



**PAPAIOEA
PALMERSTON
NORTH
CITY**

PALMERSTON NORTH CITY COUNCIL

**AGENDA
ATTACHMENT
EXTRAORDINARY COUNCIL
UNDER SEPARATE COVER**

12PM, WEDNESDAY 25 OCTOBER 2023

**COUNCIL CHAMBER, FIRST FLOOR
CIVIC ADMINISTRATION BUILDING
32 THE SQUARE, PALMERSTON NORTH**

EXTRAORDINARY COUNCIL MEETING

25 October 2023

Under Separate Cover

6. Attachment 1 - Annual Report 2022/23 (updated version incorporating minor edits)

Page 5



Te Kaunihera o Papaioea
Palmerston North City Council

PŪRONGO Ā-TAU ANNUAL REPORT 2022/23





He Mihi

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

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

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

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

Mauri tū mauri ora ki a tatou katoa.

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

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

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Christmas Parade 2022



WĀHANGA TUATAHI SECTION ONE

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Year in review

Kia ora,

Like the rest of the country, our city has been feeling the effects of the current global recession and cost of living increases. Riding out a couple of tough financial years has again seen Council looking at every service, programme and project on our books to find areas where spending can be reduced, or where we can, defer non-essential work to minimise the financial impact on our ratepayers.

Just like our residents and businesses, we too have been impacted by higher interest rates, inflation and price rises for everyday products. These pressures were a major factor in the rise of 7.7 per cent in total rates for this coming 23/24 financial year – while higher than what we consulted with our community with, it does still come under the 8.3% we'd indicated in our Long-Term Plan.

Despite some challenging circumstances, it's been a busy year. We've been making upgrades to Ferguson Street to make safety improvements and widening a portion of the street to help traffic flow more smoothly. We also began work seismically strengthening our Crematorium and build a new animal shelter. Construction at our Tamakuku Terrace development was

completed, with landowners now starting to build and move into their dream homes. We've made strides in the sustainability space too by trialling a food waste collection, and introducing the recycling of liquid fibreboard (the cartons that alternative milks and stock come in). That initiative alone has seen our city recycle the equivalent of 60,000 1Litre cartons in just a year!

We've also confirmed more than \$10 million dollars in funding from Waka Kotahi New Zealand Transport Agency to extend, improve or create new protected cycleways on Featherston St and Summerhill Drive, as well as making pedestrian improvements. We've also received funding from the agency for upgrades to our bus stops and shelters ahead of Horizons Regional Council introducing new routes around the city in February.

Like all cities around the country, we're in the midst of some challenges resulting from inflation including increased power and insurance bills to name just a few. The Reserve Bank's efforts to bring inflation under control has shown positive signs but we expect for some time that households and businesses like us will continue to be paying much higher

costs across the board this coming year. Despite that, our city continues to perform well. Our local economy has experienced strong growth over the last five years, with GDP increasing by 20.5%, compared with national growth of 14.4%. Over the past year job growth has been strong over sectors including construction, healthcare, accommodation and food services, professional, scientific, and technical jobs.

While we're undoubtedly in the midst of some turbulence right now, high levels of investment and public

sector spending look set to support the city's economy throughout the challenges over the coming years.

We know the year ahead is going to be a challenging one for our community and we will continue to do our best to support you. We'll be continuing to deliver the services you rely on, partnering with organisations looking after those in need and moving forward with projects that are important to our city, our people and our economy.

Nga mihi nui

Grant Smith JP
 Mayor
 25 October 2023

Waid Crockett
 Chief Executive
 25 October 2023



FINANCIAL OVERVIEW

\$0.2m

Net operating cost of activity is **\$0.2m** favourable to budget

\$27.4m

Renewal capital expenditure of **\$27.4m** incurred, up \$0.8m on 2021/22

\$22.4m

Net debt increased **\$22.4m**, lower than the budgeted increase of \$54.7m

\$48.5m

New capital expenditure of **\$48.5m** incurred, up \$27.2m on 2021/22

The financial performance shows that we continue to be in good shape and operating within our financial strategy. Financially, the year has seen us finish in a strong position, with debt significantly lower than planned, an operating surplus higher than budgeted, and total assets exceeding \$2.3 billion.

Net Operating Cost of Activity	\$0.2m favourable to budget	The key reason for this was due to digital transformation and ERP System Replacement, both of which have been carried forward to 2023/24 to enable completion.
Renewal capital expenditure to maintain capabilities	\$27.4m spent, \$5.3m lower than budget and \$0.8m higher than 2021/22.	Despite supplier and contractor difficulties, 84% of the budget was achieved, with most of the unspent amounts being carried forward to future years through the Annual Budget process.
New capital expenditure for growth and to increase capabilities	Spend of \$48.5m, \$15.6m lower than budget, and \$27.2m higher than 2020/21.	76% of the budget was achieved, with the unspent amounts being carried forward to future years through the Annual Budget process.
Increase in net debt	Actual net debt increased by \$22.4m, lower than the budgeted increase of \$54.7m.	Net debt has not increased as much as budgeted. This is mainly due to lower capital expenditure.

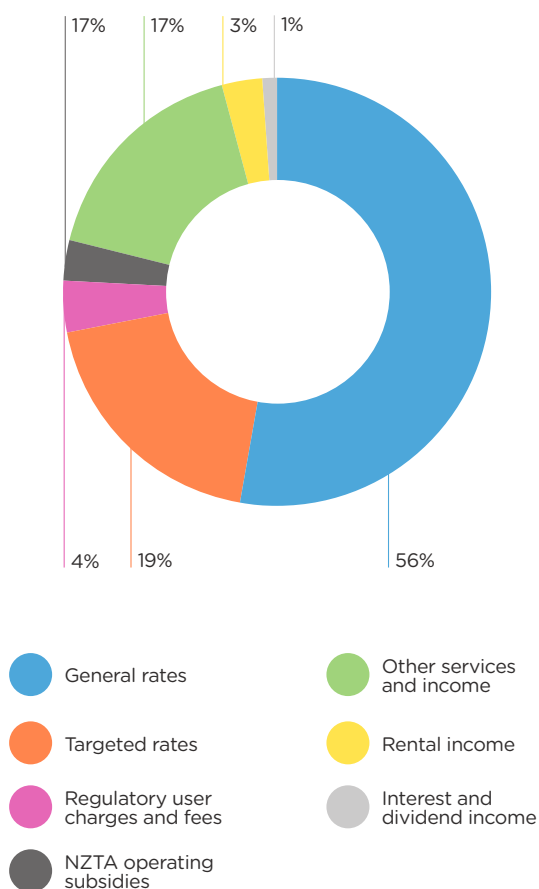
Council sets rates and fees to achieve the income necessary for funding community services. Our financial strategy is to make sure we have allocated adequate funds for key projects from rates. This will allow us to maintain our services and allow for repayment of both existing and new debt. Calculation of these is detailed in the Groups of Activities section of the 2021-31 10 Year Plan and reported against in Section Two of this report.

OPERATING REVENUE AND EXPENDITURE

Operating revenue

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

Sources of revenue



General rates are Council's primary revenue source accounting for 53 per cent. This is followed by targeted rates for water, wastewater, rubbish and recycling, business improvement district, and metered water to recover specific service delivery costs.

When compared to budget:

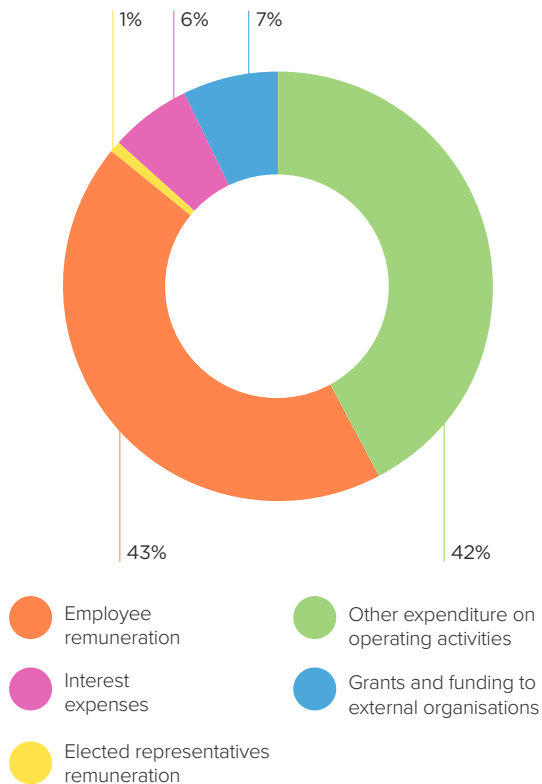
- Overall operating revenues were \$8.5m higher than budget.
- Rates received, including penalties, were \$0.7M more than budget.
- Finance revenue was 1.1M higher than budget due to term deposits.
- Operating revenue generated from activities was \$4.4M more than budget.
- Operating subsidies and grants were \$2.0M higher than budget.
- Other gains were 0.3M higher than budget.
- Other non-operating capital revenues relating to capital expenditure from government transport subsidies, DIA waters, grants, development contributions, and vested assets, were also received.

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

OPERATING EXPENDITURE

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

Types of expenses incurred

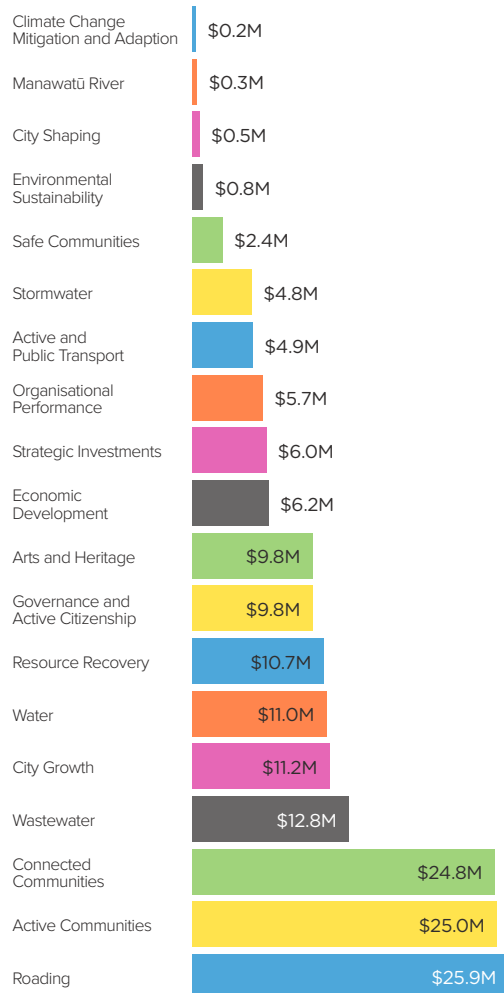


When compared to budget:

- Employee and elected representatives benefit expenses were 0.9M less than budget due to vacancies.
- Finance costs, excluding financial instruments, were 1.6M more than budget. This was mainly offset by term deposits being held to draw down against future debt during the year.
- Overall operating expenses, excluding depreciation and financial instruments, were \$3.8M less than budget.

Total operating expenditure from activities was \$153.6m. This is detailed in Section Two by the services provided, known as Activities. The below chart summarises the operating expenditure, including depreciation, by Activity.

Operating expenditure by activity



Activities include the provision of infrastructure and services such as:

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

CAPITAL EXPENDITURE

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

This year, Council completed works totalling \$75.9m compared with \$48.0m in the previous year. This was a significant achievement, and was the highest level of capital expenditure achieved by Council. Some major projects could only be commenced and not completed or were deferred without being started.

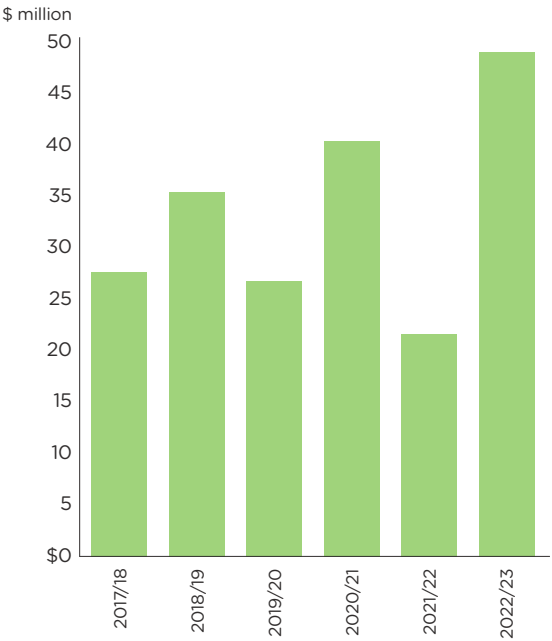
\$MILLION	ACTUAL 2022/23	BUDGET 2022/23	ACTUAL 2021/22
Renewal capital	27.4	32.6	26.6
New capital	48.5	64.1	21.4
Total	75.9	96.7	48.0

After the adoption of the Annual Budget, Council approved additional capital expenditure for the year of \$16 million. Details of where Council has spent more than the Annual Budget can be found throughout Section 2.

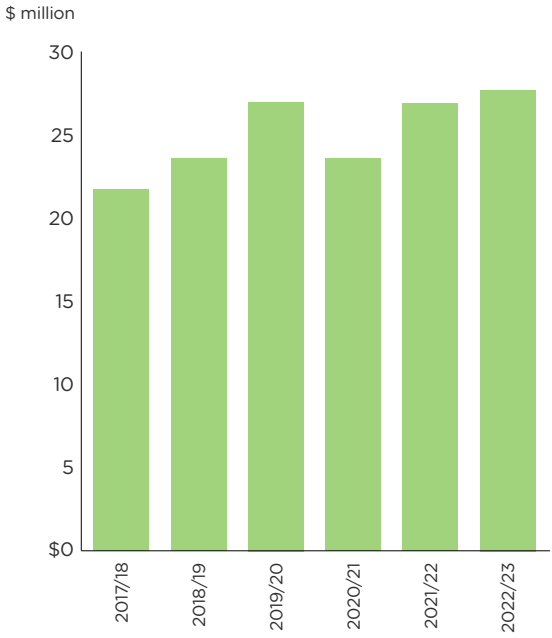
The following charts show how much capital has been spent in recent years for both new and renewal expenditure.

New capital expenditure increased by 127% compared to the previous year and increased by 78% compared to 5 years ago. Renewal capital expenditure increased by 3% compared to the previous year and by 28% compared to 5 years ago.

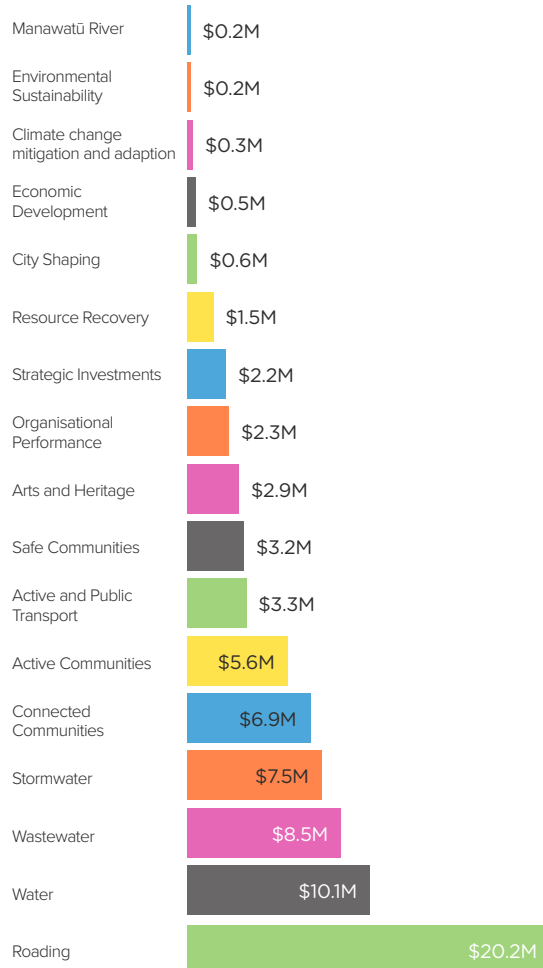
New capital expenditure spent



Renewal capital expenditure spent



Capital expenditure by activity



North Eastern Industrial Zone

Richardson's Line was upgraded as part of the North Eastern Industrial Zone capital programme. The road was widened allowing for increased water, wastewater and stormwater infrastructure capacity. Capital works started in January 2023 with several new business developments in place as an immediate result and others exploring the option. The developments are to enable future demand in the area and eventual development of the proposed Kiwirail transport hub.

Cuba Street Redevelopment

Stage two of the Cuba Street redevelopment was completed. The road and pedestrian areas were upgraded, extending the link between the CET Arena and the town centre. Parking was developed on side streets to mitigate lost parking on Cuba. A safety objective is to reduce traffic speeds and to encourage pedestrian usage. The Sculpture Trust was involved from the project design stage and successfully erected a pair of sculptures at the northern Cuba street entrance.

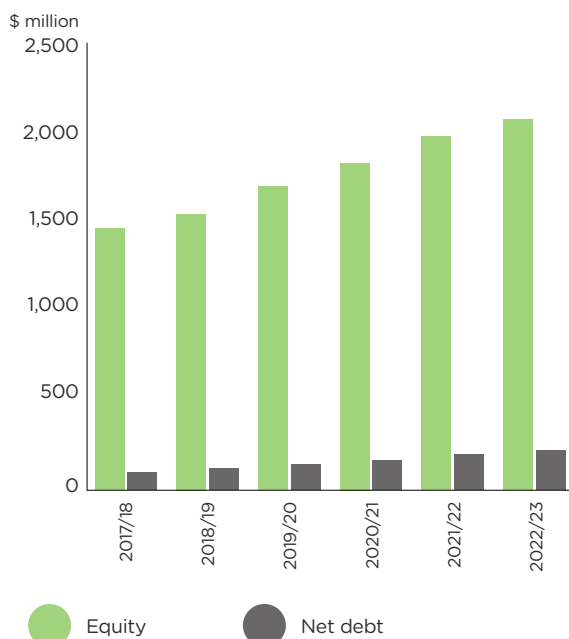
Papaioea Place Redevelopment

Seven units were built, four of which have wheelchair accessibility. The accessible units have gained a Five Star Life Mark Certification. The tenant lounge is scheduled to be completed within the 2023/24 financial year. The units have qualified as Healthy Homes, and were blessed in June 2023. Project feedback has been very positive.

EQUITY AND DEBT

Over the past 5 years, Council has increased its equity by 42% 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 earthquake-prone buildings and a new animal shelter. To remain within the prudential debt limits, future commitments to unplanned projects will have to be carefully managed.

Equity and debt of the city

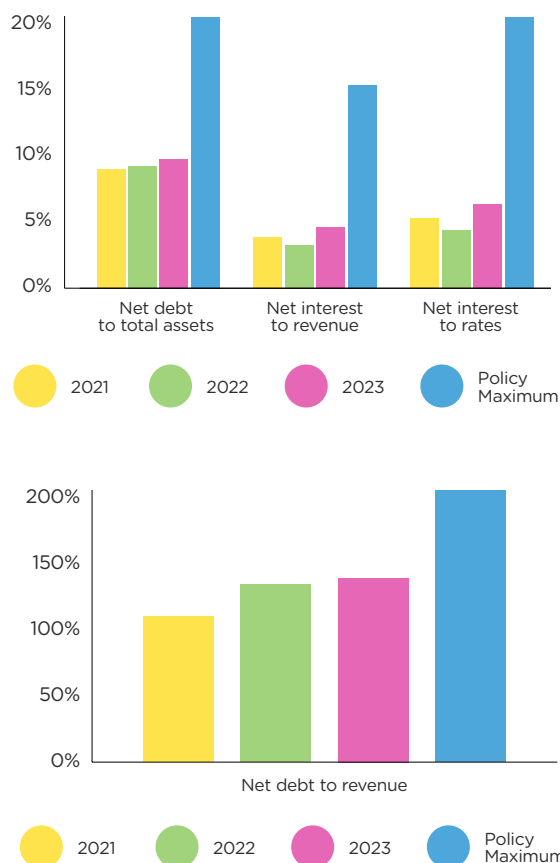


Statistics on equity and net debt per rateable property and per resident are provided in the following table. Equity increases compared to 2021/22 are due to roading valuations, which resulted in increases in revaluation reserves. Net debt increases are due to increases in capital projects being achieved.

	2021/22	2022/23	% change last year (unfav)
Equity per rateable property	\$57,564	\$59,893	4.0%
Equity per resident	\$21,705	\$22,778	4.9%
Net debt per rateable property	\$5,769	\$6,376	(10.5%)
Net debt per resident	\$2,175	\$2,425	(11.5%)

The financial strategy adopted by Council details the maximum level of borrowing considered sustainable, along with other practical limits. These graphs compare these limits in the 10 Year Plan 2021-31 budget to the actual amounts at financial year end.

Borrowing ratios at 30 June



Council debt has increased due to the increased capital spending. With significant projects planned in coming years, this is likely to continue to increase. There is uncertainty in coming years due to the 3 waters reform and how this would impact Council debt. Currently, the debt and interest ratios are below those set by the Council's Treasury Policy. This policy contains conservative prudential ratios of borrowing permitted against several benchmarks, as detailed in the graphs.

THE ROLE OF COUNCIL

The purpose of Palmerston North City Council is set out in the Local Government Act 2002. The Act states that local government has two purposes:

- a. to enable democratic local decision-making and action by, and on behalf of, communities; and
- b. to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

It's the role of the elected mayor and councillors to determine how to achieve this for Palmerston North. The mayor and councillors set goals through the Long-Term Plan and then oversee and monitor performance against those agreed goals for service provision, timing, and budget. In their decision-making elected members consider the local context, lived experience of the community, and expert advice and evidence.

Council also has a regulatory role, where it implements the requirements of other legislation, such as the Dog Control Act, Liquor Licensing Act, Resource Management Act, and applies them on behalf of central government. Council can also set its own policies and bylaws to improve the wellbeing of our communities.

A Long-Term Plan is completed every three years to help outline how Council will achieve its goals, with a focus on the first three of ten years. This is a major exercise for determining what will be prioritised towards meeting the city's wants and 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 Long-Term Plan from 2021 to 2031, adopting the plan in July 2021. A similar process will take place in 2024. A summary of what is covered in the Long-Term Plan is set out below. Further details can be found in the 10-Year Plan 2021-2031, available on Council's website.

Council's Infrastructure Strategy is a key long-term planning document, which covers the city's key infrastructure assets. The first ten years of this 30-year strategy are incorporated into the Long-Term Plan as a part of resourcing considerations. The Strategy sets out an assessment of requirements, issues, and the estimated

costs of maintaining and renewing existing infrastructure over that period. 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. The Infrastructure Strategy also examines how the city's infrastructure will meet growth requirements and new legislative requirements. Planning for city growth is a constant challenge. Council has a development framework that encourages city development and renewal and ensures the costs are allocated reasonably between developers funding new growth and the community funding capability maintenance.

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

Council identifies its priorities through its guiding principles and strategic framework and continues to provide services that support the strategies behind our four goals: Innovative and growing city, Creative and exciting city, Connected and Safe Community, An Eco-City. These services are all set out in the Long-Term Plan, and include:

- Parks, Sports fields and Pathways
- Libraries
- Cemeteries
- Social housing
- Building services
- Animal Control
- Community events

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.

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



Left to right: Rachel Bowen, Karen Naylor, Pat Handcock, Kaydee Zabelin, Brent Barrett, Leonie Hapeta, Roly Fitzgerald, Mayor Grant Smith,

COUNCIL STRUCTURE

Local decision-making authority is set out under the law, which gives decision-making powers to elected members. Following an election, the Mayor will set out how they wish to organise their decision-making bodies ("committees").

Council Representation

Residents of Palmerston North elect a Mayor and 15 Councillors to represent them at Council. All councillors represent the whole city. 2 members are elected by residents and ratepayers on the Māori roll, for Te Pūao Māori Ward and 13 members are elected by residents and ratepayers on the General roll, for Te Hirawanui General Ward.

The Council appoints the Chief Executive to oversee Council operations, and certain management powers are delegated to that position. The Chief Executive implements and manages Council's policies and objectives within the budgetary constraints and timeframes established by Council.

Elections

Local elections take place every three years, with the most recent being held in October 2022.

Council and Committee Structure

Our committees cover the strategic foci and legislative roles of Palmerston North City Council.

For the 2022-2025 term of Council, the following committees have been established. Unless otherwise advertised, most committees meet on Wednesdays at 9am or 1pm in the Council Chambers.

Monthly:

- » Council

Six-weekly:

- » Community
- » Culture and Sport
- » Economic Growth
- » Strategy and Finance
- » Sustainability

Quarterly:

- » Rangitāne o Manawatū (Elected and Appointed members)
- » Risk and Assurance (Appointed independent Chair)



William Wood, Deputy Mayor Debi Marshall-Lobb, Vaughan Dennison, Billy Meehan, Orphée Mickalad, Lorna Johnson, Lew Findlay, Mark Arnott

Committees are made up of elected members and appointed members who bring specific knowledge and skills. There are currently four appointed members on committees, as noted above.

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

Interested residents are welcome to attend and observe. Most meetings also have a section for public comment. If you wish to speak to an item on the agenda, please make yourself known to an administrator upon arrival. There may also be an opportunity to make a presentation to the relevant committee. Please get in touch with Democracy and Governance Team ahead of time, should you wish to make a presentation. You can also watch a meeting online on the PNCC Youtube channel, either live or following the event.

If Council is talking about something confidential, the public may be excluded from that part of the meeting. If this happens, the topic and the reason for public exclusion will be given under the Local Government Official Information and Meetings Act. As confidential decisions are made available, they can be accessed on our website.

Governance documents

Council's Local Governance Statement is available on our website. It is a guide for the community on Council processes and how to be involved in local decision-making.

Also on our website are all Governance Publications which govern elected members: Code of Conduct, Policy on the Appointment of Directors and Trustees, Standing Orders (Meeting Processes), Expenses and Allowances Policy and the Delegations Manual. The Delegations Manual sets out which authorities the elected Council has delegated to the Chief Executive to manage on its behalf. This is to ensure Council operations are efficiently managed, while Council retains its right and responsibility to full oversight.

Māori involvement in decision-making process:

A report on the involvement of Māori in the decision-making process of Council can be found on page 144 under the heading Enduring Partnership with Rangitāne o Manawatū.

COMMUNITY

Meetings with the Community



COUNCIL + 7 COMMITTEES

STRATEGY AND FINANCE Chairperson: Vaughan Dennison	COMMUNITY Chairperson: Lorna Johnson	CULTURE AND SPORT Chairperson: Rachel Bowen
ECONOMIC GROWTH Chairperson: Leonie Hapeta ^{JP}	SUSTAINABILITY Chairperson: Brent Barrett	
RISK AND ASSURANCE Chairperson: Steve Armstrong	RANGITĀNE O MANAWATŪ Chairperson: Mayor Grant Smith ^{JP}	

COUNCILLORS AND THEIR PORTFOLIOS

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

Grant Smith ^{JP} Mayor	Leonie Hapeta ^{JP} Culture and Sport	Lew Findlay ^{QSM} Community	Karen Naylor Community
Debi Marshall-Lobb Deputy Mayor	Economic Growth (Chair) Risk and Assurance	Culture and Sport Strategy and Finance	Rangitāne o Manawatū Risk and Assurance (Deputy Chair)
Billy Meehan Community Culture and Sport (Deputy Chair) Economic Growth Rangitāne o Manawatū	Strategy and Finance Sustainability	Vaughan Dennison Culture and Sport Economic Growth Rangitāne o Manawatū Risk and Assurance Strategy and Finance (Chair)	Strategy and Finance (Deputy Chair) Sustainability
Brent Barrett Community Economic Growth Risk and Assurance Strategy and Finance Sustainability (Chair)	Rachel Bowen Community Culture and Sport (Chair) Economic Growth	Lorna Johnson Community (Chair) Economic Growth Risk and Assurance Strategy and Finance Sustainability	William Wood Community Culture and Sport Economic Growth (Deputy Chair) Risk and Assurance Strategy and Finance
Roly Fitzgerald Culture and Sport Economic Growth Rangitāne o Manawatū Sustainability	Patrick Handcock ^{ONZM} Community Culture and Sport Strategy and Finance Sustainability	Orphée Mickalad Community Economic Growth Risk and Assurance Strategy and Finance	Kaydee Zabelin Community Culture and Sport Rangitāne o Manawatū Risk and Assurance Strategy and Finance Sustainability (Deputy Chair)
	Mark Arnott Culture and Sport Economic Growth Risk and Assurance Strategy and Finance		

MANAGEMENT AND EMPLOYEES

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

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

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

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

PALMERSTON NORTH CITY COUNCIL ORGANISATIONAL CHART





WHAT'S HAPPENING IN THE CITY?

City Demographics

In June 2022, Statistics NZ estimated the city's population to be 90,400, with no change from June 2021. National population growth over the year has also been low, with a national population growth of just 0.2% estimated over the June 2022 year.

Population growth in Palmerston North has been impacted by border closures due to Covid-19, with international student numbers declining and fewer refugee arrivals over the period 2020-2022. Despite this, Palmerston North's share of the total national population has remained stable at 1.8% since 2016. With the borders now open and the recovery of net international migration and international student and refugee numbers (alongside internal migration to the regions), population growth in the city has strengthened considerably in 2023. This strength is expected to continue with the population expected to reach 114,000 by 2048.

Youthful population

In 2023, the projected median age of the city's population is 35.2 years compared to the national median age of 38.4 years. This means Palmerston North is New Zealand's third youngest territorial authority after Hamilton and Wellington. This is influenced by a large number of tertiary students and New Zealand's largest army base located within the city boundary at Linton Military Camp.

Our population is ethnically diverse with 20.4% of the population projected to be Māori in 2023, compared with 17.4% nationally. Our city is one of New Zealand's recognised refugee centres and prides itself on being a welcoming, diverse, inclusive, and safe place for all its residents, with more than 152 different ethnic communities calling the city home in March 2018.

Social, Cultural and Leisure Environment

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

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

There has been a drop in satisfaction with many of the areas covered in the survey. Most other Councils doing the same survey also saw drops, so they are likely due to a negative national sentiment as a result of Covid-19, tough economic times, and cost of living increases.

Housing continues to be relatively affordable

The city's average house value fell by 13.8% in the year to May 2023 and is now \$636,050, which sits well below the national average of \$922,414. Nationally, average house values fell by 10.2% in the year to May 2023 (CoreLogic).

Earnings from salaries and wages increased by 8.4% in Palmerston North over the year to March 2023. Rising household incomes alongside softening house price growth are supporting housing affordability.

Housing affordability in the city improved from 7.2 times the average household income in December 2021 to 5.6 times the average household income in March 2023. This compares with an average house price equal to 7.4 times the average household income in New Zealand.

Due to the lower median age of the city's population, in 2018 only 62.7% of Palmerston North households lived in a house they owned (with or without a mortgage). This is slightly lower than the proportion of people nationwide who own their own houses (64.5%). The average median weekly rent was \$453 compared with the national median of \$525. Average rents in the city rose by 7.1% in the year to March 2023 compared with a 5.0% increase nationally. (MBIE private sector rental bond data, the year ended March 2023).

Data from Te Whatu Ora Te Pae Hauora o Ruahine o Taranaki MidCentral shows that age-adjusted mortality rates from all causes in Palmerston North match New Zealand's rate.

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

Active recreation opportunities are provided throughout our reserves via 6 large destination city reserves, 24 sports fields, 84 suburb and neighbourhood reserves, 3 swimming pools, and a 196 hectares of outdoor adventure park.

Environmental Sustainability

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

There's a commitment to developing our shared pathway and cycleway network and we work with key partners to progress off-road walking and cycling infrastructure, such as the Manawātū River path. We continue to encourage alternative means of transport and commuting through land use planning and capital programme, and work with strategic partners such as Waka Kotahi and Horizons Regional Council.

The Green Corridors programme continues to create open green spaces from the Taranaki Ranges to the Manawātū River. Since 2001 more than 170,000 trees have been planted in the Turitea Valley and Summerhill areas. This has 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.

Wastewater discharge

As a result of a formal review of our existing discharge consent in 2012, Council agreed with Horizons Regional Council to apply for new consents for the treatment and discharge of wastewater from the Wastewater Treatment Plant in Awapuni by June 2022, six years before the current consents end in June 2028. The Best Practicable Option (BPO) for treating and disposing of the city's wastewater was determined by Council in September 2021 after two rounds of community consultation and extensive stakeholder engagement. The city's future treatment and discharge will see significant upgrades to the existing treatment plant, producing highly treated water, which will then be disposed of between land or river, depending on river flow conditions. Work on the consent application was finalised and the consent application was submitted on the 19th of December 2022, a date that was agreed upon with Horizons Regional Council.

The application was unfortunately rejected in March 2023 as incomplete under section 88 of the Resource Management Act. Council has formally objected to the rejection and is now working positively with Horizons to resolve outstanding issues.

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

In terms of our fresh air, Palmerston North has clean fresh air and the risk of exceeding New Zealand Air Quality Standards is low. Horizons do not require the city to have an air quality monitoring programme.

Citywide Emissions

Between January 2022 to December 2022, Palmerston North City as a whole was responsible for 690,590 tons of carbon dioxide equivalent emissions. This is a 4.2% reduction since last year and a 11.3% increase since the 2016/17 baseline year. This means that a great deal more work is needed to meet our target of a 31% reduction by 2031.

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

Economy, Visitor Numbers, Business Development and Employment

Palmerston North has experienced strong economic growth since 2018 with Gross Domestic Product (GDP) increasing by 20.5% in the city compared with 14.4% nationally.

Median annual salaries and wages in the city have been increasing faster than the rate of growth for New Zealand, with an increase of 23.3% over the five years to March 2022. The national increase over this period was 22.9%. Total income (salaries and wages and income from self-employment) was \$3,298 million in the year to March 2022, 35.3% higher than the year to March 2017, while national income growth was 36.1% over this period.

Tourism spending is rebounding, with spending up 13.1% in the city over the year to March 2023 compared with a 30.5% increase in tourism spending nationally. The strength of the national increase reflects the exposure of the national economy to border closures over the year to March 2022, relative to the city that has a greater reliance on domestic tourism. Reflecting this, International tourism spending across the country increased by 315.9% over the year to March 2023, compared with a 135.9% increase in Palmerston North. Domestic electronic card visitor spending was \$280 million in the year to March 2023 – an increase of 8.0% from the previous year, and international card spending was \$25.3 million over the year.

A key indicator of how well the city has recovered from the impact of Covid-19 controls on the city's economy is the number of Job Seeker beneficiaries. The total number registered in Palmerston North for Ministry of Social Development benefits in March 2023 was 4.3% lower than in March 2022, while national benefit numbers declined by 5.2%. Benefit numbers in the city have fallen below pre-pandemic numbers for the first time with Job Seeker benefit recipients in March 2023 down 0.2% compared with March 2020. Nationally, the number of Job Seekers increased by 11.0% compared with March 2020.

Electronic card retail spending in Palmerston North reached \$1,478 million in the year ended March 2023, an increase of 7.6% from the previous year. This compares with annual household inflation of 6.7% over the same period. National retail spending increased by 12.0% over the year boosted by the strong recovery in international tourism spending. Core spending and tourism-related spending are holding up while spending on big-ticket and discretionary items are falling, as household and business spending pulls back in response to higher costs.

The total workforce (employees and self-employed) in the city increased by 34.7%, to 56,955 people between 2000 and 2022. Workforce numbers have increased by

52.7% in logistics businesses (wholesale trade, transport, postal, and warehousing). Numbers in healthcare and social assistance have increased by 79.1%. The public administration and defence sectors have increased by 87.6% and construction increased by 100.6%. The range of sectors contributing to growth reduces economic exposure. Should any downturn affect one or two sectors, it will provide for a more robust economy.

Conclusion

The Palmerston North economy continued to perform well in the year to March 2023. While there are clear signs that the economy is slowing, the city economy is proving resilient as economic activity and employment continue to perform above expectations.

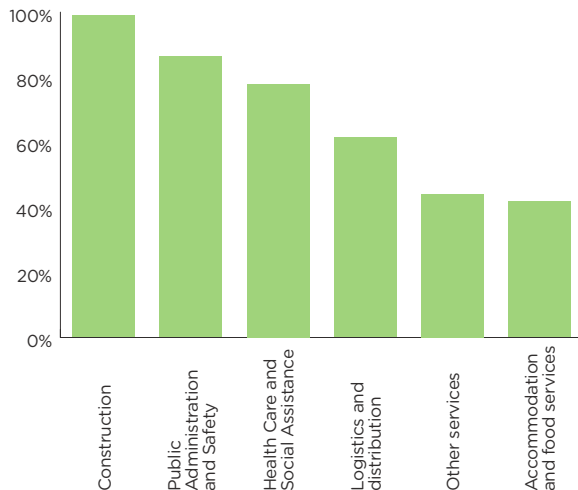
Labour market conditions in the city tightened over 2022 as organisations and businesses struggled to attract and retain workers. The number of people employed swelled to record levels alongside record low unemployment and elevated wage price growth.

These conditions supported economic activity in the city while assisting households to keep up with sharply rising costs. On the other side of the equation, tight labour market conditions increased the pressure on organisations and businesses as they struggled to secure workers to respond to strong demand.

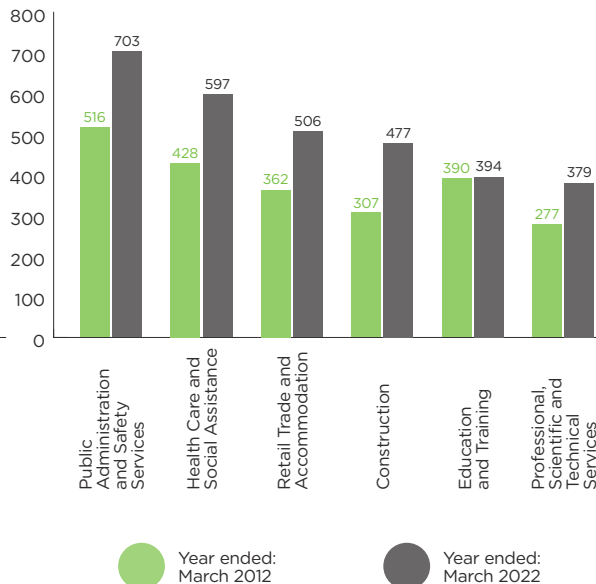
These pressures are expected to ease in 2023 as demand is constrained by stretched household budgets and labour market conditions return to normal levels. The current increase in net international migration is also expected to ease labour market pressures in the city and boost stalled population growth since the closure of borders in March 2020. Sectors with a specific demand for skilled workers, such as health care and professional, scientific, and technical services, will benefit from increasing access to skilled international workers. The population is also expected to be boosted by the continuation of strong demand for labour to work on the various investment projects in the region, the recovery of international education, and the return of refugee resettlement into the city.

An increase in major construction projects supports increased economic activity and brings more people to the city for work. The \$650 million Te Ahu a Turanga highway started in January 2021, with the workforce expected to peak in the 2022-23 Summer. Work is also almost complete on the construction of the \$450 million Turitea wind farm. These projects are not included in the building consents data reported earlier.

PALMERSTON NORTH INCREASE IN WORKFORCE BETWEEN 2000 AND 2022:



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





WĀHANGA TUARUA SECTION TWO

NGĀ MAHI A TE KAUNIHERA WHAT THE COUNCIL DOES

Whāinga 1: He tāone auaha,
he tāone tiputipu

Goal 1: An innovative growing city

City Growth 40
*(Includes Housing and Future
Development and Urban Design)*

Economic Development 47
*(Includes Economic Development
and International Relations)*

Active and Public Transport 53

Strategic Transport (Roading) 58

Whāinga 2: He tāone whakaihihi,
tapatapahi ana

Goal 2: A creative and exciting city

Active Communities 66

Arts and Heritage 74

City Shaping 80
*(Includes City Making,
City Centre, Placemaking)*

Whāinga 3: He hāpori tūhonohono,
he hāpori haumarū

Goal 3: A connected and safe
community

Connected Communities 86

*(Includes Community Facilities,
Community Development, Social Housing,
Healthy Communities, Events and Festivals)*

Safe Communities 97

Whāinga 4: He tāone tautaiāo

Goal 4: An eco city

Climate Change 106

Environmental Sustainability 110
*(Includes Sustainable
Practices and Biodiversity)*

Manawatū River 115

Resource Recovery 119

Stormwater 123

Wastewater 128

Water Supply 134

Whāinga 5: He Kaunihera ahunui,
whakamana i te iwi

Goal 5: A driven and enabling Council

Good Governance and
Active Citizenship 142

Councils Performance 148

Strategic Investments 154

WHAT THE COUNCIL DOES

(Statement of Service Performance)

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 our residents require Council to provide appropriate levels of services and facilities.

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

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

Whāinga 1 – He tāone auaha, he tāone tiputipu

Goal 1 – Innovative + Growing City

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

Whāinga 2 – He Tāone whakaihiihi tapatapahi ana

Goal 2 – Creative + Exciting City

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

Whāinga 3 – He hapori tūhonohono he hapori haumarū

Goal 3 – Connected + Safe Community

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

Whāinga 4 – He Tāone Tautaiiao

Goal 4 – Eco-City

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

Whāinga 5 – He kaunihera ahunui whakamana i te iwi

Goal 5 – Driven + Enabling Council

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

ACTIVITIES SUMMARY INFORMATION

The following tables summarise the following activities and service performance information:

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

Activity and service performance information is contained on pages 28 - 158.

Since the budget was prepared, circumstances have changed in some areas. Explanations for significant variances are included in the pages for the relevant activities.

Statement of compliance

The service performance information in this report is compliant with New Zealand generally accepted accounting practice (NZ GAAP)

COUNCIL'S SERVICE PERFORMANCE FRAMEWORK AND RATIONALE FOR KPIS

The overall purpose of Council's performance framework is to:

- allow residents to make a judgement on whether or not the Council action being measured is worth funding through rates or fees
- allow Council to take corrective actions if the expected results are not being achieved.

The 10-Year Plan pulls together Council's Strategies and Plans, and the 10-Year Plan Activities align with these Plans. Hence Council's 10-Year Plan KPIs are part of its overall strategic monitoring framework. Service performance measures in the 10-Year Plan are mostly process- and output-based as they are audited and can be more closely linked to Council actions. Measures in the Plans are more outcome-based and might be the result of more than just Council's actions. They might also be less frequently measured.

Council publicly reports the 10-Year Plan measures as part of Section 2: What the Council Does (Statement of Service Performance) in the Annual Report. Residents need to look at these reports and Council's Plan monitoring through the City Dashboards (pncc.govt.nz/dashboards) to get a good overall understanding of how well Council is performing.

Survey measures

Council makes limited use of surveys in the KPIs, especially for quantitative measures. This is because margins of error associated with surveys makes it difficult to make comparisons between years. The Residents Survey is used as input into some narrative measures as an feedback from residents' on how they view Council's services. The exception to this is satisfaction with Council's community engagement.

The Residents Survey is carried out by KeyResearch. The sample is randomly drawn from the Palmerston North Electoral roll. Around 500 people are surveyed each year, in four quarterly batches to avoid the results being influenced by particular one-off events. The responses are weighted to match the PN demographic structure. The margin of error for this survey is 4.35%.

Informal surveys are used for Council's Parks users and Social Housing tenants. Parks users surveys are completed using ParksCheck, a YardStick measurement tool through Recreation Aotearoa. The Housing survey is performed in-house by Council officers.

Council also uses the Palmerston North results from the Manawatu Wanganui Civil Defence Emergency Management Group survey of preparedness.

Rationale for 10-Year Plan Measures

The Department of Internal Affairs sets some mandatory KPIs that all Councils need to include in their 10-Year Plans. These are marked as "mandatory measures" in the 10-Year Plan.

Other KPIs were set through Council's Plans. This means they are integrated with Council's wider strategic direction and monitoring.

Some of Council KPIs are narrative measures. Narrative measures allow Council to tell residents a brief story combining qualitative and quantitative information that shows the difference that Council is making to peoples' lives. Narrative measures are more useful than strictly quantitative measures. eg in the KPI for Council to achieve a decrease in per capita volume of waste sent to landfill, Council could have simply used a quantitative measure on the tonnage of waste sent to landfill. Instead it has chosen to use a narrative measure that will show the tonnage and assess whether it is decreasing in line with Council's aims, and outline any trends and the key reasons for them.

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

Other Key Judgements:

For the performance measure 'At least three years of housing and business land with services is immediately available' a housing and business needs assessment is undertaken, and the results of this are disclosed on page 44.

For the performance measure 'percentage of real water loss from the water reticulation network', the methodology used is referenced on page 137.

Note that the service performance information contained in Section 2 of the Annual Report relates to Council only. The CCO service performance information is contained in Section 4 of the Annual Report.

FINANCIAL RESULTS

Operational Summary by Activity

All Activities

	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
REVENUE				
Innovative and Growing City				
City Growth	10,408	6,441	3,967	5,639
Economic Development	1,701	1,164	537	851
Creative and Exciting City				
Active Communities	3,971	3,172	799	3,488
Arts and Heritage	244	98	146	233
City Shaping	-	-	-	-
Connected and Safe Community				
Connected Communities	4,821	5,014	(193)	4,959
Safe Communities	1,126	947	179	1,020
Eco-City				
Climate change mitigation and adaption	-	-	-	-
Environmental sustainability	2	-	2	2
Manawatū River	1	10	(9)	-
Resource Recovery	4,039	3,360	679	3,593
Transport				
Roading	9,865	9,386	479	8,473
Active and Public Transport	1,082	1,111	(29)	403
Stormwater	6	6	-	33
Wastewater	1,665	1,363	302	1,513
Water	17	96	(79)	111
Driven and Enabling Council				
Governance and Active Citizenship	280	360	(80)	1,084
Organisational performance	1,219	410	809	718
Strategic Investments	4,317	4,298	19	3,867
TOTAL REVENUE	44,764	37,236	7,528	35,987

EXPENSES				
Innovative and Growing City				
City Growth	11,162	10,289	(873)	9,787
Economic Development	6,236	5,692	(544)	5,296
Creative and Exciting City				
Active Communities	24,987	23,406	(1,581)	23,605
Arts and Heritage	9,798	9,692	(106)	9,616
City Shaping	482	530	48	508
Connected and Safe Community				
Connected Communities	24,769	24,297	(472)	22,906
Safe Communities	2,407	2,421	14	2,570
Eco-City				
Climate change mitigation and adaption	249	230	(19)	131
Environmental sustainability	826	1,015	189	1,048
Manawatū River	326	147	(179)	140
Resource Recovery	10,737	9,484	(1,253)	8,856
Transport				
Roading	25,880	27,677	1,797	24,551
Active and Public Transport	4,852	4,784	(68)	3,382
Stormwater	4,773	4,361	(412)	4,369
Wastewater	12,769	11,008	(1,761)	11,496
Water	10,961	9,445	(1,516)	8,585
Driven and Enabling Council				
Governance and Active Citizenship	9,807	10,067	260	11,587
Organisational performance	5,684	5,488	(196)	309
Strategic Investments	6,018	5,371	(647)	4,841
TOTAL EXPENSES	172,723	165,404	(7,319)	153,583

	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
NET OPERATING COST OF ACTIVITY	(127,959)	(128,168)	209	(117,596)
RATING ALLOCATION				
Add back depreciation	42,152	38,858	3,294	38,801
Add back Transfers to/from reserves	-	7,828	(7,828)	-
Less Renewal capital expenditure	(27,396)	(32,653)	5,257	(26,631)
Add/(Less) borrowing effect of renewal 3 year averaging	1,438	1,438	-	619
Add external revenue for renewal capital	1,473	2,910	(1,437)	4,842
Add proceeds from sale of assets	209	-	209	111
Less provision for debt reduction	(5,804)	(5,583)	(221)	(8,576)
Add targeted rates allocation	29,515	29,094	421	27,442
Add general rates allocation	86,522	86,276	246	82,258
FUNDING SURPLUS/(DEFICIT)	150	-	150	1,270

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	(127,959)	(128,168)	209	(117,596)
Add back non-cash depreciation	42,152	38,858	(3,294)	38,801
Add targeted rates allocation	29,515	29,094	421	27,442
Add general rates allocation	86,522	86,276	246	82,258
NET RATES-FUNDING AVAILABLE FOR RENEWAL CAPITAL EXPENDITURE AND DEBT REDUCTION	30,230	26,060	4,170	30,905

Council finished the year with a favourable variance of \$0.2m to its direct rates-funded operating cost budget. The major parts of the minor favourable variance were made up of the operating programmes for Digital Transformation and Enterprise Resource Planning (ERP). These amounts have been carried forward to 2023/24 to enable completion of the projects.

FUNDING OF ACTIVITIES AND SERVICES	General rates/targeted rates		User fees and charges		Other	
	Policy target	Actual	Policy target	Actual	Policy target	Actual
INNOVATIVE AND GROWING CITY						
Economic Development						
City Marketing	80 - 100%	92%	-	-	0 - 19%	8%
Economic Development	80 - 100%	94%	-	-	0 - 19%	6%
Economic Events	80 - 100%	100%	-	-	0 - 19%	0%
Conference and Function Centre	20 - 39%	39%	60 - 79%	61%	-	-
International Relations	80 - 100%	88%	-	-	0 - 19%*	12%
City growth						
Building Services	20 - 39%	30%	60 - 79%	70%	-	-
Housing and Future development	80 - 100%	0%	-	-	-	-
Planning Services - Private	0 - 19%*	40%	80 - 100%	60%	-	-
Planning Services - Public	80 - 100%	100%	0 - 19%	0%	-	-
Urban Design	80 - 100%	100%	-	-	-	-
TRANSPORT						
Roading						
Parking	-	-	80 - 100%	100%	-	-
Roads	80 - 100%	73%	-	-	0 - 19%	27%
Street Facilities	80 - 100%	97%	-	-	0 - 19%	3%
Street Lighting	80 - 100%	77%	-	-	0 - 19%	23%
Traffic Services	80 - 100%	85%	0 - 19%	0%	0 - 19%*	15%
Active and public transport						
Footpaths	80 - 100%	100%	-	-	0 - 19%	0%
Active Transport	80 - 100%	62%	-	-	0 - 19%	38%
Public Transport	60 - 79%	28%	-	-	0 - 19%	72%
CREATIVE AND EXCITING CITY						
City Shaping						
City Centre	80 - 100%	0%	-	-	-	-
Place activation	80 - 100%	100%	-	-	-	-
Placemaking	80 - 100%	100%	-	-	-	-
Arts and Heritage						
Heritage Management	80 - 100%	100%	-	-	-	-
Other Cultural Facilities	80 - 100%	100%	-	-	-	-
Support to arts, culture and heritage groups	80 - 100%	91%	-	-	0 - 19%*	9%
Te Manawa	80 - 100%	100%	-	-	0 - 19%	0%
Active Community						
Central Energy Trust Arena	60 - 79%	70%	20 - 39%	30%	-	-
City Reserves	80 - 100%	76%	0 - 19%	24%	0 - 19%*	1%
Local Reserves	80 - 100%	98%	0 - 19%	2%	0 - 19%*	0%
Sportsfields	80 - 100%	97%	0 - 19%	3%	-	-
Support to recreation groups	80 - 100%	99%	0 - 19%*	1%	-	-
Swimming Pools	80 - 100%	100%	0 - 19%*	0%	-	-

FUNDING OF ACTIVITIES AND SERVICES	General rates/targeted rates		User fees and charges		Other	
	Policy target	Actual	Policy target	Actual	Policy target	Actual
CONNECTED AND SAFE COMMUNITY						
Connected Communities						
Cemeteries	20 - 39%	43%	60 - 79%	57%	-	-
Community Centres	80 - 100%	90%	0 - 19%	10%	-	-
Libraries	80 - 100%	99%	0 - 19%	1%	0 - 19%*	0%
Public toilets	80 - 100%	100%	0 - 19%	0%	-	-
Social Housing	0 - 19%	29%	80 - 100%	71%	-	-
Support to community groups	80 - 100%	98%	-	-	0 - 19%*	-1%
Central Energy Trust Wildbase	80 - 100%	90%	0 - 19%	0%	0 - 19%	0%
Community and Commemorative Events	80 - 100%	99%	0 - 19%*	0%	0 - 19%	1%
Public Health	60 - 79%	73%	20 - 39%	27%	-	-
Safe Communities						
Animal Control	0 - 19%	12%	80 - 100%	88%	-	-
Civil Defence	80 - 100%	83%	0 - 19%	0%	0 - 19%*	17%
Safer Community Initiatives	80 - 100%	95%	-	-	-	-
ECO-CITY						
Climate change mitigation and adaption	80 - 100%	100%	-	-	-	-
Resource recovery						
Landfill Management	80 - 100%	61%	0 - 19%	39%	-	-
Waste Management	0 - 19%	47%	80 - 100%	53%	-	-
Waste Minimisation	80 - 100%	69%	0 - 19%	18%	0 - 19%	13%
Environmental sustainability						
Biodiversity	80 - 100%	100%	-	-	-	-
Support to environmental groups	80 - 100%	100%	-	-	-	-
Sustainable Practices	80 - 100%	100%	-	-	-	-
Manawatū river	80 - 100%	100%	-	-	-	-
Stormwater	80 - 100%	100%	0 - 19%	0%	-	-
Wastewater	80 - 100%	87%	0 - 19%	7%	0 - 19%*	6%
Water	80 - 100%	100%	0 - 19%*	0%	0 - 19%*	0%
DRIVEN AND ENABLING COUNCIL						
Governance and active citizenship						
Councillor Meetings and Administration	80 - 100%	97%	0 - 19%*	3%	-	-
Direction Setting	80 - 100%	99%	0 - 19%*	2%	-	-
Elections	80 - 100%	67%	-	-	0 - 19%	0%
Mayoral and Chief Executive's Office	80 - 100%	100%	-	-	0 - 19%*	0%
Organisational performance	-	-	-	-	80 - 100%	16%
Strategic investments	0 - 19%*	28%	-	-	80 - 100%	72%

*No targets were listed in LTP 2021-31 for these measures, but since there was funding from this source, it is assumed that it is a low funding target.

CAPITAL EXPENDITURE SUMMARY BY ACTIVITY	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
CAPITAL RENEWAL				
Innovative and Growing City				
Economic Development	485	465	(20)	479
Creative and Exciting City				
Active Communities	3,884	5,664	1,780	2,519
Arts and Heritage	678	902	224	735
City Shaping	-	-	-	-
Connected and Safe Community				
Connected Communities	2,332	2,928	596	2,548
Safe Communities	503	533	30	108
Eco-City				
Environmental sustainability	-	-	-	-
Manawatū River	64	6	(58)	1
Resource Recovery	310	479	169	410
Transport				
Roading	5,435	5,053	(382)	4,494
Active and Public Transport	400	1,078	678	581
Stormwater	996	928	(68)	841
Wastewater	3,802	4,349	547	4,004
Water	4,546	6,111	1,565	4,157
Driven and Enabling Council				
Organisational performance	2,099	2,042	(57)	2,086
Strategic Investments	1,862	2,115	253	3,668
TOTAL CAPITAL RENEWAL	27,396	32,653	5,257	26,631

CAPITAL EXPENDITURE SUMMARY BY ACTIVITY	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
CAPITAL NEW				
Innovative and Growing City				
Economic Development	-	-	-	16
Creative and Exciting City				
Active Communities	1,675	3,368	1,693	2,079
Arts and Heritage	2,214	4,862	2,648	355
City Shaping	2,764	1,889	(875)	802
Connected and Safe Community				
Connected Communities	4,526	5,844	1,318	2,566
Safe Communities	2,670	4,500	1,830	595
Eco-City				
Climate change mitigation and adaption	339	1,066	727	-
Environmental sustainability	208	108	(100)	316
Manawatū River	123	10	(113)	1,539
Resource Recovery	1,156	1,422	266	330
Transport				
Roading	12,540	20,283	7,743	3,465
Active and Public Transport	2,893	3,671	778	940
Stormwater	6,485	2,429	(4,056)	1,523
Wastewater	4,744	7,141	2,397	3,172
Water	5,600	6,419	819	2,063
Driven and Enabling Council				
Governance and Active Citizenship	-	230	230	-
Organisational performance	245	546	301	746
Strategic Investments	301	296	(5)	824
TOTAL CAPITAL NEW	48,483	64,085	15,602	21,331
TOTAL CAPITAL PROJECTS	75,879	96,738	20,859	47,962

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

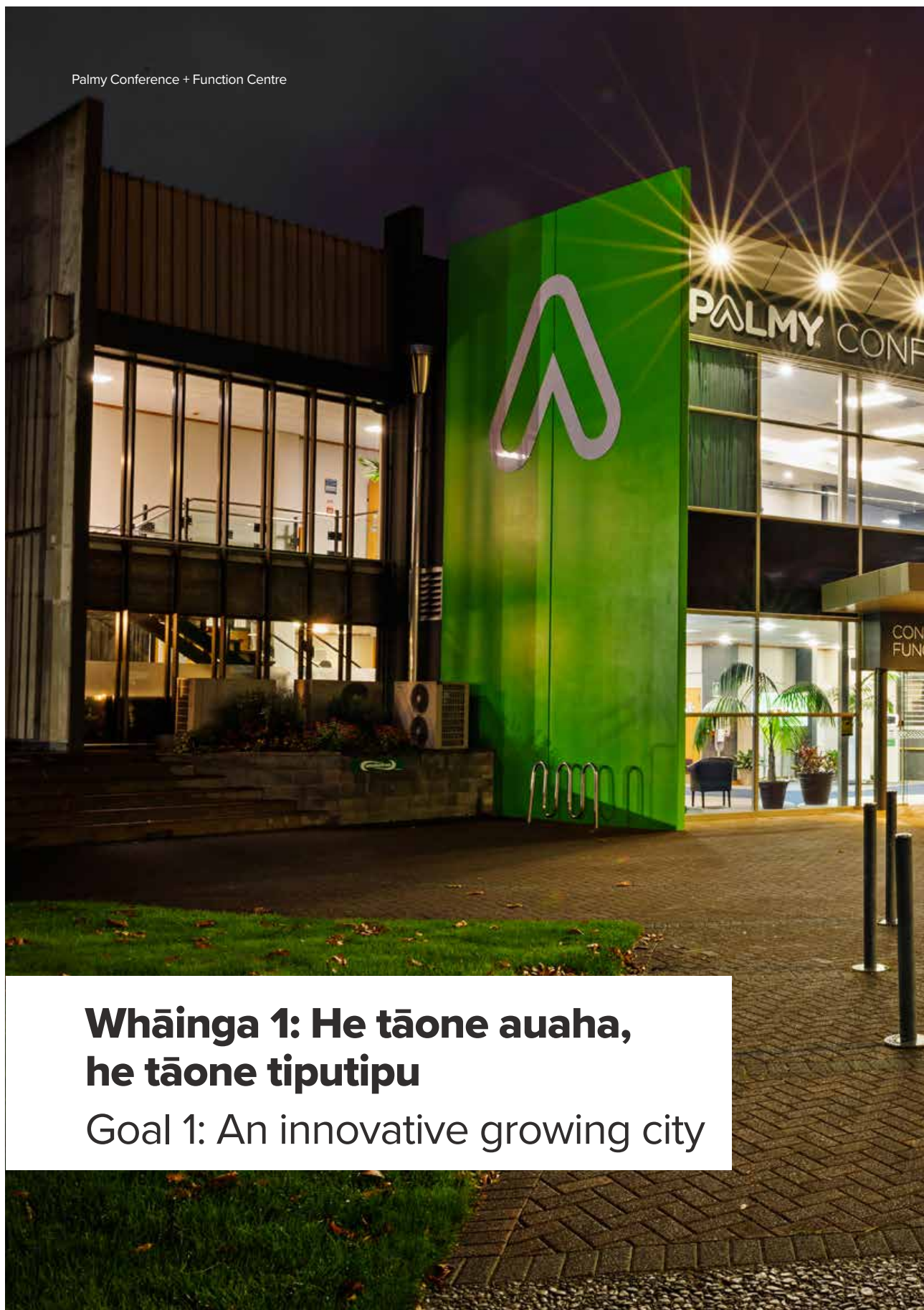
SUMMARY OF NON-FINANCIAL PERFORMANCE MEASURES

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

	# OF MEASURES	# TARGETS MET
Whāinga 1 – He tāone auaha, he tāone tiputipu		
Goal 1 – An innovative growing city		
City Growth	5	2
Economic Development	2	2
Active and Public Transport	N/A*	N/A*
Strategic Transport	5	3
Whāinga 2 – He tāone whakaihiihi, tapatapahi ana		
Goal 2 – A creative and exciting city		
Active Communities	5	4
Arts, Culture and Heritage	5	4
City Shaping	2	2
Whāinga 3 – He hapori tūhonohono, he hapori haumarū		
Goal 3 – A connected and safe community		
Connected Communities	9	7
Safe Communities	3	3
Whāinga 4 – He tāone tautaiāo		
Goal 4 – An eco city		
Climate Change	3	3
Environmental Sustainability	2	2
Manawatū River	1	1
Resource Recovery	2	2
Stormwater	5	5
Wastewater	5	5
Water Supply	9	6
Whāinga 5 – He Kaunihera ahunui, whakamana i te iwi		
Goal 5 – A driven and enabling Council		
Good Governance and Active Citizenship	1	0
Organisational Performance	N/A*	N/A*
Total Measures	64	51

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

Palmy Conference + Function Centre



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

Goal 1: An innovative growing city



CITY GROWTH

WHAT THE COUNCIL DOES

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

Housing and Future Development

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

Urban Design

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

KEY ACHIEVEMENTS

- Retail growth in the city has been solid over the last 12 months with the city's role as a regional shopping hub strengthening.
- Further development of large format retail activity has occurred in the Outer and Fringe Business Zones in the last 12 months after a period of low investment in the past.
- Plan changes for Aokautere, Ashhurst, Roxburgh Crescent, Whiskey Creek/Matangi and Kakatangiata are well underway.
- There is an increasing presence of higher density, multi-unit housing developments now being constructed and occupied across the city assisting to provide a much-needed boost in new housing choice and supply to the market.



WHAT HAPPENED IN THE YEAR

Building Services

The Building Services team had a relatively busy year. Building consent applications peaked sporadically as new energy efficiency building code requirements came into effect in November 2022 and May 2023 as the industry rushed to beat having to meet the higher standards. However, the longer-term effects of the industry supply chain issues and the current economic outlook have slowed construction activity overall to an extent.

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

The number of building consent applications dropped by 14% over the previous year (1,109 received in 2022/23 down from 1,287 received in 2021/22). Council did not meet its target with 93% of these processed within the statutory timeframes. This shortfall is largely due to the peaks of building consent applications associated with the industry rush, to beat the two key energy efficient implementation dates. The region's growth in major construction projects has slowed a little due to supply chain and economic drivers, however, there remains a large forward projected workload in this area, particularly in Defence Force projects at Linton Camp and Ohakea Base.

