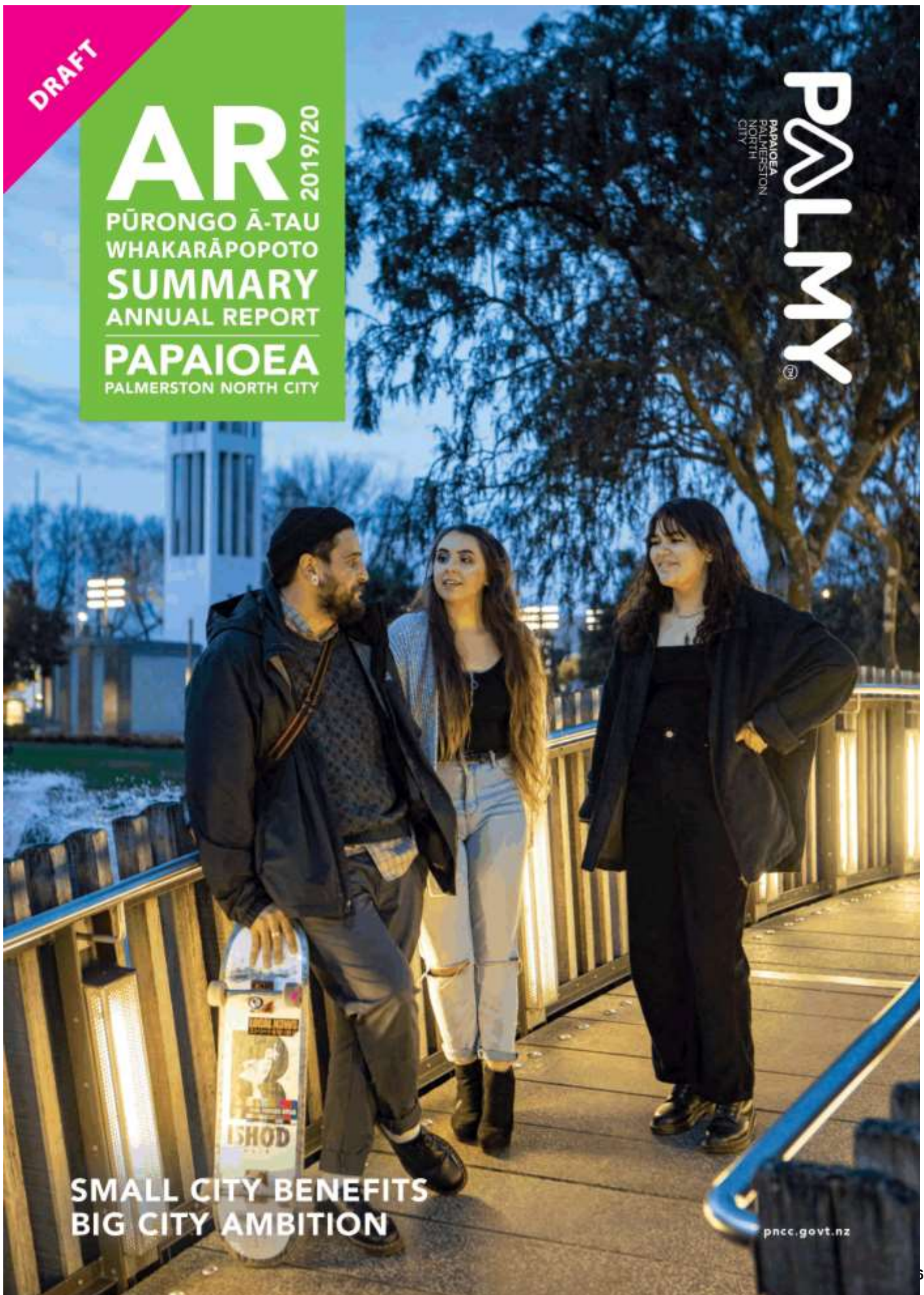
A component of the general rate that is levied as a uniform amount on every property.



PALMY®
PALMYRA
PALMERSTON
NORTH
CITY

Te Kaunihera o Papaiora | Palmerston North City Council
pncc.govt.nz | info@pncc.govt.nz | 06 356 8199
Private Bag 11034, The Square, Palmerston North, 4442





ONE VISION

Palmerston North **SMALL CITY BENEFITS BIG CITY AMBITION**

Five Strategic Goals

- 1. AN INNOVATIVE
AND GROWING CITY**
- 2. A CREATIVE
AND EXCITING CITY**
- 3. A CONNECTED
AND SAFE COMMUNITY**
- 4. AN ECO CITY**
- 5. A DRIVEN AND
ENABLING COUNCIL**

HE MIHI

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

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

Tihei Mauriora!

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

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

The full Annual Report can be obtained from our website – pncc.govt.nz

YEAR IN REVIEW

Kia ora tatou,

The 2019/2020 financial year was a success for Palmerston North despite the ongoing impacts of the Covid-19 pandemic on the community and businesses in the last part of the year. Our vision of small city benefits, big city ambition achieved major milestones. Momentum was maintained in developing infrastructure, services, facilities and experiences to offer the best combination of metropolitan and provincial New Zealand to residents, visitors and investors.

Palmerston North made strides this year in ensuring its ongoing growth happens in a planned, sustainable and exciting way. Overall progress continued, in part due to the region being less affected by the pandemic than some other regions in New Zealand. This was a result of the City's broad economic base and focus in sectors less susceptible to the pandemic's economic impacts. Also, increased employment in major construction projects already underway in 2019 created economic momentum.

Council progress in furthering city goals through the year, and its agile response during the nation-wide lockdown emergency, benefited from an organisational transformation programme (commenced in 2018) to build capacity, systems and culture that better support the city vision and its goals, as a driven and enabling Council.

MAJOR PROJECT HIGHLIGHTS

Notwithstanding the intervention of the Covid-19 crisis creating some temporary delays, central government, local government, and private sector investment commitments have remained in place for the region's \$4.5 billion plus pipeline of construction and development projects over the next 10 years. This development activity has continuity and is the foundation for building the most liveable regional City in New Zealand.

Sustainable Growth

Nature Calls is the largest environmental and financial decision our City faces. Considerable technical and liaison work was conducted during the year ahead of the consultation on our Wastewater Treatment Plant Upgrade. Public consultation was undertaken on shortlisted options to determine the best practicable option for how we manage, treat and discharge the City's wastewater for up to the next 35 years. The significant public engagement and inputs received, alongside technical reports, will be assessed by Council to decide later this year the option for a resource consent application.

A range of essential and residential infrastructure projects to manage city growth was progressed across the City. Wellbeing infrastructure included completion of the second part of stage one of the Papaioea Place social housing redevelopment, bringing the total number of new homes in the precinct to 50. Work has also commenced on stage two, with 28 more units being built. At the top end of the market, the first stage of the \$130 million Centennial Park housing development was completed with 28 sections ready for houses to be constructed.

City Centre Transformation

Stage 2 Square East of the 'Streets for People' CBD plan and redesign, to create a vibrant city centre, made good progress and was completed in July. Modernisation of the Central Energy Trust Arena continued with the official opening of the artificial turf in 2019 and the commencement of the major upgrades in May 2020. A new entrance plaza (including immersive LED bridge lighting display) will be created, new speedway pits installed, and the embankment re-developed. This multi-purpose sports, entertainment and events project is vitalising our local economy and making the City a major action attraction for both residents and visitors.

Manawātū River Network

The recreational projects that are part of the Manawātū River network advanced through the year. In November the City's newest landmark He Ara Kotahi bridge was fully lit up and over its first year, more than 600,000 people used the pathway. Designs and works on the Victoria Esplanade and the series of river catalyst projects progressed, with completed actions ranging from Pou for the Marae Atea through to the multi-stakeholder Urban Eels project, where the Turitea Stream flows into the Manawātū River.

Mercury Energy Turitea Wind Farm

Renewable energy producer and retailer, Mercury Energy made further turbine-raising announcements of its investments of hundreds of millions of dollars in the Taranaki ranges - positioning Palmerston North region as the renewable energy capital of New Zealand. A breaking-of-the-ground ceremony marked the start of construction of the foundations for the first consented wind turbines.



KiwiRail Intermodal Freight Hub

Government funding was formalised for the purchase of land for KiwiRail's intermodal road, rail and air freight hub, and the preferred site was identified – to be between the airport and Bunnythorpe. This precinct represents a game-changer for city growth and vitality. Strategically co-located with the airport, major distribution companies and the Regional Freight Ring Road to create an efficient transport freight network, this is set to be the nation's pre-eminent freight and logistics hub.

Recent Funding Announcements

Government announcements in the financial year included a multimillion-dollar injection for an all-weather synthetic track for Awapuni racecourse and \$206 million towards critical infrastructure upgrades for Ohakea Air Force base. Initial Covid-19 recovery actions included funding applications for government "shovel ready" projects and the NZTA Innovating Streets for People pilot fund. Half a million dollars of funding for six projects was confirmed during the first round of the latter fund.

FINANCIAL POSITION

Council's overall financial position was significantly impacted by the Covid-19 pandemic. While lost revenue and unforeseen expenses totalling \$3.5m (offset by interest and expense savings) led to a net reduction of \$2.6m over the year's final four months, the year ended with a favourable operating surplus from activities of \$1.6 million.

The capital new programme outcome led to 49% of the capital new budget being spent, compared to 73% completed in the previous year. This result however was heavily impacted by work halting during the Covid-19 lockdown period. The previous year's comparison is also impacted by the value of some major projects. Despite the year's interruptions, it was positive that 94% of renewal work was completed against budget.

In adopting our 2020/21 Annual Budget, some reductions were made in the immediate capital works programme and additional debt repayment was halted. A proposed rates income increase by 4.4% was reduced to 1.95%, following further reductions in operating costs. This responded to hardship impacts of the pandemic while maintaining sufficient capability to deliver services and take advantage of opportunities.

PANDEMIC RESPONSE & RECOVERY

The Covid-19 pandemic presented significant ongoing challenges for the region's communities and businesses. The major crisis situation underlined the valuable roles that local councils play in ensuring the continuity of essential services and also welfare assistance.

The national Covid-19 lockdown from late March 2020 necessitated the closure of facilities and suspension of Council services, projects and programmes, and cancellation of events including the New Zealand Military Tattoo.

Council worked alongside Central Government, Iwi and our social sector groups to support our communities. Through to the end of May 2020, multi-disciplinary teams in our Emergency Operations Centre – in the newly completed Te Ao Nui facility – managed Palmerston North's essential services and welfare needs. Meeting people's basic needs was a fundamental priority. This included welfare assistance for over 20,000 people. A highly-effective welfare request system and hotline set-up have attracted strong interest from other councils.

Anchor organisations in our region worked shoulder-to-shoulder in coordinated response and recovery efforts. City services and projects resumed from Alert Level 3, and Council advanced a City Recovery Plan, with inputs from strategic partners including Horizons Regional Council, CEDA, Rangitāne o Manawātū and the Manawātū Chamber of Commerce. The phased City Recovery Plan, along with regional economic recovery planning, is a platform for the City to deliver on its long-term goals and to bounce back from the crisis. Immediate initiatives for recovery ranged from shop local campaign "Choose Manawātū" and government funding applications to Council relaxing financial obligations on commercial stakeholders.

Internationally, during the pandemic, there was close communication between Palmerston North and our sister cities of Guiyang in China, Kunshan in China, Missoula in USA, and Mihara City in Japan. In a show of global friendship, Guiyang donated 10,000 medical masks to our City's Covid-19 response effort.



YEAR IN REVIEW

EVENTS, ATTRACTIONS & AWARDS

Entertainment shone through in the year despite the necessary cancellation of some 2020 events. Events celebrated ranged from Diwali Festival of Lights and the Festival of Cultures, to Explore Esplanade Day and the New Zealand Superstock Teams Champs. The City's credentials as a vibrant and exciting city were validated. Among awards, The Lido won 'Best Pool', and Central Energy Trust Wildbase Recovery won 'Best Project' at the national recreation awards. He Ara Kotahi won the Sustainable Transport Leadership at the NZ Transportation Institute Awards. Our reputation as a welcoming host city went up another level, with Immigration New Zealand promoting Council and Palmerston North upgraded from 'Committed' to 'Established' Welcoming Community.

GREATER COLLABORATION, OPPORTUNITY AHEAD

After a year of significant economic challenges for Council, businesses and residents in our City, there is a measure of confidence and some cause for optimism. Key indicators such as growth in retail spending and building activity are positive. Value of building consents issued in the City in the year to May 2020 was an increase of 39% from the previous year, whereas consents nationally declined by 2%.

The Coronavirus cloud had silver linings for optimising efficiencies and effectiveness. Operationally these included greater digital engagement, technology advancements and agility; an example was the first Council meeting held entirely online in an audio-visual setting. Strategically, to leverage with our regional partners, government funding pools being rolled out for recovery present opportunities to stimulate economic recovery, jobs, and welfare.

The value of collaboration to get results faster was underscored through the collegial approach the City's lead organisations took throughout the Covid-19 crisis to support the community. Coordinated, region-wide responses to challenge and opportunity are a strategic way forward to generate major wellbeing outcomes. Regional coordination is being committed to through processes such as Three Waters improvements, tackling climate change, spatial planning and improving iwi partnerships.

A notable partnership advanced in 2019 was the invitation to Rangitāne to join Council committees. The representation and participation of mana whenua on the Council's key committees evidence our strengthening relationship with mana whenua and genuine support for realising their aspirations.

In summary, Palmerston North's communities have rallied together through a volatile year. Our growth platform remains strong, our recovery settings are in place, and we have good opportunities to flourish. Council looks forward to servicing and inspiring our communities and customers to build an outstanding future for Palmerston North.

Ngā mihi nui,

Grant Smith JP

Mayor

7 April 2021



Heather Shotter

Chief Executive

7 April 2021



SUMMARY OF COUNCIL GOALS

SUMMARY OF COUNCIL GOALS

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

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



The group activities for Goal 1 comprises:

City Development
(includes Housing and Future Development,
Urban Design Heritage Management)
Strategic Transport (Roading)
Economic Development



The group activities for Goal 2 comprises:

Active Public Space
(includes Placemaking, Events & Festivals, Palmy Unleashed)
Arts, Culture & Heritage
(includes arts & cultural organisations/groups)
Active Community
(includes Sport and Recreation, Parks, Sportsfields and Reserves)
Active and Public Transport
(includes cycle/pedestrian paths, buses & bike stands)



The group activities for Goal 3 comprises:

Connected Communities
(includes libraries, community centres,
community groups and Social Housing)
Safe Communities
(includes animal control, civil defence,
public health & safer community initiatives)



The group activities for Goal 4 comprises:

Rubbish & Recycling
Biodiversity & Sustainable Practices
Stormwater
Wastewater
Water Supply



The group activities for Goal 5 comprises:

Leadership
Corporate Support
Commercial or Strategic Investments

ACTIVITY FINANCIAL SUMMARY

ACTIVITY FINANCIAL SUMMARY

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

	ACTIVITY GROUP NET OPERATING COST			ACTIVITY GROUP CAPITAL EXPENDITURE		
	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000
Innovative & Growing City	6,803	6,573	6,328	477	316	468
Creative & Exciting City	30,797	28,094	27,882	14,024	21,299	10,368
Connected & Safe Community	17,113	16,896	16,384	6,392	10,533	6,732
Eco-City	5,280	6,075	4,822	978	1,097	737
Transport	19,950	21,619	20,092	14,708	22,914	24,530
Stormwater	4,755	4,198	3,914	1,270	2,048	1,413
Wastewater	10,428	9,880	9,452	3,545	7,238	4,015
Water	8,017	8,384	8,001	6,721	11,683	6,325
Driven & Enabling Council	9,091	10,992	7,756	5,026	4,686	3,737
TOTAL	112,234	112,711	104,631	53,141	81,814	58,325

EXPLANATION OF MAJOR NET OPERATING VARIANCES TO BUDGET:

Creative & Exciting City

Overall, was mainly unfavourable against budget due to depreciation as well as CET Arena being unable to offset expenses with revenue during Covid-19 lockdown.

Transport

Favourable against budget due to prioritisation of capital renewal expenditure, unbudgeted revenues received from Horizons Regional Council and targeting of maintenance that was able to claim for NZTA operating subsidies.

Driven & Enabling Council

Favourable against budget due to Whakarongo development costs only being expensed upon sale of properties. No properties were sold in the financial year.

EXPLANATION OF MAJOR CAPITAL VARIANCES TO BUDGET:

Creative & Exciting City

Change in timing of Central Energy Trust Arena Manawatu projects due to Covid-19 lockdown. These have been carried forward to 2020/21.

Connected & Safe Community

Transport

City Centre Streetscape Plan - Square East (Plaza to ANZ) delayed due to Covid-19 lockdown and to be carried forward to 2019/20 to enable completion of work.

Wastewater

Totara Road Wastewater Treatment Plant-Inlet Main Duplication and Earthquake Strengthening of Civil Structures were delayed due to Covid-19 lockdown. Both have carry forward amounts requested to enable complete of work.

Water

A few programmes delayed due to Covid-19, with the most significant of them being Turitea Water Treatment Plant-Construction of Duplicate Water Pipeline from Lower Dam to Harts Road Reservoirs. Carry forward amounts have been built into the 2020/21 budget to enable completion of these works.

SUMMARY OF COUNCIL ACTIVITIES

SUMMARY OF NON-FINANCIAL PERFORMANCE MEASURES

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

	# OF MEASURES	# TARGETS MET
 Goal 1 - Innovative & Growing City City Development Strategic Transport (Rooding) Economic Development	8 8 2	6 3 1
 Goal 2 - A Creative and Exciting City Active Public Space Arts, Culture and Heritage Active Community Active & Public Transport	6 5 5 N/A	2 4 3 N/A ¹
 Goal 3 - A Connected & Safe Community Connected Communities Safe Communities	17 7	16 5
 Goal 4 - An Eco-City Rubbish & Recycling Biodiversity & Sustainable Practices Stormwater Wastewater Water Supply	4 4 7 7 11	4 3 6 6 9
 Goal 5 - A Driven & Enabling Council Leadership Corporate Support Commercial or Strategic Investments	3 N/A* N/A*	3 N/A* N/A*
TOTAL MEASURES	94	71

Covid-19 had an impact on Council's ability to meet a number of its service performance measures. This was most notable in measures relating to attendance at events and Council facility usage. Detail on these impacts can be found in the relevant activities in the full Annual Report.

¹ - Included in Strategic Transport (Rooding).

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

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INNOVATIVE & GROWING CITY

INNOVATIVE & GROWING CITY

CITY DEVELOPMENT

STRATEGIC TRANSPORT (ROADING)

ECONOMIC DEVELOPMENT

WHAT THE COUNCIL DOES

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

We ensure there is enough land and infrastructure to support growth in the City's residential, commercial and industrial areas. Council develops and manages our transport network to ensure safe and efficient movement for people, goods and services. We also provide business support services as well as funding for tourism and other activities that support economic development.

KEY ACHIEVEMENTS

MoU signed with NZTA and KiwiRail to work together on **Regional Freight Ring Road** and **Central North Island Freight Hub**



A REGIONAL AGRITECH STRATEGY

WAS LAUNCHED BY CEDA



BUILDING CONSENT INSPECTIONS REACHED THE HIGHEST KNOWN VOLUME RECORDED

13.3KM OF THE URBAN ROADING NETWORK WAS RE-SEALED

CITY DEVELOPMENT

HOUSING AND FUTURE DEVELOPMENT

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

Significant new District Plan work focused on additional land for housing at:

Napier Road, Kikiwhenua, Kakatangiata, Aokautere, Roxburgh, Ashhurst and Flyers Line.

A new Future Development Strategy will look closely at the options for increasing the rate and quality of infill and medium density housing development.

GOAL 1

INNOVATIVE & GROWING CITY

BUILDING CONTROL

Building consents and inspections continued to increase in numbers. The region's economic growth in major construction projects is expected to continue. Having an established online processing system proved beneficial.

Earthquake-prone building (EPB) owners on priority routes were notified, and the national register is updated with confirmed local EPBs.

PLANNING

Land-use and subdivision consent application numbers remained high. Several significant consents were processed during the year including Papaioea Place housing development stage 2, a 46-unit multi-residential development, a new retirement village, and a significant variation to a proposed supermarket.

A review of the Building and Planning Development services was undertaken to create customer-centric service, improve and streamline processes and enable proactive stakeholder engagement. The review recommended developing urban design guidelines; promoting pre-application meetings; improving consent tracking and establishing an industry engagement role. A number of these initiatives are underway and are proving successful.

HERITAGE MANAGEMENT

Council assisted earthquake-prone building owners with the allocation of the Heritage Fund which is now complete; this included working with All Saints' Church and the allocation of the second of three \$100,000 grants over the next three years. An assessment of ground conditions in the city centre was initiated to provide greater certainty seismic assessments of earthquake-prone buildings.

STRATEGIC TRANSPORT (ROADING)

MAINTENANCE AND RENEWAL

Maintenance and renewal programmes ensured standards continue to improve and that operational faults are corrected promptly and to the required standard. Vegetation management, street sweeping, sump cleaning and asset inspection were undertaken in line with the contract requirements and the restrictions of Covid-19.

Our investment in renewals included resealing 13.3 km of roads, rebuilding and resealing 350m of Tremaine Avenue, replacing 442m of kerb and channel and repairing 1565 pavement faults.

The focus of capital investment was on safety improvements. These include temporary safety improvements at the Monrad/Pencarrow Streets intersection; a parking layby for Whakarongo School and realignment of the Stoney Creek Road/SH3 intersection, traffic-calming measures in Coventry Street; barrier arms and pedestrian crossing controls for the James Line railway crossing and Walding Street/Taonui Street intersection improvements.

Council and New Zealand Transport Agency (NZTA), delivered safety improvements and mitigations of the impact of increased highway traffic flow through Ashhurst.

Streetlight upgrades in Milson costing \$865k were completed.

New footpaths totalling 1420m were constructed in Longburn and Ashhurst to improve accessibility for pedestrians. Over 1300m of shared pathway along Dittmer Drive was upgraded.

Work started on the College Street upgrade to improve cyclist safety with new buffered cycle lanes on the Fitzherbert to Victoria Avenues section, and traffic calming measures around the Awapuni community centre.

The upgrade to The Square-side East between Church Street and Main Street (Streets for People project) is primarily complete with an opening scheduled August 2020.

REGIONAL FREIGHT

Council continued to work with NZTA to progress the Regional Freight Ring Road proposal. The Regional Growth Fund supported a KiwiRail regional freight hub to be located on the outskirts of Palmerston North. The Ring Road will improve freight movement and enable heavy transport to be diverted away from Palmerston North's urban streets.

ECONOMIC DEVELOPMENT

CENTRAL ECONOMIC DEVELOPMENT AGENCY (CEDA)

The regional AgriTech Strategy was launched to position Manawātū as a world-leading agrihub. Visitor sector development included positioning Te Āpiti Manawātū Gorge as a tourism destination, and Rangitāne delivering a Māori tourism workshop.

Hosted events included the Sort it Careers Expo, Te Aho Tamaka leaders webinars and the Student Connect programme. Twenty business support webinars supported local businesses through the impact of Covid-19.

The region was profiled in more than 55 media features. Manawātū Stories and ManawatuNZ.co.nz, the regional website, averages over 250,000 visitors yearly.

CONFERENCE AND FUNCTION CENTRE

The venue hosted 279 events and contributed \$2.65 million in direct economic benefit to the City. The number of events and attendance over the past three years were strong until Covid-19 affected the March-June period significantly.

INTERNATIONAL RELATIONS

A key focus was advancing global city partnerships (Sister Cities), including a new relationship with Mihara City, Japan who have announced naming its new city plaza Kia Ora Square in recognition of its relationship with the City.

Numerous members of the Diplomatic Corps, Embassies and High Commissions were hosted in the City; however, travel restrictions affected planned international delegation activities, including the New Zealand China Mayoral Forum.

The Palmy Global Ambassador programme remains active and engaged in the community.

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INNOVATIVE & GROWING CITY



CREATIVE & EXCITING CITY

ACTIVE PUBLIC SPACE
ARTS, CULTURE & HERITAGE
ACTIVE COMMUNITY
ACTIVE AND PUBLIC TRANSPORT

WHAT THE COUNCIL DOES

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

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

KEY ACHIEVEMENTS

CENTRAL ENERGY TRUST
WILDBASE RECOVERY
 hosted over
100,000 VISITORS

STREET PRINTS
 PAPAIOEA FESTIVAL
 created
20 NEW MURALS
 in the City


1420m of new FOOTPATHS

CREATIVE COMMUNITIES FUND PROVIDED
\$84,414
 FOR ARTS AND CULTURAL PROJECTS

ACTIVE PUBLIC SPACE

STREETSCAPE/CITY CENTRE PLAN

Development of key city-centre spaces is now well underway to create a highly accessible, walkable, connected and prosperous destination in the heart of our City. Stage 2 of the Square East phase of Streets for People was primarily completed by the end of the year.

The next stage of the Cuba Street streetscape upgrade is well-advanced with concept design prepared and underground water and sewer service upgrades ahead of the planned work starting in the next financial year.

MANAWATŪ RIVER FRAMEWORK

The framework consists of several interrelated programmes. This year's showcase project was the Albert Street event hardstand, a four-hectare water pattern stretching for a half kilometre. Glow stones inlaid into the concrete make the area a real night-time hit.

