
Quarterly Performance and Financial Report – June 2017

Section One: What's happening out there?

Economic growth is continuing to improve in Palmerston North, but the level of support for growth from the construction sector has declined. Several consents for major construction projects were approved in the June 2016 quarter, with a combined value of \$36 million, providing a significant boost for construction activity in the City. Significant growth in construction activity is expected over the next ten years but in the short-term there has been a decline in the overall value of building consents issued, due to a 78% decline in the value of non-residential consents in the June quarter.

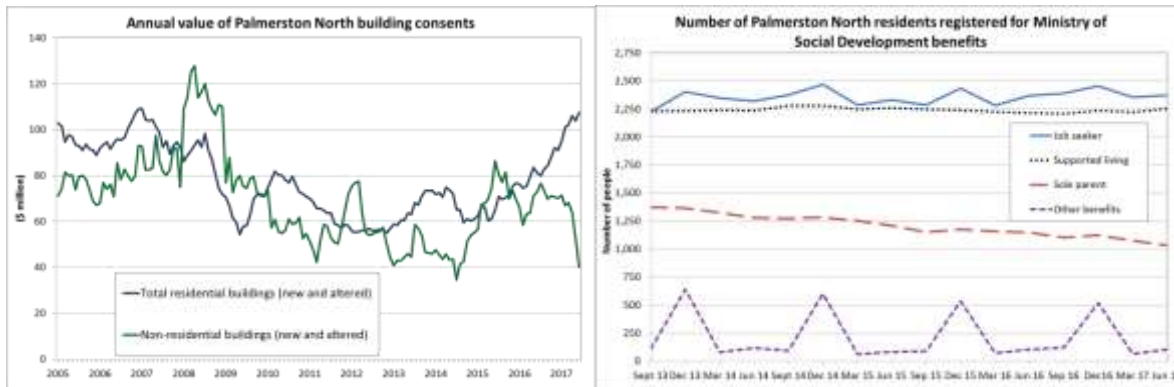
The value of electronic card retail sales in Palmerston North increased by 3.4% in the June 2017 quarter compared with the same period last year, while there was an increase of 4.3% for New Zealand. Appliance store spending in Palmerston North was down 30% in the June quarter compared with 2016 (New Zealand decline of 2.3%), possibly due to the closure of the Dick Smith stores in April 2016, while furniture and flooring sales were down by 25% (New Zealand decline of 11%), following the move by Peter Andrews Furnishers to Feilding. Electronic card retail spending in Palmerston North was \$1,075 million in the year to June 2017, increasing by 2.3% from 2016.

Domestic visitor spending in the City in the year to June 2017 was \$320 million, an increase of 3% from the previous year (domestic visitor spending in New Zealand increased by 4%). International visitor spending was \$60 million, an increase of 3% from the previous year (New Zealand increase of 9%).

Building consent values in the City declined by 39% in the June quarter compared with the same period last year, while national consents declined by 3%. The value of consents for new dwellings in the City increased by 24% in the June quarter, consents for residential additions and alterations increased 15% and non-residential consents declined by 78%. The total value of consents issued in the 12 months ended June 2017 was \$148 million, a decline of 4% from the previous year. The consent for the new FMG office building was the largest consent issued in the June 2016 quarter.

Consents were issued for the construction of 311 new residential dwellings in the City in the year to June 2017 compared with 219 a year earlier, an increase of 42% from the previous year. Strong growth continues in other local authorities in the region - Manawatu District (163 dwellings in year to May 2017, 23% increase), Horowhenua (224 dwellings, 30% increase), Whanganui (131 dwellings, 72% increase) and Rangitikei (28 dwellings, 40% increase).

There was a 26% increase in new car registrations in the Palmerston North postal region in the June quarter compared with the same period in 2016, a useful indicator of business confidence in the City (New Zealand registrations increased by 9%). The number of ex-overseas registered cars in the Palmerston North postal region increased by 11% in the June quarter, resulting in a 17% increase in the total number of cars registered in the region (New Zealand registrations increased by 9%).



Source: Statistics New Zealand

There were 6,325 people registered for a Ministry of Social Development benefit in Palmerston North in June 2017, a decline of 74 people from June 2016 (1.3% decline). The total number of people registered for a benefit in New Zealand declined by 1.4%.

Data for benefits by type in the City shows there were:

- 2,370 people registered for the job seekers benefit, an increase of 0.2% (4 more benefits) from June 2016,
- 1,034 people registered for sole parent support, a decline of 9.9% (113 less benefits) from 2016,
- 2,251 people registered for the supported living payment, an increase of 1.6% (36 more benefits) from 2016,
- 103 people were registered for other benefits, a decline of 1.0% (1 less benefit) from 2016.

Net overseas migration to Palmerston North increased from a net gain of 629 people in the year ended June 2016 to a net gain of 671 people in the year to June 2017. The number of people moving overseas from the City on a long-term or permanent basis increased by 2% over the last year while the number of people arriving in the City increased by 4%. Total departures from New Zealand increased by 6% while arrivals increased by 5%.

A more detailed analysis of economic trends will be provided in the next Manawatu Region Economic Monitor report for the June quarter, which will be reported to Economic Development Committee on 11 September.

Text finalised 31 July 2017

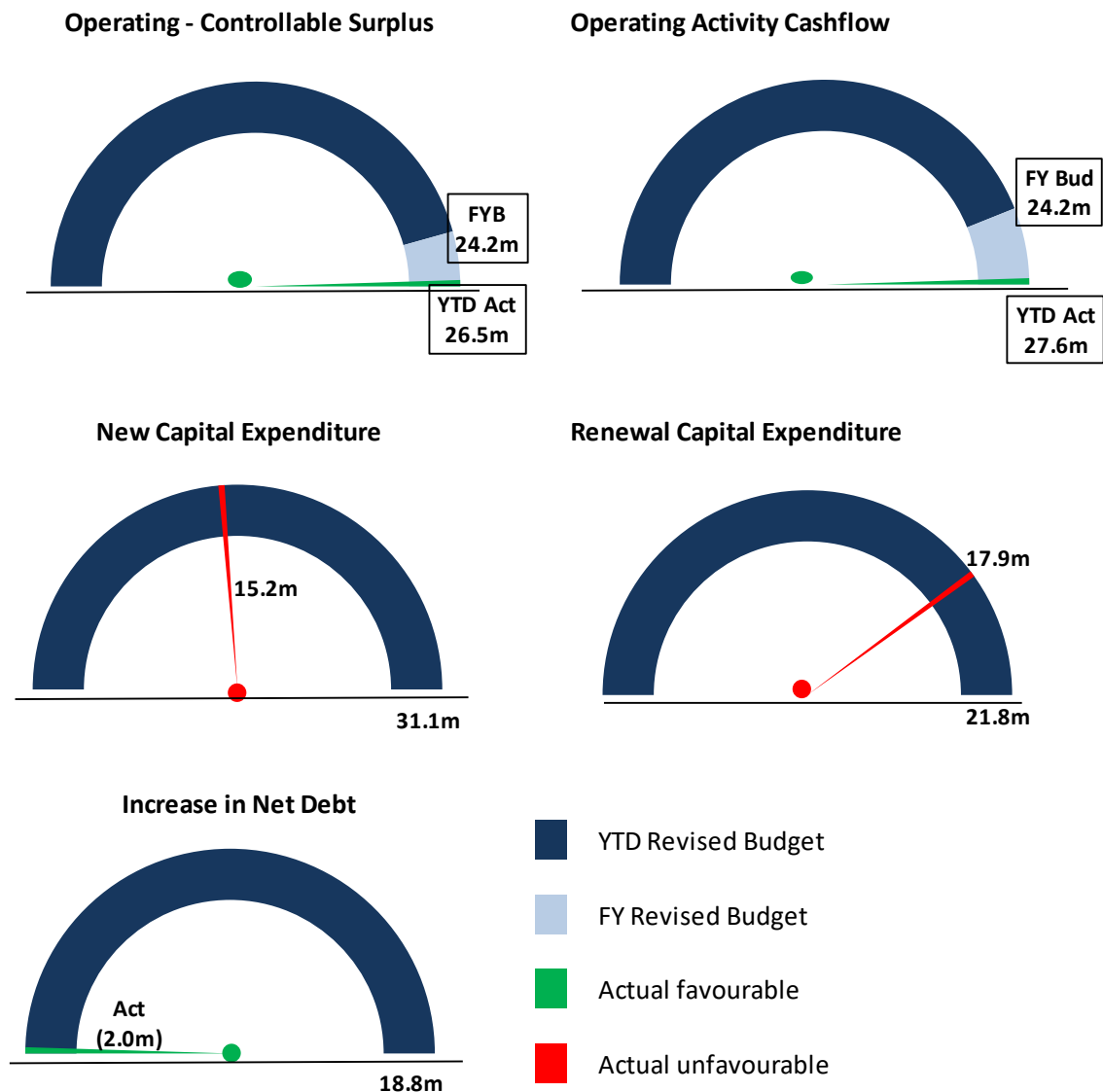
Section Two: What's happening in here?

Background

The section contains a financial review of the twelve months to 30 June 2017 to show how we have used our financial resources during the year to provide services to the residents.

Financial Overview

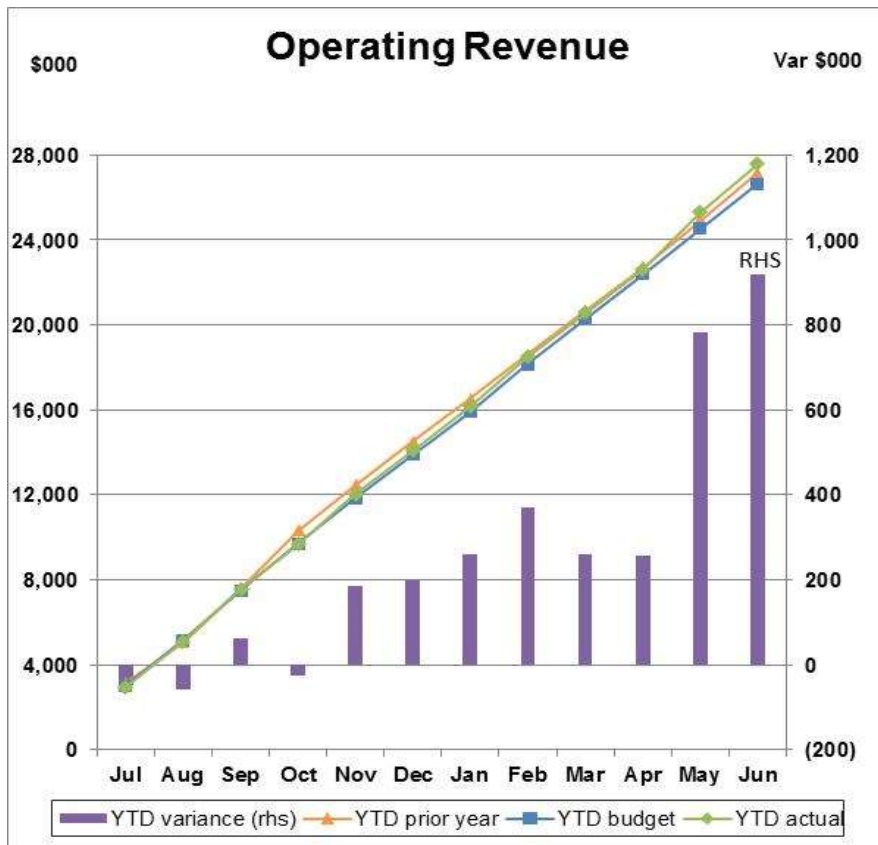
Synopsis



Financial performance is summarised in the following table compared to revised budget. Key aspects are then focused on in the following graphs.

\$ million	June YTD Actual	June YTD Rev Budget	June Var YTD Bud		March Var YTD Bud	Variance movement - period	Full Year Revised Budget
Operating – Controllable							
Operating Revenue	27.6	26.6	1.0	●	0.3	0.7	26.6
Operating Expenses	(82.5)	(83.4)	0.9	●	2.7	(1.8)	(83.4)
Operating – Controllable Management Units	(54.9)	(56.8)	1.9	●	3.0	(1.1)	(56.8)
Rates	87.7	87.3	0.4	●	0.4	-	87.3
Interest Expense	(6.3)	(6.3)	-	●	-	-	(6.3)
Operating - Controllable Surplus/(Deficit)	26.5	24.2	2.3	●	3.4	(1.1)	24.2
Operating – Non-controllable							
Depreciation	(30.4)	(27.8)	(2.6)	●	(1.7)	(0.9)	(27.8)
Gain/(loss) on sale of fixed assets	(0.8)	-	(0.8)	●	-	(0.8)	-
Asset valuation	(0.1)		(0.1)	●	-	(0.1)	
Investment Fund Valuation	0.1	-	0.1	●	0.1	-	-
Derivative financial instrument valuation	4.6	-	4.6	●	4.5	0.1	-
Net Operating Result – Surplus(Deficit)	(0.1)	(3.6)	3.5	●	6.3	(2.8)	(3.6)
Non-Operating Revenue	11.6	11.9	(0.3)	●	0.6	(0.9)	11.9
Net Result	11.5	8.3	3.2	●	6.9	(3.7)	8.3

Of the above the favourable variance to the Net Result for the year comprises a favourable \$4.2m of non-cash adjustments and an unfavourable \$1.0m with a cash effect, compared to budget. The cash effect comprises the Operating Surplus less unfavourable capital revenue due to associated capital projects not being completed.



Higher revenue from:

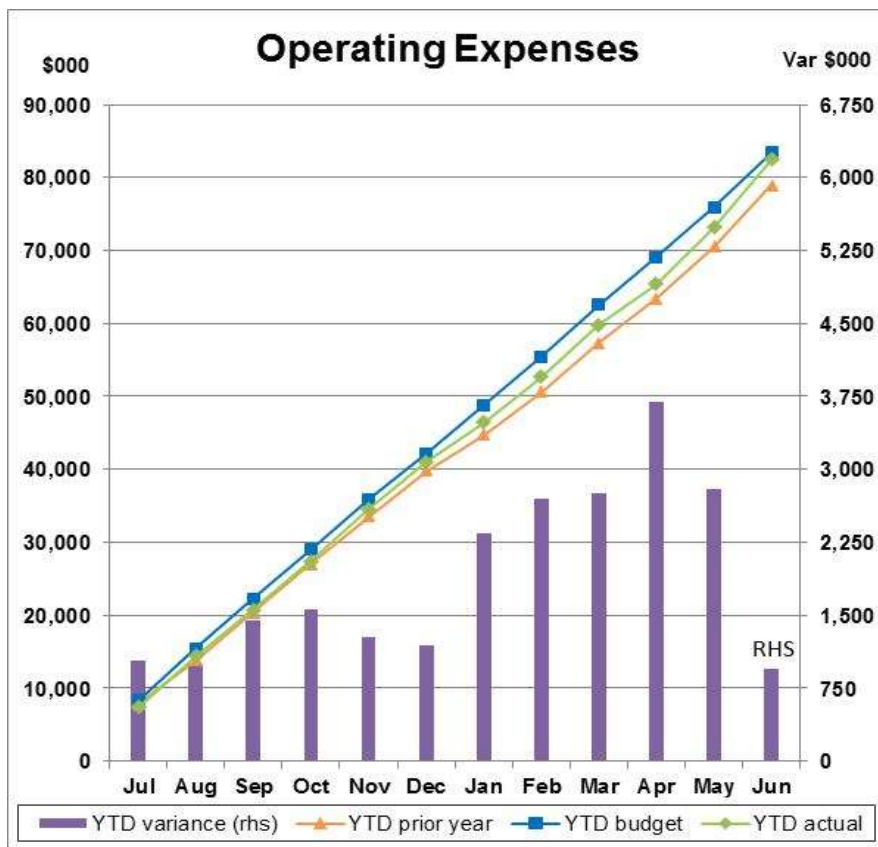
- ↑ Regulatory
- ↑ Wastewater collection fees
- Parking
- ↑ value of recycling material sales
- ↑ Central Energy Trust Arena

Lower revenue from:

- ↑ NZTA opex
- ↓ Rubbish collection bags
- ↑ Conference and Function Centre.