The team continues to build strong relationships with key industry professionals, particularly owners, designers, builders, and developers through the Build Palmy initiative. A key focus of the Building Services division this year has been the enhancement and efficient use of inspection resources through scheduling improvements.

Consultation with, and notification to owners of earthquake-prone buildings (EPB) has continued, with all potential EPBs having now been identified and notified. The national register continues to be populated with confirmed local EPBs, as per current legislation and approximately 60% of all notices have now been issued.

Business

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

The Notice of Requirement process for the 177-hectare KiwiRail freight hub was completed in late 2022. Following the completion of the KiwiRail Regional Freight Hub and ongoing investigations by Waka Kotahi regarding the Regional Freight Ring Road, CEDA and the Council have now turned their attention to collaborative exercises. This sought to ensure the KiwiRail Regional Freight Hub contributed to the development of a nationally significant, integrated multi-modal freight and distribution hub that offered more than just co-location benefits for freight operators. The Te Utanganui Master Plan (Central New Zealand Distribution Hub) project was initiated in late 2021 in partnership with Rangitāne and key stakeholders. The purpose of the master plan is to develop a land-use planning framework to respond to the region's future needs for freight and distribution activities and give local, central government, institutional, and private stakeholders the confidence to invest in the city.

Housing

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

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

- Kakatangiata
- Aokautere
- Roxburgh Crescent
- Ashhurst
- Whiskey Creek/Matangi (Private Plan Change)

Plan changes for Aokautere, Ashhurst, Roxburgh Crescent, Intensification, and Kakatangiata are well underway. Aokautere was notified in August 2022 and is progressing toward a hearing in late 2023. Whiskey Creek/Matangi was made operative in March 2023. Intensification planning and Roxburgh Crescent are well advanced and expected to be notified by the end of 2023. Master planning for Kakatangiata is at an advanced stage and is informing the development of a proposed plan change, which is expected to be notified in mid-2024. Ashhurst growth planning has been delayed due to flood assessment work. Flooding evidence is expected in mid-2023 and this will determine what areas will be able to be promoted for rezoning in Ashhurst.

Planning services

The Planning Services Team has experienced another busy year. Changing market conditions have resulted in a drop in consent volumes allowing us to focus on process improvements to improve customer experience.

We granted 459 consents during the 2022/23 year, which is the same number that were granted in 2021/22. The reduced volume led to less reliance on external contractors to process consents, and more time to reduce the backlog of consents that built up during the 2-year 'boom' period. In terms of the financial position of the team, this ended in quite a negative result. This was expected, and strides were made during the period to minimise the controllable aspects of the result.

Some key consents in process and processed during the financial year included:

- A Summerset Retirement Village at James Line
- Large multi-unit Kainga Ora Social housing projects at Crewe Crescent, Rugby, and Church Streets
- A large extension to the Kendalls Line and Back Road Quarries
- A land-based solar farm at Massey University
- A large rural-residential subdivision at Kelvin Grove Road
- Also, of note was the commissioning of the Turitea Windfarm (originally consented in 2011) and the re-powering and extension of the Te Rere Hau Windfarm – both involving the expertise of staff members

Staffing levels in the team have remained stable throughout the year, with some change occurring in the Planning Services Manager role and Senior Planner role via internal transfers. This added further leadership and general experience to the team which was a welcome addition given the complexity of resource management decision-making.

Public enquiries on land development opportunities also remain high with the team responding to an average of 146 enquiries per month. On the outreach side, the Build Palmy initiative continues to build momentum. This is focused on sharing information and knowledge in the development industry. The team contributes to a monthly e-newsletter and hosted a well attended face-to-face and virtual forums in November 2022 and May 2023 respectively. These provided internal and external speakers on a range of topics relevant to the industry at this time.

From a process point of view, a revamped pre-application process, which focuses on providing better service through early engagement, went through a successful trial phase and was then incorporated into the team's core business model. In addition, as part of the preparatory work in advance of a new corporate financial management system, a large audit took place of all consents in the system. This exercise assisted in greater visibility of where to direct resources, with the subsequent reduction of the backlog being the selected approach to assist in unblocking the development pipeline.

Urban Design

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

There is an increasing presence of higher density, multi-unit housing developments now being constructed and occupied across the city assisting to provide a much needed boost in new housing choice and supply to the market. Many proposals previously consented are now in construction with more applying for resource consent. This increases construction costs along with changes in interest rates, and has impacted the speed and confidence by some to deliver. There is still a high interest in achieving greater density on many residential zoned sites with 2-3 storey duplexes, terraced housing, and walkup apartments proposals being more commonplace typologies when presented during pre-application meetings. The Former Post Office is the most prominent City Centre project currently in train. As a strategic development site and a key catalyst for change, the City Centre Council is providing a lot of urban design support behind this project through Delivering Change. Currently, there is little interest from other developers in redeveloping City Centre buildings for inner-city, mixed-use, or apartment living.

Design review and pre-application processes for commercial and residential developments continue as part of the administration of the District Plan. The Delivering Change Fund continues to be put to clever use on strategically aligned developments and other community-focused projects – the Former Post Office Development as highlighted above, the Victoria Esplanade Scenic Railway Playground Covered Platform, and delivering Creative City Conversations programme.

ONGOING CONSIDERATIONS

Building Services

The remuneration and structure review completed in the 21/22 FY for the Building Services team was designed to support the service to attract skilled staff as well as define a more structured career growth path for developing staff. The changes have proven beneficial in both attracting and retaining staff, with highly experienced officers now available to provide mentoring and coaching opportunities for sustained development. Continuous improvement enhancements within current practices and further adoption of digitization throughout the range of Building Services activities continue to raise performance and accurate record keeping. A range of enhancements has also been deployed in the building consent inspection area where better utilisation of resources through enhanced scheduling systems and customer booking change initiatives.

Business

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

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

Housing

A key focus for Council will be improving residential land supply and assessing the distribution of retail and office activities in the city. These priorities have been determined by the Housing and Business Needs Assessment. Plan Change I - Residential Intensification, is being developed in response to NPS direction and will provide an additional planning tool to enable housing supply in a timelier manner. The promotion of minor dwellings to assist with enabling affordable rental housing stock in the city will continue to be supported. Council also needs to begin aligning its District Plan with new National Planning Standards. Significantly more land for housing will be rezoned to provide for sufficient short, medium, and long-term growth requirements.

Planning

The focus in the next 12 months will be improving the teamwide performance processing consents within statutory timeframes. With the team well-resourced and the front end of the system now significantly improved with the new pre-application process, the focus will turn to process changes and general efficiencies to be gained through the consent assessment phase. A high-level review of this phase, coupled with ongoing data analysis, indicates there is scope to increase the speed of consents without compromising the quality expected of a professional service that seeks to improve the environment we live in.

Overall, it is expected these efforts will improve the customer experience and contribute to positioning the team well for the future reform of the Resource Management Act 1991 which will have a greater focus on outcomes.

Urban Design

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

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Provide enough development capacity to meet expected demand for housing and business in the short, medium and long term.	<p>1. Enough land is zoned, infrastructure enabled and feasible to develop, to meet growth demand.</p> <p>Target: At least three years of housing and business land with services is immediately available.</p>	Target Not Met	<p>Preliminary findings of the Housing and Business Needs Assessment show that there are only 175 lots of zoned, infrastructure-ready greenfield residential land supply. Council's City Growth Plan sets a target of 1,800 sections worth of continuous supply. There is therefore a critical shortage of development capacity for greenfield housing. Housing is being accommodated through infill and intensification will eventually increase supply by more than 8,000 and this will satisfy more than 30 years' worth of projected demand. There is zoned capacity for an estimated 780 lots across Whakarongo and Kikiwhenua. Whakarongo requires stormwater detention, which is still subject to a regional consent approval, and Kikiwhenua requires water and wastewater servicing and transport safety improvements, which require Waka Kotahi to reduce speed on SH56. It is anticipated that it will take at least two years for these areas to become infrastructure ready. The Business Needs Assessment also showed a low vacancy in the industrial zone. This suggests that there is insufficient supply and that more land needs to be zoned and serviced. An Industrial Zone plan change is scheduled for 2024/25. Council is addressing shortages in land to meet housing targets by increasing funding to advance current plan changes and advancing our draft Future Development Strategy.</p>
Perform the regulatory planning role under the Local Government Act and Resource Management Act.	<p>2. Resource consent applications are processed within statutory frameworks.</p> <p>Target: 95%</p>	Target Not Met	<p>459 consents were granted in the 2022/23 FY, with 53% (243) 'on time'. This was expected and is primarily a consequence of working through a heavy backlog of consents built up through the 'boom period' (2020 to mid-2022). It is noted the team achieved a 60% granted on time rate through the fourth quarter, and June was a strong month at 77%. Significant improvements in terms of work visibility were made through a full system-wide audit.</p> <p>(2021/22 – 73% – 337 of 459)</p>
	<p>3. Building consent applications are processed within statutory frameworks.</p> <p>Target: 95%</p>	Target Not Met	<p>1,096 consents were processed, 1,028 (93%) were within the statutory timeframe. Council did not meet its target of 95% of building consents to be processed within statutory timeframes for the financial year. This shortfall is largely due to the peaks of building consent applications associated with the industry rush to beat the two-key energy-efficient implementation dates.</p> <p>(2021/22 – 94% – 1204 of 1287)</p>

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Provide public spaces (streets, open spaces, civic and community buildings, and infrastructure) that are sustainable, connected, diverse, integrated, adaptable, interesting, comfortable and safe.	<p>4. City-wide urban design principles are reflected in planning advice and decision-making. (met through projects at Manawātū River, City Centre, Esplanade and Central Energy Trust Arena)</p> <p>Target: Narrative measure outlining how urban design principles are being implemented.</p>	Target Met	Urban design expertise is informing Council led District Plan changes under development, including residential intensification to meet the National Policy Statement on Urban Development and other major greenfield growth projects in Aokautere, Kakatangiata, and Roxburgh Cres. The Matangi Residential Area Private Plan change, which demonstrates and is underpinned by strong urban design principles is now operative. The 'Delivering Change' fund and inhouse expertise continue to support a range of proposals across these zones. There is a higher level of integrated transport and land use planning (movement and place) underway at different scales that will greatly improve future urban structure, form, function, and safety for the city. He Ara Kotahi and CET Arena continue to have a positive city image impact on users and the quality of our places and spaces they experience. Public space upgrades such as Cuba St and housing intensification continue to deliver positive urban design outcomes around increasing amenities, biodiversity, improving public/private edges, integrating transport mode choice, and compact urban form. A physical expression of cultural heritage still seems to be a gap not well addressed in some key public projects. The CET Arena Masterplan Review is currently being drafted and nearing completion with identity and heritage being a key principle to deliver on.
Work with the development community to increase knowledge and influence urban design outcomes.	<p>5. There is an increase in range of building types being built in the city centre and local neighbourhoods (e.g. different densities, co-housing, CBD residential, green buildings). (Currently there is little innovation in the type of houses being built to meet changing demographics and needs)</p> <p>Target: Narrative measure outlining trends in the range of building types.</p>	Target Met	Enquiries by developers looking at city centre commercial sites has slowed. The Former Chief Post Office is almost ready to apply for resource consent. Council has been working closely with Safari Group supporting their design process to provide urban design and CPTED expertise through the 'Delivering Change' Fund. A new mixed-use development on the former Cafe De Paris site is near completion. There is clear visibility of business activity at the street edge while private living is located behind, between, and above. This signals a new opportunity for mixed-use development throughout the Outer Business Zone within this part of the city, as well as other locations within and around the city centre. Medium-density housing applications around the periphery of the city-centre and across the broader Residential Zone of the city continue through more challenging construction and economic conditions. Kaianga Ora housing developments (Church St and Rugby St) are now in for resource consent while pre-application meetings are occurring for the Highbury Cluster of housing stock around Farnham Ave, Brentwood Ave, and Coventry Street.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary City Growth	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
REVENUE				
Building Services	4,409	4,987	(578)	4,036
Housing and Future development	4,651	-	4,651	-
Planning Services - Private	1,348	1,454	(106)	1,603
TOTAL REVENUE	10,408	6,441	3,967	5,639
EXPENSES				
Building Services	6,338	6,669	331	5,942
Housing and Future development	1,174	407	(767)	275
Planning Services - Private	2,249	1,558	(691)	2,064
Planning Services - Public	999	1,169	170	1,002
Urban Design	402	486	84	504
TOTAL EXPENSES	11,162	10,289	(873)	9,787
NET OPERATING COST OF ACTIVITY	(754)	(3,848)	3,094	(4,148)
RATING ALLOCATION				
Add back depreciation	-	1	(1)	-
Add back Transfers to/from reserves	-	300	(300)	-
Add general rates allocation	754	3,547	(2,793)	4,148
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

- Housing and future development revenue and expenses were higher due to sales of land at Tamakuku Terrace.
- Planning Services expenses higher due to higher resourcing expenses needed to complete work in a timely manner.

ECONOMIC DEVELOPMENT

WHAT THE COUNCIL DOES

Economic Development

Community wellbeing and increasing living standards are supported by a productive and sustainable local economy. A strong local economy will bring higher incomes and greater wealth to share throughout the community. The purpose of economic development is to support local industries and encourage investment in our city. Many of the actions for this Plan and Activity will be implemented through contractual relationships. These are currently with the Central Economic Development Agency (CEDA).

International Relations

The focus of international relations activities between Palmerston North and other cities, regions, and governments is to promote the reputation and economic interests of the city. Its purpose is to strengthen international partnerships, including Sister Cities, to support the city's priority sectors and to encourage students and other visitors to Palmerston North.

KEY ACHIEVEMENTS

- Food Strategy, Central Distribution Hub and the Manawatū Business Attraction, Retention and Expansion Strategy are being developed with us, CEDA and other stakeholders.
- Three editions of Palmy Proud have been published this year.
- Five Major Events took place.
- Short-term study groups and teacher/agent familiarisation visits to the city and region have recommenced.



Palmy Conference + Function Centre

WHAT HAPPENED IN THE YEAR

Business and Employment

CEDA's work across the key pillars of economic development, people, place, and business, in partnership with our stakeholders, iwi, and business community, has been as active as ever in continuing to support the region in identifying opportunities for success. CEDA has been working with partners on positioning our region as Central New Zealand's Distribution Hub through the development and implementation of Te Utanganui. This is our Strategy to future-proof our regional and national transport network, supporting population growth, competition in the logistics market, and the increase in freight volumes predicted in future decades. The ongoing development of the Manawātū Food Strategy will be key in progressing our region to become a leading agrifood, science, and innovation hub. This work will be undertaken in collaboration with key industry players to contribute to a healthy and sustainable food system for New Zealand and beyond.

Economic Events

Palmy Conference + Function Centre

The Palmy Conference + Function Centre hosts a range of events that bring significant economic benefits to the city. Business confidence returned over the past year after Covid-19 interruptions and restrictions in the previous couple of years. Conference activity has returned to pre-Covid-19 levels and the associated spending in the city has increased dramatically. There have been several previously postponed or cancelled events taking place and confidence returned in the events sector, and people wanted to re-engage face-to-face, with a return to normality.

This year the venue hosted 321 events over the period, including:

- 204 Seminars/Meetings
- 91 Social Events
- 9 Exhibitions
- 15 Conferences
- 2 Weddings

The Conference and Function Centre contributed \$5.16m in direct economic benefit to the city over the past financial year. This was \$3.6m more than last year, reflecting increased activity since business returned to normal levels following Covid restrictions and interruptions.

Major Events

These events received funding from council's Major Events Fund

Gravel and Tar UCI Road Cycling Events

This internationally significant, UCI-accredited cycling event returned in 2022. Several factors impacted the scale and success of the event including reduced competitor numbers due to border restrictions, limiting high-performance cyclists and their ability to travel to Palmerston North, and the significant increases in the cost of Traffic Management meaning compromises were required to keep within budget. This included moving Slicks and Stones, the amateur competition, to another weekend and removing the finish from Palmerston North City and the start from Feilding to focus both elements in Ashhurst which reduced opportunities for public engagement and economic benefit. The organisers plan to address these concerns for future iterations of this event.

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. This year's event returned to pre Covid-19 levels of attendance and delivery. Organisers estimate attendance of over 30,000 over the 3 days of the event. The event has committed to the city for the next 5 years to remain and strengthen its status as an iconic event for Palmerston North.

Manawātū Jazz and Blues Festival

The Jazz and Blues Festival held performances in the city with a café performance schedule and mid-sized shows at The Globe Theatre. While primarily catering to local audiences, several out-of-town performers and bands were welcomed to the city. The secondary school's competition continues to attract bands from throughout the country. This year continued to have a similar level of attendance with no performances to audiences larger than 250 people.

National Young Performer Awards

Palmerston North has been home to the National Young Performer Awards (NYPA) for the past eight years, and in 2018, Palmerston North City Council entered a Civic Partnership with Performing Arts Competitions Association of New Zealand (PACANZ), naming Palmerston North as the permanent home of the event. The three-day event is held annually at The Regent and is a national competition comprising alternating performing art forms. This event was cancelled in 2021 and returned during Labour Day weekend in 2022. The direct and indirect economic impact was measured at approximately 4 million dollars. This event will return to The Regent on Broadway in 2023.

Armageddon Expo

Palmerston North played host to this unique experience for the second year running in 2022 and will return to Central Energy Trust Arena in August 2023. Discussions and negotiations have already started for booking in a further 3-year period.

City Marketing + Business Events

City marketing

Our objective for city marketing is to surprise and delight visitors with what our city has to offer while also making our residents feel proud of the city that we live in.

The focus of the campaigns over the last year has been to attract visitors with the unique selling points our city has to offer. To do this we invited influencers to come and experience our city. We sent them all over the city, inviting them to share with their followers the best of Palmy. Comments we received on the campaign included "Not you making Palmy appealing" and "Wow it's amazing".

Other campaigns completed throughout the year include; partnering with CEDA on the award-winning Manawātū 2.0 campaign and the creation of the 'A Taste of Palmy Cookbook' which featured 27 local cafes and restaurants.

Palmy Proud continues to be an important avenue for telling the stories of our city to visitors. We published three editions this year delivered to strategic drive and fly-time locations.

Business events

We are responsible for the promotion of the region as an attractive place to bring conference and business events – this work is done via the Manawātū Convention Bureau which is resourced by Council's marketing division.

We continue to implement the Manawātū Conference and Business Events Strategy with this year's focus being on strengthening our relationships across our local and national stakeholders.

In alignment with this strategy, we again featured at the Business Industry Aotearoa Tradeshow: MEETINGS 2023. This is important for the region as it allows us to meet directly with conference professionals who are ready to bring their business to the region.

We have also now established the City and Business Events Forum which meets twice a year to bring together a range of stakeholders in the industry to enhance collaboration between the business event industry within Manawātū.

This year the Manawātū Convention Bureau submitted a total of 33 number of bids for events.

- 10 successful
- 9 unsuccessful
- 10 In progress
- 4 submitted and waiting to hear back

International Relations and Education

A key focus for Council has been reconnecting with Palmerston North's Global City Partners and raising the profile of Palmerston North with key embassies and high commissions in New Zealand, following Covid-19 interruptions. These relationships have helped increase international awareness and exchanges with our city, including education, business, tourism, and community stakeholders.

As the world has reopened, international travel has resumed so we can connect with Global City Partners. In March 2023, a Mayoral-led delegation travelled to Taiwan to attend and present at the 'Taipei Net Zero / Smart Cities Summit'. In May 2023, a Mayoral-led delegation travelled to China, the United States of America, and the Netherlands to celebrate milestone Global City Partner anniversaries with Guiyang (30 years) and Missoula (40 years), present at the 'China Big Data Expo', explore opportunities for strategic cooperation with Wageningen, and foster connections between businesses, education providers and iwi.

Covid-19 had a detrimental impact on the international education sector so the key focus was to work with Education New Zealand to support education providers with recovery and see the return of international students to the city. In March 2023, a delegation travelled to Japan and Vietnam to reconnect with new and existing education providers and attend education events to promote Palmerston North as a key study destination for international students. Short-term study groups and teacher/agent familiarisation visits to the city and region have also recommenced.

The International Relations and Education team continues to support Council's plan to strengthen international connections for a strong, diverse, and sustainable local economy.

ONGOING CONSIDERATIONS

Business and Employment

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

Economic Events

Palmy Conference + Function Centre

Confidence returned over the past year following the easing of Covid-19 restrictions in April 2022, reflected in the venue's positive results this year. Looking forward, bookings are strong with a wide variety of conferences, meetings, dinners, exhibitions, and social events locked in. With international travel now back in full swing, larger international events will again be the focus of the larger cities, however they are still playing a significant role in the regional events sector too. New conference centres in Christchurch and Wellington are attracting more traditional regional business, however, we will continue to market our unique attributes and our flexible venue spaces. From a venue's perspective, the focus over the past year has been on building confidence within the sectors we operate within, marketing our services, and ensuring our service levels to clients are of the highest standard. The venue must continue to actively market itself to the city and to prospective clients.

City Marketing + Business Events

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

International Relations and Education

The International Relations and Education team will continue to work as a catalyst for the city's growth. In 2024, Palmerston North celebrates a milestone Global City Partner anniversary with Mihara (5 years) and an international delegation will be planned.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Support economic wellbeing through funding of external organisations.	<p>1. Funding is distributed, and the key objectives achieved.</p> <p>Target: Narrative measure outlining outcomes achieved by the funded organisations.</p>	Target Met	<p>CEDA funding has been distributed. Regular formal reporting has occurred through the Economic Growth Committee alongside a series of more informal updates from CEDA. There has been a renewed focus from CEDA in the last 12 months to actively connect with partners and foster inward investment opportunities that are aligned with the region's strategic objectives. This has been particularly evident regarding the work completed on Te Utanganui, Central New Zealand Distribution Hub, where projects of this nature require a long-term commitment to relationships</p>
Achieve a positive city reputation.	<p>2. A positive city reputation is recognized.</p> <p>Target: Increases in positive sentiment, increase in levels of engagement, and formal survey/research.</p>	Target Met	<p>2,854 newspaper or online news stories were picked up on our media monitoring for the year. The second quarter was not recorded due to algorithm resetting. Our sentiment continues to score well above market benchmarks. In a fiscally tight year, we will no longer be receiving the media monitoring service. Council won awards from the Public Relations Institute (PRINZ) for Community Engagement and Government Communications in relation to last year's election period engagement. Across Facebook, Instagram, and LinkedIn, 3.6 million people saw our content; 360,000 people actively engaged through comments/likes/shares, and almost 17,500 people clicked our website to learn more. On TikTok, our content was viewed 400,000 times and received 35,449 likes. More than 120,000 people visited our website over this period, 222,272 times. On average, 2.07 pages were viewed per visit. The most visited pages are Rubbish and recycling days (27,130 views), Property and rates search (13,048 views), Cemetery and cremation search (10,003 views), Parking Tickets (8,720 views), and register your dog (7,096 views). The 2022 Residents' Survey was reported previously. It shows that residents' overall perceptions of Palmerston North declined in the past 12 months. There have also been drops for other Councils doing the same survey, so it is likely that the results are being impacted by the negative national mood due to Covid-19 and the cost of living.</p>

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
Economic Development				
REVENUE				
City Marketing	44	103	(59)	53
Conference and Function Centre	1,441	932	509	639
Economic Development	146	129	17	151
International Relations	70	-	70	8
TOTAL REVENUE	1,701	1,164	537	851
EXPENSES				
City Marketing	586	601	15	550
Conference and Function Centre	2,346	1,959	(387)	1,668
Economic Development	2,498	2,424	(74)	2,547
Economic Events	205	201	(4)	170
International Relations	601	507	(94)	361
TOTAL EXPENSES	6,236	5,692	(544)	5,296
NET OPERATING COST OF ACTIVITY	(4,535)	(4,528)	(7)	(4,445)
RATING ALLOCATION				
Add back depreciation	610	564	46	584
Less Renewal capital expenditure	(485)	(465)	(20)	(479)
Add/(Less) borrowing effect of renewal 3 year averaging	46	46	-	43
Less Provision for debt reduction	(9)	(9)	-	(7)
Add general rates allocation	4,373	4,392	(19)	4,304
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

➤ Conference and function centre revenues were higher due to increased facility demand. This was mostly offset by higher expenses.

Significant Activity Capital Projects	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
Economic Development				
CAPITAL RENEWAL				
251 - Conference and Function Centre - Replacement of Equipment	35	37	2	
270 - Holiday Park - Renewals	288	199	(89)	
664 - Conference and Function Centre - Renewals	77	103	26	
1166 - Conference and Function Centre - Equipment Purchases	71	72	1	
1730 - Information Centre - Building Renewals	14	10	(4)	
1943 - Information Centre Refurbishment	-	44	44	
TOTAL CAPITAL RENEWAL	485	465	(20)	479
CAPITAL NEW				
TOTAL CAPITAL NEW	-	-	-	16
TOTAL CAPITAL PROJECTS	485	465	(20)	495

ACTIVE AND PUBLIC TRANSPORT

WHAT THE COUNCIL DOES

Active and public transport: Active and public transport have health and environmental benefits for our city. Walking and cycling are the most common forms of active transport, but there are also options like scootering and skateboarding. Public transport in the city consists of the urban bus service and bus connections to surrounding towns and villages. The purpose is to increase the availability and uptake of active and public transport options.

KEY ACHIEVEMENTS

- Over the past 12 months, 7,272m² of footpaths have been repaired or upgraded and 1,280m² of new footpaths have been constructed.
- Waka Kotahi funding will see improvements to Featherston St, Summerhill Drive and the city's bus shelters.
- Multiple small shared pathway projects have been constructed, creating new links that improve access in places such as Cloverlea park, Kelvin Grove park, Railway Road to Paradise Pace, and Vaucluse Heights.



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WHAT HAPPENED IN THE YEAR

Footpaths

Council has invested strongly in maintaining and upgrading footpaths around Palmerston North. Over the past twelve months, 7,272m² of footpaths have been repaired or upgraded and 1,280m² of new footpaths have been constructed. A significant amount of footpath grinding has occurred to address 1,183 faults.

Improvements have been made across the footpath network, improving pedestrian safety and access. Six new raised pedestrian crossings have been completed, with a further two under construction, due to be completed in the new financial year.

Construction is underway for improvements to the Highbury shopping precinct, being delivered under the streetscape improvement programme, which aims to improve pedestrian access and amenity across Palmy's neighbourhood retail and community centres. We've been working with Ora Kōnnect, Rangitāne, and other community stakeholders to co-design the space. The work aligns with other improvement projects in the area, including raised pedestrian crossings and upgrades to the public toilet facility. Implementation will be completed in the new financial year.

Regarding maintenance of the cycleways, 115km of dedicated cycleway sweeping has been carried out over the past year.

Active Transport

Council continues to plan, facilitate and deliver active transport improvements within the city.

Waka Kotahi funding has been confirmed through its Transport Choices (100% funding) and Streets for People (90% funding) programmes. Work began during the 22/23 financial year, with completion due by June 2024. This funding is supporting the delivery of several significant projects:

- Featherston Street separated the cycleway, as well as upgraded and additional pedestrian crossings, making the street safer and more accessible for active modes. Significant public and stakeholder engagement – including three co-design workshops – has informed the concept designs, which were considered in June 2023 by council when it voted to progress a uni-directional cycleway.
- Construction of the Featherston Street separated cycleway will be complete between Botanical and Ruahine by June 2024, with the segment between Ruahine and Vogel planned for the next LTP.
- The Featherston project outcomes are being leveraged by Waka Kotahi in parallel making safety improvements to the SH3 (Rangitikei/Featherston) intersection.
- Summerhill Drive continues to be improved through the Waka Kotahi funding, which will result in a separated cycleway, from Tennent Drive to Pacific Drive, creating a connection between the Manawātū River Pathway

and Aokautere growth area. Engagement occurred in early 2023, and in June Council selected a preferred option. This will need to be constructed by June 2024.

- In addition, an assessment of active modes has been carried out for the Aokautere area south of the Manawātū, in support of Plan Change G.
- Complementary to this is the development of options for extensions to the walking and cycling network between Pacific Drive and Johnstone Drive, including a safe crossing for Aokautere Drive (SH57).
- As part of Transport Choices funding from Waka Kotahi we are supporting Horizons Regional Council's roll-out of the new bus service from February 2024 by improving the city's bus stops. More bus stops will have shelters and other amenities. The stops with most amenities will be those nearer the city centre and neighbourhood centres.

Progress has been made with several shared pathway projects:

- Manawātū River Pathway – Preparations have been made for the lodgement of a Notice of Requirement to designate the land necessary to complete the pathway connecting Mangaone Stream with Ashhurst. Draft designs have been developed, which will inform further engagement with affected landowners.
- Meanwhile, Waka Kotahi is considering the construction of a new shared pathway along Napier Road (SH3), potentially connecting the city's existing cycleway network, or a new segment connecting Te Matai and Raukawa Roads. Any construction is likely to happen in the 2023/24FY.
- Palmerston North Feilding Pathway – Concept designs are almost complete for the pathway linking the city with Feilding, along the rail corridor / Te Araroa walking trail alignment. These designs will be used for engagement with affected landowners, as well as the next step engagement with KiwiRail; to be followed by detailed designs. Construction is planned for the next LTP.
- Multiple small shared pathway projects have been constructed, creating new links that improve access for active modes, including –
 - Cloverlea Park links
 - Kelvin Grove Park links
 - Railway Road to Paradise Place link
 - Vauluse Heights to Cliff Road
- The Linton Pathway has endured some damage in the past year, which has necessitated temporary closures and short-term repairs. Permanent fixes have been investigated and are planned for the next LTP.

Other active transport programmes have supported the delivery of Bike Ready education to hundreds of primary-aged children from multiple schools across the city, delivered through our partnership with Sport Manawātū.

Palmy participated in February's Bike Month with 54 workplaces participating in the Aotearoa Bike Challenge, making over 5,000 bike trips. 66 new riders were part of a cohort of 427 Palmy pedalers.

Also, during Bike Month we hosted a PoliPedal, a bike ride and transport forum hosted by the Mayor and other Councillors.

Public Transport

As explained above, our key project this year is involving upgrading bus stops around the city.

The contractor appointed by Horizons to deliver its new, more regular, service will use a fleet of over 40 electric-powered buses, which will be quieter and produce fewer CO2 emissions.

The business case for the Bus Hub (Main Street bus terminal between Square East and Princess Street) is one part of the wider Palmerston North Integrated Transport Initiative city centre business case, which is expected to be delivered in the 2023/24FY; and will inform the infrastructure programme for the Transit Hub in the next LTP.

ONGOING CONSIDERATIONS

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

Cycling infrastructure projects continue to be challenging to implement due to the need to reallocate space within the existing road space, and the significant public feedback.

Footpaths

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

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

Public Transport

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

HOW DID WE PERFORM

The levels of service and performance measures for this Activity are included with the Strategic Transport (Riding) levels of service page 61.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
Active and Public Transport				
REVENUE				
Active Transport	978	835	143	102
Footpaths	-	143	(143)	126
Public Transport	104	133	(29)	175
TOTAL REVENUE	1,082	1,111	(29)	403
EXPENSES				
Active Transport	2,596	2,171	(425)	996
Footpaths	2,111	2,223	112	2,172
Public Transport	145	390	245	214
TOTAL EXPENSES	4,852	4,784	(68)	3,382
NET OPERATING COST OF ACTIVITY	(3,770)	(3,673)	(97)	(2,979)
RATING ALLOCATION				
Add back depreciation	1,755	1,810	(55)	1,685
Add back Transfers to/from reserves	-	200	(200)	-
Less Renewal capital expenditure	(400)	(1,078)	678	(581)
Add/(Less) borrowing effect of renewal 3 year averaging	6	6	-	(16)
Add external revenue for renewal capital	100	393	(293)	-
Less provision for debt reduction	(388)	(388)	-	(387)
Add general rates allocation	2,697	2,730	(33)	2,278
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Significant Activity Capital Projects	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
Active and Public Transport				
CAPITAL RENEWAL				
64-City-wide - Footpath Renewals (Waka Kotahi Subsidies)	400	670	270	
181-City-wide - Public Transport Infrastructure Renewals	-	60	60	
648-City-wide - Supporting Cycle Infrastructure Renewals	-	21	21	
2110-City-wide - Footpath Renewals (No Subsidy)	-	327	327	
TOTAL CAPITAL RENEWAL	400	1,078	678	581
CAPITAL NEW				
1121-Tennent Drive Improvements - Food HQ and Massey	-	131	131	
1559-City-wide - Urban Cycle Infrastructure Network improvements	190	-	(190)	
1680-City-wide - Public Transport Infrastructure Improvements	27	93	66	
1803-Neighborhood Streetscape Improvements	142	100	(42)	
1925-Urban Growth - Development Contributions - Active Transport	-	134	134	
2026-Active Transport Measurement	80	347	267	
2056-City-wide - Supporting Cycle Infrastructure Improvements	12	145	133	
2057-Regional Shared Path Network Improvements	533	1,565	1,032	
2120-City-wide - Off Road Shared Path Network Improvements	705	643	(62)	
2121-City-wide - Footpath Improvements	314	513	199	
2206-Storm Damage – August 2022 Rooding	401	-	(401)	
2207-City-wide - Urban Cycle Infrastructure Network improvements	365	-	(365)	
2231-City-wide - Transport Choices - Public Transport	124	-	(124)	
TOTAL CAPITAL NEW	2,893	3,671	778	940
TOTAL CAPITAL PROJECTS	3,293	4,749	1,456	1,521

STRATEGIC TRANSPORT (ROADING)

WHAT THE COUNCIL DOES

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

KEY ACHIEVEMENTS

- We've established a Palmerston North Integrated Transport Initiative working group with Horizons, Waka Kotahi, and Manawatū District Council.
- Repaired 2,593 potholes. A very wet winter meant many potholes appeared on the Road network that Fulton Hogan responded to.
- The key focus of our delivery during 22/23 has been on road safety.



WHAT HAPPENED IN THE YEAR

Strategic Transport

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

The key to enabling the safety, economic, and livability outcomes of the initiative is to optimise the use of our roads and key transport routes to ensure they're functioning as intended. Over the past year, we have been working to define all our roads according to a movement or place hierarchy which will then lead to greater clarity around how we safely, efficiently, and deliberately prioritise certain types of travel on each road across our network. We have developed a strategic networks document and set of priority routes to help deliver on the objectives of PNITI.

We're also currently developing a citywide strategic parking framework to guide future decision-making on Council-controlled parking spaces for on-street and off-street parking. The framework will set out our aspirations and objectives for parking across the city, define priorities of use in different parts of the city, guide our strategies for managing supply and demand, and outline our approach to setting parking fees and other restrictions. The past year has seen us undertake preliminary studies as well as initial engagement with key partners with a view to implementing the framework in 2024.

Maintenance and Renewal

In 2021/22 Fulton Hogan became our new road maintenance contractor. There is a general expectation that the first year for a new contractor involves a fair bit of settling in, gearing up, and learning about our city, and having just completed the second full year this seems to have been successful. This year we have:

- Received under half the number of customer complaints relating to heavy leaf fall compared to the same time in the first year.
- Resealed more than 11 km of roading. This includes work on some of the asphalt roads in our residential areas, while the remainder went on chip sealing some rural or urban roads.
- Repaired 2,593 potholes. A very wet winter meant a large number of potholes appeared which Fulton Hogan responded to.
- Undertook \$1.7 million worth of road surface renewals and \$1.6m sealed road maintenance repairs
- Vegetation management, street sweeping, sump cleaning, and asset inspection were generally undertaken in line with the contract requirements.

Network Improvements

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

The key focus of our delivery during 22/23 has been on road safety improvements which have targeted safety infrastructure around schools, traffic calming of local roads, and pedestrian safety crossings. Projects constructed include:

- Cuba Street – Street upgrade
- Pedestrian Street – Fitzroy Street
- Raised School Crossing – Vogel Street (Roslyn School / Roslyn Shops)
- Raised School Crossing – Ruahine Street (Terrace End School)
- Raised platforms and raised school crossing on Herbert Avenue
- Raised Crossing – Centennial Drive
- Raised Platforms/Traffic Calming – Seddon Street
- Kerb Modifications at the intersections of Churchill/Franklin, Franklin/Newcastle, and Ascot/Newcastle

Additionally, 28 streets within our district have had work done to improve lighting coverage as part of the Street Light Infill programme.

Major construction is underway on several improvements which will carry over into the first quarter of 23/24. These projects include

- Ferguson Street / Pitt Street
- James Line – Upgrade to an urban standard
- Richardsons Line – Upgrade to industrial standard

An ongoing issue we're working on is an increase in street racing especially in our industrial areas. We've already added some physical deterrents like speed humps to make these areas less appealing for these types of motorists. This occurred on Works Road, Valor Drive, and Bennett Street.

Regional Freight

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

ONGOING CONSIDERATIONS

Strategic Transport

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

Maintenance and Renewal

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

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Provide an integrated multi-modal transport network that connects people and goods with destinations in a safe, efficient and sustainable manner and evolves to meet new transport demands with less reliance on private motor-vehicles.	1. The change in the number of fatal and serious injury crashes from the previous year on the city's local road network. Target: Narrative measure outlining long-term accident trends and causes.	Target Met	A total of 36 fatal and serious injury crashes have occurred in the 12 months to 30 May 2023, compared to 43 fatal and serious injury crashes in the 12-month period prior. This has been a decrease of 7. (2021/22 – 43)
	2. The average quality of ride on the sealed local road network, measured by smooth travel exposure. Target: Greater than 80%.	Target Met	The smooth travel exposure for the city is calculated at 84% for the 2022/23 financial year. Note that the last major smoothness survey completed on roads was from December 2020 – May 2021. The next survey has been planned for the financial year ending 30 June 2024. (2021/22 – 87%)
	3. The percentage of the sealed local road network that is resurfaced. Target: More than 3.5%	Target Not Met	2.03% of the network was resealed. A combination of high requirements for the prerequisite pre-reseal repairs plus price escalations in materials and labour have resulted in less resurfacing being able to be delivered. (2021/22 – 3.8%)
	4. The percentage of footpaths that meet Council standard. Target: Greater than 93% rated 3 or above.	Target Met	The percentage of footpaths rated 3 or above is 96%. Footpath renewals are becoming increasingly difficult and require wider strategic consideration alongside our street trees. (2021/22 – 96.5%)
	5. Percentage of requests for service relating to roads and footpaths responded to (with at least an initial response) within three working days. Target: Greater than 95% of safety and critical requests.	Target Not Met	72% of requests have been responded to within 3 working days. Majority of the incidents where this measure was not met was due to either contractor or internal staff capacity. (2021/22 – 91% – 9,634 of 10,423)

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary

Strategic Transport (Roading)

	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
REVENUE				
Parking	4,653	5,256	(603)	3,885
Roads	4,256	3,090	1,166	3,258
Street Facilities	71	118	(47)	221
Street Lighting	498	400	98	355
Traffic Services	387	522	(135)	754
TOTAL REVENUE	9,865	9,386	479	8,473
EXPENSES				
Parking	2,894	3,133	239	2,481
Roads	15,957	16,589	632	13,582
Street Facilities	2,330	3,503	1,173	3,774
Street Lighting	2,125	1,912	(213)	1,790
Traffic Services	2,574	2,540	(34)	2,924
TOTAL EXPENSES	25,880	27,677	1,797	24,551
NET OPERATING COST OF ACTIVITY	(16,015)	(18,291)	2,276	(16,078)
RATING ALLOCATION				
Add back depreciation	9,215	8,742	473	8,931
Less Renewal capital expenditure	(5,435)	(5,053)	(382)	(4,494)
Add/(Less) borrowing effect of renewal 3 year averaging	(198)	(198)	-	707
Add external revenue for renewal capital	1,407	2,517	(1,110)	2,331
Less provision for debt reduction	(1,113)	(1,113)	-	(972)
Add general rates allocation	12,139	13,396	(1,257)	9,575
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

- Parking Revenue budget was lower than budget due to assumptions around extended chargeable Parking hours that did not end up progressing.
- Roads revenue was higher due to increased Waka Kotahi subsidies made available.
- Expenses were lower due to a change in methodology relating to overhead allocation.

Significant Activity Capital Projects
Strategic Transport (Roading)

	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
CAPITAL RENEWAL				
74-City-wide - Street Light Renewals	686	103	(583)	
115-City-wide - Sealed Pavement Renewals (Waka Kotahi Subsidies)	1,891	2,104	213	
122-City-wide - Road Drainage Renewals	583	382	(201)	
139-City-wide - Sealed Road Resurfacing	2,222	2,216	(6)	
162-City-wide - Vehicle Crossing Renewals	-	119	119	
1805-City-wide - Transport structure component renewal	53	129	76	
TOTAL CAPITAL RENEWAL	5,435	5,053	(382)	4,494
CAPITAL NEW				
167-James Line (Schnell Dr to Kelvin Grove Rd) - Improvements	1,363	1,574	211	
201-Urban Growth - Development Contributions - Transport	197	206	9	
279-City-wide - Minor transport improvements	981	1,644	663	
684-Longburn Rongotea Road/No. 1 Line Intersection - Safety Upgrade	53	250	197	
1003-Whakarongo - Intersection Upgrades	80	358	278	
1367-City-wide - Street Light Infill	745	490	(255)	
1615-City-wide - Parking and Traffic Signs and Marking	745	52	(693)	
1695-PNITI – Intersection and bridge improvements	572	914	342	
1804-Road drainage improvements	-	82	82	
1807-City-wide - Car park infrastructure improvements	59	253	194	
1808-City-wide - Street amenity improvements	139	282	143	
2013-PNITI – Strategic Transport Corridor Improvements	103	258	155	
2058-Urban Growth - NEIZ - Transport	3,802	5,000	1,198	
2059-Urban Transport Improvements - Enabling PNITI	2,354	2,111	(243)	
2111-Kelvin Grove Road - Safety Improvements to intersections	186	619	433	
2119-Road to Zero - Transport Safety Improvements	769	2,682	1,913	
2123-Urban Growth - Kakatangiata - Transport	-	400	400	
2124-Urban Growth - Ashhurst - Transport	317	3,009	2,692	
2142-Physical deterrent (installation of speed humps) at additional locations	25	-	(25)	
2204-Address Street Racer Issues	50	100	50	
TOTAL CAPITAL NEW	12,540	20,283	7,743	3,465
TOTAL CAPITAL PROJECTS	17,975	25,336	7,361	7,959



Whāinga 2: He tāone whakaihihi, tapatapahi ana

Goal 2: A creative and exciting city





ACTIVE COMMUNITIES

WHAT THE COUNCIL DOES

People are generally healthier and happier in places where decision-makers prioritise physical activity. Being active contributes to all aspects of health and is an important part of indigenous Māori well-being approaches such as Te Whare Tapa Whā. The purpose of this Activity and Plan is for our community to access a range of play, active recreation and sports environments.

KEY ACHIEVEMENTS

- Some key sporting events returned to our sports fields this year including the Touch Nationals, Super Smash Cricket, and the Weetbix Triathlon.
- There was a continuing increase to numbers of families accessing free swimming for under 5s.
- A new three-year funding agreement and partnership plan was agreed with Sport Manawātū.



Cloverlea Park

WHAT HAPPENED IN THE YEAR

Play and Active Recreation

Routine maintenance and project delivery were very challenging this year due to the changeable weather. Cyclone Gabrielle resulted in extensive flooding in the Manawatu River Park which necessitated reallocating resources to the cleanup. The wet spring delayed sport field renovations and the wet autumn resulted in mid-week sports ground closures. Despite all this disruption, we continue to receive positive feedback about our parks through the annual Park Check Survey.

Vandalism within our parks and public spaces has escalated this year and we have received an increase in complaints about motorbikes in parks. It has been challenging to balance accessibility for active transport and parks users, whilst also maintaining safety and security in our parks.

Some key sporting events returned to our sports fields this year including the Touch Nationals, Super Smash Cricket, and the Weetbix Triathlon. Annual visitor numbers to the Ashhurst Camping Ground continue to increase year on year.

There has been a continued focus in 2022/23 on closing identified level of service gaps, especially in Suburb Reserves, with improvements completed at Cloverlea and Kelvin Grove Parks.

Several projects have been completed during the year, and others are underway.

Memorial Park

- A major upgrade and reconfiguration of the toilets and changing rooms was completed. These facilities have been well received by the public. They are more accessible and better support the increased water activity at the park.
- A long section of wooden boundary fence was replaced with pool fencing. This has improved the aesthetics of the site and visibility into the park below. A major upgrade of the park commenced in the 2020/21 year and continued into 2021/22.
- The heroes' walk design was completed. The project is now entering the cost estimation phase.

Te Marae o Hine/The Square

- The lime surface surrounding the clocktower was replaced with concrete to improve accessibility and to better provide for 'pop-up' events. The new concrete surface includes drainage and artwork in the form of a traditional clock pattern.
- Minor improvements in the wider area include the replacement of the light fittings within the tree surrounds, concreting paths temporary bus facilities, and the restrooms, pruning of the large trees, and ongoing replacement of garden displays.

Victoria Esplanade

- The Manawaroa Street pedestrian entrance to the Esplanade was upgraded. It provides better visibility of the existing pathway between the Manawaroa car park and the central area of the Esplanade and should encourage more use of this car park – helping relieve pressure on other car parks.
- The rollout of the new wayfinding signs and furniture has begun, with new directional signs at the main entrances and intersections of roads and the replacement of seats beside the paddling pool.
- The gas boiler used for heating the conservatory was replaced with a wood pellet boiler. Unlike gas, wood pellets are a renewable energy source.
- Other improvements in the Esplanade this year include the replacement of the mulch bins.

Ashhurst Domain

- The stone wall at the cemetery was extended and new gates were installed. Barrier railing was constructed between the Cemetery and the Campground to prevent camping activity from overflowing into the cemetery.
- Signs throughout the Domain have been upgraded and barrier fencing replaced alongside roads and carparks.
- Plans were developed for a new camper dump station located in the car park in Cambridge Avenue car park. Relocating the dump station will enable it to be more accessible to passing tourists. Council is seeking external funding to complete the project in 2023/24.
- The review of the Ashhurst Domain Reserve Management plan has commenced with initial stakeholder engagement underway.

Cloverlea Park

- The playground was upgraded, with a natural-themed playground at Cloverlea Park being built after the community told us they wanted to see more wooden play equipment. The playground has a flying fox, wooden climbing forts and an accessible spinner repurposed from Memorial Park.
- There is a new shared pathway across the park to make it easy to access the park by walking, cycling, or scootering.
- There are picnic tables, rubbish bins, a drinking fountain, and a shelter to complement the existing natural shade.

Valcluse Heights

- Access between Te Motu o Poutoa/ANZAC Park and Te Arapiki a Tāne steps has been improved with a new shared pathway
- Other developments include new fencing and a drinking fountain to support activity in the area

Ruahine Reserve

- Work commenced on establishing a new public reserve within the Centennial Park development. Named Ruahine Reserve, the reserve has been designed in partnership with Rangitane and Wallace Developments. The area already has substantial native plantings, established by Massey University College which occupied the site. It sits at the base of the river stopbank, adjacent to the Hokowhitu Golf Course.
- Initial developments include levelling the open reserve area and installing paths, planters, and seats. When completed the reserve will have extensive native plantings and a traditional pātaka kai (food storehouse).

Water Recreation

- Overall, there has been an increase in visitors to the three Council pools, and CLM reports that visits are back to pre Covid-19 levels.
- More families accessed the free swimming for supervised Under 5-Year-Olds programme than in previous years. The number of under-five swimmers increased from 14,463 in 2020/21 to 20,321. This exceeds the original programme assumptions by 10%.
- Further delays in architectural services have resulted in the upgrade of the Lido changing rooms being delayed until the 2023/24 financial year.

Sport

It has been a difficult year for sports field maintenance. There have been extended dry periods, intense wet periods, a cyclone, and warm autumn weather to contend with. Despite this, there was no noticeable disruption to sports tournaments and games. Winter training was however disrupted in May and early June by a period of wet weather, causing the closure of training grounds mid-week.

- The Big Bash Netball/Tennis courts at Vautier Park resurfaced.
- The neighbourhood basketball court in Ashhurst was upgraded
- The Colquhoun Carpark was sealed.
- Gravel banding was completed at Lincoln Park to improve drainage.

Central Energy Trust Arena

Central Energy Trust Arena returned to business as usual during the 2022/23 financial year after all Covid-19 restrictions were lifted in April 2022. This saw events that had been postponed finally able to take place along with a large variety of regular events on the calendar. The calendar of activity included large-scale festivals, National sporting tournaments, International sports fixtures, concerts, exhibitions, and commercial events. This was all on top of the regular community sport and non-sport activity that makes up 95% of the utilisation of the facilities.

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

- Armageddon Expo
- NZ Food Awards
- BrewDay
- Juicy Festival
- UB40 Concert
- Exponents Concert
- Wellington Phoenix vs Perth Glory Football
- Hurricanes vs Western Force Super Rugby
- NZ Secondary Schools Basketball Nationals
- NZ Secondary Schools Volleyball Nationals
- Manawatū Home and Lifestyle Expo
- Property Brokers Company Day
- NZ Junior Badminton Nationals
- Bunnings NPC Rugby
- NZ Careers Expo
- Speedway Regular Season
- ENZED Superstock Teams Champs (2 nights)
- Women's Lifestyle Expo
- Property Brokers Christmas
- Jets Basketball Season
- Pulse Netball

Central Energy Trust Arena hosted 3,057 individual bookings in 2022/2023 with more than 468,000 in attendance.

In a year where business returned to some normality following Covid-19 interruptions, there were some real highlights through an outstanding calendar of events that brought activity and ensured there was something for all areas of our community. The regular calendar of events was supplemented by events that had been previously postponed due to restrictions. The recently completed Entrance Plaza/ Speedway Pits facilities greatly enhanced the Arena 1 venue and operationally this area has made a huge difference to clients, the public, and venue staff. Events hosted such as the Speedway Teams Champs and Juicy Festival, operated seamlessly with 15,000 people in attendance each event day. It was fantastic to welcome back Super Rugby with the Hurricanes playing the Western Force and to host an A-League fixture with Wellington Phoenix playing the Perth Glory, their first return to the province for an A-League fixture since 2009.

Partnerships and Support

The Council's primary support to sport and recreation groups is through its partnership agreement with the local sports trust, Sport Manawātū. This year a new three-year funding agreement and partnership plan was agreed between the Council and Sport Manawātū. Outcomes in the new agreement align closely with Council's strategic direction, particularly with the Active Communities Plan, and includes the administration of two contestable funds: the Sports Event Partnership and Active Communities Funds. Key points to note in the 2022/23 year, include:

- The Sports Event Partnership Fund supported 35 sports events with an estimated \$13,235,000 economic benefit to the City.
- The Active Communities Fund supported 37 people to overcome financial barriers to being more active.
- Sport Manawātū led a full review of the 2018 Manawātū-Whanganui Regional Sports Facility Plan (RSFP) following a review of the Plan's Palmerston North sections in the previous year.

- Several sports facility proposals from sports clubs and organisational advocates are moving through the RSFP's investment decision-making process including an artificial football field, a covered artificial bowling green, a regional gymnastics facility, outdoor canoe polo courts, and a disc golf course.
- The Bike Ready cycle skills programme was delivered to 550 school students at the Grade 2 level that aims to increase on-road and recreational cycling confidence and promote cycling as an active transport option.
- Sport Manawātū advocated for the Council to receive a Sport NZ-funded Play Advisor position at Council and focussed its play activity on a neighbourhood play system around Terrace End school.
- Sport Manawātū hosted the biannual Play, Recreation and Sport conference in October 2022 with fifteen presentations delivered to around 60 people from across the region.
- It delivered a swimming survival programme aimed at creating safer steps for community groups to access natural waterways.
- Successfully applied to Sport NZ Ihi Aotearoa for the re-establishment of the He Oranga Poutama investment (develops, promotes, and implements physical activities in a way that is culturally appropriate to Māori) in partnership with Te Pae Oranga o Ruahine o Tararua iwi Maori partnership board.

Council also supported a wide range of sports and recreation groups through community occupancy/leasing arrangements on numerous Council properties. Other groups are supported through operating grants including the Manawātū Mountain Bike Club to improve the trails at Arapuke Forest Park, and Massey University through a contribution to the ongoing operating costs of the Manawātū Community Athletics Track and the Massey Hockey Turf so they are accessible to the wider community.

ONGOING CONSIDERATIONS

Play and Active Recreation

The 2021 assessment of park assets highlighted that the level of service varies across the city. A three-year programme to close these service gaps, with an initial focus on Suburb Reserves, was included in the 2021 LTP. Funding for this programme in 2023/24 has been removed due to budgetary pressure. This will result in delays in closing the identified service gaps.

There was an increase in shade tree planting within reserves in 2022/23. It will be some years before these newly planted trees will provide shade for users and consequently for the reserves to achieve the status of having 'plenty of shade'.

The changing climate continues to put pressure on the assets located within Parks, especially during intense rainfall events. Cyclone Gabrielle brought extensive flooding throughout the river park. Intense storm events during the year brought heavy rain and strong winds, resulting in trees being blown over and the temporary closure of some walkways due to slips.

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

Central Energy Trust Arena

Confidence in the commercial and community sectors returned during the past financial year following the previous years of restrictions. However, there is some caution heading into the new financial year as the economy comes under pressure. Attendance numbers at some events are lower than anticipated and the take-up of tickets is happening much later than previously experienced. This causes uncertainty in the market for event organisers, consequently, focus needs to remain on ensuring the diversity of events, along with strategies to market the venue and develop new event opportunities.

There will continue to be greater competition as the larger cities target traditional regional events, however, the flexibility of the venue and full-service options provides points of difference.

Water Recreation

The pressure on pool space within Council facilities during certain times of the day continues and there have been several submissions to Council for increases to levels of service and new facilities for water sports whose needs are not being met. The Aquatic facilities and water recreation preliminary feasibility study/needs analysis in 2022/23 is nearing conclusion. The outputs will help quantify the extent of the need and identify the options available to address the current demand issues.

Sport

The demand for sports and training fields is changing, and new sports are emerging. SportNZ forecast that this trend will continue. We will continue to work with Sport Manawātū to identify opportunities to make better use of existing sports facilities and/or redevelop existing green spaces to meet these changing needs. Provision has also been made within the 2021-31 LTP for the development of additional sports fields in growth areas.

The seasons are changing, making the programming of ground maintenance more challenging. The wetter springs are making ground renovations post-winter sports more difficult to achieve.

Partnerships and Support

The sport and recreation sector are returning to a new normal following the disruption of Covid-19 restrictions. Through this period many of the sport and recreation organisations we work with have had to adapt to new ways of delivering activities to the community and this is set to continue. This includes taking a more collaborative, cross-agency approach to tackle the challenges of the rising cost of living and other societal factors that are impacting people's ability to be active.

The Council's direct support of a wide range of sport and recreation groups is essential in ensuring that physical activity through participation in sport and recreation continues to contribute to well-being.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Provide a wide range of accessible and well-maintained play, active recreation and sports facilities to increase levels of physical activity and participation in sport and active recreation and meet a diverse range of local communities. (Note: these facilities are city reserves, suburb reserves, local reserves, sports fields, the Central Energy Trust Arena, walkways and shared paths, and swimming pools).	1. Increase in use of parks, sports fields and playgrounds. Target: Narrative measure outlining Parks Check Survey results.	Target Not Met	Visitors to our parks, sports fields and playgrounds are asked how frequently they visit. On average, across all park types, 44% of people visited at least once a week. This is lower than other organisations (67%), and 18% lower than our results in 2021/22, when 62% visited at least once a week. Our results are similar to 2020/21. The survey shows that 10% of respondents visit parks every day, 20% several times a week, and 14% once a week. The reason for the overall decline in 2022/23 will be investigated further. It is noted that Cloverlea Park was surveyed, and park usage has increased since the recent upgrade.
	2. Increase in use of aquatic facilities. Target: Usage numbers at Lido, Freyberg and Ashhurst Pools.	Target Met	The number of users of the Lido for the year was 385,793 – 18% higher than 2022. The number of Under 5's users is 34% higher than last year. The number of users of the Freyberg Community Pool for the year was 190,617, 23% higher than last year. The number of Under 5's users is 43% higher than last year. The number of users of the Splashhurst Community Pool for the year was 31,125, 6% higher than last year. The number of Under 5's users was 45% higher than last year. (2021/22 – Lido – 325,154) (2021/22 – Freyberg – 154,600) (2021/22 – Ashhurst – 29,369)
	3. Increase in use of Central Energy Trust Arena for community sport and active recreation. Target: Narrative measure outlining number of community events and hours.	Target Met	In the past financial year, there have been 2,787 individual bookings for Community Sport at Central Energy Trust Arena compared to 2,312 the previous year. This is an increase of 475 bookings or 21%. Hours of use were 10,459 compared to 6,661 the previous year, an increase of 3,798 hours or 57%. Participation numbers were 190,118 compared to 137,798 the previous year, an increase of 52,320 or 38%.
	4. Increase in satisfaction of Council's sport and recreation facilities. Target: Narrative measure outlining trends in user and resident feedback and surveys.	Target Met	The overall satisfaction rating, across all park types surveyed in our Park Check survey is 96.2%. This overall satisfaction result is above the median from the 14 Councils who use the survey. This result is slightly lower than 2021/22 which showed a 98.5% overall satisfaction rating.
Work in partnership with external recreation organisations, and facility providers, to help increase levels of participation in play, active recreation and sport.	5. Council works in partnership with external organisations. Target: Narrative measure outlining partnership initiatives designed to increase participation and their outcomes.	Target Met	The agreement with Sport Manawātū is ongoing, with regular reporting to the Culture and Sport Committee. Reporting is done for Sport Manawātū's overall performance, as well as individual community investigations and projects supported through this agreement. The Play Advisor, funded in Council by Ihi Aotearoa/ Sport New Zealand, is focused on implementation of the Play Policy.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary

Active Communities

	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
REVENUE				
Central Energy Trust Arena	2,765	1,952	813	2,359
City Reserves	957	880	77	767
Local Reserves	119	135	(16)	174
Sportsfields	113	123	(10)	112
Support to recreation groups	10	-	10	-
Swimming Pools	7	82	(75)	76
TOTAL REVENUE	3,971	3,172	799	3,488
EXPENSES				
Central Energy Trust Arena	9,070	6,832	(2,238)	8,763
City Reserves	3,995	5,434	1,439	3,913
Local Reserves	4,959	4,040	(919)	4,200
Sportsfields	3,306	3,311	5	2,946
Support to recreation groups	824	1,001	177	970
Swimming Pools	2,833	2,788	(45)	2,813
TOTAL EXPENSES	24,987	23,406	(1,581)	23,605
NET OPERATING COST OF ACTIVITY	(21,016)	(20,234)	(782)	(20,117)
RATING ALLOCATION				
Add back depreciation	7,650	6,447	1,203	7,213
Add back Transfers to/from reserves	-	235	(235)	-
Less Renewal capital expenditure	(3,884)	(5,664)	1,780	(2,519)
Add/(Less) borrowing effect of renewal 3 year averaging	1,186	1,186	-	(347)
Add external revenue for renewal capital	-	-	-	-
Less provision for debt reduction	(1,187)	(1,187)	-	(1,028)
Add general rates allocation	17,251	19,217	(1,966)	16,798
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

- City reserves expenses were lower than budget, offset by local reserves being higher than budget.
- Central Energy Trust Arena's operating revenue was higher than budget, offset by higher expenses. Depreciation was also higher than budget due to recent upgrades.

Significant Activity Capital Projects
Active Communities

	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
CAPITAL RENEWAL				
819-Central Energy Trust Arena - Replacement of Equipment	37	46	9	
1051-CET Arena - Arena Renewals	1,202	2,012	810	
1759-CET Arena - Grounds Renewals	44	46	2	
1786-Recreational Buildings - Sports Pavilion and Changing Room Renewals	250	286	36	
1827-Local Reserves - Renewals	721	698	(23)	
1829-Sportsfields and Artificial Turfs - Renewals	254	258	4	
1830-City Reserves - Memorial Park - Renewals	201	163	(38)	
1831-City Reserves - Te Marae o Hine - The Square - Renewals	80	73	(7)	
1832-City Reserves - Ashhurst Domain - Renewals	38	36	(2)	
1834-City Reserves - Walkways - Renewals	122	99	(23)	
1835-City Reserves - Linklater Reserve - Renewals	60	62	2	
1837-Swimming Pools - Pool Renewals	375	839	464	
1840-City Reserves - Victoria Esplanade- Renewals	324	332	8	
1960-Central Energy Trust Arena- Arena 1 Sound System Replacement-oval	-	205	205	
1962-Arena Security Card System	47	51	4	
1964-Arena Indoor Stadium Sound System Replacement	-	304	304	
1965-Arena Kitchen Equipment Replacement	115	154	39	
2022-Property - Hard Surfaces Renewals	14	-	(14)	
TOTAL CAPITAL RENEWAL	3,884	5,664	1,780	2,519
CAPITAL NEW				
111-Local Reserves - Roslyn - Edwards Pit Park Development	44	36	(8)	
165-Outdoor Adventure Reserves - Arapuke Forest Park/Kahuterawa Development	2	7	5	
196-Caccia Birch - Lagoon Embankment Upgrade	(4)	-	4	
967-City-wide - Edibles Planting	5	5	-	
1083-Central Energy Trust Arena Manawatū - Entrance Plaza	(4)	-	4	
1099-Parks and Reserves - Shade Development	42	40	(2)	
1560-Sportsfields - Bill Brown Park - Additional Carparking	28	35	7	
1845-City Growth - City Reserves - Te Marae o Hine - The Square - Capital New	168	162	(6)	
1846-City Growth - City Reserves - Walkway Extensions - Capital New	215	324	109	
1847-City Growth - City Reserves - Victoria Esplanade - Capital New	17	-	(17)	
1848-City Growth - City Reserves - Linklater Reserve - Capital New	126	103	(23)	
1850-City Growth - City Reserves - Memorial Park - Capital New	43	225	182	
1851-Sportsfield Improvements - Capital New	13	12	(1)	
1852-Local Reserves - Improvements to existing reserves to close identified level of service gaps	161	154	(7)	
1853-Local Reserves - Development of Existing Reserves - Capital New	23	27	4	
1854-Swimming Pools - Splashhurst Pool Enhancements	(8)	-	8	
1856-Urban Growth - Hokowhitu - Reserves - Purchase and Development	629	444	(185)	
1857-Urban Growth - Kakatangita - Kikiwhenua - Reserves - Purchase and Development	3	1,294	1,291	
1859-Urban Growth - Whakarongo - Reserves Purchase and Development	-	28	28	
1884-Local Reserves - Accessibility and Safety Improvements	103	102	(1)	
2006-City Centre Play - Fixed Play Development	-	70	70	
2138-Lido Backwash Compliance	69	300	231	
TOTAL CAPITAL NEW	1,675	3,368	1,693	2,079
TOTAL CAPITAL PROJECTS	5,559	9,032	3,473	4,598

ARTS AND HERITAGE

WHAT THE COUNCIL DOES

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

KEY ACHIEVEMENTS

- 'Digital November-Machine à bulles', saw more than 18,000 people engaging with exhibitions of digital comics, animations, and films, and 130 school students participate in drawing workshops.
- Strengthening Pasifika led arts in the City through CNZ funded programmes and our support for MYTH Moana production.
- A grant from the Lottery Environment and Heritage Fund enabled the restoration of the Bunnythorpe War Memorial.



