

A vibrant fire performance on a stage. Two performers in the foreground are manipulating large, bright orange and yellow flames. The stage is lit with blue and purple spotlights, and a large audience is visible in the foreground, many holding up smartphones to capture the performance. The background features a large, dark structure, possibly a building or stage set, with more lights and equipment visible.

DRAFT

ANNUAL REPORT

SUMMARY 2016/17

Te Kaunihera o Papaioea
Palmerston North City Council

Year in Review

Palmerston North is an exciting and creative city and continues to attract talented people, smart investors, new industries and new residents. During the past 12 months we've focussed on making the City an even greater place to live, work and play.

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Year in Review

In October, new councillors were elected following the local government elections and Council has assessed the city's future. We want to be even more ambitious, innovative and agile, by quickly adapting to change, to create prosperity for all.

To reflect this, a new vision has been identified - **Small City Benefits, Big City Ambition**. You'll see more of this in the 2018/28 10 Year Plan, currently being prepared for consultation.

In the past 12 months Council has focussed on a busy and wide-ranging events calendar, including the New Zealand AgriFood Investment Week and the New Zealand Rural Games. The events were enjoyed by large numbers of our community and visitors. They had a high profile locally, regionally, nationally and in some cases internationally.

We've embraced arts and our diverse culture through our events, including in its 20th year, the Festival of Cultures. We were also hosts again to the National Youth Performing Arts Awards (PACANZ). We plan for this to continue with even greater strength in the coming years.

In the sporting sector, the city annually hosts over 18 national Secondary Schools sporting events or tournaments, and at the elite level we hosted the 2017 New Zealand PGA Golf Championships.

Palmerston North is also home to the Speedway Superstock Teams' Championships and together with Manfeild we support the New Zealand Grand Prix.

One of this year's highlights was the Winter Festival when the city

celebrated the Lions rugby tour by adding colour to our streets. We hosted the sell-out British and Irish Lions Male Voice Choir, the New Zealand Rugby Museum was buzzing, having one of its busiest weeks ever with many thousands of international visitors and the city is now holder of a new World Record for the largest rugby scrum. It was a great way to showcase and celebrate our vibrant city with visiting tourists.

Our city centre vibrancy has increased with the new Palmy Unleashed initiative – which facilitates and supports city centre activations. If you enjoyed one of the Movies in the Square nights, you'll understand the potential we can unleash. Our Placemaking team has also achieved some great results introducing some amazing street and wall art around the city. The team has also worked with businesses to create great-looking parklets around the city centre.

During the year a significant decision on the District Plan was issued and included the following changes:

- new rural subdivision rules to protect our surrounding high class soils
- a landscape protection area on the Tararua ranges
- support for upgrades and repowering of wind farms
- identification of flood prone areas
- 130 hectare extension to the North East Industrial Zone at Railway Road
- 25ha of industrial land for Fonterra at Longburn
- measures to support the growth and operations of the Palmerston North Airport.

A key focus for determining what we can do to make Palmerston North a greater place to live is our financial strategy. Key elements of the strategy include: our long-term position is sustainable; recognising the principles of intergenerational equity leaving financial capacity or 'headroom' for future generations; and enabling future debt repayment.

Our financial performance continues to be in a good shape and we are operating within our financial strategy. Our "AA" long term credit rating by Standard and Poor's Rating Services was re-confirmed.

We've continued to develop systems and use digital technology to make operations and community interfaces more efficient and user-friendly. One example is the online building consent system that enables customers to submit and track their consents online making it easier, faster, more transparent and cheaper.

A key objective of our operations and development is sustainability and minimising environmental impacts. Projects advanced in the past year include continuation of the street light upgrades to LED lighting and solar panels to operate parking meters. Another project is the refurbishment of the first wastewater digester lid and completion of the pipeline to bring landfill gas to the biogas electricity generator. This will increase the level of energy self-sufficiency at the wastewater site.

Bunnythorpe was also connected to the City's main wastewater treatment plant during the year as part of Council's commitment to improvement of the Manawātū River's water quality. The City now has only one central discharge of treated wastewater to the Manawātū

River or its tributaries, improving water quality along the river.

Our amended wastewater discharge consent requires an application for new consents to be lodged by June 2022. This requires a Wastewater Best Practicable Options Assessment to precede the development of a new consent application. Planning and commencement of this is underway. We will be considering how to make provision for the significant capital costs likely to be required to implement the project as part of the 2018/28 10 Year Plan to ensure prudent debt management and affordable levels of rates.

The year saw the start of the new Central Economic Development Agency Ltd (CEDA). CEDA is the key vehicle to enhance delivery of economic development, visitor and tourism services and major regional events in the Manawātū Region, and is funded by ourselves and the Manawātū District Council. More recently we have worked with them to prepare for a Business in Asia event in July 2017 to enhance economic developments in that region.

Another important concept currently being developed to support economic growth is the planning for a regional freight ring road around Palmerston North to enhance the movement of road traffic to our industrial, commercial and logistics sites within the city.

Parking time limits and some free parking trials were held over the year. We are currently reviewing the results and considering future options.

Construction has started on the planned pathway network to link Massey University and Linton Army Camp via a riverside pathway. A new pedestrian and cycle bridge is also being constructed. It is great to see our other pathway developments being well used. They continue to

provide an off-road network and enable active transport and healthy lifestyles.

Projects on the go

Other key projects being considered or undertaken during the year, or planned for next year, include:

- **Central Energy Trust Wildbase Recovery.** Fundraising is completed and construction has started.
- **Social Housing.** Plans are approved for the refurbishment of Papaioea Place development. Construction to start in the last quarter of 2018. Review of our Social Housing Strategy will continue into 2017/18.
- **Central Library Redevelopment.** Planning for major revitalisation project ‘Library of the Future’ has started so it can meet future city and educational requirements. Construction is expected to start in 2017/18.
- **City Centre Streetscape.** In 2016/17 we endorsed a city centre streetscape plan to revitalise The Square and surrounding CBD area. Due to its significance, some of the intended programmes are to be prioritised alongside other proposed extensive expenditure during the preparation of the 2018/28 10 Year Plan.
- **Earthquake Building Assessment.** We continue to progress work on remediation of Council-owned buildings, with works budgeted within the 10 Year Plan.

Many other projects have progressed to make Palmerston North a greater place to live and the economy continues to grow. These are detailed in this report.

Our community has ever-changing requirements and its own ambitions for the city. We can assure you nothing stands still as we work hard

to make the city a greater place to live, work and play. The past year has us feeling positive about Palmerston North’s future. We have a committed Council and talented staff ready to be led by our new vision.

Finally, we acknowledge the service of retiring Councillors Ross Linklater and Annette Nixon and former Councillors Bill Meehan and Chris Teo-Sherrell, as well as Paddy Clifford who retired as Chief Executive. We wish them all well for the future.

We also extend our sincere thanks to all Councillors and staff for their contributions during the past 2016/17 year.

Grant Smith
Mayor

25 September 2017

Heather Shotter
Chief Executive

25 September 2017

How do we operate?

The legislative purpose of Palmerston North City Council is to provide infrastructure, services, and performance that are efficient, cost-effective and appropriate for both present and anticipated future circumstances. To do this Council is driven by its vision and goals of what sort of city it wants Palmerston North to be in the future.

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How do we operate?

The Council is made up of 16 elected members - a Mayor and 15 Councillors. The current Council was elected in October 2016 for a three year term. It's their job to decide the range of services and activities the Council will provide, to set the City's overall strategic direction, and to set the policy for the services and activities to be provided to achieve that direction. They also determine how you can measure if Council is doing a good job. A lot of this is set after consulting with the community, for example during the 10 Year Plan and Annual Plan process.