PLACEMAKING AND PALMY UNLEASHED

The Placemaking initiative has solidified the kaupapa of local mural arts as one tool for building identity. This has been achieved through a mixture of smaller accessible projects and flagship projects such as the Street Prints Papaloa Festival in partnership with Rangitāne. Tactical placemaking projects are continuing to progress with ease, and laneways partnerships are making alleyways less threatening. Partnerships with NZTA will help socialise the value of iterative street changes.

Palmy Unleashed highlighted the value of non-monetary support using existing event resources and breaking down barriers to public space activation. This has been shown through the support provided for pop-up music studios, the Forest for Families activation, Earth Hour with Extinction Rebellion and projection activations in laneways.

EVENTS AND FESTIVALS

The Council events and partnerships team developed and refined the City's event framework by delivering events through four areas of focus: major events, festivals and cultural events, community and civic events, and Palmy Unleashed. Community and commemorative events including Fireworks over the River, Christmas, Explore Esplanade Day and the award-winning Festival of Cultures and Lantern Parade.

Unfortunately, the Covid-19 pandemic forced the cancellation of the New Zealand Military Tattoo due to be delivered on 4 April, which was disappointing, as the event was postponed the previous year following the 2019 Christchurch terrorist attack.

ARTS, CULTURE AND HERITAGE

Council supports the Palmerston North art sector with significant community funding. One major scheme is the Creative Communities Fund encourages participation in local arts activities and supports diverse artistic, cultural traditions.

Our Arts Event and Celebrating Communities Fund provides grants towards the running of art and cultural celebrations and City events.

In addition to Council Controlled Organisations (CCOs), we support other art facilities - Centrepunkt, Square Edge, Snails and Creative Sounds, through our Strategic Priority Grants.

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

TE MANAWA

Te Manawa is the largest and most complex of the CCOs. Council is now leading the 'TM2025 Museum of the Future' plan as it develops a Civic and Cultural Precinct Masterplan. The Sec 17A review of Te Manawa provided an excellent analysis of current operations and the opportunity to consider the future role of the museum, science centre and art gallery.

THE GLOBE THEATRE

The Globe Theatre was on track for a successful year until the Covid-19 pandemic shut everything down in March. As of December 2019, the strategic priorities were either on-track or had been achieved. The most striking measure was 190 performances against a full-year target of 185.

THE REGENT

The year started with a highly successful season of Les Misérables followed by the usual activity of school productions, international touring shows, prizegivings, and local dance productions with attendances tracking well. Covid-19 meant the Theatre had to close and 24 major events were cancelled or postponed until 2021. Significant to the audience experience was the installation of the new sound system.

CACCIA BIRCH

The business side of operations was tracking on target until Covid-19 hit in late March. Work has continued to create the Coach House Archive into a mini-museum. A second history panel has been installed along with new lighting.

ACTIVE COMMUNITY

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

Council successfully supported the 2020 U18 World Softball Cup at Colquhoun Park. The changing rooms were refurbished and both skin diamonds lifted to international standards with the lime skin enlarged, and both outfields levelled-off and re-sowed.

The artificial hockey turf at Massey University was completed, as was the refurbishment and re-opening of Splashhurst in Ashhurst School.

The Council's primary support to sport and recreation groups is through its partnership with Sport Manawatu. In July 2019, a new funding agreement and strategic partnership plan was agreed to. Highlights for Sport Manawatu during the year were the inaugural Women and Girls Festival, delivering Bike Ready cycle skills and allocating Kiwisport, and Sports Event funding.

CENTRAL ENERGY TRUST ARENA

Central Energy Trust Arena was drastically affected by the Covid-19 situation. Many sporting and business activities were postponed or cancelled. The Arena Masterplan project started construction in May for the new entrance plaza, speedway pits, northern grandstand link and the southern embankment. The contract was awarded before lockdown and work commenced immediately following alert level changes. Fly Palmy Arena (Arena 2), also underwent significant building renewals work this year.

CENTRAL ENERGY TRUST WILDBASE RECOVERY

Central Energy Trust Wildbase Recovery has been operating since February 2019 and reached its full operational model mid-August. There have been nearly 100,000 visitors since 1 July 2019. Education components continued to be developed for early childhood to high school students. The volunteer team has over 60 people engaged with the daily operations of the centre.

ACTIVE AND PUBLIC TRANSPORT

Council provides a transport system that offers multimodal transport choices and ensures this system meets the needs of people, businesses and the environment. A culture of walking, cycling and public transport for commuting to work and education is encouraged. The transport network includes 568 km of footpaths, 42 km of off-road shared pathways, 88 bus shelters and 428 cycle-stands.

Key improvements to the active transport network included 1340m of shared path upgraded to concrete along the Manawatu River, College Street cycle lanes upgraded between Victoria Avenue and Fitzherbert Avenue, a Bikes in Schools grant of \$52,000 to Awapuni School, and cycle sharrows installed within the CBD. Contractors working with Council staff completed renewals to address over 700 of the footpath faults costing \$1.15 million. Seven footpaths were extended to improve pedestrian levels of services mainly in areas with limited footpaths or new growth areas.

NZTA has committed to delivering transport improvements in Ashhurst as part of the gorge detour enhancement work. This has included several new footpaths and shared paths within the township.

Horizons Regional Council provides the City's public transport services while Palmerston North City Council provides infrastructure such as bus stops and shelters. Eight new bus shelters were installed, and four inadequate condition shelters replaced.



CONNECTED AND SAFE COMMUNITY

CONNECTED COMMUNITIES

SAFE COMMUNITIES

WHAT THE COUNCIL DOES

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

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

Animal control Services protect the community's health and enhance safety through the administration of the Dog Control Act 1996 and Impounding Act 1955.

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

KEY ACHIEVEMENTS



THE CITY
LIBRARY
WAS VISITED
707,000 TIMES



REGISTERED
DOG NUMBERS
IN THE CITY
INCREASED TO **9193**



50 NEW UNITS
were built in Stage 1 of
THE PAPAIOEA PLACE
Housing Redevelopment.

EMERGENCY OPERATIONS CENTRE

responded to
5495 assistance
requests during
Covid-19 response

CONNECTED AND SAFE COMMUNITY

CONNECTED COMMUNITIES

SOCIAL HOUSING

The Papaioea Place housing complex was Council's major capital project. Stage 1 of the project is now complete with 50 of the 78-unit development completed. Construction of Stage 2, the next 28 units, is underway. Occupancy levels across Council's social housing portfolio remained high with demand continuing to exceed availability. Tenant satisfaction survey results had 96 per cent of respondents expressing appreciation and satisfaction with their units, complex and service received from Council.

LIBRARY SERVICES

The City Library (all eight sites) continued to be the most heavily-used Council facilities, with over 707,000 visits, even with the library closing temporarily due to Covid lockdown. This is an increase of 21,000 visits from the previous year. The digital library remained open during the lockdown providing access to more than 44,000 eBooks and eAudio titles across three platforms, 6000 eMagazines and eNewspapers, and 44 online databases.

Manawātū Heritage is growing with close to 29,000 digital items. Examples of the breadth of reach included the digitisation of Polish Army League archives, which were used by the Polish Embassy for an online presentation, and images used by the National Library's Services to Schools team to create The Covid-19 Story. During the lockdown, the Heritage team reduced the backlog of archives, processed eight archive collections, uploaded 1700 items and geocoded 1500 items in its collection.

About 2350 activities, programmes and events were delivered before the Covid-19 lockdown; all fostering and supporting the goals of literacy, lifelong learning, creative expression, celebrating heritage, and enhancing social connection and wellbeing.

Now in its 23rd year, the Summer Reading Programme was again highly successful with over 570 children participating in Te Reo and 14 language options.

The Youth Space team took a leading role in engaging young people and students. Examples include the Youth Council holding a hui about best ways to engage with them; urban planning workshops in the lead up to Play Policy consultation (informed decision-making) and Global Ambassadors programming.

COMMUNITY CENTRES (AND SUPPORT TO COMMUNITY GROUPS)

Regular meetings were held with community centres' management committees. This year's milestone was the rollout of an online booking system for community rooms. Usage of Community Centres was high despite their closures during the Covid-19 lockdown and physical distancing requirements.

Expressions of Interest were called for the construction of the Bunnythorpe Community Centre.

COMMUNITY GRANTS

The Results-Based Accountability (RBA) methodology was implemented for monitoring the effectiveness of community funding. This is a new process for Council.

The process is founded on principles of co-design, reducing reporting requirements, working collaboratively, learning the stories behind the organisations' work and providing clear information of the value of investing in community groups. The Safety Advisory Board has also taken an RBA approach in developing its new strategic plan.

WELCOMING COMMUNITIES

Palmerston North received accreditation as an Established Welcoming Community. The Welcoming Communities programme involves residents in developing, delivering and participating in welcoming activities. This approach creates communities where everyone can belong, participate, contribute and thrive. It helps increase social engagement, build social connections and grow social inclusion which generates economic, social, civic and cultural benefits for the community.

SAFE COMMUNITIES

CIVIL DEFENCE EMERGENCY MANAGEMENT

Our Civil Defence Emergency Management (CDEM) function moved into a shared facility – Te Ao Nui – with Horizons Regional Council in December 2019. Council activated its Emergency Operations Centre (EOC) for the first time since 1988 in response to the Covid-19 pandemic and lockdown between 25 March and 29 May. Many Council staff were seconded to take up roles within the EOC.

ANIMAL CONTROL

As a result of the Temporary Housing of Companion Animals Code of Practice, there were several improvements made to the pound, including climate control and safety of individual kennels. Council approved the build of a new animal shelter to replace the current pound. Completion is expected in the 2021/2022 period.

PUBLIC HEALTH

Council entered into a contract with Tararua District Council to provide an environmental health service, focussing on the Food Act function, Health Act registered premises and health complaints. Council maintained its Ministry of Primary Industry accreditation as a recognised agency and four of Council staff with recognised person status under the Food Act (2014).

SAFETY ADVISORY BOARD/SAFE CITY ACCREDITATION

The Safety Advisory Board comprises local representatives from government agencies. Last year the board successfully obtained reaccreditation marking the end of a five-year work plan. The goal is for people to feel safe and secure, connected and valued as a member of the community.

Safe City activities included supporting community groups working in the safe city space, promoting safe city initiatives and organising the City Ambassadors programme that runs over summer with ambassadors roaming the city centre daily.

ECO-CITY

RUBBISH & RECYCLING

BIODIVERSITY & SUSTAINABLE PRACTICES

STORMWATER

WASTEWATER

WATER SUPPLY

WHAT THE COUNCIL DOES

Council provides rubbish and recycling services for Palmerston North. We take responsibility for supporting and employing sustainable practices through our services and supporting environmental groups.

Council operates and manages a stormwater system to protect residential and commercial buildings, with minimal environmental impact. We also operate wastewater systems for the safe and reliable collection, treatment and disposal of sewage from residential and commercial properties in an environmentally acceptable way.

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

KEY ACHIEVEMENTS



\$168,288

GIVEN IN GRANTS
TO THE
ENVIRONMENTAL
SECTOR



BIRMINGHAM STREET
AND ELLESMERE
PUMP STATIONS
UPGRADED

100%

of network capital new
and renewal programmes

DELIVERED



4166

tonnes
of recyclables collected
Increase of 1% from 2018/2019



GOAL 4

RUBBISH AND RECYCLING

Council provides rubbish and recycling services for the City. The Waste Management and Minimisation Plan 2019 came into effect in July 2019. The Plan describes our vision, targets and approach for reducing and managing waste in our City.

Initiatives undertaken to improve the quality and output of Council's rubbish, and recycling services were:

- Replacement of the Materials Recovery Facility's (MRF) baler. This compacts sorted recycling for efficient transport to markets
- The recycling drop-off point (RDOP) at the Awapuni Resource Recovery Centre had a significant upgrade to make recycling more accessible and attractive
- Construction started on a new truck wash-down area, which negates the need for our vehicles to travel to the Albert Street depot for washing. The completion was delayed due to Covid-19 lockdown and will now be completed in 20/21
- Two new rubbish collection vehicles replaced leased vehicles
- The collection vehicle used to collect the public space litter bins was replaced
- The lease of the loader used at Awapuni Resource Recovery Centre was upgraded, with a new JCB loader which is a better option for the site
- Retaining the 60L rubbish bag price at \$2.50
- Introducing a smaller rubbish bag option (40L priced at \$1.80 per bag)
- Continuing to work closely with commodity buyers to provide good quality and targeted products to meet the demands

The Covid-19 pandemic and subsequent lockdown was an issue for the year. To keep our Material Recovery Facility (MRF) workers safe during the lockdown, we sent 395 tonnes of recycling to the landfill. Following the reintroduction of recycling processing, contamination levels were higher than usual, which we were expecting. Due to staffing levels under Alert Level 2, wheelie bin audits (strikes) could not take place which added to the amount of contamination received in the MRF.

Education and behaviour change programmes managed several school groups tours through the MRF. These educational experiences play an important role in sharing the message about reducing what is sent to landfill. A new position was created to focus on encouraging the commercial sector to divert their waste away from landfill. This has resulted in an increase in commercial recycling collection by 21 per cent and food waste by 28 per cent.

We worked closely with charity stores to reduce the amount of illegal dumping outside their premises. This involved erecting signage as a deterrent to illegal dumping and offering advice on camera placement and procedures to enable prosecution of offenders. Early reports suggest this activity was effective with less illegal dumping at these locations.

BIODIVERSITY AND SUSTAINABLE PRACTICES

GREEN CORRIDORS

We managed the planting of 12,000 eco-sourced native plants throughout the Green Corridors network of gullies and streams. A highlight was the completion of community plantings in the Lower Titoki Reserve. This year had the largest volunteer turnout for a Green Corridors event, with 95 volunteers attending.

Twice as many community planting events were held this year compared to the previous year and more than 230 volunteers participated. These were held at Titoki Reserve, Adderstone Reserve, Pari Reserve and Valley Views.

SUSTAINABLE PRACTICES/CAMPAIGNS

Council staff continued to promote sustainable practices within the City through activities, events and campaigns promoted through media, social media and Council's website. Promotions included the website's Guru's Guide, promotional videos, support for Plastic Free July, and campaigns for cycling behaviour change, and recycling.

ECO DESIGN HOMES

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

BIODIVERSITY, PLANT AND PEST CONTROL

Council continued pest and weed management in parks and reserves including Arapuke Forest Park and Kahuterawa and Turitea Water Catchment Reserve. Investment in pest management in the Turitea Reserve was vindicated when native bird species monitoring confirmed a tripling in population numbers of bellbird, tūi and kererū in the last 10 years. The planned reintroduction of toutouwai (NZ Robin) into the reserve was delayed until 2021.

A weed and willow clearance commenced along the Turitea and Mangaone. Also, 70 hazardous 40-year-old pine trees were removed from Springdale Park to eliminate the risk to adjacent housing.

Council continues to contribute to Horizons-led biodiversity enhancements in the Te Aputi/Manawatu Gorge and the Weedbusters programme.

Support to environmental groups: Council contributes \$168,288 towards the environmental sector. This contribution supports five groups that promote sustainability through the Waste Minimisation Challenge, educational programmes, and food sovereignty.

STORMWATER

Protection of people, homes, workplaces and businesses from flooding during rain events is essential. Council's stormwater system protects residential and commercial buildings, with minimal environmental impact.

STORMWATER MANAGEMENT

There was a significant increase in sub-division activity. Council worked with property owners and developers to mitigate the effects of the stormwater runoff. Stormwater Management Plans are a standard requirement for all sub-division and major building consent applications. There is also an increased understanding of the requirements to treat stormwater discharge and control stormwater peak flows.

A Stormwater Management Framework is being developed to provide an overview of all stormwater catchments to establish priorities, improve guidance on engineering and non-engineering solutions and guide potential future investment in flood mitigation for larger areas. Significant investments in new and upgraded infrastructure were completed in eight locations.

Work in two stormwater pump stations was undertaken following a significant pump failure at Birmingham Street. The pump was renewed along with minor pipe remedial works on an emergency basis. Significant mechanical and electrical upgrade works were carried out at the Ellesmere pump station.

Council continued to develop its city-wide stormwater network model to improve understanding of flooding risks and identify cost-effective improvements. The city-wide flood model was extended to include Ashhurst in January 2019. Further extensions are being developed to include areas of Bunnythorpe and north of the airport where Council has zoned large areas of land for industrial development. Flood hazard models have been developed for Aokautere and Kakatangiata to support Plan Changes and structure planning processes planned for these areas.

NETWORK PERFORMANCE

There were no reported cases of property flooding. Incidents of localised ponding, road and property flooding were reported at levels similar to last year. Mitigation work to clear the local network of blockages and identifying cost-effective improvements to reduce the risk of future flooding events in these areas was carried out.

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

A city-wide inspection of the open drain and streams network identified a significant backlog in deferred maintenance. Additional funding was approved by Council to address this issue during the next ten years. A programme of work was developed to address some of the most critical sections. The focus for the year was vegetation clearance.

WASTEWATER

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

TOTARA ROAD WASTEWATER TREATMENT PLANT

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

While all six projects are underway, technical issues and the need to schedule work during the low summer period mean physical works have been deferred. Two of the projects will be completed in early 2021. These upgrades are essential to ensure the plant is capable and robust enough to handle current and future flows through to 2025.

BEST PRACTICABLE OPTIONS (BPO) PROJECT – NATURE CALLS

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

Council identified a long list of 26 options for an initial assessment. With the support of a range of technical, cultural and environmental assessments, Council went through several rounds of workshops. These involved the Project Steering Group and external stakeholder representatives. The Project Steering Group endorsed the selection of a shortlist of six options. More detailed cultural and technical assessment work into river water quality, fish and ecological studies and land and groundwater assessments were completed. This work has been shared with the community and stakeholders through consultation and engagement, and has aided deliberations by Council and Rangitāne to select an option.

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

WASTEWATER NETWORK

While the treatment plant has operated effectively, some parts of the wastewater network have not coped, resulting in localised releases of dilute wastewater to the environment typically during heavy rain. Some parts of the network cannot accommodate the high peak flows because of large quantities of stormwater.

Challenges exist in Bunnythorpe, Longburn and parts of the College Street catchment. The network capacity modelling has given Council clear guidance where to focus efforts on reducing inflow and infiltration and/or increasing network capacity to reduce the frequency of these overflows.

Investment in the renewal of the pipe network continues with work done on 1.8 km of pipe. Significant work to the network of pump stations including the upgrade and replacement of two electrical cabinets, eight pumps, flow meters, as well as a new standardised design for the renewal of future pump stations was undertaken. Also, a new pump station was constructed and commissioned to serve the lower parts of James Line and the Whakarongo growth area.

Assessments of the plant and equipment at the WWTP and key pump stations have confirmed the backlog in renewal and upgrade work. These upgrades are critical to ensure the reliable operation of the wastewater system and health and safety standards for Council staff and contractors.

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

The Bunnythorpe wastewater network was identified as under-performing due to persistent and frequent wet weather overflows. A flow meter has been installed at Kairanga-Bunnythorpe Road WWPS to improve understanding of network flows under all conditions. A complete network condition assessment commenced to identify the severity of the issue, identify any quick solutions which can be immediately implemented and scope a more significant programme of work for inclusion in the 10 Year Plan.

WATER

Council is committed to providing a secure, safe and high-quality water supply, and manages a water conservation strategy that promotes efficient water use.

QUANTITY AND QUALITY OF SUPPLY

Water demand remained consistent. Low rainfall and dry conditions throughout the summer and falling dam levels at Turitea required water restrictions for a short period in April. Water from all the sources continued to comply with the New Zealand Drinking Water Standards.

Council increased supply capacity to meet growth and provide resilience. The new Railway Road bore and associated water storage, and the replacement No 3 bore at Papaioea Park were completed.

A new Water Safety Plan evaluated all aspects of water production and distribution activities. An improvement plan addressed what could be enhanced to provide greater confidence and certainty in water safety.

RISK AND RESILIENCE

To increase supply resilience, the water main from the Turitea Water Treatment Plant to the Ngahere Park Reservoir is being duplicated. Work commenced in May 2020 and is expected to be completed by November 2020.

A further seismic control valve was installed at the outlet of the newest of the Ngahere Park reservoirs to retain stored water in the event of a significant earthquake damaging pipes in the network.

Ashhurst trunk main work has improved the security of supply, and firefighting capability. Papaioea Park's new bore is operational.

A Water Safety Plan was submitted to the Ministry of Health's water assessor.

NETWORK INVESTMENT

Council continued investing in network renewals and upgrades, including renewal of 3.4 km of water mains, construction of 3.4 km of new mains including a new fire main in Ashhurst, replacement of 42 water meters, and 140 tobies with service manifolds.

Tobies are progressively being replaced with service manifolds at the point of supply which contains a service valve, a backflow prevention device, and provision for future meter installation. These manifold installations are aligned with our focus on water safety and minimising risks to the water supply.

Work is progressing on the Ashhurst trunk main renewal (rising and falling main) between the Hacketts Road bore and the water treatment plant, with completion scheduled for August 2020.

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DRIVEN & ENABLING COUNCIL



DRIVEN AND ENABLING COUNCIL

LEADERSHIP

CORPORATE SUPPORT

COMMERCIAL OR STRATEGIC INVESTMENT

WHAT THE COUNCIL DOES

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

KEY ACHIEVEMENTS



Rangitāne o Manawātū and Council signed a **Partnership Agreement** and a **Kawenata**

COUNCIL HELD

64

MEETINGS

COUNCIL APPOINTED

5

PEOPLE TO SIT ON COUNCIL COMMITTEES

43%



of Local Government sector use Council's after-hours call centre services

DRIVEN & ENABLING COUNCIL

LEADERSHIP

Council engages with people and communities in many ways through consultation, communication, community development and customer services. Council also engages and interacts with people through the provision of everyday services like water, roading, libraries, parks and playgrounds, animal control and health services.

An online engagement hub was developed on Council's website for people to locate projects and issues we are seeking feedback about. Covid-19 reinforced the importance of online engagement as we were unable to host planned public drop-in sessions. The Annual Budget engagement, hearings of submissions and Council meetings during Covid-19 Alert Levels 3 and 4 were all online.

During 2019/2020, two bylaws were reviewed, Dog Control Policy and Bylaw and Stage One of the Speed Limits Bylaw. Four policies were reviewed or developed during the year. The Play Policy, Smokefree Policy and Local Alcohol Policy processes were all delayed by the pandemic response but will proceed early in the 2020/2021 year.

The City Dashboards were published to Council's website, presented under each of Council's strategic goals. In May, additional data was added to the dashboard to track the City's recovery from the Covid-19 pandemic.

STRENGTHENING AND GROWING PARTNERSHIP WITH RANGITĀNE

In August 2019, Rangitāne o Manawātū and Council signed an inaugural Partnership Agreement and a Kawenata that mandated a co-management framework for Te Motu o Poutoa – Anzac Park. The agreements acknowledge the significance of the relationship and the diverse opportunities for both parties to achieve mutually agreed outcomes and aspirations that benefit the City and region.

Iwi continues to provide leadership with the Manawātū River Framework and the establishment of the working group Te Ohunga Mauri ensures Council staff and Rangitāne continue to work together to create an engaging environment and to affirm and share cultural narratives. Rangitāne leaders continue as members of the Best Practicable Options (BPO) Wastewater Steering Group.

Seven projects during the year have reflected Rangitāne culture, values and design. These included the village and Manawātū River gateways, Arena Manawātū upgrade, Whatonga Whakairo, Linklater Park, Ahimate Reserve, Tini Whetu ki te Rangi at the Hokowhitu riverside and the Urban Eels project.

Social development continued to be a focus of the partnership with Council and Rangitāne working with regional Iwi's response to the Covid-19, led by the Te Tihi o Ruahine collective. This included a distribution centre based at Central Energy Trust Arena. Other community development projects this year included public housing provision with the Housing Alliance, and rangatahi training and employment pathways.

Welcoming Communities has continued to flourish as Rangitāne extend their manaakitanga alongside agency partners and Council to welcome and orientate new arrivals to the City. Iwi also embraced the Papaioea Street Prints Festival in January, with a legacy of over 20 works inspired by Rangitāne narratives.

COUNCIL MEETINGS AND ELECTIONS

The October 2019 local body election brought three new Councillors to the Council of 16 elected members. The Local Government Act also allows councils to appoint members to committees who will bring additional skills and knowledge to the table. Five members were appointed. These members sit on the Community Development, Economic Development, Environmental Sustainability, Finance and Audit and Rangitāne o Manawātū committees.

Council's Annual Residents' Survey measures satisfaction with a wide range of Council services. It shows residents' satisfaction with Council's Governance and Reputation increased from 61 per cent in 2019 to 66 per cent in 2020. This shows Council's actions have led to a growing sense of connection between residents and Council.

DRIVEN & ENABLING COUNCIL

CORPORATE SUPPORT

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

CIVIC ADMINISTRATION BUILDING

Council staff occupy 90 per cent of the civic administration building (CAB) with external tenants occupying the balance. Fire compliance works in the building continued during the year. There was also a review carried out on improving security and access to the building.

MARKETING AND COMMUNICATIONS

Market research was gathered on our city reputation from across New Zealand, to gain a clearer understanding of the perceptions of Palmerston North City.

There was significant growth in our digital channels, and website statistics show substantial increases during our social media campaigns also produced increased visitor numbers to the website. Improving the channels and capability of all staff led to the development and capability of a new intranet.

INFORMATION SERVICES

Setting up remote workspaces for all critical and redeployed staff was successfully managed during the Covid-19 lockdown.