WHAT HAPPENED IN THE YEAR

Creative New Zealand

Creative New Zealand provided two grants to support initiatives towards the achievement of their Pasifika Arts Strategy, totaling \$45,000. As a result, Council will facilitate a Pacific Arts Regional Fono and a Pacific Artist Residency in mid-late 2023, to nurture and strengthen Pasifika-led arts in the city.

The annual Creative Communities Scheme, which is partly funded by Creative New Zealand, was allocated over two funding rounds, with \$108,186 allocated, and just over \$6,000 unspent and to be carried forward to 23/24. One of the projects from the first funding round was Alliance Francaise' 'Digital November-Machine à bulles', which saw more than 18,000 people engaging with exhibitions of digital comics, animations, and films. 130 school students also participated in drawing workshops. Another highlight was an environment-themed mural produced by artist Joe McMenamin for Environment Network Manawatu's building on Cuba Street.

Art Event Fund

The Art Event Fund, which offers community groups support to host art events that have regional or national significance and that bring economic benefits to the city, was mostly allocated. Manawatu Youth Theatre's Moana Jr, performed at the Regent Theatre, was one of the recipient events. Moana Jr showcased local youth talent and was produced in collaboration with the Pasifika community.

Arts Initiatives

Arts Initiatives is an operational programme that funds smaller-scale community arts projects and activities. This year one of the projects supported was the Meltdown Records 38th Back Catalogue Anniversary performance at The Royal, followed by Origin Stories from the Stomach Panel Discussion. Members of ten bands from the 1980s-90s came from around New Zealand, performed for free, and provided a unique opportunity to hear the 'Palmy sound' recorded by Palmy's record label Meltdown Records. The panel discussion included Meltdown Records founder Dr. Peter Shepherd, Dave White – founder and first manager of The Stomach, Tehimana Kerr – founding member of Fat Freddy's Drop and Jeremy Corbett, Len Carney, and Sean O'Connor – all of whom played overseas or had gone on to careers in entertainment. The panel discussion was recorded by The Stomach and will be made available for public listening online once edited.

Care and Maintenance of public art and sculpture

The regular maintenance programme for public art continued this year, with some delays to work related to the availability of specialist support. A grant from the Lottery Environment and Heritage Fund enabled the restoration of the Bunnythorpe War Memorial. The memorial was completed in time for Anzac Day 2023. A delay in the reproduction of a missing section of the memorial provides an opportunity for the community to host a re-dedication of the memorial in the coming year.

Repairing vandalism to the monuments and memorials in Te Marae o Hine The Square made a significant impact on the maintenance budget and resulted in the postponement of some planned work.

Cultural CCOs

➤ The Regent Theatre

The Regent had a successful year of recovery after Covid-19 lockdowns in previous years. 113,561 people attended the theatre throughout the year, which has made this the busiest year during the past 18 years. The Regent celebrated 25 years with the premiere of locally produced Legend of Okatia.

➤ The Globe Theatre

The Globe also saw a successful year of recovery after Covid-19 lockdowns in previous years, with a large number of shows offered. The Globe saw 23,190 attendees for the year. The Globe attracted 35 national/international touring groups to Palmerston North, which increases the variety of acts performed in the city.

➤ Te Manawa

Te Manawa's visitor satisfaction remains high but visitor numbers have yet to return to pre-covid levels. Te Manawa is currently going through a transition, with the new Chief Executive setting new priorities and direction. Te Manawa has digitalised 10% of its collection online – which is several thousand objects and, 100% of the Art Collection is online.

Heritage

Caccia Birch House has undergone a positive transformation since being placed under Council management. The shift in focus has been towards enhancing community access to this historical landmark. With an emphasis on community public events, the house has increased its position as a unique location for community gatherings and celebrations. Over time, there has been a gradual increase in the overall use of the venue, reflecting its growing popularity among residents. Furthermore, efforts have been made to optimise operational efficiencies, ensuring that the house operates smoothly and efficiently for the benefit of all those who visit.

Working with owners of earthquake-prone heritage buildings was the key focus of heritage management. This meant we concentrated on helping owners understand the process, options, and costs of addressing the earthquake-prone status of their buildings. Supporting this the allocation of the Heritage Fund was completed.

ONGOING CONSIDERATIONS

Arts

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

The current care and maintenance plan for public art and sculptures will continue in the coming year, and planning will also be undertaken to feed into the Public Art Asset Management Plan, Public Art Policy, and Long-Term Plan.

A feature of the coming year will be a local Pasifika Arts Fono, and a Pasifika Artist in Residency programme, both being delivered in late 2023 in partnership with Creative New Zealand.

Support will also be given to our arts venues as they navigate the emerging impacts of increasing costs of living on ticket sales.

Heritage

Since it transitioned to Council management, Caccia Birch House has experienced several improvements. The active participation of the Caccia Birch Trust and the Caccia Birch Advisory Committee has proven invaluable, offering diverse perspectives and avenues for community engagement. In the future, these perspectives will be critical to inform the Caccia Birch Masterplan development. To ensure fairness and competitiveness, pricing has been aligned with industry standards and will continue to be subject to ongoing evaluation. The commitment to enhancing community access remains a top priority, with a careful selection of events that resonate with the community. These ongoing considerations highlight the dedication to creating a vibrant and inclusive space at Caccia Birch House, where the needs and interests of both the house and the community are consistently prioritised.

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

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Provide support to community organisations, cultural Council-Controlled organisations and individuals to help make Palmerston North a creative and exciting city	<p>1. Increase in patronage of Council-owned cultural facilities (Te Manawa, Globe Theatre, and Regent Theatre), as measured by reports provided by operators.¹</p> <p>Target: Annual patronage numbers for the CCOs increase.</p>	Target Not Met	<p>The individual targets for each facility were not met, but we are pleased to report numbers have increased from the previous year.</p> <ul style="list-style-type: none"> ➤ The patronage for Te Manawa 2022/23 was 121,914. This is up from 77,319 the previous year. ➤ The patronage for The Globe 2022/23 was 23,190. This is up from 14,657 the previous year. ➤ The patronage for The Regent 2022/23 was 113,561. This is up from 30,183 the previous year.
Maintain and enhance cultural facilities that provide a range of opportunities for people to access and participate in the arts.	<p>2. Funding is distributed, and the key objectives achieved.</p> <p>Target: Narrative measure outlining outcomes achieved by the CCOs.</p>	Target Met	All budgeted funding has been distributed to the CCOs and majority of objectives have been achieved. The outcomes achieved by the CCOs are outlined in section 4 of the Annual Report.
Work closely with Rangitāne o Manawātū to support it to be kaitiaki of its heritage places and to increase the wider community's understanding and appreciation of Rangitāne o Manawātū heritage.	<p>3. Sites of significance to Rangitāne o Manawātū are identified, protected or acknowledged.</p> <p>Target: Narrative measure outlining the number and description of sites.</p>	Target Met	We replaced the lime surface surrounding the clocktower in Te Marae o Hine with concrete. The concrete will be overlaid with a clock pattern, encased in resin, as soon as the weather is suitable. The upgrade to the Albert Street entrance to the river has progressed with the laying of decking and electricity cable. Co-design of Ruahine Reserve is complete, and earthworks have started on site. Opportunity to include heritage signage as budgets permit.
Invest in cultural heritage buildings and places to give the community the opportunity to use and appreciate their heritage values.	<p>4. Increase in investment of earthquake-prone heritage buildings.</p> <p>Target: Narrative measure outlining investment in buildings and its outcomes.</p>	Target Met	The Former Post Office is nearing applying for resource consent. The former Manawātū Kilwinning Mansonic Lodge and Former Union Baptist Church (Church Street) have recently been jointly acquired by a new owner.
Promote and celebrate local history.	<p>5. Heritage is part of the multi-disciplinary approach to working on Council projects.</p> <p>Target: Narrative measure outlining the projects and their multi-disciplinary nature.</p>	Target Met	<p>Multidisciplinary heritage activities include:</p> <ul style="list-style-type: none"> ➤ Urban design support for pre-application for the former Post Office building, including coordination with Streets for People. ➤ Kerei Te Panau Hopwood Clocktower resurfacing has incorporated heritage and urban design elements.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Arts and Heritage	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
REVENUE				
Other Cultural Facilities	-	1	(1)	13
Support to arts, culture and heritage groups	202	65	137	188
Te Manawa	42	32	10	32
TOTAL REVENUE	244	98	146	233
EXPENSES				
Heritage Management	92	196	104	133
Other Cultural Facilities	2,520	2,548	28	2,499
Support to arts, culture and heritage groups	2,352	2,211	(141)	2,308
Te Manawa	4,834	4,737	(97)	4,676
TOTAL EXPENSES	9,798	9,692	(106)	9,616
NET OPERATING COST OF ACTIVITY	(9,554)	(9,594)	40	(9,383)
RATING ALLOCATION				
Add back depreciation	2,724	2,615	109	2,671
Less Renewal capital expenditure	(678)	(902)	224	(735)
Add/(Less) borrowing effect of renewal 3 year averaging	368	368	-	236
Less provision for debt reduction	(199)	(199)	-	(181)
Add general rates allocation	7,339	7,712	(373)	7,392
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Significant Activity Capital Projects Arts and Heritage	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
CAPITAL RENEWAL				
213-Cultural Facilities - Renewals	668	892	224	
1144-Manawatū Heritage (Archives Digital Repository) Renewal	10	10	-	
TOTAL CAPITAL RENEWAL	678	902	224	735
CAPITAL NEW				
902-Property - Seismic Strengthening of Council Properties	2,214	4,862	2,648	
TOTAL CAPITAL NEW	2,214	4,862	2,648	355
TOTAL CAPITAL PROJECTS	2,892	5,764	2,872	1,090



Caccia Birch House

CITY SHAPING

WHAT THE COUNCIL DOES

City Making

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

City Centre

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

Placemaking

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

Mā te tangata e whai wairua ai ngā wāhi huihui o Papaioea

It is through people that the gathering places of Palmerston North gain spirit.

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

KEY ACHIEVEMENTS

- Detailed design and engagement for our City Centre Transformation Streets programme are ongoing with capital works expected to be delivered in the future.
- Public, ad-hoc space bookings are continuing in the central city and initiatives driven by Palmy BID are starting to gain momentum such as George Street Retro Markets.
- Changes to communications about outdoor dining have seen an increase in activity at the street edge.



Cuba Street upgrades

WHAT HAPPENED IN THE YEAR

City Making

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

City Centre

Development of key city centre spaces is now well underway to create a highly accessible, walkable, connected, and economically prosperous destination in the heart of our city. Detailed design and engagement for our City Centre Transformation Streets programme (to create more inviting and attractive streets bordering Te Marae o Hine to induce more economic activity and vibrancy) is ongoing with capital works expected to be delivered in the future.

Placemaking

The parklet programme has captured the attention of a broader business community beyond the city centre and has become a tool to reinforce visible public life in village centres.

Capital programmes such as City Centre Transformation – Cuba Street continue to increase the amount of space that the business community can use. This includes providing information to businesses about opportunities like dining on street.

ONGOING CONSIDERATIONS

City Making

The success of Pop-Up play programmes requires ongoing and genuine collaboration with community partners to guarantee buy-in from the public and to ensure any activations provide meaningful play opportunities in the central city. Sport New Zealand has provided additional funding for a dedicated Play Advisor role within council, which will be active in the coming year in building relationships and coordinating the delivery of Council's Play Policy. An evolving events landscape will also provide new opportunities to explore this area in the year ahead.

City Centre

Following the completion of the Cuba St upgrades, the focus will be moving to complete the link from Pitt to Waldegrave Streets.

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

The long-term plan has a dedicated budget to co-fund future tactical urbanism projects with Waka Kotahi.

Placemaking

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

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Implement the City Centre Streetscape Plan to increase city centre vibrancy and improve the perception of the city.	<p>1. City Centre Streetscape Plan is successfully implemented.</p> <p>Target: Narrative measure outlining progress on implementing the Plan.</p>	Target Met	June saw the presentation of the Council paper providing an update on the design, governance structure, and a request for approval to vary the contract sum with the design consultant. The developed design has been circulated to the Disability Reference Group ongoing. The design consultant is continuing to work on the detailed design and will meet the 30 June completion, meeting updated delivery targets.
Implement City Shaping Plan actions in partnership with other agencies. Provide seed funding and support for people to lead public space projects to develop accessible, active, comfortable and social public places. Promote multidisciplinary working on Council and community projects to drive outcomes that deliver on multiple Council objectives.	<p>2. A wide range of public space projects are implemented.</p> <p>Target: Narrative measure outlining the public space projects, their multi stakeholder / multidisciplinary nature, and their outcomes.</p>	Target Met	The Highbury Shops Revitalisation, which has been co-designed with community within Ora Kōnnect, commenced construction in June 2023. The project will see a range of safety and beautification improvements made to the shop front area, carpark and surrounding green space. The 2nd phase of the Cuba Link has been completed and involved coordination with the PN Public Sculpture Trust. Opportunity to include heritage signage as budgets permit. A Pātaka Kai Guide (in consultation with ENM (Environmental Network Manawātū)) and an Outdoor Dining Guide (in consultation with Palmy BID) have been released to reduce barriers to entry for residents and businesses contributing to visible public life. Two new murals were donated to the city: One on the back of Allsorts Cafe, Berrymans Lane, by Sean Duffell (Blenheim) and Swiftmantis (PN); one on the CAB facing Main St Tattoo, by Darcelle Nessar (PN).

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary City Shaping	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
REVENUE				
TOTAL REVENUE	-	-	-	-
EXPENSES				
City Centre	362	338	(24)	295
Place activation	67	72	5	98
Placemaking	53	120	67	115
TOTAL EXPENSES	482	530	48	508
NET OPERATING COST OF ACTIVITY	(482)	(530)	48	(508)
RATING ALLOCATION				
Add back depreciation	24	16	8	8
Less provision for debt reduction	(58)	(58)	-	(39)
Add targeted rates allocation	242	249	(7)	249
Add general rates allocation	274	323	(49)	290
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Significant Activity Capital Projects City Shaping	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
CAPITAL NEW				
1330-Placemaking Co-created Project (capital)	-	16	16	
1440-Cuba Street urban streetscape improvements - Rangitikei to George Street (Stage 2)	2,192	1,164	(1,028)	
1473-City Centre Lighting and Projection Demonstration Project	3	89	86	
1476-City Centre Laneways Programme	-	21	21	
2122-CBD Streets for People	569	599	30	
TOTAL CAPITAL NEW	2,764	1,889	(875)	802
TOTAL CAPITAL PROJECTS	2,764	1,889	(875)	802



Whāinga 3: He haponi tūhonohono, he haponi haumarū

Goal 3: A connected and safe community





CONNECTED COMMUNITIES

WHAT THE COUNCIL DOES

Community facilities

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

Community development

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

Social housing

Access to adequate housing poses a significant public health challenge in New Zealand, with poor-quality housing being associated with adverse social outcomes for both individuals and communities. As part of its efforts to improve social well-being, the Council maintains a commitment to providing social housing. This chapter aims to establish warm, safe, and affordable social housing while promoting a strong and thriving social housing sector.

Healthy communities

Community wellbeing includes all aspects of health, te whare tapa whā, and includes the promotion of physical wellbeing. Community venues, events, and public spaces provide opportunities to improve the health of communities. This chapter's purpose is to improve the health of Palmerston North communities.

Events and festivals

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

KEY ACHIEVEMENTS

- The seismic strengthening of the crematorium began in late 2022.
- The community libraries at Ashhurst, Awapuni, and Te Pātikitiki have worked alongside a wide range of community groups to meet kai demands in their communities.
- For the first time in three years, the Palmy youth sector came together to deliver a collective Youth Week programme.



Lunar New Year Celebrations

WHAT HAPPENED IN THE YEAR

Community Facilities

Community Centres

Palmerston North Community Leisure Centre, Rangiora Community Centre and Kelvin Grove Community Centre received considerable refurbishment, including a new car park and access ramp for Kelvin Grove. The kitchen in the Pasifika Centre was also replaced.

Regular meetings were held with the Management Committee of each Community Centre throughout the year. Two cross-centre hui were facilitated to encourage the sharing of ideas and best practice.

Bookings from regular and casual users have returned to pre Covid-19 levels across all centres.

Community Places, a stocktake and needs assessment review of all community facilities including the centres, was completed, and presented to Council. Recommendations from the needs-assessment will be incorporated into work plans for next year and the development of the next Long-Term Plan.

Cemetery

The seismic strengthening of the crematorium building commenced in late 2022 along with the project to incorporate an office within the crematorium building. This work is due for completion in mid-2024.

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

City Library

Ongoing resourcing issues continued to affect overall service delivery resulting in our libraries not returning to full opening hours or full library programming this year. However, all our libraries continued to be valued by the community.

The City Library had 495,355 physical visits this year (noting that not all library locations were open for the full twelve months); the City Library website had 166,289 sessions (changes in website analytics means that this number is indicative only); Manawatū Heritage had 279,273 page views and 80,975 sessions. The library continued to be innovative and responsive in the way it responded to community needs by providing a range of physical and digital content, services, programmes, connections, and experiences.

The digital library continued to expand, and the breadth of digital content allowed people to stream 21,409 films through Beamafilm and Kanopy; read 6,645 titles through Press Reader and use Ancestry 23,861 times. The Library App saw significant growth in uptake with 107,505 sessions this year versus 85,511 last year.

Community Libraries

Unfortunately, two of our community libraries we lease at Awapuni and Roslyn had to be temporarily closed. This was while we worked with the respective landlords to remedy some water tightness issues and caused a disruption to services in these communities. We worked hard to limit the time these facilities needed to close.

Lifelong Learning Programming

The lifelong programmes, initiatives, and events offered by the City Library are achieved by continuing partnerships and collaborations with many of the city's organisations, cultural institutions, and the wider community. This year 2,412 activities, programmes, and events were delivered with 60,521 attendees. These programmes are essential to contributing to a sense of place; enhancing community cohesion; and helping to increase the vibrancy of the city through encouraging lifelong learning and creativity. Successful examples included reading and literacy programmes, book launches, book clubs, writers' hubs, film festivals, sustainability workshops, poetry readings, support for Anzac Day and Armistice Day, and Local History Week and the city's first Heritage Month.

This year, Local History Week moved from November to March to coincide with the introduction of an annual Heritage Month. Heritage Month builds on the success of the City Library's Local History Week with activities delivered by heritage sector partners across the city. The inaugural programme aimed to have something for everyone – talks, panel discussions, radio shows, tours, walks, exhibitions, and workshops and also offered a teacher-specific stream. A particular highlight was Manawatū: meander from source to sea, guided by THEN – Histories of Pāmutana, a day-long tour with pūrākau (historical and cultural stories) along Te Awa o Manawatū.

Also held in Heritage Month, was the third Ka Mua, Ka Muri Expo (translated as looking backward to look forwards), where heritage groups and historians offered resources and information to give teachers the tools to teach the revised New Zealand Aotearoa Histories curriculum. Groups included the New Zealand Rugby Museum, Te Awahou Nieuwe Stroom, Massey University, MavTech, the Manawatū Journal of History, and Te Pae Matauranga o Rangitāne. Teacher feedback was positive – “We are looking at local history and this is giving us some idea of how we can go about teaching local history, instead of just the overarching New Zealand stories.”

The library coordinates the 'Back Issues' series of the Manawatū Standard – a weekly history feature with strong visual images. Working with local writers to share different aspects of local history, the focus is on topics useful to local teachers in support of the new curriculum. Also designed to help teachers, a pilot project called 'My Migration Story' matched primary school teachers with members of the local branch of the NZ Society of Genealogists. The primary goals of the programme were to assist teachers to:

- learn how to use research tools and databases to identify ancestors who were born in, or who migrated to Aotearoa
- determine the location of whānau burial sites in Aotearoa or elsewhere

- use a specifically designed visual tool to help tell their whānau migration story and to strengthen their connection to whenua and place.

The community libraries at Ashhurst, Awapuni, and Te Pātikitiki have worked alongside a wide range of community groups to meet kai demands in their communities. These include Environmental Network Manawātū, RECAP, Let's Grow Highbury, Awapuni Community Gardens, Community Harvest, Massey University, Just Zilch, Manawātū Food Action Network, Growing Gardens and Communities, Te Whare Koha, Pātaka Kai 4,412, Whakapai Hauora Maara Kai, SuperGrans, Plant to Plate, and many residents willing to pass on kai from their vegetable gardens.

This year the Maara Kai (vegetable garden) and Wao Hua (urban food forest) at Te Pātikitiki Library (developed in partnership with PNCC, Ora Konnect, and Environment Network Manawātū) were planted. The garden aspires to provide a learning space that models Hua Parekore. This model uses an organic framework that incorporates kaitahitanga, whanaungatanga, manaakitanga and whakapapa and encourages the use of Te reo Māori, and Rangitāne (and wider iwi) Māori values. The aim is for the community to come together and learn aspects of growing kai through each other, sharing knowledge and skills. The garden hosted an event in October to celebrate the beginnings of the food forest and share in the hand-over of the 4412 Kai Resilience Strategy created by the Manawātū Food Action Network.

Summer Reading

The City Library children's reading programmes are sponsored by the Eastern and Central Community Trust. Book Buds Winter Warmers; Summer Reading (including in Te Reo Māori); and iRead, enabled 1,437 children to continue to participate in reading and literacy programmes.

- The Summer Reading Programme had 566 participants aged 4-10 years across all City Library locations.
- Our Te Reo Māori reading programme continued to excel, with a Te Ao Māori immersive approach in a bilingual setting producing 100% achievement for all 47 participants.
- Children who spoke another language explored their reading by completing book chats in their first voice. Language volunteers were connected to participants through our partnership with the Manawātū Multicultural Council (MMC). 40 participants chose another language for their book chats and stories were read in Arabic, Chinese, Japanese, Portuguese, Spanish, and Samoan.
- The iRead (Intermediate) Summer Reading Programme for 11-13yr olds was completed by 111 young people through a flexible design that allowed participants to complete check-ins online through Beanstack, in person, or a combination of both.
- A Book Buds Winter Warmers reading programme was completed by 713 primary school-aged children across five City Library locations

Outreach Connections and Home Service

Our Outreach Coordinator has been very active in building community connections and generating new outreach projects focused on connecting under-served communities to library services, initiatives, and programmes, and has included:

- adult literacy initiatives with Literacy Aotearoa
- library support for the STRONG programme run by PARS.
- library presentations to the 4412 Paia event in Awapuni, Rebus Manawātū, and both the Pasifika and Disability Reference Groups
- partnering with Sport Manawātū with learning sessions for seniors on the use of the Nymbi App.

We also continued to service 105 customers who regularly receive scheduled long-term deliveries of library materials through our Home Service. A key factor in the success of the Home Service is the regular and extensive promotion of service options across the wider community through networking with key stakeholders such as rest homes, retirement village administrators, health professionals, and whānau.

Youth Space

Although impacted by ongoing resourcing issues, this year saw a continued focus on youth development through daily activities and regular programmes and initiatives that utilise Youth Space. Programme highlights include NanNoWriMo (international novel writing month); Stress-Free study week; and a rangatahi-led supply drive for those affected by Cyclone Gabrielle in collaboration with Best Care Whakapai Hauora and PTS Logistics. In addition, the team facilitated 25 young people to attend The Festival for the Future, the annual social innovation and enterprise conference in Wellington. The team was supported by Youthline and Corrections youth workers to ensure a wide range of people could access this opportunity.

For the first time in three years, the Palmy youth sector came together to deliver a collective Youth Week programme that enabled young people and their whānau to understand and connect with services available to them. The team is also exploring new ways of working alongside Police Youth Aid and Ministry of Education truancy services teams, assisting young people to resolve challenges in a more responsive and timely manner.

Together with Rangitāne, NZ Police, and Water Safety NZ, we co-led a workshop around young people's understanding of water safety and shaped the summer water safety campaign for Council.

Blueprint: The City Library Makerspace

Making and learning by doing is one of the cornerstone philosophies of lifelong learning and in a post-Covid recovery environment. Innovation, creative problem-solving, and critical thinking have become essential as people seek to learn new skills and develop new business opportunities. Technology continues to drive many new business and work opportunities, and Blueprint offers access to tools, resources, and support for members of the community to invent, prototype, and bring their ideas to life. The drive to greater sustainability and reduction in waste is seeing a continued resurgence of interest in older crafts: recycling and repurposing, sewing, knitting, and woodwork to name a few. Blueprint was used by 20,428 makers and continues to actively support a growing maker community across the city.

Heritage

This year, the Heritage team commenced a significant piece of work to improve the records and data structure for physical Council records. These records will be moved from an external Archives Central database into Manawātū Heritage. This will create visible connections through time between the official running of the city (Council Archives) with the lives of its people (Community Archives) and will be an invaluable resource for researchers in the future.

Development work to increase the capacity of Manawātū Heritage for our collections will enable Manawātū Heritage to be a “one-stop-shop” for our archival and heritage collections and will provide the ability to search Council and Community Archives at the same time. These improvements will allow us to:

- Capture comments and information from the public about digitized items
- Make things easier to find by increasing search functionalities
- See the connections between individual digital items with the full physical archival collection
- Display Manawātū Heritage content in new and exciting ways around the city

Now with close to 38,000 items online the reach of Manawātū Heritage continues to grow nationally and internationally. Examples of this reach include:

- State Library of South Australia: Indigenous Collection staff identified an image of cultural significance to the Warlpiri people of South Australia which resulted in the correct housing and handling of the image. The team connected them with Te Manawa who is looking into the physical object itself.
- Bridget Williams Books: Request for images for their publication on the history of the Rugby League in New Zealand. Staff have identified hundreds of images and are in the process of scanning for selection.
- Year-long association with Sue Stirling identifying images of Manawātū Striders for her recently published book.
- Piki Films request to re-use and adapt an image for a forthcoming film called “Te Motu”

- Request from US-based Newshub correspondent for images of former President Jimmy Carter

The Heritage team also worked hard to reduce the backlog of archives and Manawātū Heritage images needing processing. Examples include:

- Keith Hamblyn collection: Procesh and Linton Rodeo (75 images) with many more subjects still to describe and upload. This large collection is now fully processed and rehoused, with upwards of 2,000 images.
- The Maurice Costello (former Manawātū Standard photographer) negative and print collection was organised and rehoused. Future work will cross-match with the Evening Standard collection to identify duplicates or missing images between the collections.
- The Rod Matheson film and audio collection was processed and sent to New Zealand Micrographics Services (NZMS) for digitization.
- Recovery and preservation work on the Coachworks negative and print collection was also undertaken. Many negatives have vinegar syndrome, and the collection has been prioritised for processing and potential digitization.

Community Development

Governance and Training

The Community Development team has continued to build capacity and capability in the for-purpose sector and the wider community. Governance support and funding advice have been provided to a range of community groups, including priority areas of the community such as Pasifika, rainbow and ethnic community groups. A wider stakeholder group, including the newly established trial Sector Lead groups, have contributed to the delivery of the training fund into the community, with a wide range of topics covered, from financial management and leadership through to Te Tiriti training. The team also supported the delivery of the local Social Wellbeing Forum and the national Tonic Conference in the city.

Funding

Our grant funding has been very well subscribed, returning to pre-Covid levels of activity. The Community-Led Initiatives Fund saw 36 applications, compared to last year's 17, and was 93% allocated, a 41% increase on last year which was 52% allocated. A further \$67,625.50 was allocated out of the Covid-19 relief fund, which remained available for groups who had evident financial impact caused by Covid-19 restrictions. Contracts for the 43 successful Strategic Priority Grants 2022-25 recipients commenced, and monitoring of outcomes is underway.

Neighbourhoods

We have continued to be active in the Ora Kōnnect network and squads, assisting community-led activities in the 4412 neighbourhoods. Highlights of the year have included the Vaka Festival, the Pā Tamariki whānau event in Highbury, continued work to codesign a revitalised Highbury Shopping precinct, and burglary prevention initiatives. Relationships have also been strengthened with communities on the eastern side of the city, particularly Roslyn, Bunnythorpe, and Ashhurst. Initial work has begun on a Roslyn revitalisation project, similar to the Highbury Shops project.

Environment

The Community Garden Guide has continued to be promoted, and preliminary work has been completed with several potential new gardens. Planting of fruit trees across the city, in collaboration with the community, was well received. A guide for Pātaka kai, community pantries, was created and shared with the community, in partnership with Manawātū Food Action Network.

Pasifika

2022/2023 was a successful year for Pasifika community development, with many new and strengthened initiatives supported, including the Vaka Festival, language week celebrations, Moana Jr at the Regent Theatre, and two Creative New Zealand grants received by the council for Pasifika arts initiatives to be rolled out in 2023/2024.

Welcoming Communities

Resourcing has been reinstated in the Welcoming Communities programme this year, and the implementation of the Welcoming Plan has regained momentum as a result. Highlights of the year have included:

- A range of welcoming events and cultural celebrations were facilitated, in partnership with the Welcoming Communities Advisory Group and the wider community. Around 300 people attended welcome pōwhiri events throughout the year, delivered in partnership with Rangitāne.
- The Welcoming Schools pilot programme was implemented through the Manawātū Multicultural Council and to date has involved 11 schools completing inclusivity strengths analysis.
- Sponsorship and judging of the Welcoming Communities Inclusive Business Award for the second time as part of the Manawātū Business Awards.

Social Housing

Throughout the fiscal year, occupancy levels across the Council's social housing portfolio remained consistently high, with persistent demand exceeding availability.

We continued with Stage 3 of the Papaioea Place housing redevelopment, which saw the completion of the last 7 units within the complex. Construction of the tenant lounge within the complex was also well underway and is due to be completed in September 2023.

The council completed upgrade work across the housing portfolio to meet the new Healthy Homes requirements. This included heating and cooling, ventilation, draft stopping, and insulation.

Healthy Communities

Council supports healthy community choices in a variety of ways. The Smokefree Reference Group, including members from partner organisations including the Midcentral DHB and the Cancer Society, continues to promote the implementation of the Auahi Kore Smoke-free and Vape-free Policy. Council-funded events are promoted as smoke-

free and vape-free and we continue to support smoke-free and vape-free outdoor dining through the implementation of permit conditions for outdoor dining under the Signs and Public Places Bylaw. All council-funded and delivered events are also required to meet Sun Protection and Healthy Beverages policies. Event locations are chosen with both natural and built shade options and where this is not possible, shade items such as gazebos and umbrellas are sourced to provide a safe environment for eventgoers.

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

All new projects consider the relevant health-related policies in the design phase.

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

Events and Festivals

A strong public desire for community events with a meaningful purpose has been a continuing theme as events have returned after the pandemic.

This year council continued collaborative planning and delivery of cultural events and initiatives in the City:

- Puanga Twilight Festival and Waitangi Day in collaboration with Rangitāne
- Diwali and Holi (Festival of Colours) with Indian Communities, Manawātū Multicultural Council (MMC), and Ministry of Ethnic Communities
- Lunar New Year and Moon Festival with East Asian Communities, MMC, and Ministry of Ethnic Communities
- Festival of Cultures with MMC, and a number of other community-based cultural groups and organisations.

Other key city community events were delivered by the council and their partners including Explore Esplanade Day, New Year's Event in The Square, A Very Palmy Christmas and Parade. All events will return in 12 months.

In collaboration with the PNAAOC (Palmerston North Anzac and Armistice Organising Committee) and the local RSAs, the council supported the delivery of Anzac Day services in the city, Bunnythorpe, and Ashhurst. A service to commemorate Armistice Day has also become a regular annual fixture for Palmerston North. A dawn service of remembrance and a civic service of commemoration is now established as the standard format for Palmerston North recognising the important significance of the city as charter partner to both Linton Army Base and Airforce Base Ohakea.

ONGOING CONSIDERATIONS**Community Facilities****Community Centres**

Recommendations from the Community Places needs assessment will be incorporated into ways of working, including monitoring the Management Agreements to ensure agreed outcomes are being achieved, and looking into options for wifi availability at each centre.

A new program will commence where we conduct feasibility studies for four community facilities in the city, including assessing the future needs for a Pasifika Centre, a Multicultural Centre, libraries, and community spaces in both Awapuni and Highbury.

Some refurbishments of the facilities within the Awapuni Community Centre are planned to ensure the current facility meets the needs of its users.

Cemetery

The council will continue with the seismic strengthening project of the crematorium building which is due for completion in mid-2024. The administration office is being relocated to this building, and the crematorium workspace and chapel are also being upgraded.

The plans for the upgrade of the existing office and staff room have been completed. This project will commence immediately after the crematorium project. The plans include extending the staff room into the old office space and upgrading the staff and public toilets to better meet the needs of users.

The decision to offer an area in Kelvin Grove Cemetery where grave decoration is not permitted, separated from the decorated area, has been well received. This provides families with a choice, with many opting for the traditional lawn cemetery.

Library

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

Community Development

Community-led initiatives will continue to be supported across the community, and efforts to build for-purpose groups' capacity and capability will be maintained. Anticipated focus areas include a new programme of events and activities to celebrate Pride month in October, delivery of the Creative New Zealand funded Pasifika arts initiatives, facilitation of stronger funder networks, and place-based community-led development in Roslyn. Implementation of the current Welcoming Plan will conclude, and an application for Advanced Welcoming Communities status will be submitted in late 2023.

Social Housing

Council's social housing program aims to provide affordable accommodation to vulnerable members of our community, including older people, individuals with disabilities, and those who face difficulties with accessing housing in the private market due to financial constraints.

The council's properties are maintained to a high standard and comply with the Otago Medical School He Kāinga Oranga Rental Housing Warrant of Fitness Standard, ensuring that they are warm and safe for our tenants.

We will continue with the construction of the tenant lounge within the Papaioea Place housing redevelopment which is due to be completed in September 2023.

The council has several refurbishments planned for dwellings as they become vacant, along with an added focus on improving the fencing and hard surfaces throughout our complexes.

The demand for social housing in Palmerston North remains high, and officers continue to work closely with other social housing providers to maintain a coordinated approach to understanding and addressing housing demand and availability in our community.

Healthy Communities

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

Events and Festivals

Successfully rebuilding the city's events environment post-Covid-19 is essential to rekindle momentum and growth.

A framework is required to consider when community-driven events become part of a council-delivered annual programme and ensure appropriate resourcing to provide acceptable levels of service.

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

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Provide city libraries that collect, curate and provide access to knowledge, ideas and works of the imagination that are primarily focused on meeting the needs of communities with the greatest needs and reflect the diverse and changing needs of communities.	<p>1. Library users are satisfied with the services and programmes provided (physical and online).</p> <p>Target: More than 800,000 visits a year. Average use per item per year is at least 4 (physical items).</p>	Target Not Met	<p>Physical visitor numbers continued to return to pre-Covid levels. The closure of two community libraries due to building issues (Awapuni Library, 24 April and Roslyn Library, 19 May) had a negative impact on physical circulation, visitor numbers, new memberships, PC use, and programmes. This year there were 495,355 physical visits across City Library locations, noting the above closures. This compares to 371,186 physical visits across all eight sites last year.</p> <p>The collection continues to work hard with the average use per item being 4.46 (this compares to a national average of 2.62). Virtual visits continued to grow with the City Library website hosting 166,289 website sessions (this number is indicative only) and Manawātū Heritage with 279,273 website views and 80,975 website sessions. Our libraries hosted 63,346 PC sessions and 147,179 Wi-Fi sessions for the eleven months to the end of May.</p> <p>There were 736 detailed heritage enquiries; 2,165 digital help sessions; and 2,855 people were assisted with reference enquiries. The digital library continued to grow and allowed people to stream 21,409 films through Beamafilm and Kanopy; read 6645 titles through Press Reader, and use Ancestry 23,861 times. Our eBook and eAudio collections now consist of over 53,000 titles and this year saw 133,218 items issued which is about 16.4% of total issues. The Library App also saw significant growth in uptake with 107,505 sessions this year versus 85,511 last year. This year the library team (together with volunteers) delivered regular, scheduled Home Service deliveries to 105 members of our community.</p>
Provide library programmes that support the development of literacy in all its forms.	<p>2. Library programmes reflect the changing needs of communities. (met – 2350 programmes)</p> <p>Target: Narrative measure number and description of programmes and their outcomes.</p>	Target Met	<p>This year 2,412 programmes were delivered with 60,521 attendees (versus 1,307 programmes with 19,371 attendees last year). The community welcomed the return of regular programmes. Highlights included the Reading for Pleasure festival including poetry sessions with Glen Colqhoun and Paiana Whaanga; NZ Music Month; and both the Comic Craze Reading and Hell Reading challenges for children. Community programmes included English language workshops with the Network of Skilled Migrants; the Low Vision support group; the first Raising Bilingual Children workshop with Global Parents; and the Climate of Hope webinars.</p> <p>Highlights from Youth Space include the young enterprise scheme Night Market collaboration; Schools Pride Week Aotearoa (including Out on the Shelves); and supporting 21 young people to attend the Festival for the Future. Library outreach initiatives continued to be focused on connecting under-served communities to library services, initiatives and programmes and included Mobile Library pop ups at Awapuni and Roslyn; NYMBYL App sessions with Sport Manawātū and continued work with PARS, Big Brothers, Big Sisters and Alzheimer's Manawātū.</p>

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Provide public toilets throughout the city, to a standard that meets public expectations.	<p>3. Accessible and genderneutral toilets are provided throughout the city, and especially in places where there is the most community activity.</p> <p>Target: Narrative measure outlining number, type and location of toilets, plus annual satisfaction survey results)</p>	Target Met	There are 56 public toilet blocks located throughout the city. The Papaioea Park toilets, and the toilets located at Guilford Street in Ashhurst were refurbished in 2022/23. The refurbishment works included ensuring that the toilet blocks were accessible and gender neutral as appropriate. Additional new public toilets were also added within Memorial Park in November 2022. In the latest 2022 survey 83% of respondents signaled that they were either neutral or satisfied with the public toilets in the city.
Support community centre management groups to provide community centres that are responsive to the needs of their communities.	<p>4. Community centres are well used.</p> <p>Target: Narrative measure outlining use of centres and range of use with them).</p>	Target Met	<p>Community centres continue to be well used by a range of regular and casual user groups. Kelvin Grove centre refurbishments are underway. Staff are working to develop a youth engagement programme in partnership with Awapuni Community Committee and Whakapai Hauora, as part of the response to ongoing security issues at the centre. Several centres engaged in the annual budget consultation process.</p> <p>(2021/22 - Target Met)</p>
Provide cemetery services that are responsive to community needs.	<p>5. Visitors to cemeteries are satisfied with the services provided.</p> <p>Target: Narrative measure outlining user and residents survey trends.</p>	Target Not Met	The Residents' Survey results showed a drop in satisfaction with cemetery maintenance from 69% in 2021 to 57% in 2022 – however, many results in the Residents' Survey dropped due to the negative national sentiment from Covid-19 and tough economic times. User satisfaction with cemetery services was not surveyed this year. This was due to delays in the implementation of service changes at the cemetery, including the office relocation as part of seismic strengthening of the crematorium.
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.	<p>6. Council's social housing tenants are satisfied with the social housing service they receive (two yearly survey, next in 2023 – aim is 90% satisfied, current figure is 96%).</p> <p>Target: Narrative measure outlining survey results and tenant feedback.</p>	Target Met	The overall satisfaction rate in the 2023 survey was 97%. Of the 143 tenants who answered question 4 (overall, how satisfied are you living in a PNCC housing unit?) 139 gave a rating of 3 or 4 out of 5.
	<p>7. Council's social housing is warm and safe, as shown by compliance with the Otago Medical School He Kainga Oranga Rental Housing Warrant of Fitness Standard. New Council housing is accessible (as shown by Lifemark 4 Star Design Standard accreditation) (new – Council's social housing meets the Otago Medical School and the new Healthy Homes Standards)</p> <p>Target: Standards met.</p>	Target Met	Of the 430 units in Council's housing portfolio, 332 units were identified as needing upgrades to meet the new requirements of the Healthy Homes and WOF standards. As of 31 May 2023, all units have now been upgraded, and the entire portfolio now meets the WOF standards.

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Support and fund communities and for-purpose organisations to build community, neighbourhood and organisational capacity and capability.	<p>8. More community-led projects are supported by Council.</p> <p>Target: Narrative measure outlining description of activities funded and their outcomes.</p>	Target Met	<p>A wide range of community-led projects have been supported by Council over this period. Highlights have included Manawātū Youth Theatre's Moana Junior; two pōwhiri for new international students and newcomers to the city attended by around 200 people; Highbury Shops Revitalization project commencing construction; and the establishment of a Community Play Champions network.</p> <p>In 2022-23 we supported 23 projects (7 from the Community-Led Initiatives Fund and 16 from Creative Communities Fund). In 2021-22 the number was 16 (1 and 15 respectively). This was partly due to 2021-22 being impacts on by Covid restrictions.</p>
Provide, fund and support events so that Palmerston North has a full events calendar that caters well for different sectors of the city's population.	<p>9. There are increases in: participation in community and city centre events, satisfaction with the annual programme of events, the range and diversity of community-led events in the city.</p> <p>Target: Narrative measure outlining number and range of events, plus participation and satisfaction with events.</p>	Target Met	<p>Limited number of public events in the central city this year due to the weather conditions. A range of smaller community and cultural activities and celebrations have been held in community halls and private venues. Resident satisfaction with public events remains high however, surveying suggests a mix of traditional and modern elements are desired for example including more technology such as lighting installations for more to see and do at events.</p>

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Connected Communities	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
REVENUE				
Cemeteries	824	755	69	762
Central Energy Trust Wildbase	90	53	37	-
Community and Commemorative Events	22	-	22	110
Community Centres	150	142	8	140
Libraries	124	423	(299)	367
Public Health	440	625	(185)	460
Public toilets	5	-	5	5
Social Housing	3,108	3,016	92	3,062
Support to community groups	58	-	58	53
TOTAL REVENUE	4,821	5,014	(193)	4,959
EXPENSES				
Cemeteries	1,448	1,332	(116)	1,369
Central Energy Trust Wildbase	903	957	54	844
Community and Commemorative Events	1,513	1,536	23	1,261
Community Centres	1,448	961	(487)	1,110
Libraries	9,735	9,830	95	9,237
Public Health	1,653	2,085	432	1,779
Public toilets	1,184	827	(357)	1,088
Social Housing	4,396	4,232	(164)	3,810
Support to community groups	2,489	2,537	48	2,408
TOTAL EXPENSES	24,769	24,297	(472)	22,906
NET OPERATING COST OF ACTIVITY	(19,948)	(19,283)	(665)	(17,947)
RATING ALLOCATION				
Add back depreciation	4,172	4,013	159	3,816
Add back Transfers to/from reserves	-	120	(120)	-
Less Renewal capital expenditure	(2,332)	(2,928)	596	(2,548)
Add/(Less) borrowing effect of renewal 3 year averaging	741	741	-	1,145
Add external revenue for renewal capital	-	-	-	7
Less provision for debt reduction	(446)	(446)	-	(489)
Add general rates allocation	17,813	17,783	30	16,016
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Significant Activity Capital Projects Connected Communities	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
CAPITAL RENEWAL				
40-Noise Measuring Equipment for Noise Complaints - Rolling Replacement	-	20	20	
178-City Library (all sites) Replacement of Shelving, Furniture and Equipment	37	37	-	
180-Social Housing - Renewals	472	513	41	
186-Public Toilets - Renewals	182	266	84	
188-City Library Replacement and Purchase of Library Materials	777	775	(2)	
202-Central Library Interior Design Renewals	21	21	-	
203-Community Libraries, Youth Space, Blueprint and Mobile Library Interior Design Renewals	52	52	-	
265-Community Centres - Renewals	211	200	(11)	
563-Cemeteries - Kelvin Grove - Crematorium Office reconfiguration to address health and safety issues	1	266	265	
567-Cemeteries - Crematorium Chapel Interior Renewals	-	66	66	
1120-Community Libraries - Renewals	2	51	49	
1136-CET Wildbase Recovery Centre - Renewals	107	103	(4)	
1138-Digital Technology to Support 21st Century Citizens and Service (Renewal)	55	53	(2)	
1269-Bylaw Signage - Replacement	-	19	19	
1742-Social Housing - Grounds Renewals	129	133	4	
1769-Community Agency Facilities - Renewals	160	121	(39)	
1775-Central Library - Renewals	46	103	57	
1796-Cemeteries - Building Renewals	2	41	39	
1828-Cemeteries - Non-Building Asset Renewals	78	88	10	
TOTAL CAPITAL RENEWAL	2,332	2,928	596	2,548
CAPITAL NEW				
161-Public Toilets - New City-wide Toilets	451	545	94	
1196-Cemeteries - Kelvin Grove - Renewal of staff facilities	107	252	145	
1561-Community Centres - Kelvin Grove Community Centre Carpark	275	200	(75)	
1743-Social Housing - Papaioea Place Redevelopment - Stage 3	2,561	3,639	1,078	
1833-City Growth - Cemeteries - Extensions to burial and ashes areas to meet demand	146	200	54	
1896-Social Housing - Healthy Homes Compliance Items Purchase	953	1,006	53	
1948-Events and Festival Equipment Purchase	33	2	(31)	
TOTAL CAPITAL NEW	4,526	5,844	1,318	2,566
TOTAL CAPITAL PROJECTS	6,858	8,772	1,914	5,114

¹ Refer to page 32

SAFE COMMUNITIES

WHAT THE COUNCIL DOES

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

KEY ACHIEVEMENTS

- The number of registered dogs in the city increased from 9,565 in 2021/22 to 9,636 in 2022/23.
- Council's NZRT4 response team has grown to 22 members.
- The Mangai Atawhai City Ambassadors programme was run for the sixth time.



Winter showing off her registration tag

WHAT HAPPENED IN THE YEAR

Animal Management and Environmental Health

Animal Management

The Animal Management team remains committed to ensuring public safety, promoting responsible dog ownership, and mitigating potential risks associated with animals, particularly dogs.

Construction of the new shelter facility has commenced, with completion expected by December 2023. The new facility will greatly enhance the ability to provide temporary housing and offer a safer and healthier environment for dogs while in our care. The new shelter's modern infrastructure and advanced features will assist in the safe and humane handling of dogs, further strengthening the ability to carry out effective animal management for the city.

The number of registered dogs in the city increased from 9,565 in 2021/22 to 9,636 in 2022/23, with 7,522 owners, of whom 3,554 are approved as a "preferred owner."

During the year, 113 dog attacks were reported:

- 47 dog-on-person' attacks
- 52 dog-on-dog' attacks
- 14 dog-on-other animal' attacks

Animal Management Officers issued 163 infringement notices (10 were waived or cancelled due to extenuating circumstances). There is currently one prosecution before the courts for a serious dog attack.

- 138 non-registration
- 20 failing to have a dog under control or confined
- 4 failing to comply with a classification
- 1 failing to comply with a barking abatement notice

Animal Management Officers impounded 432 animals, 431 dogs, and 1 sheep.

- 273 animals were returned to their owners (13 of these had zero fees)
- 46 animals were rehomed (20 through external agencies)
- 109 dogs were euthanized
- 4 dogs are currently impounded.

Following the evacuation of local homes due to severe flooding caused by a severe weather event, four dogs were placed under the care of Civil Defence Emergency Management and housed at the shelter. Animal Management staff worked with the owners to care for the dogs and ensure visiting their pets was seamless. In support of other affected Territorial Authorities during Cyclone Gabrielle and the recovery period, the shelter facility offered several kennels should they have been needed.

In addition to core animal management activities, several public events have been successfully completed and positively received by the community. One such event was a free microchipping event in Linklater Reserve, aiming to increase the number of microchipped dogs in the city and help increase the chances of reuniting them with their owners if they become lost.

Additionally, three school education visits were conducted, collaborating with PAWS Animal Shelter to raise awareness among students about dog safety, responsible ownership, and the importance of understanding and recognizing dog behavior. These were extremely well received. There were several more scheduled to be presented however, due to a number of resourcing issues throughout the year these were unable to be undertaken.

Environmental Health

The Council successfully retained its accreditation as a recognized agency for the Ministry of Primary Industry, alongside its recognized persons status under the Food Act (2014).

During 2022/23 the volume of applications and requests that were processed and addressed by the Council are provided below:

Environmental Health Officers processed:

- 186 new food premise applications.
- 536 food control plans were verified.
- 319 food enquiries were responded to.
- 21 food premises complaints were investigated.

Palmerston North has 99 registered hairdressers, three funeral homes, one camping ground and one offensive trade business.

In 2022/23 there were 2,868 noise complaints, compared to 3,830 complaints in 2021/22, 3,955 noise complaints in 2020/21, and 3,365 in 2019/20.

The council received and processed the following complaints:

- 212 complaints regarding overgrown vegetation.
- 1 complaints regarding cats.
- 37 cat trap requests were received.
- 47 complaints relating to poultry.
- 5 complaints relating to bees.
- 5 complaints relating to signage.
- 297 complaints relating to abandoned vehicles

During the year 2022/23 the following alcohol licenses and manager certificates were processed:

- 7 new on-licenses
- 4 new off licenses
- 20 on license renewals
- 5 off license renewals
- 4 club license renewals
- 42 special licenses
- 73 new manager certificates
- 80 manager certificate renewals
- 7 temporary authorities
- 2 permanent club charter

Civil Defence Emergency Management

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

We have sent our Emergency Management staff, other internal function leads and our volunteer Rescue Team NZRT4 to assist our neighbouring councils. One of our Emergency Management teams was deployed to Auckland to support the Auckland Council with their response and recovery operations during the January 2023 floods and Council Staff went to Tararua District Council and Napier City Council to assist with Cyclone Gabrielle's response and recovery efforts in February 2023. Experience gained from emergencies outside of our city strengthens the knowledge base and sharpens skills and lessons identified are used to improve the local process.

Our council volunteer response team (NZRT4) was deployed in rescue support capability 14 times this year to assist emergency services across the region. NZRT4 provided swift water rescue, rope rescue, Support to Auckland, and Hawkes Bay Emergency Management during the response from Cyclone Gabrielle, and Auckland's severe weather events, and supporting Palmerston North during Cyclone Gabrielle. Council's NZRT4 response team has grown to 22 members with all team members now trained responders following recruitment and selection during 2022. The team conducts regular training and exercises to ensure they are prepared and ready to respond at any time.

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

Safety Advisory Board

The Safety Advisory Board continues to meet regularly to discuss local safety issues. A key focus this year has been the safety concerns related to the stretch of retailers outside the Plaza entrance. Additional meetings have been coordinated to ensure the retailers feel heard in their concerns, and a collaborative response, including members of the Safety Advisory Board, is ongoing.

Relationships have also been maintained with community groups that are funded through Strategic Priority Grants that contribute to Safe Communities outcomes.

The rainbow flag was raised for Rainbow Domestic Violence awareness day, which received positive feedback from the Rainbow community.

The Mangai Atawhai City Ambassadors programme was run for the sixth time in the central city over the summer months. Despite challenges with securing sufficient staff to resource the programme, once up and running it was well-received by stakeholders, including city retailers and Police, and it contributed to vibrancy in Te Marae o Hine, particularly alongside the UNBOX in the area outside The Verdict café.

ONGOING CONSIDERATIONS

Animal Management and Environmental Health

Animal Management

Achieving compliance from dog owners is a top priority for the Animal Management team. Key education topics and target audiences have been identified through a thorough assessment of the complaints received throughout the year. By gaining an understanding of the specific concerns raised by the community, the educational efforts can be tailored to directly address those issues.

A particular focus area is bite prevention education, which is actively promoted in schools. The importance of imparting knowledge and awareness to young students to prevent dog bites and encourage responsible behaviour around dogs is recognized. This ongoing initiative aims to equip children with the necessary understanding and skills to safely interact with dogs, thereby reducing the risk of incidents and fostering a harmonious relationship between humans and animals.

Through these educational endeavors, the aim is to empower dog owners and the wider community with the knowledge and resources required to ensure the safety and well-being of both humans and dogs. By proactively addressing concerns and implementing targeted education, efforts are directed towards a community where responsible dog ownership is prioritized, and potential risks are mitigated through informed actions and behaviours.

Civil Defence Emergency Management

Our emergency management staff continue to monitor natural hazards and risks that could impact our community, and Council will continue to take learnings from our responses or support offered to our neighbouring communities. We will update our plans to ensure our community continues to build resiliency and awareness of Emergency Management. We will continue to develop staff to deliver essential services and key Civil Defence Emergency Management functions during an emergency. A new proposed Emergency Management Act has been introduced into Parliament to replace the current Civil Defence Emergency Management Act 2002, and will bring new requirements on Council, and the Manawātū-Whanganui Civil Defence Emergency Management Group, as the National Emergency Management Agency continues to improve and learn from emergencies over the past 13 years.

Safety Advisory Board

The Safety Advisory Board will continue to be coordinated, with the key focus being a collaborative approach to safety in the city centre.

The Mangai Atawhai City Ambassadors programme will run again in 2023/2024, and the model of delivery will be reviewed.

Civil Defence Training Exercise



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HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Coordinate and facilitate the work of the Safety Advisory Board (SAB) to enable the fulfilment of its strategic plan.	<p>1. The SAB carries out a range of successful initiatives.</p> <p>Target: Narrative measure (outlining description of SAB initiatives and their outcomes).</p>	Target Met	The focus of the SAB during this period has been a collective response to safety concerns in Te Marae o Hine. A number of initiatives have been implemented, including de-escalation training for retailers, support for organisations to develop safety plans, and ongoing work with Police and Youth services to ensure a coordinated engagement effort. Rainbow Domestic Violence Day was also marked with a flag raising in Te Marae o Hine, and Council continues to support the Ora Kōnnect Burglary Prevention Squad.
Achieve the Manawātū-Whanganui Civil Defence Emergency Management Group goals to build resilience and disaster preparedness for civil defence and emergency situations.	<p>2. Increasing preparedness for emergencies in Palmerston North.</p> <p>Target: Narrative measure outlining Manawātū Whanganui CDEM preparedness 2- yearly survey trends and description of initiatives.</p>	Target Met	Council's Emergency Management team regularly interacts with community groups and at community events, including Explore Esplanade day. Regular interactions with key stakeholders ensure relationships are well established before an emergency. Council Emergency Management teams' water tank project continues to be popular with the community with high regular sales. Council's Volunteer rescue team NZRT4 is on track to become re-accredited through National Emergency Management Agency's new accreditation framework. Council will continue to interact with the community to be prepared for all emergencies and meet objectives from the Manawātū Whanganui CDEM group plan.
Enforces bylaws and legislation in relation to supply and sale of alcohol, stray and aggressive dogs, keeping animals, food and commercial premises, gambling, and excessive noise.	<p>3. Bylaws are reviewed on legal timeframe and enforced.</p> <p>Target: Narrative measure outlining description of programme to develop and review bylaws and their outcomes.</p>	Target Met	The bylaws programme is proceeding as planned. Of note this quarter is the adoption of the Traffic and Parking Bylaw amendment (street racers), consultation as part of the Gambling policy review, and consultation on the Palmerston North Interim Speed Management Plan (School Speed Limits).

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Safe Communities	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
REVENUE				
Animal Control	946	947	(1)	931
Civil Defence	161	-	161	89
Safer Community Initiatives	19	-	19	-
TOTAL REVENUE	1,126	947	179	1,020
EXPENSES				
Animal Control	1,073	1,068	(5)	1,034
Civil Defence	950	917	(33)	1,149
Safer Community Initiatives	384	436	52	387
TOTAL EXPENSES	2,407	2,421	14	2,570
NET OPERATING COST OF ACTIVITY	(1,281)	(1,474)	193	(1,550)
RATING ALLOCATION				
Add back depreciation	73	177	(104)	176
Less Renewal capital expenditure	(503)	(533)	30	(108)
Add/(Less) borrowing effect of renewal 3 year averaging	291	291	-	(105)
Less provision for debt reduction	(91)	(91)	-	(75)
Add general rates allocation	1,511	1,630	(119)	1,662
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Significant Activity Capital Projects Safe Communities	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
CAPITAL RENEWAL				
1512-CCTV replacements	483	513	30	
1569-Replacement of wearable cameras for parking and animal control officers	20	20	-	
TOTAL CAPITAL RENEWAL	503	533	30	108
CAPITAL NEW				
1552-Animal Shelter - New Building	2,670	4,500	1,830	
TOTAL CAPITAL NEW	2,670	4,500	1,830	595
TOTAL CAPITAL PROJECTS	3,173	5,033	1,860	703

School education at Central Energy Trust Wildbase Recovery



Whāinga 4: He tāone tautaiiao

Goal 4: An eco city



CLIMATE CHANGE

WHAT THE COUNCIL DOES

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

KEY ACHIEVEMENTS

- We're currently developing a Low Carbon Road Map in anticipation of the regional action plan.
- Between June 2021 and July 2022, we were responsible for 18855 tons of carbon dioxide emissions (or equivalent other gasses). This is a 2.29% reduction since last year and a 28.7% reduction since the 2016-17 baseline year.



Honey bee

WHAT HAPPENED IN THE YEAR

Climate Change

The International Panel on Climate Change (IPCC) published the sixth Climate Change Synthesis Report - the final part of the AR6 report, in March 2023. This report brings together the previous three reports and highlights the increasing urgency of rapid emissions mitigation and adaptation planning by national governments.

The New Zealand national government's response is included in the Draft National Adaptation Plan (NAP published April 2022) and the National Emissions Reduction Plan (NERP published May 2022). These documents are now being implemented through primary legislation, central government funding allocations, and changes to policies such as procurement. The second national emissions budget, published by the Climate Change Commission, is currently out for consultation (26 Apr – 20 Jun 2023) and is scheduled to be delivered by December 2023.

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

- The Regional Climate Joint Action Committee published the regional Manawātū-Whanganui Climate Change Action Plan in January 2023. This document will provide a structure for the joint delivery of climate initiatives by Territorial Authorities across the region.
- We continue to provide support to capital projects within council through the Low Carbon Fund. This has included converting to LED lighting and installing heat pumps in council offices and facilities, reducing energy requirements in the Lido, and the installation of fast chargers for new electric vehicles. An annual report on the fund is expected to be delivered to the August 2023 Environmental Sustainability Committee.
- Volunteers planted 19,264 trees as part of the Green Corridors project. This not only helps attract biodiversity into the city it helps to absorb and store carbon dioxide from the atmosphere.

ONGOING CONSIDERATIONS

Climate Change

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

Organisational Emissions

Between July 2022 and June 2023, we were responsible for 18,116 tons of carbon dioxide emissions (or a equivalent other gasses). This is a 6.5% reduction since last year and a 31.5% reduction since the 2015/16 baseline year. We will continue to seek efficiency savings and build on this ongoing success, primarily through the Low Carbon Fund. As part of its long-term vision, we're developing a feasibility study to look at options for developing a carbon-neutral council by 2050. This would include the minimization of council emissions and planting permanent native forests to offset any remaining emissions.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Foster sustainable practices and behaviours so that city residents and organisations become more sustainable.	<p>1. Increase in sustainable practices.</p> <p>Target: Narrative measure outlining projects and initiatives that foster sustainable practices / behaviours and their impacts.</p>	Target Met	<p>Another year of the Low Carbon Fund closes with a range of successful projects that will deliver both cost and carbon reductions. Overall allocation is lower when compared to previous year due to a range of delays and capacity constraints. More detailed coverage will be made available through the LCF annual report due to the August Sustainability Committee.</p>
Develop policies and plans and work with city stakeholders to achieve the target of a 30% reduction in greenhouse gas emissions by 2031 and continue to reduce greenhouse gas emissions from Council's own activities.	<p>2. Decrease in Council's total organisational emissions.</p> <p>Target: Narrative measure outlining greenhouse gas reduction initiatives and their impacts.</p>	Target Met	<p>2021/2022 Organisational Emissions Inventory was delivered the at 6 June 2023 Sustainability Committee, showing a 29% decrease in gross emissions compared to the 2015/16 baseline. Bringing the process in-house has enabled a significant reduction in lag time between the end of the financial year and reporting. The 2022/23 Inventory is expected to be reported to the August Sustainability Committee, a full 12 months earlier than the previous standard with the external provider (Toitu).</p> <p>Funds were allocated from capital programme 1888-Low Carbon Fund to help achieve this decrease. Projects included:</p> <ul style="list-style-type: none"> ➤ Installation of LED lighting at the CET Arena ➤ Installation of motorised pool covers at Lido swimming pool ➤ Installation of LED lighting at Lido swimming pool ➤ Installation of EV Fast chargers ➤ LED lighting upgrades across 10 separate parks and reserves, pavilions and changing rooms ➤ In 2022 we also increased our EV fleet ➤ Pellet boiler replacing a gas boiler at Depot. <p>Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources is still evolving, as are GHG reporting and assurance standards.</p>
Work with iwi and community groups to re-establish bush, particularly along waterways, and to control introduced predators.	<p>3. Measured through Manawātū River level of service.</p> <p>Target: Measured through Manawātū River level of service.</p>	Target Met	<p>Council and Massey University continue to work together to establish new areas of native plantings adjacent to the He Ara Kotahi walkway over time. Further native planting at the Mangaone confluence occurred during the year. Council continues to work with Rangitane and private contractors to manage predators.</p>

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Climate Change	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
REVENUE				
TOTAL REVENUE	-	-	-	-
EXPENSES				
Climate change mitigation and adaption	249	230	(19)	131
TOTAL EXPENSES	249	230	(19)	131
NET OPERATING COST OF ACTIVITY	(249)	(230)	(19)	(131)
RATING ALLOCATION				
Add back depreciation	7	-	7	-
Less provision for debt reduction	(1)	(1)	-	-
Add general rates allocation	243	231	12	131
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Significant Activity Capital Projects Climate Change	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
CAPITAL NEW				
1888-Low Carbon Fund	297	1,025	728	
1924-Improving remote monitoring capabilities	42	41	(1)	
TOTAL CAPITAL NEW	339	1,066	727	-
TOTAL CAPITAL PROJECTS	339	1,066	727	-

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

ENVIRONMENTAL SUSTAINABILITY

WHAT THE COUNCIL DOES

Sustainable practices

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

Biodiversity

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

KEY ACHIEVEMENTS

- Palmerston North City Council became a member of the Sustainable Living Education Trust.
- We contributed \$208,000 to the environmental sector via the Strategic Priority Grants programme.
- Ongoing investment in pest management in the Turitea Reserve continues to show significant population increases in key native species.
- 14,330 eco-sourced native plants planted.



WHAT HAPPENED IN THE YEAR

Sustainable Practices

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

- Our website outlines where items can be recycled or disposed of correctly. Content has been continuously updated.
- Positive steps are taken to avoid illegal dumping.
- Encouraging the public to refill their water bottles at locations and establishments that are part of the Refill NZ Initiative.
- Encouraging people to collect their own rainwater for emergency or outdoor use
- Informing and inviting the public to participate in community planting days.