The elected members are supported by the Chief Executive and around 550 staff, who provide advice, implement Council decisions, and look after the City's day-to-day operations within the budgetary constraints established by the Council.

The Council shares the commitment to making Palmerston

North a safer, healthier, easier and more enjoyable place to live.

Council have reviewed their vision and goals for Palmerston North following the October 2016 local government elections. This work will inform development of our next ten year plan to chart the future we want for our city.

While we still aspire to be a vibrant, caring, innovative, sustainable and prosperous city – which is our current vision created in 2015, we are shifting our focus. This is to better reflect our desire to reach our potential and capitalise on our strengths. We are a small city with a lot to offer. And we are ambitious about where we are going.

Palmerston North celebrates its small city advantages – great quality of life, strong community, and easy, affordable access to services. We are a city that embraces our people, Rangitāne iwi heritage and diversity, offering vibrancy and big city excitement

without the hassle and cost. We are arty, with a creative spirit and a healthy and active city with excellent sports and recreation options.

We take seriously our responsibility to manage and renew city infrastructure for the future, which our community relies upon for its health and wellbeing, while enhancing our environment and ensuring growth is sustainable.

To reflect our future focus our new proposed vision is:

Small city benefits, big city ambition.

Five strategic goals have been identified for achieving this vision:

- An innovative and growing city
- A creative and exciting city
- A connected and safe community
- An eco city
- A driven and enabling Council.



THE MAYOR AND COUNCILLORS

Back Row: Bruno Petrenas, Susan Baty, Duncan McCann, Vaughan Dennison, Lew Findlay qsm

Middle Row: Rachel Bowen, Leonie Hapeta jp, Aleisha Rutherford jp, Lorna Johnson, Jim Jefferies qsm, Gabrielle Bundy-Cooke

Front Row: Adrian Broad, Karen Naylor, Grant Smith (Mayor), Tangi Utikere jp (Deputy Mayor), Brent Barrett

You'll see more of this in the 2018/28 10 Year Plan, currently being prepared for community consultation starting in March 2018.

The proposed direction for Palmerston North City replaces the vision created in 2015: Palmerston North is recognised as a vibrant, caring, innovative, sustainable and prosperous city.

That vision with its supporting goals put more emphasis on sustainability with strategies used to focus on the outcomes required, such as the Sustainable City Strategy. It shows how Council is working towards more sustainable outcomes in areas like energy consumption, biodiversity, waste management, community development, housing,

public transport, land use, economic development and urban design.

In developing these strategies Council continues to support community groups, provide recreation facilities like walkways and libraries, make it easy for people to move around the City, and provide animal control services. These, and the many other services provided, all make Palmerston North a vibrant, caring, innovative, sustainable and prosperous place where people want to live.

Council will also keep working with businesses so that Palmerston North is a city that attracts, fosters and retains businesses. This will help keep and create jobs for people. Council will especially work with

the education and research sectors to make more of the creativity and innovation they bring.

To provide services and facilities for new things to do, the council needs to charge for these and recover rates. Before the beginning of each year Council determines the cash requirements of providing the services required by the community net of any charges it makes, plus the amount required to maintain asset capability, and to allow for scheduled debt reduction. This is the amount of rates required for the year, being \$87,275k for 2016/17.

Against this the amounts actually received and applied for the year ended 30 June 2017 are summarised below.

	<i>Actual \$000</i>	<i>Budget \$000</i>	<i>Variance \$000</i>
Total rates revenue to provide services, maintain capability and fund loan repayments	87,720	87,275	445
Other revenue such as for user charges	27,568	26,471	1,097
Total Revenue	115,288	113,746	1,542
Less amounts incurred for:			
Grants for community and economic support	(8,543)	(8,521)	(22)
Cost of service delivery	(73,954)	(74,665)	711
Interest to fund assets	(6,271)	(6,288)	17
Net rates-funding available for renewal capital expenditure and debt reduction	26,520	24,272	2,248
Renewal capital expenditure to maintain service delivery capability	(17,890)	(21,773)	3,883
Capital subsidies and grants received for renewal capital expenditure	1,862	2,410	(548)
Renewal capital expenditure funded from rates in other years	517	517	-
Proceeds from sale of assets	901	-	901
AMOUNT AVAILABLE FOR DEBT REDUCTION	11,910	5,426	6,484

Council finished the year with a favourable variance over its underlying rates-funded operating cost budget, achieving the goals of living within budget and financial sustainability. Cash from operations less payment for renewal capital items left available for debt reduction \$11,910k, more than the \$5,426k budgeted. Part of this will be required as renewal capital expenditure not achieved this year is to be carried forward to next year to complete, funded by current year rates, when it will increase debt.

What the Council does



Street Feast Food Truck Festivals - The monthly Street Feast Food Trucks provide the community an opportunity to enjoy gourmet truck food and entertainment while bringing vibrancy to The Square.

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What the Council does

The Council provides a wide range of services and facilities for people living in Palmerston North. These services – called Activities – help to make Palmerston North a vibrant, caring, innovative, sustainable and prosperous city. They include things like roading and parking, civil defence, libraries, parks, sport and recreation, and customer services. Other highlights have been detailed in the Year in Review earlier.

The following table details for each group of activities the net operating cost of delivering the services (before rates-funding) together with the amount spent on capital expenditure to ensure service capability is maintained and to provide for city growth.

\$000	Group of Activity Net Operating Cost			Activity Capital Expenditure	
	Actual 2017	Budget 2017	Actual 2016	Actual 2017	Budget 2017
Leadership	8,639	9,010	8,747	-	-
Community Support	1,075	1,147	1,231	842	1,109
Work and City Promotion	3,498	3,385	3,198	355	449
Leisure	35,539	33,821	32,599	7,367	11,104
Regulatory	2,911	3,155	2,951	48	56
Roading and Parking	19,280	18,250	17,732	10,278	18,661
Rubbish and Recycling	3,730	4,202	3,620	1,363	929
Stormwater	3,333	3,530	3,046	1,485	1,941
Wastewater	7,073	7,807	7,789	2,876	3,738
Water	7,929	7,762	7,157	6,101	9,225
Support Services	(1,392)	(1,221)	(1,571)	2,396	3,464
TOTAL	91,615	90,848	86,499	33,111	50,676

Leadership

Council must lead to improve the region. Leadership is about setting direction in what the Council will do to meet its goals. It is about our relationships with people so they have confidence in Council's direction, its consultation and engagement processes and how we involve people in our decision-making.

Much of this is seen through the 10 Year Plan and Annual plan process. The Council has continued to perform its legislative functions and responsibilities including community consultation on a number of issues. The main event of the year was the October 2016 election. The election saw four new Councillors elected with voter turn-out approximately 39%, slightly up from the previous triennial election.

The Annual Budget detailing intentions for delivery of community outcomes was considered and adopted. Community consultation achieved 149 submissions with these considered prior to finalising the budget. This feedback on major City issues is an important aspect of enabling elected members to properly exercise their judgement and be accountable. Council also commenced preparation for a new 10 Year Plan 2018/28.

During the year six Citizenship Ceremonies were held at which 448 residents were welcomed as New Zealand citizens.

Appropriate land use is critical to our future direction with the sectional District Plan review to come to a completion in 2017/18. The year saw the completion of the Residential Zone review enabling provision of

greater housing choice within the City to enable intensification, to leverage off existing infrastructure, and more affordable housing options. Also completed were the Rural Zone review, which limits subdivision to protect the City's high class soils, and re-zoning of an additional 126 hectares from rural to industrial to allow for growth at the North-East Industrial Zone.