New CCTV cameras with higher quality video capture were installed around the City following a review.

A digital transformation roadmap identifying six priority outcomes over five years was developed. This includes prioritisation of digital programmes, improving the way Council collects, manages and uses data; improving the customer experience of our digital services; modernising our core services and building platforms required to run a smart city.

COMMERCIAL OR STRATEGIC

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. Council also has contracts to provide other councils and organisations with an after-hours call centre and building services. These give a positive return to Council and reduce the amount needed in rates.

EXTERNAL CONTRACTS

AFTER-HOURS CALL CENTRE

Council provides after-hours call centre services to other councils and organisations throughout New Zealand. The introduction of after-hours social media monitoring and lone worker alarm monitoring services have enhanced the service portfolio. The Covid-19 lockdown increased the volume of work undertaken on behalf of other councils with the registration of callers to welfare services for many regions. A move to a cloud-based platform enabled the centre to operate with staff working remotely. With more than half of the after-hours contracts expiring during the year, it is a strong endorsement of the service that all have since been renewed.

BUILDING SERVICES

Building Services (as a brand) continued to be delivered to Manawātū District Council with the level of activity, on average, increasing throughout the year. Resourcing has been increased to cope with the demand as a result of the buoyant regional economic growth. Building Services continues to be recognised as a consistent delivery model within the region and remains unique within New Zealand.

INVESTMENT PROPERTY

Council's investment property portfolio was relatively static throughout the year. All tenancies remained fully leased at market rentals for most of the year. The portfolio also maintained low levels of arrears.

GORDON KEAR FOREST

Council's commercial pine plantation is in its second rotation and is aged from four to 10 years.

PALMERSTON NORTH AIRPORT LTD (PNAL).

Council owns this asset to ensure the City has an appropriate air gateway for passengers and freight. PNAL has been on a significant growth path both in terms of passenger numbers and financial returns. However, like all airports, PNAL has been significantly impacted by Covid-19. A dividend of \$685,238 was paid to Council during the year, an increase from \$643,650 in 2019.

FINANCIAL SUMMARY

SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

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

	COUNCIL			GROUP	
	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Rates revenue	98,852	98,855	95,309	98,480	94,962
Finance revenue	1,043	567	930	384	326
Other operating revenue	32,422	32,422	32,267	43,082	44,638
Capital revenue	12,641	11,298	14,497	12,663	14,571
TOTAL REVENUE	144,958	143,142	143,003	154,609	154,497
Depreciation and amortisation	36,483	35,619	33,183	38,748	35,402
Finance costs	8,129	7,616	9,565	8,660	10,087
Other expenses	103,544	98,471	97,925	109,104	103,674
TOTAL EXPENSES	148,156	141,706	140,673	156,512	149,163
NET SURPLUS/(DEFICIT)	(3,198)	1,436	2,330	(1,903)	5,334
Increase/(decrease) in operating property valuations	-	-	-	-	-
Share of associate's surplus/(deficit)	-	-	-	(95)	(44)
Income tax refund / (expense)	95	-	-	424	(880)
Movement in deferred tax	-	-	-	-	-
NET SURPLUS/(DEFICIT) AFTER TAX	(3,103)	1,436	2,330	(1,574)	4,410
OTHER COMPREHENSIVE REVENUE AND EXPENSE					
Increase/ (decrease) in operating property valuations	157,202	33,784	77,983	154,120	82,894
Financial assets at fair value through other comprehensive revenue and expense	(306)	-	(870)	(306)	(870)
Movement in deferred tax on revaluations	-	-	-	507	(255)
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	153,793	35,220	79,443	152,747	86,179

EXPLANATION OF THE MAJOR VARIANCES ARE:

Capital revenue: Higher due to increased activity in developments leading to higher development contributions and vested assets.

Depreciation and amortisation: Higher than budget overall due to higher revaluation of operational properties in prior year than anticipated.

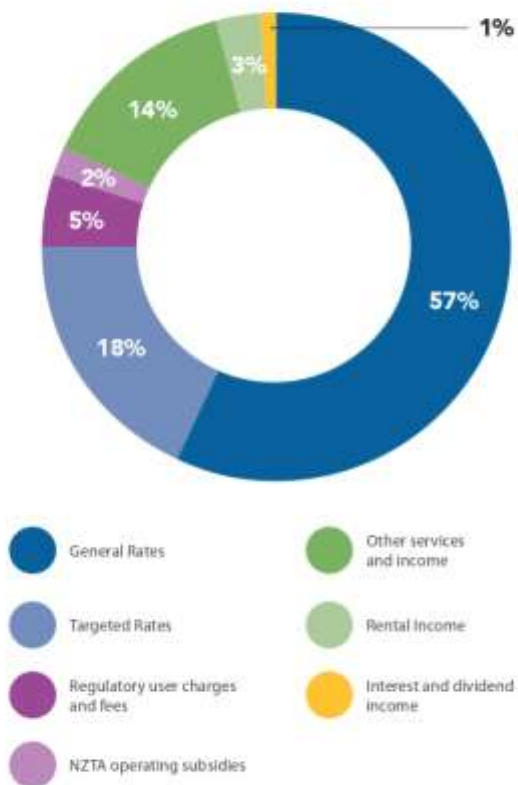
Finance Costs: Unbudgeted unfavourable non-cash valuation on derivative financial instruments with no rates impact.

Other expenses: Increased employee costs, mainly from increase in accrued holiday pay due to Covid-19 lockdown. Increased service level for welfare response during Covid-19 lockdown, offset by revenue.

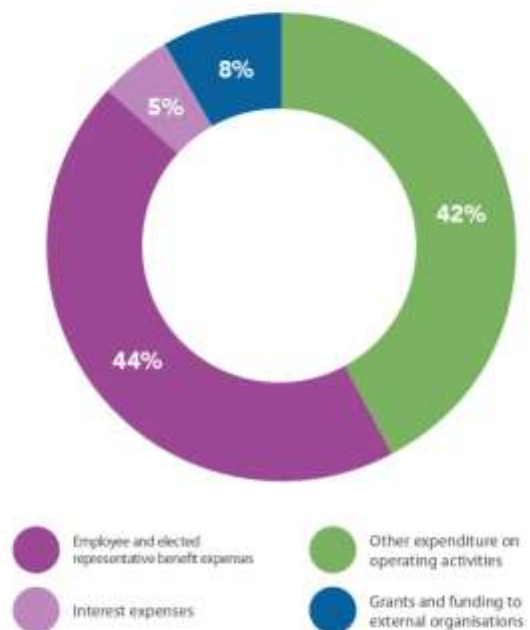
Increase in operating property valuations: Revaluation of the assets was significantly higher than budgeted for due to higher land and component valuations.

FINANCIAL SUMMARY

SOURCES OF REVENUE



TYPES OF EXPENSES INCURRED



FINANCIAL SUMMARY

SUMMARY STATEMENT OF FINANCIAL POSITION

as at 30 June 2020 - Palmerston North City Council

	COUNCIL			GROUP	
	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Current Assets	15,269	10,005	12,863	18,382	15,655
Non-current Assets	1,861,642	1,700,180	1,684,613	1,953,810	1,780,851
TOTAL ASSETS	1,876,911	1,710,185	1,697,476	1,972,192	1,796,506
Current Liabilities	53,169	33,793	40,679	58,841	47,489
Non-current Liabilities	135,564	170,357	122,412	150,110	138,523
Equity Attributable to PNCC	1,688,178	1,506,035	1,534,385	1,763,241	1,610,494
TOTAL LIABILITIES AND EQUITY	1,876,911	1,710,185	1,697,476	1,972,192	1,796,506

EXPLANATION OF THE MAJOR VARIANCES ARE:

Current assets: Higher in trade and other receivables due to timing of other revenues.

Non-current assets: Property, plant and equipment increased from 2018/19 due to additions during the year and the infrastructural assets revaluation increasing the value of existing assets. The revaluation was also the reason for it being higher than budget.

Note that there is uncertainty around the impact of Covid-19 on asset values, both in terms of land value and construction costs.

Covid-19 also created significant market uncertainty relating to investment properties. All valuations are current as at the date of valuation only.

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

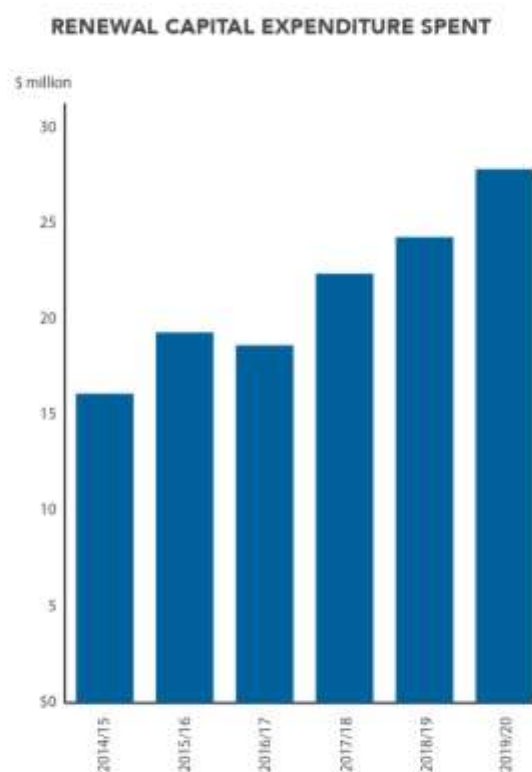
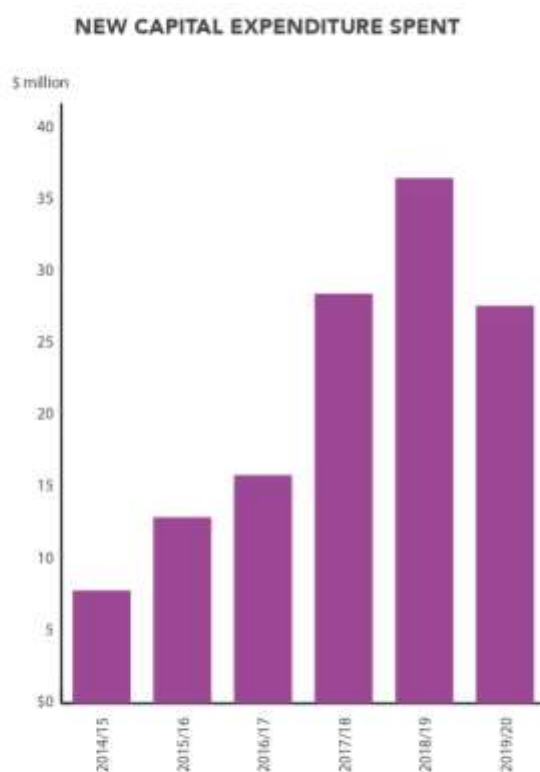
Equity: Higher than budget due to the revaluation of infrastructural assets.

SUMMARY STATEMENT OF CHANGES IN EQUITY

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

	COUNCIL			GROUP	
	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Equity at beginning of the year	1,534,385	1,470,815	1,454,942	1,610,494	1,524,315
Total comprehensive revenue and expense for the year	153,793	35,220	79,443	152,747	86,179
EQUITY AT THE END OF THE YEAR	1,688,178	1,506,035	1,534,385	1,763,241	1,610,494
Comprising:					
Retained earnings	1,046,309	1,050,400	1,049,412	1,079,935	1,081,564
Special funds	-	-	-	349	294
Revaluation reserves	641,869	455,635	484,973	682,957	528,636
EQUITY AT THE END OF THE YEAR	1,688,178	1,506,035	1,534,385	1,763,241	1,610,494

FINANCIAL SUMMARY



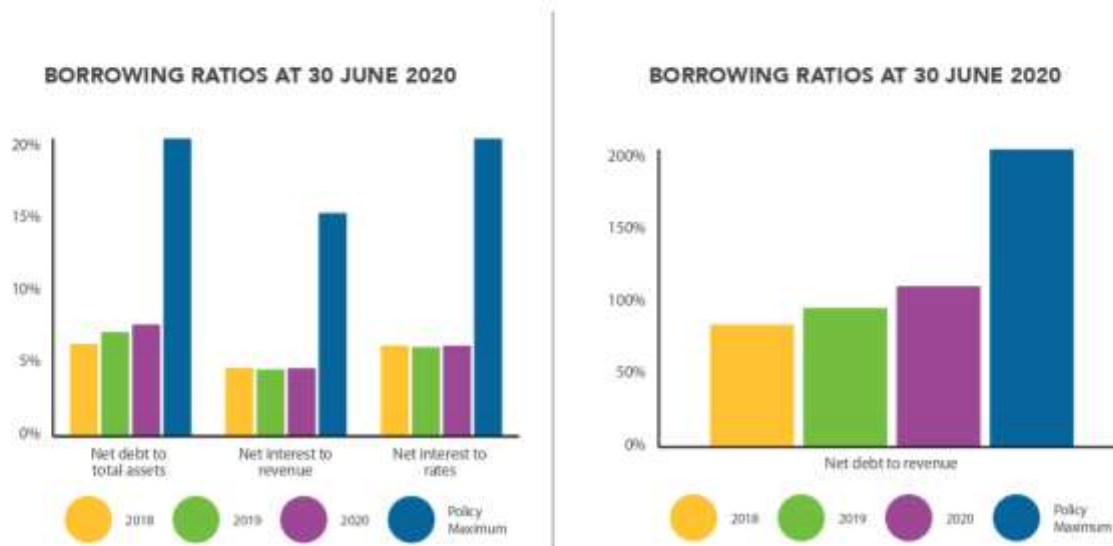
SUMMARY STATEMENT OF CASH FLOWS

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

	COUNCIL			GROUP	
	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Net cash from operating activities	30,961	36,620	38,122	33,744	41,317
Net cash from investing activities	(52,393)	(81,411)	(58,419)	(54,717)	(65,957)
Net cash from financing activities	20,800	44,791	21,325	24,450	23,275
NET (DECREASE)/INCREASE IN CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS	(632)	-	1,028	3,477	(1,365)
Cash, cash equivalents and bank overdrafts at the beginning of the year	2,671	1,279	1,643	(140)	1,225
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR	2,039	1,279	2,671	3,337	(140)

FINANCIAL SUMMARY

BORROWING RATIOS AGAINST POLICY



EVENTS AFTER THE BALANCE SHEET DATE

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

ABOUT THIS SUMMARY

This Summary Annual Report has been extracted from the full Annual Report and is designed to give an overview for the year to 30 June 2020 of the Council's operations as a legal entity and also those for its "group", including its subsidiary and council controlled organisations. The Annual Report contains detailed information about our finances and service performance and was adopted by Council and approved for issue on 7 April 2021.

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

The full financial statements for the year ended 30 June 2020 have been prepared in accordance with NZ GAAP. They comply with NZ PBE IPSAS Tier 1, and other applicable Financial Reporting Standards, as appropriate for public benefit entities. The functional and presentation currency of PNCC is New Zealand dollars with all values rounded to the nearest thousand dollars.

The Council of Palmerston North City confirms that all other statutory requirements relating to the Annual Report have been complied with.

Audit New Zealand has audited the full financial statements and issued an unmodified opinion on the audited information, excluding the statement of service provision. A qualified opinion was issued relating to the statement of service provision with respect verifying the response times and number of complaints relating to the wastewater system, drinking water supply, and performance of the stormwater system, as well as the time taken to attend and resolve water supply and wastewater faults. Also included in the opinion, without further modifying of the opinion, was an Emphasis of Matter relating to Council disclosures on the impact of Covid-19 on Council.

The full Annual Report can be obtained from our website pncc.govt.nz

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

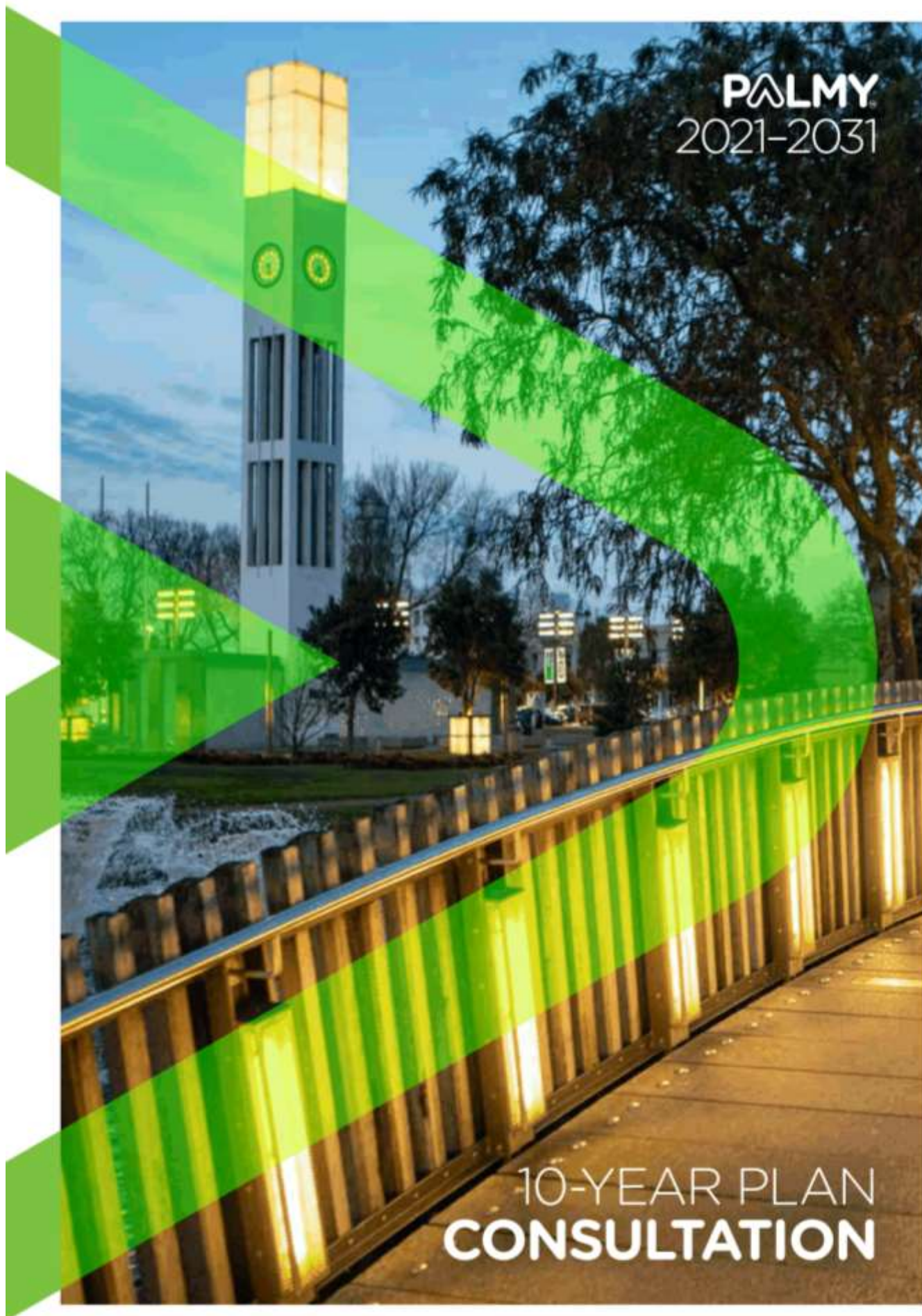
AUDIT NEW ZEALAND
Mana Arotake Aotearoa

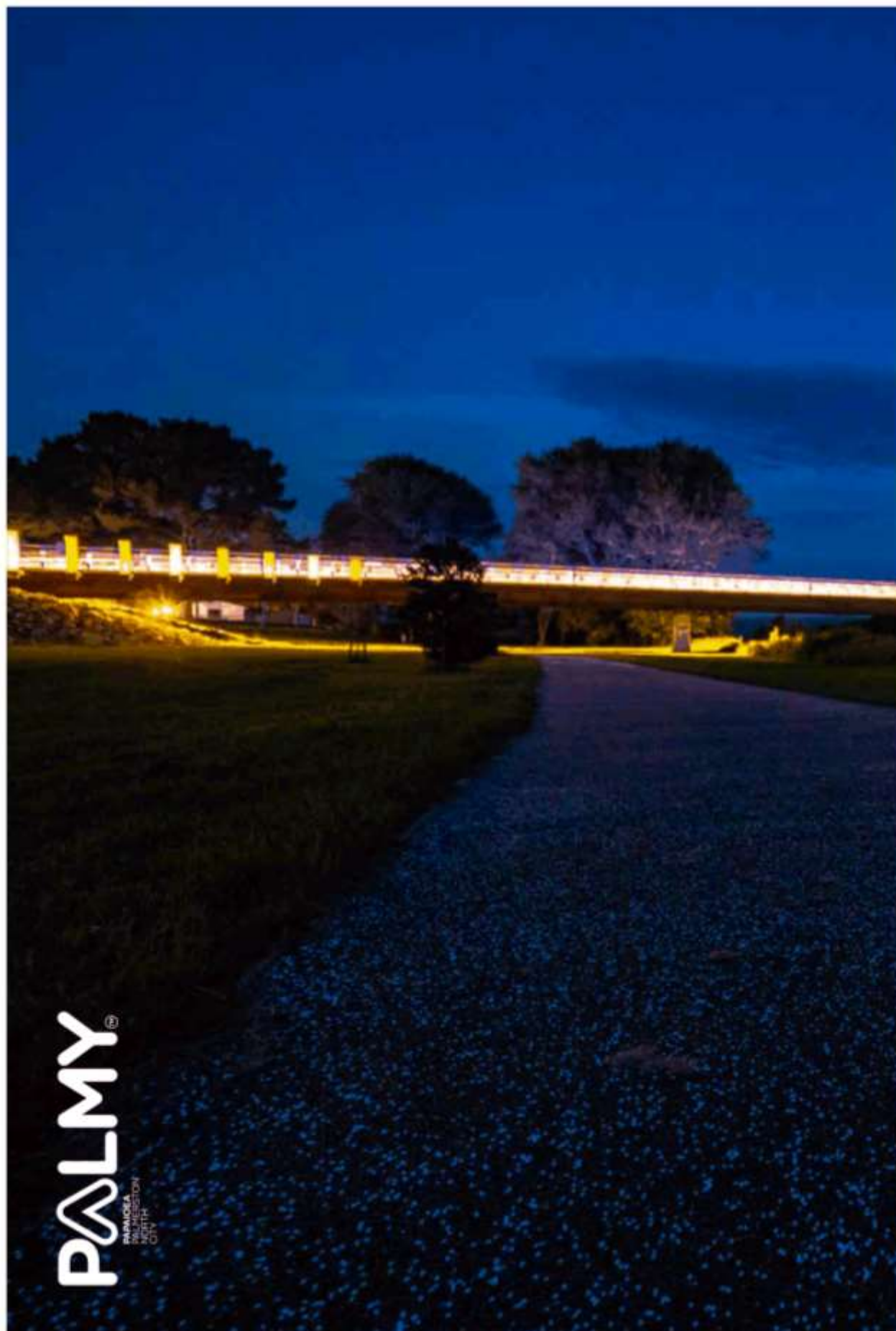
TO BE UPDATED

PALMY®
PAPAIOEA
PALMERSTON
NORTH
CITY

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Preface

Kia ora tātou

This year Pāpāioea Palmerston North commemorates the City's 150th anniversary. It's a celebration of where we've come from, built on our strong Rangitāne o Manawātū foundation, and are heading as a thriving, modern and multi-cultural regional city.

Our last 10-Year Plan launched a bolder city direction through a new vision: small city benefits, big city ambition. We aim to offer the best combination of metropolitan and provincial New Zealand to residents, visitors and investors.

Our city vision encompasses great quality of life in a safe, caring and green city that has diverse, affordable services and top entertainment, all in a family-friendly environment. Palmerston North is fast becoming the city of choice for people to live, work and play. We have worked successfully towards this vision over the past three years.

Despite the headwinds of the Covid-19 pandemic, our city has continued its upward trajectory. Strong fundamentals and economic diversity have kept us ahead of others.

Record numbers of building consent applications, a solid labour market, resurgence of event activity, and multiple major capital projects indicate a confident outlook for the city.

Major project impetus includes the KiwiRail Central New Zealand Freight Hub, the Te ahu a Turanga Manawātū-Taranaki highway, Mercury windfarms, and significant infrastructure work at local New Zealand Defence Force bases.

Together, these and other major investments represent efficient, green patterns of growth that are setting Palmerston North up for sustainable success. We are also strengthening our reputation in areas of innovative strength, including agri-food, with Council rolling out a fresh identity of Palmy centred in becoming the food innovation capital of New Zealand.

Our vision and strategic goals have strong community buy-in, and we will continue on this track in order to build the future we want for our people today and tomorrow. In the last three years, the city has made solid progress towards the vision and goals across economic, social, cultural and environmental wellbeing.

Steps forward include developing residential and essential infrastructure, both being significant ongoing challenges for New Zealand cities. In wellbeing infrastructure, we have redeveloped two stages of social housing units at Pāpāioea Place into modern, eco-friendly units. The tenants feel warmer, safer and more connected to their community. This was so successful that we're proposing to bring forward the redevelopment of the next stage of units (see page 45-46)

Palmerston North's city centre transformation has advanced well, including the Streets for People redesign, and modernisation of the CET Arena. The Manawātū River Network is becoming a true lifestyle attraction. He Ara Kotahi bridge and shared pathway is a milestone as an active transport commuter link and a recreational asset getting people back to enjoying our riverside. Our eco-city is taking shape, from greener infrastructure and green corridors through to a city carbon model towards a low carbon future.