Sustainable Living Programme

Palmerston North City Council became a member of the Sustainable Living Education Trust. This offers Palmy residents' access to a nationwide "Sustainable Living Programme" towards a greener, more sustainable lifestyle and cut down on household expenses. Materials are available online as well as through facilitated programmes. This is based on materials and structure developed by Sustainable Living Education Trust covering eight weekly sessions on the topics of gardening, waste, water, eco building, energy, food choices, transport, and resilience.

Community-based Zero Waste Action Group

We continue to support the community-based zero-waste action group. The group includes Council staff, and other stakeholder group representatives from community groups, academia, and the business sector. Due to various reasons, regular meetings were not held during this year.

Eco Design Homes

Our Eco Design Advisor service continued to provide the community with independent advice on building, renovating, and retrofitting although in a reduced capacity from previous years. A combination of post Covid-19 culture changes, improvements to the Building Code, and thousands of households already having been served provided the opportunity to reduce the role to half-time yet still respond to all inquiries from the community.

Our advisor continued to run community workshops on home renovation, energy efficiency, gardening, and composting, as well as regularly contributing to housing-related programs and events.

Support to Environmental Groups

We contributed \$208,000 to the environmental sector via the Strategic Priority Grants programme. Through this contribution, four groups were supported, delivering outcomes for four of the Council's eco-city priorities. The groups promote sustainability through educational programmes, food sovereignty, and other activities.

In addition, a range of joint environmental initiatives have been delivered in partnership with community groups throughout the year, including support for community gardens, fruit tree planting, kai security planning, and the development of a pātaka kai or community pantry guide.

Biodiversity

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

Our ongoing investment in pest management in the Turitea Reserve is vindicated through native bird species monitoring. Results continue to show significant population increases in key native species, with a tripling of Bellbirds and Rifleman since monitoring began, and a fifteenfold increase in Tūi and Kererū. In 2021, the Turitea saw a significant milestone with the reintroduction of the toutouwai (NZ Robin), a species that had been locally extinct for generations. Unfortunately, due to a significant increase in the number of rats, observed nationally, their first breeding season was poor, putting the future survival of the colony in question. A series of special rat control operations have been conducted, with the 2022/23 season being much more successful. Further successful seasons are still required before the toutouwai fully establish themselves in the Turitea.

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

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

Green Corridors

We managed the planting of 14,330 (Jan to Dec 2022) 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.

Volunteer planting and maintenance resumed in 2022 in a limited capacity, largely focused on Aokautere and Turitea, where regular community working bees were carried out. Significant volunteer efforts were coordinated by community members of the Green Corridors Committee in Adderstone Reserve, Valley Views, Lower Titoki Reserve, and Upper Pari Reserve. Community volunteer efforts have been substantial.

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

ONGOING CONSIDERATIONS

Sustainable Practices

In addition to promotional and education campaigns, we continue to support the delivery of a sustainable living education programme. This year we supported Environment Network Manawātū to deliver this programme twice. Continued promotion and delivery of this programme will build upon the positive response and feedback from running Sustainable Living Programme in Palmy using the structure and materials developed by Sustainable Living Education Trust covering topics on waste, energy, eco-building, gardening, transport, water, food choices, and resilience.

These provide opportunities for participants to interact and engage in discussion with various experts and resource persons from Council and local community groups.

Eco Design Homes

The Eco Design Advisor (EDA) service is established nationwide but has struggled to gain traction as a mainstream service that local authorities provide to the community. Part of the role's focus is providing upfront pre-application engagement to capture eco-design fundamentals at the concept stage of a building's design. While this aspect of the service, unfortunately, has not been well accessed by the construction design industry, recent improvements to the building code require greatly increased insulation levels for floors, walls, ceilings, windows, and doors – all of which are part of eco-design advice. This welcome change will accomplish some of the efforts of an EDA, leaving them to focus on the post-construction aspect of the advisory service which includes retrofits and renovations for the existing housing stock.

Support To Environmental Groups

Through the Strategic Priority Grant 2022-2025 funding, we will continue to fund four community groups to contribute to eco-city priorities. Environment Network Manawātū remains a Sector Lead and will continue to participate in the trial of the Sector Lead partnership agreements.

The environment sector Community Development Advisor will continue to provide support to kai security work and community-led Community Gardens.

Biodiversity

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

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

Green Corridors

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

Pioneer species such as manuka, kanuka, and ribbonwood are only short-lived. Bigger canopy trees like totara, tawa, titoki, and kahikatea need to be grown in a nursery for at least five years before they can be planted. They also require a supporting sub-canopy so they can be protected from the elements. Because the Green Corridors network is growing year on year, it was decided to grow 5000 long-lived canopy trees annually to ensure the succession of pioneer, to 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 repotting and nursery hire, there may be a need to reduce the number of pioneer species being planted in the future, causing a delay in planting up the Green Corridors network. This could become a problem because significant areas of new Green Corridor space are expected as a result of the upcoming Aokautere residential rezoning. 170 hectares of gullies will likely be vested to Council as an outcome of future development. Significant additional future funding may be needed to ensure these new areas are planted up promptly. This should be investigated in the 2024/34 Long-Term Plan, once rezoning has been confirmed.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Foster sustainable practices and behaviours so that city residents and organisations become more sustainable.	1. Increase in sustainable practices. Target: Narrative measure outlining projects and initiatives that foster sustainable practices / behaviours and their impacts.	Target Met	Council provided support and funding for the Future Living Skills (Sustainable Living Programme), these were well attended with lots of fantastic engagement from those that attended. Staff continue to meet regularly with Plastic Pollution Challenge and Environment Network Manawātū.
Work with iwi and community groups to re-establish bush, particularly along waterways, and to control introduced predators.	2. Measured through Manawātū River level of service. Target: Measured through Manawātū River level of service.	Target Met	Council and Massey University continue to work together to establish new areas of native plantings adjacent to the He Ara Kotahi walkway over time. Further native planting at the Mangaone confluence occurred during the year. Council continues to work with Rangitane and private contractors to manage predators.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Environmental Sustainability	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
REVENUE				
Biodiversity	2	-	2	2
TOTAL REVENUE	2	-	2	2
EXPENSES				
Biodiversity	305	341	36	439
Support to environmental groups	181	165	(16)	171
Sustainable Practices	340	509	169	438
TOTAL EXPENSES	826	1,015	189	1,048
NET OPERATING COST OF ACTIVITY	(824)	(1,015)	191	(1,046)
RATING ALLOCATION				
Add back Transfers to/from reserves	-	103	(103)	-
Less provision for debt reduction	(22)	(22)	-	(18)
Add general rates allocation	846	934	(88)	1,064
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Significant Activity Capital Projects Environmental Sustainability	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
CAPITAL NEW				
1077-Citywide - Biodiversity Enhancement Through Native Planting	35	31	(4)	
1451-Property - LED Lighting Upgrades	173	77	(96)	
TOTAL CAPITAL NEW	208	108	(100)	316
TOTAL CAPITAL PROJECTS	208	108	(100)	316

MANAWATŪ RIVER

WHAT THE COUNCIL DOES

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

KEY ACHIEVEMENTS

- Preliminary planning for Te Motu o Poutoa entered a new phase during the year.
- The Albert Street entranceway was partially completed in June after flooding from Cyclone Gabrielle.
- A new entranceway has been constructed between Centennial Drive and the river.



Turitea Pā

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WHAT HAPPENED IN THE YEAR**Manawatū River**

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

The Long-Term Plan 2021-31 includes funding for a series of projects to implement the Manawatū River Framework. Due to parts of the 2021/22 programme of works carrying over into 2022/23 year, Council did not provide funding for any new developments along the river in 2022/23. This allowed officers to concentrate on completing the 2021/22 work programme, planning for Te Motu o Poutoa, and recovery work following Cyclone Gabrielle.

- Cyclone Gabrielle caused extensive flooding throughout the Manawatū River Park, including the river-shared pathway, Ahimate Reserve, and the Eel Platform. Significant quantities of silt were deposited. Assets within the flood zone performed as designed, with signs tipping over rather than breaking and structures not impeding the flood waters.
- The flooding from Cyclone Gabrielle resulted in He Ara Kotahi bridge and large sections of the river pathway closing. The river silt took a few weeks to dry out, and as the Parks Team worked through clearing and spreading silt, the River Park was progressively reopened.

- Flooding further delayed the Albert Street entranceway project, which was a carry-over from 2021/22. After completing the initial groundwork and planter boxes, the project was put on hold until Horizons had completed river protection works (to avoid their trucks damaging the new decking). Horizons' work was delayed by the weather, including Cyclone Gabrielle, delaying the council project further. The Albert Street entranceway was completed in June.
- A new entranceway has been constructed between Centennial Drive and the river. The pathway takes the public through reserve areas in the Centennial Park subdivision, and over the stop bank. The pathway is fully accessible.
- Preliminary planning for Te Motu o Poutoa entered a new phase during the year. Concepts for the site were developed and architects engaged to develop preliminary designs. An external fundraising specialist worked with the project team through May and June to test the strategic options and commence the early stages of the business case. This information will inform the scope, design, and funding of the staged development of this site with Rangitane, and feed into the development of the Long-Term Plan 2024.

ONGOING CONSIDERATIONS**Manawatū River**

The capital programme for further developments along the Manawatū River in 2023/24, is at a reduced level compared to the 2021 LTP. The funding was reduced from \$744K to \$200K. The 2023/24 programme will focus on projects already under contract and small improvements to address levels of service issues raised by the public, for example, additional signage, seats, and bins. Delivery of the masterplan will be revisited as part of the development of the Draft Long-Term Plan 2024.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Understand the relationship Rangitane o Manawatū has with Manawatū River. Increase use of the Manawatū River environment for passive and active recreation. Increase the health and amenity of the river environment through increased biodiversity.	<p>1. Increase in the public use of the river environment. Increase in native planting and observed biodiversity improvements in suitable locations in the river environment. Greater connectivity of features within the Manawatū River Park.</p> <p>Target: Narrative measure outlining public use the river, biodiversity and native plantings, and connectivity of features.</p>	Target Met	<p>Observations indicate the increase in public use of the river environment continued in 2022/23 with continuous use of the He Ara Kotahi walkway, the Fitzherbert / He Ara Kotahi bridge loop, and Ahimate Reserve. Completion of the Albert Street River entrance will improve accessibility to the river at this location. The Turitea Pa site continues to attract users to venture further into the park. The Manawatū River Park was heavily impacted by Cyclone Gabrielle in mid-February 2023, with areas of the park closed to the public for a few weeks due to silt inundation. A river user survey was completed this year providing Council with a baseline to compare to user numbers in future years. The survey collected basic demographic information which asked users how often they visited the River Park, why they visited if they exercised at the river more often than before its redevelopment, and for an indication of other features they would like to see developed in the River Park in the future.</p>

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Manawatū River	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
REVENUE				
Manawatū River	1	10	(9)	-
TOTAL REVENUE	1	10	(9)	-
EXPENSES				
Manawatū River	326	147	(179)	140
TOTAL EXPENSES	326	147	(179)	140
NET OPERATING COST OF ACTIVITY	(325)	(137)	(188)	(140)
RATING ALLOCATION				
Less Renewal capital expenditure	(64)	(6)	(58)	(1)
Add/(Less) borrowing effect of renewal 3 year averaging	(6)	(6)	-	(10)
Less provision for debt reduction	(39)	(39)	-	-
Add general rates allocation	434	188	246	151
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Significant Activity Capital Projects Manawatū River	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
CAPITAL RENEWAL				
1825-City Reserves - Manawatū River Park - Renewals	64	6	(58)	
TOTAL CAPITAL RENEWAL	64	6	(58)	1
CAPITAL NEW				
1844-City Growth - City Reserves - Manawatū River Park - Capital New	3	-	(3)	
1892-City Growth - City Reserves - Manawatū River Park - Hokowhitu Lagoon Development Plan	-	10	10	
1895-City Growth - City Reserves - Manawatū River Park - Te Motu o Poutoa Development Plan - Implementation	120	-	(120)	
TOTAL CAPITAL NEW	123	10	(113)	1,539
TOTAL CAPITAL PROJECTS	187	16	(171)	1,540

RESOURCE RECOVERY

WHAT THE COUNCIL DOES

The overarching goal of resource recovery, as set out in the Waste Management and Minimisation Plan (WMMP), is to increase the proportion of waste diverted from landfill. The WMMP, developed in 2019 as a requirement of the Waste Minimisation Act 2008, sets out how Palmerston North City Council effectively manages waste and minimises the amount we send to landfill through diversion and reuse of materials.

KEY ACHIEVEMENTS

- We established a trial for food scraps collection – after the first three months we have seen positive engagement levels and have successfully diverted food scraps that in many cases would have gone to landfill.
- We sent our first bales of liquid paper board to be recycled into building products and continue to provide a collection point to divert tyres from landfill.
- We partnered with a local company to include our waste glass into their concrete production process.



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WHAT HAPPENED IN THE YEAR

Resource Recovery

This year has seen announcements from the Ministry of the Environment for long-anticipated industry changes. These changes, designed to lead New Zealand into a low-waste, low-carbon, circular society, will have a significant impact on how we operate day-to-day and the levels of service we provide. Along with nationally standardising what items can be accepted in kerbside collected recycling bins, we are going to be required to have a kerbside food scraps collection system in place by 2030.

We pre-empted the first change and removed most of the materials in question a few years ago (for example, plastics 3, 4, 6, and 7 are no longer accepted). The food scraps trial currently underway will provide critical information as to how a city-wide roll could be implemented. Waste diversion targets have also been introduced which will mean that by 2027, 30% of material collected at the kerbside will need to be diverted from landfill.

Although overall recycling per capita decreased slightly this year, we continued to collect a significant amount of material through our kerbside collections service. Unfortunately, we have also seen an increase in the amount of illegal dumping being picked up including discarded tyres.

Several improvements were made to increase our efficiency and resilience this year. They include:

- Improved signs and upgraded facilities to increase capacity and enhance the user experience at Ferguson St and Ashhurst drop-off points.
- Began upgrades to the staff facilities at Awapuni to cater to the teams that are based there.
- Implemented traffic safety and site security measures at Awapuni.
- Extended the glass storage bunkers and welcomed the arrival of specialist glass collection vehicles. This will allow more glass to be sorted onsite, creating resilience in the nationwide glass recycling network, and providing a safer working environment when unloading the trucks.
- Installed a backup power option at the materials recycling facility and extended the platform around the baler for improved operational safety.
- Upgraded our compost screen and installed an irrigation system in our compost production area to ensure we continue to produce a quality product.
- Continued to improve our data capture systems to help with data-driven decision-making.

We have also been actively providing opportunities for Palmerston North to recover resources/minimise waste/reduce what is sent to landfill. These include:

- Establishing a trial food scrap collection – after the first three months we have seen positive engagement levels and have successfully diverted food scraps that in many cases would have gone to landfill.
- We sent our first bales of liquid paper board to be recycled into building products and continue to provide a collection point to divert tyres from landfill.
- Provided support to four more Resource Recovery Fund applicants from the community.
- Recommencing tours of the recycling facility at Awapuni.
- Supported the delivery of two future living skills workshops, facilitated by Environment Network Manawātū.
- Partnered with a local concrete company to include our waste glass fraction in their concrete production process.
- Continue to develop a range of communication material to target a variety of demographics.

ON-GOING CONSIDERATIONS

Contamination of recycling continues to be an issue, with the amount of non-accepted material in kerbside recycling bins still at increased levels from pre-Covid-19 times. This will require a behaviour change programme accompanied by monitoring and compliance to bring this down to an acceptable level.

In addition, more investment in our infrastructure and systems will be required to respond to the MfE directives and to meet the required progressive waste diversion targets. We continue to investigate this to inform the 2024-34 Long-Term Plan.

Resource Recovery

The waste levy, set by MfE, continues the forecasted rise. This has gone from \$10 a tonne prior to 2020 to \$50 a tonne in July 2023. This will reach \$60 per tonne in July 2024, significantly increasing the cost to dispose of waste. The revenue generated through the waste levy is currently distributed to councils and made available as a contestable fund.

We will continue to see changes from MfE – in June 2024 we are expecting the new waste legislation, which will replace the Waste Management Act and the Litter Act. This will provide local councils with more tools to divert more resources from landfill. The new waste legislation will also change the way the waste levy is distributed, with councils needing to meet certain waste diversion targets to receive funding.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Ensure the city's solid waste is adequately and affordably managed. Maximise the proportion of waste diverted from landfill (e.g. through recycling and composting). Manage hazardous waste in an environmentally responsible manner.	1. Compliance with resource consents for the Resource Recovery Activity measured by the number of abatement notices, infringement notices, enforcement orders and convictions. Target: 100% compliance	Target Met	100% Compliance continues to be achieved. Operations are regularly monitored to ensure continued compliance with consent conditions along with producing reporting as required to Horizons Regional Council.
	2. Decrease in per capita volume of waste sent to landfill. Target: Narrative measure outlining Council initiatives to decrease waste sent to landfill.	Target Met	The 2019 Waste Management and Minimisation Plan (WMMP) sets a target of increasing waste diversion from 38% to 48% by 2025. Reducing the amount of material sent to landfill is to be achieved via the 26 actions that were set out in the WMMP. Initiatives and actions currently being undertaken include, but are not limited to, reinstating tours of the Materials Recovery Facility (MRF) to provide education, continued engagement with the community, actively participate in the Zero Waste Action Group, administer the Resource Recovery Fund to support community waste reduction initiatives, and actively working with existing and new commercial customers to maximise the number of resources that are recovered. In addition, we have one trial underway in the city-a kerbside food scraps collection service trial. We also completed a free rubbish bag trial for low-income households.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Resource Recovery	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
REVENUE				
Landfill Management	750	231	519	226
Waste Management	1,291	1,359	(68)	1,174
Waste Minimisation	1,998	1,770	228	2,193
TOTAL REVENUE	4,039	3,360	679	3,593
EXPENSES				
Landfill Management	1,942	509	(1,433)	285
Waste Management	2,414	2,287	(127)	1,865
Waste Minimisation	6,381	6,688	307	6,706
TOTAL EXPENSES	10,737	9,484	(1,253)	8,856
NET OPERATING COST OF ACTIVITY	(6,698)	(6,124)	(574)	(5,263)
RATING ALLOCATION				
Add back depreciation	801	674	127	686
Add back Transfers to/from reserves	-	65	(65)	-
Less Renewal capital expenditure	(310)	(479)	169	(410)
Add/(Less) borrowing effect of renewal 3 year averaging	(76)	(76)	-	(2)
Less provision for debt reduction	(98)	(412)	314	(586)
Add targeted rates allocation	6,381	6,352	29	5,575
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

➤ Higher revenues in landfill management received for waste transfers, offset by additional expenses.

Significant Activity Capital Projects Resource Recovery	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
CAPITAL RENEWAL				
185-Closed Landfills and Transfer Stations - Site Renewals	32	36	4	
612-Recycling - City-wide Wheelie Bin and Crate Renewals	89	80	(9)	
649-Recycling - Materials Recovery Facility Renewals	23	227	204	
1368-City-wide - Public Space Rubbish and Recycling Bins Renewals	36	47	11	
1374-City-wide - Recycling Drop Off Facilities - Renewals	12	9	(3)	
1721-Composting Activity Site Renewals	6	8	2	
1784-Rubbish and Recycling Buildings - Renewals	112	72	(40)	
TOTAL CAPITAL RENEWAL	310	479	169	410
CAPITAL NEW				
506-City-wide - Public Space Rubbish and Recycling Bins Development	16	66	50	
657-Urban Growth - Recycling - City-wide Wheelie Bins and Crates	90	80	(10)	
721-Awapuni Closed Landfill - Landscaping Development	1	26	25	
1371-Closed Landfills and Transfer Stations - Safety, Security and Development	725	802	77	
1373-City-wide - Recycling Drop Off Facilities - Development	32	87	55	
1410-Recycling - City-wide Recycling Services to Commercial/organisational Properties Development	39	41	2	
1783-Rubbish and Recycling Buildings - Staff Welfare and Health and Safety Improvements	253	250	(3)	
1810-City-wide - Diversion of Waste from Landfill - New Materials Development	-	70	70	
TOTAL CAPITAL NEW	1,156	1,422	266	330
TOTAL CAPITAL PROJECTS	1,466	1,901	435	740

STORMWATER

WHAT THE COUNCIL DOES

Protection of people, homes, workplaces, and businesses from flooding during rain events is essential in any well-planned city. To achieve this, we operate, maintain and manage a stormwater system to protect people and property, while reducing environmental impacts.

The impacts of flood risk due to new development are managed and mitigated by requiring effective controls for stormwater discharge. This focuses on both quantity and quality which aims to mitigate negative impacts on people, buildings, and the environment. Council is committed to continued investigations and investment in upgrades to the stormwater network to meet the agreed Levels of Service.

Significant central government reform has been proposed for the future management of the three waters. The Government is considering shifting the three waters management functions of councils to new regional entities. If the reforms proceed, the role of the Council in managing three waters infrastructure will change significantly, including for stormwater which will follow from significant changes to drinking water supplies.

KEY ACHIEVEMENTS

- We have started work on a stormwater Management Framework. This will provide applicants for subdivision and consents an overview of the stormwater challenges in the City which must be addressed.
- Upgrades have been made to stormwater infrastructure in Jamieson's Dr, Botanical Rd and Jensen Court.
- Major upgrades have been completed on the Vautier Park, Paisley Street and Sutton Place pump stations.



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WHAT HAPPENED IN THE YEAR

Stormwater Management

A significant increase in subdivision activities, particularly infill and greenfield development has continued within the city. Council has worked proactively with property owners and developers to support their development and mitigate the negative effects of additional stormwater runoff. This is expected to become more relevant to the impacts of climate change.

National Freshwater Policies will set higher water quality standards for stormwater discharges. To mitigate impacts, Stormwater Management Plans are now a standard requirement for all sub-division and major building consent applications.

Several projects were delivered this year to reduce stormwater issues in specific locations. A significant portion of the improvement budgets this year was dedicated to design projects, to enable future works. These include the design of stormwater upgrades for Fitzherbert St, Linton St, and Wyndham St. We continue to work closely with colleagues in the transport division to ensure works align to ensure joint outcomes.

We have continued to focus on identifying and addressing local nuisance flooding issues and as such have completed significant projects in the following areas:

- Stormwater improvement of Setters Line
- Stormwater Improvement of Church St
- Stormwater Improvement of Pirani Pl

Many of the stormwater pump stations in the city require upgrades to provide additional capacity and improve resilience. This is the fourth year of a program to renew and refurbish major stormwater pump stations in the city. The pump station upgrades include electrical cabinets as part of a drive to standardise assets across the city.

As part of the resilience improvement programme, several new assets were purchased this financial year. This included portable pumps and generators, which were fully utilised during Cyclone Gabrielle, where some streets had flooded due to the high Manawatū River levels.

The city-wide flood model has undergone significant improvement under the work package for the intensification plan change. This allows for new scenarios and improvements to be investigated, to understand large scale events.

Network Performance

Flooding is typically caused by prolonged periods of heavy rainfall across both the city and/or the wider region, which can result in significant stormwater runoff within the city and elevated river and/or stream levels.

Incidents of localised ponding and road flooding were reported at levels similar to the previous year. Some immediate mitigation work was undertaken to clear the local network of blockages and investigation work is underway to identify cost-effective improvements to reduce the risk of future flooding events in these areas. Investigations to improve and upgrade the existing network continues.

There were no significant weather events witnessed in Palmerston North, however, our rivers and streams, and a small number of Ashhurst residents, were severely impacted by the effects of Cyclone Gabrielle in the wider catchment. We continue to receive a high number of complaints regarding street ponding, nuisance flooding, and overland flow paths. Cyclone Gabrielle has increased public sensitivity and heightened awareness among residents. This is amplified when the waterways pass through private properties.

We have an ongoing investment in CCTV inspection of critical and aged parts of the pipe network. This year 2.6km of the critical network has been inspected. The data will be used to plan and prioritise renewal works for the next few years. The CCTV inspections, as well as condition assessments of pump stations, also identified areas of the network in need of renewal.

Several key sections of open drains and channels have been the focus of works under the open channel and drain maintenance programme. The budget was expended in several areas including:

- Spraying and mowing to maintain the level of service of channel capacities
- Several critical sections with slumping banks (Milson Line and McGregor stream) were rehabilitated
- Clearing parts of the Awatea stream with heavy sedimentation issues.
- Vegetation clearance in Jefferson Reserve, Colquhoun park stream, and Fairs Rd drainage reserve
- Investigation of hydrocarbon contamination in the Milson Stream. Work is continuing with Horizons Regional Council and Rangitane to identify the source of the contamination and mitigate future occurrences

ONGOING CONSIDERATIONS

Stormwater

Modeling will continue to be used as a tool to help improve understanding of the network and to identify high-risk areas in the city. This will help us to identify and programme effective and affordable flood mitigation options.

Recent extreme weather events in NZ (including Cyclone Gabrielle and flooding in Auckland) have identified gaps in understanding of the potential impacts due to extreme events (i.e. greater than 200yr ARI). We will investigate and consider potential impacts. This will include ongoing collaboration with key stakeholders including Civil Defence Teams and Horizons Regional Council.

Standard Operating Procedures are being developed to improve the management of penstock operations and maintenance.

Central government has signaled a strong desire to improve water quality. This will eventually be reflected in higher quality standards for stormwater discharges. Many

of Palmerston North's urban channels and streams are degraded due to the overgrowth of vegetation, litter, and other contaminants. We are working proactively with businesses and the community to improve stormwater quality. This will be achieved through a combination of investment in treatment systems at the source (where possible) and remediation of existing waterways. Regulatory action can also be used to address illegal discharges, albeit as a last resort.

To support quality improvements, we are working on a comprehensive city-wide monitoring programme called Hai Manga Oranga which is being done in close collaboration with Rangitāne. Rangitāne provides monitoring at several locations that cover sensitive environments, including along the Kawau Stream. Additional monitoring is ongoing at 8 locations as part of a pilot programme.

The use of CCTV, physical inspection, and condition assessments of critical and aged assets continues, to enable the ongoing development of a robust renewal programme. It is anticipated that increased investment in the stormwater network will be required to realise and maintain agreed levels of service.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Provide stormwater services to protect buildings from inundation from flooding in major events.	1. The number of flood event per year resulting in stormwater from the Council's stormwater system entering a habitable floor in an urban area. Target: Less than 5	Target Met	There have been no recorded flood events resulting in stormwater entering a habitable floor in an urban area. (2021/22 – 1 recorded flood event)
	2. The number of habitable floors per 1,000 properties within urban stormwater service areas affected by a flood event. Target: Less than 2	Target Met	There have been no recorded flood events resulting in stormwater entering a habitable floor in an urban area. (2021/22 – 0.17 per 1,000 properties)
	3. Median time to attend a flooding event (note: a flooding event is one resulting in stormwater entering a habitable building) Target: Less than 2 hours	Target Met	There have been no recorded flood events resulting in stormwater entering a habitable floor in an urban area, so no median time was recorded. (2021/22 – 3 hours)
	4. The number of complaints received about the performance of Council's stormwater system per 1,000 properties connected. Target: Less than 15	Target Met	A total of 179 complaints have been received for the last 12 months or 5.3 complaints per 1000 properties connected. These include 5 complaints relating to stormwater events, 79 associated with pipe/underground services damage, 39 cases of on-property flooding or drainage problems, and 56 complaints related to waterway or open drain problems. (2021/22 – 205 complaints, equating to 6.1 per 1,000 connections)
	5. Compliance with resource consents for discharge from Council's stormwater system as measured by the number of abatement notices, infringement notices, enforcement notices and convictions received by Council in relation to resource consents. Target: 100% Compliance	Target Met	All stormwater consent conditions have been fully complied with, such that no convictions, abatement, infringement or enforcement orders have been received. (2021/22 – No convictions, abatement, infringement, or enforcement orders received)

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Stormwater	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
REVENUE				
Stormwater Collection and Disposal	6	6	-	33
TOTAL REVENUE	6	6	-	33
EXPENSES				
Stormwater Collection and Disposal	4,773	4,361	(412)	4,369
TOTAL EXPENSES	4,773	4,361	(412)	4,369
NET OPERATING COST OF ACTIVITY	(4,767)	(4,355)	(412)	(4,336)
RATING ALLOCATION				
Add back depreciation	2,222	2,054	168	1,941
Less Renewal capital expenditure	(996)	(928)	(68)	(841)
Add/(Less) borrowing effect of renewal 3 year averaging	(40)	(40)	-	(68)
Less provision for debt reduction	(174)	(174)	-	(150)
Add general rates allocation	3,755	3,443	312	3,454
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Significant Activity Capital Projects Stormwater	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
CAPITAL RENEWAL				
20-City-wide - Stormwater Pump Station Renewals	259	286	27	
1062-City-wide - Stormwater Network Renewal Works	737	642	(95)	
TOTAL CAPITAL RENEWAL	996	928	(68)	841
CAPITAL NEW				
51-Urban Growth - Development Contributions - Stormwater	221	207	(14)	
1001-Urban Growth - Whakarongo - Stormwater	4,745	300	(4,445)	
1060-City-wide - Stormwater Network Improvement Works	1,264	1,236	(28)	
1372-City-wide Stormwater Pump Stations Improvement	42	320	278	
1706-City-wide - Stormwater Network Resilience	211	223	12	
1708-City-wide - Stormwater Flood Mitigation	2	143	141	
TOTAL CAPITAL NEW	6,485	2,429	(4,056)	1,523
TOTAL CAPITAL PROJECTS	7,481	3,357	(4,124)	2,364

➤ Budget for 1001-Urban Growth - Whakarongo -Stormwater brought forward to 2023 for land purchase.

WASTEWATER

WHAT THE COUNCIL DOES

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

We operate wastewater systems that provide safe and reliable collection, treatment, and disposal of wastewater from residential and commercial properties. The system is comprised of five interconnected public networks in Palmerston North, Linton, Ashhurst, Bunnythorpe, and Longburn, all of which move wastewater to a central treatment plant in Totara Road. From here the wastewater is treated and discharged to the Manawatū River in accordance with Resource Consents with Horizons Regional Council.

Significant central government reform has been proposed for the future management of three waters. The Government is considering shifting the three waters management functions from councils to 10 new regional entities. If the reforms proceed, the role of Council in managing three waters infrastructure will significantly change. For more information see Council's Waters Plan.

KEY ACHIEVEMENTS

- Council lodged a Resource Consent with Horizons Regional Council in December 2022.
- There has been several process and health and safety upgrades to the treatment plant – including critical seismic strengthening work.



Wastewater treatment facility

WHAT HAPPENED IN THE YEAR

Totara Road Wastewater Treatment Plant

The wastewater collection, treatment, and discharge processes have been operated in compliance with the Resource Consent. Effective and efficient operation of the Totara Road Wastewater Treatment Plant is critical. Several upgrade projects at the Totara Road wastewater treatment plant (WWTP) were initiated, progressed, or completed, including:

- Upgrading 2 of the 4 inlet lift pumps (main pumps at the treatment plant). Investigations are underway to replace the remaining 2 pumps.
- Works are underway to replace the Low voltage assets, with completion expected during the 2023/24 financial year
- Replacement of the high voltage assets is being prepared for tender during the 2023/24 financial year
- Phase 1 of the seismic strengthening has been completed with the de-loading of the roof of the sedimentation tanks. Phase 2 which includes the design of seismic strengthening for the digesters and control building is underway, this is a multidisciplinary project and will be completed first half of the 2023/24 financial year with construction expected to be completed by the 2024/25 financial year.
- A programme of work has been completed to install the third inlet screen and a new gantry crane.
- The health and safety audit recommended installing rails and guards, which has almost been completed.
- A new odour control unit will be installed in early 2023/24 financial year.
- A new online control unit for phosphorus dosing is underway to reduce chemical usage, avoid overdosing and comply with more stringent limits.
- Process improvements are underway on the biogas electricity generation systems to mitigate health and safety concerns and to maximise electricity generation and heat recovery.
- New storage shed, and workshop I now being utilised at the treatment plant.
- An aerator renewal program is underway to renew the mechanical and electrical components of the aerators. One aerator is still out of service and will be commissioned in 2023/24.

The current and planned upgrades are key to ensure the plant is effective, efficient, and resilient and can manage current and future flows through to 2028 when a new wastewater treatment and disposal system will need to be in place following the conclusion of the new Resource Consent.

Nature Calls Project

The Nature Calls Project moved into the Consenting phase in 2022/23, which resulted in a Resource Consent being lodged with Horizons Regional Council on 19th December 2022. During the consenting phase, a Project Steering Group was stood up to oversee the management of the Resource Consenting process. This group was made up of key stakeholders including Rāngitane, Ngāti Whakare, Te Tumatukahuki, representatives from Industry, an elected member, several senior Council staff, and a Project Technical Group. This group met regularly leading up to the lodging of the consent.

The initial processing timeframe for assessing the completeness of the application was due on 10th February 2023. In early February 2023, Horizons requested an extension to this timeframe to allow for a technical review to be completed, acknowledging the complexity of the application. Council agreed to the extension with a review date of 31 March, 2023.

On the 31st March 2023 Horizons informed Council that the consent application had been rejected under S88 of the Resource Management Act (RMA). Horizons cited in their correspondence to Council that the application did not include sufficient information. This was a disappointing outcome for the project team, given the extensive work that went into the consent application preparation.

Members of the project team met with Horizons on 6th April to discuss the rejection of the application and the implications of the decision. This was a pro-active discussion, with both parties committing to move forward constructively to work towards the long-term goal of improving the health of the Manawātū River.

Council decided to lodge a formal objection to the notice from Horizons. The objection was deemed necessary for Council to assert the position that the consent application was sufficient to be accepted under S88 of the RMA.

Work is continuing collaboratively with technical representatives from each organisation meeting regularly to work through the various requirements under S88.

Several work packages are progressing including a biosolids strategy, emerging organic contamination testing, river monitoring and mixing study, and a property strategy for land purchase.

Iwi engagement in the project is continuing with regular meetings between Council and representatives from Rāngitane, Ngāti Whakare, and Te Tumatukahuki.

Wastewater Network

A network hydraulic model re-calibration project is underway and involves monitoring to help identify areas of concern and develop an action plan. A criticality framework has been applied across the network to help prioritise the capital renewal programme for some years.

A new Mechanical and electrical maintenance contract will help to improve the quality of asset condition information for pump stations. This will assist with planning for future renewals and upgrades.

Just over 1km of critical mains have been relined as part of the wastewater mains renewal programme. Significant work has been completed on the health and safety, standards, and resilience of pump stations. Other renewals work completed includes pumps, electrical cabinets, variable speed drives, electrical switchboards, and internal mechanical/pipe renewals.

ONGOING CONSIDERATIONS

The most significant challenge continues to be stormwater inflow and infiltration into the wastewater network during wet weather events. As in all developed cities throughout the modern world, this is due to leaking aged pipes and

manholes as well as stormwater pipes connected to the wastewater network, resulting in flows increasing significantly during wet weather. The increased flow results in some key parts of the network operating close to capacity, and eventually a reduction in the agreed Level of Service.

We plan to use the recalibrated wastewater network model to identify and identify and understand key constraints. Modelling will identify a range of mitigation measures to reduce the volume and frequency of unplanned wastewater discharges, including upsizing some key mains and provision of storage.

The modelling work will also allow us to assess options and funding to reduce stormwater inflow and infiltration to the network. The work will target those parts of the network identified with flows that are higher than what is expected from standard design parameters.

We have initiated a project to install sensors in strategic locations throughout the network, to actively measure flows during dry and wet periods. The information will enable us to monitor key catchments for stormwater inflow and infiltration and send notifications to staff to enable us to react faster in wet weather events.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Provide wastewater services for the safe collection, treatment and disposal of the city's wastewater.	1. Number of dry weather wastewater overflows from Council's wastewater system per 1,000 connections per year. Target: Less than 1	Target Met	There were 19 recorded incidents of a dry weather wastewater overflow for the year or 0.58 overflows per 1,000 connections. (2021/22 – 16 incidents, equating 0.48 overflows per 1,000 connections)
	2. Complaints per 1,000 connections about wastewater odor, system faults, system blockages and Council's response to issues with the wastewater system. Target: Less than 15	Target Met	There were 260 complaints or 7.7 per 1,000 connections. (2021/22 – 321 complaints, equating to 9.5 per 1,000 connections)
	3. Median time for attending to overflows resulting from blockages or other faults. Target: Less than 1.5 hours	Target Met	The median time for attending to an overflow resulting from a blockage for the year was 42 minutes. (2021-22 – Median response time of 30 minutes)
	4. Median time for resolution of overflows resulting from blockages or other faults. Target: Less than 8 hours	Target Met	The median time for resolution of an overflowing resulting from blockages or other faults is 3 hours and 18 minutes. (2021/22 – Median resolution time of 3 hours and 4 minutes)
	5. Compliance with resource consents for discharge from Council's wastewater system as measured by the number of abatement notices, infringement notices, enforcement notices and convictions received by Council in relation to resource consents. Target: 100% compliance	Target Met	All wastewater consent conditions have been fully complied with, such that no convictions, abatement, infringement, or enforcement orders have been received. (2021/22 – No convictions, abatement, infringement, or enforcement orders)

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Wastewater	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
REVENUE				
Wastewater Collection	19	6	13	63
Wastewater Treatment and Disposal	1,646	1,357	289	1,450
TOTAL REVENUE	1,665	1,363	302	1,513
EXPENSES				
Wastewater Collection	6,993	6,213	(780)	6,092
Wastewater Treatment and Disposal	5,776	4,795	(981)	5,404
TOTAL EXPENSES	12,769	11,008	(1,761)	11,496
NET OPERATING COST OF ACTIVITY	(11,104)	(9,645)	(1,459)	(9,983)
RATING ALLOCATION				
Add back depreciation	5,478	4,760	718	4,527
Less Renewal capital expenditure	(3,802)	(4,349)	547	(4,004)
Add/(Less) borrowing effect of renewal 3 year averaging	(665)	(665)	-	(272)
Add external revenue for renewal capital	(56)	-	(56)	1,092
Less provision for debt reduction	(203)	(395)	192	(2,036)
Add targeted rates allocation	10,352	10,294	58	10,676
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

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

Significant Activity Capital Projects Wastewater	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
CAPITAL RENEWAL				
54-City-wide - Wastewater Pipe Renewal	2,561	2,381	(180)	
65-City-wide - Wastewater Pump Station Renewal	430	464	34	
179-Totara Road Wastewater Treatment Plant - Minor Equipment Renewals	172	514	342	
1059-Totara Road Wastewater Treatment Plant - Replacement of Grit Removal Systems	(4)	-	4	
1380-Totara Rd WWTP - Biogas Generator Major Overhauls	66	405	339	
1620-Totara Road Wastewater Treatment Plant - High Voltage Power renewals	245	245	-	
1685-Replacement of potable water service in WWTP	(4)	-	4	
1714-City-wide Wastewater Trunk Mains Renewal	202	200	(2)	
1799-Wastewater Treatment Plant - Buildings Renewals	111	120	9	
1801-Wastewater Pump Stations - Building Renewals	23	20	(3)	
TOTAL CAPITAL RENEWAL	3,802	4,349	547	4,004
CAPITAL NEW				
66-Totara Road Wastewater Treatment Plant - Resilience Programme	101	580	479	
73-Urban Growth - Development Contributions - Wastewater	-	104	104	
210-Urban Growth - NEIZ - Wastewater	640	674	34	
1000-Urban Growth - Whakarongo - Wastewater	(2)	198	200	
1074-Totara Road Wastewater Treatment Plant - Earthquake Strengthening of Civil Structures	20	100	80	
1616-City-wide - Wastewater Pump Station - Capacity Upgrade	138	352	214	
1617-Totara Road Wastewater Treatment Plant - Biogas System Improvements	88	958	870	
1618-Totara Road Wastewater Treatment Plant - High Voltage Power resilience upgrades	17	225	208	
1619-Totara Road Wastewater Treatment Plant - Inlet Screens	483	900	417	
1688-Three Waters Resilience - Installing Telemetry	(4)	-	4	
1689-Three Waters Data Centre Upgrade	(15)	-	15	
1711-Industrial Growth - Longburn Industrial Park - Wastewater	21	-	(21)	
1712-City-wide Wastewater wet weather overflow mitigation	198	200	2	
1821-City-wide Wastewater Pipeline Realignment of at-risk mains	40	50	10	
2128-WWTP - Consent Application	3,019	2,800	(219)	
TOTAL CAPITAL NEW	4,744	7,141	2,397	3,172
TOTAL CAPITAL PROJECTS	8,546	11,490	2,944	7,176

WATER SUPPLY

WHAT THE COUNCIL DOES

We are committed to providing safe, secure, reliable, and high-quality drinking water, which is essential to the health and well-being of our residents and businesses.

We understand the importance of our obligations and role in facilitating and managing the supply of water from its source to the customer, to ensure the protection of public health and to support commercial needs.

We maintain and develop a safe and reliable supply of drinking water to residential and commercial properties in the supply area. We have a water conservation strategy to drive actions around efficient water use.

Significant central government reform is underway in the three waters space. The Government plans to shift all three waters management functions from councils to ten new regional entities. If the reforms proceed, our role in managing three waters infrastructure will significantly change. For more information see our Waters Plan.

A significant impact for Council that has been realised under the reform, is a step change in drinking water compliance. Taumata Arowai now regulates Council's compliance against a new set of Drinking Water Quality Assurance Rules. As with many Councils across New Zealand, we do not comply with some sections within the new rules. However, we have developed a strategy that ensures compliance with the new rules albeit in the medium to long term – which is reflected in the Long-Term Plan.

KEY ACHIEVEMENTS

- We have implemented a strategy for the improvement of water supply quality and compliance monitoring.
- The water supply resilience from Turitea to the Ngahere Park reservoirs was improved by the replacement of a critical pipeline junction and associated valves.
- All ground water bore sites are undergoing improvement upgrades to meet revised compliance standards.
- The new Railway Road bore supply and associated treatment plant, reservoir and pumping station is now complete and will be on-line from July 2023.
- The project to seismically strengthen the Turitea Water Treatment Plant building has progressed well and will be completed in the 2023/24 financial reporting period.
- Planning is underway to understand requirements to meet the new Drinking Water Quality Assurance Rules, for the city's bore sites. This will include an option assessment for each bore site.

WHAT HAPPENED IN THE YEAR

Quantity and Quality of Supply

Summer water conservation was encouraged over the summer period, and restrictions were not needed. Water conservation measures, including a water loss reduction programme will continue to be implemented across the city.

The final section of the Turitea Rd duplicate trunk main project has been completed, which involved the replacement of the last critical section of the network, and associated valves. This was completed in 2022/23 and has greatly enhanced the resilience of this critical piece of water supply infrastructure from the Treatment Plant to the Ngahere Park reservoirs.

Bore headworks renewals are underway and other minor work is progressing well. This work is being undertaken as part of improvements to ensure compliance with the new Drinking Water Quality Assurance Rules. This work forms part of a medium-term strategy as it is recognized that some of the new compliance issues cannot be resolved in the short term.

Risk and Resilience

We have purchased and installed standby generators for Bunnythorpe; and the Longburn and Ashhurst generators are mobile and ready to be deployed on demand.

A review of the chemical dosing systems at the Turitea Water Treatment Plant has been completed, and critical modifications made to the treatment plant as part of the seismic upgrade programme.

The seismic strengthening project for Turitea Water Treatment Plant is well underway. Contractors are making great progress and the work is expected to be finalized in the 2023/24 financial year.

The Annual Dam Safety Review will focus this year on the new dam safety regulations which were introduced in 2022/2023.

During 2022/23 installation of the seismic shutoff valves at our Ngahere Park reservoirs was completed. Finally, commissioning is now underway.

Network Investment

We continued our rolling renewal programme in the 2022/23 year. This ensures that elements of the 560 km of water mains and our treatment plant assets are replaced at the end of their economic life. This reduces the number of interruptions affecting consumers and manages our maintenance costs to an affordable level. Critical customer meter replacements are underway and will provide 2-3 years of planned work.

The pump station and chemical buildings at Railway Road bore have been completed. Modification to the reservoir/ storage tank has also been completed, to ensure compliance with the new Drinking Water Quality Assurance Rules. The site will provide additional water supply to service the NorthEast Industrial Zone, then in the medium term, the KiwiRail Freight Hub followed by an extension to Bunnythorpe.

A new PRV (Pressure Reducing Valve) station has been installed and commissioned along Airport Drive. This will allow the city and Kelvin Grove water supply zones to be connected, which has improved the level of service for development along Airport Drive.

ONGOING CONSIDERATIONS

Water Supply Activity

The main priorities in our capital programme are:

- Drinking-Water Quality Assurance Rules (Compliance)
- Resilience
- Sustainability
- Improving Reliability
- Identifying and improving Levels of Service where necessary
- Providing for future Growth

Planning is underway to identify if there is a need for reservoirs at all bore sites. This is to enable minimum chlorine contact times to be achieved before the water enters the supply network, which is a key compliance consideration. The reservoirs will also buffer peak water demand on the network, enabling bore pumps to operate more efficiently.

Work is undertaken to improve how connections to the water network are made with an emphasis on water safety, backflow prevention, meeting the Council's conditions of supply, customer obligations, compliance, and managing water demand, especially where critical water users are involved. This work aligns with the new Water Supply Bylaw which was adopted in 2023.

Work began on a multi-year water toby replacement programme across all our water supplies. The tobies are being replaced with manifolds that incorporate a backflow prevention device alongside the service valve. The backflow prevention device furthers our multi-barrier approach to water safety and enables compliance with new Drinking Water Quality Assurance Rules.

We continue to work closely with the new drinking water regulator, Taumata Arowai, to understand the implications of the new rules on Council's various water supplies. This includes source, treatment, and distribution rules. Work is progressing well on finalising the Drinking Water Safety Plans, including Source Water Risk Management Plans.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Provide water services for the provision of safe and readily available water.	<p>1. Compliance with Part 4 (bacteria compliance criteria) of the Public Health Act 1956 (as amended by the Health (Drinking Water) Amendment Act 2007)</p> <p>Target: 100% compliance</p>	Target Not Met	<p>New Drinking Water Quality Assurance Rules (DWQAR) took effect from November 2022. The “compliance goalposts” have shifted and the requirements to achieve compliance have increased. Under the old rules we were 100% compliant; under the new rules some bores do not meet the requirements based on new rules around chlorine contact time. Note that the overall quality and safety of the drinking water supply has not changed. Significant capital upgrades are required to achieve 100% compliance. These are scheduled in the LTP over the next several years. A full report is going to Council in September. Below is the breakdown by water source:</p> <ul style="list-style-type: none"> ➤ Turitea = Yes ➤ Keith St Bore = No, Did not meet the Contact Time (CT) requirement for 7 months of the year (Post DWQAR). Work is under way to investigate best option to meet this requirement. ➤ Papaioea Park Bore = No, Did not meet the CT requirement for 7 months of the year (Post DWQAR). Work is under way to make the Ultra Violet Reactor (UV) compliant and make upgrades to meet Free Available Chlorine (FAC) rules. ➤ Robert's Line Bore = No, the Robert's Line bore did not meet the CT requirement or the FAC requirements for 7 Months of the Year. Work is under way to investigate best option to meet CT requirement and upgrades are planned to meet FAC requirements in 2023/24 financial year. ➤ Takaro Bore = No, the Takaro Bore does not meet the CT requirement for 7 months of the year. Work is under way to investigate best option to meet this requirement. ➤ Ashurst Bore = Yes ➤ Bunnythorpe Bore = Yes ➤ Longburn Bore = Yes <p>(2021/22 – Full compliance)</p>
	<p>2. Compliance with Part 5 (protozoal compliance criteria) of the Public Health Act 1956 (as amended by the Health (Drinking Water) Amendment Act 2007)</p> <p>Target: 100% compliance</p>	Target Not Met	<p>All monitoring data received to date indicates full compliance with the Protozoal compliance criteria included in the Drinking Water Standards for New Zealand 2022, with the exception of Papaioea Park Bore due to UV not providing full compliance. Below is the breakdown by water source:</p> <ul style="list-style-type: none"> ➤ Turitea = Yes ➤ Keith St Bore = Yes ➤ Papaioea Park Bore = No, Bore #1 operated for a small amount of time (does not have Class 1 Status). The bore is off-line and upgrades are under way to the bore head, UV treatment assets and required data reporting through Infrastructure Data. ➤ Robert's Line Bore = Yes ➤ Takaro Bore = Yes ➤ Ashhurst Bore = Yes ➤ Bunnythorpe Bore = Yes ➤ Longburn Bore = Yes <p>(2021/22 – Full compliance)</p>

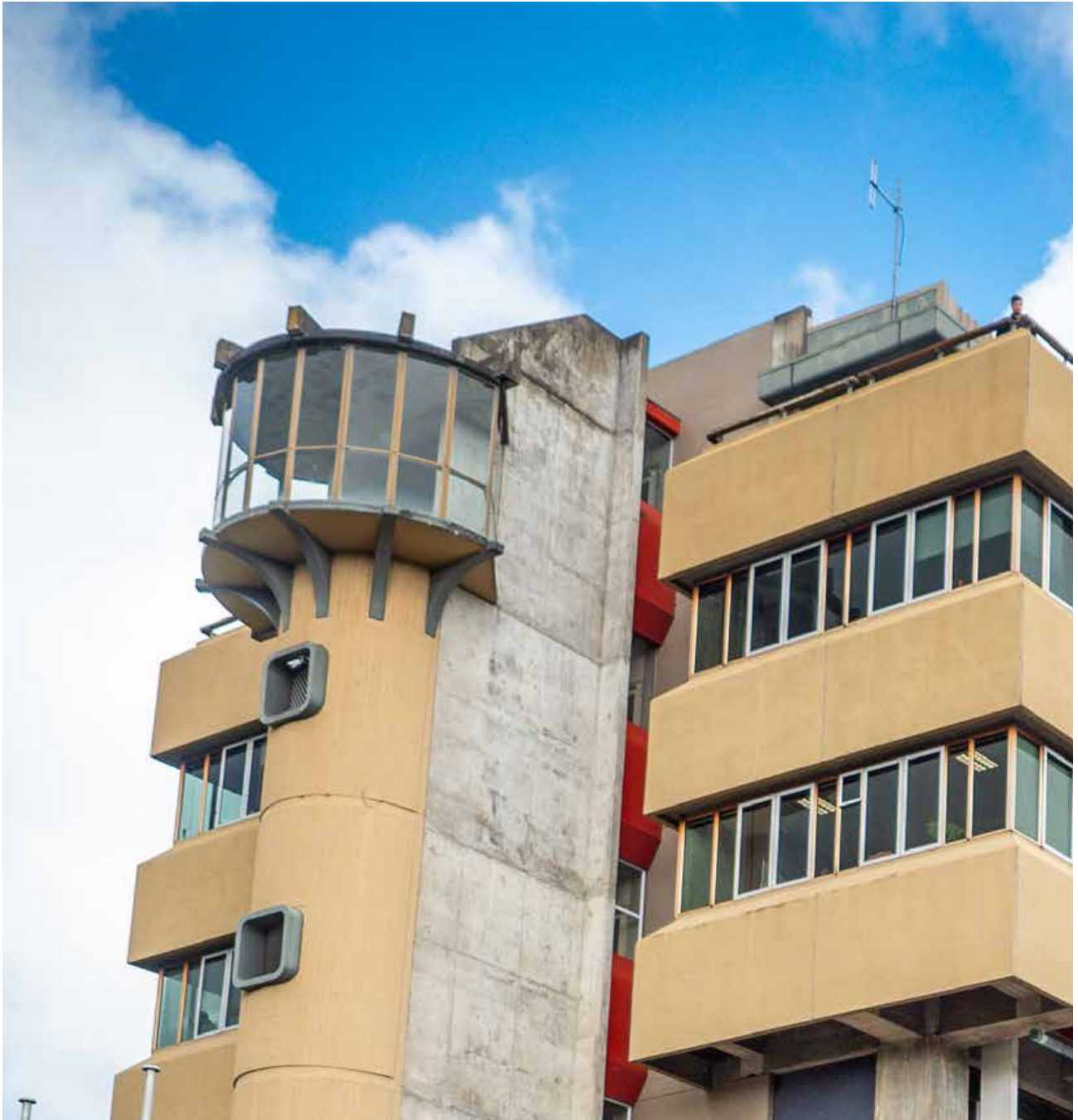
WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
	3. The number of complaints per 1,000 connections relating to clarity, taste, odor, continuity of supply, drinking water pressure or flow, and Council's response to any of these. Target: Less than 40	Target Met	A total of 33 complaints per 1,000 connections were received for the year. (2021/22 – 42.91 complaints per 1,000 connections)
	4. Average consumption of drinking water per day per resident. Target: Met – Less than 360 litres	Target Met	The average consumption of drinking water per day per resident was calculated to be 322 litres per day. (2021/22 – 238 litres per day)
	5. Median response time for urgent call out attendance. Target: Less than 2 hours	Target Met	The Median response time for urgent call out attendance was 30 minutes. (2021/22 – Median response time of 21 minutes)
	6. Median response time for resolution of urgent call outs. Target: Less than 7 hours	Target Met	The median time for urgent call outs for the year for which a resolution time was recorded was 2 hours and 54 minutes. (2021/22 – Median resolution time of 6 hours and 25 minutes)
	7. Median response time for non-urgent call out attendance. Target: Less than 10 hours	Target Not Met	The median time for non-urgent call outs for the year for which a response time was recorded was 19 hours. The target was not met due to a process issue with logging start and attendance times, which has resulted in longer response times. This issue is being addressed through process changes to data input. (2021/22 – Median response time of 2 hours and 48 minutes)
	8. Median response time for resolution of non-urgent call outs. Target: Less than 75 hours	Target Met	The median time for non-urgent call outs for the year for which a resolution time was recorded was 23 hours. (2021/22 – Median resolution time of 19 hours and 8 minutes)
	9. Percentage of real water loss from the water reticulation network. Target: Less than 20%	Target Met	The percentage of real water loss from the reticulation network was calculated at 15%. The calculation for real water loss was revised this year with more accuracy due to updated census data and more representative survey metering. The methodology used is taken from the Benchmarking of Water losses NZ Manual (2008). (2021/22 – 8.5%)

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Water Supply	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
REVENUE				
Water Collection	1	30	(29)	29
Water Distribution	6	56	(50)	29
Water Treatment	10	10	-	53
TOTAL REVENUE	17	96	(79)	111
EXPENSES				
Water Collection	2,658	2,364	(294)	2,412
Water Distribution	5,987	4,994	(993)	4,854
Water Treatment	2,780	2,087	(693)	1,856
TOTAL EXPENSES	11,425	9,445	(1,980)	9,122
NET OPERATING COST OF ACTIVITY	(11,408)	(9,349)	(2,059)	(9,011)
RATING ALLOCATION				
Add back depreciation	4,428	3,882	546	3,629
Add internal rates recovered	464	-	464	537
Less Renewal capital expenditure	(4,546)	(6,111)	1,565	(4,157)
Add/(Less) borrowing effect of renewal 3 year averaging	3	3	-	(974)
Add external revenue for renewal capital	-	-	-	1,374
Less provision for debt reduction	(1,455)	(624)	(831)	(2,305)
Add targeted rates allocation	12,514	12,199	315	10,907
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

➤ Water expenses were unfavourable due to depreciation expense being higher than budgeted.

Significant Activity Capital Projects	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
Water Supply				
CAPITAL RENEWAL				
199-City-wide - Water Supply Bore and Network Facility Renewals	374	904	530	
207-Turitea WTP - Equipment and Facility Renewals	444	607	163	
214-City-wide - Water Toby and Manifold Renewals	668	667	(1)	
218-City-wide - Water Main Renewals	2,486	3,000	514	
1061-City-wide - Water Supply Reservoir Renewals	2	311	309	
1700-City-wide - Water Meter Renewals	157	333	176	
1701-City-wide - Water Supply Valve and Hydrant Renewals	327	207	(120)	
1797-Water Treatment Plant - Building Renewals	78	50	(28)	
1822- Water Pump Stations - Building Renewals	10	12	2	
2042-Turitea WTP - Raw Water Main Renewal	-	20	20	
TOTAL CAPITAL RENEWAL	4,546	6,111	1,565	4,157
CAPITAL NEW				
124-Turitea WTP - Drinking Water Standards Upgrades	216	200	(16)	
132-City-wide - Water Supply Resilience - Trunk Mains	28	113	85	
246-Urban Growth - Development Contributions - Water Supply	-	259	259	
651-City-wide - Water Supply Resilience - Seismic Strengthening	444	579	135	
986-Turitea Dams - Aeration Upgrade	3	61	58	
1005-Urban Growth - NEIZ - Water Supply	1,300	639	(661)	
1054-Ashhurst - Water Quality Improvements	56	207	151	
1384-City-wide - Water Supply Resilience - Additional Reservoirs	384	232	(152)	
1388-Palmerston North - District Metering Areas for Water Supply	320	330	10	
1389-City-wide - Water Supply Resilience - Security of Supply	23	374	351	
1607-City-wide - Health and Safety - Water Treatment Chemical Handling	284	317	33	
1696-City-wide - Drinking Water Standards Upgrades	141	-	(141)	
1697-Turitea WTP - Water Supply Resilience - Upgrades	1,272	2,111	839	
1863-City-wide - Water Supply Resilience - Generators	17	150	133	
1873-City-wide - Water Main Upgrades - Firefighting	-	155	155	
1883-Water Operations -Small Plant and Equipment - New	14	16	2	
2048-City-wide - Water Toby and Manifold enhancements	541	576	35	
2060-City-wide - Commercial Water Meters	-	100	100	
2228-City-wide - Water Main Improvement	557	-	(557)	
TOTAL CAPITAL NEW	5,600	6,419	819	2,063
TOTAL CAPITAL PROJECTS	10,146	12,530	2,384	6,220



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

Goal 5: A driven and enabling Council



Central Admin Building



GOOD GOVERNANCE AND ACTIVE CITIZENSHIP

WHAT THE COUNCIL DOES

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

KEY ACHIEVEMENTS

- Community organisations continue to make informed contributions to Council's decision making processes.
- The Mayor has also been elected Chair of the Local Government New Zealand Metro Sector Group, representing the City at a national level.
- Social development and Whānau Ora aim to improve community outcomes is a collaborative approach that is woven into many joint projects.

WHAT HAPPENED IN THE YEAR

Community Engagement

A variety of different styles of engagement have been used in 2022. For example, the Featherston St pedestrian and cycling improvements have been developed through a series of co-design sessions with stakeholders.

In the formal consultation space, we have seen several consultations on topics that the community connected closely with. The recent speed limits around school's proposal is one of these, with more than 350 submissions to date. More than 300 submissions were received on street racer provision additions to the Traffic and Parking Bylaw, showing that our community is prepared to engage with complex issues. As a direct consequence of a request from the community during the previous year's annual budget, safety improvements to the Vogel Street intersection have been prioritised and will soon be consulted on.

The Mayor and Councillors have also received several localised petitions this year on the topics of the City Coat of Arms, Kainga Ora housing development, and motorbike use on the Mangaone Stream walkway.

Community organisations continue to make informed contributions to Council decision-making processes. The annual budget submissions from groups such as Te Pū Harakeke and Environmental Network Manawātū are one such example. Community groups also took the time to contribute to a thought piece for councillors as they develop their strategic framework for the Long-Term Plan. The outcome of this work is the publication *He aha rā ngā matua? What really matters?* Resident and community group voice was a valued contribution in the consideration of the future use of Adderstone Reserve, where the Council decided not to proceed at this time.

The newly established Seniors Reference Group and Pasifika Reference Group, alongside the Disability Reference Group, contributed to Council decisions and operational discussions on a wide range of subject areas.

The Mayor continues to hold regular meet the mayor sessions, both at his office and at Ashhurst Library. Councillors enjoyed talking with the community at Explore Esplanade Day in February, with a focus on active play. Councillors connect with the community at a variety of weekly community events, as well as through their own social media networks, and represent Council through their appointments on several local organisation boards.

The Mayor has also been elected Chair of the Local Government New Zealand Metro Sector Group, representing the City at a national level.

Strategies, Plans and Policies

The strategies and plans adopted through the 10-year planning process established a work programme for policy and bylaw review and development. Several policies and bylaw reviews were initiated during this year. An amendment of the Traffic and Parking Bylaw was completed in response to community concerns about street racer activities and their impact on them.

Direction Setting

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

- **Goal 1: An innovative and growing city**
Palmerston North is a growing city, and we need to plan for this growth. We need to make it easy to get around and to make sure we cater for everyone's needs as the city expands.
- **Goal 2: A creative and exciting city**
A city that draws inspiration from the diversity within its culture and creates a vibrant urban environment that attracts creative and clever people and nurtures creative talent.
- **Goal 3: A connected and safe community**
A city that includes, supports, connects and uses the talents and advantages of the whole community in the pursuit of prosperity and wellbeing. A city that has an international reputation as a safe city in which to live, study, work and play. A city that embraces its iwi heritage and partnership, and where people connect with the city's past, celebrating its history and heritage.

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

- **Goal 4: An eco-city**
We want a future-focused city that plans for and cares about the future, enhancing its natural and built environment. Our city will realise the benefits to society from creating clean energy, lowering carbon emissions, and reducing our ecological footprint.
- **Goal 5: A driven and enabling council**
A Council and organisation that works as one team with its communities and is a catalyst and enabler for change in the city.

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

Enduring Partnership with Rangitāne

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

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

In this term of council, Rangitāne is represented by Iwi appointees on the Rangitāne o Manawātū Committee. The Terms of Reference for this committee are set out in the Council's Delegations manual. The key focus of the committee is the development of Te Motu o Poutoa/ ANZAC Park; however, the scope of the committee has been expanded this year to look at wider iwi Māori outcomes. Rangitāne also has appointees on the Community, Economic Growth, and Sustainability Committees.

Rangitāne continues to provide leadership with the Manawātū River Framework through the Te Ohunga Mauri forum as council staff and Rangitāne work together with the community and stakeholders to create an engaging environment that affirms and promotes historical and cultural narratives and sustainable aspirations. Council and Rangitāne are working closely together on a project to enhance the cultural features of the ancestral pā site Te Motu o Poutoa (Anzac Park) to increase the profile, community engagement, Iwi, and public use of the site.

Social development and Whānau Ora aim to improve community outcomes is a collaborative approach that is woven into many joint projects. Other community development projects this year include the final stage to complete the public housing development at Papaioea Place, and rangatahi training and employment pathways being advanced alongside a well-performing local economy. On a larger scale, Rangitāne and the Council continue to work closely together on the Kikiwhenua and Kākātangiata subdivisions, utilising Rangitānenuirawa and a Whānau Ora framework to encourage development that maximises the creation of communities that are connected and flourish socially and culturally. The recently released Rangitāne Environmental Plan has provided a lot of clarity going forward on Rangitāne priorities for the future and ensures there are proactive discussions on how these priorities and those of the wider community are mediated and aligned.