Year to date:

Actual \$27.6m
Budget \$26.6m
Variance \$1.0m



Lower expenses for:

- ↓ maintenance, service delivery costs.
- Insurance

Higher expenses for:

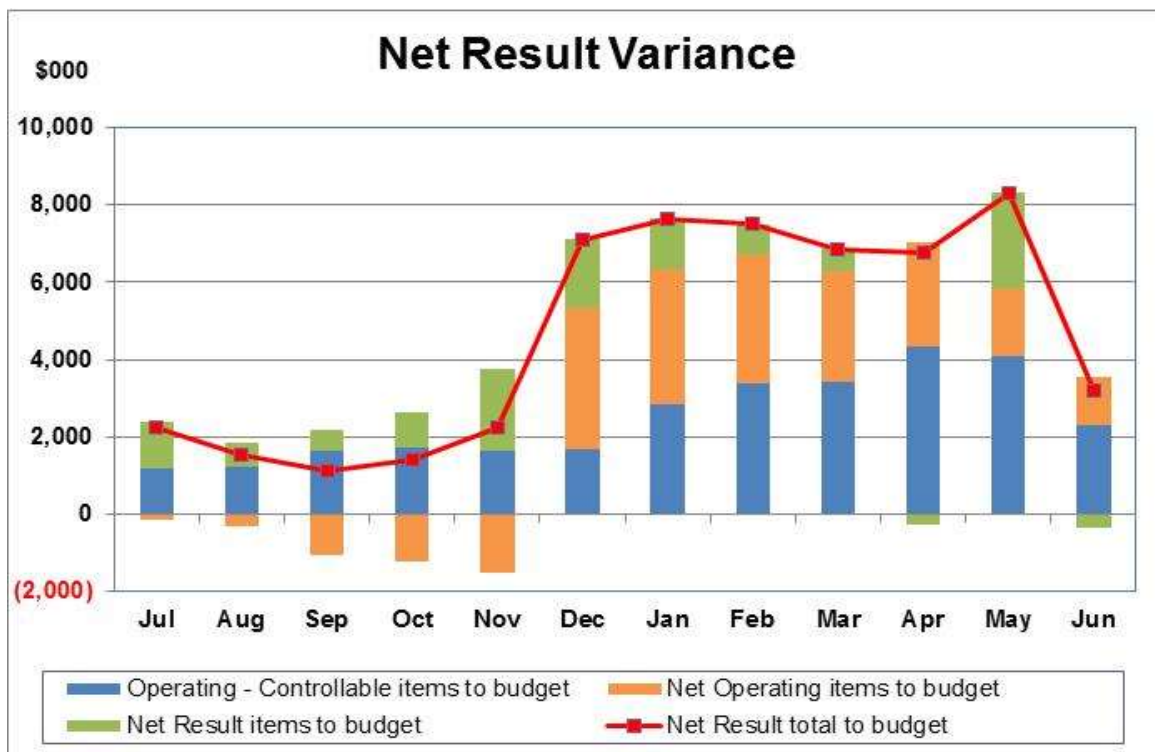
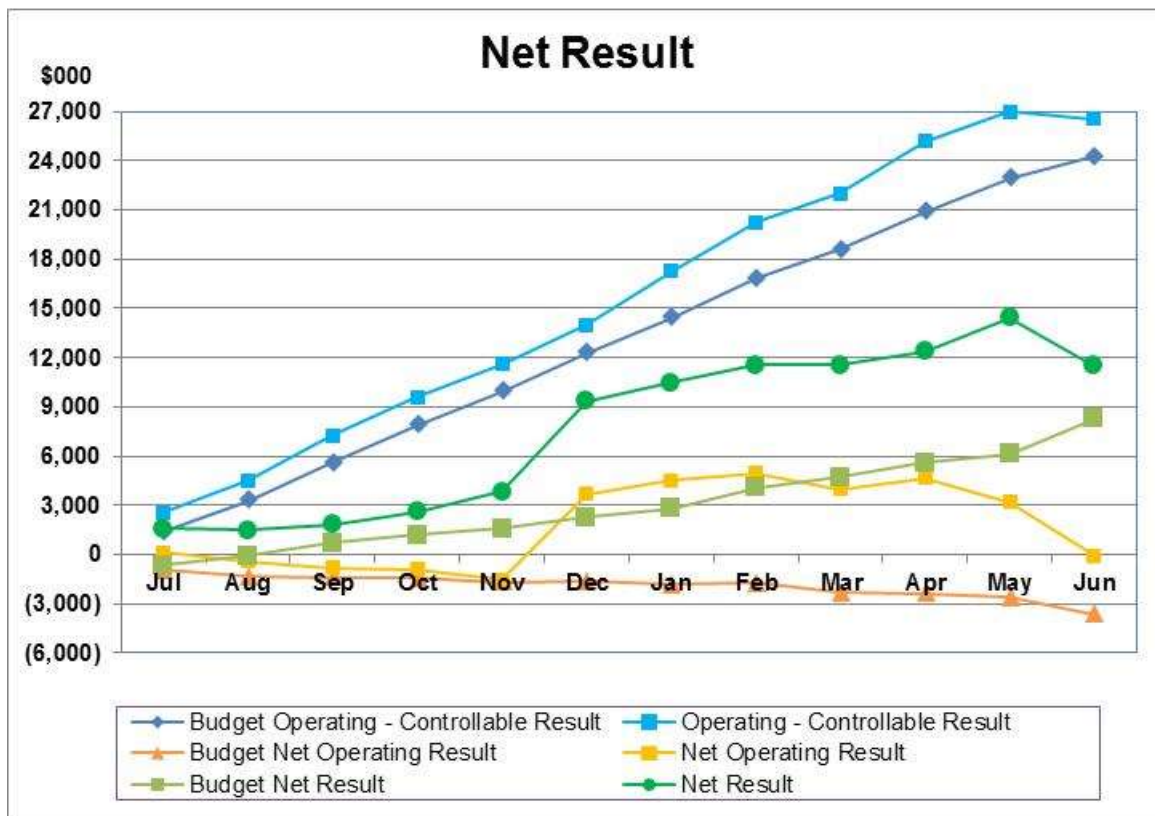
- ↑ employee direct costs
- ↓ professional service costs
- ↑ electricity
- ↓ gas

Year to date:

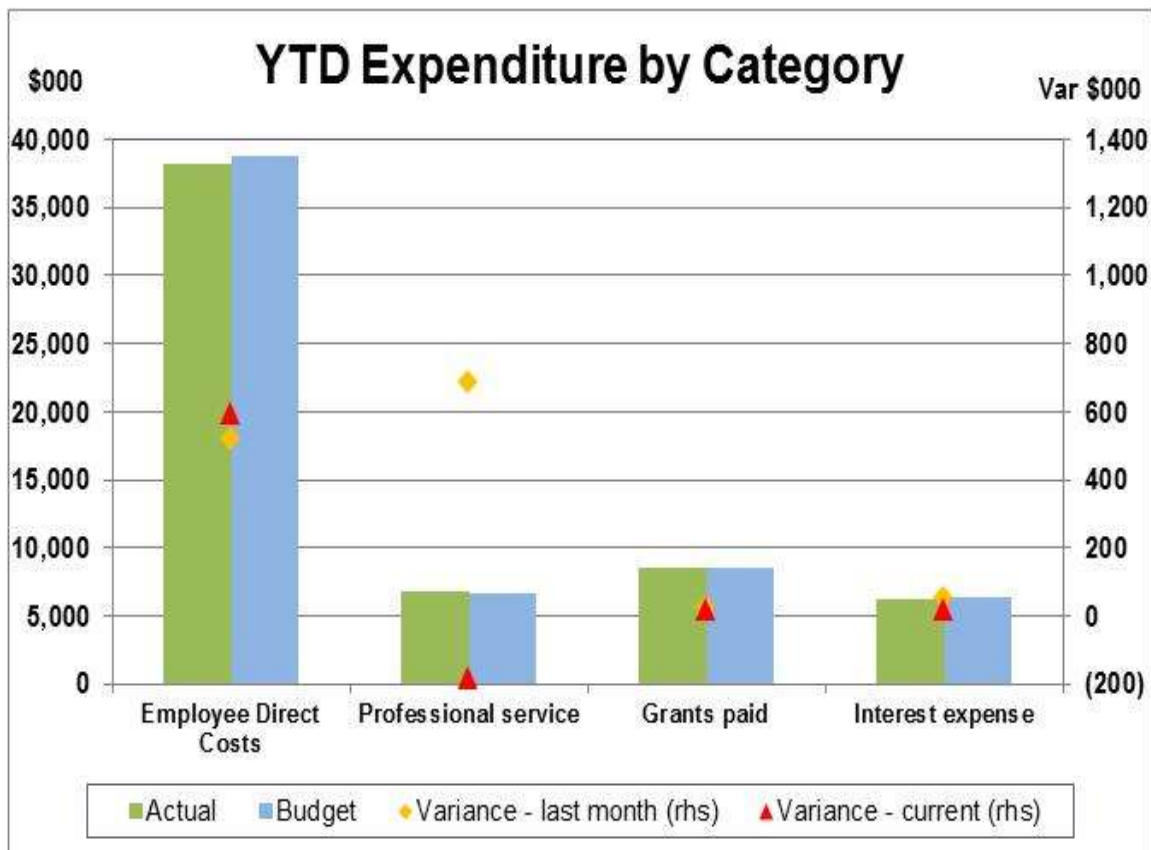
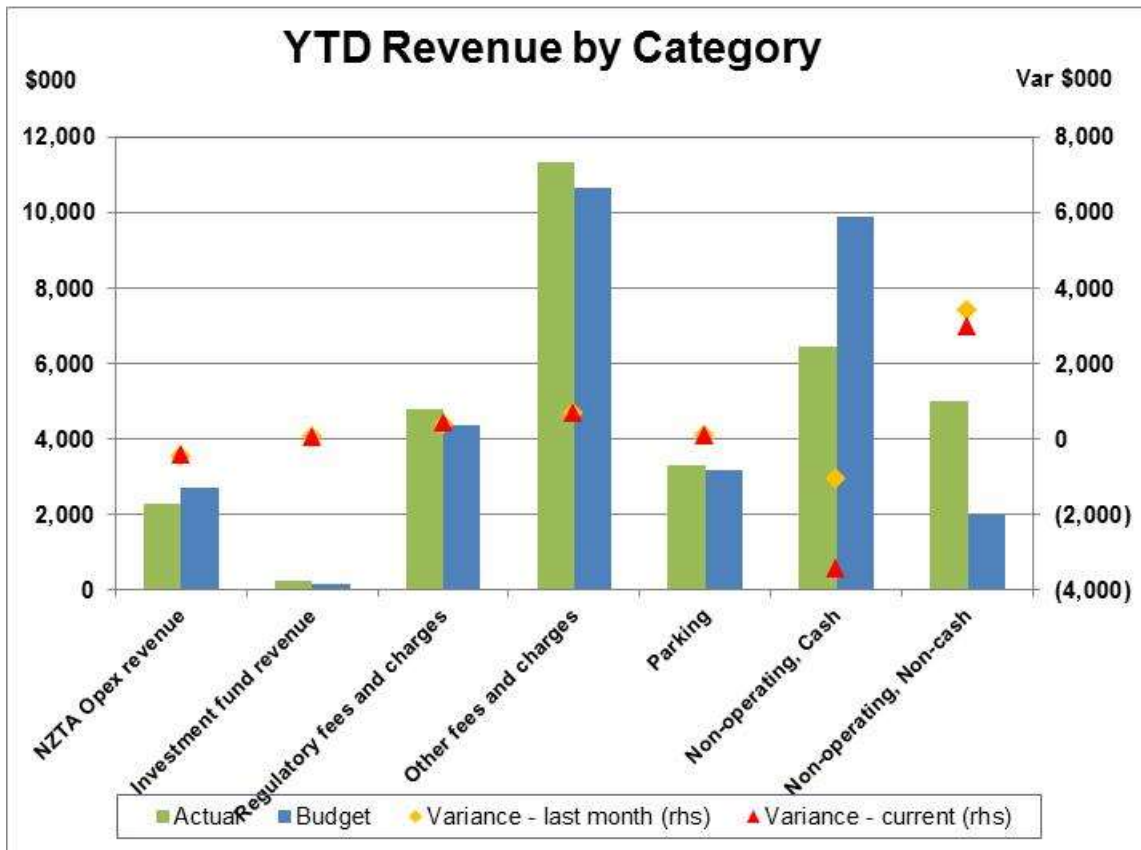
Actual \$82.5m
Budget \$83.4m
Variance \$0.9m

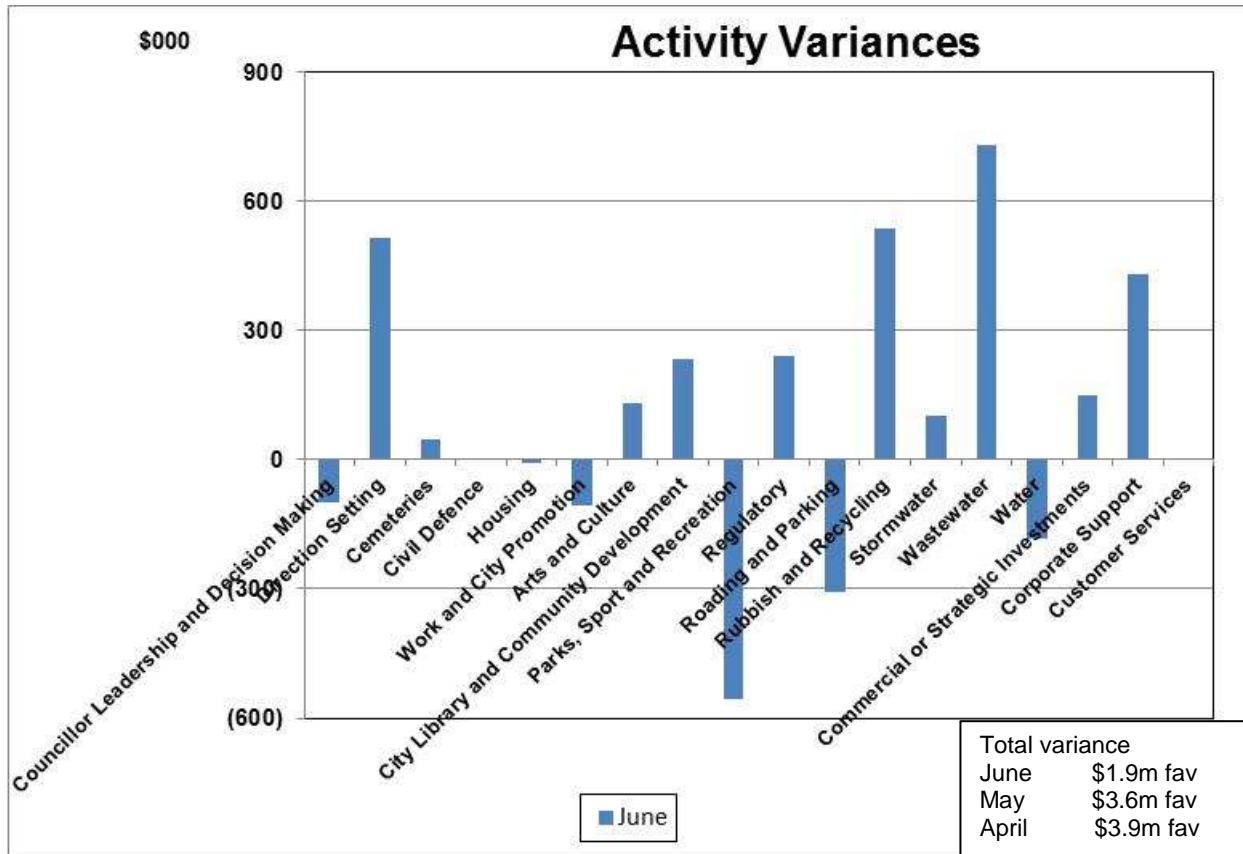
Note – on all variances a positive number is favourable, negative is unfavourable. In the text boxes the heading describes the year to date variance effect with the following symbols reflecting:

- ↑ Favourable movement in the month
- ↓ Unfavourable movement in the month

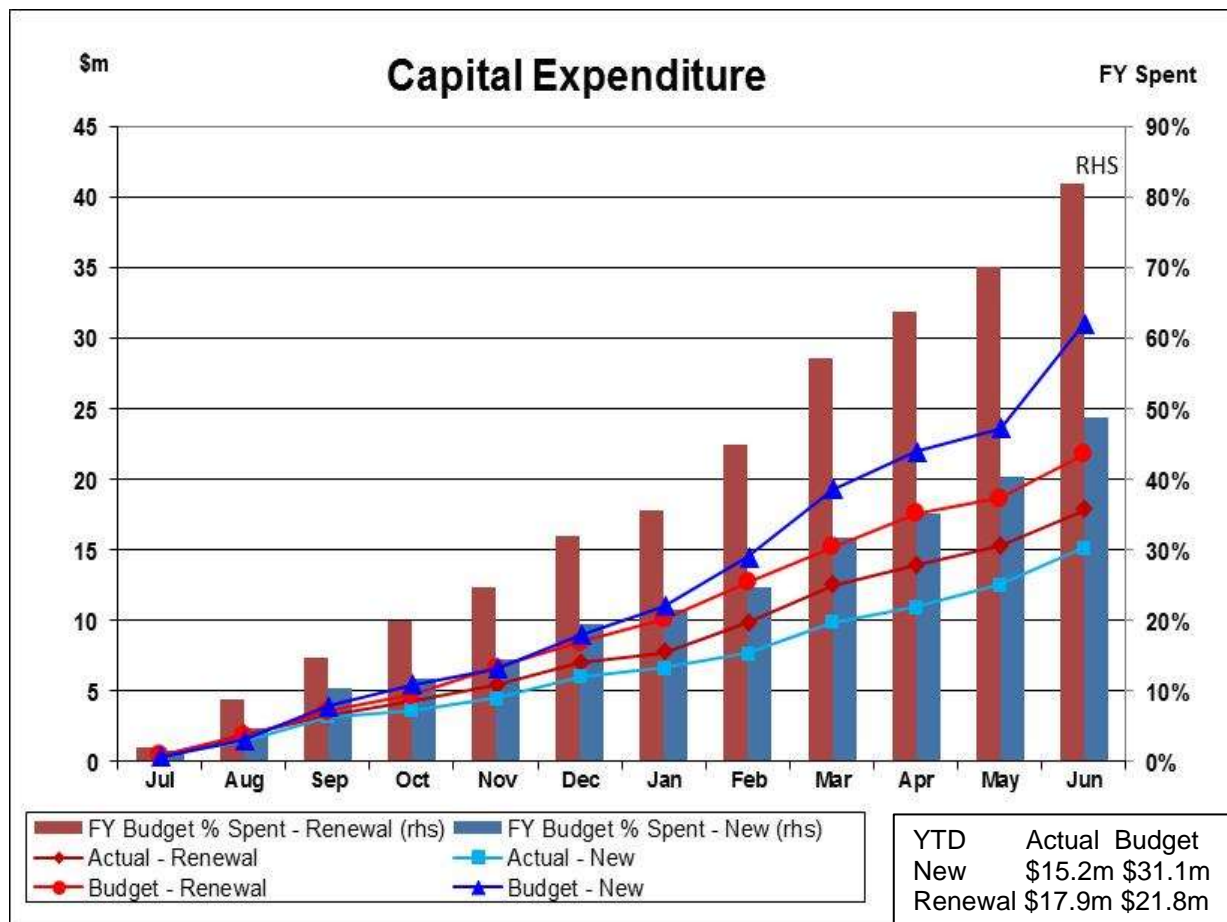


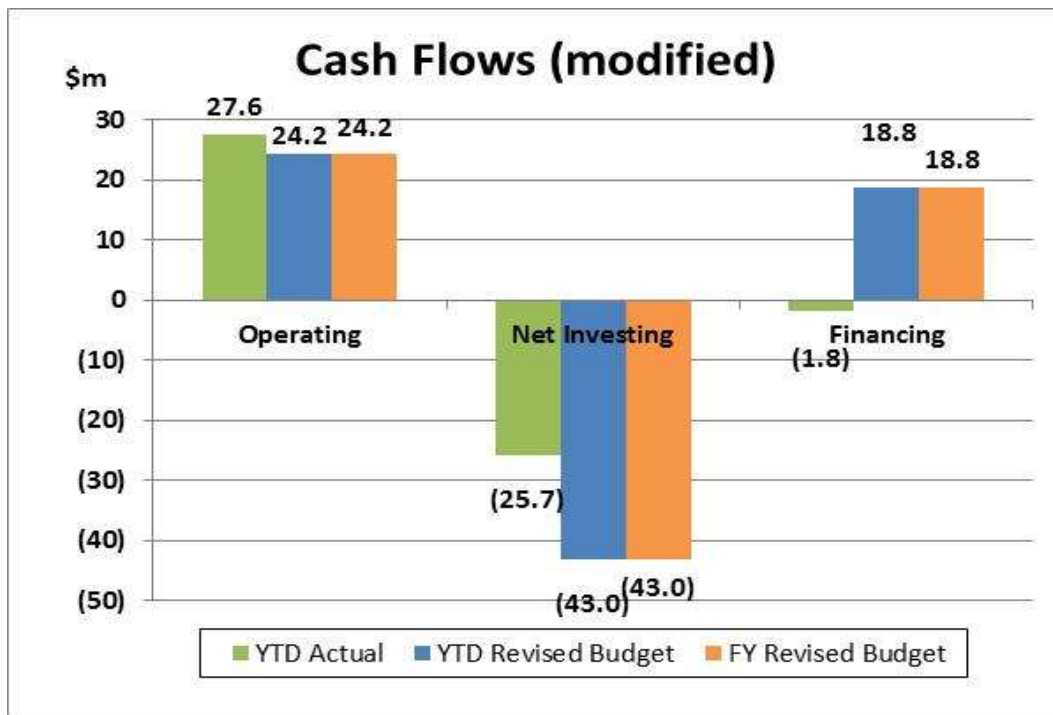
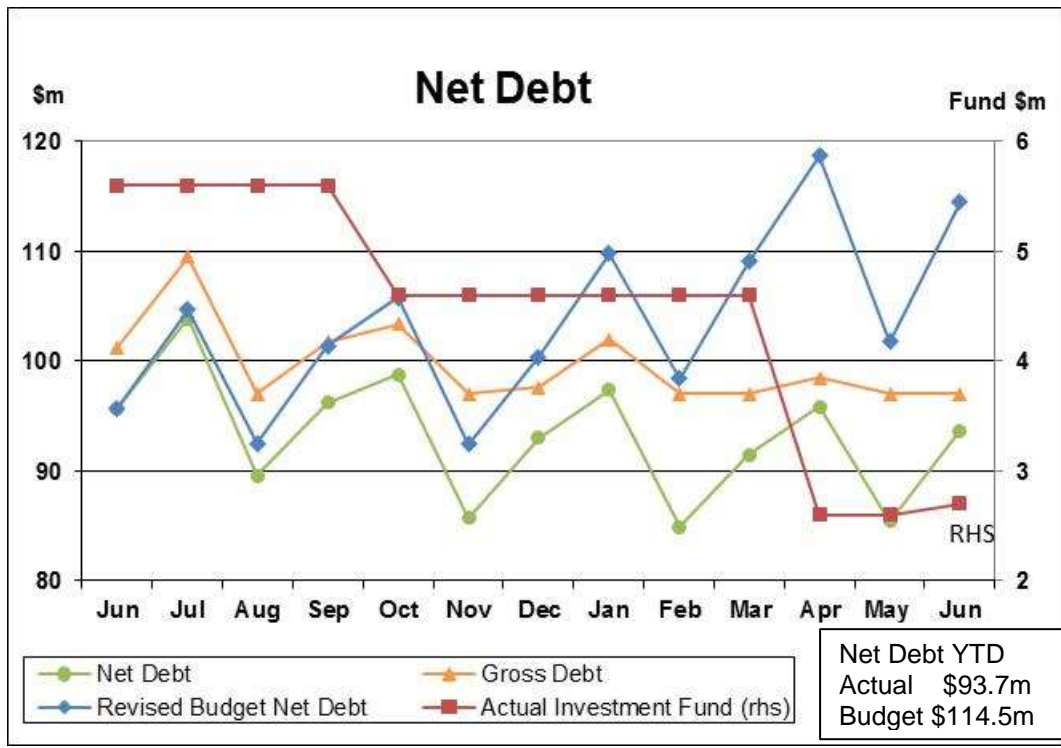
- Operating – controllable surplus items are favourable with the items then included to net operating result favourable to budget (depreciation unfav, swap valuation fav). Those items included to the net result are favourable (higher vested assets, lower revenue for capex, NZTA capex revenue). Items in the net result are difficult to budget.
- Overall the favourable Operating – Controllable surplus is increased by the favourable movements within the Net Operating Result and reduced slightly by the unfavourable Net Result movement to give an overall favourable variance to budget.





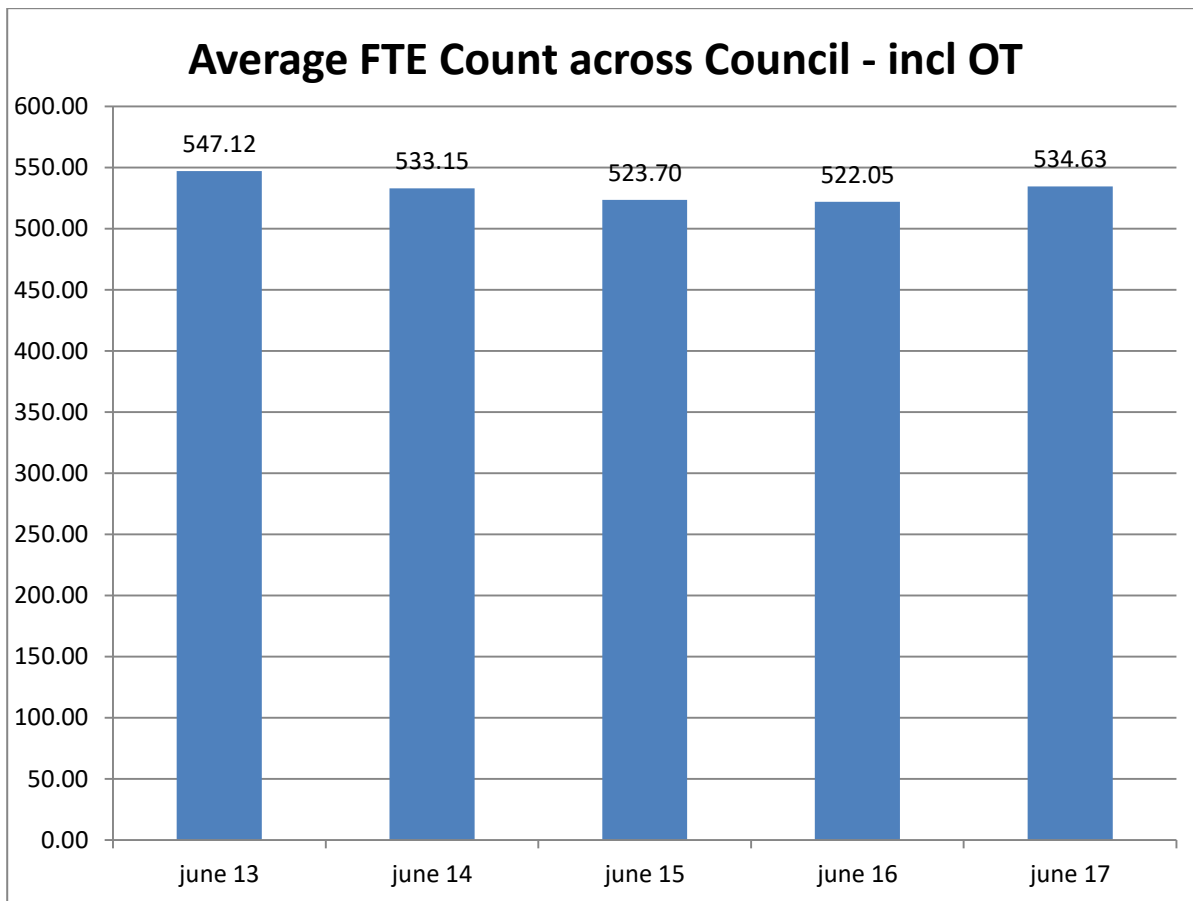
Refer Attachment 1 for activity variance explanations.





Personnel

The following graph shows the movement each year of monthly average standard full time equivalent employees. This includes all labour paid through the payroll system but excludes labour hire, for example through agencies, contractors.



Asset Management

The 2017 Asset Management Plans are currently being prepared and will incorporate the direction given through the Council Strategies and Plans.

The AMP programmes will feed into the 10 Year Plan process. It is expected that completed AMPs will be reported to the Council for adoption around October / November 2017.

Attachments

1. Activity variance explanation
2. Groups of Activities, Net Result Statement
3. Capital Expenditure
4. Net Debt
5. Financial Position and Cash Flow
6. Statement of Comprehensive Revenue and Expense
7. Financial prudence graphs

Attachment 1 - Activity Variance Explanation
June 2017

The following table identifies and explains significant Activity operating -controllable revenue and expense variances from budget.
Criteria - 5% variance to budget on either revenue or expenses for each activity, minimum \$30k variance to December, \$50k from January.

Activity	Variance \$000	%	Favourable, unfavourable, timing	Revenue or expense	Variance Category	Explanation
Direction Setting	162	98%	Unfav	Revenue	Planning revenue.	Minimal with no private plan change requests received, offset by lower expenses.
	679	13%	Fav	Expenses	Professional service, grants, net personnel costs, operating costs.	Lower costs incurred, grants not disbursed, lower professional service costs.
Cemeteries	109	18%	Fav	Revenue	Revenue.	Up on budget and also last year.
	62	7%	Unfav	Expenses	Service delivery costs.	Higher costs required.
Housing	139	6%	Fav	Revenue	Rent.	Higher rents received from stable occupancy.
	145	7%	Unfav	Expenses		Higher maintenance and physical works required.
City Library and Community Development	98	15%	Unfav	Revenue	Material hire.	Revenue from material hire similar to 2016, lower than budget.
Parks, Sport & Recreation	266	14%	Fav	Revenue	Revenue.	Higher revenue than budget achieved at Central Energy Trust Arena, partly offset by higher expenses.
	820	7%	Unfav	Expenses	Professional service, net personnel costs, insurance.	At Central Energy Trust Arena higher expenses associated with higher revenue. In other areas higher service delivery costs, professional service and net personnel costs, lower insurance.
Regulatory	640	15%	Fav	Revenue	Revenue.	Higher revenues, associated with the higher number of building consents submitted. Also from recovery of costs with higher costs partly offsetting.
	400	5%	Unfav	Expenses	Professional service costs.	Higher costs incurred, partly relating to processing of consents and higher revenue.
Rubbish & Recycling	486	8%	Fav	Expenses	Operating costs, professional service costs.	Lower operating costs, professional service costs incurred to date .
Stormwater	100	6%	Fav	Expenses	Operating costs, professional service, net personnel costs.	Lower operating service delivery costs, partly offset by higher professional service, net personnel costs.
Wastewater	98	10%	Fav	Revenue	Collection, electricity .	Higher revenue from collection partly offset by lower revenue from electricity generation.
	631	12%	Fav	Expenses	Professional service costs, operating costs, insurance.	Lower operating costs, including chemical purchases, lower professional services. Note partly offset by much higher electricity costs and higher net personnel costs.
Water	90	82%	Unfav	Revenue	Forest harvest.	Due to weather conditions the forest harvest did not proceed.
Commercial or Strategic Investments	189	14%	Fav	Expenses	Operating costs.	Overall lower net operating cost incurred, partly offset by lower revenue. Note after net of service adjustment for internal service activity to June.
Corporate Support	79	7%	Fav	Revenue	Interest	Higher interest received.
	353	36%	Fav	Expenses	Professional service costs, operating costs, insurance.	Lower professional service costs, operating and insurance cost incurred, partly offset by higher net personnel costs.

Attachment 2 - Groups of Activities, Net Result Statement

Following is the detailed Net Result by Group of Activities. The table includes that most Groups of Activities had favourable variances for the period to June 2017, with four showing unfavourable variances. These unfavourable variances are offset by favourable variances in other activities.

The unfavourable variances may result in the related area of that management unit having similar variances. These are offset by favourable variances within that or other management units so that overall budget operating-controllable result is being achieved.

Details of these variance explanations are in Attachment 1 with the favourable variances offsetting the unfavourable variances. The following comments relate to specific items that have affected full year performance:

- Expenses for insurance is under budget
- Expenses for electricity and gas are over budget with unfavourable variance increasing as the year progressed (generally offset by other lower service delivery costs)
- Rates variance includes favourable variances for penalties, \$140k, and water by meter, \$80k.

The revised budget has been amended to allocate some operating programme amounts from the budget expense analysis to the required expense analysis where they will be incurred. In particular this has increased the salary budget with no overall effect on the budget.

The result for each Group of Activities includes the direct results of that Group. Within Support Services, External Contracts includes operating service units providing services to the other Groups of Activities. From December the net variance from budget of these activities are allocated to underlying activities to reflect a more accurate cost of each activity. This allocation will then occur each quarter. Support Services also includes Customer Services which is budgeted to be fully allocated to other activities. The net variance has been allocated to those other activities at year end.