Relationships with Iwi have strengthened over the last year with engagement on issues and projects such as Wildbase, He Ara Kotahi (shared cycle/ pedestrian bridge across the Manawatū River) and the Wastewater Best Practicable Options Assessment. Rangitāne were closely involved in the development of the Tangata Whenua section of the District Plan, currently out for public consultation.

The city centre is important in creating a first impression of a vibrant city heart. Recognition of this with the Palmerston North community has resulted in a focused, co-ordinated effort by the Council and the business community. A city centre streetscape plan is set to create more active spaces and pedestrian-orientated activity, with a plan for Broadway that will result in creative lighting, placemaking activities, and new landscaping.

Council adopted Waste Management, Wastewater, and Urban Control Bylaws. Smokefree outdoor dining provisions have been implemented and are currently being evaluated. Council has commenced reviews of its Dog Control Policy and Dog Control Bylaw and its Animal and Bees Bylaw. The development and approval of a draft Local Alcohol Policy will see public consultation next year.

Since its inception the Council's Green Corridor's programme has allowed planting of more than 150,000 native trees alongside streams and tributaries, improving water quality and bringing birdlife back to the city. This rate of tree planting is being maintained while looking after its existing tree stock through to maturity. The programme received national recognition as winner of the Air New Zealand Excellence Award for Environmental Impact.

PERFORMANCE MEASURES – LEADERSHIP	RESULT
Main plans and policies are properly developed (Annual Budget, District Plan, strategies).	Annual Budget adopted. District plan review continues with strategies adopted with others being developed.
The Council achieves all statutory requirements for Committee and Council meetings.	Statutory requirements achieved with no legal challenges.

Community Support

We provide Community Support with services to cope during times of ill-fortune, such as to meet civil defence emergencies, for low income tenants who need housing, and operate four cemeteries and a crematorium. The Council provides them to help create a caring and safe community. This makes the City a better place to live for current residents and makes the City more attractive to people who are thinking of moving here.

Heavy rainfall throughout the year, together with other national rainfall and earthquake events, resulted in a number of Civil Defence callout requests, including assisting other affected local authorities. Maintaining this capability to cope and manage in an emergency is vital for any community. Other training initiatives and exercises continued with a focus on local welfare arrangements. Public education has also continued.

At Kelvin Grove Cemetery the columbarium walls (to store ashes containers) have proved to be very successful with another two walls

built during the year. Other work involved the Chinese Association constructing a gazebo, which they kindly donated to the Council, and to resolution of a long term drainage issue. The grave decoration time allowance is still an issue with the effect on maintenance and plot availability with review expected in the next year.

Occupancy rates in social housing properties continue to remain high, averaging out at 96% for the year however turnover was high, averaging 23.5%. Increasing levels of demand continue to be a major issue with the waiting list

increasing, particularly for people on low incomes who are finding it difficult to afford market rental properties. This is driven by changes made by other housing providers to their eligibility criteria and a general increase in the need for housing support coming from the community.

It is expected that the Papaioea Place redevelopment will commence in 2018 with the design and consenting process. Construction of 10 new units is planned in the first year and 38 in the following year.



Manawātū Chinese Association President Tom Young (second from left) and fellow members of the Chinese community at the ceremony donating the gazebo to Council.

PERFORMANCE MEASURES – COMMUNITY SUPPORT

RESULT

Civil Defence Team have plans to cope with emergencies, and engages residents and organisations on civil defence preparedness.

Civil Defence Business Plan adopted. Community engagement continued with community meetings and presentations however number of trained volunteers below desired levels.

Community housing is provided with high satisfaction.

Provision of community housing has continued with high occupancy and high satisfaction as surveyed.

Work and City Promotion

Creating an environment that is conducive to economic growth is critical. We work with other organisations to achieve this so that people have a strong sense of pride in the City. Our goal is that Palmerston North is a city that is economically sustainable which attracts, fosters and retains businesses and jobs to create a prosperous community.

The Central Economic Development Agency Ltd (CEDA) commenced operations on 1 September 2016 to deliver on the economic development aspirations for the region for Manawātū District Council and Palmerston North City Council. Research has been undertaken by CEDA with the business community to set the future focus of work and priorities.

Establishment of this region as New Zealand's agri-food science and innovation hub was strengthened as CEDA ran a successful Agri-Investment Week, building on last year's inaugural event. This agri theme continued as, for the first time, the City along with Manawātū District Council hosted the New Zealand Rural Games capturing a nation-wide audience. CEDA

also ran a successful Sort It Expo, showcasing what is on offer for those entering the workforce with record visitor numbers again being achieved. Other new events supported included the City of Palmerston North Gold Cup Festival bringing together a programme of public events, the Jimmy Barnes concert, horse racing, greyhound and harness racing.

International relations capabilities have been increased to enable Council to strengthen its Sister City and Friendship City relationships and to develop new strategic partnerships building on the City's economic strengths. These are important to support businesses and organisations in opening new markets and strengthening their own ties. The Mayor will be leading

a business delegation early next financial year to celebrate the 25th anniversary of its Sister City relationship with Guiyang in China when education cooperation and economic cooperation will be discussed.

Asset renewals have improved the Conference & Function Centre facilities and capabilities enabling it to continue to provide quality facilities, options and equipment to the clientele. The Conference & Function Centre continues to provide economic benefits to the city by attracting conferences with the number of events hosted up 12% on last year.



Competition at the New Zealand Rural Games was at times fierce and at other times had celebrity rivalry. These gave a high profile for the city locally, regionally and nationally.

PERFORMANCE MEASURES – WORK AND CITY PROMOTION	RESULT
Contracted organisations to achieve economic development objectives.	CEDA operational as planned, implemented International Education Strategy, held NZ Agri-Investment week, Manawātū Business Awards.
Contracted organisations to support priority economic areas.	KPIs for CEDA identified and reported against.

Leisure

People want to live in a socially sustainable city with an easy and safe lifestyle and many social, cultural and recreational opportunities. Council enables this by providing many arts and culture facilities, libraries and community developments, and parks, sport and recreation resources. We own a range of properties such as Te Manawa, the Regent Theatre, Central Energy Trust Arena, the Lido and the Central Library plus numerous other arts and cultural facilities, reserves, parks, gardens and sportsfields. These are about providing people with a wide range of fun and healthy things to do. We also provide a range of community development services to help community groups and communities meet their needs. People expect a wide range of leisure opportunities in a modern, vibrant city. The Council provides them because it wants to help create a caring and safe community.

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Leisure

A broad range of arts related organisations were supported through a range of funding mechanisms enabling a wide range of arts and culture focussed outcomes to be delivered by the community to the community. In 2016/17 five community arts related organisations received direct fee for service funding. Other community organisations and groups received funding through Celebrating Communities, Creative Communities, Local Initiatives, and the Community Groups Training Funds.

Council continues to facilitate or deliver a broad range of arts and culture events that add vibrancy and a sense of creativity to the city. The breadth of these events is able to be achieved because of the contribution made by cultural

institutions like Te Manawa, the collaborative approach taken to events provision and the strong relationships that are in place across arts organisations.

The Council Controlled Organisations continued to receive funding to deliver strategic objectives. The Council continued to work closely with these organisations to support and enhance the delivery of successful activities.

The City's Libraries are the most heavily used Council facilities. To further support the delivery of the varied services, the Library has been preparing to undertake a revitalisation of the Central Library.

To recognise the community's lifelong learning and recreational

needs over 30,000 new items were added to the library collection with increasing digital content offerings and resources. Approximately 1,550 different programmes are delivered each year. These encompass a broad range of topics appealing to all sectors of the community with features this year including a Summer Reading Programme and Te Reo Summer Reading Programme, reaching over 600 children across six facilities, with a multi-lingual option offered for the first time. Local History Week's programme of expert talks, tours of historic sites, and workshops celebrating our rich heritage had its largest attendance to date.