The Ora Konnect programme under the Te Tihi Whānau Ora Alliance continues to progress key projects in the 4412 community with highlights including the Kai Resilience

Plan (now being looked at on a Citywide level), significant improvements to pedestrian safety and the development of a wider codesigned plan with the community to enhancing the neighbourhood centre of Highbury which as of mid-2023 has now moved to a construction phase.

Council Meetings and Elections

A total of 38 meetings were held between July and May, with Council breaking for a short time in October for the election.

Triennial elections were held on 8 October 2022. The election was the first held with two wards across the city – Te Pūao Māori ward (2 seats) and Te Hirawanui General ward (13 seats).

The final electoral roll listed 60,068 electors, an increase of 7.6% since 2019. 39 nominations were received for the 16 vacancies (up from 33 in 2019). 51 locations were provided across the city for people to post their voting papers. Voter participation for the election was at 36.7% (37.32% in 2019; against a metro council average of 39.79% in 2022).

Following the election, the Mayor set up the new committee structure for the new triennium. Most committees meet from 9 am or 1 pm on a Wednesday. For details on the committee structure see Section 1: The Role of Council. Meetings are streamed on our Youtube channel live and available on demand. Since May 2022, the public can also attend workshops in person. Workshops are an informal format where elected members consider matters before they are brought to the committee or Council for decision. These are listed on our website.

A full induction programme for councillors was implemented following the election to ensure the newly elected Council became familiar with their roles and council functions and services. It also meant elected members had time set aside to grow a highly functioning team.

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

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

ONGOING CONSIDERATIONS

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

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

Community Engagement

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

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

Council is working hard to get people more interested and involved in its decisions, for example, trial more use of Facebook live opportunities, simple postcard response forms using the recognisable consultation boxes and having more drop in sessions in the community, rather than always asking people to come to our libraries. We will continue to strengthen our relationship with Council's partner Rangitāne and key sector groups.

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

Strategies, Plans and Policies

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

Direction Setting

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

Strengthening and Growing Partnership with Rangitāne

While work on the Civic and Cultural Masterplan for the central business district has been paused, the input provided by Rangitāne has been captured for future work on the master plan. The Streets for People programme is also working with Rangitāne on how indigenous values can be reflected in our public spaces. We are developing a report in response to the Rangitāne Environmental Management Plan

Council Meetings and Elections

The Local Government Commission is yet to rule on the Greater Bunnythorpe Community's request for the Community Board. Council awaits this conclusion and any implications for the representation arrangements for the City.

The Ombudsman's investigation into public-excluded practices-closed committee meetings and workshops are due to be reported soon. Should the guidance require Council to adjust its practices we will look to implement this with urgency.

HOW DID WE PERFORM

WHAT WE DO	HOW WE SHOW WE ARE DOING A GOOD JOB	RESULT	COMMENT
Actively engage residents in decision-making and provide a range of opportunities for residents to engage with decision-making processes	<p>1. More than two out of every three residents (in the Residents Survey) are 'satisfied' with both the 'opportunity to have a say' and the 'ease of having a say'. New measure. Currently: Opportunity to have a say: 44% satisfied, 42% neutral, 13% dissatisfied. Ease of having a say: 34%, 46%, 19% respectively - 2020 Results.</p> <p>Target: Narrative measure outlining satisfaction trends.</p>	Target Not Met	The 2023 Residents Survey shows that 31% of residents are satisfied with "the ease of having a say in Council decision making. 42% are Neutral and 27% are Dissatisfied. For "opportunities to have a say", 38% are Satisfied, 39% are Neutral and 23% Dissatisfied. These figures are similar to 2022, but a drop from years prior to that. Council encourages people to have their say by offering a range of easy-to-use techniques. It is also working to help residents understand the breadth and relevance of Council's services so they are more motivated to have their say. Some of this is targeted to the younger demographics.

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Governance and Active Citizenship	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
REVENUE				
Councillor Meetings and Administration	76	10	66	32
Direction Setting	103	216	(113)	1,033
Elections	98	134	(36)	-
Mayoral and Chief Executive's Office	3	-	3	19
TOTAL REVENUE	280	360	(80)	1,084
EXPENSES				
Councillor Meetings and Administration	2,495	2,594	99	2,317
Direction Setting	5,730	5,604	(126)	7,297
Elections	295	381	86	88
Mayoral and Chief Executive's Office	1,287	1,488	201	1,885
TOTAL EXPENSES	9,807	10,067	260	11,587
NET OPERATING COST OF ACTIVITY	(9,527)	(9,707)	180	(10,503)
RATING ALLOCATION				
Add back depreciation	6	6	-	2
Add back Transfers to/from reserves	-	450	(450)	-
Less provision for debt reduction	(1)	(1)	-	(19)
Add general rates allocation	9,522	9,252	270	10,520
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

Significant Activity Capital Projects Leadership	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
CAPITAL NEW				
1676-Improve participation in Council and Committee meetings	-	230	230	-
TOTAL CAPITAL NEW	-	230	230	-
TOTAL CAPITAL PROJECTS	-	230	230	-

ORGANISATIONAL PERFORMANCE

WHAT THE COUNCIL DOES

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

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

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

KEY ACHIEVEMENTS

- We have the most engaged social media of any council in NZ. This means we're sharing more information, answering questions, logging more service requests and having more conversations with our residents.
- Media sentiment is very high for local government, which means our work is being reported on positively.
- We launched a fresh-new look more customer centric website.
- We have embarked on a project to replace our core finance, procurement and regulatory system – Ozone.
- Our new Digital Transformation Plan is looking at reducing operational risks by simplifying and modernising the way we deliver digital solutions.

WHAT HAPPENED IN THE YEAR

Customer-Centric Service

We work closely with local and national media to share our stories. Over the past year, we continued to receive on average 40 enquiries each month, we released more than 120 media releases and also did about 15 radio interviews each month on local stations. During the year we also did a number of television interviews – some about council decisions or projects, and some about our tik tok channel and how we're engaging differently with young people now. There are more than 1000 print and online stories about the Council each year, and hundreds more on the radio.

Our social media continues to far exceed any other council in the country due to our storytelling and interactions with our residents. Across Facebook, Instagram and LinkedIn our channels had 40 per cent more people seeing our posts compared to the year prior (this equates to more than 18 million impressions). Just under 2 million people have interacted with our posts by commenting, liking, or sharing the post. Of the posts that had links, these were clicked 81,000 times. Our total Facebook audience increased 20 per cent over the past year. Our total Instagram audience grew by 26 per cent and LinkedIn's audience increased 25 per cent.

In the past year we've received over 52,204 messages via these channels – which is an increase by 34.7% compared to the previous period.

In August 2022 we launched a TikTok channel as a way to engage especially with younger people more. It has been highly successful and is now the most liked Council TikTok page in New Zealand, and within the top five in the world. In the past year we have posted 56 videos that have received more than 7.5 million views, and 800,000 likes.

Our website continues to be the place our residents go for information, with an increase of 18.6 per cent more visitors over the past year. 418,805 people visited our website 827,850 times, viewing more than 2.15 million pages, 66% of them visited the site using a phone or tablet. Three of our online tools (rates and property search, cemetery and cremation search, rubbish days finder) account for just under a third of all site visits. 2.15 million pages, 66% of them visited the site using a phone or tablet. The three online tools (rates and property search, cemetery and cremation search, rubbish days finder) account for 30 per cent of all site visits.

Moving to a new web platform last April has given us new tools to make it quicker and easier for people to interact with Council online. At the time of writing we had launched 30 permanent online forms covering a range of service areas. Some of the forms are brand new, like booking a park, others are improved versions of forms that already existed, like appealing a parking ticket. All are mobile-friendly.

We continue to work with teams across Council to find opportunities to simplify business processes by offering online alternatives to traditional paper-based forms.

We are also making it easier for more people in our community to access our digital content. Accessibility is an ongoing focus area for us, and last December we introduced text-to-speech functionality. Website visitors can now choose to have content read aloud to them. This feature is especially useful for people with literacy difficulties, learning disabilities, reduced vision, and those learning a language.

Our website has a digital certainty index score of 88.6/100, higher than the industry benchmark for government of 81.7. The index measures a website's quality and impact across three categories: accessibility, quality assurance, and search engine optimisation.

The Communications team's work focuses on protecting and enhancing the reputation of our organisation and our city. The team led more than 20 major consultations last year, worked on major construction initiatives working with affected residents and businesses, led significant behaviour change campaigns, promoted services and facilities, and acted as Public Information Managers during the Covid-19 pandemic, Cyclone Gabrielle (in Palmy and also helped neighbours in Tararua and Hawkes' Bay) as well as stormwater events and our water pipe bursting.

Our marketing team continues to promote the Palmy identity and make residents champions of our city. The established identity means that our residents can see the whole picture of the depth and breadth the Council looks after. Our focus is on making residents and ratepayers aware at a general level as to what Council is working on. We are always working to make our designs accessible and representative of our community. A memorable campaign from the year is our support of the food waste trial campaign, where certain streets in Palmerston North were given food waste bins to put on their kerbside along with their regular recycling bins. Through an array of materials, we communicated messaging around why we were doing the trial, what can and cannot go in their bin, and benefits around taking part in the trial. We have seen a great uptake in the trial as well as the correct materials being put in their bins.

Our marketing team has also started the Manawātū Convention Bureau, aimed towards helping delegates find the best venues, hotels and exclusive activities. The Manawātū Convention Bureau connects prospective delegates with industry experts that help organise events in our region. We work closely with venues around the city to ensure we are offering potential clients the best experience possible.

Operational Excellence

Digital Transformation

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

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

New Core System

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

This is due to 'go-live' in early July.

High-Performance Culture

The remuneration framework has been finalised and is in the implementation phase. Health, Safety, and Well-being initiatives are on track against the approved programmes. Additional support is offered to our people in frontline roles, dealing with difficult and unpredictable situations.

Corporate training and development programmes have been actively pursued. Available opportunities are published internally to encourage interested staff to register and to ensure visibility of all training on offer. Corporate training has been directed through four priority areas namely Employee Health and Safety, Employee Well-being, Management Development, and important Ways of Working.

Workforce Transformation

Council strives to be an employer of choice, known as a great place, to work. Success would translate into attracting and retaining the talent we need to achieve our strategic direction as well as responding to the growth of the city. The need for us to enable our people to do their best, feel engaged, and be healthy and thriving has become a vital aspect of serving our community.

During the past year, we have managed to co-create and define an employee experience framework that aspires toward delivering a great place to work. Wide staff participation and input generated a Council specific approach defined through six key drivers. These drivers consist of our culture, developing our people, efficient ways of working, a safe space for people, connecting staff to why we serve our community, and enabling great people leaders. The capability of People Leaders remains a substantial driver of our organisational performance plan. Strategic investment and careful thought around key skills and development initiatives to support our people leaders are essential.

ONGOING CONSIDERATIONS

Customer-Centric Service

The biggest pressure we're facing to adapt to customer services is a resourcing issue, especially for social media. It is growing at an exponential rate and residents are expecting 24/7 service across several existing and new platforms. Social media is their place to learn, give feedback, make complaints and request service. We receive more queries each day than our call centre via our Facebook platform alone, and only have one person looking after these requests. With customer expectations and their desire for more information increasing, we will need to look at more resourcing for social media in the future.

Our residents are keen to get more involved in the decision-making process and this year we've began engaging in different ways especially in the transport space. This has seen us ask the public for input at the early stages, and also piloting co-design. These engagement processes are being well received by our community but will also set expectations for engagement moving forward.

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

Operational Excellence

Digital Transformation

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

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

New Core System

The project to replace our core finance, procurement and regulatory system, is expected to go live in early July 2023. This is a complex project that will result in a significant change in business processes for some of our staff and customers.

High-Performance Culture

We intend to be a highly engaged, inclusive, talented, and safe workforce capable of delivering on the city's vision and goals. We envisage ourselves as an employer of choice, known for our good culture and inspirational leadership to ensure we can attract talent and offer great employee experiences. We want our people to operate confidently, making them proud to be a part of our team, while feeling valued and supported to deliver exceptional services.

Workforce Transformation

Optimising our employee experiences can generate great benefits for our organisation and the services provided to our community. By providing employees with development opportunities, a good culture, and clear direction, they can excel. It can further assist with attracting talent, encourage engagement, increase our ability to deliver services, and fuel loyalty and retention. Employee approaches to the job market have changed significantly due to external impacting factors and it is not enough to practice traditional approaches to work if we want to progress our vision, moving into the future. Consideration needs to be given to how our people respond to our workplace environment by being more focused and deliberate about employee interactions and the quality of our workplace relationships. Council continues to strive towards being a safe, diverse, modern, and inclusive organisation where people choose to work and use their talent for the benefit of the City.

HOW DID WE PERFORM

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

FINANCIAL RESULTS

Activity Operational Requirement and Funding Summary Organisational Performance	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
REVENUE				
Civic Administration Building	170	277	(107)	181
Financial Services	1,041	103	938	524
Information Services	-	-	-	8
Print Synergy	8	30	(22)	5
TOTAL REVENUE	1,219	410	809	718
EXPENSES				
Civic Administration Building	458	551	93	635
Customer Services	(82)	-	82	-
Financial Services	2,001	951	(1,050)	1,133
Human Resources	390	509	119	(76)
Information Services	3,436	3,768	332	(700)
Marketing and Communications	466	423	(43)	404
Print Synergy	190	300	110	15
TOTAL EXPENSES	6,859	6,502	(357)	1,411
NET OPERATING COST OF ACTIVITY	(5,640)	(6,092)	452	(693)
RATING ALLOCATION				
Add back depreciation	1,543	1,606	(63)	1,641
Add internal rates recovered	1,175	1,014	161	1,102
Add back Transfers to/from reserves	-	6,047	(6,047)	-
Less Renewal capital expenditure	(2,099)	(2,042)	(57)	(2,086)
Add/(Less) borrowing effect of renewal 3 year averaging	221	221	-	526
Less provision for debt reduction	(320)	(320)	-	(284)
Add targeted rates allocation	26	-	26	35
Add general rates allocation	5,094	(434)	5,528	(241)
FUNDING SURPLUS/(DEFICIT)	-	-	-	-

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

Significant Activity Capital Projects Organisational Performance	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
CAPITAL RENEWAL				
53-Computer Replacement - Rolling Replacements	454	508	54	
58-Network Additions and Upgrades	43	43	-	
68-Aerial Photography	16	42	26	
86-Property - Furniture Replacements	50	50	-	
221-Print Synergy - Replacement of Print Synergy Machinery	-	10	10	
272-Staff Cafeteria - Replacement of Equipment	4	6	2	
281-CAB - Renewals	1,349	1,195	(154)	
318-Telecommunications Replacement - Council Buildings	124	157	33	
784-Replacement of Council's Photocopiers/Printers	84	31	(53)	
1732-Depot - Hard Surfaces Renewals	(25)	-	25	
TOTAL CAPITAL RENEWAL	2,099	2,042	(57)	2,086
CAPITAL NEW				
60-Information Management Strategic Plan Project - New Software Applications	108	109	1	
1736-CAB - Rubbish and Recycling Compound	62	55	(7)	
1826-CAB - Workplace Transformation	-	307	307	
2047-Property - Furniture transformation	75	75	-	
TOTAL CAPITAL NEW	245	546	301	746
TOTAL CAPITAL PROJECTS	2,344	2,588	244	2,832

STRATEGIC INVESTMENTS

WHAT THE COUNCIL DOES

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

KEY ACHIEVEMENTS

- We're helping 39 councils with after hours call centre support.
- Stage 1 of the Tamakuku Terrace residential subdivision off James Line has created 79 new residential sections which are currently available for sale to the public.
- Palmerston North Airport Ltd (PNAL) passenger volumes for the 2023 year were 534,651.

WHAT HAPPENED IN THE YEAR

External Contracts

After-Hours Call Centre

We provide after-hours contact centre services for the wider local government sector for other cities, districts, and regions. Attracting and retaining staff in a competitive local market has been an issue during the year and plans have been made to address these in the coming year.

A programme to modernise the technological and staffing components of the service to create strategic platforms for future success was started mid-way through the year.

Building services

Building Services continued to be delivered to Manawātū District Council with the level of activity decreasing slightly, overall, due largely to the national downturn in construction market confidence. The Building Services arrangement continues to achieve a relatively consistent delivery model within the region and remains unique within New Zealand.

Investment Property

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

The council's investment property portfolio remained static throughout the year, except for the café tenancy on the King Street side of the Regent Theatre building which was vacant for much of the year. This tenancy has now been leased to a new operator. The portfolio also maintained low levels of arrears.

Tamakuku Terrace

Stage 1 of the Tamakuku Terrace residential subdivision off James Line was completed in November 2022, with section titles being issued in December 2022. In addition to new transport and water infrastructure being constructed to support the subdivision and wider Whakarongo growth area, Stage 1 has created 79 new residential sections which are currently available for sale to the public.

Investments

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

The plantation is in its second rotation and the current tree crop is aged between seven and 13 years.

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

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 had been on a significant growth path both in terms of passenger numbers and financial returns until, like all airports, being significantly impacted by Covid-19. This meant passenger volumes for the 2022 year were 323,615 compared with 400,467 in 2021, 498,422 in 2020, and 687,142 in 2019. However, there has been a significant recovery in the 2023 year with 534,651 passengers. The net profit after tax to shareholders' funds was 3% compared with 1.7% in 2022, 0% in 2021, 2.4% in 2020, and 4.1% in 2019. By arrangement with the Council no dividend was paid, the same as in 2022 and 2021 and compared with \$685,238 in 2020.

ONGOING CONSIDERATIONS

External Contracts

After-Hours Call Centre

Demand for the service has risen post-pandemic and following a growing number of civil defence events. From July half of New Zealand councils will rely on us to support their communities. A programme to modernise and future-proof this service, including investment in technology and operational capabilities to sustain profitability and enable potential growth of the contact centre is in progress and will continue for the first half of the year. Determining the strategy and purpose of the centre will inform the future design of the service, and once the foundations have been laid, consideration as to the most appropriate delivery structure for the centre can be given.

Building services

Regional growth within the construction sector has slowed in line with a national downturn, however, the Manawātū region does tend to be protected from this to an extent by the significant defence, education, and distribution sectors which do provide some stability. The contract with Manawātū District Council for building continues again for the next FY with levels of service maintained within the current staffing model. Recruiting and development of staff have improved with a revised structure, affording more flexibility in staff development opportunities. Further technology and efficiency improvements are being implemented to ensure customers are better served in the future.

Investment Property

Tamakuku Terrace

We will undertake the design for Stage 2 and the construction of some stormwater infrastructure within the subdivision. This will enable the construction of Stage 2 to commence when appropriate. Stage 2 will see an additional 35 sections created and for sale to the market.

Investments**Gordon Kear Forest**

Forestry is a long-term investment with at least 28-30 years between planting and realisation of the investment by harvesting. The current tree crop is relatively young, aged from seven to 13 years. Log prices, particularly for the export market, are subject to fluctuations and cycles. However, there is flexibility about the exact timing of returns so the scheduling of harvest, once the tree crop is mature, can be varied to suit the market.

Investments in Companies (including Airport)**Airport**

With the impacts of Covid-19 dissipating Palmerston North Airport Ltd is planning to embark on significant capital investment. The key component of this driven by the need to replace the airport terminal (with an estimated price tag of \$40m) to meet seismic standards, plan for anticipated

passenger growth and accommodate the possibility of the requirement for security screening. With these constraints, PNAL will be unable to invest in the Ruapehu Aeropark, further diversify its revenue base, or contribute to the development of Te Utanganui/ Central New Zealand Distribution hub without the support of a strategic partner(s).

PNAL believes the terminal development plan will ensure the city and region are provided with an appropriate and resilient air gateway and sustainably grow air services and play a role within Te Utanganui.

Our Council recognises that obtaining appropriate strategic partners is key to further airport development and will work with PNAL to facilitate this. At this stage, it has been assumed the development will occur without further capital investment by Council as shareholder.

Council has requested PNAL to plan to return to paying dividends following the 2023/24 year though in doing so it recognizes this will constrain PNAL's ability to undertake further investment or pay down debt.

HOW DID WE PERFORM

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

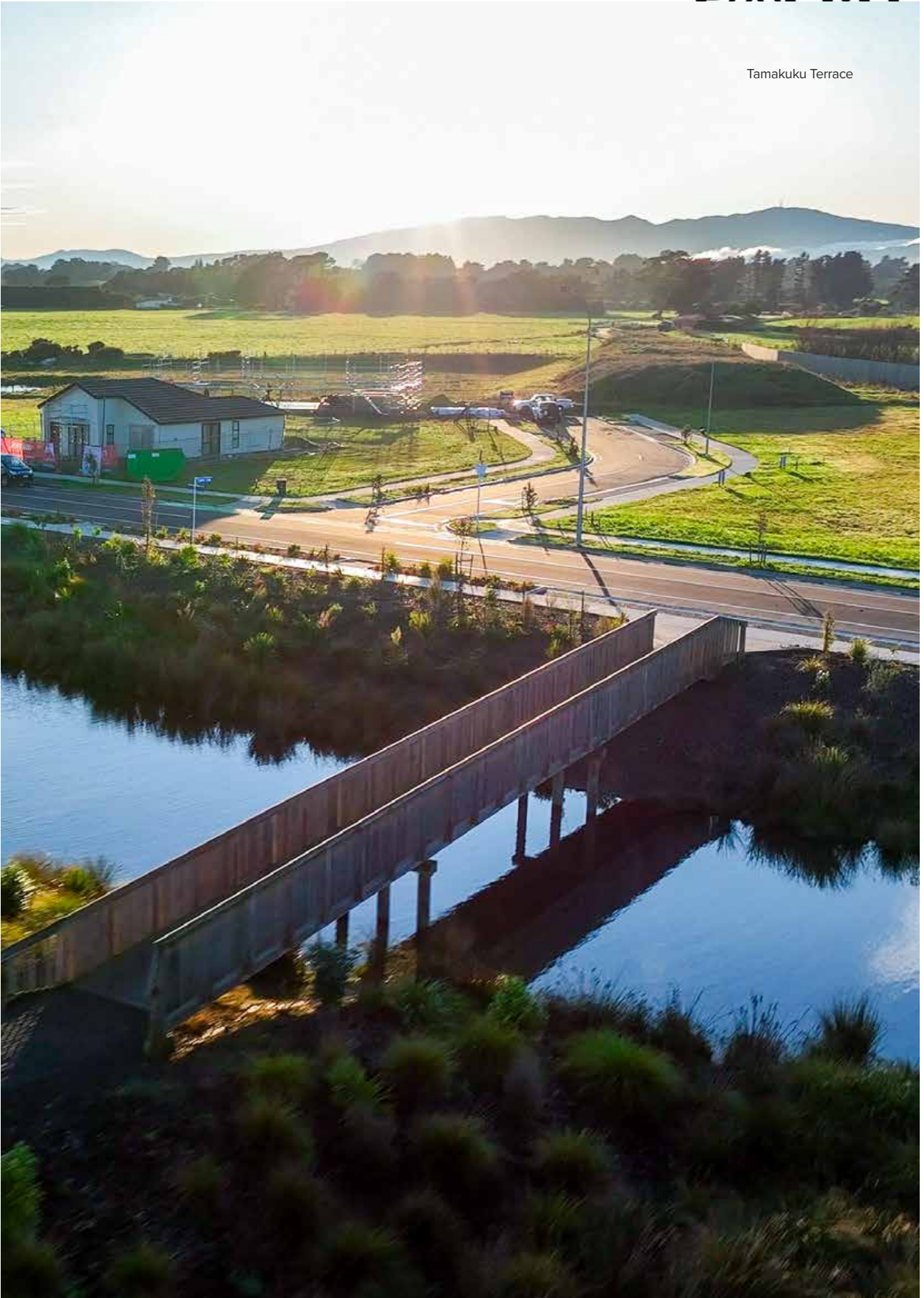
FINANCIAL RESULTS

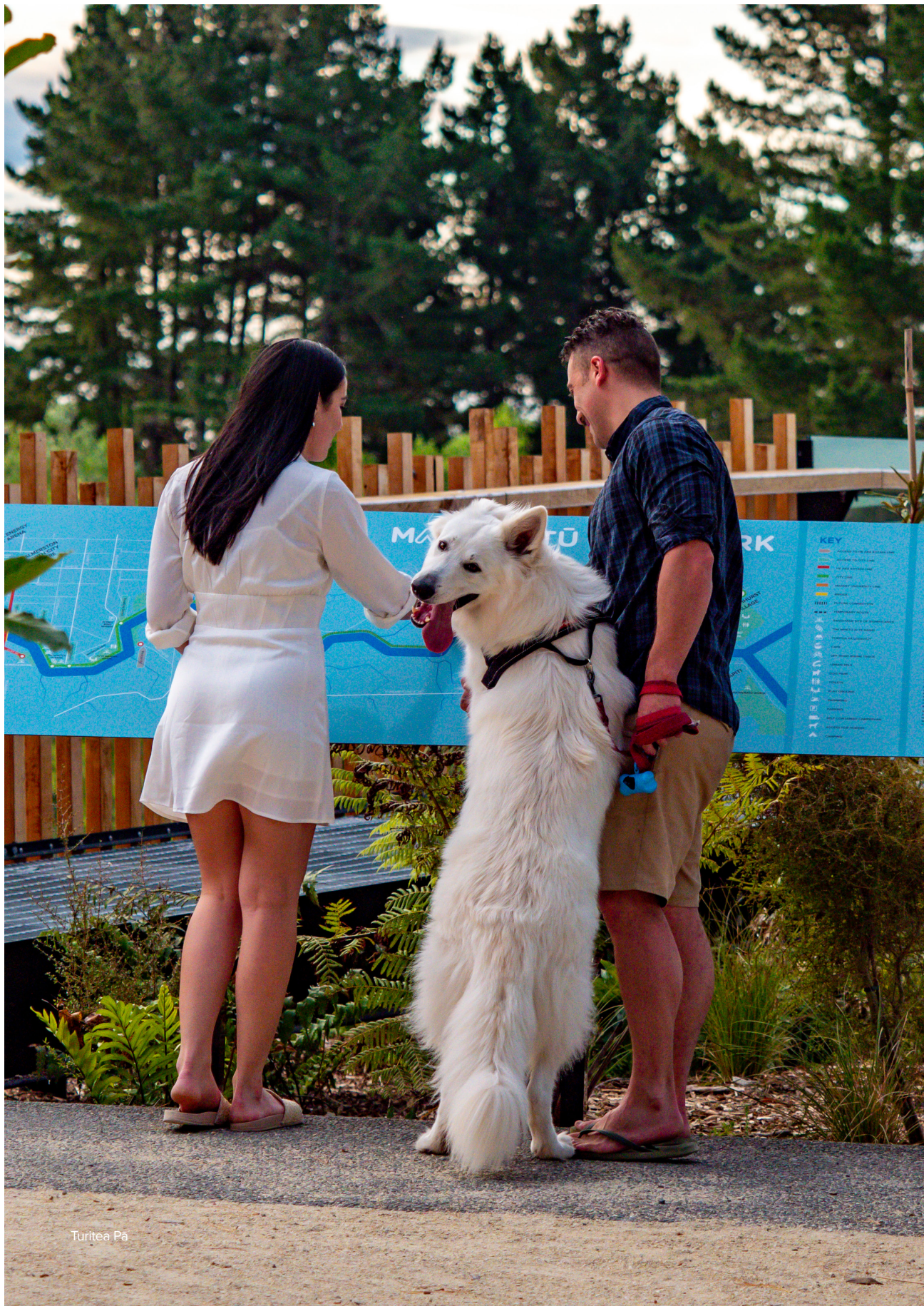
Activity Operational Requirement and Funding Summary	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
Strategic Investments				
REVENUE				
External Contracts	3,823	4,037	(214)	3,614
Investment Property	276	261	15	253
Investments in Companies (including Airport)	218	-	218	-
TOTAL REVENUE	4,317	4,298	19	3,867
EXPENSES				
External Contracts	4,508	3,878	(630)	3,974
Investment Property	314	669	355	318
Investments	558	506	(52)	371
Investments in Companies (including Airport)	638	318	(320)	178
TOTAL EXPENSES	6,018	5,371	(647)	4,841
NET OPERATING COST OF ACTIVITY	(1,701)	(1,073)	(628)	(974)
RATING ALLOCATION				
Add back depreciation	1,444	1,491	(47)	1,291
Add back Transfers to/from reserves	-	308	(308)	-
Less Renewal capital expenditure	(1,862)	(2,115)	253	(3,668)
Add/(Less) borrowing effect of renewal 3 year averaging	(439)	(439)	-	(244)
Add external revenue for renewal capital	22	-	22	38
Add proceeds from sale of assets	209	-	209	111
Less provision for debt reduction	-	(104)	104	-
Add general rates allocation	2,477	1,932	545	4,716
FUNDING SURPLUS/(DEFICIT)	150	-	150	1,270

➤ External contracts higher than budget due to higher professional service costs needed to meet contracts.

Significant Activity Capital Projects Strategic Investments	Actual 2023 \$000	Annual Plan Budget 2023 \$000	Variance 2023 \$000	Actual 2022 \$000
CAPITAL RENEWAL				
63-Council's Vehicle and Large Plant - Renewals	(18)	-	18	
80-Council Small Mobile Plant and Equipment - Replacement	229	231	2	
85-Depot - Buildings and Structures Renewals	112	103	(9)	
1753-Investment Properties - Building Renewals	62	384	322	
1791-Parks Depot - Building Renewals	95	55	(40)	
1879-Council's Plant and Vehicle - Replacements	1,224	1,111	(113)	
1970-Gordon Kear Forest Culvert Replacements	48	26	(22)	
2022-Property - Hard Surfaces Renewals	110	205	95	
TOTAL CAPITAL RENEWAL	1,862	2,115	253	3,668
CAPITAL NEW				
99-New Vehicles and Plant to enable the delivery of improved Council services	300	296	(4)	
1903-Garage - Workshop Safety and Operating Improvements	1	-	(1)	
TOTAL CAPITAL NEW	301	296	(5)	824
TOTAL CAPITAL PROJECTS	2,163	2,411	248	4,492

Tamakuku Terrace





Turitea Pā

WĀHANGA TUATORU SECTION THREE

PUAKANGA AHUMONI FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

To the readers of Palmerston North City Council's annual report for the year ended 30 June 2023

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

We are also required to report on:

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

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

We completed our work on 25 October 2023. This is the date on which we give our report.

OPINION ON THE AUDITED INFORMATION

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

In our opinion:

- the financial statements on pages 168 to 229:
 - present fairly, in all material respects:
 - the City Council and Group's financial position as at 30 June 2023;
 - 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 236 presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual plan,
- the statement about capital expenditure for each group of activities on pages 237 to 245, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 237 to 245, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's Long-term plan.

Qualified opinion on the statement of service provision

In our opinion, except for the possible effects of the matter described in the "Basis for our opinion on the audited information" section of our report, the statement of service provision on pages 28 to 156:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2023, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand.

REPORT ON THE DISCLOSURE REQUIREMENTS

We report that the City Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 230 to 233, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council's and Group's audited information and, where applicable, the City Council's Long-term plan and annual plans.

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

BASIS FOR OUR OPINION ON THE AUDITED INFORMATION

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

- The number of complaints received in relation to its wastewater system, drinking water supply, and performance of the stormwater system (per 1,000 connections);
- The time taken to attend and resolve water supply and wastewater faults; and
- The average quality of ride on a sealed local road network, measured by smooth travel exposure.

We identified significant issues with these performance measures as described below. As a result of these issues, our work was limited and there were no practicable audit procedures we could apply to obtain assurance over the reported results for these performance measures. Our opinion on the number of complaints received and the time taken to attend and resolve water supply and wastewater faults was also qualified in the 2022 performance year.

Total number of complaints received – Water supply, Wastewater, and Stormwater

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

Attendance and resolution times – Water supply, and Wastewater

The City Council does not have systems to accurately record and support the time taken to attend and resolve water supply and wastewater faults.

Road condition - Smooth travel exposure

The City Council has not undertaken a road smoothness survey within the last two financial years. As a result, the City Council does not have any up-to-date data to calculate the average quality of ride on the sealed local road network measured by smooth travel exposure. The actual quality of ride on the sealed local road network may differ materially from the result reported.

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

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

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

EMPHASIS OF MATTERS

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

Uncertainty over the water services reform programme

Note 38 on page 228 outlines developments in the Government's water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the City Council remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

Inherent uncertainties in the measurement of Greenhouse gas emissions

The City Council has chosen to include a measure of its greenhouse gas (GHG) emissions in its performance information. In considering the public interest in climate change related information, we draw attention to page 108 of the statement of service provision, which outlines the inherent uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

RESPONSIBILITIES OF THE COUNCIL FOR THE AUDITED INFORMATION

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

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

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

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

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDITED INFORMATION

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

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

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

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

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

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

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

OTHER INFORMATION

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 27, 157 to 161 and 278 to 283, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

We are independent of the City Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements we have performed a limited assurance engagement related to the City Council's debenture trust deed. This engagement is compatible with those independence requirements.

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

Debbie Perera

Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand



Cloverlea Park

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 25 October 2023 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 2023 fairly reflect the financial position and operations of Palmerston North City Council

Grant Smith

Mayor

25 October 2023

Waid Crockett

Chief Executive

25 October 2023

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

for the year ended 30 June 2023 - Palmerston North City Council

	Notes	COUNCIL			GROUP	
		Actual 2023 \$000	Annual Plan Budget 2023 \$000	Restated Actual 2022 \$000	Actual 2023 \$000	Restated Actual 2022 \$000
OPERATING REVENUE						
Rates revenue	2	116,037	115,370	109,700	115,676	109,299
Finance revenue	3	1,126	17	400	962	413
Other revenue	4	36,372	31,933	30,260	49,978	39,801
Operating subsidies and grants	5	7,267	5,286	5,322	7,435	5,642
Other gains	6	284	-	329	961	875
TOTAL OPERATING REVENUE		161,086	152,606	146,011	174,832	156,030
CAPITAL REVENUE						
Capital subsidies and grants	5	5,683	8,341	9,568	5,683	9,568
Development contributions		6,673	2,588	2,162	6,673	2,162
Vested assets*	7	7,165	2,000	2,326	7,205	2,343
TOTAL CAPITAL REVENUE		19,521	12,929	14,056	19,561	14,073
TOTAL REVENUE	7	180,607	165,535	160,067	194,393	170,103
EXPENSES						
Employee and elected representatives benefit expenses	8	57,408	58,293	52,469	62,637	56,569
Depreciation and amortisation	17 and 18	42,152	38,858	38,801	44,766	41,029
Finance costs	3	5,021	6,731	(10,612)	5,397	(10,078)
Other expenses	9	64,856	61,522	57,201	66,402	59,191
Other losses	6	507	-	(31)	608	114
TOTAL EXPENSES		169,944	165,404	137,828	179,810	146,825
NET SURPLUS/(DEFICIT) BEFORE TAX		10,663	131	22,239	14,583	23,278
Share of associate's surplus/(deficit)	15	-	-	-	10	6
Income tax refund/(expense)	10	43	-	18	(1,019)	137
NET SURPLUS/(DEFICIT) AFTER TAX		10,706	131	22,257	13,574	23,421
OTHER COMPREHENSIVE REVENUE AND EXPENSE						
Increase/ (decrease) in operating property valuations	26	83,606	46,871	123,528	81,381	140,512
Financial assets at fair value through other comprehensive revenue and expense	26	(4)	-	50	(4)	50
Movement in deferred tax on revaluations	26	-	-	-	623	(3,637)
TOTAL OTHER COMPREHENSIVE REVENUE AND EXPENSE		83,602	46,871	123,578	82,000	136,925
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		94,308	47,002	145,835	95,574	160,346

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

The accompanying notes form part of these financial statements.

* refer to Note 37: Prior year adjustment

STATEMENT OF FINANCIAL POSITION

as at 30 June 2023 - Palmerston North City Council

as at 30 June 2023 - Palmerston North City Council

		COUNCIL			GROUP	
		Actual 2023 \$000	Annual Plan Budget 2023 \$000	Restated Actual 2022 \$000	Actual 2023 \$000	Restated Actual 2022 \$000
	Notes					
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	11	1,657	1,522	1,922	2,595	3,221
Trade and other receivables	12	18,113	15,440	11,883	19,202	13,375
Inventories	13	4,990	230	3,971	5,019	4,005
Other financial assets	14	-	-	25,000	926	25,693
Derivative financial instruments	16	3,680	-	913	3,680	913
TOTAL CURRENT ASSETS		28,440	17,192	43,689	31,422	47,207
NON-CURRENT ASSETS						
Inventories	13	749	4,261	1,527	749	1,527
Other financial assets	14	5,000	-	-	55	107
Investments in CCOs and industry companies	14	16,484	14,500	15,542	5,642	4,700
Investment in Associate	15	1	1	1	298	287
Derivative financial instruments	16	7,973	-	7,566	7,973	7,566
Property, plant and equipment*	17	2,247,579	2,106,521	2,121,500	2,356,704	2,233,051
Intangible assets	18	1,109	1,127	1,072	1,172	1,098
Forestry assets	20	1,855	1,430	1,571	1,855	1,571
Investment property	21	4,825	6,395	5,640	20,225	20,540
TOTAL NON-CURRENT ASSETS		2,285,575	2,134,235	2,154,419	2,394,673	2,270,447
TOTAL ASSETS		2,314,015	2,151,427	2,198,108	2,426,095	2,317,654
LIABILITIES						
CURRENT LIABILITIES						
Trade and other payables	22	25,732	34,679	27,087	27,939	29,106
Provisions	23	728	-	728	728	728
Employee benefit liabilities	24	7,294	-	6,422	7,971	6,992
Borrowings	25	20,000	-	25,000	23,065	36,008
Derivative financial instruments	16	-	-	84	-	84
TOTAL CURRENT LIABILITIES		53,754	34,679	59,321	59,703	72,918
NON-CURRENT LIABILITIES						
Provisions	23	403	1,464	489	403	489
Employee benefit liabilities	24	992	6,273	1,088	996	1,095
Borrowings	25	200,228	230,749	172,850	202,928	176,550
Deferred tax liability	10	-	-	-	9,251	9,941
Derivative financial instruments	16	-	-	30	-	30
TOTAL NON-CURRENT LIABILITIES		201,623	238,486	174,457	213,578	188,105
TOTAL LIABILITIES		255,377	273,165	233,778	273,281	261,023
NET ASSETS (ASSETS MINUS LIABILITIES)		2,058,638	1,878,262	1,964,330	2,152,205	2,056,631
EQUITY ATTRIBUTABLE TO PNCC						
Retained earnings*	26	1,097,509	1,070,376	1,086,803	1,135,271	1,121,729
Other reserves	26	961,129	807,886	877,527	1,016,934	934,902
TOTAL EQUITY		2,058,638	1,878,262	1,964,330	2,152,205	2,056,631

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

The accompanying notes form part of these financial statements.

* refer to Note 37: Prior year adjustment

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STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2023 - Palmerston North City Council

	Notes	COUNCIL			GROUP	
		Actual	Annual Plan	Restated Actual	Actual	Restated Actual
		2023 \$000	Budget 2023 \$000	2022 \$000	2023 \$000	2022 \$000
BALANCE AT 1 JULY		1,958,080	1,831,260	1,814,446	2,050,381	1,892,236
Effect of correction of prior period error*		6,250		4,049	6,250	4,049
BALANCE AT 1 JULY RESTATED		1,964,330	1,831,260	1,818,495	2,056,631	1,896,285
Total comprehensive revenue and expense for the year*		94,308	47,002	145,835	95,574	160,346
BALANCE AT 30 JUNE	26	2,058,638	1,878,262	1,964,330	2,152,205	2,056,631

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

The accompanying notes form part of these financial statements.

* refer to Note 37: Prior year adjustment

STATEMENT OF CASH FLOWS

for the year ended 30 June 2023 - Palmerston North City Council

		COUNCIL			GROUP	
		Actual 2023 \$000	Annual Plan Budget 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Notes						
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from rates revenues		115,659	115,370	109,935	115,298	109,534
Interest received		1,121	17	397	1,160	409
Dividends received		5	-	3	5	3
Operating subsidies and grants		7,267	5,286	5,322	7,434	5,513
Receipts from other revenue		25,229	31,933	36,402	38,772	45,805
Capital subsidies and grants		8,233	8,341	6,486	8,233	6,486
Development contributions		7,203	2,588	2,162	7,203	2,162
Receipts from tax losses		-	-	18	-	18
Payments to suppliers and employees		(121,514)	(119,815)	(109,655)	(127,927)	(115,672)
Interest paid		(8,309)	(6,731)	(5,113)	(8,903)	(5,647)
Income tax paid (net)		-	-	-	(692)	(341)
Goods and Services Tax (net)		(1,079)	-	744	(1,101)	882
NET CASH FROM OPERATING ACTIVITIES	27	33,815	36,989	46,701	39,482	49,152
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property		4,652	5,000	-	5,139	-
Proceeds from sale of biological assets		-	-	-	-	-
Investment in property development		(2,788)	-	(5,462)	(2,788)	(5,462)
Purchase of intangible assets		(167)	-	(155)	(171)	(155)
Purchase of property, plant and equipment		(77,777)	(96,737)	(47,138)	(80,195)	(50,536)
Purchase of investment property		(378)	-	(271)	(462)	(1,532)
Other advances made, repayment received		-	-	-	-	-
Repayment, acquisition of investments		20,000	-	(25,000)	24,934	(24,867)
NET CASH FROM INVESTMENT ACTIVITIES		(56,458)	(91,737)	(78,026)	(53,543)	(82,552)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from borrowings		47,378	60,330	45,000	47,378	48,500
Repayment of borrowings		(25,000)	(5,582)	(13,275)	(33,943)	(14,767)
NET CASH FROM FINANCING ACTIVITIES		22,378	54,748	31,725	13,435	33,733
Net (decrease)/increase in cash, cash equivalents and bank overdrafts						
		(265)	-	400	(626)	333
Cash, cash equivalents and bank overdrafts at the beginning of the year		1,922	500	1,522	3,221	2,888
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE AT THE END OF THE YEAR	11	1,657	500	1,922	2,595	3,221

The Income tax paid (net) and GST (net) component of operating activities reflects the respective net amounts paid and received with the Inland Revenue Department. These have been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

THE MOVEMENT IN NET DEBT FOR THE YEAR COMPRISES THE TOTAL OF:	\$000
Proceeds from borrowings	47,378
Repayment of borrowings	(25,000)
Increase in net debt for the year	22,378

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 2023

REPORTING ENTITY

Palmerston North City Council (PNCC) is a territorial local authority governed by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The parent 'council' financial statements are for PNCC as a separate legal entity. The Palmerston North City Council 'group' financial statements incorporate the Palmerston North City Council, its 100% share of its subsidiary Palmerston North Airport Limited (PNAL) and the following Council Controlled Organisations (CCO's) (100% share) with all incorporated in New Zealand:

- Globe Theatre Trust Board,
- Palmerston North Performing Arts Trust Board,
- The Regent Theatre Trust, and
- Te Manawa Museums Trust.

PNCC's 50% equity share of its associate Central Economic Development Agency Limited (CEDA) is equity accounted into the group financial statements.

PNCC and group provide local infrastructure, regulatory services and local public services to the community. The Council does not operate to make a financial return. Accordingly, PNCC has designated itself and the group as public benefit entities ("PBE") for financial reporting purposes.

The financial statements of PNCC and entities included in the group are for the year ended 30 June 2023. The financial statements were authorised for issue by Council on 25 October 2023.

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 and service performance information 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

Standards that have recently been issued that are effective for the year ended 30 June 2023 are:

PBE IPSAS 41 Financial Instruments

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments, which supersedes both PBE IFRS 9 Financial Instruments and PBE IPSAS 29 Financial Instruments: Recognition and Measurement. The main changes between PBE IPSAS 29 and PBE IPSAS 41 that are relevant for PNCC are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost; and
- A new impairment model for financial assets based on expected losses, which may result in earlier recognition of impairment losses.

The change to these has not resulted in any change to accounting policies. If any new financial assets require classification, these will be assessed at this point in time.

Standards issued and not yet effective that have not been early adopted

PNCC expects there will be minimal or no change to these accounting policies in applying any currently updated or proposed accounting standards.

SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue and expenses of entities in the group on a line-by-line basis. All significant intra-group balances, transactions, revenue and expenses are eliminated on consolidation.

Subsidiaries

PNCC consolidates as subsidiaries in the group financial statements all entities where PNCC has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where PNCC controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by PNCC or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

PNCC measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, in exchange for control of the subsidiary.

Any excess of the cost of the business combination over PNCC's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If PNCC's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the surplus or deficit.

Investment in subsidiaries is carried at cost in PNCC's own "parent entity" financial statements.

Associate

An associate is an entity over which the Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. PNCC's associate investment is accounted for in the group financial statements using the equity method. The investment in an associate is initially recognised at cost and the carrying amount in the group financial statements is increased or decreased to recognise the group's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment in the group financial statements.

If the share of deficits of an associate equals or exceeds its interest in the associate, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that PNCC has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the group transacts with an associate, surpluses or deficits are eliminated to the extent of the group's interest in the associate.

Dilution gains or losses arising from investments in associates are recognised in the surplus or deficit.

The investment in the associate is carried at cost in the PNCC's parent entity financial statements.

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

For jointly controlled assets, PNCC recognises in its financial statements its share of jointly controlled assets, the liabilities and expenses it incurs, its share of liabilities and expenses incurred jointly, and revenue from the sale or use of its share of the output of the joint venture.

Revenue

Revenue is measured at the fair value of consideration received or receivable when it is probable that the economic benefit will flow to PNCC.

Rates revenue

The following policies for rates have been applied:

- General rates, targeted rates (excluding metered water), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from metered water rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rate remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

Agency revenue

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on that transaction.

Provision of services

Revenue from the rendering of services is recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

Sale of goods

Sales of goods are recognised when a product is sold to the customer. Sales are usually in cash or by credit card. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.

Government subsidies and other grants

PNCC receives government subsidies from the New Zealand Transport Agency, which subsidises part of PNCC's costs of maintenance and capital expenditure of the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Traffic and parking infringements

Traffic and parking infringements are recognised when the infringement notices are issued, less assessed impairment losses determined by considering the collection history over the last year.

Vested assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as capital revenue when control over the asset is obtained. Fair value is determined by reference to the cost of constructing the asset or construction cost of the property developer.

Development contributions

Development and financial contributions are recognised as revenue when PNCC provides, or is able to provide, the service for which the contribution was charged. Otherwise development and financial contributions are recognised as liabilities until such time that PNCC provides, or is able to provide, the service.

Development contributions are classified as part of "Capital Revenue" in the Statement of Comprehensive Revenue and Expense.

Interest and dividends

Interest revenue is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established. Dividends are recognised in surplus or deficit unless the dividend clearly represents a recovery of part of the cost of the investment.

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

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

The Council and group apply the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates are "written-off":

- when remitted in accordance with the Council's rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery.

Previous accounting policy

In the previous year, the allowance for credit losses was based on the incurred credit loss model. An allowance for credit losses was recognised only when there was objective evidence that the amount due would not be fully collected.

Financial assets

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); and
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless the it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Council and group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council and group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Initial recognition of concessionary loans

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flow, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and loans to subsidiaries and associates.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except ECL and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit. Debt instruments in this category are the Council and group's listed bonds.

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council and group designate into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term.

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Other than for derivatives, the Council and group has no instruments in this category.

Expected credit loss allowance (ECL)

The Council and group recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council and group in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and group's historical experience and informed credit assessment and including forward-looking information.

The Council and group consider a financial asset to be in default when the financial asset is more than 90 days past due. The Council and group may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

Council measure ECLs on loan commitments at the date the commitment becomes irrevocable. If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision.

Shares in subsidiaries (at cost)

The investment in subsidiaries is carried at cost in the Council's parent entity financial statements.

Previous accounting policy (summarised)

In the previous year, other financial assets were classified into the following categories:

- loans and receivables at amortised cost (included term deposits, related party loans, and community loans);
- held-to-maturity investments at amortised cost (included listed bonds); and
- fair value through other comprehensive revenue and expense (included shares and listed bonds).

The main differences for the prior year policies are:

- Impairment was recorded only when there was objective evidence of impairment. For equity investments, a significant or prolonged decline in the fair value of the investment below its cost was considered objective evidence of impairment. For debt investments, significant financial difficulties of the debtor, probability the debtor would enter into bankruptcy, receivership or liquidation, and default in payments were indicators the asset is impaired.
- Impairment losses on shares were recognised in the surplus or deficit.
- For shares, the cumulative gain or loss previously recognised in other comprehensive revenue and expense was transferred from equity to surplus or deficit on disposal of the investment.

Derivative financial instruments

Derivative financial instruments are used to manage exposure to interest rate risks arising from the Council's financing activities. In accordance with its Treasury Management Policy, the Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date.

The associated gains or losses on derivatives that are recognised in surplus or deficit.

The portion of the fair value of an interest rate derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion of the derivative classified as non-current.

Inventories

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services are measured at cost adjusted for any loss of service potential.

The amount of any write down from cost for any loss of service potential is recognised in the surplus or deficit.

When land held for development and future resale is transferred from property, plant and equipment to inventory, the fair value of the land at the date of transfer is its deemed cost.

Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural assets which are capitalised to property, plant and equipment.

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Property, plant and equipment

Property, plant and equipment consists of:

Operational assets - include land, buildings, recreation and community facilities, landfill post-closure, library books, heritage and art collections, plant and equipment, and motor vehicles.

Restricted assets - are parks and reserves owned by PNCC which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets - are the fixed utility systems owned by PNCC and the group. The infrastructure networks owned by PNCC include transport, water, wastewater and stormwater networks, waste management and airport utility assets (PNAL). Each asset class includes all items that are required for the network to function, for example, wastewater reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Revaluation

The following property, plant and equipment asset groups are revalued at least every three years to ensure their carrying amount does not differ materially from fair value:

- roading (except land under roads) and parking network,
- water, wastewater and stormwater networks, and
- parks, building property, recreation, sportsfields and community facilities.

All other asset classes are carried at depreciated historical cost.

PNCC assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

PNCC accounts for revaluations of property, plant and equipment on a class of asset basis.

Land under roads is generally considered 'non tradable' due to the perpetual nature of community use. As there is no generally accepted methodology for the valuation of land under roads, PNCC is not revaluing this land and will carry this at deemed cost. Under the previous NZ IFRS PNCC has elected to use the fair value of land under roads as at 1 July 2005 as deemed cost.

Accounting for revaluation

The results of revaluing are included in other comprehensive revenue and expense and credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to PNCC and group and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired through a non-exchange transaction, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to PNCC and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the

asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment (except as referred to in the following paragraph), at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Land, land under roads, restricted assets, assets under construction, investment properties, biological assets, and the museum, art gallery and heritage assets are not depreciated.

The heritage and art collection assets of Te Manawa Museums Trust have not been depreciated, as it is the Trust's policy to maintain the collections in its current state, in accordance with the Trust's Conservation Policy. Donated objects are recorded at fair value, or depreciated replacement cost, or nil value if considered unrealisable or irreplaceable. There is a portion of the heritage and art collection that is not formally owned by the Te Manawa Museums Trust. These assets are held and maintained by the Trust by agreement with the owners.

The useful lives used to determine associated depreciation rates of major classes of assets have been estimated as follows:

	Years		Years		Years
OPERATING ASSETS		Carparks		Wastewater	
Buildings	50-100	Carpark buildings	50	Pipeworks, laterals, manholes	75-120
Building fit-out	10-50	Sub-base and base course	100	Pumps	15-30
Plant and equipment	3-25	Surfaces	20-40	Pumping stations	30-100
Furniture and fittings	4-25	Waste Management		Buildings	50-100
Motor vehicles	3-18	Buildings	50-100	Treatment plants	15-120
Computer equipment	2-7	Safety fence, portable screens	40		
Library books	3-10	Pumps	30	Water	
Exhibitions	1-5	Sumps, drainage	100	Pipeworks, laterals	50-120
Leasehold improvements	1-30	Machinery	15-35	Hydrants	75
		Wheelie bins	15	Tobies	50-70
INFRASTRUCTURAL ASSETS				Valves	80
Roading		Stormwater		Water meters	15-25
Bridges and culverts	25-125	Pipework	100-250	Pumping stations	10-100
Sub-base and base course	100	Sumps	150	Dams	15-1000
Surfaces	1-20	Laterals, manholes	120-150	Reservoirs	100
Footpaths	15-99	Pumping station/pumps	10-100		
Kerb and channel	80			Airport	
Signage	20			Runway, taxiways, and aprons	2-99
Signals, streetlights	10-80				
Trees	100				
Vehicle crossing	80				

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

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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.

Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

Other intangible assets

Costs incurred are capitalised on assets constructed on third party land, such as an athletic track, which have long term access available to residents.

Carpark leases

Acquired carpark leases are capitalised on the basis of the costs incurred to acquire and bring to use the specific carparks.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives used to determine amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software and licences	3-7 years
Athletic track	9 years
Carpark leases	50 years

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, and goodwill, are not subject to amortisation and are tested annually for impairment.

Property, plant, and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

FORESTRY ASSETS

Standing investment forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions.

Gains or losses arising on initial recognition of biological assets at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell are recognised in the surplus or deficit.

The costs to maintain the forestry assets are included in the surplus or deficit when incurred.

Compensating emission units relating to pre-1990 forest land are recorded at a nil cost. Possible deforestation penalties relating to pre-1990 forest land are not recognised. Refer Note 29 for details.

INVESTMENT PROPERTY

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, PNCC measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

TRADE AND OTHER PAYABLES

Short-term creditors and other payables are measured at the amount payable.

EMPLOYEE BENEFITS

Short-term employee benefits

Employee benefits that PNCC expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date, retirement gratuities and long service leave entitlements expected to be settled within 12 months, time in lieu and sick leave.

PNCC recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that PNCC anticipates it will be used by staff to cover those future absences.

Long-term employee benefits

Entitlements that are payable beyond 12 months, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information, and
- the present value of the estimated future cash flows discounted at a current market determined rate.

Superannuation schemes

Defined contribution schemes - obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

Defined benefit schemes - PNCC belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme the extent to which the scheme's surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme. Further information on this scheme is disclosed in note 29.

PROVISIONS

PNCC recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

FINANCIAL GUARANTEE CONTRACTS

A financial guarantee contract is a contract that requires PNCC to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's-length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined at initial recognition, a liability is recognised at the amount of the loss allowance determined in accordance with the expected credit loss (ECL) model.

Financial guarantees are subsequently measured at the higher of:

- the amount determined in accordance with the ECL model; and
- the amount initially recognised less, when appropriate, cumulative amortisation as revenue.

BORROWINGS

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance.

Borrowings are classified as current liabilities unless PNCC and group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

EQUITY

Equity is the community's interest in PNCC and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- retained earnings,
- special reserves and funds,
- asset revaluation reserves, and
- fair value through other comprehensive revenue and expense.

Special reserves and funds

Special reserves and funds are a component of equity generally representing a particular use to which various parts of equity have been assigned. Special reserves and funds may be legally restricted or created by PNCC.

Special reserves and funds are those subject to specific conditions accepted as binding by PNCC and which may not be revised by PNCC without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in special reserves and funds are reserves restricted by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

PNCC's objectives, policies and processes for managing capital are described in note 35.

Asset revaluation reserves

Asset revaluation reserves relates to the revaluation of property, plant and equipment to fair value.

Fair value through other comprehensive revenue and expense

Fair value through other comprehensive revenue and expense reserve relates to the cumulative net change of fair value of financial assets through other comprehensive revenue and expense.

GOODS AND SERVICES TAX (GST)

All items in the financial statements are stated exclusive of GST, except for trade and other receivables and trade and other payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

BUDGET FIGURES

The budget figures are those approved by the Council prior to the beginning of the year in the relevant 10 Year Plan or Annual Budget. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by PNCC for the preparation of these financial statements.

COST ALLOCATION

PNCC has derived the cost of service for each significant activity of PNCC using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements PNCC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Landfill aftercare provision

Estimating the landfill aftercare provision – see note 23.

Property, Plant and Equipment Revaluation

Estimating the fair value of groups of property, plant and equipment – see note 17.

Infrastructural assets

Estimating depreciated replacement cost (DRC) valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example PNCC could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by PNCC performing a combination of physical inspections and condition modelling assessments of underground assets.
- estimating any obsolescence or surplus capacity of an asset.
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then PNCC could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit. To minimise this risk PNCC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the New Zealand Asset Management Support Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the PNCC's asset management planning activities, which gives PNCC further assurance over its useful life estimates.

Experienced staff engineers perform PNCC's infrastructural asset revaluations which are certified by independent valuers or reviewed and confirmed as appropriate by independent engineers.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Management has exercised the following critical judgements in applying accounting policies for the period ended 30 June 2023.

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 2021/31 10 Year Plan may incorporate changes from the 2022/23 Annual Plan.

NOTE 2

	COUNCIL	
	Actual 2023 \$000	Actual 2022 \$000
RATES REVENUE		
GENERAL RATES (INCLUDING UAGC)	87,028	82,769
Rates penalties	668	593
Targeted rates attributable to activities:		
Water	9,445	8,259
Wastewater	10,353	10,676
Rubbish and recycling	6,381	5,575
Metered water	3,533	3,183
Business improvement district	242	249
Warmup Palmy	26	35
	117,676	111,339
Less internal rates	(1,639)	(1,639)
Total revenue from rates	116,037	109,700

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.

	COUNCIL	
	Actual 2023 \$000	Actual 2022 \$000
Community organisations	133	128
Arts, recreation and sporting organisations	15	18
Wastewater charges for non-residential properties	14	5
Penalties	123	129
Wastewater charges for educational establishments	163	168
Residential land in commercial or industrial areas	3	5
Total remissions	451	453

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:

	COUNCIL	
	Actual 2023	Actual 2022
Number of rating units (units)	34,381	34,124
Total capital value of rating units (\$million)	33,018	20,248
Total land value of rating units (\$million)	18,752	10,204

NOTE 3

	COUNCIL		GROUP	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
FINANCE REVENUE AND FINANCE COSTS				
FINANCE REVENUE				
Interest revenue	1,121	397	957	410
Dividend received	5	3	5	3
Total finance revenue	1,126	400	962	413
FINANCE COSTS				
Interest on borrowings:				
Secured loans	8,309	5,113	8,685	5,647
Finance lease liabilities	-	-	-	-
Effect on provisions of discount unwind (note 23)	-	-	-	-
Fair value movement through surplus or deficit:				
Loss/(gain) on derivative financial instruments	(3,288)	(15,725)	(3,288)	(15,725)
Total finance costs	5,021	(10,612)	5,397	(10,078)
Net finance revenue (costs)	(3,895)	11,012	(4,435)	10,491

NOTE 4

	COUNCIL		GROUP	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
OTHER REVENUE				
Regulatory user charges and fees	6,766	7,376	6,766	7,376
Rendering of services and other revenue (excludes metered water)	24,318	17,829	37,744	27,370
Rental revenue from investment properties	276	253	276	253
Rental revenue from operating properties	4,400	4,184	4,400	4,184
Fuel tax	606	618	606	618
Impairment of receivables recovered	6	-	6	-
Total other revenue	36,372	30,260	49,798	39,801

NOTE 5

SUBSIDIES AND GRANTS	COUNCIL		GROUP	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
OPERATING SUBSIDIES AND GRANTS				
Receipt of grants	1,851	1,060	2,019	1,380
Three waters stimulus grant	-	386	-	386
NZ Transport Agency subsidies	5,416	3,876	5,416	3,876
Total operating subsidies and grants	7,267	5,322	7,435	5,642
CAPITAL SUBSIDIES AND GRANTS				
Revenue for capital expenditure	764	2,354	764	2,354
Three waters stimulus grant	-	3,967	-	3,967
NZ Transport Agency subsidies	4,919	3,247	4,919	3,247
Total capital subsidies and grants	5,683	9,568	5,683	9,568

There are no unfulfilled conditions and other contingencies attached to government grants recognised (2022 nil).

The three waters stimulus grant was paid to PNCC by the Department of Internal Affairs, starting in the year ending 30 June 2021 and finishing 30 June 2022, for opting into the MOU for the three waters reform. The purpose of the grant is to improve the quality of waters infrastructure.

NOTE 6

OTHER GAINS/(LOSSES)	COUNCIL		GROUP	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
OTHER GAINS				
Gain on changes in fair value of forestry assets (note 20)	284	141	284	141
Gain on harvest of investment forest	-	-	-	-
Gain on changes in fair value of investment property (note 21)	-	188	-	734
Other gains on investments	-	-	677	-
Total other gains	284	329	961	875
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)	(887)	-	(887)	-
Net gain/(loss) on disposal of property, plant and equipment	380	31	279	(114)
Total other losses	(507)	31	(608)	(114)
Total gains/(losses)	(223)	360	353	761

Gains/(losses) on changes in fair value arises from the annual revaluation of investment properties, forestry assets and other valuation changes. In accordance with PBE accounting standards, all changes in the fair value of these assets must be recognised in surplus or deficit.

NOTE 7

EXCHANGE AND NON-EXCHANGE REVENUE	COUNCIL		GROUP	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
EXCHANGE REVENUE				
Elections	98	-	98	-
External contracts	3,823	3,613	3,823	3,613
Investment property	276	303	276	303
Investments	310	171	146	171
Investments in companies	218	-	218	-
Print Synergy	7	5	7	5
Public rental housing	3,109	3,061	3,109	3,061
Civic Administration Building	170	301	170	301
Provision of goods and services	4,652	-	17,234	9,922
Total exchange revenue	12,663	7,454	25,081	17,376
NON-EXCHANGE REVENUE				
Revenue from rates				
Rates	116,037	109,700	115,593	109,299
REVENUE FROM TRANSFERS				
Provision of goods and services	16,442	14,615	17,963	15,041
Fines and infringements	1,911	1,544	1,911	1,544
Regulatory user charges and fees	6,766	7,376	6,766	7,376
Operating subsidies and grants	7,267	5,322	7,435	5,394
Capital subsidies and grants	5,683	9,568	5,683	9,568
Development contributions	6,673	2,162	6,673	2,162
Vested assets	7,165	2,326	7,205	2,343
Total non-exchange revenue	167,944	152,613	169,312	152,727
Total revenue	180,607	160,067	194,393	170,103

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

NOTE 8

EMPLOYEE AND ELECTED REPRESENTATIVES BENEFIT EXPENSES

	COUNCIL		GROUP	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Salaries, wages and earned compensation	53,922	49,406	58,851	53,299
Elected representatives total remuneration	1,030	966	1,030	966
Employer contributions to multi-employer defined contribution plans	1,680	1,680	1,812	1,792
Increase/(decrease) in employee benefit liabilities	776	417	944	512
Total employee and elected representatives benefit expenses	57,408	52,469	62,637	56,569

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. Wade Crocket received total remuneration (including any non-financial benefits) of \$245,841 from 7 November 2022 to 30 June 2023, and Chris Dyhrberg as Acting Chief Executive \$208,166 from 1 July to 20 November 2022. (2022 \$526,315 to Heather Shotter including \$96,660 severance payment exceeding contract entitlements, \$99,944 to Chris Dyhrberg).