The full year revised budget is amended to include Council approved variations to the 2016/17 Annual Plan budget. These are included in the full year revised budget column in the Activity Net Result Statement following and comprise:

	\$000
Annual plan net result	8,315
Youth scholarship increase	(1)
Support to Kaikoura District Council	(25)
Social Housing delivery scoping exercise	(22)
Revised budget net result	<u>8,267</u>

Palmerston North City Council Detailed Groups of Activities	ACTIVITY STATEMENT								
	NET RESULT - Surplus/(Deficit)								
	2016/17 \$000's								
For the twelve months ending 30 June 2017	ACTUALS - Year to Date			REVISED BUDGET - Year to Date				FULL YEAR	
	Revenue	Expenses	Net Surplus / (Deficit)	Revenue	Expenses	Net Surplus / (Deficit)	Variance Actual to Budget: fav / (unfav)	Revised Budget Net Surplus / (Deficit)	Annual Plan Budget Net Surplus / (Deficit)
Leadership	179	8,815	(8,636)	303	9,357	(9,055)	418	(9,055)	(9,009)
Community Support	3,350	3,540	(190)	3,098	3,332	(234)	44	(234)	(212)
Work and City Promotion	1,032	4,177	(3,145)	1,057	4,094	(3,038)	(107)	(3,038)	(3,075)
Leisure	2,710	28,463	(25,753)	2,543	28,105	(25,563)	(190)	(25,563)	(25,606)
Regulatory	4,899	7,790	(2,891)	4,259	7,390	(3,130)	240	(3,130)	(3,130)
Roading and Parking	6,476	13,778	(7,302)	6,571	13,566	(6,994)	(307)	(6,994)	(6,914)
Rubbish and Recycling	3,081	5,552	(2,472)	3,031	6,038	(3,008)	536	(3,008)	(3,008)
Stormwater	5	1,478	(1,473)	2	1,579	(1,577)	103	(1,577)	(1,577)
Wastewater	1,091	4,513	(3,422)	994	5,145	(4,151)	729	(4,151)	(4,151)
Water	20	4,534	(4,515)	110	4,442	(4,332)	(183)	(4,332)	(4,332)
Support Services	4,725	(147)	4,872	4,684	397	4,286	586	4,286	4,299
TOTAL GROUP OF ACTIVITIES	27,568	82,494	(54,926)	26,650	83,445	(56,795)	1,869	(56,795)	(56,715)
TOTAL RATES	87,720	-	87,720	87,327	-	87,327	394	87,327	87,275
Interest	-	6,273	(6,273)	-	6,307	(6,307)	34	(6,307)	(6,288)
OPERATING - CONTROLLABLE RESULT - Surplus/(Deficit)	115,288	88,768	26,521	113,977	89,753	24,224	2,296	24,224	24,272
Plus Non-controllable operating									
Depreciation	-	30,415	(30,415)	-	27,845	(27,845)	(2,570)	(27,845)	(27,845)
Gain/(Loss) on disposal of Fixed Assets	-	757	(757)	-	-	-	(757)	-	-
Asset valuation and fair value adjustments	(143)	-	(143)	-	-	-	(143)	-	-
Investment Fund revaluation	120	(0)	120	-	-	-	120	-	-
Derivative financial instrument valuation	4,596	-	4,596	-	-	-	4,596	-	-
NET OPERATING RESULT - Surplus/(Deficit)	119,862	119,940	(78)	113,977	117,598	(3,621)	3,542	(3,621)	(3,573)
Plus Non-operating revenue									
Vested Assets	4,986	-	4,986	2,000	-	2,000	2,986	2,000	2,000
Development Contributions	1,260	-	1,260	1,347	-	1,347	(87)	1,347	1,347
Revenues for capex	414	-	414	3,053	-	3,053	(2,638)	3,053	3,053
NZTA for capex	4,786	-	4,786	5,488	-	5,488	(702)	5,488	5,488
Taxation Losses Received	104	-	104	-	-	-	104	-	-
NET RESULT - Surplus/(Deficit)	131,413	119,940	11,473	125,865	117,598	8,267	3,206	8,267	8,315
The revised budget is after adjusting the 2016/17 Annual Plan budget for the following Council approved changes:									
Annual Plan Net Result		8,315							
Youth scholarship increase		(1)							
Support to Kaikoura District Council		(25)							
Social Housing delivery scoping exercise		(22)							
Revised Budget Net Result		8,267							

Attachment 3 - Capital Expenditure

Actual Result

Capital expenditure:	<u>YTD</u>	<u>FY</u>
YTD actual	\$33.1m	
YTD Revised budget	\$52.9m	\$52.9m
Annual plan budget		\$50.7m

The year to date actual capital expenditure includes only those amounts where liability for payment has been accepted for work completed. At any time there will be substantial additional commitments for future work to be completed pursuant to contracted obligations.

The table below summarises capital expenditure for the year together with how that expenditure is to be funded.

\$000's	YTD Actual	YTD Revised Budget	FY Revised Budget	FY Annual Plan Budget
Renewal Capital Expenditure				
Incurred to date	17,890	21,834	21,834	21,773
Funded by:				
External revenue	(1,862)	(2,409)	(2,409)	(2,409)
Cash effect of three year averaging		(579)	(579)	(518)
Net funded by rates	16,028	18,846	18,846	18,846
New Capital Expenditure				
Incurred to date	15,221	31,095	31,095	28,903
Funded by:				
External revenue	(4,598)	(7,479)	(7,479)	(7,479)
Net funded by borrowing	10,623	23,616	23,616	21,424

Included in external revenue for new capital expenditure are amounts received for development contributions. These development contributions are to enable city growth and primarily relate to new capital expenditure incurred in prior years.

The revised budget incorporates:

- Update to carry forward programmes from 2015/16 to:
 - the actual budget available being the programme budget less actual expenditure or, if lower, the carry forward requested
 - Actual budget available where estimated expenditure had been less to June 2016, as reported to Finance & Performance Committee.
- Additional expenditure approved by Council.

Programme Carry Forward

Carry forward programmes to 2017/18 have been reviewed and are to be adjusted to the lower of the budget available or carry forward requested as in the 2017/18 Annual Budget. In determining the programme carry forward amount an assessment was made of the anticipated work to be completed by 30 June 2017. The 2017/18 Annual Budget then included the estimated remaining budget as the "balance of programme". For programmes summarised in the tables following the amount of work

completed overall by 30 June 2017 was less than anticipated with the budget balance of programme therefore being greater. For these programmes the budget amount is required to complete the programmes with the revised budget being required to be increased to the actual remaining budget balance, or a lesser amount. Similarly it had been expected that some other programmes would be completed by 30 June 2017 however this has not occurred with carry forward of the remaining budget also required to complete. Council is requested to note that for these programmes the carry forwards in the 2017/18 Annual Budget need to be increased by a net \$2,453,000.

\$000	New	Renewal	Total
Carry forward capital included in 2017/18 Annual Budget	12,772	2,149	14,921
Adjustment to actual carry forward available for those programmes included in the 2017/18 Annual Budget, net of reductions for additional work completed of \$340k	763	165	928
Additional carry forward required for programmes unable to be completed by 30 June 2017	894	631	1,525
Total to be carried forward to 2017/18	14,429	2,945	17,374

Note this excludes those programmes carried forward to later years. Programmes included are detailed in the tables below.

The capital budget included some programmes that required either further approvals, pre-requisite events or external funding to be obtained. Until these were satisfied those programmes could not be completed. The following table includes those significant programmes affected and the position at 30 June 2017, totalling \$4,974k. Also included are details of other programmes not able to be completed by year end and require carry forward to 2017/18 to enable completion. These total \$13,814k of the budgeted capital programmes. In total \$17,374k require carry forward to 2017/18 for completion and a further \$1,414k to 2018/19.

	Programme Number		Revised Budget \$000	2017/18 annual budget carry forward \$000	Adjustment required to 2017/18 carry forward \$000
Programmes awaiting Council or external decision (net of forecast expenditure to June 2017)					
Papaioea Place housing – submissions assessed, report to Council	357	New	250	140	56
City-wide traffic signal upgrades. CBD signals deferred pending central city streetscape layout trials being concluded.	175	Renewal	477	396	37
Broadway Ave upgrade – To coordinate with City Centre Streetscape project	1259	New	304	144	(3)
				680	90

Programmes requiring external funding (net of forecast expenditure to June 2017) (officers to engage with external parties as to progress on securing funding)					
Junior Road Safety Park (subject to part external funding) – funding confirmed, design commenced	1076	New	450	400	32
Globe Theatre - Mobility Access to Main Auditorium (subject to part external funding yet to be secured)	1176	New	143	143	
Walker's Road - New Shared Pathway (subject to part external funding funding yet to be secured)	1315	New	130	100	
				643	32
Programmes awaiting other parties (net of forecast expenditure to June 2017)					
Panieri Park Purchase of Adjacent Land – ongoing negotiations with land owner	1282, 1326	New	40	40	
Urban Growth - Whakarongo - Installation of Stormwater Systems. Land buyback option decision by the original land owners expected early 2017.	1001	New	350	250	100
- water – on hold pending Stormwater	1004	New	600	600	
- wastewater - pending James Line completion and new sub-division.	1000	New	220	185	35
- intersection upgrades	1003	New	24	24	
City Boundary Entrance Treatments	1131	New	504	496	
City-wide - Undergrounding of Power and Telecom Cables – required for works scheduling by Chorus 2017/18	829	New	236	235	
Water supply installation North East Industrial – awaiting new water bore, delayed	1005	New	150	150	
				1,980	135
Programmes not completed by June 2017 (being the estimated amount of programme not to be completed by June 2017)					
Photocopier replacement deferred	784	Renewal	103	102	
New Burial Berms - Kelvin Grove Main Lawn Area and Hillside, Ashhurst and Bunnythorpe Cemeteries	147	New	123	80	(6)
City-wide - Community Centre Refurbishments	265	Renewal	61	25	5
Library roof and HVAC replacement. Report December 2016 to Community Development Committee recommends work carried forward to 2017/18.	1291	Renewal	667	580	(26)
Digital Technology to Support 21st	1137	New	77	77	

Century Citizens and Services					
Central Library Replacement of Furniture and Fittings	178	Renewal	50	45	
The Library of the future. Report December 2016 to Community Development Committee recommends work carried forward to 2017/18.	1101	New	961	370	(9)
Freyberg toddler pool – delayed to accommodate bookings	285	New	248	240	(8)
Victoria Esplanade - New Aviary. Asbestos discovered in buildings for demolition has caused delay along with finalising design requirements has delayed tendering.	368	New	2,141	1,391	172
Sportsfield changing rooms – revisit scope of work for public toilets at Manawatu Cricket Pavillion	234	Renewal	889	52	119
CAB floors – fire compliance and consent requirements delayed	953, 281	Renewal	1,172	613	(9)
Manawatu River (Fitzherbert Bridge to Linton) - Cycle/Pedestrian Pathway. Delayed finalising the alignment with the property owner. When finalised construction commence.	977	New	1,481	1,021	(20)
Street lighting upgrade to LED's – procuring V lights, arriving in July.	1274, 1086	New	3,461	1,578	(216)
Kelvin Grove – new water bore. Progress slower than expected as dependent on availability of sole contractor.	985	New	1,128	628	15
Linklater Reserve Development – land rezoning issues compounded with a wet construction season	587	New	271	75	(32)
Turitea Valley Road/Pacific Drive - New Water Supply Link Pipe and Reservoir. – delays in construction	610	New	2,383	401	53
Clearview Reserve Development – delayed to incorporate pending subdivision application on adjoining property	697	New	102	30	2
Seismic Strengthening of Council Owned Buildings – shortage of seismic specialist	902,1016	New	372	150	17
Manawatu River - Downstream Pedestrian/Cycle Bridge Construction (subject to part external funding) – Resource Consent process well advanced	57	New	850	135	210
City Centre - Major Upgrade of Main Bus Terminal (Urban and Inter-regional Services) – revisit programme of work	243	New	145	95	71
Church/Ruahine Streets - Roundabout Safety Improvements – tender in progress	674	New	375	208	150

Waste Minimisation - Introduction of Recycling Wheelie Bins – programme approved in April, contractor engaged, 12 week delivery schedule	18	New	50	40	(2)
City-wide Pump Stations - Flow Capacity Improvements – hampered by wet weather conditions	198	New	52	25	
Water Safety and Security Mitigation – programme approved late Feb. Equipment on order, construction to follow through to next year	593	New	235	138	33
City-wide - Wastewater Pump Station Renewal	65	Renewal	139	97	
Totara Road Wastewater Treatment Plant - Replacement of PLCs and SCADA	1050	Renewal	117	30	(3)
Bunnythorpe Wastewater Connection to Palmerston North – wet weather has delayed decommissioning works	906	New	263	28	87
City-wide - Water Bores Renewals and Redevelopment – construction delayed due to project complications arising from the large size backflow requirements and space constraints	1305, 1058	Renewal	308	103	42
Non-Financial reporting System	1185	New	205	205	
Aerial Photography	68	Renewal	51	25	
Venues Manawatu – Replacement of Booking System	989	Renewal	87	81	
Urban Growth - Whakarongo - James Line Upgrade – resolution of Resource Consent with reasonable conditions is proving problematic, impending adjacent development have required a major re-design.	1287, 167	New	2,769	2,631	(5)
City-wide - Seismic Strengthening of Water Structures	1289, 651	New	480	319	31
				\$11,618	671
Adjustment to carry forward in 2017/18 Annual Budget required					928
Total for programmes included in the 2017/18 Annual Budget required to be carried forward to 2017/18	New \$13,535	Renewal \$2,314		\$14,921	\$15,849
Programmes that were not completed by June 2017 requiring additional carry forward to 2017/18 to complete			Revised budget		2017/18 carry forward required
City-wide - Minor Road Safety Improvements	279	New	816		324
Summerhill Drive - Pedestrian and Cycle Improvements	732	New	254		254

Totara Road Wastewater Treatment Plant - Replacement of Inlet Screens (Growth)	570	New	102		71
City-wide - Seismic Strengthening to Wastewater Structures	630	New	515		100
Turitea Upper Dam - Installation of Aeration Facility	986	New	116		26
Longburn - Water Collection Source and Storage Improvement	794	New	245		25
City-wide - Stormwater Improvement Works	1060	New	662		94
Lido Pool - Asset Renewals	596	Renewal	563		64
Footpath renewals – reprogrammed Cuba Street after consultation, work to complete in Quarter 2 next year.	64	Renewal	665		390
City-wide - Vehicle Crossing Replacements	162	Renewal	407		40
Water Safety and Security Renewal Projects	625	Renewal	111		99
Awapuni Resource Recovery Park - Replacement of Access Gate with Controlled Entry Gate	1085	Renewal	46		12
Turitea Water Treatment Plant - Replacement of SCADA System Hardware and Software	1063	Renewal	80		26
	New	Renewal			
Total additional programmes to be carried forward not in 2017/18 Annual Budget	\$894	\$631			\$1,525
Total programmes required to be carried forward to 2017/18	New \$14,429	Renewal \$2,945			\$17,374
Programmes not completed by June 2017 and carried forward beyond 2018 (being the estimated amount of programme not to be completed by June 2017)					
Manawatu River (Ashhurst to Riverside Drive) - Cycle/Pedestrian Pathway. Land access to be finalised.	235	New	958	642	
The Square East Side - Streetscape Upgrade – To coordinate with City Centre Streetscape project	244	New	193	192	
Urban Growth - Whakarongo - internal roads	1007	New	30	30	
Kairanga Bunnythorpe bridge Jacks	741	Renewal	550	550	

Creek (NZTA funding)					
				\$1,414	

Programmes not required, completed under budget			Revised budget	Not required	
Subdivision Contributions – dependent on developer activity during the year:					
- Roothing	201	New	162	57	
- Stormwater	51	New	104	72	
- Wastewater	73	New	104	89	
- Water	246	New	216	186	
Traffic signal installation Tremaine Ave/North St – completed work from previous year.	578	New	173	140	
City-wide - Seismic Strengthening to Wastewater Structures. Likely to be surplus as necessary scope of work is significantly reduced.	630	New	516	268	
Awapuni Landfill - Cover and Landscape – unfavourable weather conditions have impacted on landfill cover compost production	721	New	82	27	
	New	Renewal			
	\$839	\$-		\$839	

Programme Variances

The Project Progress section following includes details of amounts incurred for those projects with a budget of over \$200,000, including any variances. For projects of less than \$200,000 current year expenditure to date shows no significant unfavourable variances to revised budget, except for the following.

Description	Prog ID		FY 2017 Budget \$ 000	YTD 2017 Actual \$ 000	Explanation of Variance
Purchase land to link walkways	94	New	\$65k	\$396k	A number of land purchases have arisen as a result of subdivision activity within the city where esplanade strips can be purchased. There is a constant budget of \$65k per year for this purpose. It is difficult to predict when the land purchases will occur and some years are underspent and others such as the current year are overspent. Some of the acquisitions are as the result of long standing negotiations and

					commitments.
Skatepark Facility	738	New	155	208	With delays tender cost higher.
Water toby and meter replacements	214	Renewal	166	132	Largely reactive work with more failed tobies and meters.
Holiday Park renewals	270	Renewal	83	61	

Project Progress

The following report has been developed to show the progress of Council's major property related programmes, being those with projects over \$200,000. This shows the actual level of capital programme and project completion compared to the targeted completion and budget progress for these projects.



For each project there is comparison applying the criteria shown at the top of the first page. The project start and end dates are anticipated by staff at the beginning of the year, and it is this estimate that progress will be measured against with programmes included based on the project start date. Programmes which do not have a start date are included in the table above of programmes requiring decision, funding, etc.

Actual completion percentages are provided by staff using their professional judgement as to the level of progress on the project at the last day of the month.