Support has continued of the many community groups and agencies involved in the social services,



Construction commenced on the Central Energy Trust Wildbase Recovery. This artists impression of the facility shows where injured wildlife will be rehabilitated with the community able to observe.

heritage and arts sectors. These activities include providing advice, support, funding, and facilitating programmes and events. In 2016/17 the breadth of all those activities has positively impacted on a wide range of sectors in the local community including Maori, Pasifika, students, migrants, multi-cultural, elderly, and youth. The refugee inclusion programme also supported 16 refugee families.

A wide range of commemorative, community, and contracted city events were supported and delivered. These included Christmas celebrations through the Christmas Tree Lighting, Parade, and family concert, New Year family concert, Sunday concerts, Waitangi Day celebrations, the annual Esplanade Day festivities and the Festival of Cultures in celebration of the city's cultural diversity.

2016/2017 has seen a stronger focus put on youth development. Utilising the Youth Space as a foundation, there have been daily activities and regular events focused on personal development, life skills, employment, arts, culture and music. These are developed and run in collaboration with youth to ensure they are meeting their needs.

In our parks availability issues were addressed at Colquhoun Park with substantial renovation and aeration works carried out, and at Manawaroa Park significant releveling commenced during the year due to slumping in various parts of the field. The surface of court four at Vautier Park was also replaced during the year.

Other new works included the skate bowl at the Skate Park, two additional public toilets, and

commencement of the Central Energy Trust Wildbase Recovery at the Victoria Esplanade and continuing the Linklater Reserve development.

At Central Energy Trust Arena the aesthetic appearance around all entry points to the venue have been significantly enhanced and also provides valuable information to the public on access to events.

Central Energy Trust Arena continues to host national and international events as well as continuing to service the needs of both community and commercial users for sporting and non-sporting events.

At the Lido Aquatic Centre upgrade of the family change rooms were completed, improvements made to the women's showers and the gas boiler replaced.

PERFORMANCE MEASURES - LEISURE	RESULT
Objectives of funded agencies and organisations will be monitored with achievements reported.	New three year Fee for Service contracts applied for this year. 6 and 12 month reporting evidence contract outcomes delivered.
The City Library will provide services and resources, lifelong learning and online access.	Number of items borrowed stable with last year, eBook, eAudiobook increased. Lifelong learning activities provided with numerous programmes and events. Online access to the digital world increased.
Funds for grants are properly administered with contracted community organisations meeting agreed targets.	Funding approved and distributed. 6 and 12 month reporting evidence contract outcomes delivered.
Community Centre use and community events will be monitored.	Community centres well used. Numerous community events supported.
Parks, reserves and sportsfields are available for use as feasibly required with satisfaction meeting standards required.	Availability of sportsfields exceeded target however satisfaction was below standard with this due to lack of public toilets (new toilet programme to address this). Satisfaction with parks and public toilets standards achieved.
That the Central Energy Trust Arena key projects be implemented.	The key project from the Arena Master Plan was the Wayfinding project to upgrade entry points and signage with this completed.
Aquatic facilities comply with recommended standards with satisfaction meeting standards required.	Fully compliant and satisfaction exceeding the standard set.

Regulatory

Regulatory's role is in looking after the environment with focus on the Council's strategic goal of Palmerston North being a leading city in the quest to become environmentally sustainable - for example by ensuring buildings meet regulatory requirements. We provide the Regulatory service as it contributes to ensure Palmerston North is attractive, clean and green, it is easy to move around, people are well-housed and healthy, and people are safe.

Customers can now submit and track their consents online following the implementation of the AlphaOne online building consent system. This will make it easier to process an application, and it will be done faster and cheaper over time.

During the year Council was subjected to its bi-annual building consent audit to determine if its systems and processes continued to meet the required accreditation standard. The audit determined that Council will be reaccredited subject to two corrective actions being cleared, with these cleared in July 2017. Council was commended for its quality management system.

Economic growth was evidenced by an increase in the number of building consent and resource applications lodged for processing, compared to 2015/16. Despite pressure on resources 93% of building consents and 98% of resource consents were processed on time. It is expected that the level of development activity in the city will increase further in the future.



Building Consents Online - Council's new online building consents service, launched 28 June, is set to transform the way consents are processed and cheaper over time - Shane McEldowney chaired the industry liaison group.

PERFORMANCE MEASURES – REGULATORY	RESULT
95% of building and 96% of resource consent applications are processed within statutory timeframes.	Building 93%, resource 98%.
The Council maintains its status as an accredited building consent authority.	Accreditation received.
100% of complaints regarding dog attacks are responded to within 30 minutes of the call being received.	100% of complaints were responded to within the time frame with the number of complaints reduced from 2015/16.
100% of food premises are inspected annually with those registered with a Food Control Plan receiving an annual audit.	100% inspected and 100% with a Food Control Plan requiring audit completed.

Roading and Parking

Roading and Parking is about Council's role in looking after the environment with focus on the Council's strategic goal of Palmerston North being a leading city in the quest to become environmentally sustainable - for example by encouraging alternatives to motor-based transport. It also contributes to ensure Palmerston North is attractive, clean and green, it is easy to move around, the City's physical infrastructure is reliable, and people are safe.

The Council manages and develops a network of 567 km of roads, 108 km of cycle lanes/pathways, 117 bridges, 551 km of footpaths, 7,845 streetlights, 2,732 CBD car parking spaces and other amenities, such as street trees, gardens, etc. The Council works with interested groups to make sure that roads and footpaths are accessible to everybody.

2016/17 saw commencement of the He Ara Kotahi, or "pathway that brings people together" project and resource consent approval for the shared path bridge. Pathway and bridge construction to link Massey University and Linton is expected to progress in 2017/18. He Ara Kotahi continues to be funded (on condition of delivery) with one third each from the Council and funding partners, New Zealand Transport Agency and the Urban Cycleways Programme.

Safe continuity of the shared pathway network along the Mangaone Stream was enhanced with new underpasses beneath Botanical Road and Highbury Avenue. Extension of the pathway along Te Matai Road as part of the Manawatu River pathway to Ashhurst was completed. A further three "Bikes in Schools" projects were completed, a community programme aimed at encouraging the use of bicycles amongst school

aged children.

Safety upgrades were also completed with provision of pedestrian facilities at Grey Street; sight line improvements as part of Harrison Hill realignment works; renewal of green paint markings with a longer life product for cycle lanes; railway barrier upgrade to the Roberts Line crossing; extension of the footpath along James Line; and bus stop upgrades with concrete pads and in some cases new shelters.

Replacement of streetlights with energy efficient LED lighting has been completed in residential streets. During this rollout 16% of the residential streets were

found to be non-compliant with standards for lighting. Continuation of LED lighting replacements for the complying traffic route streets in Palmerston North will occur during 2017/18. A review of all the non-complying streets will require Council decision before completion of the remaining upgrade programmes.

The level of parking provision and the way the parking control system is managed continues to be a matter of much public interest. A number of changes to the parking time limits were subject to a full year trial with future options to be reviewed in the new year.



PERFORMANCE MEASURES – ROADING AND PARKING	RESULT
Roads and footpaths are maintained to required ratings.	Surveys show that roads have a good smoothness rating and footpaths requiring priority maintenance are within required ratings.
Road surfacing programme is maintained.	3.62% of roads were resurfaced.

Rubbish and Recycling

This activity is about Council's role in looking after the environment with focus on the Council's strategic goal of Palmerston North being a leading city in the quest to become environmentally sustainable - for example by encouraging and making it easier for people to recycle. The Activity also contributes to ensure Palmerston North is attractive, clean and green, the City's physical infrastructure is reliable, people are well-housed and healthy, and people are safe.