Executive Leadership Team Remuneration

The table below includes detail of the key management personnel, being the Chief Executive and members of the executive leadership team. Details of Councillors are excluded and detailed below.

	COUNCIL	
	Actual 2023 \$000	Actual 2022 \$000
Total remuneration	2,532,341	2,475,207
Full-time equivalent members	7	7

Elected Representatives

Elected representatives received the following remuneration:

MEMBER	POSITION	Annual Salary 2023 \$	Non Salary \$000	Total Remuneration 2023 \$000	Annual Salary 2022 \$	Non Salary \$000	Total Remuneration 2022 \$000
CURRENT ELECTED REPRESENTATIVES							
Smith G	Mayor	153,204	-	153,204	147,187	-	147,187
Marshall-Lobb D	Deputy Mayor	42,008	552	42,560	-	-	-
Barrett B	Councillor	56,756	7,624	64,380	51,172	2,133	53,305
Zabelin K	Councillor	38,993	725	39,718	-	-	-
Bowen R	Councillor	56,756	1,540	58,296	51,172	1,804	52,976
Arnott M	Councillor	37,789	725	38,514	-	-	-
Dennison V	Councillor	57,800	2,136	59,936	54,519	2,133	56,652
Fitzgerald R	Councillor	37,789	725	38,514	-	-	-
Findlay L	Councillor	52,701	2,136	54,837	47,824	2,133	49,957
Handcock P	Councillor	53,906	1,043	54,949	47,824	1,042	48,866
Hapeta L	Councillor	56,756	1,801	58,557	51,172	1,736	52,908
Johnson L	Councillor	56,756	1,738	58,494	51,172	1,736	52,908
Meehan B	Councillor	54,950	1,043	55,993	51,172	1,042	52,214
Mickalad O	Councillor	52,701	1,043	53,744	47,824	1,045	48,869
Naylor K	Councillor	55,110	1,141	56,251	47,824	1,443	49,267
Wood W	Councillor	38,993	725	39,718	-	-	-

MEMBER	POSITION	Annual Salary 2023 \$	Non Salary \$000	Total Remuneration 2023 \$000	Annual Salary 2022 \$	Non Salary \$000	Total Remuneration 2022 \$000
ELECTED REPRESENTATIVES TO OCTOBER 2022							
Rutherford A	Deputy Mayor	26,332	7,064	33,396	84,123	2,790	86,913
Baty S	Councillor	17,000	6,185	23,185	54,841	11,447	66,288
Butt Z	Councillor	14,912	376	15,288	47,824	1,283	49,107
Dingwall R	Councillor	14,912	318	15,230	47,824	1,042	48,866
Petrenas B	Councillor	14,912	530	15,442	47,824	1,736	49,560
Total remuneration			1,030,206				965,843
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 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 2022/23 financial year rather than the alternative option of a combination of meeting fee payments and annual salary.

The determination issued by the Remuneration Authority also provides for the payment of hearing fees for those Councillors who sit as members on Hearing Panels. This includes hearings of resource consent applications lodged under the Resource Management Act 1991 and any other hearings required, such as for the Sectional District Plan Review. The fees for members who act in this capacity are paid at the rate of \$100 per hour for the Chair and \$80 per hour for other members of the Committee. Councillors may also sit as members on the District Licensing Committee with fees paid at the rate of \$78 per hour for the Chair and \$51 per hour for other members. Fees received by Councillors who have sat on these regulatory bodies are included under the heading Monetary Remuneration - Non-salary.

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

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

In addition, the Mayor and Councillors can receive non-monetary remuneration in relation to car parking exemptions provided. The Councillors have shared working space available for use and access to computers. The Mayor, Grant Smith, was also provided with a motor vehicle for use on PNCC business and private use in addition to the Mayors remuneration above. Professional indemnity and trustee liability insurance is also provided to Councillors against any potential legal litigation which may occur while undertaking PNCC business.

Employee Remuneration

The table below includes details of employees and their remuneration, including members of key management but excluding elected representatives.

NUMBER OF EMPLOYEES RECEIVING TOTAL ANNUAL REMUNERATION AT 30 JUNE OF:	COUNCIL	
	Actual 2023 \$000	Actual 2022 \$000
Less than \$60,000	238	299
Between \$60,001 and \$79,999	189	174
Between \$80,000 and \$99,999	97	87
Between \$100,000 and \$119,999	55	47
Between \$120,000 and \$139,999	41	28
Between \$140,000 and \$159,999	21	17
Between \$160,000 and \$179,999	12	8
Between \$180,000 to \$219,999	7	-
Between \$180,000 to \$239,999	-	5
Between \$220,000 and \$359,999	6	-
Between \$240,000 to \$379,999	-	4
Between \$360,000 to \$400,999	1	-
Total employees	667	669

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.

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THE TOTAL EMPLOYEES COMPRISES:	COUNCIL	
	Actual 2023 \$000	Actual 2022 \$000
Full-time employees	549	543
Full-time equivalent of all other employees (basis 40 hour working week)	75	79
Total full-time equivalent	624	622

Severance payments

For the year ended 30 June 2023, PNCC made 1 severance payment exceeding contractual entitlements totalling \$8,690 (2022, four, total \$178,970).

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 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Fees to principal auditor:				
Audit fees for financial statement audit	292	260	488	395
Audit fees for debenture trust deed audit	6	6	6	6
Allowance for expected credit loss	108	63	172	63
Minimum lease payments under operating leases	916	891	916	947
Direct expenses from investment property	-	-	-	-
Grants for community support and economic promotion	9,511	9,321	5,793	5,487
Professional service costs	15,927	13,660	16,466	14,143
Insurance premiums	2,792	2,471	3,219	2,819
Transition payment to Manawatu District Council	-	453	-	453
Other operating expenses	35,304	30,076	39,342	34,878
Total other expenses	64,856	57,201	66,402	59,191

Audit fees above exclude disbursements.

In the context of reporting by local authorities, donations are interpreted as per their common usage, that is, discretionary charitable gifts, and exclude any grants made in terms of PNCC's normal funding programme that seek to achieve the objectives of the Council. There have been no donations during the year.

NOTE 10

TAX	COUNCIL		GROUP		
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000	
COMPONENTS OF TAX EXPENSE					
Current tax expense	-	-	(1,130)	(94)	
Adjustments to current tax for prior years	43	18	43	18	
Deferred tax expense	-	-	68	213	
Deferred tax adjustment from removal of tax depreciation on buildings	-	-	-	-	
Income tax refund/ (expense)	43	18	(1,019)	137	
RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT:					
Surplus/(deficit) before tax	10,663	20,038	14,586	21,077	
Tax at 28% (2020 28%)	2,986	5,611	4,085	5,902	
Non-deductible expenditure	-	-	-	-	
Non-taxable revenue, permanent differences	(2,986)	(5,611)	(2,958)	(5,804)	
Loss on sale of land	-	-	-	(217)	
Prior year adjustment, deferred tax adjustment	-	-	-	-	
Deferred tax adjustment for the year and deferred tax movement at revaluation	(43)	(18)	(108)	(18)	
TAX CHARGE FOR THE YEAR	(43)	(18)	1,019	(137)	
Movement in deferred tax due to tax depreciation changes	-	-	-	-	
Movement in deferred tax due to tax rate changes	-	-	-	-	
Tax expense/(refund)	(43)	(18)	1,019	(137)	
DEFERRED TAX ASSETS/(LIABILITIES)					
	Investment property	Property, plant and equipment	Employee entitlements	Other provisions	Total
GROUP					
Balance at 30 June 2021	-	(6,560)	40	3	(6,517)
Transfer PPE to IP	(193)	193	-	-	-
Charged to surplus or deficit	37	157	19	1	214
Charged to other comprehensive income	-	(3,638)	-	-	(3,638)
Balance at 30 June 2022	(156)	(9,848)	59	4	(9,941)
Charged to surplus or deficit	(49)	98	17	1	67
Charged to other comprehensive income		623			623
Balance at 30 June 2023	(205)	(9,127)	76	5	(9,251)

Additional disclosures

During the year, tax losses were transferred to PNAL by tax loss offset with payment of \$43,000 and loss effect of \$154,000.

A deferred tax asset has not been recognised in relation to unused tax losses of \$153,000 (2022 \$225,000) with a tax effect of \$43,000 (2022 \$63,000).

Imputation credits of \$5.5m (PNAL) are available to impute distributions from subsidiaries.

NOTE 11

CASH AND CASH EQUIVALENTS	COUNCIL		GROUP	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Cash at bank and on hand	407	672	954	1,470
Short term bank deposits with maturities of less than three months	1,250	1,250	1,641	1,751
Total cash and cash equivalents	1,657	1,922	2,595	3,221

Although cash and cash equivalents at 30 June 2023 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated allowance is trivial.

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 2023 PNCC has designated that \$1,250k of the short term bank deposits are held on trust for those contractors (2022 1,250k). At 30 June 2023 the actual retentions held amounted to \$979k (2022 \$951k)

The total value of cash and cash equivalents that can only be used for a specified purpose as outlined in the relevant trust deeds is \$nil (2022 \$nil).

Cash and cash equivalents are held by each entity within the group. Each of the group entities are governed by controlling documents, for example trust deeds, with those documents determining the availability of the cash and cash equivalents to other members of the group. The requirements of those documents in applying group cash amounts means that the amounts may not be available to other members of the group.

Cash and bank overdrafts include the following for the purposes of the cash flow statement:

CASH AND CASH EQUIVALENTS	COUNCIL		GROUP	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Cash at bank and on hand	407	672	954	1,470
Short term bank deposits with maturities of less than three months	1,250	1,250	1,641	1,751
Bank overdrafts (note 25)	-	-	-	-
	1,657	1,922	2,595	3,221

NOTE 12

TRADE AND OTHER RECEIVABLES	COUNCIL		GROUP	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Rates receivables	1,819	1,240	1,819	1,240
Other receivables	10,094	4,545	11,036	5,418
Related party receivables	131	2	-	-
Water debtors	426	374	426	374
Tax receivable (includes GST receivables)	2,077	998	2,077	998
Prepayments and accruals	3,664	5,008	3,959	5,637
	18,211	12,167	19,317	13,667
Less allowance for credit losses	(98)	(284)	(115)	(292)
Total current trade and other receivables	18,113	11,883	19,202	13,375
TOTAL RECEIVABLES COMPRISES:				
Receivables from exchange transactions	847	1,299	867	1,299
Receivables from non-exchange transactions	17,266	10,584	18,335	12,076

The carrying value of trade and other receivables approximates their fair value.

PNCC does not provide for any expected credit losses (ECLs) 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 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Current year	1,697	1,184	1,697	1,184
Past due one year	51	48	51	48
Past due two years	71	8	71	8
Carrying amount	1,819	1,240	1,819	1,240

The allowance for credit losses based on Council and the group's credit loss matrix is as follows:

COUNCIL	Actual 2023 \$000				Actual 2022 \$000			
	ECL RATE	GROSS	LIFETIME ECL	NET	ECL RATE	GROSS	IMPAIRMENT	NET
Not past due	0.50%	1,289	6	1,283	1.00%	2,247	22	2,247
Past due 1-30 days	0.70%	967	7	960	4.10%	608	25	608
Past due 31-60 days	0.80%	591	5	586	7.00%	208	15	208
Past due > 60 days	1.10%	7,247	80	7,167	15.00%	1,482	222	1,198
		10,094	98	9,996		4,545	284	4,261
GROUP								
Not past due	0.70%	2,211	15	2,196	0.90%	3,099	28	3,099
Past due 1-30 days	0.80%	966	8	958	4.00%	617	25	617
Past due 31-60 days	0.90%	594	5	589	7.00%	210	15	210
Past due > 60 days	1.20%	7,265	87	7,178	15.00%	1,492	224	1,200
		11,036	115	10,921		5,418	292	5,126

The ECL rates for other receivables at 30 June 2023 and 1 July 2022 are based on the payment profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant.

There have been no changes since 1 July 2022 in the estimation techniques or significant assumptions in measuring the loss allowance.

Movements in the allowance for credit losses as follows:

	COUNCIL		GROUP	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Opening balance for credit losses at 1 July	284	310	292	318
Additional provisions made during the year	90	63	107	63
Provisions reversed during the year	(6)	(86)	(14)	(69)
Receivables written-off during the period	(270)	(3)	(270)	(20)
Balance at 30 June	98	284	115	292

NOTE 13

INVENTORIES	COUNCIL		GROUP	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
CURRENT PORTION				
Depot Store - roading, water, stormwater and wastewater reticulation spares and various network parts	322	203	322	237
Plant nursery	30	28	30	28
Fuel and other consumables	12	16	41	16
Tamakuku land development - current portion	4,626	3,724	4,626	3,724
Assets held for sale	-	-	-	-
Total Current Portion	4,990	3,971	5,019	4,005
NON CURRENT PORTION				
Tamakuku land development - non-current portion	749	1,527	749	1,527
Total non-current portion	749	1,527	749	1,527

All inventory held for distribution is valued at cost. The write-down of inventories for loss of service potential amounted to \$nil (2022 \$nil).

No inventories are pledged as security for liabilities (2022 \$nil).

Land is classified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than continuing use. It is measured at the lower of the carrying amount and fair value less costs to sell.

The Council is currently developing land for future sale (Tamakuku Terrace), and 14% of the costs to date (including the value of land transferred to inventory) of \$5,375k are not expected to be recovered until after 30 June 2023 (2022 40% of \$5,252k).

NOTE 14

OTHER FINANCIAL ASSETS	COUNCIL		GROUP	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
CURRENT PORTION				
Short term bank deposits with maturities of 4-12 months	-	25,000	926	25,693
Total current portion	-	25,000	926	25,693
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	371	395	371	395
Unlisted shares - New Zealand Local Government Funding Agency	464	444	464	444
Borrower notes - New Zealand Local Government Funding Agency	4,807	3,861	4,807	3,861
	16,484	15,542	5,642	4,700
Other financial assets:				
Loans to subsidiaries	5,000	-	-	-
Bank deposits with maturities beyond 12 months	-	-	55	107
	5,000	-	55	107
Total non-current portion	21,484	15,542	5,697	4,807
Total other financial assets	21,484	40,542	6,623	30,500

Impairment

There are no impairment provisions for other financial assets. None of the financial assets are either past due or impaired.

Fair value

The carrying value of loans and receivables, short term bank deposits and other advances approximates their fair value, except as detailed below.

Palmerston North Airport Limited owns and operates Palmerston North Airport. As at 30 June 2022 PNCC owned 100% (2022 100%) of the issued and paid up share capital of the Company.

Palmerston North Airport Limited's share capital at 30 June 2023 comprised 9,195,000 fully paid ordinary shares (2022 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.

PNCC and Palmerston North Airport Limited (PNAL) have entered an unsecured and subordinated loan facility agreement through which PNCC agrees (subject to a range of conditions) to provide PNAL with a credit facility equal to the lesser of \$50m or the amount representing PNAL's total borrowing requirement recorded in its annual Statement of Intent plus an additional amount of 10% of that sum. The maximum sum may be increased or decreased by written agreement between the parties. The ten year term of the facility is subject to automatic annual extension.

The first \$5m advance under the facility was at a fixed rate of 4.51% was for a 5 year term maturing on 15 July 2027. Interest is payable semi-annually in arrears. \$5m was outstanding as at 30 June 2023.

Civic Financial Services Ltd provides financial services primarily to New Zealand local government. PNCC holds a 3.73% (2022 3.73%) shareholding in the entity. There is no intention to dispose of this investment and there has not been a business valuation to establish fair value. As the holding is not material, net asset backing has been used as a proxy to assess fair value.

PNCC is a shareholder of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. During the 2013 year PNCC subscribed for \$200,000 of shares, including \$100,000 of uncalled capital. There is no intention to dispose of this investment and there has not been a business valuation to establish fair value. As the holding is not material, net asset backing has been used as a proxy to assess fair value.

When a local authority obtains debt from the NZLGFA it is required to subscribe for "borrower notes" for a portion of the debt. These notes have maturity as for the debt, accrue interest and are repayable when the associated debt is repaid. Interest has been accrued and included in the total outstanding.

There are no short term bank deposits being held to repay debt upon maturity (2022 25M).

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. Short term bank deposits held by group entities are governed by each entities controlling documents, for example trust deeds. Those documents determine the requirements in applying funds and availability of the bank deposits to other members of the group. The requirements of those documents in applying group cash amounts means that the amounts may not be available to other members of the group.

NOTE 15

INVESTMENT IN ASSOCIATE	COUNCIL		GROUP	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$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)	-	-	297	286
Total non-current portion	1	1	298	287

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

	Actual 2023 \$000	Actual 2022 \$000
Assets	996	1,071
Liabilities	701	786
Revenues	2,399	1,883
Surplus/(deficit)	10	6
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 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
CURRENT ASSET PORTION				
Interest rate swaps	3,680	913	3,680	913
Total current asset portion	3,680	913	3,680	913
NON-CURRENT ASSET PORTION				
Interest rate swaps	7,973	7,566	7,973	7,566
Total non-current asset portion	7,973	7,566	7,973	7,566
CURRENT LIABILITY PORTION				
Interest rate swaps	-	84	-	84
Total current liability portion	-	84	-	84
NON-CURRENT LIABILITY PORTION				
Interest rate swaps	-	30	-	30
Total non-current liability portion	-	30	-	30

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 2023 comprised the following:

No notional value of swaps in which PNCC will pay fixed interest rate (2022 none) and receive floating on a monthly basis (2022 \$nil).

\$125m notional value of swaps in which PNCC will pay fixed interest varying from 0.4% to 4.5% (2022 0.4% to 4.5%) and receive floating on a quarterly basis (2022 \$88m).

\$81m notional value of forward start swaps in which PNCC will pay fixed interest varying from 3.8% to 3.9% (2022 1.3% to 3.9%) and receive floating on a quarterly basis (2022 \$63m).

NOTE 17

PROPERTY, PLANT AND EQUIPMENT

2023

	Cost/ revaluation 1-Jul-22 \$000	Accumulated depreciation and impairment charges 1-Jul-22 \$000	Carrying amount 1-Jul-22 \$000	Reclassification \$000	Current year additions constructed by Council \$000	Current year vested asset additions \$000
COUNCIL OPERATIONAL ASSETS						
Land	224,669	-	224,669	1,385	1,385	-
Buildings	212,746	9,628	203,118	81	8,566	-
Improvements	68,042	4,085	63,957	(1,466)	9,287	-
Office equipment, furniture and fittings	31,170	25,808	5,362	335	1,827	-
Library materials	6,202	4,224	1,978	-	776	-
Motor vehicles and plant	29,871	19,823	10,048	(335)	2,235	-
Total operational assets	572,700	63,568	509,132	-	24,076	-
COUNCIL INFRASTRUCTURAL ASSETS						
Waste management	28,470	1,630	26,840	-	1,454	-
Wastewater						
- treatment plants and facilities	45,707	-	45,707	-	2,175	1,647
- other assets	214,961	-	214,961	-	6,809	-
Water						
- treatment plants and facilities	82,895	-	82,895	-	2,820	-
- other assets	171,057	-	171,057	-	6,549	878
Stormwater	237,363	-	237,363	-	7,501	2,529
Roading network	454,020	22,529	431,491	-	25,634	1,728
Land under roads	359,673	-	359,673	-	208	383
Total infrastructural assets	1,594,146	24,159	1,569,987	-	53,150	7,165
COUNCIL RESTRICTED ASSETS						
Land	42,381	-	42,381	-	155	-
Total restricted assets	42,381	-	42,381	-	155	-
Total PNCC property, plant and equipment	2,209,227	87,727	2,121,500	-	77,381	7,165
COUNCIL CONTROLLED ORGANISATIONS PROPERTY, PLANT AND EQUIPMENT						
Land	33,000	-	33,000	-	-	-
Buildings	14,618	803	13,815	-	146	-
Improvements	387	5	382	-	106	-
Infrastructural assets	47,073	3,852	43,221	-	1,376	-
Plant and equipment	7,992	5,795	2,197	-	657	-
Office equipment, furniture and fittings	1,726	1,165	561	-	126	-
Collection assets	17,065	-	17,065	-	76	40
Motor vehicles	1,340	30	1,310	-	210	-
Total CCO property, plant and equipment	123,201	11,650	111,551	-	2,697	40
Total Group property, plant and equipment	2,332,428	99,377	2,233,051	-	80,078	7,205

Note: Pages 198-199 (Property, plant and equipment) table should be read as one continuous table across both pages.

Current year disposals	Reversal of accumulated depreciation on disposal	Current year depreciation	Revaluation surplus	Reversal of accumulated depreciation on revaluation or reclassification	Cost/revaluation	Accumulated depreciation and impairment charges	Carrying amount
\$000	\$000	\$000	\$000	\$000	30-Jun-23 \$000	30-Jun-23 \$000	30-Jun-23 \$000
-	-	-	-	-	227,439	-	227,439
-	-	9,736	-	-	221,393	19,364	202,029
-	-	4,904	-	-	75,863	8,989	66,874
-	-	1,404	-	-	33,332	27,212	6,120
1,066	1,066	676	-	-	5,912	3,834	2,078
469	428	1,520	-	-	31,302	20,915	10,387
1,535	1,494	18,240	-	-	595,241	80,314	514,927
-	-	789	5,344	2,419	35,268	-	35,268
-	-	1,279	-	-	49,529	1,279	48,250
-	-	4,198	-	-	221,770	4,198	217,572
-	-	904	-	-	85,715	904	84,811
-	-	3,524	-	-	178,484	3,524	174,960
-	-	2,222	-	-	247,393	2,222	245,171
-	-	10,876	42,438	33,405	523,820	-	523,820
-	-	-	-	-	360,264	-	360,264
-	-	23,792	47,782	35,824	1,702,243	12,127	1,690,116
-	-	-	-	-	42,536	-	42,536
-	-	-	-	-	42,536	-	42,536
1,535	1,494	42,032	47,782	35,824	2,340,020	92,441	2,247,579
145	-	-	-	-	32,855	-	32,855
-	-	356	(2,309)	84	12,455	1,075	11,380
2	2	81	-	-	491	84	407
97	29	1,497	-	-	48,352	5,320	43,032
143	105	425	-	-	8,506	6,115	2,391
31	31	177	-	-	1,821	1,311	510
101	-	-	-	-	17,080	-	17,080
-	-	50	-	-	1,550	80	1,470
519	167	2,586	(2,309)	84	123,110	13,985	109,125
2,054	1,661	44,618	45,473	35,908	2,463,130	106,426	2,356,704

Note: Pages 200-201 (Property, plant and equipment) table should be read as one continuous table across both pages.

PROPERTY, PLANT AND EQUIPMENT	Cost/ revaluation 1-Jul-21 \$000	Accumulated depreciation and impairment charges 1-Jul-21 \$000	Carrying amount 1-Jul-21 \$000	Reclassification \$000	Current year additions constructed by Council \$000	Current year vested asset additions \$000
2022						
COUNCIL OPERATIONAL ASSETS						
Land	224,669	-	224,669	-	-	-
Buildings	206,891	-	206,891	-	5,855	-
Improvements	59,518	-	59,518	-	8,524	-
Office equipment, furniture and fittings	29,659	24,329	5,330	-	1,517	-
Library materials	6,028	4,058	1,970	-	769	-
Motor vehicles and plant	25,872	18,688	7,184	-	4,363	-
Total operational assets	552,637	47,075	505,562	-	21,028	-
COUNCIL INFRASTRUCTURAL ASSETS						
Waste management	27,720	874	26,846	-	750	-
Wastewater						
- treatment plants and facilities	40,776	1,196	39,580	-	3,266	-
- other assets	176,700	4,274	172,426	-	4,990	245
Water						
- treatment plants and facilities	54,880	905	53,975	-	1,482	-
- other assets	137,209	3,435	133,774	-	5,449	262
Stormwater	220,518	2,404	218,114	-	4,277	710
Road network	438,581	12,149	426,432	(1,034)	15,759	714
Land under roads	357,979	-	357,979	1,034	265	395
Total infrastructural assets	1,454,363	25,237	1,429,126	-	36,238	2,326
COUNCIL RESTRICTED ASSETS						
Land	42,381	-	42,381	-	-	-
Total restricted assets	42,381	-	42,381	-	-	-
Total PNCC property, plant and equipment	2,049,381	72,312	1,977,069	-	57,266	2,326
COUNCIL CONTROLLED ORGANISATIONS						
PROPERTY, PLANT AND EQUIPMENT						
Land	29,010	-	29,010	-	-	-
Buildings	14,059	704	13,355	-	525	-
Improvements	1,117	901	216	294	18	-
Infrastructural assets	36,196	6,419	29,777	-	1,915	-
Plant and equipment	8,539	5,732	2,807	(860)	663	-
Office equipment, furniture and fittings	1,267	982	285	566	(93)	-
Collection assets	16,986	-	16,986	-	62	17
Motor vehicles	1,080	12	1,068	-	260	-
Total CCO property, plant and equipment	108,254	14,750	93,504	-	3,350	17
Total Group property, plant and equipment	2,157,635	87,062	2,070,573	-	60,616	2,343

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

Current year disposals	Reversal of accumulated depreciation on disposal	Current year depreciation	Revaluation surplus	Reversal of accumulated depreciation on revaluation or reclassification	Cost/revaluation	Accumulated depreciation and impairment charges	Carrying amount
\$000	\$000	\$000	\$000	\$000	30-Jun-22 \$000	30-Jun-22 \$000	30-Jun-22 \$000
-	-	-	-	-	224,669	-	224,669
-	-	9,628	-	-	212,746	9,628	203,118
-	-	4,085	-	-	68,042	4,085	63,957
6	3	1,482	-	-	31,170	25,808	5,362
595	595	761	-	-	6,202	4,224	1,978
364	309	1,444	-	-	29,871	19,823	10,048
965	907	17,400	-	-	572,700	63,568	509,132
-	-	756	-	-	28,470	1,630	26,840
-	-	1,030	1,665	2,226	45,707	-	45,707
-	-	3,495	33,026	7,769	214,961	-	214,961
-	-	759	26,533	1,664	82,895	-	82,895
-	-	2,870	28,137	6,305	171,057	-	171,057
-	-	1,941	11,858	4,345	237,363	-	237,363
-	-	10,380	-	-	454,020	22,529	431,491
-	-	-	-	-	359,673	-	359,673
-	-	21,231	101,219	22,309	1,594,146	24,159	1,569,987
-	-	-	-	-	42,381	-	42,381
-	-	-	-	-	42,381	-	42,381
965	907	38,631	101,219	22,309	2,209,227	87,727	2,121,500
-	-	-	3,990	-	33,000	-	33,000
-	-	364	34	265	14,618	803	13,815
1,042	973	77	-	-	387	5	382
884	884	1,166	9,846	2,849	47,073	3,852	43,221
350	332	395	-	-	7,992	5,795	2,197
14	14	197	-	-	1,726	1,165	561
-	-	-	-	-	17,065	-	17,065
-	-	18	-	-	1,340	30	1,310
2,290	2,203	2,217	13,870	3,114	123,201	11,650	111,551
3,255	3,110	40,848	115,089	25,423	2,332,428	99,377	2,233,051

ASSETS UNDER CONSTRUCTION

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

	COUNCIL		GROUP	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
OPERATIONAL ASSETS				
Land	2	6	2	26
Buildings	11,981	4,502	11,981	7,573
Improvements	4,068	3,523	4,068	3,523
Office equipment, furniture and fittings	578	316	654	326
Library	-	-	-	-
Motor vehicles and plant	3,489	4,126	3,489	4,163
	20,118	12,473	20,194	15,611
INFRASTRUCTURAL ASSETS				
Waste management	1,032	341	1,032	341
Wastewater	11,122	9,619	11,122	9,619
Water	10,958	5,626	10,958	5,626
Stormwater	9,380	4,159	9,380	4,159
Roading network	31,580	11,897	31,580	11,897
Infrastructure - CCO's	-	-	-	642
	64,072	31,642	64,072	32,284
Total assets under construction	84,190	44,115	84,266	47,895

CAPITAL COMMITMENTS

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

	COUNCIL		GROUP	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Buildings	7,762	4,976	7,762	4,976
Improvements	101	129	101	129
Roading network	5,624	28,496	5,624	28,496
Waste management	82	129	82	129
Stormwater	332	312	332	312
Wastewater treatment plants and facilities	1,358	701	1,358	701
Wastewater other assets	1,062	126	1,062	126
Water treatment plants and facilities	289	208	289	208
Water other assets	346	499	346	499
CCO capital commitments	-	-	24	24
Total capital commitments	16,956	35,576	16,980	35,600

REVALUATION OF ASSETS

Property, plant and equipment have been valued in accordance with the accounting policy set out in the Statement of Accounting Policy, under the 'asset revaluation' section (note 1).

Assets are valued to 'fair value' under the highest and best use scenario. Fair value is the amount for which an item could be exchanged or settled between knowledgeable willing parties in an arm's length transaction.

Where the fair value of the asset can be determined by reference to the price in an active market for the same asset or similar asset, the fair value of the asset is determined using this information. Where direct evidence of value is not available from an active market, fair value is determined from market-based evidence by appraisal, undertaken by a professionally qualified valuer. If there is no market-based evidence of fair value because of the specialised nature of the asset and the asset is rarely sold, fair value will be determined using the optimised depreciated replacement cost approach.

OPERATIONAL LAND, BUILDINGS, SPORTSFIELDS AND RECREATIONAL AND COMMUNITY FACILITIES

Fair value of land and buildings was determined from market-based evidence by an independent valuer. Where buildings and site improvements have been identified as being earthquake prone, then the valuation has been reduced by the estimated earthquake strengthening costs. The most recent valuation was performed by Andrew Walshaw (ANZIV, SPINZ) of Morgans Property Advisors, last valued effective 30 June 2021.

For site improvements valuation at fair value is determined by optimised depreciated replacement cost basis. The most recent valuation was performed by Andrew Walshaw (ANZIV, SPINZ) of Morgans Property Advisors, last valued effective 30 June 2021.

RESTRICTED LAND AND BUILDINGS

Fair value was determined from market-based evidence by an independent valuer. The most recent valuation was performed by Andrew Walshaw (ANZIV, SPINZ) of Morgans Property Advisors, effective 30 June 2021.

INFRASTRUCTURAL ASSET CLASSES: ROADING AND WASTE MANAGEMENT

Roading and waste management assets were last valued effective 30 June 2023.

The fair value of roading and waste management assets, excluding land, was determined on an optimised depreciated replacement cost basis, assuming continuation of current asset capability and processing requirements.

The valuation of roading was undertaken by Pauline True and reviewed by Kerryn Whitehead from Stantec New Zealand, all of whom have relevant qualifications and experience for carrying out this work.

The valuation of waste management was undertaken by Elmer Ipapo and Paula Haman, and reviewed by Graham Munnik from AECOM New Zealand Limited, all of whom have relevant qualifications and experience for carrying out this work.

Roading and waste management land (excluding land under roads) was valued in 2023 on the basis of 'open market value'. 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 roading and waste management assets since valuation date are valued at cost.

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

3 waters assets were last valued effective 30 June 2022.

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

3 waters assets land (excluding land under roads) was valued in 2022 on the basis of 'open market value' derived from sales evidenced for 17 urban localities in Palmerston North, Ashhurst and Aokautere and one rate for rural area. The open market value was in turn discounted to provide the specific rates for undeveloped land. While some infrastructure land (particularly off-street parking land) has independent certificates of title and therefore can be disposed of, the reality is that infrastructure land is required to be retained by PNCC for community use. The fair value was determined by Andrew Walshaw (ANZIV, SPINZ) of Morgans Property Advisors.

Additions and acquisitions to infrastructure assets since valuation date are valued at cost.

LAND UNDER ROADS (ROAD RESERVES), INFRASTRUCTURE LAND AND OFF-STREET PARKING LAND

Valuation of infrastructure land is generally considered 'non tradable' due to the perpetual nature of community use. It was valued at 30 June 2023 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 30 June 2023.

Land under roads was valued based on the fair value of adjoining undeveloped land determined by Chris Leahy (Registered Valuer FNZIV, FNZPI) of CL Property Solutions Ltd, effective 30 June 2005. On transition to NZ IFRS PNCC has elected to use the fair value of land under roads as at 30 June 2005 as deemed cost. Land under roads is no longer revalued.

REPLACEMENT COST

The most recent estimate of the replacement cost of infrastructural assets detailed above as at 30 June 2023 is:

	Council \$'000
Wastewater	
- treatment plants and facilities	69,965
- other assets	428,373
Water	
- treatment plants and facilities	102,942
- other assets	304,099
Stormwater	332,852
Roading network	821,269

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 buildings as at 30 June 2023 and the land as at 30 June 2022.

Airside infrastructure assets owned by Palmerston North Airport Ltd have been valued at fair value. Fair value was last determined by independent valuers AECOM New Zealand Ltd on an optimised depreciated replacement cost basis as at 30 June 2022.

LIBRARY COLLECTIONS

Library books were valued as at 30 June 1993, at their deemed cost. The NZ Pacific collection is valued at cost. All other books are valued at cost less accumulated depreciation. Additions since valuation date are stated at cost.

HERITAGE AND ART COLLECTION

The art collection assets are re-valued every three years and the heritage collection assets every four years.

The entire art collection (owned and custodial) was valued as at 31 March 2021 by Art + Object Auckland, on the basis of a fair, minimum value realisable.

The entire heritage collection (owned and custodial) was valued as at 31 March 2020 by Ashley Associates 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 (2022 \$nil). Except for assets subject to the housing improvement suspensory loan of \$480k (2022 \$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 2023 land, buildings and other property assets with a carrying value of \$90m has been pledged as security.

SIGNIFICANT ACQUISITIONS AND REPLACEMENT OF ASSETS

In accordance with the provisions of clause 24 of Schedule 10 of the Local Government Act 2002, the What the Council Does section contains more information on the significant acquisitions and renewals of assets on an activity basis.

NOTE 18

INTANGIBLE ASSETS	COUNCIL					GROUP
	Computer Software	Computer Licences	Athletic Track	Carpark Leases	Total	Group Total
	\$000	\$000	\$000	\$000	\$000	\$000
2023						
BALANCE AT 1 JULY 2022						
Cost	5,509	369	675	1,016	7,569	7,721
Accumulated amortisation and impairment	(5,169)	(369)	(675)	(284)	(6,497)	(6,623)
Opening carrying amount	340	-	-	732	1,072	1,098
YEAR ENDED 30 JUNE 2023						
Additions	157	-	-	-	157	222
Amortisation charge	(100)	-	-	(20)	(120)	(148)
Reclassification - Cost	-	-	-	-	-	-
Reclassification - accumulated depreciation	-	-	-	-	-	-
Disposals cost	(1,720)	(369)	-	-	(2,089)	(2,089)
Disposal accumulated amortisation	1,720	369	-	-	2,089	2,089
Closing carrying amount	397	-	-	712	1,109	1,172
BALANCE AT 30 JUNE 2023						
Cost	3,946	-	675	1,016	5,637	5,854
Accumulated amortisation and impairment	(3,549)	-	(675)	(304)	(4,528)	(4,682)
Closing carrying amount	397	-	-	712	1,109	1,172
2022						
BALANCE AT 1 JULY 2021						
Cost	5,420	369	675	1,016	7,480	7,660
Accumulated amortisation and impairment	(5,020)	(369)	(675)	(263)	(6,327)	(6,470)
Opening carrying amount	400	-	-	753	1,153	1,190
YEAR ENDED 30 JUNE 2022						
Net additions	89	-	-	-	89	93
Amortisation charge	(149)	-	-	(21)	(170)	(181)
	-	-	-	-	-	-
	-	-	-	-	-	-
Disposals cost	-	-	-	-	-	(32)
Disposal accumulated amortisation	-	-	-	-	-	28
Closing carrying amount	340	-	-	732	1,072	1,098
BALANCE AT 30 JUNE 2022						
Cost	5,509	369	675	1,016	7,569	7,721
Accumulated amortisation and impairment	(5,169)	(369)	(675)	(284)	(6,497)	(6,623)
Closing carrying amount	340	-	-	732	1,072	1,098

Computer software includes software and systems under development of \$159k (2022 \$90k).

The carpark leases are for the lease of carparks for a period of 999 years with amortisation over the life of the carpark.

No intangible assets are pledged as security for liabilities (2022 \$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.

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NOTE 19

ACTIVITY DEPRECIATION AND AMORTISATION

Included in activity expenditure in section 2 are the following amounts of depreciation and amortisation:

	COUNCIL	
	Actual 2023 \$000	Actual 2022 \$000
Innovative and Growing City	610	584
Creative and Exciting City	10,398	9,892
Connected and Safe Community	4,245	3,992
Eco-City	808	686
Driven and Enabling Council	2,993	2,934
Transport	10,970	10,616
Stormwater	2,222	1,941
Wastewater	5,478	4,527
Water	4,428	3,629
Total Activity Depreciation and Amortisation	42,152	38,801

NOTE 20

FORESTRY ASSETS

	COUNCIL		GROUP	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Balance at 1 July	1,571	1,430	1,571	1,430
Increases due to purchases, replanting	-	-	-	-
Gains/(losses) arising from changes in fair value less estimated point of sale costs	284	141	284	141
Decreases due to harvest	-	-	-	-
Balance at 30 June	1,855	1,571	1,855	1,571

PNCC owns two forests held for harvest: Turitea and Gordon Kear. The forest assets referred to in this note are limited to the biological asset, being the forest crop (and do not include forest land or site improvements).

Turitea Forest is a pinus radiata plantation located within the water catchment reserve. During the 2019 period most of the older trees were harvested. The remaining planation comprising 27 hectares is at varying stages of maturity ranging from 28 to 48 years. The land that has been harvested is being restored back into native vegetation.

Gordon Kear Forest is a second rotation pinus radiata plantation located in the upper Kahuterawa Valley, comprising 372.6 hectares aged from 7 to 13 years.

Forestry assets (biological assets) were valued as at 30 June 2023 by an independent registered forestry consultant Alan Bell (Registered Forestry Consultant - NZ Institute of Forestry). A pre-tax discount rate of 8.0% (2022 8.5%) has been used in discounting the present value of expected cash flows to determine fair value of the forestry crops. Valuation has been on a going concern basis and only includes the value of the current crop, based on current average costs and three year historical rolling average sales prices. The forest crops are valued on an annual basis.

There are no capital commitments in relation to forestry assets.

Financial risk management strategies

PNCC is exposed to financial risks arising from changes in timber prices. PNCC is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore, has not taken any measures to manage the risks of a decline in timber prices. PNCC reviews its outlook for timber prices regularly in considering the need for active financial risk management.

NOTE 21

INVESTMENT PROPERTY

	COUNCIL		GROUP	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Balance at 1 July	5,640	5,390	20,540	19,176
Additions and acquisitions	72	62	156	1,323
Transfer to/(from) property, plant and equipment	-	-	-	-
Reclassification from assets held for sale	-	-	-	-
Reclassification to inventory	-	-	-	(693)
Disposals	-	-	-	-
Fair value gains/(losses) on valuation (note 6)	(887)	188	(471)	734
Balance at 30 June	4,825	5,640	20,225	20,540

PNCC's investment properties are valued annually at fair value effective 30 June. All investment properties were valued based on open market evidence to determine fair value. The valuation was performed by Andrew Walshaw (ANZIV, SPINZ) of Morgans Property Advisors.

There are no contractual obligations in relation to investment properties at balance date not recognised in the financial statements for either capital expenditure or operating expenditure.

Whilst PNCC does not have any contractual commitment for capital expenditure, there is an intention (as detailed in the Property Asset Management Plan) to maintain and renew all investment property.

Palmerston North Airport Ltd has investment properties. These are valued annually at fair value effective 30 June, performed by Morgans Property Advisors.

NOTE 22

TRADE AND OTHER PAYABLES

	COUNCIL		GROUP	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Trade payables	(25)	346	1,581	1,784
Deposits and bonds	4,680	4,796	4,680	4,796
Accruals and capital creditors	14,700	17,105	14,889	17,181
Amounts due to related parties	-	-	-	-
Fees and grants in advance	2,509	1,130	2,812	1,572
Rates in advance	2,156	1,902	2,156	1,902
Retentions	979	951	979	951
Tax payable (includes GST payables)	-	-	92	61
Other payables	733	857	750	859
Total trade and other payables	25,732	27,087	27,939	29,106
TOTAL PAYABLES COMPRISES:				
Payables from exchange transactions	21,067	24,055	23,120	25,906
Payables from non-exchange transactions	4,665	3,032	4,819	3,200

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 2023 of the total retentions held, \$979k was required to be held on trust (2022 \$951k). PNCC has designated that a \$1,250k short term bank deposit is held on trust for those contractors (2022 \$1,250k).

NOTE 23

PROVISIONS	COUNCIL		GROUP	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
CURRENT				
Landfill aftercare provision	91	91	91	91
Building weather tightness claims	591	591	591	591
Building claims	46	46	46	46
Total current provisions	728	728	728	728
NON-CURRENT				
Landfill aftercare provision	403	489	403	489
Total non-current provisions	403	489	403	489
COUNCIL AND GROUP	Landfill aftercare \$000	Building weather tightness claims \$000	Building Act claims \$000	Restructuring provision \$000
Balance at 30 June 2021	668	591	46	160
Additional provisions made during the year	-	-	-	-
Amounts used during the year	(88)	-	-	(160)
Balance at 30 June 2022	580	591	46	-
Additional provisions made during the year	-	-	-	-
Amounts used during the year	(86)	-	-	-
Balance at 30 June 2023	494	591	46	-

Landfill aftercare provision

PNCC, as owner and operator of the Awapuni landfill since 1952, has a legal obligation under resource consent to provide ongoing maintenance and monitoring of its landfill post-closure. The landfill closed at the end of January 2007. Post-closure activities include leachate, water, gas monitoring and remedial measures such as ongoing site maintenance, drainage systems and wastewater treatment, final clay capping, soil covering and vegetation.

Estimates of future monitoring costs and remedial works have been made by council engineers. These engineering estimates are the basis upon which PNCC has established this financial provision. The provision includes all expected future costs and obligations associated with landfill post-closure.

The provision has been estimated taking into account and based upon known technology, existing knowledge and current legal requirements for the remaining closure and ongoing maintenance and monitoring costs. The amount

of the provision is the present value of future cash flows expected to be incurred, using a discount rate of 4.2%. 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 6 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 \$494k (2022 \$580k) is for consent monitoring costs.

No reimbursement from other sources outside of PNCC is expected.

Building weather tightness claims

PNCC has unresolved weather tightness claims. Refer to note 29 for further details. PNCC is unable to assess its exposure to these claims with the cost of any successful claims against PNCC expected to be substantially covered by provisions made.

PNCC also has exposure to possible calls relating to professional indemnity insurance cover, mainly relating to weather tightness claims. Refer to note 29 for further details. Current expectations are that one final call of an amount less than \$167k will be made in 2024.

PNCC has made a provision of \$591k (2022 \$591k) to cover unresolved and future weather tightness claims and future insurance pool calls.

Building Act claims

PNCC has further unresolved Building Act claims. Refer to note 29 for further details. PNCC is unable to assess 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 (2022 \$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	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Accrued pay (includes time in lieu and deductions payable)	1,310	969	1,553	1,169
Annual leave	4,888	4,582	5,300	4,943
Long service leave	563	516	589	532
Retirement gratuities	1,278	1,207	1,278	1,207
Sick leave	247	236	247	236
Total employee benefit liabilities	8,286	7,510	8,967	8,087
COMPRISING:				
Current	7,294	6,422	7,971	6,992
Non-current	992	1,088	996	1,095
Total employee benefit liabilities	8,286	7,510	8,967	8,087

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 4.2% (2022 3.4%) being for maturities that approximate the estimated future cash outflows. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred.

NOTE 25

BORROWINGS	COUNCIL		GROUP	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
CURRENT				
Secured loans	20,000	25,000	23,065	36,008
Total current borrowings	20,000	25,000	23,065	36,008
NON-CURRENT				
Secured loans	200,228	172,850	202,928	176,550
Total non-current borrowings	200,228	172,850	202,928	176,550
TOTAL BORROWINGS	220,228	197,850	225,993	212,558

Secured Loans

PNCC has a total bank overdraft facility of \$0.5m (2022 \$0.5m) with interest being charged at the bank's prime lending rate.

PNCC has bank multi-option credit lines totalling \$43 million with \$8.1m drawn at 30 June 2023 (2022 \$43m, 5.85m drawn). When drawn interest is currently incurred at the OCR rate plus 1.15% (2022 1.15%), 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 2023, \$212.1m is outstanding with maturities from 2024 to 2031. \$182m of this is drawn with interest rates are reset quarterly at the bankbill rate plus a margin varying from 0.4% to 0.8% with interest payable in arrears. The balance is drawn at fixed interest rates from 1.1% to 5.2%.

Effective interest rates, including line fees, are 4.0% (2022 2.8%). 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 bank borrowing is secured by a registered first debenture and mortgage over the assets and property of the Company. The balance outstanding is \$5.7m (2022 \$14.7m). In addition, PNAL has borrowed an unsecured sum of \$5m from PNCC in accordance with a loan facility agreement between the two parties. PNCC borrowed \$5m from LGFA for 5 years at a fixed rate of 4.11% and on-lent it to PNAL for 5 years with a margin of 0.4%

FAIR VALUE	COUNCIL		GROUP	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Fair values of the secured loans are as follows:				
Floating rate bank loans	8,100	5,850	8,100	5,850
Fixed rate bank loans	-	-	7,700	7,700
Floating rate debenture stock	-	5,000	5,000	10,000
New Zealand Local Government Funding Agency	212,128	187,000	212,128	187,000
Total	220,228	197,850	232,928	210,550
Current portion	(20,000)	(25,000)	(23,065)	(36,008)
Non-current portion	200,228	172,850	209,863	174,542

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 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
RETAINED EARNINGS				
As at 1 July	1,086,803	1,064,546	1,121,729	1,098,156
Transfers from/(to) special funds	-	-	-	-
Transfers from asset revaluation reserve on disposal of property	-	-	-	173
Surplus/(deficit) for the year	10,706	22,257	13,574	23,421
Transfers (to)/from retained earnings	-	-	(32)	(21)
As at 30 June	1,097,509	1,086,803	1,135,271	1,121,729
SPECIAL RESERVES AND FUNDS				
As at 1 July	-	-	412	392
Transfers (to)/from retained earnings	-	-	32	21
As at 30 June	-	-	444	413
Special reserves and funds all relate to Te Manawa and consist of:				
- Endowment fund	-	-	11	11
- Collection development fund	-	-	14	14
- Historic building maintenance reserve	-	-	22	22
- Development reserve - Museum exhibitions	-	-	397	366
Total Special Reserves and Funds	-	-	444	413

EQUITY	COUNCIL		GROUP	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE				
As at 1 July	349	299	349	299
Revaluation of shares in industry companies	(4)	50	(4)	50
Prior year adjustment moving balance from asset revaluation reserves to retained earnings	-	-	-	-
As at 30 June	345	349	345	349
ASSET REVALUATION RESERVES THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE				
As at 1 July	877,178	753,650	934,141	797,439
Revaluation gains/(losses) of operating property (net of deferred tax)	83,606	123,528	82,004	136,874
Transfer to retained earnings on disposal of property	-	-	-	(173)
As at 30 June	960,784	877,178	1,016,145	934,140
ASSET REVALUATION RESERVES CONSISTS OF:				
Operational assets				
Land	139,344	139,344	164,547	164,546
Buildings	104,840	104,840	105,706	107,309
Airside infrastructure	-	-	21,964	21,964
Improvements	-	-	-	-
Heritage collection	-	-	143	143
Art collection	-	-	7,185	7,184
Infrastructural assets				
Wastewater system	140,075	140,075	140,075	140,075
Water system	126,448	126,448	126,448	126,448
Stormwater system	121,453	121,453	121,453	121,453
Roading network	289,420	213,577	289,420	213,577
Waste management	13,077	5,314	13,077	5,314
Restricted assets				
Land	26,127	26,127	26,127	26,127
Total Revaluation Reserve	960,784	877,178	1,016,145	934,140
TOTAL EQUITY	2,058,638	1,964,330	2,152,205	2,056,631

Special reserves and funds include those held by CCO's. These originate from funds received for a specific purpose or reserves designated to be used for a specific purpose by the CCO.

NOTE 27

RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES	COUNCIL		GROUP	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Surplus/(Deficit) after Tax	10,706	22,257	13,574	23,421
ADD/(LESS) NON-CASH ITEMS:				
Depreciation and amortisation	42,152	38,801	44,766	41,029
Vested assets	(7,165)	(2,326)	(7,165)	(2,343)
Provision movement	(86)	(247)	(86)	(247)
Share of associates deficit	-	-	(10)	(6)
(Gains)/losses in fair value of biological assets	(284)	(141)	(284)	(141)
(Gains)/losses in fair value of investment property	887	(188)	210	(188)
(Gains)/losses in fair value of derivative financial instruments	(3,288)	(15,725)	(3,288)	(15,725)
ADD/(LESS) ITEMS CLASSIFIED AS INVESTING OR FINANCING ACTIVITIES:				
(Gains)/losses on disposal of property, plant and equipment	509	(32)	577	107
ADD/(LESS) MOVEMENTS IN WORKING CAPITAL ITEMS:				
Accounts receivable	(5,151)	4,591	(5,017)	3,871
Goods and Services Tax (net)	(1,079)	744	(884)	609
Inventories (excluding land development)	(117)	(16)	(109)	(5)
Accounts payable (inclusive of employee benefits)	(3,269)	(1,017)	(2,802)	(1,230)
Net Cash inflow/(outflow) from operating activities	33,815	46,701	39,482	49,152

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 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
NON-CANCELLABLE OPERATING LEASES AS LESSEE				
Not later than one year	380	359	653	430
Later than one year and not later than five years	1,390	1,033	1,655	1,131
Later than five years	528	783	528	783
Total non-cancellable operating leases	2,298	2,175	2,836	2,344

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2022 \$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 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
NON-CANCELLABLE OPERATING LEASES AS LESSOR				
Not later than one year	1,031	954	2,954	2,724
Later than one year and not later than five years	3,748	2,774	9,232	7,857
Later than five years	2,310	2,547	7,056	7,550
Total non-cancellable operating leases	7,089	6,275	19,242	18,131

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 Non-Half Hour Electricity and with Mercury Energy to supply Time of Use and Time of Use (Distributed Unmetered) Electricity, with the contracts expiring June 2026.

PNCC has a contract with Trustpower Ltd to supply gas to all its complexes with the contract expiring on 30 September 2024. Gas is charged on an actual usage basis.

Boundary alteration

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 final payment of \$453k was made in 2022 and was included in other expenses.

NOTE 29

CONTINGENCIES

CONTINGENT LIABILITIES	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
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 2023, there were no material legal actions being taken against PNCC which may result in a potential liability to PNCC (2022 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 two claims or potential claims relating to weather tightness issues of homes in the Palmerston North area which name PNCC as well as other parties (2022, 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 three other building claims (2022, 2). The costs of any successful weather tightness claims against PNCC are expected to be substantially covered from provisions made with successful building claims against PNCC expected to be substantially covered under PNCC's insurance policies or from provisions made. The estimated maximum potential liability for weather tightness claims to PNCC is \$310,000 (2022 \$350,000) and other building claims of \$190,000 (2022 \$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 was previously a member of the New Zealand Mutual Liability Riskpool scheme ("Riskpool"). The scheme is in wind down; however, the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme. The likelihood of any call, in respect of historical claims diminishes with each year as limitation periods expire. However, as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weathertight defects (in a mixed claim involving both weathertight and non-weathertight defects). Riskpool has advised that it is working through the implications of the Supreme Court decision. At this point any potential liability is unable to be quantified.

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 2023 there are no balances outstanding.

PBE IPSAS 41 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.

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New Zealand Local Government Funding Agency Limited

PNCC is a shareholder of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from S&P Global of AA+. PNCC is one of several shareholders of the NZLGFA. In that regard it has uncalled capital of \$0.1m. When aggregated with the uncalled capital of other shareholders, this is available in the event that an imminent default is identified. Also, together with the other shareholders, PNCC is a guarantor of all of NZLGFA's borrowings. At 30 June 2023 NZLGFA had borrowings totalling \$17,684m (2022 \$15,789m). Financial reporting standards require PNCC to recognise the guarantee liability at fair value. However, PNCC has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. PNCC considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that we are not aware of any local authority debt default events in New Zealand and local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Housing improvement suspensory loan

In 2010 and 2011 PNCC received a total of \$480,000 as part of a housing improvement scheme operated by Housing New Zealand. This loan has been utilised in improving community housing, is interest free and secured against those housing units. The loan is suspensory providing PNCC continues to own the units for 20 years, as is intended. PNCC has treated this as a grant and not a loan and included this in revenue for capital expenditure as it intends to own these units indefinitely. Should any of these units be sold within the 20 year period the related loan would be repayable.

Emission Units

PNCC owns land and forests subject to the New Zealand emissions trading scheme. This has implications should the land be deforested with the Government providing compensation emission units for this restriction. PNCC has received 34,470 compensating emission units relating to qualifying pre-1990 forests which are recorded at a nil value.

Should forest land be deforested, PNCC may be liable for deforestation penalties relating to pre-1990 forest land of approximately 620 hectares. As it is intended to re-plant this land, or allow it to regenerate, in forest species with no current intention of deforestation, no liability is provided.

Unquantified contingent liabilities

There are various claims that PNCC are currently contesting which have not been quantified due to the nature of the issues, the uncertainty of the outcome and/or the extent to which PNCC have a responsibility to the claimant. The possibility of any outflow in settlement in these cases is assessed as remote.

Palmerston North Airport Ltd had been using PFOS foam for firefighting training exercises at the airport until the late 1980s. All PFOS foam was successfully removed from fire appliances and storage containers onsite during the 2019 financial year. Future outflows associated with monitoring and treating PFOS are expected to be incurred in future accounting periods. However, the timing and value of outflows are not able to be reliably estimated at 30 June 2023.

CONTINGENT ASSETS

PNCC enables sports clubs to construct facilities (eg club rooms) on reserve land. These clubs control the use of these facilities and PNCC will only gain control of the asset if the club vacates the facility. Until this event occurs these assets are not recognised as assets in the Statement of Financial Position.

PNCC had provided a loan to the Manfeild Park Trust to assist with the construction of a multi-purpose indoor/outdoor stadium at Manfeild Park. Repayment of the loan has been suspended and will be required only if certain conditions are incurred, primarily relating to winding up of the Trust or sale by the Trust of its assets. As this is not expected to occur in normal ongoing operations of the Trust the loan asset is not recognised in the Statement of Financial Position.

NOTE 30

RELATED PARTY TRANSACTIONS

In this section PNCC disclose the related party transactions between the parent PNCC, its four Council Controlled Organisations (CCO's), its equity accounted CCO, and those transactions involving Councillor's and key management personnel. Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect PNCC would have adopted in dealing with the party at arm's length in the same circumstances. Other than the grants provided to CCO's below, PNCC does not provide any other financing to those CCO's.

PNCC is the ultimate parent of the group and controls four entities, being Globe Theatre Trust Board, Palmerston North Airport Limited, The Regent Theatre Trust, and Te Manawa Museums Trust. PNCC also has influence over its 50% owned associate Central Economic Development Agency Ltd. From December 2021, Caccia Birch Trust Board ceased being a CCO and its operations were then included as part of Council.

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

RELATED PARTY TRANSACTIONS WITH SUBSIDIARIES AND CCO'S	Actual 2023 \$000	Actual 2022 \$000
GLOBE THEATRE TRUST BOARD		
Grants provided by PNCC	121	118
Services provided by PNCC	2	2
Services provided to PNCC	4	4
PALMERSTON NORTH AIRPORT LIMITED		
Loans payable to PNCC	5,000	-
Interest expense to PNCC	218	-
Services provided by PNCC	101	68
Services provided to PNCC	24	28
Rates paid to PNCC	361	401
Accounts receivable by PNCC	107	2
Tax loss offset paid to PNCC	43	18
THE REGENT THEATRE TRUST		
Grants provided by PNCC	252	452
Services provided by PNCC	1	1
Services provided to PNCC	8	13
TE MANAWA MUSEUMS TRUST		
Grants provided by PNCC	3,352	3,264
Services provided by PNCC	270	227
Services provided to PNCC	20	1
Accounts receivable by PNCC	24	-
CENTRAL ECONOMIC DEVELOPMENT AGENCY LTD		
Service funding provided by PNCC	1,917	1,956

In addition to the above transactions PNCC also owns the premises used Globe Theatre, Regent Theatre and Te Manawa Museum. While some are used pursuant to leases, the premises are effectively provided as an additional grant.

No doubtful debt provision has been required for any advances made.

Transactions with Councillors and Key Management

There are close family members of some key management personnel employed by PNCC. The terms and conditions of these arrangements are no more favourable than PNCC would have adopted if there were no relationship to key management personnel.

In addition to any transactions within a normal supplier or client/recipient relationship there are some Councillors who are trustees or officers of organisations who receive grants from PNCC in addition to those detailed above for CCO's. These grants were approved by Council on the same basis as other grant recipients after considering all requests for grants. Amounts paid by Council to organisations in which Councillors or a close family member have an interest were:

		Actual 2023 \$000	Actual 2022 \$000
COUNCILLOR	ORGANISATION		
Appointed Member Armstrong	Armstrong Business Services Ltd	12	15
Councillor Bowen	Total Learning Ltd	-	5
Councillor Handcock	Methodist Social Services	-	12
Councillor Hapeta	Fast Forward Group Ltd (Aberdeen on Broadway)	3	-
Councillor Hapeta	MBH Coachman 2006 Ltd	-	1
Councillor Meehan	Boatshed Catering	3	7
Councillor Naylor	Midcentral District Health Board	-	1
Deputy Mayor Rutherford	Digits	-	21
Councillor Dennison	Homes for People Trust	9	-

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.

NOTE 32

FINANCIAL INSTRUMENT CATEGORIES

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

	COUNCIL		GROUP	
	Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
FINANCIAL ASSETS				
Cash and cash equivalents	1,657	1,922	2,595	3,221
Trade and other receivables	18,113	11,883	19,202	13,375
Other financial assets	5,000	25,000	981	25,800
Borrower notes - New Zealand Local Government Funding Agency	4,807	3,861	4,807	3,861
Sub-total	29,577	42,666	27,585	46,257
Fair value through surplus or deficit				
Derivative financial instruments assets	11,653	8,479	11,653	8,479
Total fair value through surplus or deficit	11,653	8,479	11,653	8,479
Fair value through other comprehensive revenue and expense				
Unlisted shares - Civic Financial Services Ltd	371	395	371	395
Unlisted shares - New Zealand Local Government Funding Agency	464	444	464	444
Total fair value through other comprehensive revenue and expense	835	839	835	839
Total financial assets	42,065	51,984	40,073	55,575
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Trade and other payables	25,732	27,087	27,939	29,106
Borrowings	220,228	197,850	225,993	212,558
Total financial liabilities at amortised cost	245,960	224,937	253,932	241,664
Fair value through surplus or deficit - held for trading				
Derivative financial instruments liabilities	-	114	-	114

NOTE 33

FAIR VALUE HIERARCHY DISCLOSURES

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- quoted market price (level 1) for financial instruments with quoted prices for identical instruments in active markets.
- valuation technique using observable inputs (level 2) for financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- valuation techniques with significant non-observable inputs (level 3) for financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

COUNCIL AND GROUP 2023	COUNCIL		GROUP	
	Total \$000	Quoted market price \$000	Observable inputs \$000	Significant non- observable inputs \$000
Financial assets				
Unlisted shares	835	-	-	835
Derivative financial instruments	11,653	-	11,653	-
Financial liabilities				
Derivative financial instruments	-	-	-	-
COUNCIL AND GROUP 2022				
Financial assets				
Unlisted shares	839	-	-	839
Derivative financial instruments	8,479	-	8,479	-
Financial liabilities				
Derivative financial instruments	114	-	114	-

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 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Balance at 1 July	886	886	886	886
Additional new shares purchased	-	-	-	-
Gains and losses recognised in other comprehensive revenue and expense	-	-	-	-
Balance at 30 June	886	886	886	886

NOTE 34

FINANCIAL INSTRUMENT RISKS

PNCC has adopted a Treasury Policy which prescribes the framework within which the financial assets and liabilities will be managed. The policy has a particular focus on risks associated with financial instruments. It does not allow any transactions which are speculative in nature to be entered into.

PwC New Zealand is engaged as advisors in relation to PNCC's term borrowings.

PNCC has financial assets and liabilities as outlined in note 11 (cash and cash equivalents), note 12 (trade and other receivables), note 14 (other financial assets), note 16 (derivative financial instruments), note 22 (trade and other payables) and note 25 (borrowings).

The level of borrowing is determined by the Council through the 10 Year Plan as modified each year by the Annual Budget. All external debt must be authorised by resolution of the Council. The Treasury Policy contains not only guidelines aimed at minimising the impact of various types of risk but also sets what are assessed as being prudent maximum borrowing limits.

Market risks

➤ Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices. PNCC is exposed to equity securities price risk on its share investments intended to be held long term. This price risk arises due to market movements in listed securities or unlisted shares.

➤ Currency risk

Currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates. PNCC has no exposure to currency risk.

➤ Fair value interest rate risks

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowing issued at fixed rates expose PNCC to fair value interest rate risk. PNCC's Treasury Policy prescribes that interest rate risk is managed and mitigated by ensuring that forecast

gross debt will be within a series of prescribed fixed/ floating interest rate risk control limits. Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk arising where PNCC has borrowed at fixed rates in excess of prescribed levels. In addition investments at fixed interest rates expose PNCC to fair value interest rate risk.

➤ Cash flow interest rate risks

Cash flow interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose PNCC to cash flow interest rate risk. PNCC manages its cash flow interest rate risk on borrowings by using interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if PNCC borrowed at fixed rates directly. Under interest rate swaps, PNCC agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

➤ Credit risk

Credit risk is the risk that a third party will default on its obligation to PNCC, causing PNCC to incur a loss. Financial instruments will potentially subject PNCC to credit risk.sjp

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	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Cash and cash equivalents and bank deposits	1,657	26,922	3,576	29,021
Trade and other receivables	18,113	11,883	19,202	13,375
Derivative financial instruments	11,653	8,479	11,653	8,479
Loan to Palmerston North Airport Limited	5,000	-	-	-
Borrower notes - New Zealand Local Government Funding Agency	4,807	3,861	4,807	3,861

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The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to SandP Global's credit ratings (if available) or to historical information about counterparty default rates:

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
COUNTERPARTIES WITH CREDIT RATINGS				
Cash and cash equivalents				
AA-	1,657	26,922	3,576	29,021
Borrower notes - New Zealand Local Government Funding Agency				
AA+	4,807	3,861	4,807	3,861
COUNTERPARTIES WITHOUT CREDIT RATINGS				
Loans to related parties				
Existing counterparty with no defaults in the past	5,000	-	-	-

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 95% of receivables at 30 June 2023 are from 17 customers.