We supported the 2020 Under 18 Men's Softball World Cup at Colquhoun Park. Twelve international teams attended and each was linked with a local school to show that the City was fully behind the event.



We upgraded Milverton Park, including putting in new natural play equipment for children and have received fantastic feedback on this. We invested in the Ashhurst pool (Splashhurst) and now Ashhurst residents have a great local place to swim.

Managing growth sustainably, while investing in day to day services (maintaining footpaths through to providing library programmes), will demand some carefully-considered trade offs. This 10-Year Plan, set in the financial constraints of the pandemic era, needs to take into account some big challenges. It is the tool where we think about and address these obstacles, taking into account your important feedback.

Major challenges canvassed in this 10-Year Plan are Nature Calls (the city's wastewater upgrade), the increasing costs of renewing and maintaining our infrastructure, uncertainty about the timing of Central Government water reforms, the costs of providing infrastructure and land to keep the city growing as well as ensuring there is a good supply of housing. You can read more information about these – and the other challenges – throughout this document, particularly on pages 7-13.

Through the 10-Year Plan we are looking for the right balance between achieving the vision, addressing the challenges, and affordability. The efficiencies we strike must also deliver what matters if we are to progress as a city. We think we have this balance right in the short-term. However, we need to hear your views on where this balance should lie.

Rates would need to increase to fund existing council services and the key projects we are proposing in this plan under our vision. In year one, the average rates increase would be 6.9%. That equates to an extra \$3.48 per week for the average residential ratepayer. This increase takes account of what is ahead of us and directly behind us. To get ahead as a city responsibly, so all of our people benefit, we have to grow and manage this growth. We are also in a state of overall catch-up. Last year's proposed rates income increase of 4.4% was reduced to a minimum rise of 1.95% to manage Covid-19 impacts. We have done a good job running at minimum levels, and we now need to take a sustainable approach. Three quarters of the 6.9% rates increase is for increased emphasis on asset renewals in order to catch-up. It is also important to note that 25% of our funding comes from sources other than rates.

As outlined we think we have a good balanced plan in the short-term.

However, under current conditions and NZ Local Government Funding Agency rules we will not be able to borrow sufficient funds for Nature Calls. This borrowing really kicks in at year 4. This means, without change, the 10-Year Plan is not financially sustainable in the longer term.

Without Nature Calls our borrowing would be sustainable. Since the water reforms may remove responsibility for the Nature Calls project from us, we do not currently have the information to plan sensibly for the longer term. We simply don't know what we would be planning for.

We will revisit this issue through a new 10-Year Plan when we have more certainty. This could be before the next scheduled 10-Year Plan in 2024. As with all 10-Year Plans, we will do this in consultation with you. We are determined to deliver on our vision and goals, and it's important we address all the issues we face in a planned, sensible and affordable way. This 10-Year Plan Consultation Document summarises how we think this could happen based on what we currently know.

At this stage we're presenting proposals only. Please read through this document, think about the questions within it, and then, whether you agree with us or disagree, tell us your views.

This Plan needs to reflect the community's wishes. This is your city, and we need to know what you think. What really matters to you? What will matter to Palmerston residents in ten years' time? In another 150 years?

Grant Smith [#]
Mayor

XX April 2021

Heather Shotton
Chief Executive

XX April 2021



Why our 10-Year Plan is important

This Plan is about working with you and the community to ensure we are on the right track. It's about balancing the needs and aspirations against significant opportunities for Palmy, with the affordability for ratepayers.

ASPIRATION



AFFORDABILITY

We're presenting here a summary of our major projects and services planned for the next 10 years, what they will cost and how we will pay for them.

These are all options for you to consider. There is a lot in here and we don't want to pick out particular projects or services to ask you about. Instead we have shown you the costs of our major proposed services and projects and given you general information about their impact on rates.

You can suggest we stop doing things or don't start doing them.

You can suggest we do less of them.

You can suggest we do more of things or do them sooner.

You can suggest totally new things for us to do.

As you do, think about the impact of the proposals on rates and ask yourself these simple questions:

What am I getting? What if I didn't get it? What is it costing me? Is it value for money?

There are also some specific questions in the document. These are mostly about our approach to particular issues – the issues covered in the next section. There are also some particular projects we haven't funded but want your views on. These are listed in the sections on What if We Did / Spent More?

There might be a lot in here that you agree with (we certainly hope there is!). Please tell us what you agree with, not just what you disagree with. Otherwise we may only hear from people who disagree with particular services or projects and we might take them out of the Plan.

You can get more information about all our proposed projects and service on our website, go to pncc.govt.nz/10yp

The key investments, challenges, uncertainties, and options in the 10-Year Plan

THIS IS WHAT WE BELIEVE REALLY MATTERS FOR US:

Achieving our vision of Small city benefits, Big city ambition He iti ra, he iti pounamu **and** investing in our day-to-day services that people, businesses and the environment rely on **and** resolving the challenges facing Palmy **and** doing all these in a way that is affordable and provides great value for money.

We developed this vision through our 2018 10-Year Plan and it has received strong community buy-in. It reflects the value we all place on the great quality of life, community spirit and affordable access to services that come with being a small city, as well as the opportunities that larger cities offer. Council has four city goals under the vision and these align to the four well-beings that Councils are responsible for under the Local Government Act (social, economic, environmental and cultural wellbeing). More information about the vision is on [page 13](#).

Information about our day to day services is throughout this document. Many of these services are, in a sense, hidden as people don't really notice them. People expect water to come out the tap when they turn it on, they expect to walk on the footpath to the park, where they can enjoy the green open space. They expect to find a good book at the library. But these services are only there because we work hard to provide them. In particular, we maintain and develop the infrastructure that these services depend on.

The 10-Year Plan shows the investment we intend to make in the vision and our day to day services.

There are also challenges in front of us. Many of these have high levels of uncertainty, which make them even more complex and in some cases mean that at this point in time we don't have clear cut options for you to consider

However, we still want to know your thoughts about our Plan. Will our proposed service and projects deliver what really matters to you? We genuinely want to know your thoughts so please tell us. It's easy and you can talk with us online, by email, by letter, or by phone. See [page 79](#) for more information.



WATER REFORM

Currently, drinking water, wastewater and urban stormwater are run by Councils. Under a three year-programme to reform Local Government three waters service delivery arrangements to improve outcomes, the Government is proposing that water and wastewater are managed by a small number of multi-region entities (the approach to stormwater is yet to be determined). We have agreed to consider the proposal and, as a result, we have been granted \$9.4M of Central Government funding to bring forward some critical renewals and advance key water and wastewater resilience projects.

IMPLICATIONS

The timing and design of these reforms is not clear, and as they are not yet at a stage where we can meaningfully consult with our community, we are developing the 10-Year Plan on the assumption we will continue to provide these services. But, the reforms do mean there is a lot of uncertainty in our Plan. What happens in this area will have a big impact on our renewals and maintenance programmes and the Nature Calls project (see following sections) as we may not be responsible for these in the future.

At this point in the process, there are no real options.

MAINTAINING OUR ASSETS AND SERVICES

Councils across New Zealand are facing major challenges with their infrastructure as part of a national conversation, with high-profile examples of infrastructure failures in some other cities. We need to ensure our infrastructure is up to standard. We've made a big step up in our asset management planning and, as a result, we're facing increased renewal costs, especially for roading, property, three waters and information management. We've been underinvesting in these assets. To address this we are increasing the investment in renewals and moving to a more proactive maintenance approach for critical plant and equipment. More information is on page 52.

We have spread the cost of this catch up over three years. Taking this approach allows us to also invest in new things – for example, social housing, road safety improvements and walkways.

In the first year of the plan, we are proposing to spend an additional \$5M on maintenance and renewals and in year two a further \$4.1M (on top of the \$5M). That means around \$100 added to yearly rates for the average household in year 1 and another \$80 in year 2. It will have no impact on our debt.

RISKS AND UNCERTAINTIES

There are risks with this staged approach and, while we are catching up, assets could fail or need unexpected repairs. This could lead to outcomes like environmental damage from sewer pipe leaks, customer complaints about footpath maintenance, or temporary closure of facilities for repairs.

On the other hand, there is also the risk that we are replacing our assets too soon and while they are still in reasonable condition.

It is important to note that there are some gaps in our knowledge of our asset condition, particularly for our underground infrastructure. (More information is in our Infrastructure Strategy link). This means we have based the increased investment in renewals and maintenance on the age of our assets and the relevant best practice for asset life, rather than specific knowledge of the asset condition. Hence we may have over – or under – budgeted the amount we need to invest in the long-term.

Through this 10-Year Plan we are putting programmes in place to improve this knowledge, especially for our critical assets, and we will have a significantly better understanding for the next 10-Year Plan, and hence more accurate budgets. We are investing \$500,000 - \$700,000 per year in this better understanding (\$10-\$14 per year in average household rates), with no impact on debt.

OPTIONS

In making the judgement about the increased investment in renewals and maintenance we have been very mindful of the importance of our infrastructure in residents' everyday lives. Within the uncertainties of our knowledge, plus our ability to re-budget if necessary through the next 10-Year Plan and Annual Budgets, we think we have taken a prudent approach. We don't think spending less is realistic.

Now we need to check with you. Do you agree with our staged approach or should we be investing more to speed up the renewals and maintenance catch-up? This is operational spending so every \$1M we spend adds around \$20 per year to average residential rates. If we increase spending here, is there somewhere else we should reduce it?

(Later in this section we point out that, given the large number of Central Government and other projects happening in the region, there are challenges in getting contractors for some projects.)

This does not impact greatly on maintenance and renewals, much of which we do in-house. Even with Covid-19 we successfully completed 94% of our renewals budget last year.)

We're also facing level-of-service catch-up costs. Over the past couple of 10-Year Plan cycles, there have been gradual increases in community and Central Government expectations. Budget pressures meant we absorbed many of these service increases without corresponding budget increases. However, their incremental impact has led to a growing gap we can no longer cover. Maintaining our assets and services is expensive – but it is a vital investment that residents and businesses couldn't cope without.

NATURE CALLS (WASTEWATER TREATMENT PLANT UPGRADE)

Nature Calls is the biggest financial and environmental decision and investment our city faces. It is focused on determining the best practicable option for treating the city's wastewater for up to the next 35-plus years. We have committed to identify a preferred option by June 2021 and submit a resource consent application for a new wastewater treatment plant by June 2022.

We have been working on this with Rangitāne and other regional Iwi representatives since 2017 and have carried out significant engagement with key stakeholder discussions, as well as public consultation and extensive technical investigations. We started with 36 options and have narrowed this down to six broad options.

At this stage we have not identified a "preferred" option. However, several options consistently appear at the top of the rankings: river discharge with enhanced treatment, 50:50 split discharge to river and land (the land would be inland, not coastal), or ocean discharge.

Important criteria in deciding on the best option are ensuring public health, respecting Māori cultural values, valuing the natural environment, resilient infrastructure, prudent financial implications, supporting growth and economic development, respecting social and community considerations, and future proofing our approach through appropriate technology.

The next major step in the process is further public consultation to seek feedback on the shortlisted options. This is happening alongside the 10-Year Plan consultation. We will consider the community feedback on Nature Calls and the 10-Year Plan together. For more information see [page 53](#).

RISKS AND UNCERTAINTIES

We do not yet have a preferred Nature Calls option, so for the 10-Year Plan we have assumed an acceptable option could be delivered for \$350M (plus inflation) but it could be more or less than this. As our biggest project it has a major impact on our budgets and our plans.

If the preferred option costs more than \$350M we will firstly see what is happening with the waters reform. If the Nature Calls project will remain our responsibility we will explore funding options through the next 10-Year Plan or through a 10-Year Plan amendment.

Under current conditions and NZ Local Government Funding Agency rules we will not be able to borrow \$350M for Nature Calls. This means, without change, the 10-Year Plan is not financially sustainable in the longer term.

Given the amount of current uncertainty around the Nature Calls options and the potential change to come with water reforms we will revisit this issue through the next 10-Year Plan when we will have more certainty about the water reforms and Nature Calls.

OPTIONS

For a full understanding of the options see our Nature Calls consultation [link](#)

COVID-19

The virus has changed the way we live and has greatly affected some peoples' livelihoods. We recognise the hardship it has brought and adopted a Covid-19 Annual Budget in 2020-21, with a rate increase of 1.95%, down from 4.4% in the proposed Annual Budget. We made this decision on the information we had at the time. However, Palmerston North has emerged in a better position than we imagined, far better than most other cities. This reduction puts pressure on our current budgets, meaning the catch up budgets we mentioned above are even more important right now.

The Covid-19 lockdown also showed us what's important: caring neighbourhoods, a sense of working together, local walkways and cycleways, civil defence for those who need help, supporting local businesses and jobs. All of these involve lots of people and organisations working together, including Council. As outlined above, our proposed 10-Year Plan has a lot about investing in our infrastructure. We are also investing in a sense of community and looking after each other.

We fund economic development through the Central Economic Development Agency (CEDA). CEDA supported the business sector through Covid-19. We will continue to support economic development and are currently renewing our three year contract with CEDA for this.

UNCERTAINTIES

There are lots of uncertainties about Covid-19, but in the proposed Plan we have assumed that there will be no further nationwide lockdowns. However, we are updating our business continuity plans to ensure that we can continue to provide our services to the fullest extent possible under Covid-19, or any other emergency. Also, if necessary, we can modify our priorities through future 10-Year Plans and Annual Budgets to meet emergencies.

CLIMATE CHANGE

Climate change is increasing the frequency of extreme weather events, including more frequent heavy downpours.

In response we are altering the way we manage and develop our infrastructure. We need to lower the City's and Council's carbon footprints so we are focussing on infrastructure that encourages residents to make low-carbon choices (particularly for transport), make more use of trees and natural systems, and improve the energy efficiency of our networks.

We are also mitigating the impact of climate change on our infrastructure and services. The biggest impact here is on stormwater. Heavy downpours can overwhelm the stormwater system and lead to stormwater entering the wastewater network. This increases wastewater treatment load and costs. We have programmes in place to reduce this infiltration.



We are also developing more natural ways of holding stormwater – for example, wetlands, rain gardens, and domestic water tanks. And many of these natural stormwater improvements add to our biodiversity and green corridors networks.

For more information see page 55, our Infrastructure Strategy and our Climate Change Plan on page 62.

OPTIONS

Later in the year we will produce a low carbon road map for Palmy. This will show how the city can have a low carbon future. We will be consulting on this in late 2021. In the meantime you can look at our Palmy Climate Calculator (palmyclimatecalculator.nz) to explore how changes to transport, land use, industry, buildings and energy will impact on carbon emissions.

In the meantime, what do you think of our approach in this area - have we got it right? Or should we be doing more? Or less?

EARTHQUAKE PRONE BUILDINGS

Council owns nine earthquake prone buildings, which by law (and for public safety reasons) have to be strengthened or demolished within 15 years. See page 37 for more information. We propose to strengthen them with estimated costs of \$150M spread over the 15 years: Crematorium (\$0.5M), Wastewater Treatment Plant (\$2M), Civic Administration Building (\$10M), Square Edge (\$10M), Regent (\$15M), Central Library (\$60.5M), Te Manawa (\$51M), Caccia Birch (\$2.6M), Keith Street Power Station (\$0.5M). This is capital expenditure funded through debt and every \$1M adds \$1.50 to average household rates per year.

We acknowledge that demolition of these buildings is a legal option. If there is community support for demolition, we would need to consider it on a building by building basis to see if it is prudent and practical. Many are heritage buildings and there are still demolition costs and, in some cases, replacement costs that would need to be considered.

UNCERTAINTIES

The projects will be spread over 15 years, with the Crematorium, Wastewater Treatment Plant and Civic Administration Building planned for the first three years.

The budget and timing of individual projects could change through future 10-Year Plans as we get more detailed information on each of the buildings.

In particular, the Central Library and Te Manawa upgrades which are being considered in the wider context of how Council can revitalise the city centre. This will be achieved through the Civic and Cultural Precinct Masterplan, which will be drafted in mid-2022. We will consult with you more then.

OPTIONS

In the meantime, we are proposing to strengthen all our earthquake-prone buildings. Do you agree or are there any that you feel are not worth retaining?



SUSTAINABLE GROWTH

The City is projected to grow significantly over the next 10 years. Housing affordability is declining and we need to ensure housing supply matches demand. Major infrastructure projects and private development (such as Te Ahu a Turanga: Manawātū Tararua Highway, KiwiRail Regional Freight Hub, Defence Force at Ohakea and Linton, and the Mercury windfarm) will continue to drive this growth and place more pressure on housing affordability and infrastructure. We are planning our infrastructure to meet this demand for growth and to help address the housing affordability problem.

We are doing this by ensuring that enough land is appropriately zoned and has the necessary infrastructure to meet demand (without being too early, in which case we face unnecessary holding costs of having the infrastructure in place but not used, or too late, in which case we would be constraining growth and pushing up housing costs).

We are also trying to meet housing demand by providing a range of subdivisions – mostly (50%) greenfield (opening up new subdivisions), 38% infill and brownfield (taking advantage of available land in the city), and 12% rural developments. Within this we are also looking for a greater range of housing types, such as medium density and city centre living.

We have growth costs of \$217M in the Plan but these are ultimately met by developers and landowners through development contributions.

OPTIONS

There are few options for us in this area as we have legal obligations to provide sufficient land and infrastructure to clearly meet future housing demand. Plus, although we have to pay up-front we get the cost of growth back over time through development contributions.

ACHIEVEMENT OF OUR CAPITAL PROGRAMME

As just outlined, over the next 10 years the Manawātū has a significant pipeline of Central Government, residential and commercial infrastructure investment. This is great for growth and investment in Palmerston North, but it also means that existing consulting and contractor resources will be stretched, putting upward pressure on prices and possible extending delivery times. This means there is a risk to our ability to deliver on the capital projects proposed in the 10-Year Plan. The total value of our capital programme over the next 10 years is \$1.484 billion.

In order to reduce this risk we are bundling separate projects into larger packages of work to give contractors more certainty about continued work, and starting contract negotiations earlier to let them accommodate our projects within their forward commitments.

However, we will still need to continually review industry capability to deliver our capital projects. This could mean that some projects may need to be pushed back a year or two, either through Annual Budgets or future 10-Year Plans.

Several projects in this proposed Plan are heavily dependent on external fund raising. Many roading projects (see pages 28-29) are 51% funded by Waka Kotahi New Zealand Transport Agency. Based on past agreements we are reasonably confident about this funding, although we may need to review the extent and timing of some individual projects if they are not funded.

We have agreement in principle with Waka Kotahi for funding of the Palmerston North Integrated Transport Initiative (PNITI or regional ringroad). In total this would cost over \$100M, with 75% from Waka Kotahi.

We also have a proposal to build a new grandstand at Central Energy Trust Arena. This would cover the embankment opposite the current grandstand. It would increase the seating at the Arena, provide a better spectator experience, and make it more likely we could attract bigger events, such as tier 3 rugby games. Its total cost would be \$13.5M. We are budgeting for \$9M of this coming from external fundraising, we will borrow the remaining \$4.5M. We would reconsider the project through a future 10-Year Plan if these external funds cannot be raised.

The budgets and timing of all the projects in the proposed 10-Year Plan are based on our best information at this point. They will be reviewed through future 10-Year Plans and Annual Budgets. New information at that time could mean we change the cost or timing of individual projects.

The rest of this document contains details of key projects. Doing all the capital projects adds to Council's debt. Debt is a way of sharing the costs of these projects across the current and future generations who will benefit from the projects.

IMPLICATIONS FOR OUR SERVICES, RATES AND DEBT

In the meantime we believe it is important to keep investing in Palmerston North. As already outlined this means keeping our current infrastructure maintained so it can provide the day to day services people expect, as well as providing the new projects outlined in this document. This will enable all the benefits of being a small city and provide the advantages of being a large city, all in a way that is affordable and delivers great value for money.

That's what our proposed 10-Year Plan is all about.

The proposed Plan means that rates would need to increase by 6.9% in year one, 8.3% in year two and 8.2% in year three. Following this are forecast increases of 9.3%, 11.0%, 6.5%, 4.6%, 4.0%, 2.6% and 3.1%. Some of these increases exceed Council's self-imposed rates limits but at this stage Council believes this is appropriate. They will be reviewed when we prepare each year's Annual Budget. (The same applies to the debt limits in the following paragraph.)

Debt will also increase from a forecast \$164M to \$860M, exceeding some of our policy limits. This is accentuated by the expected costs of the Nature Calls wastewater project, as outlined on page 10.

Under current conditions and NZ local government funding agency rules, we will not be able to borrow the amount required for Nature Calls.

At this point there is a high level of uncertainty about the cost of the upgrade and, with the waters reform, who will be responsible for these costs. Hence we will revisit our capital works programme when we get more certainty on the three waters reforms.

Nevertheless, we believe that in order to achieve our vision and keep the city moving, rates and debt need to increase by more than our target limits at least in the short term and then again if the full impact of the wastewater upgrade takes effect.

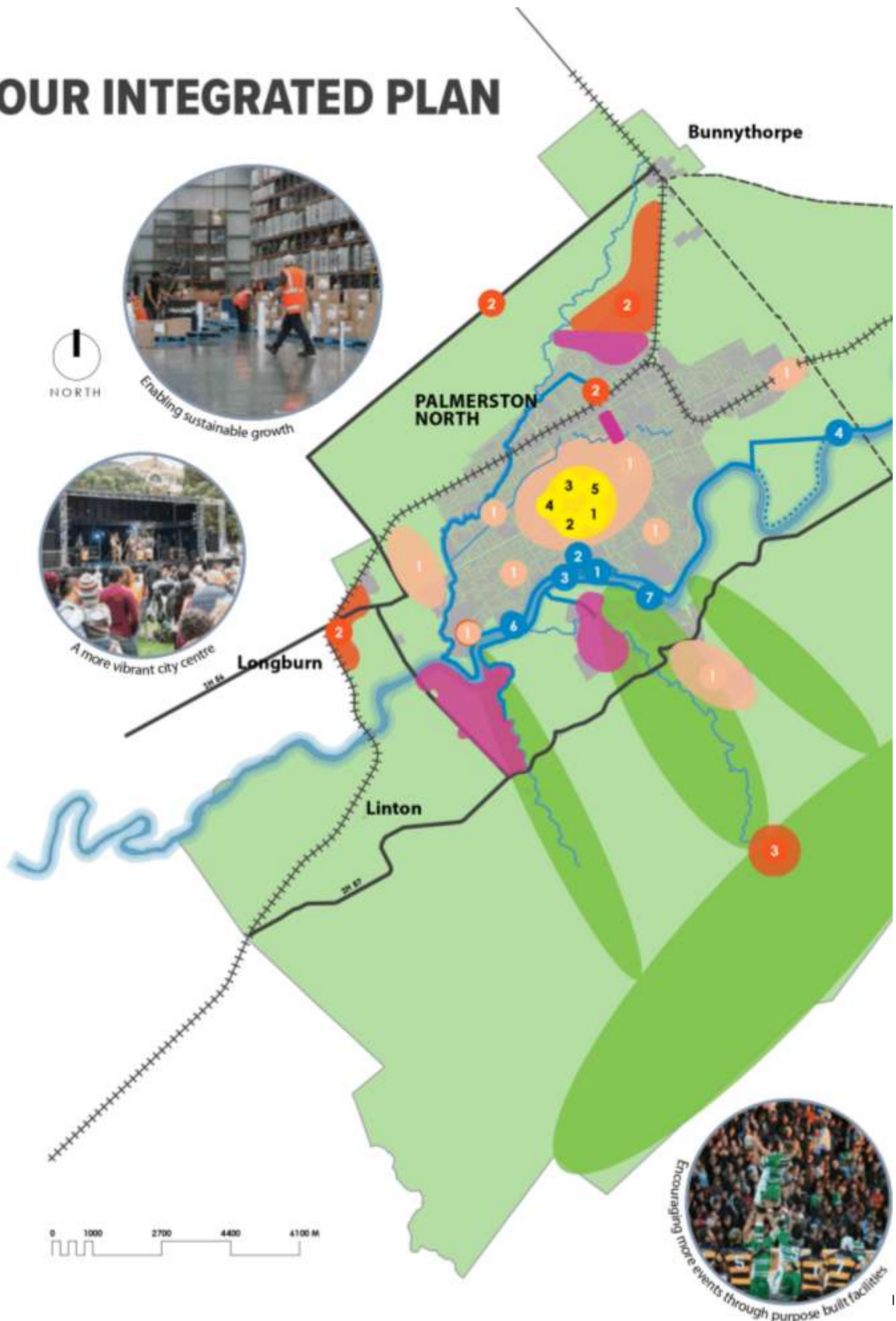
For more information on the financial implications of the proposed Plan please see pages 64-70.