2016/17 has seen the benefits of a significant number of efficiency and service delivery changes implemented in previous years realised. There has also been an increasing range of recycling services made available.

Recycling trials at key events over the summer period were undertaken to determine the best way forward

to enable waste minimisation and diversion at public events.

Total diversion of solid waste away from the landfill has peaked at around 57% and the challenge now is how to achieve further increases in the diversion rate. The focus in 2017/18 will shift to how to better engage with organisations who do not opt into the recycling service.

For the household recycling service the level of contamination remains a concern.

The increasing cost of disposing of general waste is contributing to a growing problem of illegal dumping with a significant cost burden for Council and the community. Council has committed in 2017/18 to further tackle illegal dumping.

PERFORMANCE MEASURES – RUBBISH AND RECYCLING

RESULT

A reliable rubbish and recycling collection service is achieved with required collection.

Collection services carried out satisfactorily throughout the year.

Stormwater

Stormwater is about Council's role in looking after the environment with focus on the Council's strategic goal of Palmerston North being a leading city in the quest to become environmentally sustainable - for example by protecting habitable floors within buildings from flooding during most heavy rain events. It also contributes to ensure Palmerston North is attractive, clean and green, the City's physical infrastructure is reliable, people are well-housed and healthy, and people are safe.

To provide flood protection for habitable buildings within the urban area the City has developed and operates a network of drainage systems and a collection and discharge system for the roading network and private property. These systems consist of 272 km of piped drains, 9 km of culverts, 15 pump stations, 91 flood gates and 21 km of open drains.

Network development requires the ability to predict the performance of the pipe and open channel network

and overland flow paths for a range of rainfall events. Investment in the development of a computer model of the stormwater system has commenced to assist with this and will provide Council with an improved understanding of the stormwater flooding risks in different parts of the city under various rain event scenarios. This will be used to assess whether there are affordable and practical engineering or non-engineering solutions available to reduce flood frequency and flood damage effects.

Investigating and implementing low cost solutions at approximately 20 locations across the city occurred to address recurring stormwater network faults that had resulted in frequent nuisance flooding. Where no solution was possible, consideration will be given during 2017/18 to whether wider network improvement opportunities exist. The Sutton Place Pump Station was also constructed to address frequent flooding of the commercial businesses in the area.

PERFORMANCE MEASURES – STORMWATER

RESULT

Stormwater facilities are maintained so that the number of habitable floors affected by a flood event is within required limits.

Affected habitable floors has been less than required limit.

Resource consents have been complied with.

No discharge consents held.

Wastewater

Wastewater is about Council's role in looking after the environment with focus on the Council's strategic goal of Palmerston North being a leading city in the quest to become environmentally sustainable - for example by delivering reliable services in the most sustainable way. It also contributes to ensure Palmerston North is attractive, clean and green, the City's physical infrastructure is reliable, people are well-housed and healthy, and people are safe.

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

There are five interconnected network systems servicing Palmerston North City, comprising the main urban area of the City, Ashhurst, Bunnythorpe, Longburn and Linton. The system consists of a central treatment plant, 404 km of pipelines, and 34 pump stations.

2016/17 has seen significant investment and progress in the renewal and upgrade of key parts of the Totara Road Wastewater Treatment Plant (WWTP). This has included renewal of the first of the digester lids (more than 50 years old) with the second digester lid renewal to occur in 2017/18. Other major upgrades include the last stage of the sedimentation tanks refurbishment, replacement of several critical variable speed drives on the main wastewater lift pumps and new control system hardware at the wastewater treatment plant.

Completion of a pipeline to bring landfill gas to the Biogas electricity generator at the WWTP signals the start of a significant new push to increase the level of energy self-sufficiency at the site. With completion of the second digester

lid refurbishment full digester capacity will be restored. This will enable the operation of the biogas engine at near full load on a near continuous basis delivering further reductions in imported energy demand and electricity purchase cost for the plant.

2016/17 has seen Council begin the journey towards renewing the consents for the wastewater treatment plant and discharge of treated wastewater with an application for new consents to be lodged by June 2022. As part of the amended conditions arising from the review of the existing discharge consent, Council submitted to Horizons Regional Council a 'Statement of Intent' for the wastewater project in May 2017. This set out the approximate timeline and structure for the Wastewater Best Practicable Options Assessment which precedes the development of a new consent application. Council will be considering how to make provision for the significant financial costs likely to be required to implement the project as part of the 2018/28 10 Year Plan.

The wastewater pipe replacement programme was successfully completed with additional mains able to be relined. The connection of Bunnythorpe to the main city reticulation was completed so that

all wastewater collected is now conveyed to the Totara Rd WWTP for treatment and discharge to the Manawatu River.

There are serious stormwater inflows and infiltration into the wastewater network during wet weather events. Investment to address this has involved modelling work to identify catchments with the highest wet weather flows, comprehensive smoke testing and property inspection work, and a significantly expanded CCTV inspection work programme. This work will assist with developing priorities for future renewals and smoke testing over the next 5 to 6 years ahead of the new wastewater treatment plant consent.

PERFORMANCE MEASURES – WASTEWATER	RESULT
Overflows from the wastewater system are within required limits.	Overflows have exceeded required limits due to localised blockages.
100% compliance with resource consents.	No non-compliance notices received.

Water

Water is about Council's role in looking after the environment with focus on the Council's strategic goal of Palmerston North being a leading city in the quest to become environmentally sustainable - for example by encouraging effective use of water. It also contributes to ensure Palmerston North is attractive, clean and green, the City's physical infrastructure is reliable, people are well-housed and healthy, and people are safe.

16

Water

The Council provides a safe and reliable supply of water to residential and commercial properties. There are five public water supply systems: Palmerston North main urban area, Ashhurst, Bunnythorpe, Longburn and the Linton rural area.

These systems consist of two dams at Turitea, four reservoirs, seven bores, one full treatment plant, 537 km of piped reticulation, and fire hydrants together with valves, tobies and water meters which supply water to approximately 29,000 properties.

After three consecutive long dry summers, 2016/17 was the first year Council did not have to apply water restrictions to conserve Turitea Dam water. As a result of the wetter and cooler weather average summer day peak water consumption was lower than for previous years.

The supply of additional water for the growth and development of the City, and to improve the resilience of the supply system by providing

more water source options, are key requirements of the future. Capital projects during the year to achieve this include the construction and development of new deep groundwater bores at Railway Road and Papaioea Park. Both bores are at the testing and commissioning stage and are assessed as being capable of delivering high yields of excellent quality water. In 2017/18 resource consents to use water will be sought along with pumping station and treatment works design.

Other projects include a new 2,500 cubic metre reservoir and associated pump stations to be commissioned before the end of the calendar year in the Aokautere area to improve the resilience of supply to this area and secure fire flows for the top end of Pacific Drive. The Longburn community have firefighting capacity for the first time following installation of a new dedicated fire network supported by water storage tanks and pumping equipment.

Following the Havelock North water supply contamination event, Council completed a thorough review of the water safety and security risks for all the City's water supply systems. The assessment concluded that Palmerston North water supplies are well protected and meet all the requirements of the New Zealand Drinking Water Standards. However based on a low risk approach a small number of mitigation initiatives were identified and have been implemented.

PERFORMANCE MEASURES – WATER	RESULT
Provide a good quality, safe water supply, complying with the Public Health Act 1956.	Water supplied by the reticulation network has complied.
Full compliance with consent monitoring conditions that relate to environmental effects.	Full compliance achieved.
Household water demand does not increase. (Target not more than 360 litres per day per resident.)	343 litres per day per resident.