Liquidity risk

Liquidity risk is the risk that PNCC will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. PNCC aims to maintain flexibility in funding by keeping committed credit lines available.

PNCC manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management Policy. These policies have been adopted as part of PNCC's Treasury Policy.

The table below analyses PNCC's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying amount \$000	Contractual cash flows \$000	Less than 1 year \$000	1-2 years \$000	3-5 years \$000	More than 5 years \$000
COUNCIL 2023						
Trade and other payables	25,732	25,732	25,732	-	-	-
Secured loans	8,100	8,100	8,100	-	-	-
New Zealand Local Government Funding Agency	212,128	263,240	31,868	35,352	119,062	76,958
Total	245,960	242,112	58,332	23,984	80,360	79,436

GROUP 2023						
Trade and other payables	27,939	27,939	27,939	-	-	-
Secured loans	15,800	19,958	8,450	283	11,225	-
New Zealand Local Government Funding Agency	212,128	263,240	31,868	35,352	119,062	76,958
Total	255,867	256,177	60,889	24,267	91,585	79,436

COUNCIL 2022						
Trade and other payables	27,087	27,087	27,087	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured loans	5,850	5,850	5,850	-	-	-
Debentures	5,000	5,013	5,013	-	-	-
Commercial paper, short term	-	-	-	-	-	-
New Zealand Local Government Funding Agency	187,000	208,280	24,500	23,984	80,360	79,436
Finance leases	-	-	-	-	-	-
Total	224,937	246,230	62,450	23,984	80,360	79,436

	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
GROUP 2022						
Trade and other payables	29,106	29,106	29,106	-	-	-
Secured loans	9,550	20,991	6,115	111	14,765	-
Debentures	5,000	5,013	5,013	-	-	-
New Zealand Local Government Funding Agency	187,000	208,280	24,500	23,984	80,360	79,436
Total	230,656	263,390	64,734	24,095	95,125	79,436

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 2023						
Net settled derivative liabilities	-	-	-	-	-	-

Council and Group 2022

Net settled derivative liabilities	-	-	-	-	-	-
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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 2023						
Cash and cash equivalents and bank deposits	1,657	1,657	1,657	-	-	-
Trade and other receivables	18,113	18,113	18,113	-	-	-
Derivative financial instruments	11,653	13,042	3,800	3,037	5,296	909
Loan to Palmerston North Airport Limited	5,000	6,016	226	226	5,564	-
Borrower notes - New Zealand Local Government Funding Agency	4,807	5,913	367	184	2,950	2,412
Total	41,230	44,741	24,163	3,447	13,810	3,321

GROUP 2023

Cash and cash equivalents and bank deposits	3,576	3,576	3,576	-	-	-
Trade and other receivables	19,202	19,202	19,202	-	-	-
Derivative financial instruments	11,653	13,042	3,800	3,037	5,296	909
Loan to Palmerston North Airport Limited	-	-	-	-	-	-
Borrower notes - New Zealand Local Government Funding Agency	4,807	5,913	367	184	2,950	2,412
Total	39,238	41,733	26,945	3,221	8,246	3,321

	Carrying amount \$000	Contractual cash flows \$000	Less than 1 year \$000	1-2 years \$000	3-5 years \$000	More than 5 years \$000
COUNCIL 2022						
Cash and cash equivalents and bank deposits	26,922	26,922	26,922	-	-	-
Trade and other receivables	11,883	11,883	11,883	-	-	-
Derivative financial instruments	8,479	9,575	895	1,914	4,875	1,891
Borrower notes - New Zealand Local Government Funding Agency	3,861	2,858	184	342	1,211	1,121
Total	51,145	51,238	39,884	2,256	6,086	3,012

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

SENSITIVITY ANALYSIS

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

COUNCIL	2023				2022			
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	-100bp Profit	Equity	+100bp Profit	Equity	-100bp Profit	Equity	+100bp Profit	Equity
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	(17)	-	17	-	(269)	-	269	-
Derivatives - held for trading	(7,163)	-	6,755	-	(5,880)	-	5,480	-
Financial liabilities								
Secured loans	(2,202)	-	2,202	-	(1,929)	-	1,929	-
Debentures	50	-	(50)	-	50	-	(50)	-
Total sensitivity to interest rate risk	(9,332)	-	8,924	-	(8,028)	-	7,628	-
EQUITY PRICE RISK								
Financial assets								
Unlisted shares	(84)	-	84	-	(84)	-	84	-
Total sensitivity to equity price risk	(84)	-	84	-	(84)	-	84	-

GROUP	2023				2022			
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	-100bp Profit	Equity	+100bp Profit	Equity	-100bp Profit	Equity	+100bp Profit	Equity
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	(36)	-	36	-	(290)	-	290	-
Derivatives - held for trading	(7,163)	-	6,755	-	(5,880)	-	5,480	-
Financial liabilities								
Secured loans	(2,279)	-	2,279	-	(1,966)	-	1,966	-
Debentures	50	-	(50)	-	50	-	(50)	-
Total sensitivity to interest rate risk	(9,428)	-	9,020	-	(8,086)	-	7,686	-
	-10%	-10%	+10%	+10%	-10%	-10%	+10%	+10%
	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
EQUITY PRICE RISK								
Financial assets								
Unlisted shares	(73)	-	73	-	(73)	-	73	-
Total sensitivity to equity price risk	(73)	-	73	-	(73)	-	73	-

Explanation of interest rate risk sensitivity

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

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

Explanation of other price risk sensitivity

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

NOTE 35

CAPITAL MANAGEMENT

PNCC's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires PNCC to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by PNCC. Intergenerational equity

requires today's ratepayers to meet the costs of utilising PNCC's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, PNCC has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires PNCC to make adequate and effective provision in its 10 Year Plan and in its Annual Budget (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that PNCC is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in PNCC's 10 Year Plan.

NOTE 36

EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variances from PNCC's budget figures in the 2022/23 Annual Plan

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Finance revenue	Higher than budget due to term deposits held at the end of 2022 that matured during 2023.
Other revenue	Higher than budget due to receipt of revenue relating to sale of land development.
Operating subsidies and grants	Higher than budget due to additional Waka Kotahi subsidies received for maintenance.
Capital subsidies and grants	Lower than budget due to focusing Waka Kotahi subsidies on maintenance.
Development contributions	Higher than budget due to increased development activity in the city.
Vested assets	Higher than budget due to increased development activity in the city.
Employee and elected representatives benefit expenses	Lower than budget related to vacancies being carried due to difficulties in recruitment.
Depreciation and amortisation	Higher than budget due to June 2022 revaluation of 3 waters.
Finance costs	Lower than budget due to gain on derivative financial instruments.
Other expenses	Higher due to additional contracted and professional services expenses in consenting, venues and roading. This was offset by additional revenues.
Increase in operating property valuations	Higher due to increased cost of materials leading to higher valued replacement costs.

STATEMENT OF FINANCIAL POSITION

Trade and other receivables	Higher due to increase in development contributions receivable due to an increase in residential development activity.
Current Inventories	Tamakuku Terrace sections sold in 2023 were less than budgeted, leading to higher current inventories than budgeted.
Derivative financial instruments (assets and liabilities)	Asset balances are overall higher than budget due to valuation at year end as a result of more favourable interest rate swaps. Actual cost incurred during the year is included in interest expense.
Non-current Inventories	Lower than budget due intended sales of Tamakuku Terrace sections mostly being within next 12 months.
Non-current other financial assets	Higher due to loan with Palmerston North Airport Limited.
Property, plant and equipment	Higher due to revaluation of 3 waters in 2022 and roading in 2023 being higher than budget.
Total current liabilities	Higher due to unbudgeted current borrowings.
Borrowings	Lower than budgeted due to lower new capital expenditure through the year.
Equity	Higher due to revaluation of 3 waters in 2022 and roading in 2023 being higher than budget.

Statement of Cash Flows

Refer above for explanation of major variances that affect the cash flow variances.

NOTE 37

PRIOR YEARS ADJUSTMENTS

During the financial year 22/23, the Council and Group identified that vested assets and associated vested assets revenue were not correctly accounted for in prior years. Vested assets are required to be recognised when control over the asset is obtained. Control is obtained when s224 certificate is issued by Council. Council omitted to recognise vested assets immediately after issuing these certificates in years ended 30 June 2022 and 30 June 2021. As a result,

the vested assets were not recognised and disclosed in years they were acquired. Therefore, the Council and Group has adjusted its comparative year financial statements for the year ending 30 June 2022. The adjustment includes corrections relating to the pre-2022 financial year that has been adjusted through the 2022 opening equity.

The adjustments to the statements are shown in the table below. These have also been reflected in the associated notes to the financial statements (Notes 7, 17, 26 and 27).

ADJUSTMENT TO PRIOR YEAR STATEMENTS	Parent Original Amount 2022 \$000	Group Original Amount 2022 \$000	Recognition of Vested Assets pre 2022 2022 \$000 \$000	Parent Restated 2022 \$000	Group Restated 2022 \$000
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IMPACT ON STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2022

Capital Revenue					
Vested Assets	125	142	2,201	2,326	2,343
Total Capital Revenue	11,855	11,872	2,201	14,056	14,073
Total Revenue	157,866	167,902	2,201	160,067	170,103
Net Surplus/(Deficit) Before Tax	20,038	21,077	2,201	22,239	23,278
Net Surplus/(Deficit) After Tax	20,056	21,220	2,201	22,257	23,421
Total Comprehensive Revenue And Expense	143,634	158,145	2,201	145,835	160,346

IMPACT ON STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

BALANCE AT 1 JULY	1,814,446	1,892,236	4,049	1,818,495	1,896,285
Total comprehensive revenue and expense for the year	143,634	158,145	2,201	145,835	160,346
BALANCE AT 30 JUNE	1,958,080	2,050,381	4,049	1,964,330	2,056,631

IMPACT ON STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	2,115,250	2,226,801	4,049	2,121,500	2,233,051
TOTAL NON-CURRENT ASSETS	2,148,169	2,264,197	4,049	2,154,419	2,270,447
TOTAL ASSETS	2,191,858	2,311,404	4,049	2,198,108	2,317,654
NET ASSETS (ASSETS MINUS LIABILITIES)	1,958,080	2,050,381	4,049	1,964,330	2,056,631
EQUITY ATTRIBUTABLE TO PNCC					
Retained earnings	1,080,553	1,115,479	4,049	1,086,803	1,121,729
TOTAL EQUITY	1,958,080	2,050,381	4,049	1,964,330	2,056,631

NOTE 38

THREE WATERS REFORM PROGRAMME

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023

NOTE 39

FINANCIAL INSTRUMENTS – ADOPTION OF PBE IPSAS 41

In accordance with the transitional provisions in PBE IPSAS 41, the Council and group have elected not to restate the comparative information. The comparative information continues to be reported under PBE IPSAS 29. Adjustments arising from the adoption of PBE IPSAS 41 are recognised in opening equity at 1 July 2022 (the date of initial application).

The accounting policies for the year ended 30 June 2021 have been updated to comply with PBE IPSAS 41.

On the date of initial of application of PBE IPSAS 41, the classification and carrying amounts of financial assets under PBE IPSAS 41 and PBE IPSAS 29 is outlined in the tables below.

GROUP	Measurement Classification		30 June 2022	1 July 2022	Adoption adjustment
	PBE IPSAS 29	PBE IPSAS 41	\$000	\$000	\$000
Financial assets					
Cash and cash equivalents	Loans and receivables	Amortised cost	3,221	3,221	0
Other receivables	Loans and receivables	Amortised cost	5,418	5,418	0
Term Deposits 4-12 months	Loans and receivables	Amortised cost	25,693	25,693	0
Term Deposits beyond 12 months	Loans and receivables	Amortised cost	107	107	0
Borrower notes - NZLGFA	Loans and receivables	Amortised cost	3,861	3,861	0
Derivative financial instruments assets (current)	FVTSD	FVTSD	913	913	0
Derivative financial instruments assets (non-current)	FVTSD	FVTSD	7,566	7,566	0
Unlisted shares - Civic Financial Services	FVTOCRE	FVTOCRE	395	395	0
Unlisted shares - NZLGFA	FVTOCRE	FVTOCRE	444	444	0

The measurement categories and carrying amounts for financial liabilities have not changed on transition to PBE IPSAS 41.

Additional information in relation to subsequent measurement classification assessment

PBE IPSAS 41 requires debt instruments to be subsequently measured at FVTSD, amortised cost, or FVTOCRE. This classification is based on the business model for managing the debt instruments, and whether the payments are for solely payments of principal or interest on the principal amount outstanding.

Council assessed the business model for its classes of financial assets at the date of initial application. Debt instruments are held mainly to collect.

Council's debt instruments are solely comprised of contractual cash flows solely for payments of principal and interest, in line with basic lending arrangements. This assessment was based on the facts and circumstances as at the initial recognition of the assets.

PBE IPSAS 41 requires equity instruments to be classified at FVTSD. However, it permits entities to make an irrevocable election on transition to PBE IPSAS 41 to subsequently measure at FVTOCRE if the shares are not held for trading. The Council has elected to subsequently measure all of its shares at FVTOCRE.

ANNUAL REPORT DISCLOSURE STATEMENT

FOR YEAR ENDING 30 JUNE 2023

WHAT IS THE PURPOSE OF THIS STATEMENT?

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

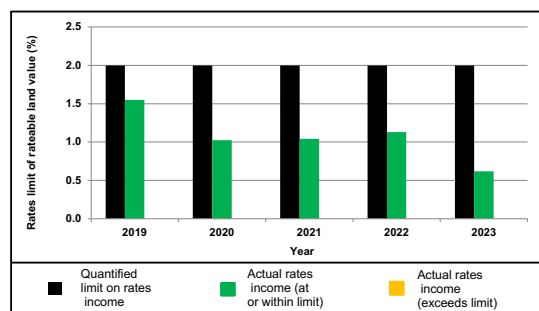
RATES AFFORDABILITY BENCHMARK

The council meets the rates affordability benchmark if—

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

Rates income affordability

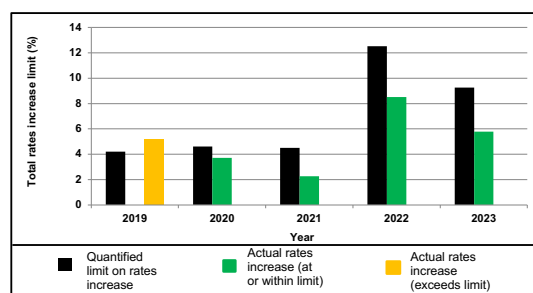
The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit has applied from 2012/13 and is that total rates will be no more than 2% of the City's rateable land value.



Rates increases affordability *

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is that total rates will increase by no more than the Local Government Cost Index (LGCI):

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



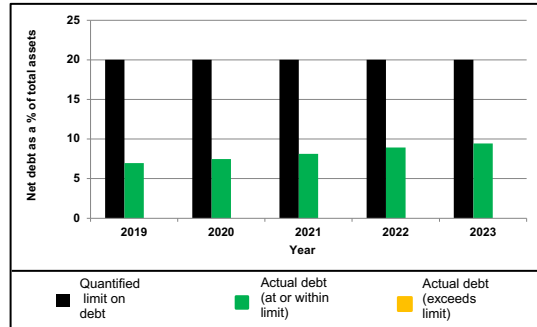
* Refer to additional information or comment on page 233 for further explanation.

DEBT AFFORDABILITY BENCHMARKS

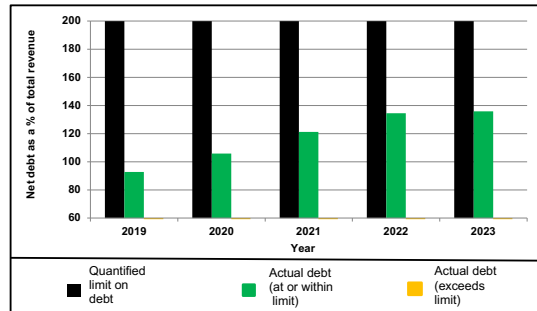
The council meets the debt affordability benchmarks if its actual borrowing is within each quantified limit on borrowing.

The following five graphs compare the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan.

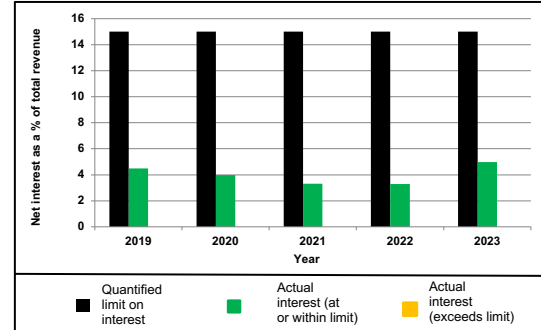
The quantified limit for this graph is that net external debt as a percentage of total assets will not exceed 20%.



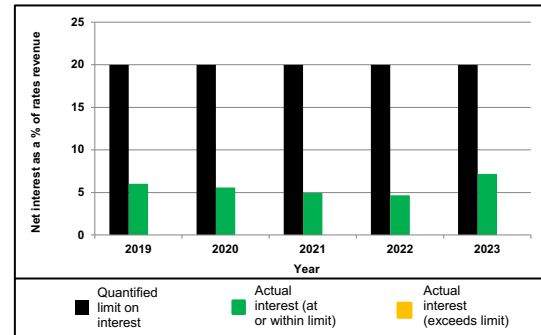
The quantified limit for this graph is that net external debt as a percentage of total revenue will not exceed 200%.



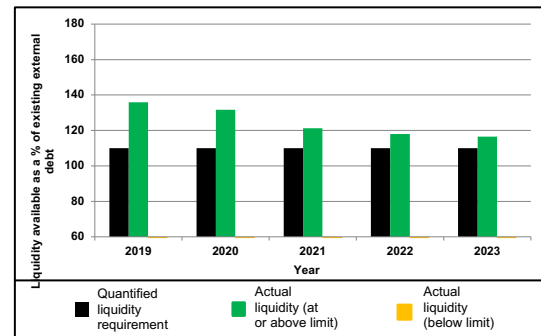
The quantified limit for this graph is that net interest as a percentage of total revenue will not exceed 15%.



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



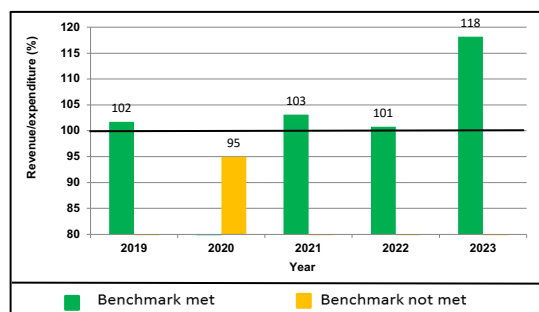
The quantified limit for this graph is that liquidity available will exceed 110% of existing external debt. Liquidity available is defined as the sum of existing external term debt, unused committed bank/loan facilities and liquid investments.



BALANCED BUDGET BENCHMARK *

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The council meets this benchmark if its revenue equals or is greater than its operating expenses.

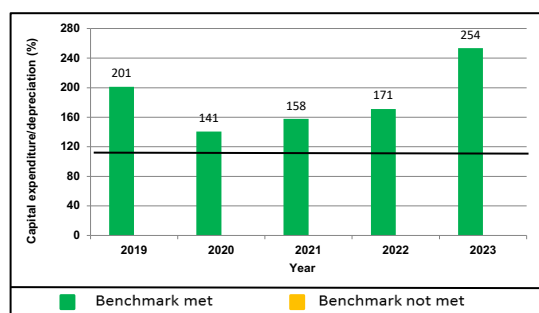


* Refer to additional information or comment on page 233 for further explanation.

ESSENTIAL SERVICES BENCHMARK *

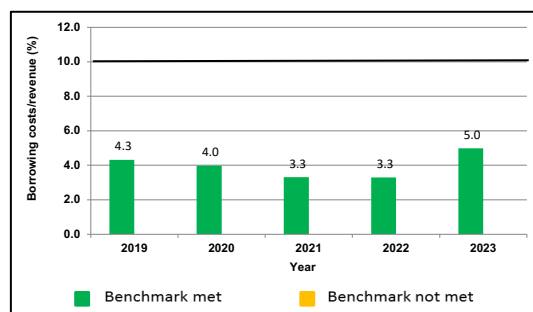
The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services.

The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

**DEBT SERVICING BENCHMARK**

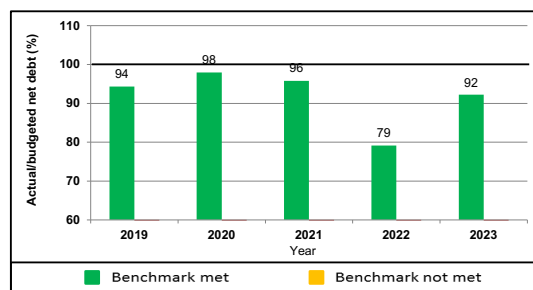
The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

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.

**DEBT CONTROL BENCHMARK**

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

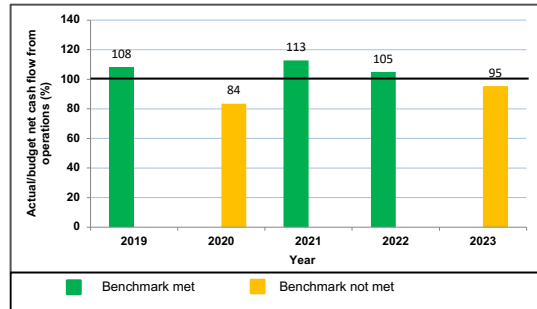
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



OPERATIONS CONTROL BENCHMARK *

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



* Refer to additional information or comment on page 233 for further explanation.

ADDITIONAL INFORMATION OR COMMENT

Rates increases affordability

In 2019, to meet its Vision and Goals for the City, the Council believes rates need to increase by more than its target limit in the short term.

Balanced budget benchmark

The Council's financial strategy includes ensuring that rates fund operating services, capital renewals to maintain capability, and debt repayment to ensure financial capability for future generations. This strategy reflects the assessed intergenerational requirements and asset capability with non-cash depreciation (included in the benchmark) not requiring to be fully funded to avoid building up unnecessary cash reserves. Additionally part of the maintaining asset capability in the future will be funded from external grants, for example with Roothing by NZTA subsidies. Council's asset management plans ensure that the Council is appropriately planning for renewals and its financial strategy is to make adequate provision to fund renewals from rates revenues.

In the years 2019, and 2021 through 2023 to there was a surplus from cash rates-funded requirements. In 2020, this measure was not achieved due to Covid19 reducing Council's ability to generate revenue from such sources as venues and parking.

Operations control benchmark

2020 was not achieved due to Covid19, which led to higher unbudgeted expenses relating to welfare. These costs were 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.

In 2023, the benchmark was not achieved due to Council approved increases in in spending against operating programmes for a new ERP.

INSURANCE OF ASSETS

Details of insurance of assets (as required by the Local Government Act 2002) are shown in the following table.

ASSETS FROM STATEMENT OF FINANCIAL POSITION		Carrying value as at 30 June 2023 \$000
Property, plant and equipment		2,247,579
Forestry assets		1,855
Investment property		4,825
		2,254,259
Less:		
Land component of operational assets		227,439
Land component of infrastructural assets		77,701
Land under roads		360,264
Land - restricted assets		42,536
		707,940
Net non-financial assets (excluding land)		1,546,319
	Insured value as at 30 June 2023 \$000	
INSURANCE ARRANGEMENTS		
Material damage cover for buildings, plant, contents	705,454	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 \$100m for fire.
Motor vehicle insurance cover (including leased vehicles)	9,637	Insured for market value - carrying value assumed for this purpose.
Forestry/timber cover	1,571	Additional benefit of \$0.5m for replanting.
RISK SHARING ARRANGEMENTS		
Cover for infrastructure assets as a member of LAPP	441,800	Sum equates 40% of the ORV value of scheduled assets however maximum cover is \$60m based on 40% of a disaster of \$150m. A claim threshold of \$1.5m with a deductible of \$0.6m applied.
Central Government assistance		It is anticipated (though cannot be guaranteed) that under the terms contained in the Guide to the Civil Defence Emergency Management Plan central government may fund 60% of the qualifying cost of reinstating essential infrastructure with a deductible of \$2.36m.
Council arrangements for covering deductibles and/or uninsured assets		As at 30 June 2023 the Council had undrawn committed credit lines with banks totalling \$34.9m. These are not specifically tagged as part of the risk management strategy but the Council could utilise a significant portion of these credit lines if required as a short term funding measure.
	1,158,462	
Sum not specially insured	387,857	Note the 60% portion of the the ORV of infrastructure assets which may be funded by central government equates \$662.7m.

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

FUNDING IMPACT STATEMENTS

for the year ended 30 June 2023 - Palmerston North City Council

The Local Government (Financial Reporting and Prudence) Regulations 2014 prescribe the format for funding impact statements to show the sources and application of funds for the whole of Council and for each group of activities of the Council.

These statements are designed to show where operational and capital funding come from, and how they are used.

In the following pages actual results are detailed along with the budgets from the 2020/21 10-Year Plan. This information is presented in two ways: Firstly, at the "Whole of Council" level, and in a slightly different form at the "Group of Activities" level. At the Group of Activities level, internal revenue and expenditure are shown as separate items, while at the Whole of Council level they are not displayed as the amounts balance each other out.

Capital expenditure is grouped into three broad categories based on which one the programme most relates to.

The three categories are:

- to meet additional demand,
- to improve the level of service, or
- to replace existing assets.

The three categories do not clearly represent the fact that some programmes will contribute to more than one purpose.

In addition to the statements mentioned the Council also provides Activity Operational Requirement and Funding Summary statements for each Group of Activities and for all Activities which show the revenue and expenses for the services provided, as well as how the rates are allocated (refer section 2).

Please Note: The totals appear different between the two statements due to the different way the figures have been categorised. The Funding Impact Statements include rates revenue, whereas the Activity Operational Requirement and Funding Summary separate rates out to clearly show how they have been calculated and the actual amount required to deliver that service. In addition, the Activity Operational Requirement and Funding Summary include depreciation in the expenses to show the full cost of the activity, while this is not included in the Funding Impact Statements.

The Local Government (Financial Reporting and Prudence) Regulations 2014 prescribe that each of the group of activities funding impact statements include budget information from the 10-Year Plan.

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2023 FOR:

WHOLE OF COUNCIL

	10-Year Plan 2022 \$000	Actual 2022 \$000	10-Year Plan 2023 \$000	Annual Plan Budget 2023 \$000	Actual 2023 \$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	81,756	82,258	86,310	86,026	86,522
Targeted rates (including metered water)	27,303	27,442	31,577	29,344	29,515
Subsidies and grants for operating purposes	4,887	5,322	4,808	5,286	7,267
Fees and charges	7,520	7,376	7,710	8,004	6,766
Interest and dividends from Investments	17	400	17	17	1,126
Local authority fuel tax, fines, infringement fees and other receipts	22,664	22,884	23,901	23,929	29,606
TOTAL SOURCES OF OPERATING FUNDING	144,147	145,682	154,323	152,606	160,802
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	111,498	111,175	115,782	119,815	116,740
Finance costs	5,090	5,113	6,775	6,731	8,309
Other operating funding applications	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	116,588	116,288	122,557	126,546	125,049
SURPLUS/(DEFICIT) OF OPERATING FUNDING	27,559	29,394	31,766	26,060	35,753
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	14,162	9,568	13,632	8,341	5,683
Development and financial contributions	2,090	2,162	2,588	2,588	7,203
Increase/(decrease) in debt	49,186	31,725	53,335	54,748	22,378
Gross proceeds from sale of assets	5,000	111	3,075	5,000	4,861
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	70,438	43,566	72,630	70,677	40,125
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
-to meet additional demand	16,658	1,956	17,792	4,486	11,930
-to improve the level of service	50,557	19,410	56,408	59,598	36,551
-to replace existing assets	30,782	26,594	30,196	32,653	27,397
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) of investments	-	25,000	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	97,997	72,960	104,396	96,737	75,878
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(27,559)	(29,394)	(31,766)	(26,060)	(35,753)
FUNDING BALANCE	-	-	-	-	-

¹ - Refer to page 32

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2023 FOR:

INNOVATIVE AND GROWING CITY

	10-Year Plan 2022 \$000	Actual 2022 \$000	10-Year Plan 2023 \$000	Annual Plan Budget 2023 \$000	Actual 2023 \$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	8,093	8,452	8,157	7,938	5,127
Targeted rates (including metered water)	-	-	-	-	-
Subsidies and grants for operating purposes	-	8	-	-	33
Fees and charges	5,672	4,834	5,815	6,055	5,148
Internal charges and overheads recovered	30	1,455	31	31	195
Local authority fuel tax, fines, infringement fees and other receipts	1,513	1,647	1,551	1,551	6,926
TOTAL SOURCES OF OPERATING FUNDING	15,308	16,396	15,554	15,575	17,429
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	11,319	11,033	11,902	12,010	10,982
Finance costs	5	2	12	8	3
Internal charges and overheads applied	3,560	4,920	3,466	3,430	3,763
Other operating funding applications	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	14,884	15,955	15,380	15,448	14,748
SURPLUS/(DEFICIT) OF OPERATING FUNDING	424	441	174	127	2,681
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase/(decrease) in debt	(4,748)	55	(3,020)	(4,662)	(6,848)
Gross proceeds from sale of assets	5,000	-	3,075	5,000	4,652
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	252	55	55	338	(2,196)
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure	-	-	-	-	-
-to meet additional demand	-	-	-	-	-
-to improve the level of service	15	16	7	-	-
-to replace existing assets	661	480	222	465	485
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	676	496	229	465	485
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(424)	(441)	(174)	(127)	(2,681)
FUNDING BALANCE	-	-	-	-	-

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2023 FOR:

CREATIVE AND EXCITING CITY

	10-Year Plan 2022 \$000	Actual 2022 \$000	10-Year Plan 2023 \$000	Annual Plan Budget 2023 \$000	Actual 2023 \$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	25,347	24,480	26,213	27,251	24,864
Targeted rates (including metered water)	256	249	257	250	242
Subsidies and grants for operating purposes	64	215	66	66	76
Fees and charges	-	-	-	-	3
Internal charges and overheads recovered	1,852	1,381	2,157	1,756	1,825
Local authority fuel tax, fines, infringement fees and other receipts	2,844	3,506	3,229	3,203	4,136
TOTAL SOURCES OF OPERATING FUNDING	30,363	29,831	31,922	32,526	31,146
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	13,941	21,319	20,199	20,802	21,819
Finance costs	1,230	1,113	1,539	1,659	1,800
Internal charges and overheads applied	8,803	2,789	3,635	3,844	3,072
Other operating funding applications	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	23,974	25,221	25,373	26,305	26,691
SURPLUS/(DEFICIT) OF OPERATING FUNDING	6,389	4,610	6,549	6,221	4,455
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	1,529	324	2,326	-	565
Development and financial contributions	325	264	283	283	229
Increase/(decrease) in debt	7,643	1,292	12,029	10,181	3,774
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	9,497	1,880	14,638	10,464	4,568
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
-to meet additional demand	41	49	1,325	471	631
-to improve the level of service	10,815	3,187	14,445	9,648	3,830
-to replace existing assets	5,030	3,254	5,417	6,566	4,562
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	15,886	6,490	21,187	16,685	9,023
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(6,389)	(4,610)	(6,549)	(6,221)	(4,455)
FUNDING BALANCE	-	-	-	-	-

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2023 FOR:

CONNECTED AND SAFE COMMUNITY

	10-Year Plan 2022 \$000	Actual 2022 \$000	10-Year Plan 2023 \$000	Annual Plan Budget 2023 \$000	Actual 2023 \$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	18,745	17,678	19,623	19,413	19,324
Targeted rates (including metered water)	-	-	-	-	-
Subsidies and grants for operating purposes	52	343	53	193	179
Fees and charges	1,450	1,351	1,486	1,546	1,364
Internal charges and overheads recovered	-	600	-	-	7
Local authority fuel tax, fines, infringement fees and other receipts	4,153	4,283	4,259	4,223	4,404
TOTAL SOURCES OF OPERATING FUNDING	24,400	24,255	25,421	25,375	25,278
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	15,254	15,257	17,150	17,369	16,345
Finance costs	540	488	703	777	819
Internal charges and overheads applied	5,816	6,341	4,412	4,383	5,774
Other operating funding applications	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	21,610	22,086	22,265	22,529	22,938
SURPLUS/(DEFICIT) OF OPERATING FUNDING	2,790	2,169	3,156	2,846	2,340
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	253	1,938	613	30	35
Development and financial contributions	-	-	-	-	-
Increase/(decrease) in debt	6,852	1,710	5,363	10,929	7,656
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	7,105	3,648	5,976	10,959	7,691
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure	-	-	866	-	-
-to meet additional demand	-	-	-	-	-
-to improve the level of service	6,630	3,161	5,039	10,344	7,196
-to replace existing assets	3,265	2,656	3,227	3,461	2,835
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	9,895	5,817	9,132	13,805	10,031
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(2,790)	(2,169)	(3,156)	(2,846)	(2,340)
FUNDING BALANCE	-	-	-	-	-

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2023 FOR:

ECO-CITY

	10-Year Plan 2022 \$000	Actual 2022 \$000	10-Year Plan 2023 \$000	Annual Plan Budget 2023 \$000	Actual 2023 \$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	1,390	1,346	1,731	1,354	1,523
Targeted rates (including metered water)	5,520	5,575	5,958	6,352	6,381
Subsidies and grants for operating purposes	340	468	352	640	844
Fees and charges	-	-	-	-	-
Internal charges and overheads recovered	-	1	-	-	19
Local authority fuel tax, fines, infringement fees and other receipts	2,775	3,128	2,890	2,730	3,198
TOTAL SOURCES OF OPERATING FUNDING	10,025	10,518	10,931	11,076	11,965
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	7,269	6,698	8,796	9,227	7,176
Finance costs	233	217	363	274	302
Internal charges and overheads applied	1,361	2,575	650	701	3,872
Other operating funding applications	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	8,863	9,490	9,809	10,202	11,350
SURPLUS/(DEFICIT) OF OPERATING FUNDING	1,162	1,028	1,122	874	615
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	9	-	-	11
Development and financial contributions	-	-	-	-	-
Increase/(decrease) in debt	3,847	1,559	4,291	2,217	1,575
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	3,847	1,568	4,291	2,217	1,586
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
-to meet additional demand	-	-	-	-	-
-to improve the level of service	4,586	2,185	4,975	2,606	1,826
-to replace existing assets	423	411	438	485	375
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	5,009	2,596	5,413	3,091	2,201
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(1,162)	(1,028)	(1,122)	(874)	(615)
FUNDING BALANCE	-	-	-	-	-

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2023 FOR:

DRIVEN AND ENABLING COUNCIL

	10-Year Plan 2022 \$000	Actual 2022 \$000	10-Year Plan 2023 \$000	Annual Plan Budget 2023 \$000	Actual 2023 \$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	11,201	14,995	10,927	10,500	17,093
Targeted rates (including metered water)	-	35	257	250	26
Subsidies and grants for operating purposes	-	19	-	-	4
Fees and charges	210	1,033	215	215	104
Internal charges and overheads recovered	33,264	32,132	33,519	34,420	36,758
Local authority fuel tax, fines, infringement fees and other receipts	4,462	4,617	4,853	4,853	5,712
TOTAL SOURCES OF OPERATING FUNDING	49,137	52,831	49,771	50,238	59,697
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	33,406	40,580	37,449	41,484	40,306
Finance costs	454	897	572	589	1,643
Internal charges and overheads applied	13,393	5,956	9,742	10,170	10,038
Other operating funding applications	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	47,253	47,433	47,763	52,243	51,987
SURPLUS/(DEFICIT) OF OPERATING FUNDING	1,884	5,398	2,008	(2,005)	7,710
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	42	-	-	22
Development and financial contributions	-	-	-	-	-
Increase/(decrease) in debt	4,446	26,772	3,819	7,235	(3,434)
Gross proceeds from sale of assets	-	111	-	-	209
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	4,446	26,925	3,819	7,235	(3,203)
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure	-	-	-	-	-
-to meet additional demand	-	-	-	-	-
-to improve the level of service	1,428	1,571	866	1,073	546
-to replace existing assets	4,902	5,752	4,961	4,157	3,961
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) of investments	-	25,000	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	6,330	32,323	5,827	5,230	4,507
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(1,884)	(5,398)	(2,008)	2,005	(7,710)
FUNDING BALANCE	-	-	-	-	-

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2023 FOR:

TRANSPORT

	10-Year Plan 2022 \$000	Actual 2022 \$000	10-Year Plan 2023 \$000	Annual Plan Budget 2023 \$000	Actual 2023 \$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	13,367	11,853	15,483	16,127	14,836
Targeted rates (including metered water)	-	-	-	-	-
Subsidies and grants for operating purposes	4,201	3,874	4,337	4,267	5,415
Fees and charges	134	74	139	134	140
Internal charges and overheads recovered	-	377	-	-	188
Local authority fuel tax, fines, infringement fees and other receipts	5,686	4,926	5,844	6,094	5,390
TOTAL SOURCES OF OPERATING FUNDING	23,388	21,104	25,803	26,622	25,969
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	6,989	14,704	15,112	16,117	18,006
Finance costs	1,281	1,166	1,731	1,714	1,869
Internal charges and overheads applied	10,760	1,825	3,805	4,076	76
Other operating funding applications	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	19,030	17,695	20,648	21,907	19,951
SURPLUS/(DEFICIT) OF OPERATING FUNDING	4,358	3,409	5,155	4,715	6,018
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	8,890	3,247	10,693	8,311	5,043
Development and financial contributions	726	855	814	815	2,787
Increase/(decrease) in debt	15,324	1,968	15,366	16,244	9,611
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	24,940	6,070	26,873	25,370	17,441
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
-to meet additional demand	8,700	882	8,867	3,248	4,395
-to improve the level of service	14,390	3,523	17,432	20,706	13,229
-to replace existing assets	6,208	5,074	5,729	6,131	5,835
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	29,298	9,479	32,028	30,085	23,459
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(4,358)	(3,409)	(5,155)	(4,715)	(6,018)
FUNDING BALANCE	-	-	-	-	-

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2023 FOR:

STORMWATER

	10-Year Plan 2022 \$000	Actual 2022 \$000	10-Year Plan 2023 \$000	Annual Plan Budget 2023 \$000	Actual 2023 \$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	3,613	3,454	4,176	3,443	3,755
Targeted rates (including metered water)	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	30	-	-	3
Internal charges and overheads recovered	-	-	-	-	216
Local authority fuel tax, fines, infringement fees and other receipts	6	2	6	6	3
TOTAL SOURCES OF OPERATING FUNDING	3,619	3,486	4,182	3,449	3,977
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	3,121	824	2,433	2,016	1,060
Finance costs	250	228	425	244	266
Internal charges and overheads applied	(845)	1,377	45	48	1,442
Other operating funding applications	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	2,526	2,429	2,903	2,308	2,768
SURPLUS/(DEFICIT) OF OPERATING FUNDING	1,093	1,057	1,279	1,141	1,209
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	139	34	132	132	552
Increase/(decrease) in debt	6,705	1,273	5,410	2,083	5,720
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	6,844	1,307	5,542	2,215	6,272
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
-to meet additional demand	5,450	594	3,726	207	4,966
-to improve the level of service	1,612	929	2,277	2,221	1,519
-to replace existing assets	875	841	818	928	996
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	7,937	2,364	6,821	3,356	7,481
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(1,093)	(1,057)	(1,279)	(1,141)	(1,209)
FUNDING BALANCE	-	-	-	-	-

PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2023 FOR:

WASTEWATER

	10-Year Plan 2022 \$000	Actual 2022 \$000	10-Year Plan 2023 \$000	Annual Plan Budget 2023 \$000	Actual 2023 \$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	-	-	-	-	-
Targeted rates (including metered water)	10,589	10,676	12,208	10,293	10,352
Subsidies and grants for operating purposes	230	386	-	120	715
Fees and charges	6	26	6	6	2
Internal charges and overheads recovered	-	59	-	-	129
Local authority fuel tax, fines, infringement fees and other receipts	1,195	1,101	1,237	1,237	949
TOTAL SOURCES OF OPERATING FUNDING	12,020	12,248	13,451	11,656	12,147
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	9,219	3,454	7,288	5,630	4,760
Finance costs	406	373	534	566	629
Internal charges and overheads applied	(1,880)	3,201	50	52	2,031
Other operating funding applications	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	7,745	7,028	7,872	6,248	7,420
SURPLUS/(DEFICIT) OF OPERATING FUNDING	4,275	5,220	5,579	5,408	4,727
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	2,302	1,609	-	-	(43)
Development and financial contributions	533	587	1,022	1,022	2,522
Increase/(decrease) in debt	3,756	(241)	3,881	5,060	1,340
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	6,591	1,955	4,903	6,082	3,819
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
-to meet additional demand	1,003	363	1,470	302	638
-to improve the level of service	4,822	2,809	4,553	6,839	4,106
-to replace existing assets	5,041	4,003	4,459	4,349	3,802
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	10,866	7,175	10,482	11,490	8,546
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(4,275)	(5,220)	(5,579)	(5,408)	(4,727)
FUNDING BALANCE	-	-	-	-	-

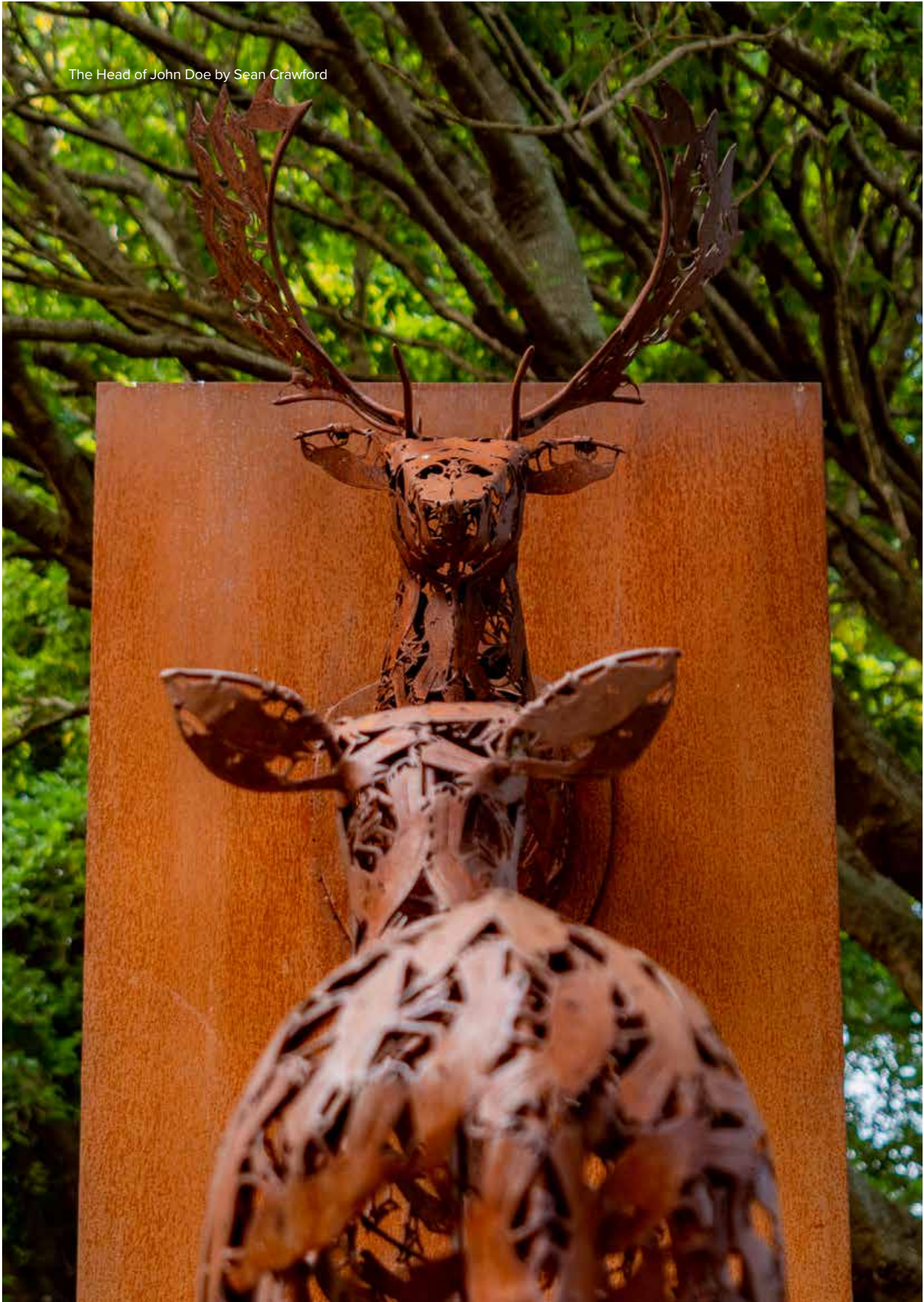
PALMERSTON NORTH CITY COUNCIL

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2023 FOR:

WATER

	10-Year Plan 2022 \$000	Actual 2022 \$000	10-Year Plan 2023 \$000	Annual Plan Budget 2023 \$000	Actual 2023 \$000
SOURCES OF OPERATING FUNDING					
General rates, UAGC and rates penalties	-	-	-	-	-
Targeted rates (including metered water)	10,938	10,907	12,897	12,199	12,514
Subsidies and grants for operating purposes	-	9	-	-	1
Fees and charges	48	28	49	48	2
Internal charges and overheads recovered	201	549	208	208	595
Local authority fuel tax, fines, infringement fees and other receipts	47	74	49	49	14
TOTAL SOURCES OF OPERATING FUNDING	11,234	11,567	13,203	12,504	13,126
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	3,214	5,329	4,717	3,956	7,016
Finance costs	691	629	896	900	978
Internal charges and overheads applied	2,145	(453)	846	915	(866)
Other operating funding applications	-	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	6,050	5,505	6,459	5,771	7,128
SURPLUS/(DEFICIT) OF OPERATING FUNDING	5,184	6,062	6,744	6,733	5,998
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	1,188	2,399	-	-	50
Development and financial contributions	367	422	337	336	1,113
Increase/(decrease) in debt	5,361	(2,663)	6,196	5,461	2,984
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	6,916	158	6,533	5,797	4,147
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure					
-to meet additional demand	1,464	68	1,538	258	1,300
-to improve the level of service	6,259	2,029	6,814	6,161	4,299
-to replace existing assets	4,377	4,123	4,925	6,111	4,546
Increase/(decrease) in reserves	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	12,100	6,220	13,277	12,530	10,145
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	(5,184)	(6,062)	(6,744)	(6,733)	(5,998)
FUNDING BALANCE	-	-	-	-	-

The Head of John Doe by Sean Crawford



WĀHANGA TUAWHĀ SECTION FOUR

NGĀ TŌPŪTANGA A TE KAUNIHERA COUNCIL CONTROLLED ORGANISATIONS

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OVERVIEW

We provide some of our 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 we may not be able to access easily. They can also attract funding from sources other than ratepayers.

Run by independent boards, CCOs and Council Control Trading Organisations (CCTOs) operate at arm's length from us and we annually agree on the services they will provide. This agreement is called a Statement of Intent. We then provide funding (if required), so the Board can implement their Statement of Intent.

Reporting CCOs:

- Central Economic Development Agency Ltd (CEDA)
- Globe Theatre Trust Board
- Te Manawa Museums Trust
- The Regent Theatre Trust

Apart from CEDA, these CCOs meet their obligations by:

- Providing a range of entertainment and recreational opportunities for a wide variety of performers and audiences.
- Preserving and promoting the City's heritage.
- Adding to the City's science, education and research base.

By cultivating a vibrant and creative city that enhances its attractiveness to residents and visitors, these CCOs add to the City's economic development and cultural capital. CEDA contributes to the City's economic sustainability by attracting, nurturing, and retaining businesses and jobs.

Council Controlled Trading Organisations (CCTO)

- Palmerston North Airport Ltd (PNAL) PNAL advances the region by maximising connectivity, stimulating investment, and providing support for its range of economic sectors. Exempted Organisations
- Palmerston North Performing Arts Trust
- Manawatū-Wanganui Regional Disaster Relief Fund Trust Council can exempt small CCOs from the planning and reporting requirements of the Local Government Act. These are called exempted organisations.

CENTRAL ECONOMIC DEVELOPMENT AGENCY (CEDA)

OBJECTIVES

CEDA is a limited liability company incorporated and registered under the Companies Act 1993 that is 50 per cent owned by the Council and 50 per cent by the 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

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 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 aims to achieve these three goals and is guided by the Letter of Expectations set by their Shareholders, which outlines three priority areas of focus:

- Inward investment (both national and international), retention and expansion of business in the Manawatu region, along with survival and recovery of businesses due to COVID-19.
- Developing a talent pipeline.
- Domestic Visitation.

CEDA's work is undertaken in partnership with local and central government, iwi, regional and national partners, and the business community.

KEY ACHIEVEMENTS

- Winning the bid to bring E Tipu: The Boma Agri Summit, Aotearoa's biggest food and fibre event to our region in 2024.
- 444 businesses were supported throughout the year, including 39 Māori businesses.
- A total of \$222,700 was issued through the Regional Events Fund to support local events during the year to increase visitors to the region.

WHAT HAPPENED IN THE YEAR

Te Utanganui, the Central New Zealand Distribution Hub, a pillar project for the region, has continued to be a key project this year. A new governance structure has been established that focuses on the future project needs and how we can meet those. Two ports (CentrePort in Wellington and Napier Port) have been signed up as partners for Te Utanganui and CEDA has had a consistent level of interest from potential investors, logistics and distribution businesses, and many other organisations. Te Utanganui was recognised by Economic Development New Zealand at the 2023 Annual Conference with the award for Best Practice in Integrated Planning, an acknowledgement of the connected conversations across multiple stakeholders. This project is a long-term one and will have a significant positive economic outcome for the region across several sectors.

The commitment to the primary sector and Manawātū's importance in New Zealand's food story has led to significant outcomes in this space over the last year. A highlight includes winning the bid to bring E Tipu: The Boma Agri Summit, Aotearoa's biggest food and fibre event to our region in 2024 offering significant opportunity and exposure to both our region and the agrifood sector. This is well aligned to our soon to be completed Manawātū Regional Food Strategy and this has progressed to final work on an implementation plan that included broad stakeholder engagement.

444 businesses were supported throughout the year, including 39 Māori businesses, with \$193,000 in management capability development support issued through the Regional Business Partner Programme. To assist with talent and skills attraction we updated the employer and workplace hub content on CEDA.nz, produced a talent specific sizzle reel, and produced 4 sector case studies across the tech and primary sectors. The NZ Careers expo this year saw 3140 attendees, up on the previous year.

We've had another successful year of profiling the region, successfully leveraging the regional identity to grow the profile of the city and region. There were 56 media features with a total reach of 42,074,257, with ManawatuNZ.co.nz sessions also growing through initiatives such as adding the Trade and Industry Hub attracting significant growth in the years session to more than 300,000, a 19% increase from last year. Amongst the numerous media features this year were Manawātū 2.0 on the Breakfast Show, Te Utanganui feature in Business Central Feature, and the Coastal Arts Trail feature on Seven Sharp.

Running through summer, the Manawatu 2.0 campaign was designed to shift preconceived or historical perceptions of our region, by showcasing our 'upgrade' as a place to visit. This campaign garnered significant media coverage including a feature on Breakfast TV and was followed by phase two of the campaign across Stuff.co.nz, MoreFM, TVNZ, RadioNZ and NZ Herald along with CEDA's digital channels. The campaign resulted in 2.7million in earned PR reach, 2.8 million ad impressions, and 3,789 competition entries. Due to the success

of the Manawātū 2.0 campaign, the theme was used for an autumn campaign, this time targeting a younger audience with the idea of a getaway with friends. We connected with RodyNZ to target their audience of 205,000 travellers. During the three-month campaign period (March-May) ManawatuNZ.co.nz saw 101,651 web sessions.

A Live Here digital marketing campaign was run from January through to June, targeted the 'back to work blues' of workers in major centres, and gained an impressive 2,374,343. The aim of this campaign was to encourage audiences to consider Manawātū as a great place to live and work by engaging with our online content, and to drive ManawatuNZ.co.nz website traffic. Due to the border restrictions easing we also targeted an international audience which resulted in 13,968 page views and 376,116 impressions from the UK.

The region's Destination Management Plan underwent a refresh that has been completed and is now being implemented. This was a significant piece of work that overall identified more than 70 projects, including 8 priority projects. To refresh the plan, CEDA engaged with over 85 stakeholders, across more than 20 workshops, interviews, presentations and discussions and undertook a community engagement survey which received responses from more than 330 residents across the region.

A total of \$222,700 was issued through the Regional Events Fund to support local events during the year to increase visitors to the region. This was funded through the government to support the visitor sector through the impacts of COVID-19. Events supported totalling 26, included the Manawātū Arts Trail, Central District Field Days, Cycling NZ National Criterium Championships, Volleyball Manawātū, and the NZ Blues, Roots and Groove Festival.

Five inward investment opportunities were supported over the year including the development of a pitch for an international pharmaceutical company working with New Zealand Trade and Enterprise, and a prospectus to support opportunities to bring new hotels and motels to the region. Support was provided for a potential investor within the Agri production Sector to expand their presence in the region, and for the development of Te Āpiti West Accommodation Hub. There were meetings with a further two key logistics businesses, GO Logistics and MOVE Logistics. MOVE are a potential host/partner for the work being undertaken to assess the viability of having a Special Economic Zone (SEZ) in Manawātū. CEDA attended the China/ NZ Business Association Conference at Massey University,

CEDA secured \$700,000 Ministry of Culture and Heritage Te Urungi fund to in partnership with Rangitāne o Manawātū for the He Ara Kotahi, Hei Ara Kōrero project to support iwi in telling their stories of the region.

The Business Attraction, Retention and Expansion strategy for Manawātū implementation is underway with 24 businesses or stakeholders engaged to support further understanding of the needs of businesses looking to establish in the region, and the barriers and opportunities to expansion and retention.

ONGOING CONSIDERATIONS

Covid-19 continues to have an ongoing impact in Aotearoa with increasing cost of living and doing business in the region, and by impacting on on-going labour supply issues. The Manawātū economy remains resilient however, with increased tourism spending boosting the local economy. The unique mix of industries in Manawātū has driven a GDP growth of 2.6% over the year to March 2023, with the regional economy holding its own as New Zealand enters a recession following two quarters of negative growth.

While consumer spending is up year-on-year, cost-of-living increases continues to impact, with food prices increasing by 12.5% over the year to April 2023. This was the highest annual increase in food prices since September 1987. Annual figures for May 2023 indicate a slight easing of food price inflation, with the rise in the cost of food over the year falling slightly to 12.1%.

The regions diverse economy still provides a cushion during the pandemic recovery period, and as we expect more economic headwinds ahead. For example, there has been a downturn in residential investment intentions from the record highs of 2021 reflecting the impact of rising home building costs, higher mortgage interest rates, and challenges in accessing finance. Whilst non-residential building consents to the value of \$172 million were issued in Manawātū during the year to December 2022 this was down by 32.5% over the year.

Additional funding secured through the Ministry of Business, Innovation and Employment continued through this financial year to support businesses and the visitor sector through these changes. This financial support has now ceased at the end of June 2023.

CEDA will continue its work towards achieving the three big goals for the City and region, informed the expectations of shareholders and the business community.

HOW DID WE PERFORM

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2022/23	OUTPUTS/ACHIEVEMENTS
Develop the talent pipeline to grow a skilled workforce, and better utilise the existing labour market	Lead and support the regions attraction and retention of talent, skills, and investment	Lead the delivery of the Manawātū Talent and Skills Attraction and Retention Strategy year two action plan, through the establishment of a digital talent and skills hub, that includes work integrated learning and graduate opportunities	<p>Further development of the Employer and Workplace Hub on CEDA.nz (launched in March 2022) was undertaken to continue the support of our local business community to attract and retain talent. The refresh is to ensure the hub is a one-stop-shop or resource that businesses can go to for up to date, meaningful support. As part of the hub, we have created a simple, informative, 2-pager document focused on talent attraction and retention. This is to support business engagement and able to be shared across CEDAs social media business support e-newsletters.</p> <p>A Workforce Development Planning toolkit to support employers to attract, retain and train staff was developed in collaboration with UCOL Te Pūkenga. Four information booklets were created (People Strategy, Bringing the right people on board, Growing your people, and Keeping your people). This was launched in September with workshops delivered in Feilding and Palmerston North, with 7 attendees from 6 businesses, and 16 attendees from 12 businesses respectively.</p> <p>The Sustainability Toolkit was launched to help businesses to start their sustainability journey from understanding the benefits, to practical tools and resources, and links to the climate action toolbox and calculators.</p> <p>To further support businesses showcase the lifestyle and employment value proposition, we created a sizzle reel for our local business networks to leverage as a recruitment tool but also use as promotional tool on our website, social channels and as part of Lifestyle/Talent campaigns. The sectors of strength pages have been redeveloped on ManawatuNZ.co.nz with the addition of six new business videos.</p>

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2022/23	OUTPUTS/ACHIEVEMENTS
		Lead the delivery of a programme of work that will attract and retain talent in the region working with businesses	<p>Working with Hanga-Aro-Rau – Manufacturing, Engineering and Logistics, Workforce Development Council and the Regional Skills Leadership Group has resulted in the establishment of a freight and logistics workforce planning group whose purpose is to look at the region's future skills and training needs for this sector. This will be important particularly for Te Utanganui in relation to future labour requirements.</p> <p>Working with Toitū te Waiora - Community, Health, Education and Social Services Workforce Development Council and the Regional Skills Leadership Group resulted in the development of a Health and School transitions workforce plan. A direct output of this was the Hauora Wananga o ngā rangatahi o Manawatu - Accelerate Academy programme. The purpose of the programme was to showcase the health sector to year 10 rangatahi Māori students and was held over a 12-week period with students from five schools in attendance, ranging from 50 to 90 students in attendance each week, and supported by Rangitāne o Manawatu.</p> <p>A Live Here digital marketing campaign was run from January through to February, targeted the 'back to work blues' of workers in major centres, and gained 1,191,708 impressions. The campaign was extended until June gaining a further 1,182,635 impressions. The aim of this campaign was to encourage audiences to consider Manawatu as a great place to live and work by engaging with our online content, and to drive ManawatuNZ.co.nz website traffic. Due to the border restrictions easing we also targeted an international audience which resulted in 13,968 page views and 376,116 impressions from the UK.</p> <p>We ran a targeted, digital campaign with Stuff.co.nz to inspire and inform people about the wealth of lifestyle opportunities available in our region. Banner adverts gained 2,520,143 impressions and video 195,532 impressions. The sponsored article received 275,269 impressions resulting in 4,578 page views to ManawatuNZ.co.nz.</p> <p>The NZ Careers Expo was on held in May, with 3,140 attendees including from 29 schools, and 46 exhibitors. CEDA supported this event in the provision of bus subsidies (17) to encourage attendance of schools and students from outside of the region as well as our local schools, and a subsidy to encourage businesses (2) to exhibit. A business after five was also hosted by CEDA at the expo with 60 attendees.</p> <p>2021-22 Financial year: 2,950 attendees including from 26 schools (11 subsidies), and 56 exhibitors (4 subsidies)</p>

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2022/23	OUTPUTS/ACHIEVEMENTS
Attract business and investment to the region	Implementation of Inward Investment strategy with regional partners, through the attraction of investment to the region including key regional projects	Te Utanganui (Central New Zealand Distribution Hub) Strategy implementation, in the development of funding opportunities and brand narrative	<p>Implementation of Te Utanganui Central Distribution Hub continues with outcomes of work for the year including:</p> <ul style="list-style-type: none"> ➤ Raising the profile of Te Utanganui through advocacy with the sector, potential investors, and partners including KiwiRail, Waka Kōtahi, Napier Ports, CentrePort, and Air New Zealand, to maximise the linkages between the key components within the strategy and support investment decisions. ➤ Regional advocacy with Accelerate25, Hawke's Bay Councils, PNCC and MDC, Horizons Regional Council, and central government (Delegation to Minster Wood, and several MP visits to the region) to create a linked-up approach to the national freight strategy led out by the Ministry of Transport. ➤ The website for Te Utanganui was launched and final collateral for dissemination was produced including a condensed version of the strategy and a Te Utanganui Story document, and Te Utanganui video, sector specific profiles and Te Utanganui banners to be positioned at the PN airport and updating the businesses inside Te Utanganui onto our Te Utanganui website. ➤ A new joint Te Utanganui Central Distribution Hub and Palmerston North Integrated Transport Initiative Governance Group with a future focus has been established with broader membership including two ports (Napier Port and CentrePort). Two key documents were commissioned and are at final draft, an Economic Impact Report by Infometrics, and an Investment Positioning Document by CEDA. ➤ Four significant inward investment leads were identified and visited the region over the year.
		Development of phase two of the Manawātū Food Strategy and implementation of year one actions	Development of Stage 2 of the now renamed Manawātū Regional Food Strategy is continuing and has progressed through engagement with wide range of stakeholders with 28 individual stakeholder interviews completed in late 2022. The work to date has considered the stage 1 outcomes and extended this by looking at near, medium, and long term strategic imperatives for the region including building on our research strengths, our talent pool, our approach to innovation, the impact of climate change, and the end consumer, and has developed a key theme of sustainable nutrition. A draft implementation framework was completed in May 2023, and a stakeholder hui was held in June to draft a sector wide implementation plan that will be completed along with the phase two of the Strategy in July 2023 once final Māori partnership hui's have been complete.