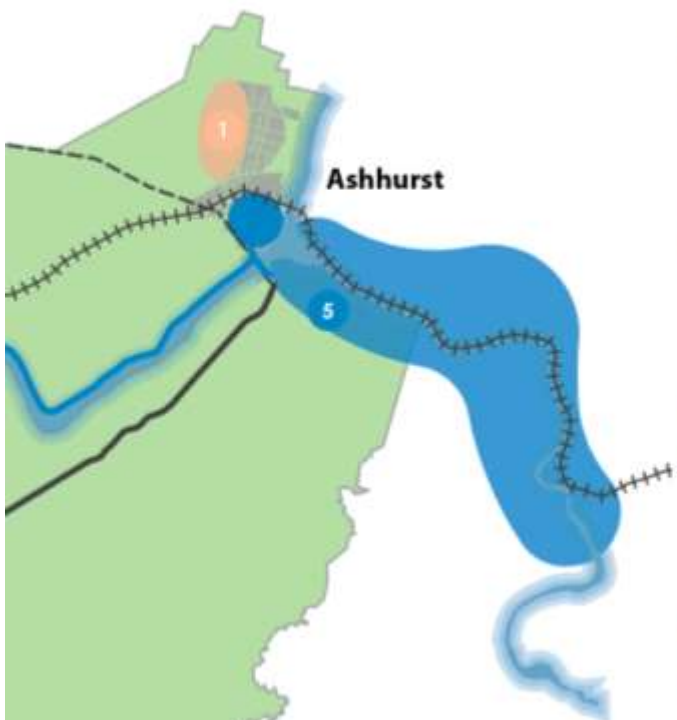
Council currently has assets with a replacement value of \$1.9 billion. At the end of the ten years this is forecast to be \$3.2 billion.

OPTIONS

We think we have a good balance between achieving the vision, investing in Palmy and addressing the challenges, all in an affordable way. Now we need to know your thoughts on this.

OUR INTEGRATED PLAN





Mapping the Future

Sustainable Growth (Industrial)

1. **Nature Calls:** Wastewater Treatment Plant Upgrade
2. **Central NZ Distribution Hub:** Regional Freight Ring Road, Regional Freight Hub, Airport, North East Industrial Zone Longburn

Sustainable Growth (Residential)

1. Whakarongo, Aokautere, Kakatangiata, Ashhurst and Urban Intensification (minor dwellings, infill, multi-unit and apartments)

City Centre Transformation

1. **Streets for People:** City Centre Streetscape Plan
2. **Civic & Cultural Precinct Masterplan** (Te Manawa & Library)
3. **Central Energy Trust Arena**
4. **Heritage Protection Package***
5. **City Centre Business Improvement District (BID)***

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, Mid Central DHB, PN Airport

Manawatū River & Tributaries

Biodiversity Corridors

Urban Areas

Rail

Regional Freight Ring Road

Regional Freight Ring Road Options

City Boundary

Vision

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

Our vision for Palmerston North is for every resident to enjoy the benefits of living in a small city, with the advantages of a big city. We want to develop infrastructure, services, facilities and experiences that deliver the best of both worlds.

GOALS

- An innovative and growing city
- A creative and exciting city
- A connected and safe community
- An eco city
- A driven and enabling council

TARGETS (BY 2031)

- 12,000 more jobs
- A score above 65 in the Creative Cities Index
- More than 75% of people consider Palmy is a welcoming and inclusive city with a good standard of living
- 30% reduction in CO2e emissions in Palmerston North by 2031 [from the 2018 baseline]

PRINCIPLES

Council is guided by seven principles in how we interact with our communities and lead our City. The guiding principles will be evident in the way Council engages, plans, make decisions and allocates resources.

Inclusive **Ambitious** **Open** **Bold** **Enabling** **Guardianship** **Caring**

CITY SHAPING

Council has developed a spatial plan that groups the key projects that will contribute to the vision. It has also been working with other Councils in the region on a similar regional spatial plan. See pages 14-15

NOTE

We will work towards these targets, over the next 10 years. You can keep an eye on their progress - and recent progress - by looking at the City Dashboard on our website pncc.govt.nz/dashboards



Strategic Direction







PALMY
2021-2031

WHAT REALLY
MATTERS?
**AN INNOVATIVE +
GROWING CITY**

WHAT REALLY MATTERS? AN INNOVATIVE + GROWING CITY

What we are working to achieve

Successful economies are constantly evolving, creating new business and employment opportunities. The future of work is also rapidly changing. We want more jobs in Palmy. Our goal is to have 12,000 more jobs in the City by 2031. That's 1200 jobs a year – for context last year there were 1000 more jobs and the year before 1200. The current number is 52,200 (Feb 2020.)

We're getting this increase in jobs by funding our economic development agency – we're currently renewing our three-year contract with the Central Economic Development Agency (CEDA) and are talking with Manawatu District Council and CEDA about bringing city marketing services in-house.

We also provide the infrastructure, (especially roading, water and wastewater), that businesses need.

Jobs in the future are going to increasingly be reliant on innovation and being low carbon so we're focusing on these two areas. Having Massey University, Fonterra Research Centre and the Crown Institutes (in particular) in the City means we're already well-placed to keep developing as an innovative economy, especially food innovation, where we have outstanding strengths.

New Zealand is committed to reducing its carbon emissions and impact on the climate. We are developing a Palmerston North Low Carbon Road Map to work out how all sectors in the City can reduce carbon emissions. We will consult on this later in the year.

Our other major focus is to ensure Palmy grows in a way that makes housing affordable. We do this by ensuring there are new growth areas, with all the necessary water services and roading, to meet future demand. The significant investment we make in our infrastructure – water, wastewater, stormwater, roading and resource recovery – is also critical for growth.

Hence our priorities are to:

- Create and enable opportunities for employment and growth
- Provide infrastructure to enable growth and a transport system that links people and opportunities
- Support the development of more housing that meets community needs
- Support the diversification of the economy to reduce reliance on traditional industries
- Support an 'innovation economy' to underpin growth
- Transform the economy to a low carbon economy.



FOR MORE INFORMATION – READ OUR:

Innovative and Growing City Strategy
City Growth Plan
Economic Development Plan

What's happening now?

Palmy is the major economic hub for the Manawātū-Whanganui region, providing half of the region's jobs and earnings. (We have a third of the population.) Our economic growth has closely matched New Zealand's overall growth for the past several years.

Our largest economic sectors are health services, government administration and defence, education, logistics, retail, construction and professional, scientific and technical services. These are also the biggest contributors to growth in jobs and earnings.

Housing is more affordable here than in many other cities, but it is becoming less affordable.

Although our economy is doing well, the City needs a stronger reputation to compete for capital, talent and visitation. In response, Council is rolling out a fresh view of Palmy, that will see us becoming the food innovation capital of New Zealand. Our point of strength and difference can make us stand out from the crowd. A new youthful, bright green identity (our representative colour) supports this, using the north arrow as a key symbol, referencing the City's "North", and its growth position.

COST PER WEEK FOR AVERAGE RESIDENTIAL RATEPAYER

\$1.56

City growth

Building and planning services, housing and future development, urban design

\$1.91

Economic development

Economic development, international relations, conference and function centre, city marketing, economic events

COVID-19

The Manawātū economy has been relatively resilient to Covid-19. While the impact on some local individuals and businesses has been huge, overall, the region escaped the worst of Covid-19's economic disruption. GDP for the wider Manawātū-Whanganui region dropped by 1.8% in the year to Sept 2020. Nationally, it dropped by 3.3%. Building consent numbers increased by 18% in Palmy but only 4.8% in NZ (both in the year to December). These numbers reflect strong confidence in our local economy.

A major reason for these relatively favourable figures is the structure of our Manawātū economy – many of our key economic sectors are stable and their employees can work from home or online.

CEDA also supported the business community and protected jobs through the Covid-19 lockdown by ensuring local businesses had easy and efficient access to the available government support and providing one-to-one expertise.

The Council will continue to support economic development and is currently renewing its three year economic development contract with CEDA.

We will also keep focussed on the current strengths of our priority sectors while also diversifying the economy to protect it against different sorts of economic disruption.

Covid-19 has also meant we have improved our Business Contingency Plans across all of our services, to ensure we can continue to provide critical health and safety services like water, civil defence, waste collections, animal control, etc during a pandemic or other emergency.

What we're proposing

While we would like to do more, budget constraints mean we propose to keep our current level of funding and support for economic development and city growth.

This means we propose to keep providing you with these day-to-day services:

- Fund the local economic development agency – we're currently renewing our contract with CEDA for this
- Promote the City and ensure it has a positive national and international reputation
- Provide sufficient land and infrastructure to meet housing and business demand

- Meet our legal requirements for building and resource consents
- Ensure public spaces have good urban design – eg are safe, sustainable, connected, and interesting.

We're helping the Manawātū Chamber of Commerce and local businesses set up Palmy Business Improvement District (BID) – a business-led organisation to bring more events, vibrancy and activity to the City centre. It will be funded by a targeted rate for city centre businesses.



WHAT IF WE SPEND AND DO LESS?

We could reduce the amount of funding we put into economic development and promoting the city, this would then reduce local economic activity.

While it is hard to compare economic development spending with other cities, ours seems to be middle of the range. Surveys show that economic development is a consistent priority for residents. We don't believe spending less is a good choice.

We have statutory responsibilities to provide sufficient land and services for housing growth and it would be difficult to reduce our spending on this.



WHAT IF WE SPEND AND DO MORE?

We could increase the level of support for economic development and promotion of Palmy. This should lead to more jobs, a stronger economy, and a better perception of the City.

Most of our economic development funding is operational – which mean that every \$100,000 we spend equals \$2 per annum in average residential rates.



What really matters to you?

What do you think of our ideas for being an innovative and growing city?

Whether you agree or disagree with our proposed approach, we want to hear from you. If you agree with us, we still need to hear your views, otherwise we may change what we are thinking of doing. **We want to hear all views.**

For more information on trends in the area and what Council intends to do see ["Our Growing Palmerston"](#)



Transport

The economy cannot function well without an effective and efficient transport network. Hence transport is part of our Innovative and Growing City Goal.

Of course, transport is not just for businesses and our aim is for Palmy's network of roads, footpaths, cycleways and shared pathways to meet the needs of a diverse range of users – motorists, cyclists, pedestrians and public transport users. This covers freight transport, recreational users, and commuters. We also have to expand and develop the network, so it meets the needs of a growing city.

We are also working to increase the availability and uptake of active and public transport options as these have health and environmental benefits. Walking and cycling are the most common forms of active transport.

Hence our priority in this area is to:

- Provide infrastructure to enable growth and a transport system that links people and opportunities



FOR MORE INFORMATION – READ OUR:

Innovative and Growing City Strategy
Transport Plan

What's Happening Now?

We manage the city's transport network to ensure the safe and efficient movement of people, goods and services in a way that gives them choice about their mode of transport and maximises environmental outcomes.

We are constantly improving this network – improvements last year included resealing 13km of road, repairing over 1500 pavement faults, and building 1420 metres of new footpaths in Longburn and Ashhurst.

We're changing the way we manage this network.

Traffic accidents numbers that result in injury have been steady over the past ten years, but accidents that result in serious injury and death have been increasing. Hence, we are improving road safety by doing things like reducing the speed limits on some of our roads, especially around schools.

We're also trying to get the right vehicles travelling on the right roads – heavy vehicles are currently rumbling past schools, buses are stopping in cycle lanes, and cars are rat-running through neighbourhood streets to avoid busy intersections. We're re-designing the network to make it clearer what vehicles should be using what routes. This includes where we expect cyclists and pedestrians to have more priority.

Our transport network is made up of:



569kms
of footpaths



13,900
street trees



42km
shared pathways



88 bus
shelters



556kms
of roads



106
bridges



8600
of streetlights



5000
car parks

Historically, transport investment has prioritised and promoted private motor vehicle use over cycling, walking and public transport. Currently, only a small proportion of trips incorporate active and public transport. In 2018, 10.2 % of residents used active modes of transport to travel to work, while 1.7% used public transport.

Bus services are operated by Horizons Regional Council, while we provide the local infrastructure such as bus shelters and terminals. We are collaborating with Horizons to determine the best mix of routes and frequencies to meet the needs of users, ahead of Horizons re-tendering the bus service contract in 2022.

Motor vehicles are the most significant contributing sector to the City's carbon emissions, so reducing motor vehicle use will also have environmental benefits, as well as health benefits from active transport.

We're also getting heavy traffic away from neighbourhood streets by designing, along with Waka Kotahi New Zealand Transport Agency, a strategic transport route to make it easier and safer for trucks to get to and from industrial areas and distribution hubs. (These hubs are a significant part of our economy – in this way transport is a significant enabler for economic growth.) Waka Kotahi is the lead agency for improvements on State Highways, parts of the regional ring road and another Manawatu River crossing.

Getting heavy traffic out of neighbourhoods will also create more liveable local streets. We saw this during the Covid-19 lockdown, when there was less traffic, and our local neighbourhoods were used more by families cycling or walking.

We're improving the way the City centre looks and works. Streets for People (the City centre upgrade) will make the city centre safer and a more pleasant place for pedestrians to spend time – and hence money, which has significant benefits for our economy. For more information see pages 37.

To make all these changes effective, we also need to improve the way we renew and maintain our network. In the past we haven't spent as much on these as we should have. As a result, the quality of road surfaces has been deteriorating over the past five years, due to more heavy vehicles, and poor underlying ground conditions. (The quality of road surfaces emerged as an issue in our last residents' survey.)

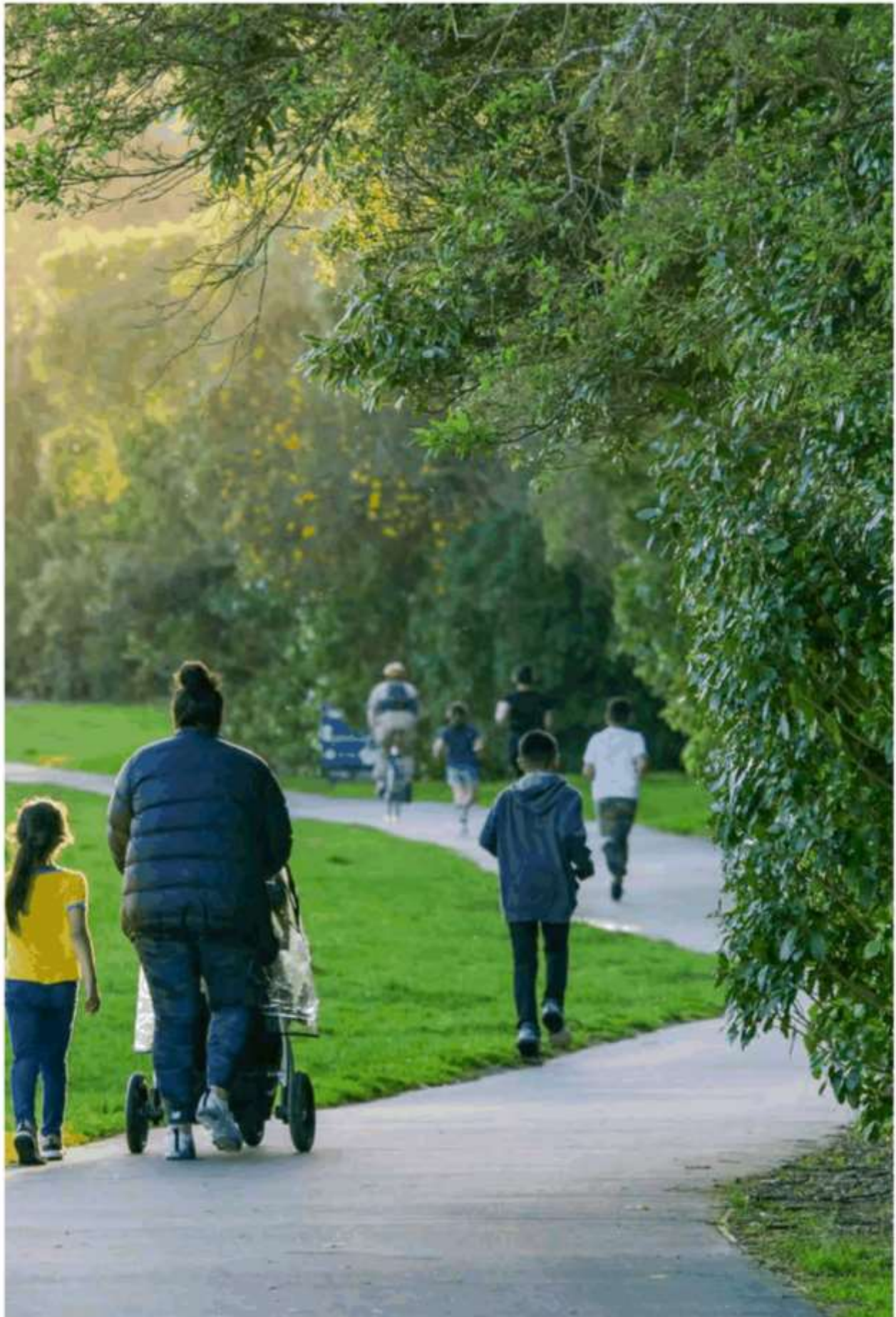
By increasing the amount we spend on maintenance and renewals we should be able to spend less in the long term – and we will provide a better quality of service now. We're phasing this increase in spending in over the next few years (see the section on Renewals on page 52 for more information)

COST PER WEEK FOR AVERAGE RESIDENTIAL RATEPAYER

\$6.21

Transport

Roads, footpaths, shared pathways, streetlights



What we're proposing

We've identified we need to increase the amount we spend renewing and maintaining our transport and infrastructure. We're bringing this increase in over three years to reduce it's impact on our rates.

We will continue to maintain and develop roads, cycleways, footpaths, traffic lights,

streetlights, signs, bus-stops, street trees and gardens, carparks, etc. We will also continue to encourage people to bike, walk and use public transport. We will make all of these safer to use.

Specific projects currently in the draft Plan as shown below.

NB costs are total costs, including inflation, over the stated years. **OP** means the costs are operational, so each \$100,000 means \$2 per annum in average residential rates. Other costs are capital new, where each \$1M means \$1.50 on average residential rates. Many of these projects are co-funded by Waka Kotahi New Zealand Transport Agency.

As explained on p 13 we fund capital projects through debt. Capital projects are for new buildings, infrastructure and facilities. These will be used by several generations so we fund them by debt and pay the debt pack of the life of the asset. That was everybody who can use the asset helps pay for it. The \$1.50 cost per year is for debt servicing and repayment.

PROGRAMME NUMBER(S)	PROJECT NAME	INVESTMENT	YEARS
1559	Citywide Urban Cycle network Improvements	\$24,447,00 (half from NZTA)	1-10
1677 and 1678	Shared path projects, including connecting Palmerston North with Bunnythorpe, Feilding, Ashhurst and Aokautere	\$32,526,000 (half from NZTA)	1-10
1679	Citywide footpath Improvements	\$5,717,000 (half from NZTA)	1-10
1944	Upgrade Village Roads to urban standard	\$7,819,000	3-10
1367 and 1806	Street Light Improvements	\$4,610,000 (half from NZTA)	1-5
243	Urban Bus Terminal Redevelopment	\$12,386,000 (half from NZTA)	1-4
1121	Tennent Drive Transport Improvements, including public and active transport (near Food HQ and Massey University)	\$10,165,000 (half from NZTA).	2-3 5-8
1472, 1932 and 2013	Strategic Ring Road to get heavy traffic off urban streets and improve traffic efficiency	\$1,099,000 OP for business case \$105,374,000 (75% from NZTA)	1-4 2-9 for capital work
1691	Road Safety Improvements throughout the City	\$20,377,000 (half from NZTA)	1-10
279	Minor Road Safety Improvements	\$15,801,000 (half from NZTA)	1-10

PROGRAMME NUMBER(S)	PROJECT NAME	INVESTMENT	YEARS
1689	Rural Road Safety Improvements	\$13,464,000	4-10
159	Kelvin Grove Rd Five-Dips Safety Improvements	\$7,343,000 (half from NZTA)	4-6
684	Longburn-Rongotea Rd / No 1 Line Intersection Safety Improvements	\$5,025,000 (half from NZTA)	1 and 4-6
167	James Line (Schnell Dr to Kelvin Grove Rd) Improvements	\$1,847,000	4-5
1682	Pioneer Highway – Improvements	\$5,605,000	7-10



WHAT IF WE SPEND AND DO LESS?

The transport network would receive less maintenance and less development, including safety improvements. Over time it would become more congested and less safe. There would be more potholes, cracked footpaths, blocked gutters, etc.

Fewer people would cycle, walk and use public transport – with less environmental and health benefits.

We don't think either of these are good long-term outcomes.

We could also spend less by not doing or by pushing back the programmes listed in the table above – if you think we should do this please identify specific programme numbers. These are mostly capital spending (ie debt) so each \$1M less we spend would reduce the average household rates by \$1.50 a year.



WHAT IF WE SPEND AND DO MORE?

We've prioritised our spending in this area and improved our asset management planning. We've identified we need to increase the amount we spend renewing and maintaining our transport infrastructure.

We're bringing this increase in over three years to reduce its impact on rates. Our initial focus is on key health and safety issues. However, this three year approach does bring a risk there will be more minor roading issues like potholes and footpath cracks, and hence repair costs, in the short-term. See page 52 for more information.

We could reduce this risk by bringing in this increased renewals and maintenance more quickly. As its operational spending every \$100,000 we spend equals \$2 per annum in average residential rates.

We could bring forward some of the programmes listed in the table above – if you think we should do this please identify specific programme numbers. Or there may be new programmes that you think we should do. These are mostly capital spending so each \$1M more we spend through debt would increase the average residential rates by \$1.50 a year.

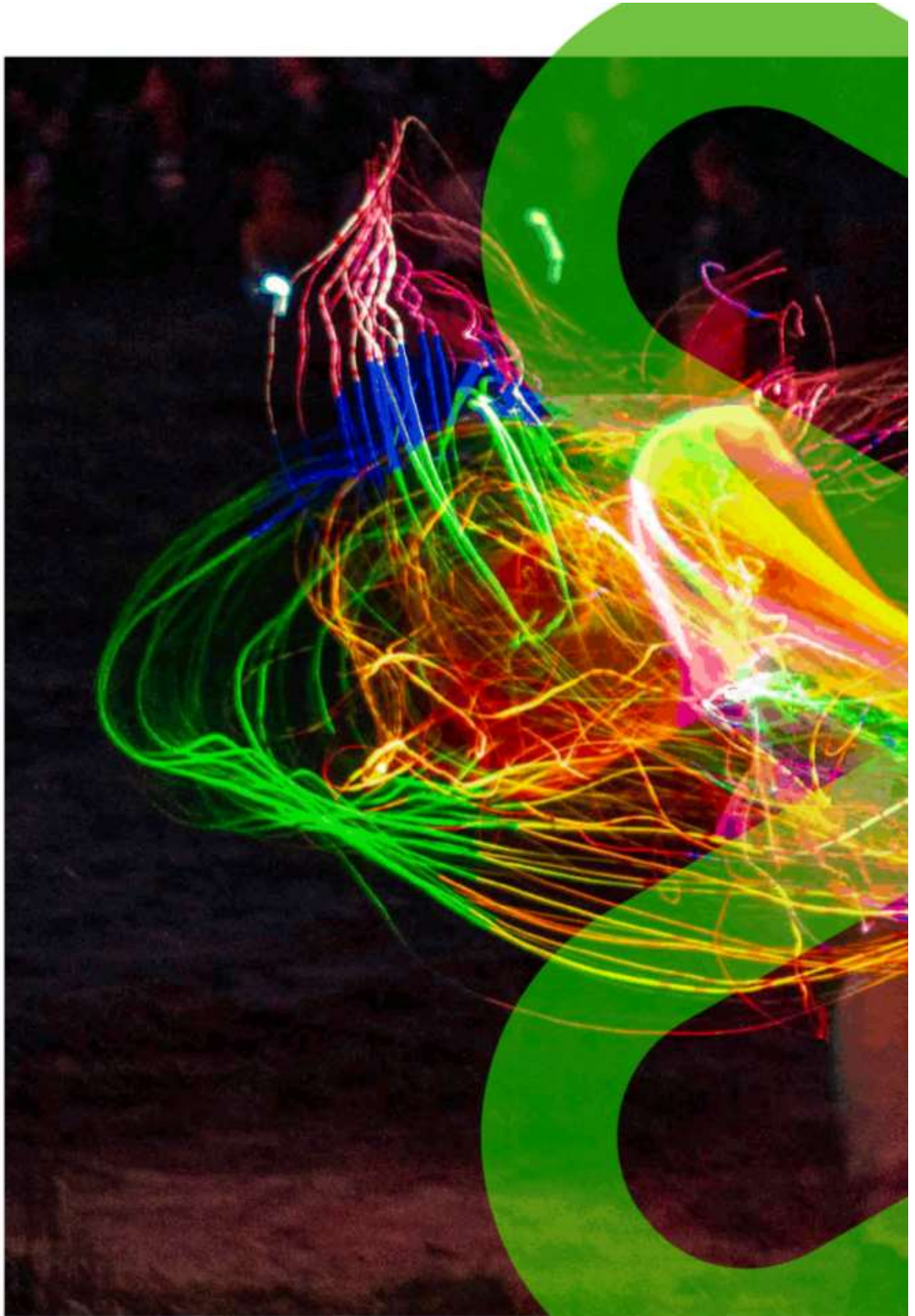
What really matters to you?