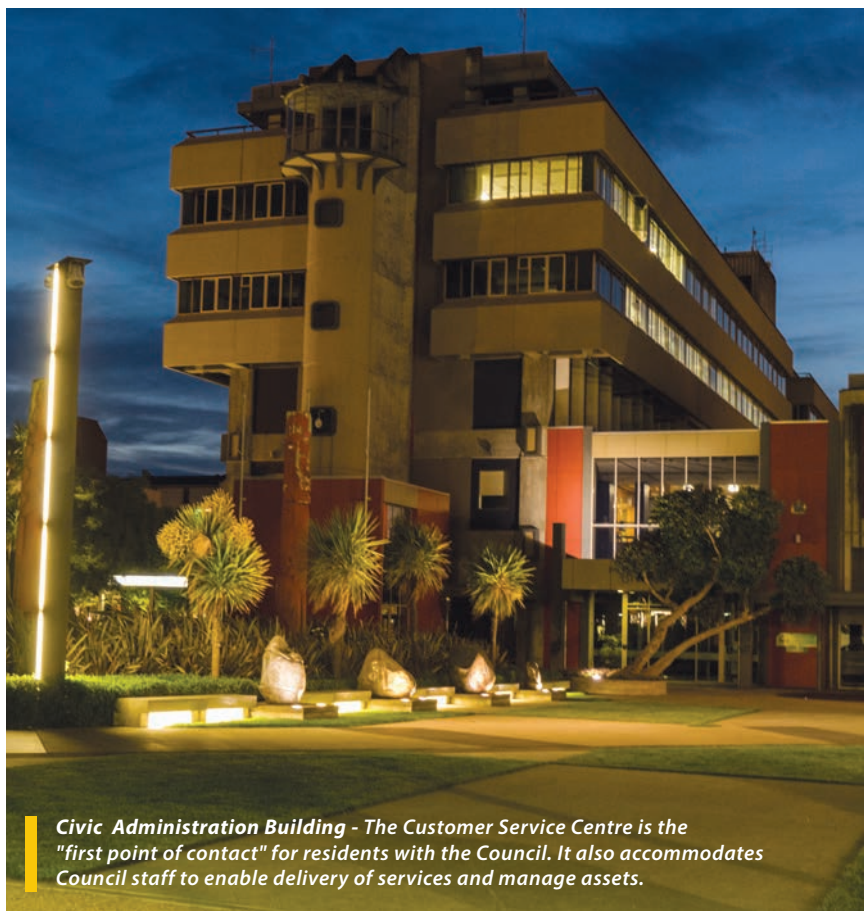
Support Services

The Support Services support the Council's other services and provides the Council with other income sources that allow it to reduce the amount needed from ratepayers. These include commercial or strategic investments, corporate support, and customer services. These services provide the Council's financial, human resources and information systems that all the other services depend upon. Customer Services also provides a "first point of contact" between residents and the Council about the whole range of things that people talk to the Council about.

The Council has a range of assets that it owns for commercial or strategic reasons. These include the Long Term Investment Fund, the Palmerston North Airport, rental of commercial property, and the Gordon Kear Forest.

The Council has continued to deliver a number of services to external agencies, including building services to Manawātū District Council (MDC) and after hours call centre services to other councils throughout New Zealand. For the call centre the focus on a continuous improvement philosophy has enabled the service to respond to emergencies, where it is increasingly put to the test, and to withstand the challenges during contract renewals, with all expiring contracts renewed.

Within Information Management, development of online services is a key feature of the IM roadmap and this year has seen the introduction of more services. Business continuity planning continues as a key focus with regular assessment and improvement.



Civic Administration Building - The Customer Service Centre is the "first point of contact" for residents with the Council. It also accommodates Council staff to enable delivery of services and manage assets.

PERFORMANCE MEASURES – SUPPORT SERVICES	RESULT
Customer Services provides services to customers that are acceptable to those customers achieving a high service quality.	Service was provided achieving standards required.

Financial Summary

Summary Statement of Comprehensive Revenue and Expense

This statement shows the revenue Council and the Group received and what was spent on delivering services during the year. For the year Council achieved an underlying controllable cash operating surplus, with higher revenues received and lower operating expenditure than budgeted. Inclusion of non-controllable items increased the surplus. This included favourable accounting valuation adjustments, partly offset by higher depreciation and lower than budgeted capital revenues. These are generally non-cash and not recovered as part of rates. Some capital revenues were not received as associated capital programmes have been unable to be proceeded with this year and will be received when completed in the future.

for the year ended 30 June 2017

	Council		Group		
	Actual 2017 \$000	Budget 2017 \$000	Actual 2016 \$000	Actual 2017 \$000	Actual 2016 \$000
Rates revenue	87,720	87,275	83,467	87,385	83,114
Finance revenue	687	375	1,072	409	854
Other operating revenue	27,346	26,096	26,521	36,500	33,408
Capital revenue	11,446	11,888	9,104	11,456	9,150
TOTAL REVENUE	127,199	125,634	120,164	135,750	126,526
Depreciation and amortisation	30,415	27,845	27,810	32,110	29,411
Finance costs	1,675	6,288	12,096	1,945	12,400
Other expenses	83,741	83,186	79,579	88,795	83,331
TOTAL EXPENSES	115,831	117,319	119,485	122,850	125,142
NET SURPLUS/(DEFICIT)	11,368	8,315	679	12,900	1,384
Share of associate's surplus/(deficit)	-	-	-	454	(9)
Income tax refund / (expense)	104	-	134	(446)	99
NET SURPLUS/(DEFICIT) AFTER TAX	11,472	8,315	813	12,908	1,474
OTHER COMPREHENSIVE REVENUE AND EXPENSE					
Increase/ (decrease) in operating property valuations	99,628	34,344	12,595	110,602	12,559
Financial assets at fair value through other comprehensive revenue and expense	79	-	131	79	131
Movement in deferred tax on revaluations	-	-	-	(2,146)	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	111,179	42,659	13,539	121,443	14,164

Explanation of the major variances are:

Other operating revenue – higher Regulatory revenue on increased consent numbers and wastewater collection charges on higher volumes were received offset by lower NZTA operating subsidies.

Capital revenue – higher from non-cash vested assets offset by lower due to timing of budgeted capital revenues for capital projects deferred and will be received when completed.

Finance costs – lower due to unbudgeted non-cash favourable valuation on derivative financial instruments, no rates impact.

Depreciation and amortisation – higher than budget due to the higher revaluation increase in 2016 and some assets depreciated over a shorter life than budgeted for.

Council receives revenue from many sources so that it may provide the many services necessary for the functioning of the City. General rates are the primary revenue source of the Council, representing 57% of total operating revenue. Other key sources of revenue are targeted rates to recover specified service delivery charges, regulatory user charges and fees, and rendering of services and other income.

In determining the proportion of total revenue to be sourced from general rates, each year Council makes an assessment of the operating expenses of each activity. From this it is determined who benefits from the activity and whether there should be a more user-pay basis of charge.