Project Status Progress June 2016/17















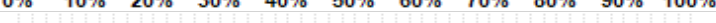












As at 28 July 2017

Project Progress Actual VS Targeted Completion

Actual completion is greater than Or Equal targeted completion	
Actual completion is up to 10% less than targeted completion	
Actual completion is less than 90% of targeted completion	

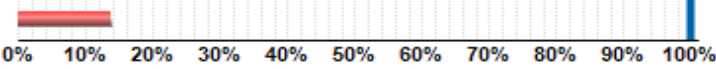

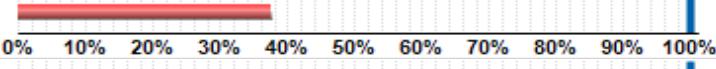

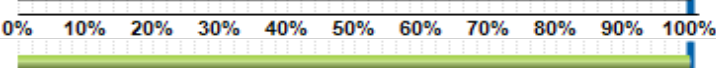

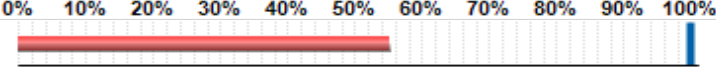



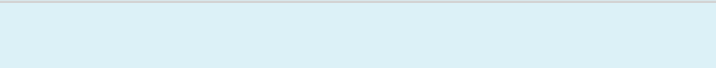

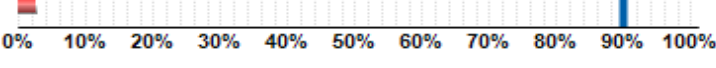

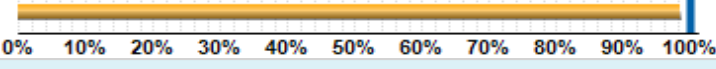

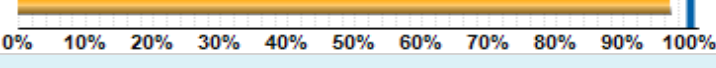

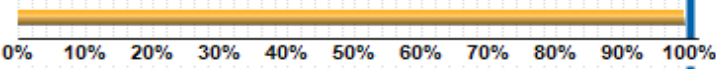

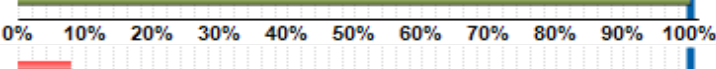



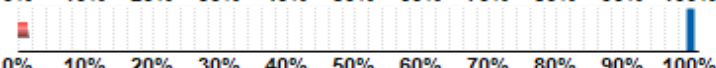

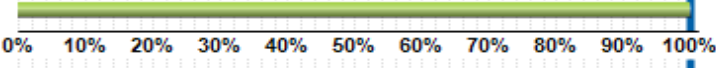

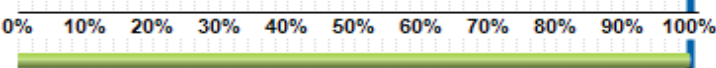

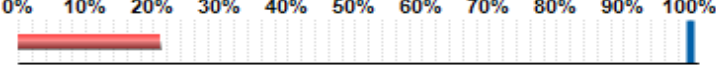

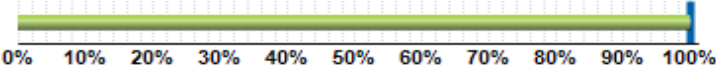

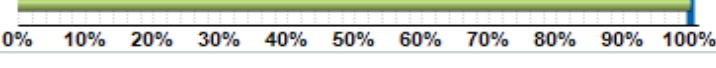



Project Financial YTD Actuals VS YTD Budget



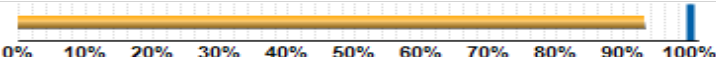
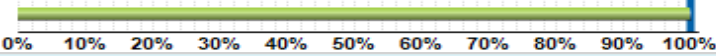

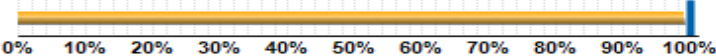

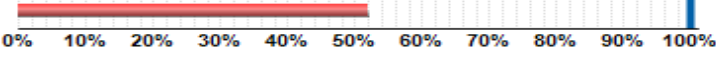

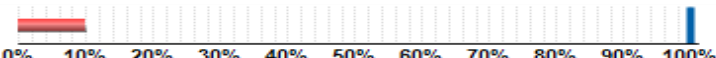

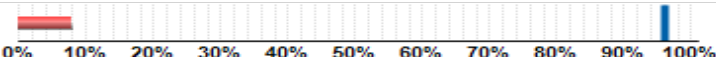

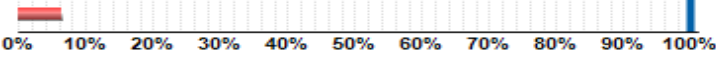

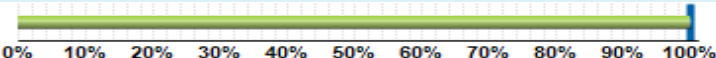

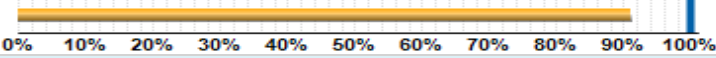

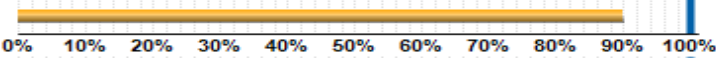

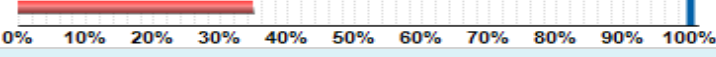

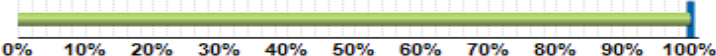

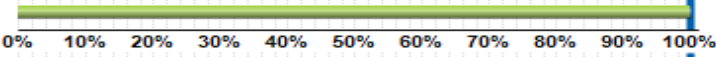

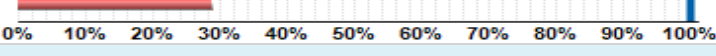

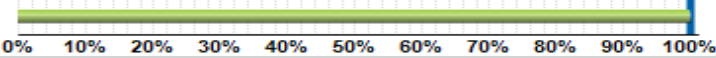
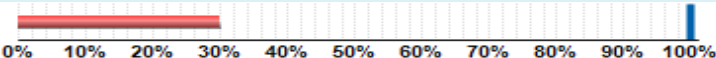

YTD actual is less than YTD budget	
YTD actual is up to 5% Or \$10,000 higher than YTD budget	
YTD actual is 5% Or \$10,000 higher than YTD budget	

Programme-Project	Start Date	End Date	Total Budget	Actual Progress	Targeted Progress	Project Progress  Targeted Progress  Actual Progress	Financial Actuals VS Budget	Comments
54-City-wide - Wastewater Pipe Renewal			1,303,450					
788-Argyle Ave Wastewater Main replacement	01/11/2016	31/01/2017	\$233,000	100.00%	100.00%			
789-Havill Street Wastewater Main Renewal	16/01/2017	31/03/2017	\$214,500	100.00%	100.00%			Project start was delayed to delays in Cuba Street w w replacement
57-Manawatu River - Downstream Pedestrian/Cycle Bridge Construction (subject to part external funding)(1275-C/fwd - Manawatu River - Downstream)			850,000					
935-Ped/Cycle Bridge - Design & Construction	08/08/2016	30/06/2017	\$715,000	32.10%	100.00%			Resource Consent issued, The appeal period expired with no appeals received. Design progressing. Physical works to commence next financial year (17/18). Construction period likely to be 18months due to steel supply from overseas markets.
115-City-wide - Sealed Pavement Renewals			1,379,884					
654-Tremaine Ave - Russell to Tyndall	18/07/2016	02/12/2016	\$254,000	100.00%	100.00%			Work will be completed by 09/12/16
835-Kelvin Grove Rd - Xing to Kaimanawa	05/09/2016	17/02/2017	\$234,000	100.00%	100.00%			
837-Tremaine Ave - Botanical to 304 Tremaine	14/11/2016	05/05/2017	\$259,868	100.00%	100.00%			Project works started with proj. 838 (separable portions), with completion by end of financial year.
838-Tremaine Ave - 304 Tremaine to Mangaone Bridge	14/11/2016	19/05/2017	\$253,337	98.40%	100.00%			
1116-Adjustment Project to reconcile Allocation with Programme	30/06/2017	30/06/2017	\$269,023	0.00%	0.00%			
139-City-wide - Sealed Road Resurfacing			1,719,888					
21-City Wide - Sealed Road Resurfacing	11/07/2016	28/04/2017	\$1,672,488	100.00%	100.00%			
162-City-wide - Vehicle Crossing Replacements			406,725					
24-City Wide - Vehicle Crossing Replacements	11/07/2016	30/06/2017	\$256,000	100.00%	100.00%			On target for completion to budget by year end
180-City-wide - Community Housing Refurbishments			549,929					
782- Units 5 - 9 Bodel Place Bedsit Renewals	01/07/2016	12/12/2016	\$549,929	100.00%	100.00%			Progress delayed as a result of awaiting for asbestos to be removed.
218-City-wide - Water Pipe Replacements			2,031,756					
779-Highbury Ave Water main renewal (Havelock to tremaine Ave)	01/03/2017	30/06/2017	\$232,000	100.00%	100.00%			
780-Morris Street Watermain Renewal	14/11/2016	27/02/2017	\$250,000	100.00%	100.00%			
781-Rugby St Water main renewal	17/10/2016	30/03/2017	\$600,000	100.00%	100.00%			Project rescheduled for later start. Started from March. Will be completed by 30 Jun.
234-Sportsfields Changing Room Refurbishments(759-C/fwd - Sportsfields Changing Room R)			888,919					
556-Bill Brown Changing Room refurbishment and extension	01/07/2016	28/04/2017	\$717,490	92.00%	100.00%			Currently on target to complete by Baseline Finish Date, but recent Contractor resource levels make Officer's believe this is at risk. Steps being taken to ensure a timely completion to the project.

235-Manawatu River (Ashhurst to Riverside Drive) - Cycle/Pedestrian Pathway(1225-C/fwd - Manawatu River (Ashhurst to)			957,989					
307-284 Te Matai Road to Riverside Drive - next to road	01/07/2016	31/01/2017	\$400,007	94.94%	100.00%			
279-City-wide - Minor Road Safety Improvements			815,890					
742-Harrison Hill Road Realignment	01/07/2016	24/02/2017	\$201,500	100.00%	100.00%			Protracted negotiations with adjacent landowner delayed start, but construction works are now progressing well. Recent storm event on freshly cut earthworks has created the need for extra drainage works associated
368-Central Energy Trust Wildbase Recovery Centre (subject to part external funding)(999-C/fwd - Central Energy Trust Wildbas)			2,141,001					
1007-Wildbase Recovery	26/08/2016	30/06/2017	\$750,000	11.40%	100.00%			Final contract negotiations took a little longer than hoped. Main contract site clearance underway last week of May. Exterior acoustic wall design complete and final detail for formwork linear moulds being worked through.
596-Lido Pool - Asset Renewals			562,652					
570-Lido Renewal of Boiler and Ducting	10/08/2016	24/10/2016	\$260,316	100.00%	100.00%			
610-Turitea Valley Road/Pacific Drive - New Water Supply Link Pipe and Reservoir(929-C/fwd - Turitea Valley Road/Pacific)			2,362,818					
979-Aokautere Water Supply - Silicon Way Pump Station construction	22/08/2016	29/04/2017	\$254,500	99.00%	100.00%			Delayed construction due to extensive negotiation with the contractor. Will finish before 30 June.
983-Aokautere Water Supply - New Reservoir design & construction	23/08/2016	30/06/2017	\$1,055,000	95.25%	100.00%			Reservoir completed. Only disinfection and commission to do to finish. Delayed due to bad weather.
984-Aokautere Water Supply - Turitea Road pump station tender and construction	23/08/2016	30/06/2017	\$400,000	99.05%	100.00%			To be commissioned until the Reservoir is ready.
621-Totara Road Wastewater Treatment Plant - Digester Lids Refurbishment			458,521					
946-WWTP Digester Lid Refurbishment	15/08/2016	31/05/2017	\$458,521	99.05%	100.00%			Weather delayed start of work
646-Awapuni Landfill - Gas Pipeline Link			382,320					
945-LFG Mechanical & Electrical Integration Project	23/08/2016	31/01/2017	\$301,000	100.00%	100.00%			Work completed within budget
473-Gas Pipeline Link - Awapuni to WWTP	01/07/2016	30/12/2016	\$81,320	100.00%	100.00%			Additional unexpected internal costs charged following approval for additional programme budget.
672-Ngahere Park Road - Strengthening of One-Lane Bridge			400,000					
736-Ngahere Park Road - Strengthening of One-Lane Bridge	01/07/2016	28/02/2017	\$400,000	97.45%	100.00%			Consents granted and tender awarded. Construction started mid April, delayed due to storm event early April.
794-BC - Longburn - Water Collection Source and Storage Improvement			245,293					
485-Longburn Water Supply - Upgrade to achieve firefighting capacity	01/07/2016	30/06/2017	\$204,873	98.10%	100.00%			Late start due to the delay of the site designation coming through. Working hard aiming for finishing by 30 June.
902-Seismic Strengthening of Council Owned Buildings(1016-C/fwd - Seismic			371,947					
625-Te Manawa Work to Atrium area	01/07/2016	30/09/2016	\$205,011	100.00%	100.00%			
977-Manawatu River (Fitzherbert Bridge to Linton) - Cycle/Pedestrian Pathway (subject to part external funding)(1229-C/fwd - Manawatu River (Fitzherbert)			1,481,125					
1035-Stage 1A Path Construction	26/09/2016	21/12/2016	\$319,211	98.91%	100.00%			Project completed
985-Kelvin Grove Water Supply Zone - New Bore(1235-C/fwd - Kelvin Grove Water Supply Z)			1,128,399					
411-Bore construction	01/07/2016	30/06/2017	\$500,000	95.00%	100.00%			Progressing slower than projected due to internal issues of the contractor. Currently progressing well. Forecast for programme to extend into 17/18. Recommended carry forward of \$500K to allow for project to be completed.
1037-Mangaone Stream Shared Path - Underpass at Botanical Road			273,781					
864-Botanical Road Underpass Construction	22/07/2016	30/06/2017	\$273,781	90.00%	95.00%			
1038-Mangaone Stream Shared Path - Underpass at Highbury Avenue			273,781					
865-Highbury Ave Underpass	01/02/2017	31/05/2017	\$273,781	100.00%	100.00%			
1056-Totara Road Wastewater Treatment Plant - Replacement of Inlet Screens (Renewal)			407,574					
818-WWTP Inlet Screen Upgrades	20/07/2016	30/06/2017	\$336,611	33.50%	58.00%			Delays in tendering & awarding of contract. Actual YTD in advance of projected cashflow, but on target to meet annual budget

1058-City-wide - Water Bores Renewals and Redevelopment(1305-C/fwd - City-wide - Water Bores Ren)			308,400					
499-Papaioea Park Bore 1 replacement	01/07/2016	30/06/2017	\$200,000	74.00%	100.00%			Delay due to backflow design on the pump station.
1062-City-wide - Stormwater Renewal Works			763,379					
650-Ferguson St SW Upgrade - Fitzherbert to Linton	01/07/2016	28/10/2016	\$588,968	100.00%	100.00%			
1084-Central Energy Trust Arena - Masterplan Priority 1 Projects			256,000					
856-Way Finding	01/02/2017	30/06/2017	\$251,000	100.00%	100.00%			
1086-City-wide - Street Lighting Upgrade to Current LEDs(1274-C/fwd - City Wide - Street Lighting)			3,461,063					
670-LED Upgrade Project	01/07/2016	30/06/2017	\$1,883,211	96.15%	100.00%			All "P" lamps will be installed by June 2017. Design of "V" lamps underway. Expect tender to be released prior to year end to ensure procurement & installation during 17/18. NZTA subsidy now confirmed to increase from 51% to 85% for this programme.
1109-Awapuni Resource Recovery Park - Safety Improvements to Materials Recovery Facility and Landfill Site			588,842					
641-MRF Sprinkler Installation	01/07/2016	31/03/2017	\$347,656	90.00%	100.00%			Commencement delayed due to contractor availability, completion to occur 8 weeks behind schedule - End of May
697-MRF Water Supply Main for Sprinklers	01/07/2016	31/08/2016	\$241,186	100.00%	100.00%			
64-City-wide - Footpath Renewals and Replacements			664,571					
1-Asphalt - City Wide - Footpath Renewal and Replacements - Adhoc projects	11/07/2016	30/06/2017	\$105,000	100.00%	100.00%			Work is progressing steadily. External Contract for Church Street renewal work currently out for tender. All works will be completed prior to year end.
2-Concrete - City Wide - Footpath Renewal and Replacements - Adhoc projects	11/07/2016	30/06/2017	\$150,000	100.00%	100.00%			Works initially delayed due to other higher priority work. Work now progressing steadily with completion by end of financial year.
616-Queen St (Stage 2) - Footpath renewal element (funding from prog 64	01/07/2016	31/08/2016	\$30,000	100.00%	100.00%			
98-City-wide Reserves - Renewals (Victoria Esplanade, Memorial Park, Ashhurst Domain and The Square)			245,760					
890-Esplanade Playground Gardens	01/08/2016	17/10/2016	\$15,000	100.00%	100.00%			
891-Conservatory waterfall	15/08/2016	31/03/2017	\$10,760	100.00%	100.00%			Construction timetable revised to suit resource availability. Work now underway and should be completed without further delays.
893-Victoria Esplanade boardwalk construction 2016/17	01/08/2016	30/11/2016	\$39,470	100.00%	100.00%			Complete - final payment Dec 2016
897-Esplanade Paddling Pool Chlorination and filtration system replacement	15/08/2016	30/11/2016	\$46,350	100.00%	100.00%			
966-Square lime paths to paving	30/09/2016	30/04/2017	\$42,174	59.00%	100.00%			The pavers were ordered from overseas, but have been delayed in transit. It is estimated this will delay the project by no more than 4 weeks and should be complete by 31/05/17.
1092-Install LED Luminaires to the Square Railway feature lights	29/03/2017	29/03/2017	\$15,000	100.00%	100.00%			
1102-Ashhurst Domain Renewal of access track to Domain Lower Flats	01/05/2017	31/05/2017	\$58,000	95.00%	100.00%			
1113-Fitzherbert Park Ladies Toilet Block Renewal	01/09/2017	30/06/2017	\$40,000	0.00%	0.00%			