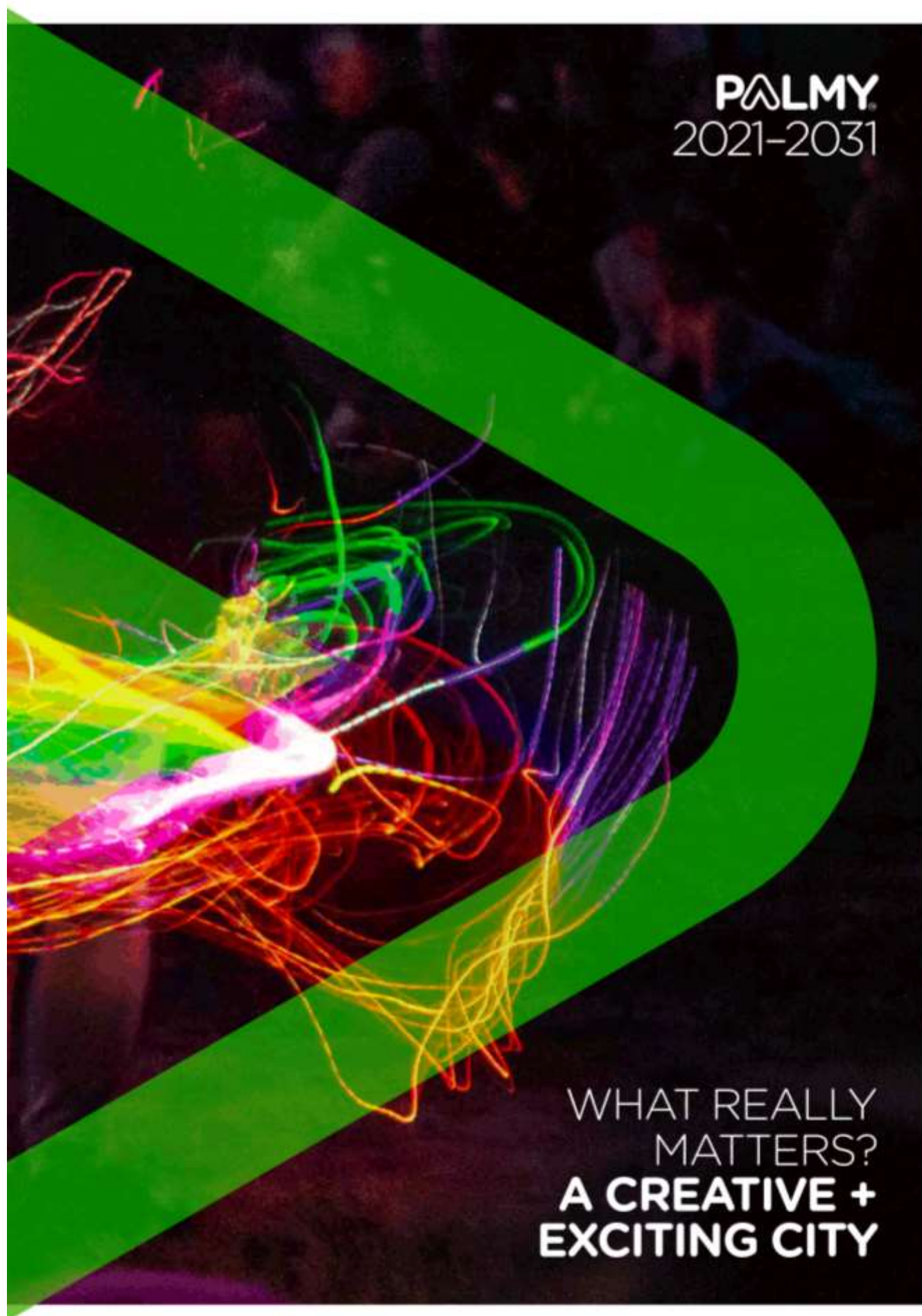
What do you think of our ideas for improving the transport network?

Whether you agree or disagree with our proposed approach, we want to hear from you. If you agree with us, we still need to hear your views, otherwise we may change what we are thinking of doing. **We want to hear all views.**

We are also keen to find out how we could encourage more people to use public transport?

For more information on trends in the area and what Council intends to do see ["link to Supporting Material"](#)





WHAT REALLY MATTERS? A CREATIVE + EXCITING CITY

What we are working to achieve

Our goal is for Palmy to be a creative and exciting place to live. To have a great lifestyle in a city that reflects the diversity of our community. Our target is for Palmy to score above 65 on the Creative Cities Index by 2031 (currently it is 55.9).

We will support the arts to flourish and our cultural institutions to thrive as they respond to our communities' needs and interests.

Everyone should have opportunities to be active and to experience the advantages of a big city without hassle and cost.

In the past, Palmy had a reputation for not having much to do. That is changing, especially for our residents. The city is increasingly a family-orientated, lifestyle centre where investment, business, creativity, culture, arts, education, recreation and entertainment thrive.

Having lots of things to do is also important for peoples' enjoyment, fitness and health.

Hence our priorities are to:

- Create a city that has great places for all people
- Celebrate the City's history and diversity, and build on the strength of being a city of many cultures and languages
- Be a creative city that nurtures and celebrates the arts
- Develop a national reputation as an exciting city with plenty to do at night and on weekends
- Be one of the most active communities in New Zealand



FOR MORE INFORMATION – READ OUR:

Creative and Exciting City Strategy
City Shaping Plan
Arts and Heritage Plan
Active Communities Plan

What's Happening Now?

Increased numbers of people are commuting to Palmy from across the region for work, study and social, recreational and cultural activities, including shopping. Our city-centre Streets for People and Placemaking programmes give locals, visitors and commuters a better experience to encourage them to stay longer and spend more money. Increasing the after-five economy in the city-centre is an opportunity that's currently being missed.

Palmy is well-served by parks and green spaces, ranging from small urban 'pocket parks' to wilderness areas. More than 80 per cent of the City's homes are within easy walking distance of a park.

Participation in organised sport is declining and predicted to decline further. About three-quarters of sport and recreation engagement is unstructured, informal and involves casual recreation rather than a competitive sporting environment. Walking is the most popular recreation activity in Palmy, followed by swimming, equipment-based exercise, cycling, and running.

While these are the most popular recreation activities, the diversity of our communities' recreation expectations are growing. Also, the standard to which people expect us to provide recreation facilities like local parks is increasing. This means we cannot meet every sport's needs and we need to prioritise our new spending. We'll use the Regional Sports Facilities Investment Framework to ensure any need is proven and that new facilities are viable long-term before we commit to funding them, either by ourselves or in conjunction with others.

We will make better use of our current parks and facilities by increasing their maintenance and renewals (see programme 1852 on [page 37](#)). We have also developed sets of minimum facility standards for our city-wide, suburb and neighbourhood reserves. These show which reserves will have play equipment, toilets, drinking fountains, etc. We have assessed each reserve against these, and there are some gaps. We have a programme to close all the gaps over time, starting with the largest gaps first.

Council has assumed it will receive \$500,000 in year one and \$800,000 per annum after that from Mercury Energy to lease land for their wind farm in our Turitea Reserve. We intend to use this money to help fund the operating costs of our city reserves. This complies with the purposes of the Reserves Act and reduces ratepayer costs.

Palmy is home to artists, community groups and organisations passionate about being part of a creative city. Many of the region's key arts facilities are based in Palmy, such as Te Manawa, Regent on Broadway, the Globe Theatre, Square Edge and Centrepont Theatre, New Zealand's only provincial professional theatre company.

And the City has a growing number of events. A stand-out example of this is the Festival of Cultures, which, with Council support, has run for over 20 years. It has grown from a local event to a week of events attracting more than 14,000 participants. Other events happen at more of a community level. e.g. gala days, cultural and religious festivals, fundraising events, art exhibitions, project launches, and national day and New Year celebrations for the many different groups living in the City.

Some of these events are in the city centre and we will continue upgrading these streets. We call this the Streets for People upgrade and through it we will progressively improve the public spaces to make them safer, more people friendly, and lively.

We do this through having wider footpaths, more seats, trees and plantings, social spaces, etc. We have just finished doing the section between the Plaza and Church St. We have listed the order in which we propose to do the upgrades in the following table (prog No 1686). Do you agree with the individual projects, and the order in which we propose to do them?

Council owns nine earthquake-prone buildings (Te Manawa, Caccia Birch House, the Regent Theatre, the Civic Administration Building, Central Library, Kelvin Grove Crematorium, Wastewater Treatment Plant, Keith Street Power Station and Square Edge). By law, these have to be strengthened or demolished over the next 15 years. We intend to strengthen them and have budgeted \$150M for this over the 15 years. See page 10 for more information

COST PER WEEK FOR AVERAGE RESIDENTIAL RATEPAYER

\$8.73

Active communities

Central Energy Trust Arena, reserves, sportsfields, swimming pools, support to recreation groups

\$3.49

Arts and heritage

Arts, culture and heritage facilities (including Te Manawa, Regent) and support

\$0.33

City shaping

City centre, citymaking, place activation



What we're proposing

We've identified we need to increase the amount we spend renewing and maintaining our infrastructure. We're bringing this increase in over three years to reduce it's impact on our rates.

We propose to keep providing these day-to-day services:

- Accessible and well-maintained play, active recreation and sports facilities to increase levels of physical activity and participation. (Note: these facilities are city reserves, suburb reserves, local reserves, sports fields, the Central Energy Trust Arena, walkways and shared paths, and swimming pools)

- Support to art organisations, cultural Council-Controlled Organisations (CCOs), and individuals
- Seed funding and support for people to lead public space projects to develop accessible, active, comfortable and social public places

And we will:

- Work closely with Rangitāne o Manawātū to support it as kaitiaki of its heritage places
- Increase the community's understanding and appreciation of iwi's heritage
- Promote and celebrate local history and heritage buildings

NB costs are total costs, including inflation, over the stated years. **OP** means the costs are operational, so each \$100,000 means \$2 per annum in average residential rates. Other costs are capital new funded from subsidies and debt, where each \$1M means \$1.50. Many of these projects are co-funded by Waka Kotahi New Zealand Transport Agency.



PROGRAMME #	PROGRAMME	INVESTMENT	YEARS
1686	Streets for People to continue the street improvements around the city centre so they are more pedestrian friendly, with more mini event spaces and improved public transport (ie as in Cuba Street and the Plaza to Main Street);	Half of this would be funded by NZTA	
	➤ Square East	\$3,784,000	1-2
	➤ Broadway	\$5,844,000	1-3
	➤ Rangitikei Street	\$978,000	2-3
	➤ Square West	\$4,651,000	3-5
	➤ Square North	\$2,624,000	5-6
	➤ Church Street	\$3,917,000	6-7
	➤ Inner Square	\$683,000	7-8
1949	Civic and Cultural Precinct Masterplan – which will include reviewing options for the Central Library and Te Manawa. Broad options are to fix the current buildings or build new ones (possible one building for the library and Te Manawa combined) or lease buildings.	\$250,000 OP	1
1424	Active Community Access Fund to help subsidise sports fees for people on low incomes	\$113,000 OP	1-10
990	Central Energy Trust Arena - Southern Grandstand. See page 13 for more details.	\$13,478,000 (dependent on two thirds of this being raised externally)	3-6
2006	City centre Play to provide permanent play equipment in the City centre	\$448,000	1-6
1852	Closing Levels of Service Gaps for Reserves to make sure similar reserves across the country have similar standard of play equipment, shade, seating, etc.	\$661,000	1-6
1899	Aquatic facilities and water recreation preliminary feasibility study	\$104,000 OP	2-3
1838 and 2012	Replace the Exotic Aviaries at the Esplanade to improve visitor experience and meet modern bird health standards		
	Stage 1	\$834,000	1-2
	Stage 2	\$601,000	6-7
902	Property - Seismic Strengthening of Council Properties (most of which are arts and culture buildings, including the Regent, Te Manawa, Central Library and Caccia Birch, plus the Civic Administration Building). See page 11 for more details	\$115,106,000	1-10



WHAT IF WE SPEND AND DO LESS?

Each \$100,000 less we spend in operating costs, the average household rates would reduce by \$2 a year.

However, it would mean we would need to reduce the effort we put into looking after our parks, playgrounds, sports fields, swimming pools and supporting the arts.

We don't believe this is viable long-term. Reduced spending now would mean fewer services and eventually would lead to significant catch-up costs or facilities getting run-down and possibly closing.

We could also spend less by not doing or by pushing back the programmes listed in the table above. If you think we should do this please identify specific programme numbers. These are mostly capital spending so each \$1M less we spend through debt would reduce the average household rates by \$1.50 a year.

What really matters to you?

What do you think of our ideas for being a creative and exciting city?

Whether you agree or disagree with our proposed approach, we want to hear from you. If you agree with us, we still need to hear your views, otherwise we may change what we are thinking of doing. **We want to hear all views.**

For more information on trends in the area and what Council intends to do see [link to Supporting Material](#)



WHAT IF WE SPEND AND DO MORE?

We've carefully prioritised our spending in this area. We've improved our asset management planning and have identified we need to increase the amount we spend renewing and maintaining our recreation assets.

We're bringing this increase in over three years to reduce its impact on rates. Our initial focus is on key health and safety issues. However, it does bring a risk that, over the next few years, there will be more minor maintenance issues in our parks, playgrounds, sport facilities, etc. These could bring additional costs to fix. See page 52 for more information.

We could reduce this risk by bringing in this increased maintenance more quickly. It is operational spending – so every \$100,000 we spend equals \$2 in average household rates.

We could bring forward some of the programmes listed in the table over leaf – if you think we should do this please identify specific programme numbers. Or there may be new programmes that you think we should do.

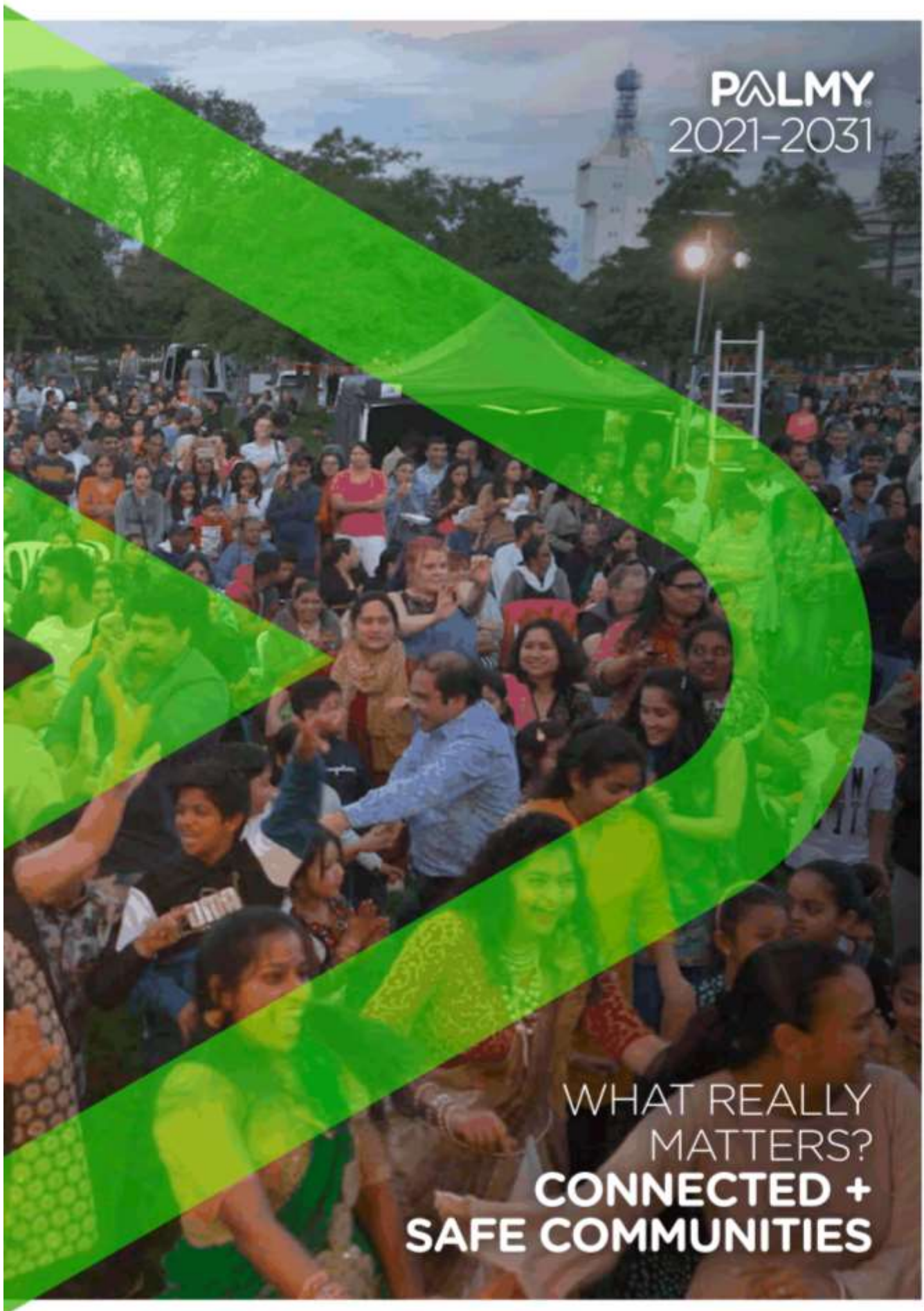
There are some programmes we considered but, in the end, did not include. We like your views on the following ones in particular (other programmes we considered are on page 72):

- New Skatepark
(Feasibility \$70,000 year 1 OP. Construction \$431,000 year 2)
- Covered bowling green feasibility
(\$50,000 year 1 OP)
- Contribution to artificial bowling green
(\$308,000 year 2 OP)
- Outdoor gym equipment in suburb parks
(\$519,000 years 1, 2, 4 and 7)

Most of the programmes in the table above are capital spending so each \$1M more we spend through debt would increase the average household rates by \$1.50 a year.







WHAT REALLY MATTERS? CONNECTED + SAFE COMMUNITIES

What we are working to achieve

Our goal is for Palmerston North to be a city where everyone feels connected and included.

A safe city, where people have access to the housing they need and opportunities to connect with others. Where communities have access to accessible and appropriate support.

We understand that we need to work with our partners towards achieving our shared goals. We can achieve better outcomes with our communities by working effectively together.

Our target is for more than 75% of people to consider Palmerston North is a welcoming and inclusive city with a good standard of living.

In 2019 57% were satisfied with community spirit and 65% with safety. Standard of living is a new measure.

Hence our priorities are to:

- Develop, provide, support or advocate for services, facilities and events that create connected, welcoming and inclusive communities
- Ensure the City has a healthy community where everyone has access to healthy, safe and affordable housing and neighbourhoods
- Support communities to achieve their aspirations.
- Be a city where people feel safe and are safe.



FOR MORE INFORMATION – READ OUR:

Connected and Safe Communities Strategy

Connected Communities Plan

Safe Communities Plan



What's happening now?

LIBRARIES

We provide library services through the Central Library, four community libraries (Ashhurst, Awapuni, Highbury/ Te Pātikitiki, and Roslyn), the mobile library, Blueprint, and Youth Space. The role of libraries has expanded from being a 'warehouse for books', to providing opportunities for people to participate in their communities (eg through book clubs, pre-school programmes, etc) and programmes that support literacy (including digital literacy).

COMMUNITY CENTRES

We own eight community centres run by voluntary Community Committees.

CEMETERIES

We provide and operate four cemeteries (Kelvin Grove, Terrace End, Ashhurst and Bunnythorpe) and a crematorium at Kelvin Grove.

TOILETS

We have 52 public toilet blocks throughout the city. All new toilets are accessible and gender neutral and, where possible, we are refurbishing existing toilet blocks to also be accessible and gender neutral.

COMMUNITY GRANTS

We allocate over \$2M in community grants annually. A 2018 comparison showed that, per capita, we provide more community funding than some other local authorities. However, funding programmes are increasingly oversubscribed.

SOCIAL HOUSING

We provide 407 social housing units for seniors, people with long term-disabilities, and those who experience barriers to accessing housing in the private rental market. Most of these are rented at subsidised rates. We have about 400 individuals or households on our waiting list. Hence we are proposing to increase the number of units we provide – see the table on the next page for Social Housing Programmes.

All our units meet the Otago Medical School He Kainga Oranga Rental Housing Warrant of Fitness Standard and the new Healthy Homes Standards.

EVENTS

We deliver or fund city events including Anzac and Armistice Day, A Very Palmy Christmas, Explore Esplanade Day, Festival of Cultures, Fireworks and New Year's Eve in the Square. Most of the City's events - gala days, cultural and religious festivals, fundraising events, art exhibitions, etc - are led by local communities.

SAFE CITY

Most safety initiatives in the City are a result of many organisations working together – especially through the Safety Advisory Board (SAB) and the Manawātū-Whanganui Civil Defence Management Group. We play active roles in these. As a result of the work of the SAB, the city is accredited as a Safe Communities Foundation Safe City. We're also responsible for safety and health-related bylaws.

CENTRAL ENERGY TRUST WILDBASE RECOVERY

This is a world-class rehabilitation facility for New Zealand's endangered birds, including kiwi, takahē and yellow-eyed penguins. It is located in the Esplanade and is open to the public for free.

COMMUNITY FACILITIES

We are often asked to provide or help fund new community facilities. We are proposing to develop a Community Facilities Stocktake and Needs Assessment to provide a city-wide view on where and what facilities Council should help fund. This would include any funding for projects like a Kelvin Grove or Highbury Community Hub.

COST PER WEEK FOR AVERAGE RESIDENTIAL RATEPAYER

\$0.32

Cemeteries

Cemeteries and crematorium

\$0.82

Safe communities

Animal control, civil defence and safer community initiatives

\$3.45

Connected communities

Community centres, Central Energy Trust Wildbase Recovery, public toilets, support to community groups, support to community and commemorative events and social housing

\$4.07

Libraries

City and branch libraries, mobile library, youth space



What we're proposing

We've identified we need to increase the amount we spend renewing and maintaining our community infrastructure. We're bringing this increase in over three years to reduce its impact on our rates.

We propose to keep providing you with these day-to-day services:

- Ensure our city libraries collect, curate and provide access to knowledge, ideas and works of the imagination that are primarily focused on meeting the needs of communities with the greatest needs and reflect the diverse and changing needs of communities.
- Provide library programmes that support the development of all forms of literacy.
- Support community centre management groups to provide community centres that are responsive to their community's needs.
- Provide public toilets throughout the City, to a standard that meets public expectations
- Provide cemetery services that are responsive to community needs
- Provide warm, safe and accessible social housing for older people, people with disabilities, and other people on low incomes who experience barriers to renting in the private market
- Support and fund communities and organisations to build community, neighbourhood and organisational capacity and capability
- Provide, fund and support events so Palmy has a full events calendar catering for different sectors of the City
- Coordinate and facilitate the Safety Advisory Board to enable the fulfilment of its strategic plan
- Build community resilience and disaster preparedness for civil defence and emergency situations
- Enforce bylaws and legislation relating to supply and sale of alcohol, stray and aggressive dogs, keeping animals, food and commercial premises, gambling, and excessive noise.

NB costs are total costs, including inflation, over the stated years. OP means the costs are operational, so each \$100,000 means \$2 per anum in average residential rates. Other costs are capital new (debt funded), where each \$1M means \$1.50 a year for the average residential rate payer.

PROGRAMME #	PROGRAMME	INVESTMENT	YEARS
1459	Build additional social housing units built to Healthy Homes Standard	\$7,002,000	3-5
1743	Build Stage 3 of social housing units at Papaioea Place	\$5,075,000	1-2
161	New public toilets	\$1,385,000	1,3,5,7, and 9
1898	City-wide community facilities stocktake and needs assessment	\$100,000 OP	1
1564 and 1565	Increase in community (community development, arts and environment) grants	\$924,000 OP	1-10
1941	Removing overdue library fines for youth and children:	\$368,000 (reduction in OP revenue)	1-10





WHAT IF WE SPEND AND DO LESS?

For capital spending, each \$1M less we spend through debt would reduce the average household rates by \$1.50 a year. For operating programmes, each \$100,000 less we spend would reduce the average household rates by \$2.

However, it would mean reducing the effort we put into looking after the social well-being of residents and sense of connection between them.

We don't believe this is viable in the long-term. Reduced spending now would mean fewer services and reductions in community support and spirit.

We could also spend less by not doing or by pushing back the programmes listed in the table above – if you think we should do this please identify specific programme numbers.

What really matters to you?

What do you think of our ideas for being a connected and safe city?

Whether you agree or disagree with our proposed approach, we want to hear from you. If you agree with us, we still need to hear your views, otherwise we may change what we are thinking of doing. **We want to hear all views.**

What do you think of the criteria and guidelines for delivering our social housing (see ** for more information).

For more information on trends in the area and what Council intends to do see ****link to Supporting Material****



WHAT IF WE SPEND AND DO MORE?

We've prioritised spending in this area. We've improved our asset management planning and have identified we need to increase the amount we spend maintaining our community infrastructure.

We're bringing this increase in over three years to reduce its impact on rates. Our initial focus is on key health and safety issues. However, this does bring risk there will be more minor maintenance issues in our libraries, community centres, public toilets, cemeteries and social housing. These could require additional repair costs in the short-term. See page 52 for more information.

We could reduce this risk by bringing in increased maintenance more quickly. It's operational spending – so every \$100,000 we spend equals \$2 in average household rates. Rates would rise, or we'd have to cut back on new projects and services.

We could bring forward some of the programmes listed in the table above – if you think we should do this please identify specific programme numbers. Or there may be new programmes that you think we should do.

There are some programmes we considered but, in the end, did not include. We would like your views on the following ones in particular (other programmes we considered are on page 72):

- An online engagement hub that is based around peoples' interests in Council, with a wide range of social media and other options for people to easily participate in Council's decision-making: \$408,000 OP total in years 1-10
- A range of methods – website, film, open days, etc - to increase voter turnout in Council elections and interest in Council processes: \$255,000 OP total in years 1-10.

For capital spending each \$1M less we spend through debt would reduce the average household rates by \$1.50 a year. For operating programmes each \$100,000 less we spend would reduce the average household rates by \$2.