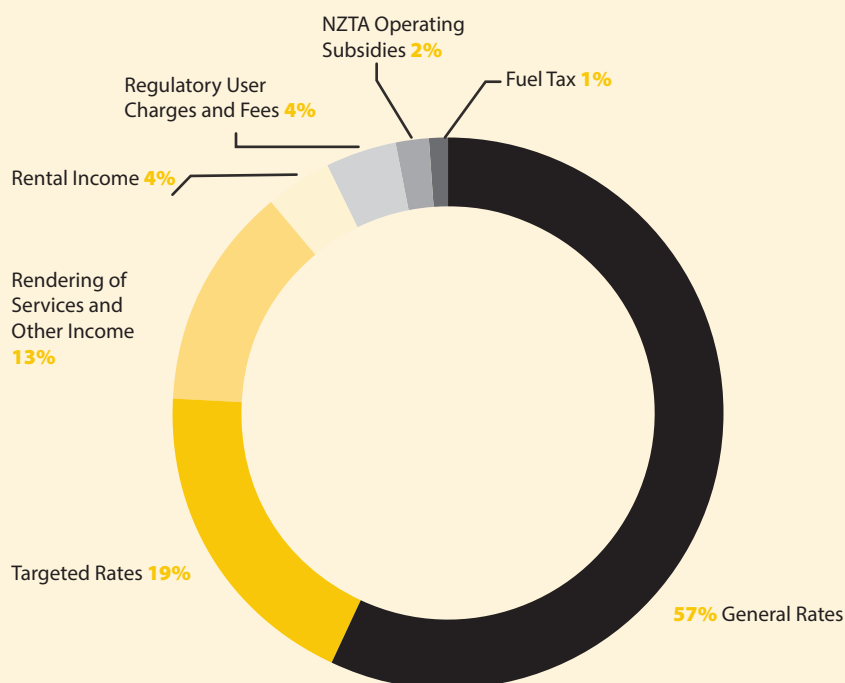
Other non-operating capital revenues are received relating to capital expenditure with amounts received for government transport subsidies, grants and vested assets.

Council incur costs to provide the services necessary for the functioning of the City. These include provision of infrastructure to keep you healthy, such as the supply of water and waste services, well maintained roads to allow you to move around the City, providing sporting and recreational facilities, providing arts and cultural facilities, assisting with economic development and regulatory planning requirements.

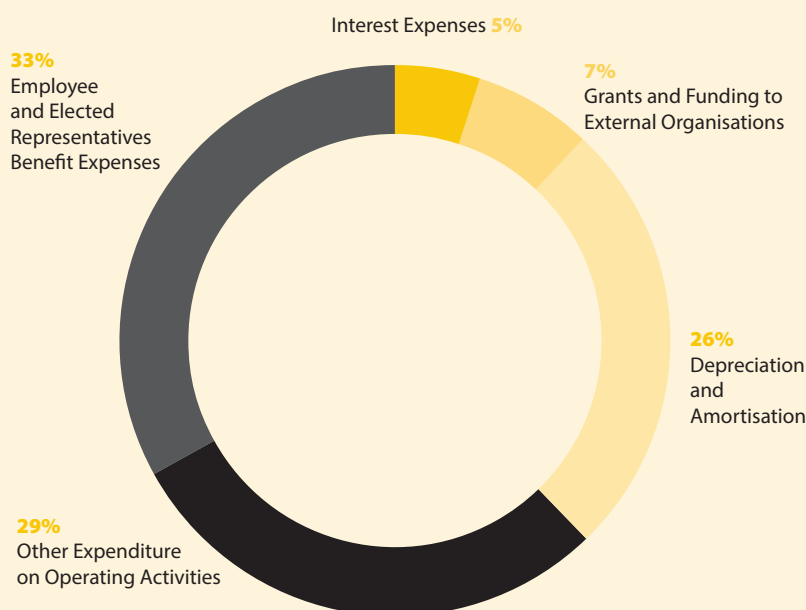
The amount spent on grants and funding to external organisations has increased. Included are funding for new events, such as those within the Palmy Unleashed initiatives, New Zealand Agrifood Investment week and New Zealand Rural Games. These are supported to give the community things to do but also for a range of objectives like to support and boost economic development, provide leisure activities, support sustainability activities, and support those organisations that provide local solutions to local problems.

Interest expense has decreased from last year following reduction in gross debt from less capital expenditure incurred than budgeted and the favourable operating surplus.

Where did Operating Revenue come from?



What costs did we incur?



Summary Statement of Financial Position

What we own and what we owe to other people are summarised below.

for the year ended 30 June 2017

	Council		Group	
	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Actual</i>
	<i>2017</i>	<i>2017</i>	<i>2016</i>	<i>2017</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Current Assets	11,458	7,088	12,054	14,123
Non-current Assets	1,558,683	1,512,766	1,455,116	1,637,272
TOTAL ASSETS	1,570,141	1,519,854	1,467,170	1,651,395
Current Liabilities	49,679	30,071	40,760	51,315
Non-current Liabilities	80,462	118,053	97,589	93,393
Equity Attributable to PNCC	1,440,000	1,371,730	1,328,821	1,506,687
TOTAL LIABILITIES AND EQUITY	1,570,141	1,519,854	1,467,170	1,651,395

During the year PNCC invested in \$33.1m of plant, property and equipment to provide capability for future services to the City. All renewal capital expenditure to maintain capabilities was funded from operating cashflows.

Explanation of the major variances are:

Non-current Assets - property, plant and equipment increased from 2015/16 due to revaluation of infrastructural assets this year being higher than budget, offset by lower level of capital expenditure than budgeted.

Current, non-current liabilities - lower than budget due to lower level of debt from lower capital expenditure and operational surplus.

Equity - higher due to the revaluation of infrastructural assets.

Summary Statement of Changes in Equity

Changes in equity shows the movement in the net assets that ratepayers own. With the favourable total comprehensive revenue and expense for the year, due to the infrastructural property valuation increase, equity has increased.

for the year ended 30 June 2017

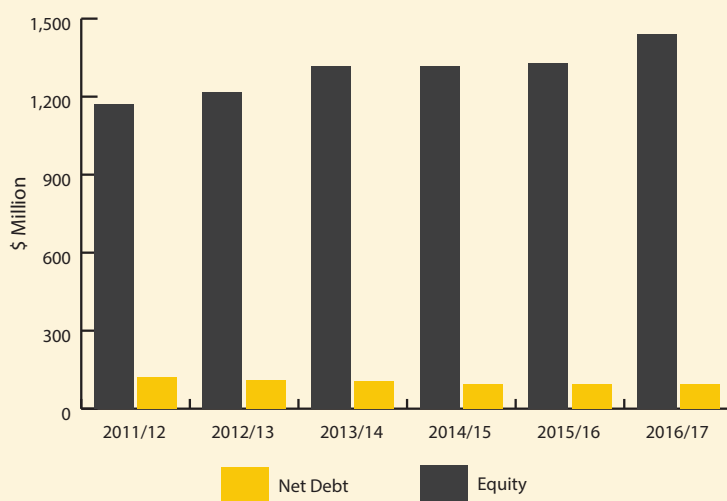
	Council		Group	
	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Actual</i>
	<i>2017</i>	<i>2017</i>	<i>2016</i>	<i>2017</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Equity at beginning of the year	1,328,821	1,329,071	1,315,282	1,385,244
Total comprehensive revenue and expense for the year	111,179	42,659	13,539	121,443
EQUITY AT THE END OF THE YEAR	1,440,000	1,371,730	1,328,821	1,506,687
Comprising:				
Retained earnings	1,027,938	1,023,056	1,015,757	1,057,102
Special funds	-	-	-	192
Revaluation reserves	412,062	348,674	313,064	449,393
EQUITY AT THE END OF THE YEAR	1,440,000	1,371,730	1,328,821	1,506,687

Equity in the Council has increased by 23% over the past five years, particularly due to asset revaluations and in 2012/13 as a result of assets transferred following the boundary alteration.

Net debt as a percentage of equity has been reducing with only a small portion of total assets, 6.0%, funded by borrowing.

Statistics on equity per rateable property and per resident for the past two years are provided in the table. The amount of net debt per rateable property and per resident is also provided. Net debt has been reducing each year since it peaked in 2012 however is expected to increase as deferred capital expenditure is incurred.

What is the Equity of the City?