122-City-wide - Road Drainage Replacements(1334-C/fwd - City-wide - Road Drainage R)			465,051					
618-Cuba St - K&C replacement, footpath replacement and resurfacing	01/07/2016	31/05/2017	\$14,556	13.65%	100.00%			Project linked to 617 & 621. In response to consultation undertaken the project design has now been finalized, with four phases of construction proposed to minimise disruption at any given point. The project will be tendered this financial year, with the first phase of the project commencing next financial year anticipated to start in July.
839-Edgeware Rd - K&C renewal (linked to footpath and vehicle xing renew als)	26/07/2016	30/11/2016	\$14,000	37.60%	100.00%			Contract let in conjunction with Project 1026 Birmingham K&C and Church Street A/C footpath renewal works.
887-Broadway Ave - Victoria to Vivian K&C Renew al	01/08/2016	23/12/2016	\$78,495	100.00%	100.00%			
907-Cook Street #12 to 22 K&C Replacement	02/08/2016	30/09/2016	\$20,000	100.00%	100.00%			
1026-Birmingham Street - Seddon to Liverpool St	01/09/2016	31/05/2017	\$105,000	55.20%	100.00%			Contract let in conjunction with Programme 839-Edgeware K&C and Church Street A/C footpath renewal works.
1110-Rangiora Avenue - Vogel to Andrew Ave	08/05/2017	30/06/2017	\$132,000	100.00%	100.00%			Contract let, work commenced and expected to finish by year end.
167-Urban Growth - Whakarongo - James Line Upgrade - Stage 3(1287-C/fwd - Urban Growth - Whakarongo -)			2,768,597					
544-James Line Reconstruction - Stage 3	01/07/2016	28/04/2017	\$135,000	2.50%	90.00%			Council has received draft consent conditions from Horizons Regional Council. The consent conditions place significant monitoring obligations on Council that could have implications for future works and a response is being carefully considered. A decision on tendering the works will be made once further progress is made on the resource consent matters.
175-City-wide - Traffic Signals Renewals(1332-C/fwd - City-wide - Traffic Signals)			476,580					
388-Traffic Signal Controller Renew al	01/07/2016	30/06/2017	\$81,000	98.50%	100.00%			Practical completion on all works reached.
246-City-wide - Water Subdivision Contributions			215,696					
977-Citywide contribution to new subdivisions	29/08/2016	30/06/2017	\$45,000	97.00%	100.00%			
281-Civic Administration Building - Refurbishments(953-C/fwd - Civic Administration Buildin)			1,172,389					
432-Civic Administration Building Consultancy Advice	01/07/2016	30/06/2017	\$72,362	99.00%	100.00%			
1002-CAB Ground floor carpets	31/10/2016	30/12/2016	\$47,285	100.00%	100.00%			
1003-CAB Ceiling Tile Replacement	20/02/2017	10/04/2017	\$95,000	8.00%	100.00%			Detailed documentation is still being completed.
1004-CAB 5th floor renew als	24/10/2016	30/06/2017	\$45,900	0.95%	100.00%			Some minor alterations required to Tender Documents. Unlikely to start work this 2016/17 financial year.
1005-CAB Fire Safety Upgrades	10/10/2016	30/06/2017	\$15,283	1.25%	100.00%			Some minor alterations required to Tender Documents. Unlikely to start work this 2016/17 financial year.
1051-Met Station Replacement	24/10/2016	30/11/2016	\$25,000	100.00%	100.00%			
1070-CAB Meeting Room First Floor South	18/01/2017	17/02/2017	\$49,280	100.00%	100.00%			Project complete
1088-CAB - Cafe Upgrade	07/03/2017	07/03/2017	\$10,000	100.00%	100.00%			
1101-CAB - Cooling Tower Replacements	17/05/2017	30/06/2017	\$104,100	21.00%	100.00%			Work has started - new equipment on order. Due start July 2017.
1115-Council Chamber Heating Upgrade	17/05/2017	31/05/2017	\$110,000	100.00%	100.00%			
1144-CAB Air Conditioning Units replacement at Arranged Marriage	19/06/2017	19/06/2017	\$29,095	100.00%	100.00%			

285-Freyberg Pool - Modifications to Toddler Pool(607-C/fwd - Freyberg Pool - Modification)			247,808					
932-Freyberg Extend Learner and Toddler Pool	20/12/2016	31/01/2017	\$15,575	95.00%	100.00%			Due to the planned usage of this facility there is no downtime window sufficient to allow this project to be completed within the financial year. This project is now programmed to be completed July 2017.
357-Papaioea Place Community Housing - Eco Friendly Unit Replacements(1277-C/fwd - Papaioea Place Community Ho)			250,000					
176-Papaioea Place Community Housing - Eco Friendly Unit Replacements	02/09/2016	30/06/2017	\$25,000	8.00%	25.00%			ROI process completed. Two companies submitted to the final stage. One preferred design. report being written for March Finance and Performance Committee. Documentation and site preparation in current FY.
899-Papaioea Place Window upgrade	08/08/2016	31/10/2016	\$50,000	93.00%	100.00%			
1089-Asbestos Survey Papaioea Place	09/03/2017	31/03/2017	\$35,234	100.00%	100.00%			
587-Linklater Reserve Development(760-C/fwd - Linklater Reserve Developmen)			271,063					
815-Linklater Toilet	01/07/2016	31/03/2017	\$95,749	98.96%	100.00%			Toilet delivered to site in April, services currently being laid.
816-Linklater Planting	01/07/2016	27/02/2017	\$12,495	52.00%	100.00%			Draft planting plan completed. Requires consultation with Airport Company and revision with operations division. Infill gully planting completed where trees removed for log scramble. Finalise planting plan for remainder of land next in second half of 2017.
823-Linklater Bike Pump track completion and skills area	01/07/2016	31/05/2017	\$24,998	10.00%	100.00%			Pump track work now 90% complete. Weather prevented last loads of lime being taken on to the site. External contractor had programmed skills area work for late May/June to fit in with his other work. External contractor workload and weather means this is behind and will be completed in 2017/2018. Other work was accelerated instead.
824-Linklater Picnic area	01/08/2016	31/03/2017	\$29,998	8.00%	96.00%			Initial delay with external design work not being done to build budget. Plans reviewed took additional time. Tech Services have completed construction drawings. Accessible path basecourse construction brought forward to allow access up the hill for picnic area construction but work will need to be carried forward due to ground conditions. Overall budget managed to accommodate this.
827-Linklater Adventure Play	01/08/2016	31/05/2017	\$17,061	6.27%	100.00%			Work was being held as a flexible amount pending the final costs and timing on higher risk items such as the public toilet and picnic area in order to ensure stayed within budget. Contractor to construct log scramble had trouble securing a suitable digger with a grab bucket for moving logs to get the work done. Initial set out and excavation underway but digger broke down. Log scramble and loose equipment area expected to be complete in July.
593-Water Safety and Security Mitigation(750-C/fwd - Water Safety and Security Mi)			234,500					
1075-Citywide bores instalation of on-line instruments to monitor the Chlorine compind levels	20/02/2017	30/06/2017	\$38,952	100.00%	100.00%			
1076-Turitea Water Treatment Plant - Water Safety Improvement	01/03/2017	30/06/2017	\$32,830	91.00%	100.00%			
608-Totara Road Wastewater Treatment Plant - Refurbishment of Primary			219,850					
821-Totara Rd WWTP Replacement Plant & Equipment	11/08/2016	31/01/2017	\$177,902	90.00%	100.00%			
1018-Upgrades to ancillary equipment at WWTP	03/10/2016	28/04/2017	\$41,948	35.00%	100.00%			Delays in completion of design, equipment has been delivered still expect to meet scheduled finish date.
630-City-wide - Seismic Strengthening to Wastewater Structures			515,500					
665-Maxwells Line Geotechnical Improvements	01/07/2016	30/06/2017	\$77,890	100.00%	100.00%			
845-Maxwell's Line Flow Chamber Improvements	25/07/2016	31/10/2016	\$21,500	100.00%	100.00%			
1022-Small Pump Station Upgrades	28/09/2016	30/06/2017	\$76,000	28.75%	100.00%			
651-City-wide - Seismic Strengthening of Water Structures(1289-C/fwd - City-wide - Seismic Strengt)			479,816					
504-City water structures seismic strengthening	01/07/2016	30/06/2017	\$126,500	100.00%	100.00%			Further delay due to key design engineer from the Consultancy firm moved on. Carry forward projected.
674-Church/Ruahine Streets - Roundabout Safety Improvements(703-C/fwd - Church/Ruahine Streets - Rou)			375,000					
1025-674-Church/Ruahine Streets - Roundabout Safety Improvements	26/08/2016	30/06/2017	\$12,000	30.00%	100.00%			Project tendered but costs is well in excess of funding. Subject to specific assessment and reporting to Council.

906-Bunnythorpe Wastewater Connection to Palmerston North(1233-C/fwd - Bunnythorpe Wastewater Conn)			263,288																
220-Bunnythorpe Wastewater Interconnection to Palmerston North	01/07/2016	28/10/2016	\$75,000	100.00%	100.00%	<div><div></div></div>	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%		
1000-Urban Growth - Whakarongo - Installation of Wastewater Systems(1307-C/fwd - Urban Growth - Whakarongo -)			220,000																
1013-Whakarongo Design project	03/10/2016	30/06/2017	\$35,000	18.60%	100.00%	<div><div></div></div>	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%		These works need to be timed with those of the developer in the local area. These works have not reached a point where Council can initiate its own works.
1001-Urban Growth - Whakarongo - Installation of Stormwater Systems(1284-C/fwd - Urban Growth - Whakarongo -)			350,000																
1014-SW Design Whakarongo	01/11/2016	31/01/2017	\$12,000	54.00%	100.00%	<div><div></div></div>	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%		
1051-Central Energy Trust Arena - Combined Asset Refurbishment			645,899																
563-Arena Design Work - Various Projects	22/07/2016	30/06/2017	\$14,000	100.00%	100.00%	<div><div></div></div>	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%		
795-Arena 1 Ground Floor Public Toilets Flooring Upgrade	24/08/2016	31/08/2016	\$12,597	100.00%	100.00%	<div><div></div></div>	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%		
796-Arena 1 Level 4 Air Con Upgrade	03/10/2016	30/11/2016	\$11,279	100.00%	100.00%	<div><div></div></div>	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%		Purchase order issues, works to commence in March
797-Arena 1 Press Benches Upgrade	01/08/2016	31/05/2017	\$97,034	100.00%	100.00%	<div><div></div></div>	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%		
798-Arena 1 Lift Entrance Upgrade	03/04/2017	31/05/2017	\$19,700	80.00%	100.00%	<div><div></div></div>	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%		The contractor Otis have been very hard to communicate with. Job booked for 13th June.
800-Arena 1 Chiller to Freezer Upgrade	01/11/2016	30/11/2016	\$19,727	100.00%	100.00%	<div><div></div></div>	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%		
801-Arena Misc. Renewals	15/08/2016	30/06/2017	\$177,889	77.00%	100.00%	<div><div></div></div>	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%		On Track
803-Arena 2 Corporate Lounge Carpet Replacement	01/09/2016	30/09/2016	\$38,438	100.00%	100.00%	<div><div></div></div>	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%		
804-Arena 2 Concourse & Alfex Room Carpet Upgrade	01/09/2016	30/09/2016	\$27,598	100.00%	100.00%	<div><div></div></div>	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%		
806-Arena 2 Floor Protection Renewal	01/08/2016	16/11/2016	\$42,639	100.00%	100.00%	<div><div></div></div>	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%		
807-Arena 2 Upgraded Rigging Design	01/03/2017	29/04/2017	\$19,770	100.00%	100.00%	<div><div></div></div>	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%		Job is 70% complete, waiting for Arena 2 to be vacant again to complete, probably mid May
811-Arena 6 Fencing for Seating	01/08/2016	30/09/2016	\$26,334	100.00%	100.00%	<div><div></div></div>	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%		
812-Arena 6 Field Roadway Upgrade	01/02/2017	28/02/2017	\$28,460	100.00%	100.00%	<div><div></div></div>	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%		Waiting for works on new rugby training centre to finish before this work is done, will be completed in May.
813-Arena 6 Field Pavers Upgrade	09/01/2017	28/02/2017	\$32,750	100.00%	100.00%	<div><div></div></div>	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%		
853-Arena 4 Seating Upgrade	01/02/2017	31/03/2017	\$32,500	100.00%	100.00%	<div><div></div></div>	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%		Will be delivered mid-May
1056-Arena 2 Lighting Design and Specification	07/11/2016	30/06/2017	\$15,000	100.00%	100.00%	<div><div></div></div>	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%		Final design not due until June
1125-Arena 1 Speedway Lights Replacement	01/07/2017	30/06/2017	\$146,927	0.00%	0.00%	<div><div></div></div>	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%		
1126-Arena 1 Fire Compliance	01/07/2017	30/06/2017	\$150,000	0.00%	0.00%	<div><div></div></div>	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%		
1137-Misc. Renewals	01/07/2017	30/06/2017	\$37,714	0.00%	0.00%	<div><div></div></div>	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%		
1259-Broadway Avenue Upgrade(749-C/fwd - Broadway Avenue Upgrade)			304,200																
934-Broadway Avenue Upgrade	08/08/2016	28/04/2017	\$150,631	39.10%	100.00%	<div><div></div></div>	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%		Festoon lighting completed within Berryman's Lane. Now working on implementing approved design (as supported by Council). all works scheduled for this year complete. Carryforward for rest of works required.
1291-Library Roof and HVAC Replacement(594-C/fwd - Library Roof and HVAC Replacement)			666,667																
876-Library - Leaky Roof Repairs	25/07/2016	30/06/2017	\$75,000	90.05%	100.00%	<div><div></div></div>	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%		
877-City Library - HVAC Renewals	23/01/2017	30/06/2017	\$12,000	89.30%	100.00%	<div><div></div></div>	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%		

Summary of Programmes Spanning Multiple Years															
As at 30 June 2017															
The following summarises capital programmes which were intended to span more than one year and be viewed in total. As such expenditure is ongoing with the programmes to be viewed against both past and future budgets. Variances reflect the difference to budget at a point in time and not the full programme or what may ultimately occur.															
Included below are the full year budgets for each year and actual expenditure. For the current year actual expenditure is year to date with work to be completed within the full year budget shown in the "Current Year Available" column. In previous years budgeted work in some cases has been unable to be completed with remaining budget carried forward forward to subsequent years or to be completed in the following year within that budget. In these instances the budget is shown in the initial year approved and if carried forward that part of the "Prior Years Variance" will be applied against subsequent programme expenditure. Refer to the comments below for explanation of the status of each programme.															
Assumptions															
1.	Includes those programmes scheduled to be completed over multiple years to report total cost.														
2.	Includes "new" programmes only. Renewal programmes are excluded as these relate to renewals each year and are not a cumulative, ongoing programme.														
3.	Budget includes adjustment for carry forward amounts to exclude these and include the approved annual plan budget only.														
4.	Excludes programmes which span a year purely due to not being completed by year end and requiring carry forward to complete.														
	These are managed by adjusting revised budget to remaining budget with any material overspend reported as part of programmes over budget.														
5.	Excludes those programmes which are continuous in nature and managed on an annual basis, for example subdivision contribution programmes.														
6.	Includes costs incurred to the date of the report above.														
			\$000					Annual Plan			Annual Plan		Prior	Current	Total
			Actual Cost (from 2014)				Actual	Budget (from 2014)			Budget		Years	Year	Budget
Programme Name	ID		2014	2015	2016	2017	Total	2014	2015	2016	2017	Total	Variance	Available	Available
New															
Community Housing - Papaioea Place eco friendly unit replacements	357		-	-	-	54	136	2,573	(3,066)	250	-	332	250	(54)	196
Victoria Esplanade-New Aviary	532		142	91	-	578	937	737	(478)	2,675	(533)	2,500	2,674	(1,111)	1,563
Central Energy Trust Arena - Masterplan Priority	1084				263	260	523			250	256	506	(13)	(4)	(17)
Roading - Manawatu River - Ashhurst to Riverside Drive cycle/pedestrian pathway	235, 1225		205	29	(288)	322	1,035	378	575	-	-	1,671	958	(322)	636
Manawatu River - downstream pedestretrian/cycle bridge	57		-	-	-	505	505	-	-	850	-	850	850	(505)	345
Manawatu River Fitzherbert Bridge to Linton pedestretrian/cycle pathway	977		-	-	419	481	900	-	400	1,000	500	1,900	981	19	1,000
City Wide - street lighting upgrade to LED	1086		-	-	69	2,100	2,168	-	-	2,530	1,000	3,530	2,461	(1,100)	1,361
Turitea Valley Rd/Pacific Dr new water supply and reservoir	127, 610		52	398	2,301	1,909	4,706	208	1,740	709	2,257	5,160	106	348	454
The Library of the Future	1101					600	600				961	961	-	361	361
The Square - streetscape upgrade															
The Square East Side - Streetscape Upgrade	244					8	8				193	193	-	185	185
Whakarongo urban growth															
Whakarongo, James Line upgrade (2016 on)	167				181	143	324			2,247	703	2,950	2,066	560	2,626
Urban Growth Whakarongo installation of wastewater	1000		-	18	-	-	18	-	18	30	190	238	30	190	220
Urban Growth Whakarongo installation of stormwater	1001		-	-	-	-	-	-	-	350	-	350	350	-	350
Urban Growth Whakarongo installation of water supply	1004		-	-	-	-	-	-	-	502	98	600	502	98	600
Urban Growth installation of water supply north-east industrial	1005		-	-	-	-	-	-	-	150	-	150	150	-	150
Total			400	536	2,944	6,959	11,860	3,895	(811)	11,542	5,625	21,891	11,365	(1,335)	10,031
Comments															
Community Housing - Papaioea Place eco friendly unit replacements															
2011, 2012, 2013, 2014 - feasibility studies continuing. Budget carried forward to 2012, 2013 and 2014 however 2013 c/f limited to \$500k, so budget reduced to this.															
From 2015/16 new budget amount applicable for all expenditure from 1 July 2015.															
Victoria Esplanade-New Aviary															
At 1/7/15 remaining budget \$5,414k with \$4,916k by external funding. To 30/6/15 was net budget, from 1/7/15 grossed up so reduced to budget available. \$533k carried forward to future year.															
Roading - major upgrade of main bus terminal															
Balance of programme applied to fund Ngahere Rd bridge additional approval.															
City Wide - street lighting upgrade to LED															
\$170k of programme transferred to fund additional approval undergrounding of cables.															
Turitea Valley Rd/Pacific Dr new water supply and reservoir															
Prog 127 carry fwd 2013 limited to \$235k, 2015 to \$1,698k, so budget reduced to this, then combined with prog 610. Net of part programme surplus, transferred to other programmes.															
Urban Growth installation of water supply north-east industrial															
Prog 1001 had \$460k carried forward to future year.															
Prog 1005 had \$500k transferred to prog for new water bore. \$172k carried forward to future year.															