WHAT REALLY MATTERS? ECO CITY

What we are working to achieve

We understand that Palmerston North has a responsibility to respond to climate change for the benefit of everyone. Our goal is for Palmerston North to decrease carbon emissions and reduce our ecological footprint. We will protect and enhance our natural and built environments, accommodate growth through intensification, and support active transport. We will work with our partners towards achieving our shared goals.

We also provide the infrastructure that contributes to the health of the environment and to residents' health - water, wastewater, stormwater, and resource recovery (recycling and rubbish collections). This infrastructure is necessary to meet many of the basic day-to-day services we provide. The city cannot grow and business could not operate without it. The bulk of our costs go on looking after and developing it.

Our goal is a 30% reduction in CO₂e emissions in the city by 2031 (compared to 2018). This is ahead of the national target. As a council we're already on the journey – see 'climate change' on page 55.



FOR MORE INFORMATION – READ OUR:

Eco-City Strategy
Environmental Sustainability Plan
Manawatū River Plan
Resource Recovery Plan
Waters Plan
Climate Change Plan
Asset Management Plans

Hence our priorities are to:

- 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 in the future
- Educate the community, and 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 Council, Council-run events, and facilities.

A lot of what we do is provide and look after infrastructure – roads, pipes, parks, community buildings, etc. Our engineers enjoy building and fixing these things, but the real reason we do it is so that healthy, clean water comes out of your taps every time you turn them on; "stuff" disappears every time you flush the loo; and you can easily and safely walk, cycle, bus or drive to the park (which we also look after).

This is expensive – this year we are spending the equivalent of an 8% rates increase on additional renewals and maintenance – but what would it cost you if we didn't look after this infrastructure properly? How would you cope if it didn't work?

You may have seen news items recently on water and sewer pipe breakages in other cities. They are disruptive and cause major environmental damage. This is what we are working to avoid.

What's happening now?

We provide and manage the City's water, wastewater and stormwater networks, including Ashhurst, Bunnythorpe, Linton and Longburn. These networks are all about environmental and public health and safety:

- Water is about a safe and reliable supply of water to residential and commercial properties, as well as managing a water conservation strategy to promote efficient water use
- Wastewater is for the safe and reliable collection, treatment and disposal of sewage from residential and commercial properties in an environmentally acceptable way
- Stormwater protects residential and commercial buildings from flooding, with minimal environmental impact.

We also provide a reliable and efficient waste and recycling service to minimise the amount that goes to landfill.

To provide these services we:

- Have 548 km of pipes for our water supply networks for Palmerston North, Ashhurst, Bunnythorpe, Longburn and Linton

- Collect and supply 10 billion litres of water each year – enough to fill 4000 Olympic swimming pools
- Have 422 km of wastewater mains and 245 km of lateral connections to private properties
- Treat 13 billion litres of wastewater each year
- Have 290 km of piped stormwater drain, 20 km open drains and 14km of stopbanks along city streams
- Collect annually 3000 tonnes of paper and plastic recycling, 1700 tonnes of recycled glass, and 3300 tonnes of rubbish bag waste. People and businesses drop off another 2700 tonnes of organic and green waste at the Awapuni Resource Recovery Park.

Our water is tested from source to tap and complies with New Zealand Drinking Standards.

Horizons Regional Council is responsible for preventing flooding from the Manawatu River and Mangaone Stream. We're responsible for managing localised stormwater ponding issues and drains. In some cases, we've designed streets as ponding areas that, in periods of heavy rain when the stormwater pipes cannot take away the water quickly enough, will temporarily hold the rainwater and stop it entering dwellings.

Reducing the Risk of Service Failure

All our three water networks are aging. In the past we haven't funded the long-term level of required renewals of infrastructure to reduce costs. This meant we are now having to do more reactive maintenance to fix things that break, which actually adds costs.

(Renewal is when we replace an asset or a component of it. Maintenance is when we fix it to ensure our assets can provide the services residents expect. We maintain them until they get to the point where it is more cost-effective to renew the asset. At home, you might maintain the roof by sealing some small leaks and making sure there are no loose sheets. At some point though the number of patch-ups required means it is more cost effective to renew the roof.)

We're getting on top of this by increasing our investment in renewals and moving to a proactive maintenance plan. This means we can prioritise our renewal spending to reduce the risk of network failures.

For example, we have \$20M (31km) of highly critical wastewater pipes (ie they serve a high number of customers or critical providers such as hospitals) that are old and potentially due for replacement.

It is important to note that we do have some gaps in our knowledge of our asset condition, and have based the increase in investment on the age of our assets and relevant best practice, rather than specific knowledge of each asset condition. Hence, we may have over or under budgeted.

We're working hard to assess the condition of our infrastructure – much of which is underground – so we can better understand the risk of it failing. We can then prioritise its repair or replacement. This is very cost-effective in the long-term but does require upfront condition assessment programmes. This will help us make better decisions about when we need to maintain and renew it.

Central Government's three waters reform grant (see page 54) is being used to reduce the backlog of renewals.

We're making similar improvements in the way we manage our roading, recreation and property assets. Our ability to provide day-to-day services is dependent on us having well-maintained and managed networks and facilities. Growth and economic development also depend on these networks and facilities.

These improvements are cost-effective in the long-term but have initial upfront costs. We must balance spending on renewals and proactive

maintenance, with spending on providing new services and facilities.

The more we do of one, the less we can do of the other.

Our approach is to spread the budget for this catch up over three years. In year 1 we are proposing to spend an additional \$5M on maintenance and renewals and in year 2 a further \$4.1M on top of the \$5M. However it will still take many years to bring the assets up to condition.

We have taken this gradual approach to the catch-up to allow us to do some new things like a EnviroHub and Resource Recovery Centre (a base for environmental groups where people could learn more about sustainable living), building more social housing units, and walkway extensions. This means we can continue to develop the City. However, there are risks in this approach during the catch-up period:

- assets could fail, causing environmental and health and safety problems (e.g. sewer blockages and overflows)
- assets may not be repaired in a timely manner, leading to customer complaints about the state of assets (e.g. footpath maintenance)
- levels of service may reduce (reduced facility operating hours, or increases in network blockages)
- we may need unbudgeted funding to fix faults and breakages.

There is also a risk of renewing and replacing our assets too soon while they are still in good condition and can provide the services people expect. Replacing them too early means we're not getting full use out of the assets. Our asset condition programmes will give us better information about when is the best time to renew these assets.

What really matters to you?

Should we be investing more to speed up the renewals and proactive maintenance catch up?

If so, where should the funding come from - further rates increases or by reducing other things we are doing or proposing to do? (Major projects and services are listed in the rest of this Consultation Document and more information is in the Supporting Information [link](#)) Getting this balance right is difficult, and it is one of the key issues we're thinking about in developing this 10-Year Plan.

We think we've got it right. Do you? Let us know, it's easy to tell us your thoughts. See page 79



This article relates to the infrastructure strategy, see page 62 to read more.

Nature Calls

Nature Calls is our wastewater treatment plant upgrade.

Every time you remove a plug from the sink, flush, turn off a tap, or your dishwasher or washing machine beeps – that water goes to our Wastewater Treatment Plant at Tōtara Road, where it's treated before being discharged into the Manawātū River.

We treat the water to minimise its impact on the River.

Nature Calls is the biggest financial and environmental decision our city faces. It focuses on determining the best practicable option for treating the city's wastewater for up to the next 35-plus

years. A process is now underway to further refine the shortlisted options for how we treat and discharge wastewater in the future. We need to submit a resource consent application for a new wastewater treatment plant by June 2022. At the present time we do not have a preferred option and have assumed an acceptable option can be obtained for \$350M (plus inflation) but there is a high level of risk it could be more or less than this. It's our biggest project and has a major impact on our budgets and our plans. It is subject to parallel consultation - for more information see pages 9 and 72. Pages 9-10 outline the uncertainties we have around Nature Calls.



This article relates to the infrastructure strategy, see page 62 to read more.

Resource Recovery (Rubbish and Recycling)

Between July 2020 and 2024 the Central Government Waste Disposal Levy will progressively increase from \$10 per tonne to \$60. This will increase the amount we have to pay to dispose of rubbish – and hence increase the cost of rubbish bags to residents. Everything we send to landfill also leads to increased greenhouse gasses.

That's why we're planning to increase the amount of waste diverted from landfill. Our aim is to increase this from 38% to 48% by 2025.

We'll do this by trialling and, if successful, introducing a city-wide household food waste collection service, and a construction and demolition waste processing service. We will also provide additional recycling collection services to non-residential customers on a user pays basis. See page 60 for more information.

One issue we're facing is the limited market for some items that are recycled, and we're having to pay recyclers to take them rather than being paid.



This article relates to the infrastructure strategy, see page 62 to read more.

Manawātū River Park

For many decades city residents turned their back on the Manawātū River. Over the past ten years, the City has begun to embrace the river as a significant recreational asset that allows people to connect with the natural environment and extend their physical activity. This has

also provided opportunities for Rangitāne o Manawātū to express their unique relationship with the Manawātū River. The shared path network was the catalyst for this change in perception. See page 60 for more information.



This article relates to the infrastructure strategy, see page 62 to read more.

Central Government Three Waters Reform

Water is a precious resource – we can't make more. Currently, we look after "the three waters":

- Drinking water – what comes out of your tap. Our drinking water comes from the Turitea Dam and a series of bores around the City. It's treated before it gets to your home to ensure you don't get sick.
- Wastewater – everything that goes down a drain inside your home or business. In your kitchen, laundry, bathroom – if it goes down a plug or drain inside, then that is wastewater. It is treated before being discharged to the River.
- Stormwater – the water that goes down a drain outside your home or on the street. This water goes straight to our streams and rivers without treatment.

New Zealand's three waters system is facing significant challenges. Central Government is undertaking a three-year programme to reform Local Government three waters service delivery arrangements.

Local Government in New Zealand is facing urgent challenges in the provision of these services including: funding infrastructure deficits, complying with increased safety standards and environmental expectations, building resilience to natural hazards and climate change into three waters networks, and supporting growth.

The Government is looking at reforming how these waters are managed. Its current thinking is drinking water and wastewater should be managed by a small number of multi-region entities whether stormwater is part of this is yet to be determined. These entities would be publicly owned, with mechanisms to stop the privatisation of water supplies. The size, shape and design of these entities is still being worked through.

The main reason for the reforms is the huge cost of meeting public health and environmental standards for water and wastewater. Central Government has estimated a \$30-40 billion deficit in waters funding across the country. Total spending by Local Government each year is \$1.5b, so the problem is significant - fixing water and wastewater problems is unaffordable for most Councils. It's a significant problem for us (see the previous section on Nature Calls).

Residents connected to the water or wastewater networks will still have to fund the networks, but the new entities will have economies of scale. They will have stronger balance sheets, more access to capital, and alternative ways of funding their work.

These reforms are still just a Central Government proposal, and there is a lot of detail to work through. We've agreed to participate in the exploration of these reform options and, as a result, we received \$9.4M in Central Government grant funding to help improve our water and wastewater network.

At this time we don't have enough information to consult with the community on the reform options, however, governments indicative timing suggests that further engagement and consultation with communities may occur later this year.

While the government is developing detailed proposals, we're preparing this 10-Year Plan on the assumption we'll continue to manage and fund the three waters. If the reforms go ahead we'll need to develop a new 10-Year Plan to reassess our priorities.

More information on the review is at dia.govt.nz/Three-Waters-Reform-Programme

 This article relates to the infrastructure strategy, see page 62 to read more.





Climate Change

Climate change will bring a significant increase in rainfall in winter, and a higher frequency of extreme rainfall events.

For stormwater this higher intensity rainfall is likely to mean more frequent flood events and property damage. (Urban development has also increased the amount and speed of rainwater going into our urban waterways.)

We're making these stormwater improvements so that the network is more able to cope with flood events. Our Civil Defence staff also work with local communities to ensure they are prepared to cope with floods if they occur.

For wastewater it means higher peak wastewater flows and total wastewater volumes due to more stormwater getting into the wastewater network in heavy rain. Some of this is through residential roof downpipes illegally putting water into wastewater sumps. This extra inflow increases energy and treatment costs. More downpours are also likely to result in an increase in the number of wastewater overflows during wet weather. We've projects in place to reduce this stormwater flow into the wastewater system and to improve the stormwater network.

We're also working with developers to encourage them to include rainwater tanks for holding rainwater and to minimise the areas of impervious surfaces.

We also encourage residents to adopt more sustainable lifestyles through cycling or using public transport, reducing energy use, and recycling. We also look at ourselves – as an organisation, we have reduced our annual Co₂e emissions by 5200 tonnes (20%) since 2016.

More heavy downpours will lead to issues for our sports fields and walkways. So we need to improve drainage, or there will be more temporary sports field closures.

NIWA projections show the Manawātū region is not prone to more severe droughts, so climate change should not significantly impact our rural hinterland's economy.

More information is in our [Climate Change Plan](#), and [Asset Management Plans](#). We are developing a Low Carbon Road Map to see how the city can reduce carbon emissions – we will talk with you about this later in the year. The '[Palmly Climate Calculator](#)' on our [website](#) allows people to explore how changes to transport, land use, industry, buildings, and energy will impact the City's carbon emissions.

A key question for you: do you think we have got the right emphasis and the right amount of effort in this area?



This article relates to the infrastructure strategy, see page 62 to read more.



Sustainable Growth

The City is projected to grow significantly over the next 10 years. Housing affordability is declining and, by providing land zoning and infrastructure we need to ensure housing supply matches demand. Major infrastructure projects and private development including Te Ahu a Turanga; Manawātū Tararua Highway, KiwiRail Regional Freight Hub, Mercury Energy Turitea Wind Farm, Regional Freight Ring Road, FoodHQ, Defence regeneration at Linton and Ohakea, Countdown Distribution Centre and a variety of Council infrastructure projects will continue to drive this growth and place more pressure on housing affordability and infrastructure. As a result we are rezoning additional land for housing at Aokatuere, Kakatangiata and Ashhurst and encouraging urban intensification, mixed-use developments (commercial and residential together) and apartments to increase housing supply, utilise existing infrastructure and increase vibrancy.

We are also looking at redeveloping industrial and commercial areas such as Roxburgh Crescent and Council land such as Huia Street Reserve and Albert Street Depot for housing. We're also accelerating the provision of infrastructure to enable industrial and residential development to happen faster.

The significant pipeline of Central Government, residential and commercial infrastructure investment in the Manawātū means the existing contractor resources are stretched, putting upward pressure on prices and extending delivery. As a result, Council has considered its programme of work and taken the opportunity to push-out non-critical programmes.



This article relates to the infrastructure strategy, see page 62 to read more.

COST PER WEEK FOR AVERAGE RESIDENTIAL RATEPAYER

\$5.90

Water

Treatment, storage,
distribution

\$5.75

Wastewater

Collection,
treatment, disposal

\$1.72

Stormwater

Flood protection*

\$3.77

Resource recovery

Kerbside recycling, rubbish
and public recycling

\$0.53

Eco-City

Environmental sustainability, Manawatu River and environs
(including Esplanade), climate change mitigation and adaption



What we're proposing

We've identified we need to increase the amount we spend renewing and maintaining our three-waters and resource recovery infrastructure. We're bringing this increase in over three years to reduce it's impact on our rates.

We will propose to keep providing the day-to-day three water services residents and businesses rely on:

- Stormwater services to protect buildings from inundation from flooding in major events
- Reliable collection and high-quality treatment and disposal of wastewater to minimise negative environmental effects
- Safe and reliable water supplies which minimise waste.

This infrastructure is critical for households and businesses as well as growth, so we have a big focus on making it more resilient – for example, by providing duplicate water mains pipes in case one is damaged or breaks.

We will also propose to provide these ongoing services:

- Ensure the city's solid waste is adequately and affordably managed

- Maximise the proportion of waste diverted from landfill (e.g. through recycling and composting)
- Manage hazardous waste in an environmentally-responsible manner
- Foster sustainable practices and behaviours
- Develop policies and plans, and work with city stakeholders to achieve the target of a 30% reduction in greenhouse gas emissions by 2031 (from 2018 baseline)
- Continue to reduce greenhouse gas emissions from our own activities
- Work with iwi and community groups to re-establish bush, particularly along waterways
- Control introduced predators
- Respect and support the relationship Rangitāne o Manawātū has with the Manawātū River
- Increase using the Manawātū River environment for passive and active recreation
- Increase the health and amenity of the river environment through increased biodiversity.

Specific projects currently in the draft Plan are in the following table:

NB costs are total costs, including inflation, over the stated years. OP means the costs are operational, so each \$100,000 means \$2 per annum in average residential rates. Other costs are capital new, where each \$1M means \$150 a year for the average residential ratepayer in debt servicing and repayments.

PROGRAMME #	PROGRAMME	INVESTMENT	YEARS
124 and 1696	Ensuring Turitea Water Treatment Plant is compliant with future Drinking Water Standards, including revisions post-Havelock North:	\$7,132,000	1-4
1873	City-wide Water Main Upgrades for Firefighting	\$478,000	2-4
1697 and 1389	Turitea Water Treatment Plant upgrade and Water Network upgrades to ensure continuity of supply following a major disruption such as an earthquake	\$7,866,000	1-2, 4-6, 8.
1871, 1872, 1900	Water Safety Plans for Bunnythorpe, Ashhurst, and Longburn	\$25,000 OP for each Plan	1
1902	Water Safety Plan for Palmerston North	\$118,000 OP	4 and 9
1864	Extend and Improve Longburn Water Supply	\$637,000	3-4.
1813	Water Condition Assessment to better understand the condition of water infrastructure and hence a clearer picture on required upgrades and renewals	\$385,000 OP	1-10.
1319	Totara Road Wastewater Treatment Plant - Consent Renewal Upgrade - Options Analysis	\$5,907,000 OP	1-7
628	Totara Road Wastewater Treatment Plant - Consent Renewal Upgrade to construct the new treatment plant	\$391,742,000	3-6
1716 and 1717	Wastewater Condition Assessment to get a better understanding of the condition of wastewater treatment plant and network and hence a clearer picture on required upgrades and renewals.	\$4,702,000 OP	1-10
1401	Infiltration and Inflow Investigation to locate sources of stormwater inflow into the wastewater system	\$4,753,000 OP	1-10
1712	City-wide wastewater wet weather overflow mitigation	\$7,971,000	1-10

PROGRAMME #	PROGRAMME	INVESTMENT	YEARS
1060	Stormwater Network Extensions and Upgrades to meet growth and reduce ponding. Includes work in Ashhurst and Bunnythorpe	\$7,924,000	1-10
1708	Citywide Stormwater Flood Mitigation	\$8,273,000	1-7
1709	Stormwater Condition Assessment to get a better understanding of the condition of stormwater infrastructure and hence a clearer picture on required upgrades and renewals	\$1,033,000 OP	1-10
2044	Kerbside Food Waste Collection and Processing: Investigation City-Wide (if the investigation is positive, we will consult with you on the possible introduction of the service)	\$271,000 OP	2-3
1373	Recycling Drop-off Facility for Whakarongo / Kelvin Grove	\$2,284,000	4-5
1724	Investigation of Waste Diversion from Landfill, including Construction and Demolition Materials	\$1,039,000 OP	1-10
1888	Low Carbon Fund to help with Council projects that have carbon reduction benefits	\$2,317,000	1-3
1875	Upgrade Council Fleet to Electric Vehicles	\$2,640,000	3-8
1959	Envirohub and Resource Recovery Centre (a centrally located, focus point for environmental and sustainable living information and good practice)	\$819,000	4-5
1844	Manawatū River Park (to continue to develop the area for informal recreation)	\$3,638,000	1-7



WHAT IF WE SPEND AND DO LESS?

The chart on the left shows what we currently do and spend in this area. This is mostly operating spending.

However, we don't believe it's prudent to reduce spending. We're trying to catchup on maintenance and care of these networks rather than get further behind.

Reduced spending would make the networks less resilient and there would be more water pipe breakages, sewerage spills, stormwater blockages, etc.

Reduced spending would make Palmy's environment less sustainable.

We could also spend less by not doing or by pushing back the programmes listed in the table to the left. If you think we should do this please identify specific programme numbers. For capital spending each \$1M less we spend through debt would reduce the average household rates by \$1.50 a year.

Each \$100,000 less we spend would reduce the average household rates by \$2 a year.



WHAT IF WE SPEND AND DO MORE?

We've carefully prioritised our spending in this area. We've improved our asset management planning and have identified we need to increase the amount we spend maintaining our three waters and resource recovery (waste) infrastructure.

We're bringing this increase in over several years to reduce its impact on rates. Our initial focus is on key health and safety issues. However, it does bring a risk there will be more three waters network breakages, leaks and maintenance issues at our waste and recycling facilities. Fixing these would mean additional repair costs in the short-term. See page 52 for more information.

We could reduce this risk by bringing in this increased maintenance more quickly. It's operational spending – so every \$100,000 we spend equals \$2 a year in average household rates.

We could bring forward some of the programmes listed in the table to the left. If you think we should do this please identify specific programme numbers. Or there may be new programmes you think we should do. These are mostly capital spending so each \$1M (through debt) more we spend would increase the average household rates by \$1.50 a year.

What really matters to you?

What do you think of our ideas for being an eco city?

Whether you agree or disagree with our proposed approach, we want to hear from you. If you agree with us, we still need to hear your views, otherwise we may change what we are thinking of doing. **We want to hear all views.**

For more information on trends in the area and what Council intends to do see ["link to Supporting Material"](#)



Infrastructure Strategy

One of the Council's major roles is providing the city's infrastructure. This covers transport, stormwater, wastewater, property and recreational assets. These all underpin economic, social, cultural and environmental well-being.

Our Annual Residents' Survey shows people are generally satisfied with the standard of our infrastructure. [*shortlink to annual residents survey*](#)

The total replacement cost of this infrastructure is about \$2 billion.

Nevertheless, it's expensive to look after. We recognise we need to spend more on maintaining and renewing it so it can keep providing the day-to-day services people expect. We propose to step-up our renewal and maintenance over the next few years – for more information see pages [8-9 and 52](#). You can also get a more detailed picture in our Infrastructure Strategy ([link](#)).

There are some gaps in what we know about the condition of our assets. This means we have based the increased investment in renewals and maintenance on the age of the asset and industry best practice, rather than specific knowledge of the assets. We are putting more emphasis on getting a better understanding of its condition.

The Infrastructure Strategy is a comprehensive review of the issues we face in looking after our infrastructure. Most of these have already been discussed in this Consultation Document:

- Nature Calls – page [9 and 53](#).
- Central Government water reform – page [7 and 54](#).
- A regional freight ring-road – page [12 and 26](#).
- Developing new infrastructure for growth – page [11 and 56](#).
- Climate change – page [10 and 55](#).
- Encouraging walking, cycling and public transport – page [24-29](#).
- Construction industry capacity – page [12](#).
- Streetscape upgrades – page [37](#).
- Redeveloping the Central Energy Trust Arena – page [12](#).
- Earthquake-prone buildings – page [10](#).



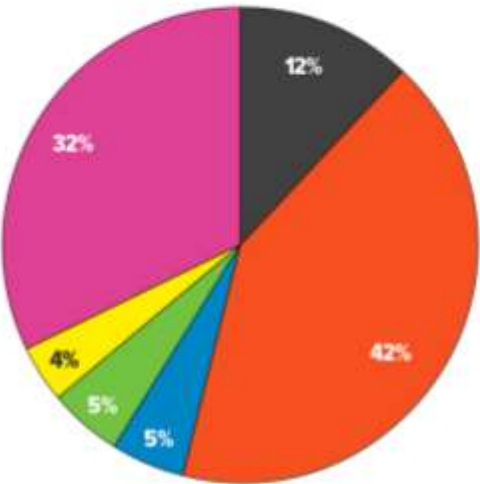
Finances

THE BIG PICTURE

- Council has assets with a replacement value of about \$2 billion that are big enough to cope with significant city growth.
- Council has been increasing its investment in asset management planning and is progressively obtaining better condition assessments of its infrastructure assets. This information has led the Council to conclude it needs to increase its investment in both asset maintenance and asset renewal. See pages 8 and 52 for more about this.
- 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 medium population and household growth as forecast by Infometrics plus a margin as required by the National Policy Statement for Urban Development.
- The City has adequate appropriately zoned land or land identified for rezoning 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 (Nature Calls) 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 \$391.7M (\$350M plus inflation) but there is a high level of risk it could be more or less than this.
- In order to fund existing Council services and key projects being proposed in the 10-Year Plan, including new capital expenditure of \$1,147M, Council's rates and debt levels will need to increase – rates are proposed to increase from \$101M in 2020/21 to \$188M in 2030/31 and debt proposed to increase from a forecast \$164M to \$860M.
- These projected levels of debt would mean Council's own prudent borrowing ratios would be significantly exceeded and it is highly unlikely lenders will be prepared to lend to the Council in such circumstances.
- The government is proposing major reform which would include the transfer of water and wastewater (the approach to stormwater is yet to be determined) to a small number of regional water entities. Like all Councils our Council is required to plan on the assumption this change will not occur. However, the forecast borrowing required for the Nature Calls project is such a significant component of the Council's debt projections that the Council is not in a position to develop a credible, sustainable long-term financial strategy.
- It is proposed that once there is more certainty about the waters proposals and the favoured option for the Nature Calls project an updated strategy will be prepared.
- Based on these assumptions total rates will need to increase by 6.9%¹ in 2021/22, 8.3% in 2022/23, 8.2% in 2023/24, 9.2% in 2024/25, 11.0% in 2025/26 and increases of between 2.6% and 6.5% in each of the following five years.