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2022/23	OUTPUTS/ACHIEVEMENTS
Support our sectors of strength to grow through targeted business development and retention initiatives and activities	Development of priority sectors through sector strategy implementation, cluster development and partnerships with Māori.	Refreshed Destination Management Plan developed including establishment of a steering group, to reflect changing environment and regional aspirations	<p>The refreshed Manawatū Destination Management Plan was completed in December 2022 following extensive engagement with 83 industry stakeholders and partners through workshops, interviews, presentations and discussions and a community engagement survey with 338 responses from residents across the region.</p> <p>Public communication of the Plan commenced in early 2023, and key projects and actions have begun implementation including:</p> <ul style="list-style-type: none"> ➤ Manawatū Food Stories pilot project supported, working with cluster of food producers. ➤ Te Āpiti West Hub Cultural Management Plan and application for the MBIE Tourism Innovation Fund. ➤ Te Āpiti Masterplan analysis. ➤ Development of the City to Sea Trail business case. ➤ InBound Trade event attended, with more than 21 regional businesses pitched to over 60 inbound travel sellers and buyers. ➤ AgriTourism Accelerator pilot programme launched. ➤ Visitor Campaign delivered. <p>Throughout the refresh of the of the plan it became apparent that the establishment of a broad steering group wouldn't be the best approach, given the diverse nature of the plans outcomes and actions required. The CEDA Lead Team which includes CEDAs CEO and Chairperson, and the Chief Executives and Mayors from our two Shareholder councils has taken up this role ensuring regional alignment, and that distinct project groups would be established for key projects as needed. The first of these project teams was established to support the Te Āpiti Masterplan analysis, and subsequent West Hub focus.</p>

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2022/23	OUTPUTS/ACHIEVEMENTS
	Retain businesses in the region through engagement and identification of barriers to growth	Implementation of the Business Attraction, Retention and Expansion Strategy framework through structured business engagements and facilitating the resolution of constraints	<p>Our key pieces of work for the development key sectors of strength in the region remain to be the primary industry through the food strategy, distribution and logistics through Te Utanganui Central New Zealand distribution Hub, and visitor sector through the Destination Management Plan.</p> <p>To further support the attraction, retention and expansion of businesses in the region we have also identified a number of key businesses and stakeholders and refreshed the engagement plan to connect with these in order to identify key themes, investment opportunities and understand any barriers to expansion, and retention of businesses in the region. Of the 173 businesses identified, 24 engagements have been completed. Of these businesses 124 were in Palmerston North and 49 were in the Manawātū District.</p> <p>CEDA commissioned a business survey in June, where 300 businesses completed one on one telephone interviews on the region and their perceptions of the regional economy to measure the current sentiment within the business community.</p> <p>Through our partnership with Councils, CEDA engaged with the lead Team through 8 meetings during the year to support key projects, land supply, business barriers to growth, and business sentiment.</p> <p>CEDA in partnership with AgriTourism NZ implemented the Agri Tourism Accelerator in May 2023. This resulted in 24 operators being part of a cohort to develop new Agri Tourism initiatives for the region. Additionally, CEDA hosted other key events such as Alibaba.com for a global B2B trade platform, in collaboration with PNCC, MDC, Manawatu Business Chamber and NZTE, attended by 22 people from 13 local businesses.</p> <p>A bid was successful in bringing the Boma E Tipu Agri Summit to Manawātū in 2024.</p> <p>A total of \$222,700 was issued through the Regional Events Fund to support local events during the year to increase visitors to the region. This was funded through the government to support the visitor sector through the impacts of COVID-19. Events supported totalling 26, included the Manawātū Arts Trail, Kimbolton Sculpture Festival, International Blokart biannual world regatta, Central District Field Days Cycling NZ National Criterium Championships, Volleyball Manawātū, and the NZ Blues, Roots and Groove Festival.</p> <p>2021-22 Financial year; 12 events supported with \$118,200 Regional Event funding issued.</p> <p>Five inward investment opportunities were supported over the year including the development of a pitch for an international pharmaceutical company working with New Zealand Trade and Enterprise, and a prospectus to support opportunities to bring new hotels and motels to the region. Support was provided for a potential investor within the Agri production Sector to expand their presence in the region, and for the development of Te Āpiti West Accommodation Hub. There were meetings with a further two key logistics businesses, GO Logistics and MOVE Logistics. MOVE are a potential host/partner for the work being undertaken to assess the viability of having a Special Economic Zone (SEZ) in Manawātū. CEDA attended the China/NZ Business Association Conference at Massey University, with potential inward investment leads to be followed up in July</p>

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2022/23	OUTPUTS/ACHIEVEMENTS
		Support or engage with 210 businesses including Māori businesses through CEDA activities**	<p>444 unique business engagements (includes 39 Māori businesses) for the year from a total of 565 engagements through CEDA business development programmes including 258 Regional Business Partners business capability, 47 Business Mentor matches, 78 tourism operator support, 111 attendees at workshops and 40 Digital Boost cohorts, and 31 single point engagements – some businesses may have received more than one engagement.</p> <p>Capability support through the government funded Regional Business Partner Programme was issued totalling \$193,182.</p> <p>2021-22 Financial Year; 540 unique businesses with 621 total engagements and Capability Funding issued totalling \$230,511.</p> <p>A government funded Digital Boost Programme for supporting businesses through increasing their digital capability and online presence after the impacts of COVID-19 was rolled out through 13 intermediaries which has provided online digital training to 565 businesses.</p> <p>“Positioning your company for growth in China Workshop” held in collaboration with key partners in August, attendees included representatives from Chinese Embassy in NZ. Topics covered included what NZ businesses need to do to understand the China market, benefits of working with distribution channel, and finding the right partner in China. 17 people attended.</p> <p>“Doing business with Viet Nam” workshop was held in partnership with Palmerston North City Council and the Manawātū Business Chamber. Representatives from the Embassy of the Socialist Republic of Viet Nam, the Vietnam Trade Office, and the NZ Institute of International Affairs presented on how to support businesses looking to the Vietnam market, including current opportunities, and support available. There were 15 attendees from 9 businesses.</p> <p>And additional 118 tourism operator engagements or support was provided to 44 businesses through government funded Tourism Recovery and Reset funding to support the visitor sector through the impacts of COVID19</p>
	Facilitate access to specialist innovation, and start-up expertise	Partner with The Factory and Sprout Agritech to deliver startup and innovation support	<p>Through its partnerships with Sprout Agritech and The Factory, CEDA contributed to the Sprout Agritech Accelerator cohorts (2), and supported promotion of The Factory’s Innovate programme. There was a total of 19 businesses supported for the Sprout Accelerators cohorts IX and X and 7 business delivering final pitches as part of the Innovate programme. 2021-22 Financial Year: a total 22 businesses for Sprout Agritech cohorts VII and VIII, and 7 finalists for Innovate 2021.</p> <p>Working with Callaghan Innovation 100 business Innovation Action Plans were completed. A total of \$957,940 in Callaghan grants was issued including Research and Development Experience, Career, and new to RandD Grants. Further to the co-funded grants 15 companies had claims totalling \$2,477,221 from the Research and Development Tax Incentive scheme, to support growing business research and development in the region.</p> <p>2021-22 Financial Year \$2,862,877 in grants issued. Note that the Callaghan Project grants were ceased during the 2022-23 year resulting in a reduction in the total grant funding issued.</p>

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2022/23	OUTPUTS/ACHIEVEMENTS
Profile Manawātū locally, nationally, and globally	Lead and develop the stories of Manawātū, creating a narrative and a unified positioning, incorporating the cultural heritage of iwi	Leverage the Regional Identity to grow the profile and narrative of the city and region, with 10 content pieces published targeting key audiences	<p>A Total of 24 Content pieces were curated and published on ManawatuNZ.co.nz during the year.</p> <p>A regional signage review resulted in 21 regional signs being upgraded, three new ones created, and 14 Council boundary welcome signs printed.</p> <p>An additional 12 'micro clips' were created, showcasing the regions a place to live, work and play. These micro-clips are short form video that are used across digital marketing.</p> <p>2021-22 Financial Year: 20 content pieces curated</p>
		50 direct media features published profiling the region, with a reach of more than 2.7 million*** New Trade and Media Hub launched on ManawatuNZ.co.nz	<p>A total of 56 direct media features published with a total reach of 42,074,257.</p> <p>Features included coverage in Air New Zealand's inflight Kia Ora Magazine, TVNZ's Seven Sharp, and Breakfast Show, RadioNZ, Stuff Travel, and Stuff National and Business, along with the NZ Herald, Concrete Playground, Let's Travel, DestinationNZ, Business Central and more. Over 15 million of this total reach was through a feature in the international publication AutoEvolution.com as part of our Coastal Arts Trail campaign coverage.</p> <p>2021-22 Financial Year: 71 media features with total reach of 30,228,674. The number of media features in the 2021-22 year was higher due to government funding to support regions through the impacts of COVID-19 that upweighted our marketing and campaign activity. The marketing component of this funding ceased on 31st December 2022.</p> <p>The new Trade and Industry Hub was completed with an added Media section to better support the profile of our region through tailored content and imagery. The industry section supports visitor sector businesses with new training videos and tools created to support capability development.</p>
	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, and social media engagement	<p>A total overall increase in engagement with ManawatuNZ 'sessions' and social media for the year of 17.68%.</p> <ul style="list-style-type: none"> ➤ ManawatuNZ.co.nz total sessions of 303,454 being a 19.36% growth on previous year of 254,233. ➤ ManawatuNZ FB followers; 22,229 up 3.10% from 21,560. ➤ ManawatuNZ Instagram followers; 8,194, up 3.39% from 7,925. <p>2021-22 Financial Year; total increase in engagement of 1.95%.</p>
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	Partnership agreements and workplans reviewed	<p>16 partnership agreements in place with Ministry of Business Innovation and Employment - Regional Business Partner Programme, Digital Boost Pilot Programme, and Tourism Reset and Recovery funding agreement; Te Whatu Ora Health NZ, and Te Tāhuhu o te Mātauranga Ministry of Education - Accelerate Academy programme; Ministry of Culture and Heritage Te Urungi fund - He Ara Kotahi Hei Ara Korero project; UCOL Te Pūkenga - Workforce Development Planning project; Venture Tarankai and Whanganui and Partners - Coastal Arts Trail and Regional Events fund, Regional Business Partner programme agreements Whanganui and Partners and Te Manu Atatu (Māori business growth advisor), Partnership agreements with Rangitāne o Manawātū, The Factory, Sprout Agritech and Manawātū Young Professionals, Te Utanganui – MOU's Napier Port and Centreport.</p> <p>2021-22 Financial Year; 14 agreements in place.</p>

SERVICE LEVEL STATEMENT	PERFORMANCE MEASURE	2022/23	OUTPUTS/ACHIEVEMENTS
		Iwi partnership projects implementation, including the Rangitāne o Manawātū Tourism Working Group and identification of additional project(s)	Ongoing support of the implementation of the Rangitāne o Manawātū Māori Tourism Strategy has included the development of a first-ever Cultural Sites of Significance brochure, creating a self-guided trail for visitors and locals alike. Progress on He Ara Kotahi, Hei Ara Kōrero project, funded via the \$700,000 secured from the Ministry of Culture and Heritage Innovation fund, has continued, with discovery sessions, site visits and workshops undertaken with the designated Working Party which includes representatives from Rangitāne o Manawātū, Palmerston North City Council, CEDA, Ministry of Education, and Department of Internal Affairs.
Data and insights communications on the performance of the region's economy	Economic impact information regularly communicated to stakeholders and business, including iwi and Māori business sector	5% growth in audience engagement across key communications including economic updates, Māori economy data and regional news	<p>90 business and sector communications sent year to date consisting of; 60 Seconds with CEDA newsletters, Training and Development Guides, Visitor Industry Updates, 3 x Manawātū Quarterly Economic Snapshots, Fresh finds, Shareholder Updates, and Business Success Stories (7).</p> <p>2021-22 Financial year; 92 communications sent.</p> <p>Audience Engagement based on average open rate was as follows:</p> <ul style="list-style-type: none"> ➤ 60 Seconds; 34.5% (compared with 21.9% year on year) ➤ Training and Development Guide; 31.8% (27.6% year on year) ➤ Visitor Industry Updates; 36.94% (-8.0% year on year) • Quarterly Economic Snapshots; 41.4% (3.2% year on year). <p>CEDA.nz - 1 Jul 2022 to 30 June 2023 sessions were 25,349 up 6.19% from the previous year. CEDA social media total audience of 2,432 up 15.75% from the previous year</p> <ul style="list-style-type: none"> ➤ Facebook followers (1187) up 10.83% from July 2022, and LinkedIn followers (1245) up 20.87% from July 2022. 2021-22 Financial Year; CEDA.nz sessions totalled 23,871 (down 19.7%), CEDA social media total audience 2101 up 29%.

GLOBE THEATRE TRUST BOARD

OBJECTIVES

The Globe Theatre comprises two community theatres run for the Council by the Globe Theatre Trust Board.

The Board controls, develops, promotes, enhances, and maintains the Globe Theatre to be used and enjoyed by residents and visitors to the Manawātū region.

WHAT THE TRUST DOES

The Board works to secure the future of the theatres and develop new markets for continued viability and growth. It also develops relationships with key stakeholders, acknowledging that the theatres provide the primary venue and home for the Manawātū Theatre Society. The Globe Theatre also has a Memorandum of Understanding (MOU) with The Comedy Hub, DIY Comedy, the Michelle Robinson Dance Studio, Alliance Francaise, Manawatu Youth Theatre (MYTH), Six To Sixty Choir, Pūrerehua Storytelling, Tall Poppies Community Performance Trust, the Sunday Matinee Series, Ian Harman, and the Rose Academy of Dance and Performing Arts.

The theatre offers state-of-the-art and affordable venues for hire and plays host to a wide and varied performance set. Theatre, music, dance, comedy, film, cabaret, graduations, presentations, and conferences have all played a part in the growth of the Globe Theatre. In doing this, the theatre contributes to developing the city's Cultural Village complex for the community to enjoy supporting the Council's goals for creativity and vibrancy.

KEY ACHIEVEMENTS

- 2022/23 was one of the theatre's busiest years ever.
- The Globe saw 581 usages, 296 performances, 23,190 attendees and 4,010 participants.
- A successful funding application to the Central Energy Trust allowed the theatre to continue to upgrade its sound and lighting equipment.

WHAT HAPPENED IN THE YEAR

The Globe Theatre Trust continued the trend of recent years of being an active and productive theatre. While known throughout the region as a Community Theatre, the Globe is also on the radar of many national and international promoters and performers. The year 2022-2023 was one of the theatre's busiest years ever. With 565 usages and 287 performances, the theatre was kept busy over the past 12 months. More than 22,500 people attended shows and events and just under 4,000 participants performed on stage or assisted back stage during this time.

The Memorandum of Understanding groups continued to view the theatre as their home. This year we welcomed the Six To Sixty Choir and Pūrerehua Storytelling to our MOU family.

A successful funding application to the Central Energy Trust allowed the theatre to continue to upgrade its sound and lighting equipment. The theatre is now in the position of offering top class technical equipment to all its users.

September 2022 saw the theatre collaborate with Rodger Fox and present the first ever New Zealand Blues, Roots, and Groove Festival.

With COVID travelling restrictions lifted, the theatre brought back its Summer Sounds Festival. The festival ran over January – March 2023. 12 acts performed during these 3 months from as far afield as Canada, USA, UK, Australia and of course New Zealand.

The theatre released a promotional video to assist with theatre marketing and promotion.

The strength of the Globe Theatre is not solely measured on a financial basis. With the financial support of the Palmerston North City Council, the theatre can offer affordable hire rates to the local community. Its Core Purpose "To be the home of the local performing arts community in Palmerston North" is matched by our Vision "To be a dynamic, bustling and vibrant centre for the performing arts community in Palmerston North". This ethos allows us to contribute to the Palmerston North's City Council vision of "Small City Benefits. Big City Ambition".

Highlights of the last 12 months include:

- » Manawatū Youth Theatre (MYTH) – Peter Pan Jr
- » NZ Blues, Roots and Groove Festival
- » Manawatū Theatre Society's You're A Good Man Charlie Brown and Growth
- » Aotearoa Country Music Awards
- » 15th birthday for Mr Lola Illusion and the Boom Boom Room Burlesque
- » Alliance Francaise – Fete de la Musique
- » Sábados Teatros Aesop's Fables and Don Quixote
- » Manawatū International Jazz and Blues Festival
- » Six To Sixty Choir and Pūrerehua Storytelling
- » Bloom – Adela and Amy Songbook
- » The Hot Potato Band
- » Manawatu Business Awards – Highly Commended Not-For-Profit category

ONGOING CONSIDERATIONS

The Board continues to work with theatre management to ensure the huge growth the theatre has experienced over the past few years is manageable. Bookings for 2024 and 2025 are already underway and the board is working with a local interior design company with a view to upgrading the theatre foyer and box office.

Theatre board and management are very excited that the recent application to council for increased yearly funding was approved. This will enable the theatre to increase its number of staff and create an even better working environment for all.

HOW DID WE PERFORM

MEASURE	TARGET	RESULT	COMMENT
Number of usages	675	Target Not Met	581
Number of performances	240	Target Met	296
Hours of use by hires	2,800	Target Met	3,252
Participants	1,850	Target Met	4,010
Audience	27,000	Target Not Met	23,190
Number of International/ National Performances	17	Target Met	<p>35 productions were held, including</p> <ul style="list-style-type: none"> ➤ Greg Johnson ➤ Powerlifting Nationals ➤ Drop Dead Gorgeous ➤ Anita Wigl'it ➤ Chris Parker ➤ Niko Ne Zna ➤ NZ Blues, Roots and Groove Festival ➤ Chamber Music New Zealand ➤ Bloom (Australia) ➤ Aroha String Quartet ➤ Aotearoa Country Music Awards ➤ The Paul Paul Comedy Show ➤ Mel Parsons ➤ Rodger Fox Big Band ➤ Lauren Ellis Quartet (USA) ➤ Michael Houstoun ➤ Somebody Do Something ➤ The Frank Talbot Quartet ➤ The Frank Burkitt Band (UK) ➤ Sneaky Bones (USA) ➤ Daniel Champagne (Australia) ➤ Anthonie Tonnon ➤ Hot Potato Band (Australia) ➤ Shaun Kirk (Australia) ➤ Joel Fafard (Canada) ➤ Scott Cook (Canada) ➤ Capital Pro Wrestling ➤ The Big Bike Film Night ➤ Tattletale Saints (USA) ➤ Flamencodanza (Spain) ➤ We Mavericks (Australia) ➤ Turkey The Bird ➤ Hogsnort Bulldogs Goodtime Show ➤ Smokefree Rockquest ➤ The Manawatu Jazz Festival
Number of collaborated performances (New measure for 2022/23)	15	Target Met	<p>31 collaborated performances were held, including</p> <ul style="list-style-type: none"> ➤ Adam McGrath ➤ Chris Parker ➤ Hammers and Horsehair ➤ Jez and Jace ➤ Niko Ne Zna ➤ Aroha String Quartet ➤ The Paul Paul Comedy Show ➤ The Flow Collective ➤ Corps De Burlesque ➤ Pantoloons ➤ Lauren Ellis Quartet ➤ Rennie Pearson ➤ Jonathan Falconer ➤ Blowout Comedy ➤ Manawatu Highland Dancing ➤ Somebody Do Something ➤ The Frank Talbot Quartet ➤ The Frank Burkitt Band ➤ Sneaky Bones ➤ Hot Potato Band ➤ Shaun Kirk ➤ Joel Fafard ➤ Scott Cook ➤ Tattletale Saints ➤ Flamencodanza ➤ Pantoloons ➤ Amy Aitkins ➤ We Mavericks ➤ Turkey The Bird ➤ The Zimmermans ➤ Shift Your Paradigm

MEASURE	TARGET	RESULT	COMMENT
Percentage of total theatre usage attributed to MOU group performances (New measure for 2022/23)	35%	Target Met	49% achieved 12 MOU arrangements are currently in place, including <ul style="list-style-type: none"> ➤ Alliance Francaise ➤ Michelle Robinson School of Dance ➤ Manawatu Theatre Society ➤ Sunday Matinee Series ➤ Tall Poppies ➤ Rose Academy ➤ The Comedy Hub ➤ DIY Comedy ➤ Ian Harman (Lola and Friends and the Boom Boom Room Burlesque) ➤ Manawatu Youth Theatre ➤ Pūrerehua Storytelling ➤ Six To Sixty Choir
Percentage of total theatre usage attributed to Community group (New measure for 2022/23)	45%	Target Not Met	38%
Support for Rangitānenuiawara, whānau, hapu and iwi to create and deliver arts experiences	Develop a vision and action steps for implementation	Target Met	The Globe has developed a relationship with Rangitāne and welcomed Marama Lobb on to the Globe Theatre Trust Board
Carry out capital development programme	Investigate digital signage options	Target Met	Working with local media company to install digital signage on outside theatre wall on Main Street
Contribute to environmental sustainability (New measure for 2022/23)	All stage lighting to be converted to LED	Target Met	All stage lighting was converted to LED
Support and encourage Rangitāne to incorporate art at the theatre (New measure for 2022/23)	Develop a vision and action steps for implementation	Target Met	During 2022/2023, the board employed a local interior design company to develop a new foyer design concept. The concept has been created and theatre management will now engage with Rangitāne as to how artwork and the concept can be combined



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THE REGENT THEATRE TRUST

OBJECTIVES

The Regent Theatre (Regent on Broadway), constructed as a movie theatre in 1930, is one of the Council's major arts and cultural facilities.

Completely refurbished in 1998, it consists of a 1,400-seat civic auditorium and is a regional centre for the performing arts run for the Council by The Regent Theatre Trust.

It develops, promotes, enhances and maintains the Regent as a vibrant and unique venue for live performances, community events, graduations and the performing arts attracting international, national and local performances.

WHAT THE TRUST DOES

The Trust works to secure the future of the Theatre by providing and enabling strategic direction to develop and increase audiences and bring new events to the Theatre. It also maintains and preserves the physical infrastructure, fixtures and fittings of a recognised heritage building as a pillar of the City's cultural heritage.

The Theatre promotes and operates the Regent to retain its vision of being New Zealand's most vibrant provincial Theatre. This contributes to the City's attractiveness by providing an exciting and innovative venue for cultural and community events with broad appeal.

The Theatre assists the City's economic growth by acting as a cultural and entertainment option for city visitors.

KEY ACHIEVEMENTS

- 437 events were held over all the spaces in the theatre this year
- The Theatre assists the City's economic growth by acting as a cultural and entertainment option for city visitors.
- 113,561 people attended the theatre throughout the year which has made this the busiest year during the past 18 years.

WHAT HAPPENED IN THE YEAR

What a year! The year commenced just after we were coming out of the Governments different levels of Covid-19 restrictions, and we had endured the previous six months with having no events for five of those months (Jan 2022- May 2022). So, we entered the year 2022/23 not really knowing how it would turn out, but we were very optimistic for a positive result. We were extremely pleased and encouraged when the advance bookings for the theatre started to "roll in" and the audiences returned in their numbers. We had set an attendance target of 75,000 for the year following a very difficult previous year having only reached 28,083 attendances. We achieved 113,561 people attending the theatre throughout the year which has made this the busiest year during the past 18 years. The high quality of events that we hosted contributed to obtaining this incredible number of people. Just to name a few events held at the Regent, shows such as Jersey Boys, Wiggles, Palmy Drag Fest, PACANZ, Royal Czech Ballet, Jimmy Carr, RNZ Ballet, NZSO, Moana Jr, School Productions, Graduations, Pasifika Fusion and Pae Tamariki) all contributed to our high attendance numbers.

We achieved most of our targets as set out in our Statement of Intent. 437 events were held over all the spaces in the theatre this year which included the main auditorium/Rehearsal Room/Regency Room against a target of 280. Our target for usage was set at 70% community and 30% commercial and we have achieved a 90% community use and 10% commercial use. Our 10% commercial hire generated 62% of our revenue received from all our auditorium hireage.

Normal maintenance occurred during the year, but we also replaced all of the stage ropes and 16.4km of the stage wires. The front Waterfall pelmet Curtain and the Black stage drapes were also renewed.

ONGOING CONSIDERATIONS

The Boards commitment for the strategic direction of the theatre includes to ensure that the theatre remains accessible to our community hirers. This is shown in the high percentage use of the theatre during the past 12 months (90%). This has been achieved primarily through the theatres supportive community pricing rates, which is assisted by Council Funding.

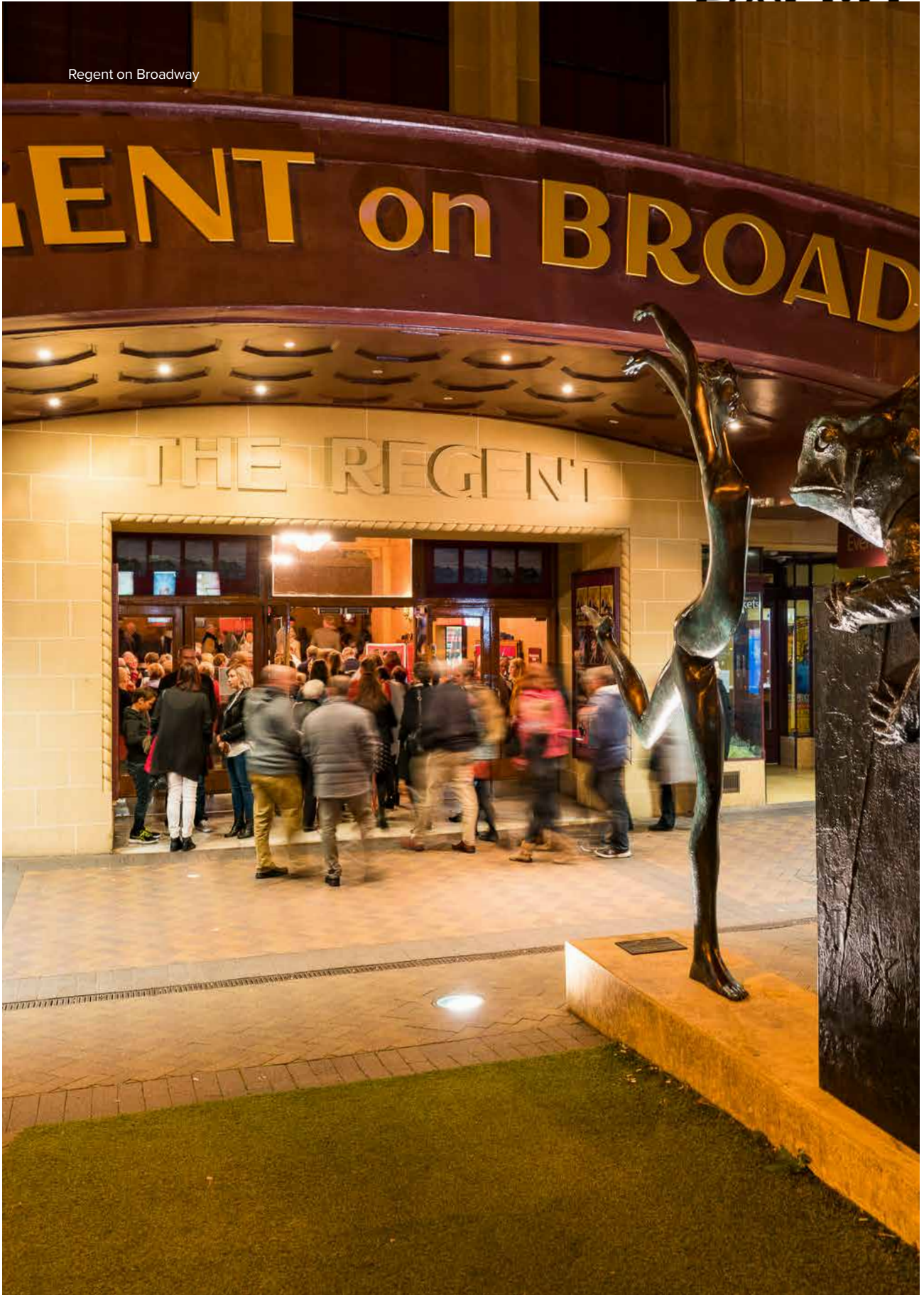
The Regent on Broadway Management and Trust Board see the support from Council as a key investment in the development and future of the performing arts in our city.

We will continue to work with our local schools and cultural groups to encourage and assure them that they can come to a safe working environment and make them feel comfortable and confident in utilising our venue. It is principally through these types of events, that involve our youth, where we see growth in the performing arts by creating the performers and audiences of tomorrow. Commitment and networking to our commercial hirers are ongoing so that the Regent on Broadway remains a strategic venue for all appropriate professional and commercial performers and events.

HOW DID WE PERFORM

MEASURE	TARGET	RESULT	COMMENT
Total number of main auditorium hires annually, to be not less than.	100	Target Met	185
Total number of main auditorium national/international venue hires, to be not less than	15	Target Met	35
Total number of events overall that are held over all spaces in the theatre.	280	Target Met	437
Further develop Tours offered by the Regent for schools and community, to be not less than.	6	Target Met	7
Total number of variety type shows such as tribute concerts and professional performers from the commercial sector, not less than.	12	Target Met	31
Total number of tertiary graduation ceremonies held, not less than.	10	Target Met	18
Total number of local school concerts held, not less than.	10	Target Met	10
Total number of school prize-giving held, not less than.	15	Target Not Met	10
Number of seats sold per PNCC companion card	10	Target Met	25
Total number of ethnically diverse concerts and productions, both community and professionally produced, not less than.	7	Target Met	9
Total attendances including ticketed and non-ticketed events held, not less than.	75,000	Target Met	113,561
Total audience split to all events Community 70% / Commercial 30%.	70/30	Target Not Met	90% Community / 10% Commercial
Commitment to bi-culturalism and cultural diversity by supporting Whanau, Hapu and Iwi to create and deliver arts experience.	1	Target Met	We have not put a number on this as we continue to work to ensure cultural diversity of events is prevalent throughout the year. Our commitment is shown and proven with the help and assistance we give to events such as Pae Tamariki, World on Stage etc encouraging them to use our facilities and showcase their talents which enables them to consider returning in the following year.

Regent on Broadway



TE MANAWA MUSEUMS TRUST

OBJECTIVES

Te Manawa is one of the Council's major arts and cultural facilities.

It consists of the museum, science centre, and art gallery and is managed for the Council by the Te Manawa Museums Trust. It has key roles in promoting and supporting Kaupapa Māori and Rangitāne, the arts, culture, heritage and science, and educating visitors by providing challenging experiences and programmes.

WHAT THE TRUST DOES

The Trustees govern and manage Te Manawa as a significant regional cultural institution encompassing a museum, gallery and science centre.

Te Manawa is a 'Museum beyond Boundaries' of, by and for all the community and co-creates and provides educational and challenging experiences.

It is a storehouse of regionally and nationally important collections of Taonga Māori, New Zealand contemporary art, and social history.

Te Manawa hosts international touring exhibitions and develops homegrown exhibitions that challenge and stimulate the mind and celebrate the region. These are supported by learning programmes, special events, and public programmes.

KEY ACHIEVEMENTS

- Santa's Cave attracted more than 16,000 visitors during the seven weeks it was open to the public.
- Acquired 281 items for the collection.
- Te Manawa staged a total of 30 exhibitions and displays.

WHAT HAPPENED IN THE YEAR

The past 12 months has been a period of change for Te Manawa, with the appointment of a new Chair, Chief Executive and Senior Management Team. As we transitioned out of the Covid-19 national protection framework, venue restrictions and mask mandates ended, leading to an increase in visitor numbers – a positive sign of ongoing post-lockdown recovery. In the second quarter of the financial year, multiple art exhibitions opened, ranging from the 10th anniversary of the Women's Art Initiative to an exhibition of works by artist Douglas MacDiarmid. They were joined by our annual graduate exhibitions Matatau and BCM, developed in partnership with Massey University and UCOL Te Pūkenga.

This year, the first under our ten-year business plan, has been a busy one. Te Manawa has made some significant changes to its operation, with a view to building a more responsive, engaging, and sustainable organisation. The Trust Board and the management team are working closely together to ensure the best implementation of this new strategy.

The organisation strives to give its staff the best work environment and culture possible. A new collaborative structure was implemented to promote working across teams and maximising the effectiveness of all team members.

To encourage staff wellbeing, sustainability, and a positive team culture, we are moving towards an activity-based work environment. This will promote better collaboration and efficiency.

A systems review was completed; Te Manawa will become a much more sustainable organisation by streamlining and simplifying its processes, and by moving away from paper-based administration to a digital office system. This will improve effectiveness and reduce wastage.

To grow connections with our communities and outside organisations, we have reprioritised our activities to further raise the profile of Te Manawa and reach an even wider audience.

As the financial year closes, we embrace a future that is far from clear, facing the shadow of the COVID pandemic and levels of inflation that have not been seen in Aotearoa in a generation. The war in Ukraine, unprecedented weather events due to climate change, and other geopolitical and economic issues mean we continue to see significant supply chain disruption. The time ahead is challenging for any business, and this is also true for Te Manawa Museums Trust.

While it is difficult to secure additional revenue in the current environment, public support and our visitor satisfaction remain high, and we enjoy a position as one of our region's most popular cultural institutions.

Nearly 130,000 visitors enjoyed our offerings. Santa's Cave attracted more than 16,000 visitors during the seven weeks it was open to the public. We saw an increase in attendance during the year, with school holidays marking a turning point. This was enhanced by a series of events offered. Halloween weekend alone attracted almost 3000 visitors, mainly children

and youth. Mention should be made of the programme of education and learning activities that has drawn upwards of 10,000 participants to Te Manawa. In online spaces, our presentations of video and photography, together with our website, engaged people more than 120,000 times.

The care of, and access to, the collection is at the heart of our museum. Our collection is held in perpetuity for the people of Manawatū and beyond, and it will be a strong focus of our exhibitions and programmes going forward.

By the end of 2022, we launched the Collections Online project, making public more than 5000 items from the Te Manawa collection in a browsable online database that will grow during the next few years.

In the past 12 months, we have acquired 281 items for the collection. These represent 281 stories to tell and 281 connections and relationships with the donors and artists. Nurturing these relationships and preserving these objects for current and future generations is the core of our role in the community.

Highlights from these acquisitions include the Swainson piu piu and Soroptimist Pendant; two large ceramics by Māori artists Wi Taepa and Baye Riddell; and the joint acquisition between the Art Society and Te Manawa of Ka Whakaahua o Hinetiāma kia a Hinenuitepō (Hinetiāma becomes Hinenuitepō) by Robyn Kahukiwa.

We launched our first annual magazine featuring a variety of stories inspired by the Te Manawa collection, and we began rolling out more multimedia storytelling through video content featuring behind-the-scenes videos, collection objects and gallery interviews with both artists and students. We have also had a number of loans to other organisations, including internationally to Berlin and the Sharjah Biennale in UAE.

The disruptions of COVID and its flow-on effects have meant some of our targets were not reached. However, during 2022-23, Te Manawa staged a total of 30 exhibitions and displays, including a much-needed refresh for the Conservatory and the popular Dino Dig.

We have opened up Manawatū Journeys, creating a more inviting entry that allows for regularly changing displays, and completed our Biodiversity Garden, educating visitors about sustainable backyards and food production. The Biodiversity Garden offers a space for experimentation, leading the way in urban sustainability and providing us with ideas and numerous education opportunities.

We were able to secure a three-year contract with the Ministry of Education for providing the Enriching Learning Curriculum (ELC) education programme. We have invested in professional staff development and development of resources to provide new education offerings for Mātauranga Māori and the new history curriculum.

Earlier this year, we began to offer our learning programmes free of charge to local tamariki. In addition, Science Centre Inc., one of our three Founding Societies, provides a transport subsidy that is of great benefit to those schools with less funding available.

With societal change happening on an unprecedented level, museums and galleries are more relevant today than they have ever been. Te Manawa brings art, science, and heritage to life. The taonga that we collect, preserve and share are our stories – and they help us understand our place in the world.

There will be a number of challenges facing us in future, but we also strongly feel that challenges provide great opportunities that we may have otherwise not explored.

As a Museum of Art, Science and Heritage, it is critical that we recover our capacity to develop our own content and start building on our reputation and legacy. By strengthening our offerings, we will be in a much better position to develop a robust sponsorship programme to actively seek and attract funding from local businesses. An immediate future focus will be developing an exciting new science centre for Te Manawa in partnership with Science Centre Inc., collaborating with science museums and centres nationwide.

We will continue to look for engaging international touring shows, and thanks to the support of Palmerston North City Council, we can work with other national museums to bring these exhibitions to our region.

Partnerships like these represent the way forward for Te Manawa. We are grateful for the strong longstanding relationships we treasure with UCOL Te Pūkenga, Massey University and the New Zealand Rugby Museum.

We have taken on a leadership role by supporting local volunteer-run museums with administration support and displays, including the David Warnock Medical Museum, which had to vacate its premises, and the Engineer Corps Memorial Centre Museum at Linton.

We wish to express our sincere appreciation to the Museum Trust Board members, particularly to former Chair John Fowke, our iwi representatives, and the founding societies of Te Manawa. The time they invest to provide governance, guidance and encouragement is crucial to the Museum's success.

Our gratitude goes to Council, our core funder, for their support and guidance. Sincere thanks to our fellow Council Controlled Organisations: the Globe Theatre and the Regent on Broadway; the New Zealand Rugby Museum; Manawātū District Council; and our many supporters and our sponsors.

Finally, we must acknowledge the hard work and dedication of Te Manawa staff. Their enthusiasm and passion for the work of the Museum is a constant inspiration, especially given the particular challenge of these unprecedented and uncertain times. It is an honour to work with such a talented team of people.

We have a great deal of work to do to ensure we make the most of the many opportunities that await us. We are excited about this prospect and welcome the challenges that lie ahead with them.

HOW DID WE PERFORM

MEASURE	TARGET	RESULT	COMMENT
Visitor Numbers	130,000	Target not met	121,914: 94% of overall target. Post-lockdown recovery is evident and encouraging. (21/22: 77,319 – 52% of overall target of 150,000)
Te Manawa Experiences offsite	25,000	Target met	42,519: 170% of overall target. (21/22: 8537 – 34% of overall target of 25,000)
Online Engagement	90,000	Target met	121,966: 136% of overall target of 90,000. (21/22: Not measured during a review of analytics data reporting)
External Revenue Target	\$947,180	Target not met	\$416,062 (42% of target). A change in the focus with the appointment of a new CEO means that the funding applications for the redevelopment of Te Awa did not proceed in this financial year. (21/22: 324,722 (49.52% of target))
KPI's – Audience Satisfaction	95%	Target met	99% of respondents rated their experience as Good/Very Good/Excellent against a target of 95%. 316 surveys were completed. (21/22: 98% - 218 surveys completed)

1. Collaborative and future focused organisation

MEASURE	RESULT	COMMENT
Continue to maintain strong relationships with Rangitāne at governance levels and through activity-based approaches, such as Te Rangi Whenua redevelopment.	Achieved	Rangitāne continues to be represented at a governance level. The development of Mātauranga Māori programmes with Warren Warbrick is complete. These incorporate taonga now on display in Te Rangi Whenua. PNCC have committed additional funding to further develop Te Rangi Whenua gallery in 23/24 FY.
Develop and implement a partner-based exhibition designed to tour nationally	Achieved / Ongoing	Te Manawa is developing, with the NZ Portrait Gallery, a significant exhibition (Robyn Kahukiwa) that will tour nationally from 2024/25. Discussions have continued with other organisations to build new partnerships for the development of joint exhibitions.
Develop short and long-term fundraising projects to realise the goal of sustainable external funding for programmes and experiences (2022- 24).	Ongoing	<p>Te Manawa is taking a team-based strategic approach to funding applications, clearly identifying relevant projects for funding applications. In the 22/23 financial year we were successful in receiving two major grants – a CET grant of \$150,659 for gallery lighting, and a grant of \$40,000 from Lion Foundation for specialised museum cases. These will come into effect in the 23-24 FY.</p> <p>We have also secured a three-year sponsorship from YORB for the Cosmodome of \$5,000 per annum and are exploring sponsorship opportunities for upcoming exhibitions.</p> <p>Projects under development include the “We Museum” awareness campaign for potential sponsors and donors, and a Kids’ club membership programme for families.</p> <p>Publication of the inaugural Te Manawa Museum magazine, which is available for purchase, will underpin a renewed push for awareness of, and fundraising for the Museum, with a particular focus on the collection.</p> <p>A Revenue Framework will be implemented next year.</p>
Trial and review one environmentally focused project by end of 2022/23. [project foci: solar or wind power; biodiversity garden]	Achieved	The biodiversity garden has become a valuable learning programme resource with a focus on sustainability and environmental education.
Develop a business continuity plan that responds to public health crises and the effects of climate change, and identifies their impacts on Te Manawa strategic objectives	Ongoing	A draft business continuity plan has been completed and is now in an internal consultation phase.
Mirror the PNCC carbon reduction target of 30% reduction in greenhouse gases by 2031	Ongoing	Te Manawa continues to look at all areas of sustainability. The replacement of lighting with LED has been completed. The organisation has made a commitment to reducing waste and paper by moving to a more flexible, paper-light mode of working with a full systems review being implemented. Some activities are limited by constraints of the current building complex and its configurations.
Undertake visitor and market research (VMR) so observed patterns of visitation on site, via digital channels, and offsite can inform audience focussed experience development, scheduling, and marketing approaches. [FY2022-25]	Achieved	Te Manawa monitors its digital channels through platform analytics, runs visitor surveys, takes part in the annual Museums Aotearoa National Visitor Survey and surveys teachers after school. This research informs our approaches across multiple activities. A digital visitor survey was introduced this year.
Care for, add to, and make accessible Te Manawa collections enhancing our reputation as trustworthy, and ensuring our collections development responds to societal changes in Manawatū. (FY23-24 oral history project, FY24-25 childhood in museums project and outputs) - SG 2	Achieved	<p>The launch of collections online in November enables the community to digitally access several thousand (10%) objects from the collection.</p> <p>Exhibitions, learning resources and events are being planned and developed based on items in our collection.</p> <p>Five pop-up displays of collection items were exhibited throughout the year, including a collection of items featured in a Te Manawa calendar, and memorabilia relating to Her Majesty, The Queen, an ANZAC display in partnership with the Engineer Corps Memorial Centre Museum at Linton and a display for the coronation of King Charles III.</p>
Implement the Relationship Strategy	Achieved	With a change in CEO and Management Team, Te Manawa has assessed the current state of its relationships and has incorporated its findings in its strategic business plan to meet the business and cultural needs of the organisation going forward. Consultation on the revised strategic vision has commenced with input from founding societies.

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2. Audience focused experiences that attract and engage visitorsInnovative experiences that attract visitors

MEASURE	RESULT	COMMENT
Complete redevelopment of Te Awa long-term exhibition (June 2023)	Ongoing	The project has been revised with the aim to incorporate the Te Awa experience into the planned development of a new and dedicated centre for Science, including a dedicated Education facility. Initial project meetings have been held, with a view to this project continuing after the appointment of a new Science Curator.
Implement high profile international exhibition that drives local and national visitation and results in economic benefit to Manawātū (2023-24)	Achieved	Australian exhibition Codebreakers was exhibited in MacDiarmid Gallery from April-July 2023, it attracted 18,292 visitors and was the basis for a number of events including a Tech Week in collaboration with UCOL Te Pūkenga and ManawaTech and a VR weekend. The exhibition was also offered as part of our Science Night attractions.
Commence development of new Te Manawa-developed touring experience (2023-24)	Achieved	As outlined above, Te Manawa has commenced development of the Robyn Kahukiwa touring exhibition in partnership with the NZ Portrait Gallery. The exhibition will tour nationally from 2024/25.
Implement collections online (2022-25)	Achieved	Collections online is now live with 10% of the Te Manawa collection accessible. 100% of the Art Collection is online.
Develop a five-year plan of enhancements to collections online.	Achieved	With 5000 browsable items from our collection now accessible online, a long-term enhancement plan has been to ensure its growth. The collection has been divided into logical groupings. With plans to upload approximately 1500-3000 new items per year during the next five years. The enhancement plans also includes additions to the information that will be accessible through collections online. Examples of this would be provenance (history) and person associations for Social History and artist biographies for Art.
Evaluate success of Exhibitions Strategy and application of 'Culture segments' or similar audience development programme	Not Achieved	The new Senior Management Team has prioritised completing the strategic business plan, new Strategic Vision and Business Plan, Revenue Framework and Business Continuity Plan this year. The Exhibitions Strategy has been deferred until next year pending the appointment of a new Curatorial and Collections Manager, and a new Exhibitions Manager.
Develop two new digital creative projects (by end of 2022/23) and two more by end of 2023/24	Not Achieved / Ongoing	A series of vlogs and artist interviews were released online via temanawa.nz, Facebook and Youtube to grow interest in the collection. A Te Manawa podcast – is still being developed to grow storytelling, extend our collection beyond the region, highlight expertise and potentially grow revenue through sponsorship.
Develop one innovative experience that will enhance either visitor numbers or community wellbeing	Achieved	Te Manawa offered new visitor experiences in 22/23 including the Sunday Science Squad – a monthly science learning programme for children and Halloween events including a treat-trail for families that saw more than 500 people explore the Museum from a different perspective. Te Manawa also offered holiday programme activities that were free of charge or gold coin donations making them accessible to all.
Continue discussions with PNCC to address previously identified risks and problems to ensure the art gallery building is brought up to minimum international standards for climate control, display infrastructure, storage, and security by 24/25	Achieved	Te Manawa will work with PNCC towards a new, purpose-built, accessible and sustainable Te Manawa complex. Elected representatives and officers from PNCC were toured through the facility and were able to see some of the challenges posed by back-of-house spaces first-hand. We appreciate the continued commitment from Council to address these and assist in the maintenance of the complex as we look towards developing an enhanced cultural precinct for the City.

3. Curiosity focused learning and engagement experiences

MEASURE	RESULT	COMMENT
Increase the impact of learning programmes and activities in formal and informal environments through Te Rangahau Curiosity Centre (2022-24).	Achieved	Te Manawa has worked with Warren Warbrick to develop Mātauranga Rangitāne learning programmes to assist local schools in the delivery of the new Aotearoa New Zealand Histories Curriculum. It has also continued to offer key programmes of relevance to the curriculum.
Implement a communications and marketing plan for learning activities (2022-23)	Achieved	A comprehensive Marketing Strategy has been developed which forms a foundation for the promotion and communication of learning activities. Improved information was added to the website this year and the distribution of direct newsletters to teachers was expanded with a particular focus on new learning offerings and activities.
Deliver two creative Te Rangahau Curiosity Centre linked events (by end of 2022/23)	Achieved	The Learning Team collaborated with Sport Manawatū to celebrate Active Transport in March 2023. Te Manawa also provided a professional development session for teachers around the new Mātauranga Rangitāne learning programmes
Trial a curiosity-based outreach learning offer in a formal education setting.	Achieved	Heirloom Boxes is an outreach initiative that has been trialed to be used as part of a 'Ko Wai Au – Who Am I?' learning programme. This trial was successful, and the programme is being fully developed to be added to our suite of learning programmes. This project was completed digitally with a series of videos released through temanawa.nz, Youtube and social media.
Evaluate our learning response to regional and national priorities including NZ Histories and Matariki	Achieved	Staff have attended regional hui with other museum educators related to the new Aotearoa New Zealand Curriculum and have identified programmes that are relevant to this, along with piloting the Mātauranga Rangitāne programmes. They undertook professional development through this process with new pedagogy learning. The StarLab learning programme was offered to schools over Matariki. Reflection and evaluation of our learning programmes is ongoing.
Support implementation of phase 1 of Rangimārie project, a dual venue cultural tourism project undertaken by Rongomau Productions Ltd (by end of 2022/23). - Phase 1 includes training for Front of House staff to confidently engage with visitors, and cocreation of activities linked to Te Rangi Whenua.	Not achieved	This project relied on an external delivery provider and receiving a substantial grant from the Ministry for Culture and Heritage. This application was not successful. Te Manawa has worked with Rangitāne to revitalise the Te Rangi Whenua gallery using the collection, and to support the delivery of Mātauranga Māori learning programmes.

PALMERSTON NORTH AIRPORT (PNAL)

OBJECTIVES

Palmerston North Airport Ltd is a limited liability company and is 100 per cent owned by the Council.

The principal activities of the company are to provide airport facilities and services to airlines and airport users (both commercial and non-commercial) through the ownership and operation of Palmerston North Airport.

WHAT THE BOARD DOES

The Board protects and grows shareholder value and provides a return to the Council in the form of growth in company value and where appropriate annual dividends.

The Airport provides a key transport gateway that contributes to the economic development of the city and surrounding regions.

Palmerston North Airport is the primary air gateway for Central New Zealand and supports Manawātū regional economic development.

The Airport contributes to the economic growth of the city and region by providing transportation services such as scheduled passenger services and airfreight operations that link businesses to domestic and international suppliers and markets, and by bringing visitors to the region.

It also enhances a positive image of the city as a good place to do business.

KEY ACHIEVEMENTS

- Airport activity rebounded in the year with 534,650 passengers during the period.
- Increased Passenger movements provided a rebound in income levels with total revenue of \$12.6 million generated.
- During the year Shareholder Equity increased by \$1.3 million.

WHAT HAPPENED IN THE YEAR

Palmerston North Airport Limited (PNAL) is a Council Controlled Organisation (CCO) and a limited liability company formed in 1989. In 2022/23 the Board reaffirmed its approach to preserving and enhancing shareholder value. The Airport's vision to be New Zealand's leading regional airport remains underpinned by five strategic objectives:

- **Commercial:** operating a financially sustainable business enabling long term success.
- **Compliance:** maintaining a safe and secure operation.
- **Customer:** improving the customer experience for all airport users.
- **Community:** contributing to regional prosperity.
- **Culture:** empowering our team members and working as one-team.

Airport activity rebounded in the year with 534,650 passengers during the period, 17% ahead of the Statement of Intent. Increased Passenger movements provided a rebound in income levels with total revenue of \$12.6 million generated, 27% ahead of the Statement of Intent.

Keeping a close eye on costs remained a focus of the team with total costs of \$6.5 million, a 1% positive variance to the Statement of Intent. A record after tax net profit of \$2.9 million was very pleasing.

The Airport continues to maintain all Civil Aviation Act (CAA) Rule Part 139 requirements. The Airport continued to develop and execute against its Asset Management Plan with airside apron and roadway upgrades taking place. The Airport's ongoing upgrade program for Airport Drive also continued.

Team engagement continued to benefit from ongoing investment in the Company's One Team / Whanau Kotahi wellness program. A team engagement score of 81% represented an increase on the prior year.

Customer facing improvements included the commencement of the much-awaited semi-covered pick-up and drop-off area. A Net Promoter Score of 46% was achieved for the year, which represented further improvement on the previous year. The Airport was also awarded Qualmark Gold certification which recognised the teams focus on sustainable business practices.

A key pillar of the Airport's focus on further improving the customer experience involves the Terminal Development Plan. Concept design was completed during the year with the next stage of detailed design commencing prior to year-end. The proposed 5,200 m2 new build will ensure operational and seismic resilience while also future proofing the terminal to accommodate the projected growth in passenger volumes as the regional economy continues to grow.

The Airport has redefined its environmental objectives, transitioning from an initial 2°C target to a more stringent net zero emissions by 2035 commitment. PNAL's net zero commitment represents an ambitious pledge to actively reduce its GHG emissions to a net level of zero. This strategy includes adopting energy-efficient technologies and investing in renewable energy sources. In a net-zero scenario, any remaining emissions would need to be offset by an equivalent amount of carbon removal from the atmosphere.

To support this, a range of initiatives continued which are designed to reduce the Airport's greenhouse gas emissions, waste to landfill, and water consumption. During the year the terminal heating and cooling system was converted from natural gas to electricity, after Covid related delays had impacted on the project. Alongside other projects, we achieved a 37% reduction in Scope 1 (to 72 tonnes of CO2-e) and a 93% reduction in Scope 2 emissions (to 5 tonnes of CO2-e) for the FY23 year. This is a tremendous result.

During the year Shareholder Equity increased by \$1.3 million. This was driven by the net profit after tax performance of \$2.7 million partly offset by a revaluation loss on buildings (primarily related to the terminal) of \$2.23 million.

ONGOING CONSIDERATIONS

The Airport is entering an exceptional period, unlike any that has occurred in its 90-year history.

The Terminal redevelopment with an estimated price tag of \$40 million is an unavoidable spend, seismic resilience, passenger growth and the possibility for the requirement for security screening are the drivers of this intergenerational investment. As such the Company's ability to deliver against broader Shareholder expectations is severely constrained as available debt capacity is absorbed by the project, and ongoing investment in critical infrastructure.

The opportunity for the company to invest in Te Utanganui and specifically air freight and logistics opportunities within Ruapehu Aeropark is limited. The Shareholder's recent decision to explore alternative funding mechanisms including additional equity are welcomed as a means of potentially unlocking the Company's potential.

The Airport recognises the opportunity to return to paying a dividend when financial performance metrics improve. With a further rebound in passenger volumes projected, and notwithstanding the projected debt levels associated with the terminal re-development. The Airport recognises the Shareholder's requirement for a dividend to be paid from FY24's net profit after tax (excluding fair value gains/losses).

Underpinning all activity, the Airport will maintain its focus on the wellbeing of our highly valued airport team, regulatory compliance and keeping all airport users safe.

HOW DID WE PERFORM

MEASURE	TARGET	RESULT	COMMENT
A ratio of net surplus before interest/ tax/depreciation/ revaluations to total assets.	3%	Target Met	6% The net surplus before interest/tax/depreciation/revaluations exceeded largely due to higher passenger numbers resulting in additional revenue, as well as a strong control and focus on costs.
A ratio of net surplus after tax to consolidated shareholders' funds inclusive pf revaluation reserve.	1%	Target Met	3% Increase to the revaluation reserve was higher than budgeted, resulting in higher increase to equity than budgeted. This was more than offset by the net surplus after tax being higher than budgeted, which resulted in the proportion of net profit after tax to equity being higher than budgeted.
To maintain a ratio of consolidated shareholders funds to total assets at no less than 40%.	69%	Target Met	79% Increase to the revaluation reserve was higher than budgeted, resulting in higher increase to total assets than budgeted. This resulted in total assets as a proportion of consolidated shareholder funds being higher than budgeted.
To maintain an interest coverage ratio of EBITDA to interest of at least 2.5 as per BNZ loan covenants.	4.9	Target Met	10.3 Interest expenditure was lower than budgeted resulting from the deferral of a number of budgeted capital projects. EBITDA also exceeded budget for the reasons outlined above.
To maintain a tangible net worth (total tangible assets after revaluations less total liabilities) above \$50m.	\$69.7	Target Met	\$84.3m Increase to the revaluation reserve was higher than budgeted, resulting in higher increase to assets than budgeted. This resulted in total assets being higher than budgeted.



MEASURE	TARGET	RESULT	COMMENT
To maintain a Net Promoter score of 30 or above. Measured on an annual basis.	30	Target Met	Average score of 45 for FY23 The Net promoter score of 45 for the full year is based off 6,977 responses, a 1,497% increase in the number of responses compared to prior year. The number of responses has significantly increased as changes have been made to show how surveys are collected from customers connecting to the terminal wi-fi, providing a much more accurate result and valuable insights. The target of 30 is based on average NPS scores for New Zealand aviation and tourism industries.
To achieve targeted annual passenger movement projections.	459,000	Target Met	534,651 Strong passenger recovery versus budget in FY23 from the effects of Covid-19.
To achieve zero lost-time injuries to those who work within our airport community.	Zero	Target Not Met	One day lost to injury There was one single day lost time injury during FY23. This occurred when a team member tripped over a low table and badly bruised their shins.
Maintain Civil Aviation Rule Part 139 certification.	Maintain	Target Met	Maintained The 5 yearly CAA Audit of PNAL's compliance with Civil Aviation Rule Part 139 was last conducted in July 2019, with the next schedule for 2024. Monthly audits continue to be conducted by a third-party provider covering the operating and SMS elements of PNAL's CAA Exposition documents. All five Exposition manuals were updated in FY23, with further updates planned for FY24 to reflect PNAL's implementing new aviation software which will further enhance managing safety and compliance information with stakeholders, including CAA.
Achievement of ACA Level 4	1. L4 Achieved 2.Waste and water targets Achieved	Target Not Met	Underway PNAL Submitted its application for Level 4 for independent audit and verification in June 2023. At year-end, this verification was still underway. Unaudited reductions in Scope 1 emissions show a 37% reduction in Scope 1 (to 72 tonnes of CO2-e) and a 93% reduction in Scope 2 emissions (to 5 tonnes of CO2-e) for the FY23 year. Level 4 accreditation was subsequently received in July 2023.



Palmerston North Airport



WĀHANGA TUARIMA SECTION FIVE

KŌRERO ĀPITI HANGA ADDITIONAL INFORMATION

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HOW TO FIND US

POSTAL ADDRESS

Private Bag 11034
Manawatu Mail Centre
Palmerston North 4442

CUSTOMER SERVICE CENTRE

32 Te Marae o Hine The Square, Palmerston North

Open Hours:

Monday, Tuesday, Thursday and Friday, 8am-5pm

Wednesday, 9am-5pm

Contact details for all enquiries, service requests, or to contact anyone who works for the Palmerston North City Council are:

pncc.govt.nz | info@pncc.govt.nz | 06 356 8199

The Council operates a 24-hour, seven day a week, 365 days a year phone Contact Centre. This is supported by the Customer Service Centre on Te Marae o Hine The Square. There is a translation service for any who need it.

The Council's other main source of contact is through the City Library, which also has copies of Council plans and agendas.

CITY LIBRARIES

Central Library

4 The Square, PO Box 1948, Palmerston North

citylibrary.pncc.govt.nz | 06 351 4100

webmanager@library.pncc.govt.nz

Ashhurst Library

Cnr Cambridge Street and Bamfield Street, Ashhurst

06 326 8646

Awapuni Library

Cnr College Street and Pitama Road, Palmerston North

06 356 7634

Roslyn Community Library

8 Kipling Street, Palmerston North

06 357 9287

Te Pātikitiki (Highbury) Community Library

157 Highbury Avenue, Palmerston North

06 357 2108

Youth Space

Corner Coleman Mall and George Street, Palmerston North

06 351 4126

Mobile Library

Has regular stops throughout the City.

COUNCIL MEETINGS

The Council encourages public participation in its activities. Meetings of the Council and its Committees are open to the public and are normally held in the Council Chamber. For information about meeting agendas and dates, contact the Customer Service Centre, look in the public notices section of newspapers, or look at our website.

pncc.govt.nz

AUDITORS

Audit New Zealand

31 Amesbury Street, Palmerston North
(on behalf of the Auditor General)

BANKERS

Westpac Banking Corporation

GLOSSARY

10-YEAR PLAN (LTP OR LONG TERM PLAN)

A 10-Year Plan prepared by Council every three years. It describes Council's planned contributions to its vision and goals, shows why they are necessary, how much they are expected to cost, and how success will be judged.

ACTIVITY

The goods or services that the Council provides to the community. The Council has 18 Activities, e.g. Cemeteries, Water, or Parks, Sport and Recreation.

ANNUAL BUDGET (PREVIOUSLY ANNUAL PLAN)

This is a budget document that shows how the Council will fund any year of the 10-Year Plan. Produced in years two and three of the 10-Year Plan, it provides consistency and direction to Council activities.

ASSET MANAGEMENT PLANS (AMPS)

These ensure that the Council's major infrastructural assets are maintained to ensure high environmental standards and meet the future needs of the city at the lowest possible cost over the long term. Council has AMPS for roading and parking, stormwater, rubbish and recycling, wastewater, water, property, and recreation and community facilities.

CAPITAL NEW

Expenditure which will increase the value of or create new Council assets (land, infrastructure, plant and equipment). A household analogy would be expenditure to build a new bedroom.

CAPITAL RENEWAL

Keeping existing infrastructure and facilities up to standard.

CAPITAL REVENUE

Some capital new and capital renewal expenditure is partly funded by amounts received from government or other parties for transport subsidies, grants and development contributions.

COMMUNITY OUTCOMES

Short or long-term outcomes that a local authority aims at to promote the social, economic, environmental, and cultural well-being of its district or region. They are the Council's Vision, Goals and Strategies.

COUNCIL CONTROLLED ORGANISATION (CCO)

An organisation in which Council (or Councils) owns or controls at least 50 per cent of the voting rights, or has the right to appoint at least 50 per cent of the directors or trustees. CCOs are mostly set up to independently manage Council facilities or deliver specific services on behalf of residents.

COUNCIL CONTROLLED TRADING ORGANISATION (CCTO)

As for CCO but trading with the main purpose or intention to make a profit.

DEPRECIATION

Spreading the costs of assets over their useful life.

DEVELOPMENT CONTRIBUTIONS

Development Contributions provide Council with a way of obtaining contributions to fund infrastructure requirements due to growth. A Development Contributions Policy is required as a component of the Funding and Financial Policies in the 10-Year Plan under section 102(2)(d) of the Local Government Act 2002.

FINANCIAL YEAR

The Council's financial year runs from 1 July to 30 June. The 2022 financial year therefore covers the period 1 July 2021 to 30 June 2022.

GROUP OF ACTIVITIES

Groups of Activities show how the Council will work towards community outcomes. The Council has 11 Groups of Activities. Activities that provide similar services have been grouped together. Changes to the Local Government Act mean that infrastructural Activities are also Groups of Activities.

LEVEL OF SERVICE

A measurable description of what the Council does (or is planning to do) for residents.

MAINTENANCE COSTS

Expenditure in relation to repairs and maintenance of Council's assets.

OPERATING EXPENDITURE

Expenditure that is necessary for the normal activities of Council. Using a household analogy, this would be paying for electricity or food.

PERFORMANCE MEASURES

Performance measures show how people can judge the success of the Council. The measures in the current 10-Year Plan are part of the Council's performance framework. The Council has other more technical performance measures in documents such as Asset Management Plans.

PROGRAMMES

Programmes are the detailed financial actions that include capital and non-capital works within any financial year to achieve Council's outcomes.

TREASURY POLICY

This sets out when and how Council will invest, and for what purposes, and when and how Council will borrow, and for what purposes.

UNIFORM ANNUAL GENERAL CHARGE (UAGC)

A component of the general rate that is levied as a uniform amount on every property.

COUNCIL CONTROLLED TRADING ORGANISATION (CCTO)

As for CCO but trading with the main purpose or intention to make a profit.

DEPRECIATION

Spreading the costs of assets over their useful life.

DEVELOPMENT CONTRIBUTIONS

Development Contributions provide Council with a way of obtaining contributions to fund infrastructure requirements due to growth. A Development Contributions Policy is required as a component of the Funding and Financial Policies in the 10-Year Plan under section 102(2)(d) of the Local Government Act 2002.

FINANCIAL YEAR

The Council's financial year runs from 1 July to 30 June. The 2021 financial year therefore covers the period 1 July 2020 to 30 June 2021.

GROUP OF ACTIVITIES

Groups of Activities show how the Council will work towards community outcomes. The Council has 11 Groups of Activities. Activities that provide similar services have been grouped together. Changes to the Local Government Act mean that infrastructural Activities are also Groups of Activities.

LEVEL OF SERVICE

A measurable description of what the Council does (or is planning to do) for residents.

MAINTENANCE COSTS

Expenditure in relation to repairs and maintenance of Council's assets.

OPERATING EXPENDITURE

Expenditure that is necessary for the normal activities of Council. Using a household analogy, this would be paying for electricity or food.

PERFORMANCE MEASURES

Performance measures show how people can judge the success of the Council. The measures in the current 10-Year Plan are part of the Council's performance framework. The Council has other more technical performance measures in documents such as Asset Management Plans.

PROGRAMMES

Programmes are the detailed financial actions that include capital and non-capital works within any financial year to achieve Council's outcomes.

TREASURY POLICY

This sets out when and how Council will invest, and for what purposes, and when and how Council will borrow, and for what purposes.

UNIFORM ANNUAL GENERAL CHARGE (UAGC)

A component of the general rate that is levied as a uniform amount on every property.



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