Palmerston North City Council	CAPITAL EXPENDITURE						
Detailed Groups of Activities	2016/17 \$000'S						
For the twelve months ending 30 June 2017	ACTUALS	REVISED BUDGET YTD			FULL YEAR		
	Expenditure YTD	Expenditure YTD	Variance Actual to Budget YTD	Variance ahead/ behind Budget	Revised Budget Full Year	Annual Plan Budget Full Year	
Leadership	0	-	0	ahead	-	-	
Community Support	842	1,109	(268)	behind	1,109	1,109	
Work and City Promotion	355	449	(95)	behind	449	449	
Regulatory	48	56	(7)	behind	56	56	
Roading and Parking	10,278	20,289	(10,011)	behind	20,289	18,661	
Rubbish and Recycling	1,363	1,412	(49)	behind	1,412	929	
Stormwater	1,485	2,041	(555)	behind	2,041	1,941	
Wastewater	2,876	4,001	(1,125)	behind	4,001	3,738	
Water	6,101	8,965	(2,864)	behind	8,965	9,225	
Leisure	7,367	11,086	(3,719)	behind	11,086	11,104	
Support Services	2,396	3,521	(1,125)	behind	3,521	3,463	
TOTAL GROUP OF ACTIVITIES	33,111	52,929	(19,818)	behind	52,929	50,676	
The revised budget is after adjusting the 2016/17 Annual Plan capital expenditure budget for the following Council approved variations:		Summary:			Total	New	Renewal
Annual Plan Total Capital Expenditure Budget		50,676	Actual expenditure YTD		33,111	15,221	17,890
Adjust annual plan carry forwards to actual programme amount available to carry forward		1,588	Budget expenditure yet to incur		-	-	-
Council approved variations:			Programmes awaiting Council decision		770	337	433
Ngahere Rd bridge		139	Programmes requiring funding		675	675	-
Walding St land		150	Programmes awaiting other parties		2,115	2,115	-
Turitea Forest roading		125	Programmes not required		839	839	-
Service development vehicles		60	Programmes carry forward required to 2017/18		13,814	11,302	2,512
Solar panels for parking meters		101	Programmes carry forward required to 2018/19		1,414	864	550
Awapuni MRF infeed conveyor		50	Completed under/over budget		191	(258)	449
Stormwater renewal works urgent replacement		40	Total Revised Budget		52,929	31,095	21,834
			Total revised budget includes:				
			Carry forward from 2015/16		16,814	14,091	2,723
			Additional carry forward required to budget		1,837	1,687	150
			Additional Council approved programme		268	255	13
			Adjustment to reduce to budget available		(517)	(375)	(142)
Revised Budget Total Capital Expenditure		52,929			18,402	15,658	2,744

Attachment 4 - Net Debt

The table following summarises the net debt movement year to date with "Net Debt" being gross debt less the investment fund.

\$M	June 2016	March 2017	June 2017	June 2017 Revised Budget	Full Year Revised Budget	Full Year Annual Plan Budget
Gross Debt	(101.3)	(97.0)	(97.0)	(117.1)	(117.1)	(114.8)
Investment Fund	5.6	4.6	2.6	2.6	2.6	2.6
Cash and investments	-	0.9	0.6			
Cash Movement Net Debt	(95.7)	(91.5)	(93.8)	(114.5)	(114.5)	(112.2)
Investment Fund:						
- Revaluation	-	-	0.1			-
Net Debt	(95.7)	(91.5)	(93.7)	(114.5)	(114.5)	(112.2)

Note full year budget is budget movement added to the actual opening balances.

Council in June 2016 approved the increase in net debt as required in the 2016/17 annual plan and shown in the full year annual plan budget column above. Since that time Council has approved increases in operating expenditure and capital expenditure which may have required additional debt as reflected above in the full year revised budget column, should all budgeted costs and capital expenditure be incurred. This was unlikely.

At June 2017 net debt has increased from March but is lower than June 2016 year end. Debt has remained lower than budgeted due to the favourable operating variance, a working capital requirement similar to last year, and lower capital expenditure incurred, including receipt of capital revenues for capital work to be completed.

The budget included that during the year there would be an increase in net debt required to fund new capital expenditure, less planned debt repayment included in rates. Net debt during the year is also influenced by:

- Operating cashflow generated and working capital requirements. Operating cashflow is used to fund renewal capital expenditure and debt repayment. Operating cashflow is above budget due to the favourable YTD operating variance with net working capital balances similar to that budgeted.
- Renewal capital expenditure less capex revenue, funded by operating cashflows. Net renewal capital expenditure is lower than budget.
- New capital expenditure less capex revenue with the net funded by borrowing. Net new capital expenditure is lower than budget.
- Investment fund valuation.

Overall the effect of these is that year to date cash movement net debt is lower than that budgeted.

To conform with PBE accounting standards the Long Term Investment Fund and interest rate swap derivative instruments are revalued quarterly, the last being as at 30 June 2017. Management have limited control over these and they are included in the net operating result. As non-cash items neither were intended to affect rates with budgets including no allowance for revaluation.

Council utilises the interest rate swap agreements to manage interest rates over a period of years so as to provide certainty of cashflows, and minimise the overall cost over the period of years while removing the volatility that changes in interest rates could create on rates (including targeted rates) required from ratepayers. The effective cash incurred interest rates are incorporated in budgets and the LTP.

Attachment 5 - Financial Position and Cash Flow for the Period

Following are a Statement of Financial Position and Statement of Cash Flows for the year to date, with the latter including a full year revised budget to reflect the requirements of approvals subsequent to the 2016/17 annual plan.

The statement of financial position is similar to at June 2016 with movements reflecting changes in working capital, capital expenditure, plus associated movement in net borrowing required. The three yearly revaluation of infrastructural assets has increased the value of these assets reflecting a higher replacement cost, less assessed usage, and Council equity of \$99 million compared to a budget expectation of \$34m.

Net trade receivables are higher than June 2016 with payables and accruals also higher. Overall this increase in accruals and revenue in advance reduces net debt.

The year to date budget amounts in the Statement of Cash Flows have been incorporating estimated cash receipt and payment timing differences from the amounts recorded for accrual accounting purposes using timings as applied in previous years.

Operating cash flows for the period are higher than the phased budget reflecting:

- higher rates received, increasing operating cash flows slightly
- other revenues received higher than budget, increasing operating cash flows slightly
- level of interest paid similar to budget
- lower level of expenses paid than budgeted, increasing operating cash flows.

Cash flows show a cash flow surplus from operating activities of \$27.6m for the period (excluding GST and capital revenues), compared to a budgeted surplus of \$24.2m. This is required to fund operating costs plus over the year property, plant and equipment renewal expenditure and planned debt repayment. Rates collections are slightly behind that expected with the amount outstanding slightly higher than same time last year. The amount of penalties charged year to date is up on last year.

Receivables

The following table summarises the total trade and rates receivables at the end of the period with comparison to the same month last year.

At 30 June 2017:




\$000	Current	1 Month	2 Months	3 Months	Unallocated	Total
Trade Receivables						
Current Year	1,543	454	55	1,318	(125)	3,245
	47.6%	14.0%	1.7%	40.6%	(3.9%)	
Prior Year	2,020	343	39	564	(210)	2,756
	73.3%	12.4%	1.4%	20.5%	(7.6%)	
Rates Receivables	Current Year	1 year	2 years	> 2 years		
Current Year	1,450	44	10	-		1,504
Prior Year	1,242	60	4	-		1,306

Rates are as at 3 July each year.

Palmerston North City Council
Statement of Financial Position
as at 30 June 2017

	2016/17		2015/16
	as at 30 June 2017		As at 30 June 2016
	Actual	YTD Rev Budget	Actual
	\$,000s	\$,000s	\$,000s
Current Assets			
Cash & Short Term Deposits	1,279	679	679
Trade and other receivables	7,650	6,335	7,556
Inventory	528	406	406
Derivative financial instruments	-	439	439
Non-current assets held for sale	-	-	-
Total Current Assets	9,457	7,859	9,080
Non-Current Assets			
Property, plant and equipment	1,536,515	1,492,491	1,431,063
Intangible Assets	1,498	1,552	1,552
Biological Assets	1,248	827	827
Investment Properties	5,335	5,805	5,805
Investments & Advances	16,055	15,843	18,843
Derivative financial instruments	33	-	-
Total Non-Current Assets	1,560,684	1,516,518	1,458,090
Total Assets	1,570,141	1,524,377	1,467,170
Current Liabilities			
Bank overdraft	-	-	-
Trade and other payables	16,097	15,275	15,275
Provisions	1,531	1,365	1,365
Current Employee Entitlements	4,822	4,670	4,670
Current Portion - Term Liab	27,000	19,275	19,275
Derivative financial instruments	226	175	175
Total Current Liabilities	49,676	40,760	40,760
Non-Current Liabilities			
Provisions	713	758	758
Term Employee Entitlements	1,311	1,338	1,338
Term Liabilities	70,000	97,817	82,000
Derivative financial instruments	8,439	13,493	13,493
Total Non-Current Liabilities	80,463	113,406	97,589
Total Liabilities	130,139	154,166	138,349
Assets less Liabilities	1,440,001	1,370,211	1,328,821
Public Equity			
Retained earnings	1,027,939	1,024,024	1,015,757
Other reserves	412,062	347,408	313,064
Total Public Equity	1,440,001	1,371,432	1,328,821

Palmerston North City Council
Statement of Cash Flows
Year to Date Period Ended June 2017

	Actual YTD	Revised Budget YTD	Revised Budget Full Year	Annual Plan Budget Full Year
Cash Flows From Operating Activities				
Receipts from rates revenues	87,631	87,327	87,327	87,275
Interest received	207	175	175	175
Dividends received	328	292	292	200
Operating subsidies and grants	2,774	3,074	3,074	3,074
Receipts from other revenue	24,006	23,109	23,109	23,022
Capital subsidies and grants	5,200	8,541	8,541	8,541
Development contributions	1,260	1,347	1,347	1,347
Receipts from tax losses	104	-	-	-
Interest paid	(6,289)	(6,288)	(6,307)	(6,288)
Payments to suppliers and employees	(81,193)	(83,464)	(83,446)	(83,186)
Goods and Services Tax (net)	35	-	-	-
	34,064 	34,112	34,112	34,160
Cash Flows From Investing Activities				
Proceeds from sale of property	904	-	-	-
Proceeds from sale of biological assets	-	-	-	-
Purchase of property, plant and equipment - new	(15,221)	(31,095)	(31,095)	(28,903)
Purchase of property, plant and equipment - renewal	(17,890)	(21,834)	(21,834)	(21,773)
Net other advances repayment received/(made)	19	-	-	-
Net increase in investments	-	-	-	-
	(32,188) 	(52,929)	(52,929)	(50,676)
Cash Flows From Financing Activities				
Investment fund reductions	3,000	3,000	3,000	3,000
Net borrowing proceeds/(repaid)	(4,275)	15,817	15,817	13,516
Repayment of borrowings	-	-	-	-
Repayment of leases	-	-	-	-
	(1,275) 	18,817	18,817	16,516
Net Increase	600	-	-	-
Cash at Beginning	679	580	373	373
Cash at Month End	1,279	580	373	373

Attachment 6 - Statement of Comprehensive Revenue and Expense

Following is the draft Statement of Comprehensive Revenue and Expense, subject to Audit, as will appear in the annual report. This reflects the favourable operating variance during the year, favourable valuation adjustments and the significantly higher increase in infrastructural asset valuations.

Statement of Comprehensive Revenue and Expense				
for the year ended 30 June 2017				
Palmerston North City Council		Draft, subject to Audit		
		Council		
	Note	Actual 2017 \$000	Budget 2017 \$000	Actual 2016 \$000
OPERATING REVENUE				
Rates revenue	3	87,720	87,275	83,467
Finance revenue	4	687	375	1,072
Other revenue	5	24,221	23,022	23,023
Operating subsidies and grants	6	2,780	3,074	3,202
Other gains	7	345	-	296
TOTAL OPERATING REVENUE		115,753	113,746	111,060
CAPITAL REVENUE				
Capital subsidies and grants	6	5,200	8,541	5,071
Development contributions		1,260	1,347	2,282
Vested assets		4,986	2,000	1,751
Increase/(decrease) in operating property valuations	27	-	-	-
TOTAL CAPITAL REVENUE		11,446	11,888	9,104
TOTAL REVENUE	8	127,199	125,634	120,164
EXPENSES				
Employee benefit expenses	9	39,691	39,358	37,138
Depreciation and amortisation	18 & 19	30,415	27,845	27,810
Finance costs	4	1,675	6,288	12,096
Other expenses	10	42,806	43,828	41,840
Other losses	7	1,244	-	601
TOTAL EXPENSES		115,831	117,319	119,485
NET SURPLUS/(DEFICIT) BEFORE TAX		11,368	8,315	679
Share of associate's surplus/(deficit)	16	-	-	-
Income tax refund/(expense)	11	104	-	134
Movement in deferred tax	11	-	-	-
NET SURPLUS/(DEFICIT) AFTER TAX		11,472	8,315	813
OTHER COMPREHENSIVE REVENUE AND EXPENSE				
Increase/ (decrease) in operating property valuations	27	99,628	34,344	12,595
Financial assets at fair value through other comprehensive revenue and expense	27	79	-	131
Movement in deferred tax on revaluations	27	-	-	-
TOTAL OTHER COMPREHENSIVE REVENUE AND EXPENSE		99,707	34,344	12,726
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		111,179	42,659	13,539

Attachment 7 – Financial prudence graphs

The following are the draft financial prudence graphs which will be included in the annual report as required by the applicable regulations, subject to audit.

Following are draft, subject to audit

Annual report disclosure statement for year ending 30 June 2017

What is the purpose of this statement?

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

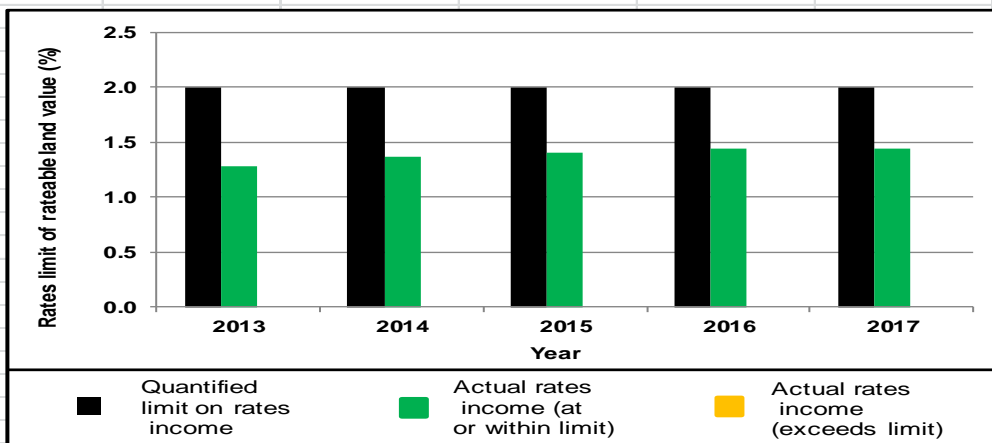
Rates affordability benchmark

The council meets the rates affordability benchmark if—

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

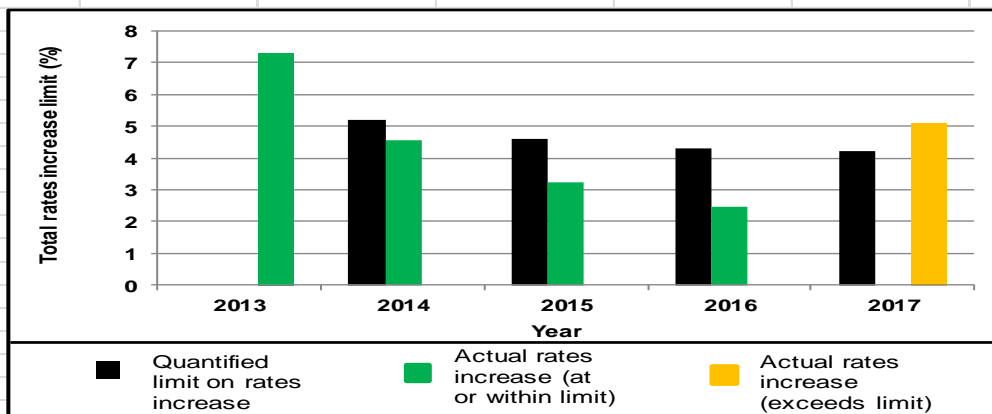
Rates income affordability

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



Rates increases affordability *

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit has applied from 2012/13 and is that total rates will increase by no more than the Local Government Cost Index plus the growth in the rating base plus 2%.