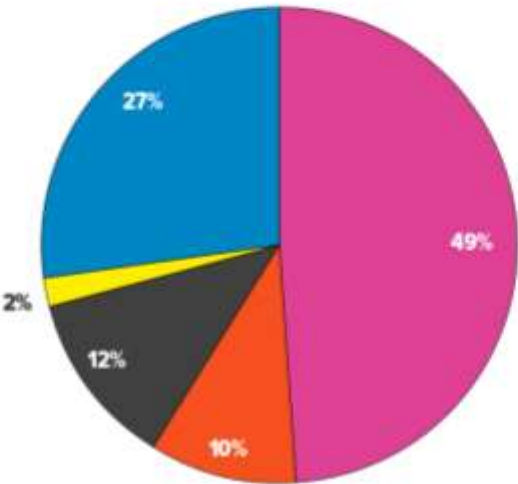
¹ The Council proposes to fund a central city Palmy BID group and to set targeted rates to collect the \$250k plus GST to fund the programme. Including this new programme would mean total rates income for 2021/22 would increase by 71% over the budget for 2020/21.

WHAT IS IT PROPOSED THAT
MONEY WILL BE SPENT ON?



- OPERATIONS AND 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

WHAT ARE THE PROPOSED
SOURCES OF FUNDS?



- RATES
- SUBSIDIES AND GRANTS
- FEES, CHARGES, SALES AND OTHER INCOME
- DEVELOPMENT CONTRIBUTIONS
- ADDITIONAL LOANS

Debt

The Council needs to borrow to fund major new capital developments in the same way as individuals do when they need a new home or car.

Our debt is also a way of sharing the costs of these projects across both current and future generations who will also benefit from these projects. To help decide the maximum level of borrowing that is sustainable, the Council proposes to adopt the following policy limits, which are unchanged from what we had previously:

BORROWING LIMITS	POLICY MAXIMUM	FORECAST LEVEL AT 30 JUNE 2022	FORECAST MAXIMUM DURING 10 YEARS	FORECAST LEVEL AT 30 JUNE 2031
Net external debt as a percentage of total assets	<20%	11%	28.5%	27%
Net external debt as a percentage of total revenue	<200%	151%	388%	365%
Net interest as a percentage of total revenue	<15%	3.6%	10.5%	10.3%
Net interest as a percentage of annual rates income	<20%	4.7%	13.1%	12.9%
Liquidity	>110%	>110%	>110%	>110%

As can be seen from this chart the proposed borrowing means two of these ratios would be significantly exceeded during the 10 years of the plan. This is accentuated by the expected cost of the Nature Calls wastewater project (assumed to be \$350M plus inflation).

At this stage there is a high level of uncertainty of the cost of the upgrade and the on-going operating costs.

The net external debt as a percentage of total revenue is an important measure used by the Council and its potential funders. The following graph shows the projection for the 10 year period compared with both the Council's own policy maximum and that used by the NZ Local Government Funding Agency.

DEBT TO REVENUE RATIO



This shows that the Council would operate within the limits for the first four years of the plan but not after that.

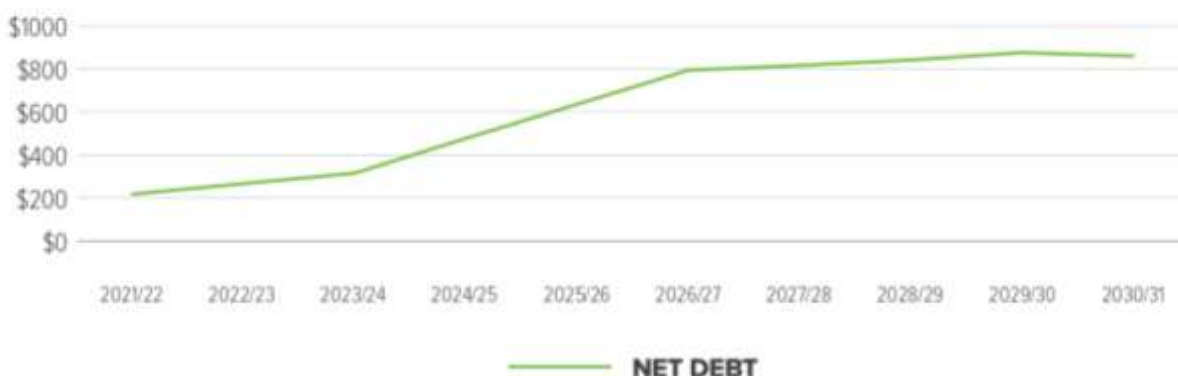
Under the current funding arrangements it is highly unlikely the Council will be able to borrow the full sum required to fund the whole capital expenditure programme. Something needs to change to make this possible. As mentioned elsewhere Central Government is proposing major reform which would see a transfer of water and wastewater (the approach to stormwater is yet to be determined) to a small number of regional water entities.

Until there is more certainty about the preferred option for Nature Calls and the proposed water

reforms it is difficult for the Council to make any firm plans about how best to proceed. The Council has decided its proposed 10-Year Plan is a prudent and responsible approach for the meantime. Once there is more certainty an updated 10-Year Plan will be prepared.

The proposed capital expenditure of \$1,484M is made up of \$337M for renewing present assets and \$1,147M for building new assets. In order to fund capital expenditure the Council will need to borrow an additional \$884M. During the same period \$166M will be raised from rates to allow us to repay some of the debt. This means the Council's debt is forecast to increase from \$164M to \$860M over the 10 years.

NET DEBT FORECAST



Rates

Rates will have to increase to fund existing Council services and programmes proposed in the Plan.

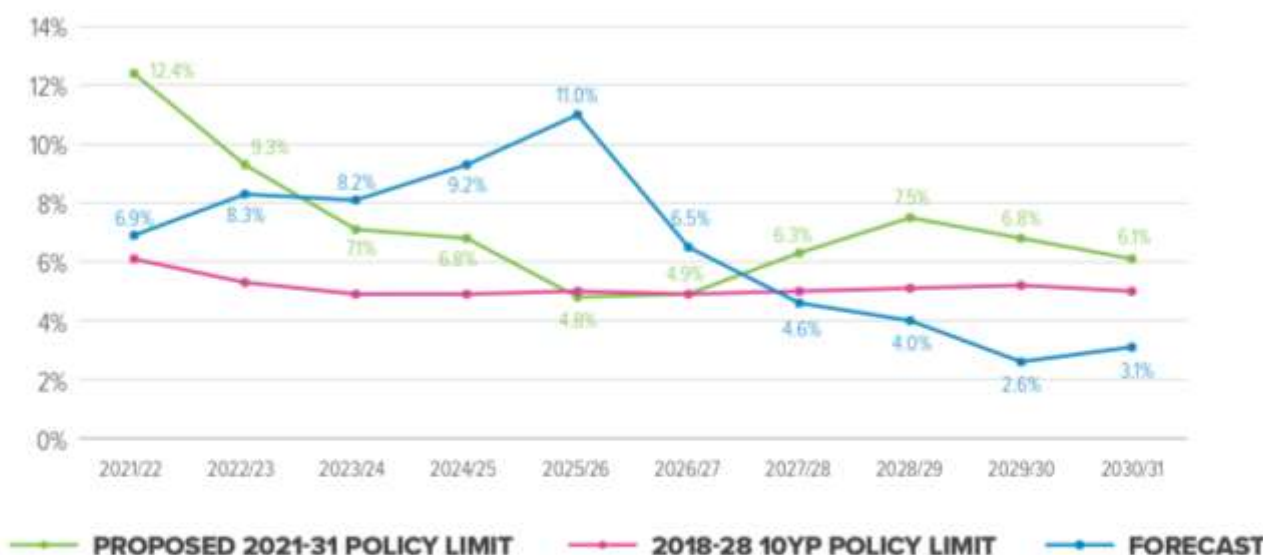
The desire to keep rates increases as low as possible has to be balanced with the need to fund the maintenance and renewal of key City infrastructure. The need to plan for a higher level of debt repayment to be able to service debt from future high-priority capital programmes also has to be considered.

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

- Total rates² will increase by no more than the Local Government Cost Index (LGCI)³;
- Plus additional rates obtained from growth⁴ in the rating base
- plus 3% (to fund costs of higher standards and new services)
- plus increase in funding required for asset renewal⁵

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

ANNUAL INCREASE IN RATES REQUIREMENT



² Total rates excludes rates on Council properties but includes metered water revenue

³ 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 2020 was used in this Plan

⁴ Assumed to be 0.4% each year

⁵ Assumed to be 5.3% for 2021/22 and 3% for 2022/23

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 2021/22, the fixed part (\$1,302 for residential properties) is proposed to be made up of the following:

CHARGE TYPE	CHARGE	WHAT IT PAYS FOR
Water	\$307	The cost of providing water
Wastewater	\$299	The cost of treating and disposing of wastewater
Kerbside Recycling	\$130	The cost of kerbside recycling
Rubbish and Public Recycling	\$66	General rubbish and recycling costs, including transfer stations, cleaning up fly tipping, community education
General	\$500	Contributes to paying for all other Council services and helps ensure all properties contribute a more equal share of cost rather than it all being based on the land value

For residential properties each of the above fixed charges (except for the general charge) is based on the number of separately used or inhabited parts.


The portion which is 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.


Council is legally required to obtain updated rating valuations at least every three years. The values from 2018 will be used again in 2021/22 and the new values obtained in 2021 will be used for the three years from 2022/23.

RATES EXAMPLES

Examples of proposed rates for 2021-2022 are shown in the following tables

 LAND VALUE	SINGLE UNIT RESIDENTIAL				TWO UNIT RESIDENTIAL			
	\$185,000 QUARTILE 1	\$230,000 MEDIAN	\$243,000 AVERAGE	\$280,000 QUARTILE 3	\$220,000 QUARTILE 1	\$255,000 MEDIAN	\$273,000 AVERAGE	\$300,000 QUARTILE 3
General Rates \$ Incl. UAGC of \$500	1,656	1,937	2,018	2,249	2,507	2,827	2,991	3,237
Targeted Rates \$	802	802	802	802	1,604	1,604	1,604	1,604
Total Proposed Rates \$	2,458	2,739	2,820	3,051	4,111	4,431	4,595	4,841
Increase \$ above 2020/21	166	178	181	191	310	324	330	339

 LAND VALUE	NON-RESIDENTIAL (COMMERCIAL/INDUSTRIAL)				MISCELLANEOUS			
	\$230,000 QUARTILE 1	\$400,000 MEDIAN	\$708,000 AVERAGE	\$790,000 QUARTILE 3	\$145,000 QUARTILE 1	\$315,000 MEDIAN	\$594,000 AVERAGE	\$630,000 QUARTILE 3
General Rates \$ Incl. UAGC of \$500	5,336	8,910	15,386	17,110	1,650	2,999	5,213	5,498
Targeted Rates \$	365	365	365	365	66	66	66	66
Total Proposed Rates \$	5,701	9,275	15,751	17,475	1,716	3,065	5,279	5,564
Increase \$ above 2020/21	250	390	644	711	47	100	187	198

 LAND VALUE	RURAL/SEMI-SERVICED (BETWEEN 0.2 + 5HA)				RURAL/SEMI-SERVICED (5HA OR MORE)			
	\$250,000 QUARTILE 1	\$315,000 MEDIAN	\$316,000 AVERAGE	\$365,000 QUARTILE 3	\$320,000 QUARTILE 1	\$475,000 MEDIAN	\$829,000 AVERAGE	\$840,000 QUARTILE 3
General Rates \$ Incl. UAGC of \$500	1,393	1,625	1,628	1,803	1,008	1,254	1,816	1,833
Targeted Rates \$	66	66	66	66	66	66	66	66
Total Proposed Rates \$	1,459	1,691	1,694	1,869	1,074	1,320	1,882	1,899
Increase \$ above 2020/21	37	47	46	53	22	32	54	54

Non-residential examples do not include any rates for wastewater based on the number of toilet pans or water charged by meter. The proposed charge per pan is \$299. Metered water is charged on the basis of a fixed amount (depending on the size of the connection) and the balance by volume used. Increases are proposed for metered water. The examples do not include the proposed new rate for central city commercial properties to fund the Palmy BID.



Other Consultation

As part of the overall 10-Year Plan seeking your views on the following Strategies, Plans and Policies.

COUNCIL'S STRATEGIES AND PLANS

These show how Council will work towards the Vision and Goals. Hence they set out Council's aspirations. These aspirations are prioritised and funded through the 10-Year Plan.

FINANCIAL STRATEGY

This sets out how Council will prudently and sustainably manage its finances in the long-term. See page 64-70 for more information.

INFRASTRUCTURE STRATEGY

This sets out how Council will prudently and sustainably develop and manage its infrastructure in the long-term. See page 62 for more information.

DEVELOPMENT CONTRIBUTIONS POLICY

This sets out how developers will be charged for infrastructure capacity improvements due to growth.

REVENUE AND FINANCING POLICY

This explains how Council's Activities (services like civil defence, water, and active transport) will be funded – in particular, whether they are funded by rates or fees.

For more information on these see [**link**](#)

WE ARE ALSO SEEKING YOUR VIEWS ON:

Nature Calls. This is our wastewater treatment plant upgrade (see pages 9 and 53 or visit naturecalls.nz for more information).

Significance and Engagement Policy. This Policy sets out how Council decides on the significance (importance) of any issues it is consulting on – which then determines how we consult on it. It also lists Council's strategic assets. For more information see [**link**](#)

Programmes Considered but Not Included

Council considered some programmes but, for budget reasons, decided not to include them in the proposed 10-Year Plan. We would like your views on these excluded items. (NB: the amounts given are the total cost over 10 years and include inflation):

- 1479 – Urban Design - Enhanced Delivering Change for additional urban design support (years 1-10, \$906,000 OP)
- 1931 – Implement Palmerston North's Strategic Positioning and City Identity (years 1-10, \$1,663,000 OP)
- 1539 – City Ambassadors programme for roving ambassadors in the city centre over summer (years 1-10, \$391,000 OP)
- 1174 – City-wide - Outdoor Gym Equipment (years 1,2,4 and 7, \$519,000)
- 1889 – Artificial Bowling Green - Funding Contribution towards an artificial green (year 2, \$308,000 OP)
- 1891 – Covered Bowling Green - Feasibility Study (year 1, \$50,000 OP)
- 2050 – Skate Facilities - Feasibility Study into new facility (year 1, \$70,000 OP)
- 2051 – Skate Facilities – develop new facility (year 2, \$431,000)
- 1953 – Increase annual grant to Globe Theatre (years 1-10, \$554,000 OP)
- 2036 – Increase annual grant to Caccia Birch (years 1-10, \$444,000 OP)
- 2049 – Three Waters Reform Transition for costs of Central Government water reform (years 2-3, \$841,000 OP)



- 1692 – Turitea Water Dams - Catchment Protection by purchasing additional land in the area (years 4-5, \$4,473,000)
- 1919 – Active citizenship - civics education to develop a civics education pack for schools (years 1-10, \$177,000 OP)
- 1917 – Active citizenship - voter interest communications to encourage people to participate in Council processes (years 1-10, \$255,000 OP)
- 1467 – Online Engagement Hub (years 1-10, \$408,000 OP)

As well, we excluded programmes to develop community hubs at Kelvin Grove and Highbury while we carry out a city-wide community facilities stocktake and needs assessment (year 1). This will give us full information on the priority of these types of facilities right across the City.

We also excluded a programme to develop a Kerbside Food Waste Collection and Processing Service while we carry out an assessment of the feasibility of this service.

We could include any of these programmes in the 10-Year Plan if they have community support. Every \$100,00 we spend in operating expenditure means \$2 a year in average household rates. Every \$1M in capital spending in debt adds \$1.50 to average residential rates.

HOW YOUR MONEY IS SPENT

HOW WE SPEND THE AVERAGE RESIDENTIAL CITY RATEPAYER'S RATES EACH WEEK.

(BASED ON PROPOSED BUDGET FOR 2021/22)



\$8.73
16.10%

Active communities

Central Energy Trust Arena, reserves, sportsfields, swimming pools, support to recreation groups



\$6.21
11.45%

Transport

Roads, footpaths, shared pathways, streetlights



\$5.90
10.88%

Water

Treatment, storage, distribution



\$3.77
6.95%

Resource recovery

Kerbside recycling, rubbish and public recycling



\$3.49
6.44%

Arts and heritage

Arts, culture and heritage facilities (including Te Manawa, Regent) and support



\$3.45
6.37%

Connected communities

Community centres, Central Energy Trust Wildbase Recovery, public toilets, support to community groups, support to community and commemorative events and social housing



\$1.56
2.88%

City growth

Building and planning services, housing and future development, urban design



\$0.53
0.98%

Eco-City

Environmental sustainability, Manawātū River and environs (including Esplanade), climate change mitigation and adaption



\$0.82
1.51%

Safe communities

Animal control, civil defence and safer community initiatives

Council has changed the way these activities and budgets are structured since the last 10-year plan. This means direct comparisons of spending and levels of service cannot be made. Overall, there have been no significant changes in the levels of service Council is providing.



\$5.75
10.60%

Wastewater

Collection, treatment, disposal



\$4.44
8.19%

Governance and active citizenship

Mayor and Councillors, Council meetings, consultation, plans (including District Plan) and strategies, iwi relationships



\$4.07
7.51%

Libraries

City and branch libraries, mobile library, youth space



\$1.91
3.51%

Economic development

Economic development, international relations, Conference and Function Centre, city marketing, economic events



\$1.72
3.17%

Stormwater

Flood protection*



\$1.23
2.26%

Organisational performance and strategic investments

Organisational support, Civic Administration Building and strategic investments



\$0.33
0.61%

City shaping

City centre, citymaking, place activation



\$0.32
0.59%

Cemeteries

Cemeteries and crematorium

=

\$54.23
per week
for average
ratepayer

* Horizons Regional Council is responsible for Manawatu River and Mangonui Stream flood protection

PROPOSED 10 YEAR BUDGET AT A GLANCE

Proposed 10-year budget at a glance

AREA OF SPEND	2021/31 CAPITAL EXPENDITURE \$1,488.5M	2021/31 EXPENSES \$1,967.6M	HOW OPERATING EXPENSES ARE FUNDED		FOR EVERY \$100 OF RATES THIS MUCH GOES ON THIS ACTIVITY
Innovative + Growing City	\$5.7M	\$160.6M	RATES	48%	\$5
			OTHER	52%	
Creative + Exciting City	\$229.2M	\$341.0M	RATES	85%	\$19
			OTHER	15%	
Transport	\$440.8M	\$388.2M	RATES	46%	\$14
			OTHER	54%	
Connected + Safe Community	\$65.5M	\$288.3M	RATES	72%	\$14
			OTHER	28%	
Eco-City	\$43.1M	\$141.3M	RATES	68%	\$7
			OTHER	32%	
Water	\$125.3M	\$109.3M	RATES	98%	\$9
			OTHER	2%	
Wastewater	\$477.5M	\$285.8M	RATES	85%	\$19
			OTHER	15%	
Stormwater	\$42.1M	\$65.3M	RATES	100%	\$3
			OTHER	0%	
Driven + Enabling Council	\$59.5M	\$187.6M	RATES	52%	\$9
			OTHER	48%	

INDEPENDENT AUDITOR REPORT

Independent auditor report

CONTENT TO COME

CONTENT TO COME

Submission form

What really matters to you?

We want to know what you think of our ideas for achieving the city vision:

He iti rā, he iti pounamu - Small city benefits, big city ambition

We are asking you to provide feedback on the proposed 10-year plan under each goal heading.

The more detail you provide to explain your views, the better we will understand what really matters to you.

YOUR DETAILS

Full name

Postal Address

Organisation (if applicable)

Phone

Signature

Email

All submissions will be acknowledged in writing and given to the Mayor and Councillors, who will consider the views and comments expressed when finalising the 10-year plan.

If you would like to make a personal presentation in support of your submission to a Committee of Councillors, please tell us your choices of dates and times in order of preference.

Insert proposed hearing options.

As required by the Local Government Official Information and Meetings Act, 1987, all submissions will be publicly available, including their placement on the Council's website, although you may request that your contact details (but not your name) be regarded as confidential. If you want your contact details withheld please let us know by ticking the box

☐

SEND THIS FORM

Email:

submission@pncc.govt.nz

Freepost:

10-Year Plan submissions
Palmerston North City Council
Freepost PX33317
Palmerston North DX Sort

Deliver:

Customer Services Centre
Civic Administration Building
The Square
Palmerston North

Phone:

06-356 8199

Goal 1: A innovative and growing city

Palmerston North is a growing city, and we need to plan for this growth. We need to make it easy to get around, and to make sure we cater for everyone's needs as the city expands.

The **Innovative and growing city** strategy describes our 10-year plan vision for goal 1.

Three plans sit beneath this strategy and describe Council's activities for the first three years of the 2021-2031 10-Year Plan: **Economic development** and **Transport**.

Under each heading, what do you think of our ideas for being an innovative and growing city?

CITY GROWTH PAGES 19-23

Housing and future development

Urban design

ECONOMIC DEVELOPMENT PAGES 19-23

Economic development

International relations

TRANSPORT PAGES 24-29

Strategic transport

Active and public transport

KEY ISSUE: HOW ELSE COULD WE ENCOURAGE MORE PEOPLE TO USE PUBLIC TRANSPORT? PAGES 24-29

PLEASE ADD ANY OTHER COMMENTS YOU'D LIKE TO MAKE ABOUT HOW WE SHOULD PRIORITISE OUR SPENDING TO ACHIEVE GOAL 1. PAGES 19-29

Goal 2: A creative and exciting city

Our goal is for Palmerston North to be a creative and exciting place to live. We want to offer a great lifestyle in a city that reflects the diversity of city communities.

The **Creative and liveable city strategy** describes our 10-year plan vision for goal 2.

Three plans sit beneath this strategy and describe Council's activities for the first three years of the 2021-2031 10-Year Plan: **Active communities**, **Arts and heritage** and **City shaping**.

Under each heading, what do you think of our ideas for being a creative and exciting city?

ACTIVE COMMUNITIES (PLAY, RECREATION, SPORT) PAGES 30-39

ARTS AND HERITAGE PAGES 30-39

Arts

Heritage

CITY SHAPING (PUBLIC SPACE PROJECTS) PAGES 30-39

Citymaking

Placemaking

Earthquake prone buildings

**PLEASE ADD ANY OTHER COMMENTS YOU'D LIKE TO MAKE ABOUT
HOW WE SHOULD PRIORITISE OUR SPENDING TO ACHIEVE GOAL 2. PAGES 30-39**

Goal 3: A connected and safe community

Our goal is for Palmerston North to be a city where everyone feels connected and included. We want to be a safe city, where people have access to the housing they need and opportunities to connect with others. We want communities to have access to accessible and appropriate social support.

The **Connected and safe communities strategy** describes our 10-year plan vision for goal 3.

Two plans sit beneath this strategy and describe Council's activities for the first three years of the 2021-2031 10-Year Plan: **Connected communities** and **Safe communities**.

Under each heading, what do you think of our ideas for being a connected and safe community?

CONNECTED COMMUNITIES PAGES 40-47

Community facilities

Community development

Social housing

KEY ISSUE: WHAT DO YOU THINK OF THE GUIDELINES FOR DELIVERING OUR SOCIAL HOUSING? (SEE THE SOCIAL HOUSING CHAPTER OF THE CONNECTED COMMUNITIES PLAN) PAGES 40-47

Healthy communities

Events and festivals

SAFE COMMUNITIES PAGES 40-47

**PLEASE ADD ANY OTHER COMMENTS YOU'D LIKE TO MAKE ABOUT
HOW WE SHOULD PRIORITISE OUR SPENDING TO ACHIEVE GOAL 3. PAGES 40-47**

Goal 4: An eco city

We understand that Palmerston North has a responsibility to respond to climate change for the benefit of everyone. Our goal is for Palmerston North to decrease carbon emissions and reduce our ecological footprint. We want to protect and enhance our natural and built environments, accommodate growth through intensification, and support active transport. We will work with our partners towards achieving our shared goals.

The **Eco city strategy** describes our 10-year plan vision for goal 4.

Five plans sit beneath this strategy and describes Council's activities for the first three years of the 2021-2031 10-Year Plan: **Climate change**, **Environmental sustainability**, **Manawatū River**, **Resource recovery** and **Waters**.

Under each heading, what do you think of our ideas for being an eco city?

CLIMATE CHANGE PAGES 48-61

ENVIRONMENTAL SUSTAINABILITY PAGES 48-61

Sustainable practices

Biodiversity

MANAWATŪ RIVER PAGES 48-61

RESOURCE RECOVERY PAGES 48-61

WATERS PAGES 48-61

Wastewater

Water supply

Stormwater

KEY ISSUE: WHAT DO YOU THINK OF OUR PROPOSAL TO INCREASE INVESTMENT IN INFRASTRUCTURE RENEWALS AND A PROACTIVE MAINTENANCE PLAN TO REDUCE THE RISK OF SERVICE FAILURES? PAGES 48-61

PLEASE ADD ANY OTHER COMMENTS YOU'D LIKE TO MAKE ABOUT HOW WE SHOULD PRIORITISE OUR SPENDING TO ACHIEVE GOAL 4. PAGES 48-61

PLEASE ADD ANY FURTHER FEEDBACK YOU HAVE ON THE PROPOSED
10-YEAR PLAN TO HELP US DECIDE WHAT REALLY MATTERS.