	2015/16	2016/17	% CHANGE LAST YEAR (UNFAV)
Equity per rateable property	\$40,751	\$43,889	7.7%
Equity per resident	\$15,542	\$16,686	7.4%
Net debt per rateable property	\$2,934	\$2,855	2.7%
Net debt per resident	\$1,119	\$1,085	3.0%

Summary Statement of Cash Flows

The Council receives and pays out substantial sums during the year. This summary shows what we received, how it was used, what amounts were spent on assets to provide services in the future and how they were funded, whether from operations or borrowed.

for the year ended 30 June 2017

	Council		Group		
	<i>Actual</i> 2017 \$000	<i>Budget</i> 2017 \$000	<i>Actual</i> 2016 \$000	<i>Actual</i> 2017 \$000	<i>Actual</i> 2016 \$000
Net cash from operating activities	34,066	34,160	30,040	36,757	31,644
Net cash from investing activities	(29,191)	(47,676)	(24,009)	(30,839)	(26,764)
Net cash from financing activities	(4,275)	13,516	(12,725)	(5,575)	(11,625)
NET (DECREASE)/INCREASE IN CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS	600	-	(6,694)	343	(6,745)
Cash, cash equivalents and bank overdrafts at the beginning of the year	679	373	7,373	1,976	8,721
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR	1,279	373	679	2,319	1,976

Council achieved a positive cashflow from operations of \$34 million. This is required to fund renewal capital expenditure to maintain current capabilities and repay part of the existing borrowing. Net cash from service delivery was higher than budget however capital revenues to partly fund capital expenditure were less than budgeted. Capital expenditure was lower than budget with some expenditure deferred and to be incurred in the future. With proceeds from investment fund withdrawals included in investing activities overall this meant that net debt was lower than last year.

Council had a large capital works budget, completing \$33.1m of works. This compares with \$30.9m last year and a budget of \$50.7m this year. During the year some major projects were only able to be commenced or were deferred with the full budget not incurred. These will generally be completed in the 2017/18 year.

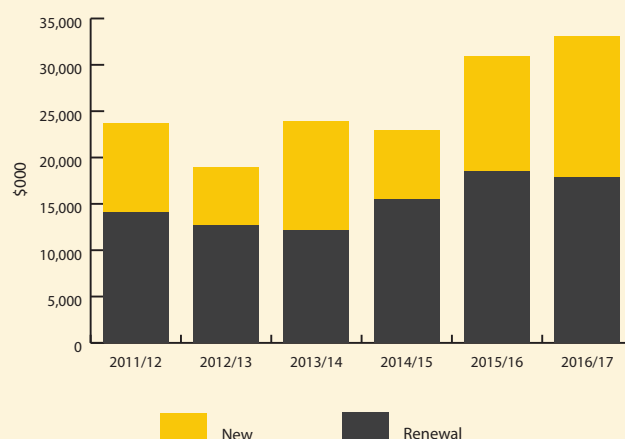
The majority of capital expenditure was spent on constructing and developing infrastructure assets (roading, stormwater, rubbish and recycling, wastewater, and water assets). Roading has incurred the biggest part to enable safety improvements, replace street lights with more environmentally friendly LED bulbs, construction of shared paths and maintaining the standards of the roading network to improve safety and make it easier to move around the City. Other amounts have been spent to improve infrastructure and at reserves, sportsfields, cultural facilities to improve your experience.

Expenditure to maintain or extend the life of existing assets (renewal capital expenditure) was funded from operating revenue, primarily rates. Expenditure for growth or to add new assets (new capital expenditure) is usually intended by Council to be funded from borrowing with scheduled repayments included in rates, although part is funded by grants, subsidies and development contributions (capital revenue).

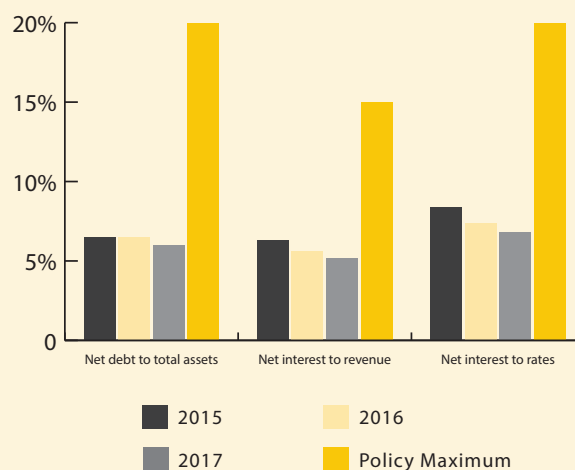
Through a period of intensive capital investment in infrastructure, particularly up to 2008, the Council's net debt peaked in 2012 and since then has reduced. With the decision to wind down the investment fund, withdrawals have been applied to repaying debt with the effect being to reduce gross debt from \$154m in 2008 to \$97m currently. Prospective debt levels are determined through the robust 10 year and annual planning cycles and managed within criteria set out in the Council's Treasury Policy. The policy contains conservative prudential ratios of borrowing permitted against several benchmarks, as detailed in the graphs. The net debt, currently \$94m, represents the total debt less the value of the long term investment fund and short term deposits.

With the increasing level of debt the gross interest expense had been increasing until 2008, but with the reduction in gross debt this has been reducing. This year with the reduction in gross debt the gross interest expense has decreased by 5% remaining below the conservative policy limit contained in the Council's Treasury Policy.

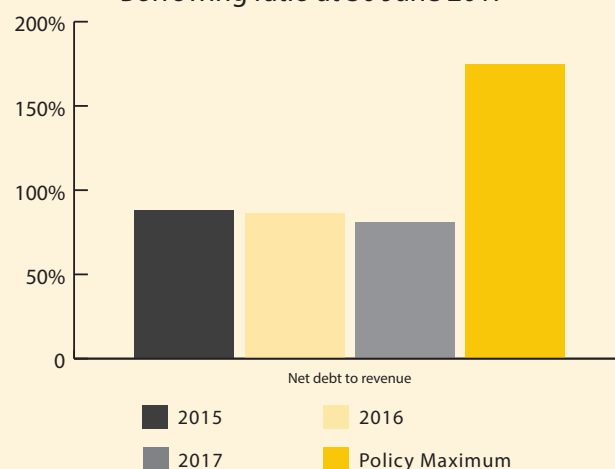
How much Capital Expenditure was spent?



Borrowing ratios at 30 June 2017



Borrowing ratio at 30 June 2017



Events after the Balance Sheet Date

PNCC are not aware of any events subsequent to balance date which would materially affect the amounts included in these financial statements or disclosures made.

Independent Auditor's Report



About this Summary

This Summary Annual Report has been extracted from the full Annual Report and is designed to give an overview for the year to 30 June 2017 of the Council's operations as a legal entity and also those for its "group", including its subsidiary and council controlled organisations. The Annual Report contains detailed information about our finances and service performance and was adopted by Council and approved for issue on 25 September 2017.

This summary report has been prepared in accordance with PBE FRS 43: Summary Financial Statements.

It cannot be expected to provide as complete an understanding as provided by the full financial report of the financial and service performance, financial position and cash flow of the Council.

The full financial statements for the year ended 30 June 2017 have been prepared in accordance with NZ GAAP. They comply with NZ PBE IPSAS Tier 1, and other applicable Financial Reporting Standards, as appropriate for public benefit entities. The functional and presentation currency of PNCC is New Zealand dollars with all values

rounded to the nearest thousand dollars.

The Council of Palmerston North City confirms that all other statutory requirements relating to the Annual Report have been complied with.

Audit New Zealand has audited the full financial statements and issued an unmodified report. This Summary has been examined by Audit New Zealand for consistency with the full Annual Report.

The full Annual Report can be obtained from our website **pncc.govt.nz**



Palmerston North City Council

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