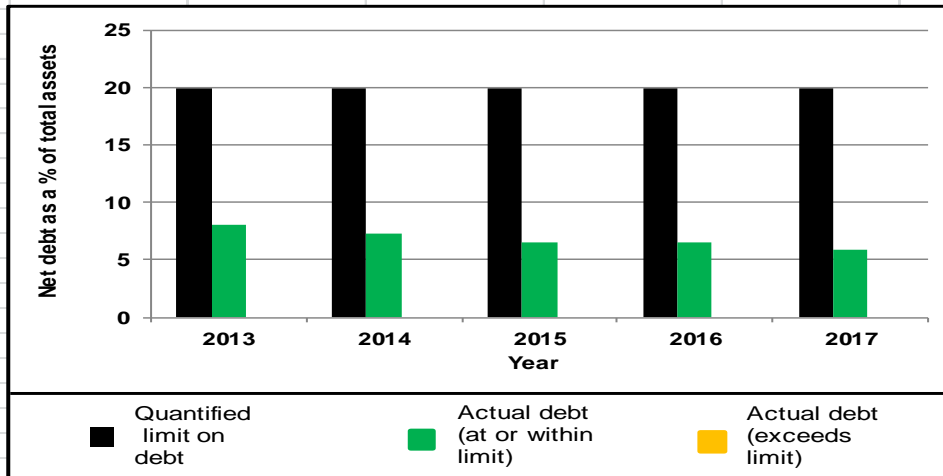
* Refer to additional information or comment on page xx for further explanation.

Debt affordability benchmarks

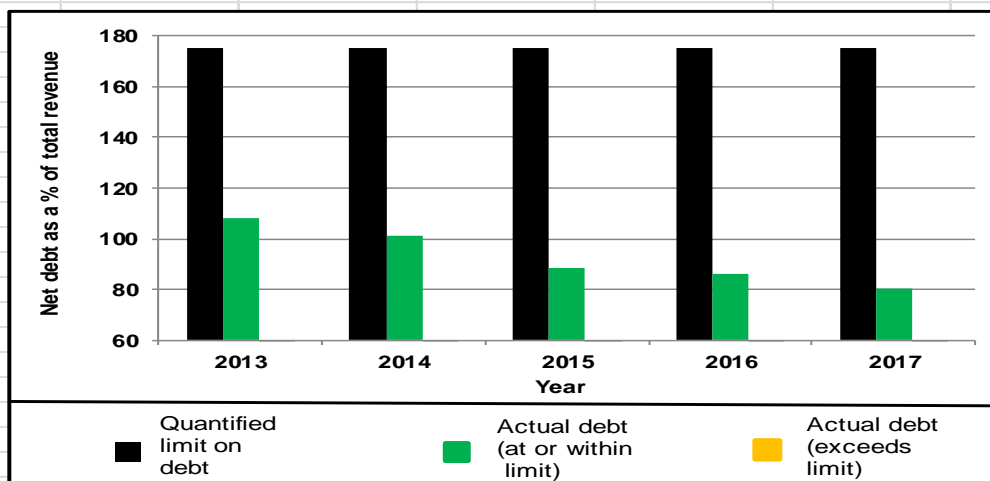
The council meets the debt affordability benchmarks if its actual borrowing is within each quantified limit on borrowing.

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.

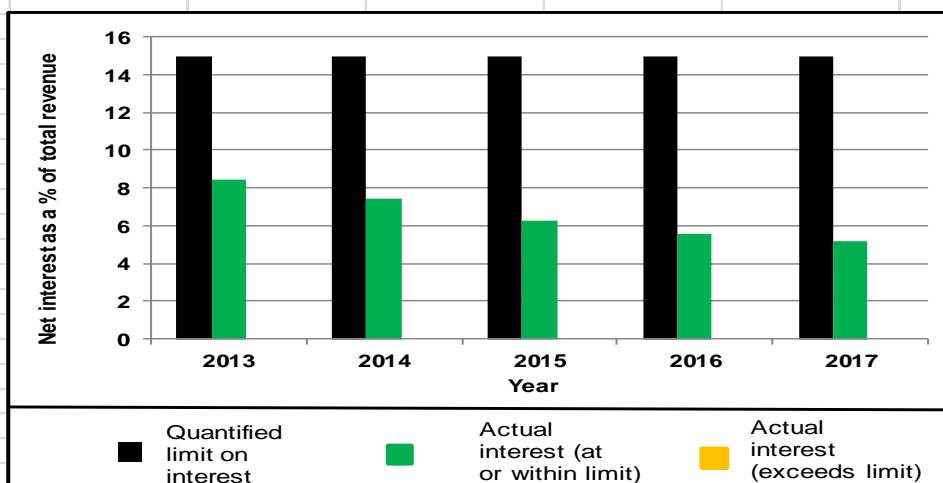
The quantified limit for this graph is that net external debt as a percentage of total assets will not exceed 20%.



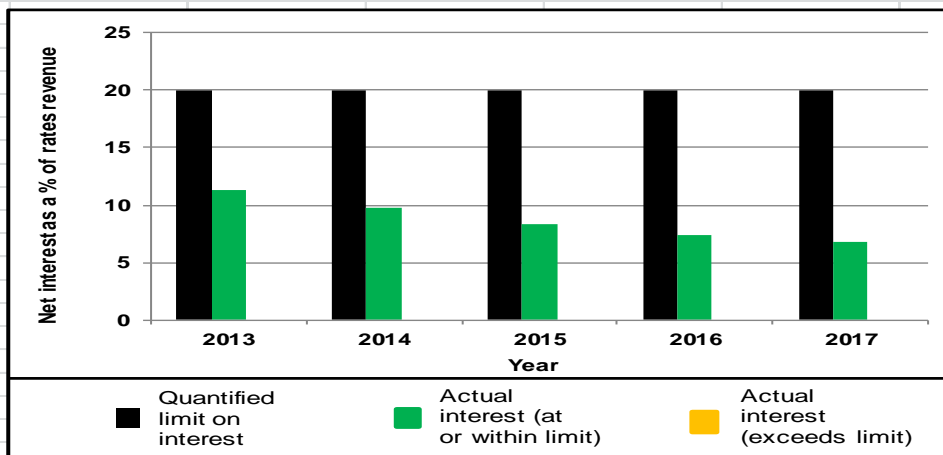
The quantified limit for this graph is that net external debt as a percentage of total revenue will not exceed 175%.



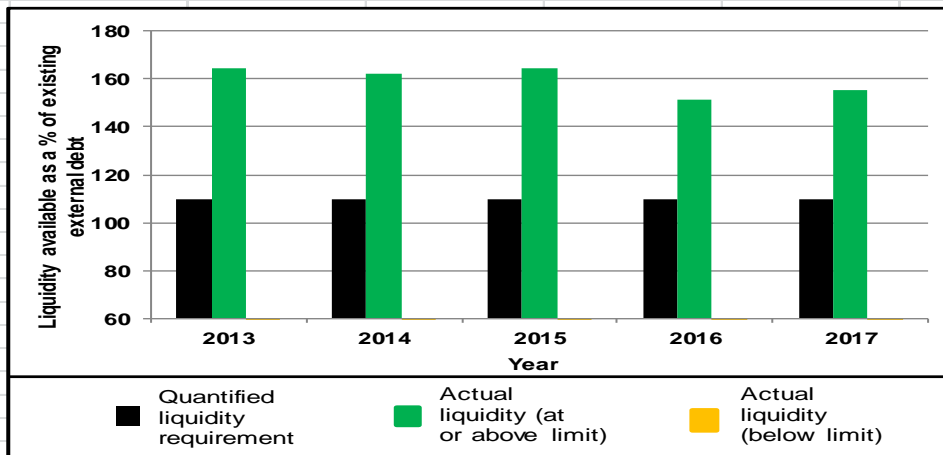
The quantified limit for this graph is that net interest as a percentage of total revenue will not exceed 15%.



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



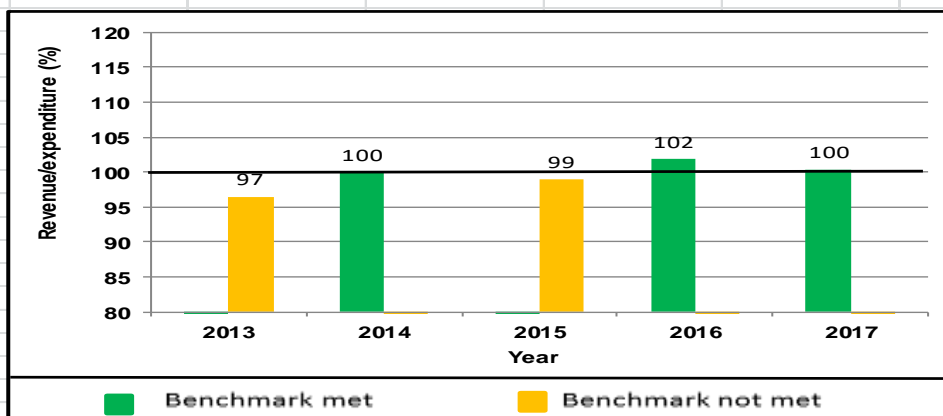
The quantified limit for this graph is that liquidity available will exceed 110% of existing external debt. Liquidity available is defined as the sum of existing external term debt, unused committed bank/loan facilities and liquid investments.



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.

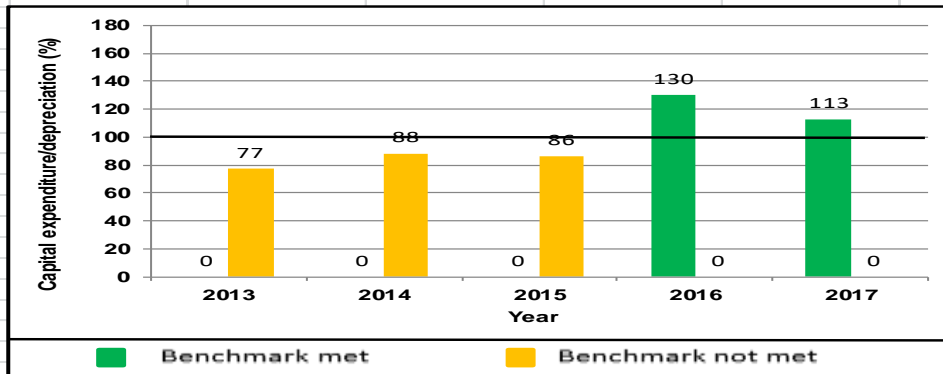


* Refer to additional information or comment on page xx for further explanation.

Essential services benchmark *

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services.

The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

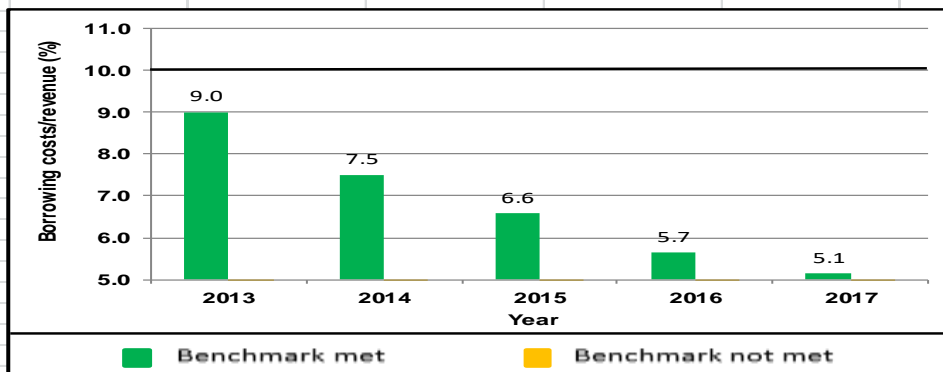


* Refer to additional information or comment on page xx for further explanation.

Debt servicing benchmark

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

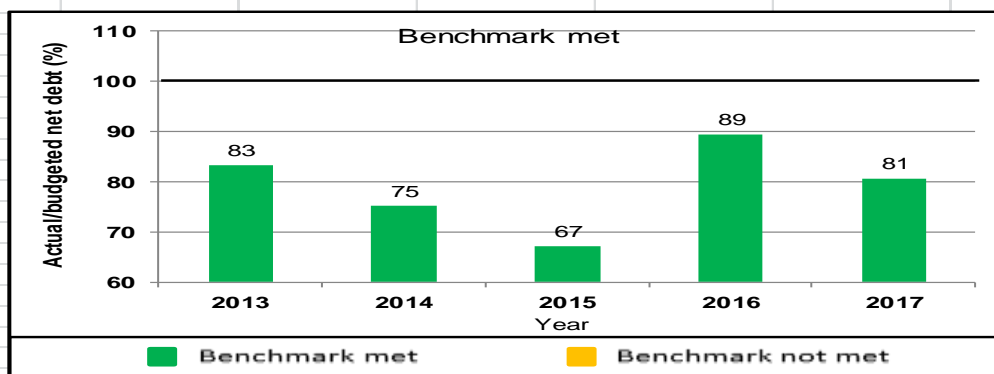
Because Statistics New Zealand projects the council's population will grow *as fast as* the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



Debt control benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

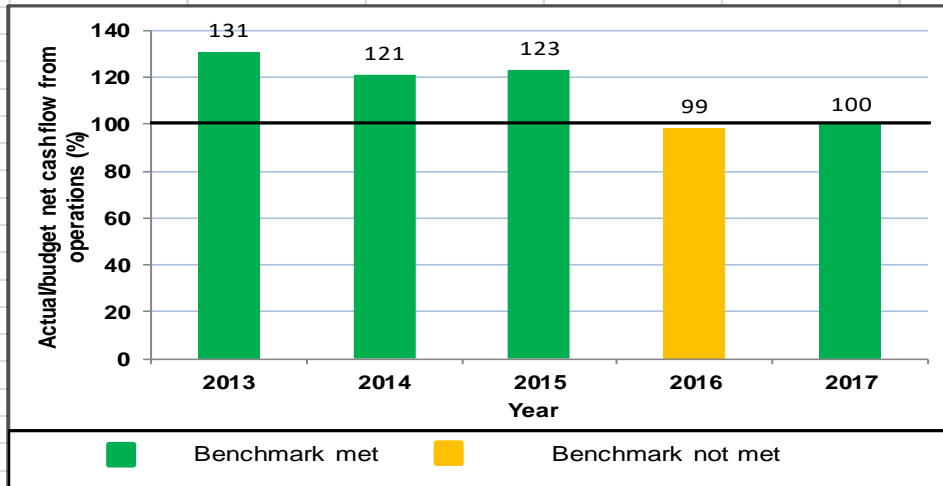
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control benchmark *

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



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

Additional information or comment

Rates increases affordability

The rates increase for 2012/13 is not comparable to subsequent years as the 2012/13 year includes those rates required to fund the services previously provided by the Manawatu District Council within the area which came within the City boundary from 1 July 2012. In 2016 there was a significant downward adjustment to rates relating to a number of earlier years reducing actual rates in that year. Allowing for this adjustment the increase in actual rates to 2017 complies with the benchmark.

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. Council's asset management plans ensure that the Council is appropriately planning for renewals and its financial strategy is to make adequate provision to fund renewals from rates revenues. In each year from 2013 to 2017 there was a surplus from cash rates-funded requirements.

Essential services benchmark

This benchmark compares capital expenditure with depreciation for infrastructure assets. The Council is committed to maintaining and renewing these assets in a responsible manner so that their condition is not run down. As many of the City's key assets are around the middle of their life cycles the total cost of renewing them is not forecast to be required until approximately 20 years time. Every three years asset management plans are prepared to assess the ongoing capital expenditure requirements with current capital expenditure reflecting the assessment of requirements to maintain asset condition and levels of service.

Operations control benchmark

2015/16 is lower than budget mainly due to lower receipts for capital expenditure with minimal overall effect on rate-funded operations. These relate to projects not incurred or deferred and the latter will duplicate budget amounts in the subsequent year making it inherently difficult to compare.