

Quarterly Performance and Financial Report – September 2017

Section One: What's happening out there?

Economic growth is continuing to improve in Palmerston North, supported by strong growth in spending by visitors and residents and strong growth in residential building activity.

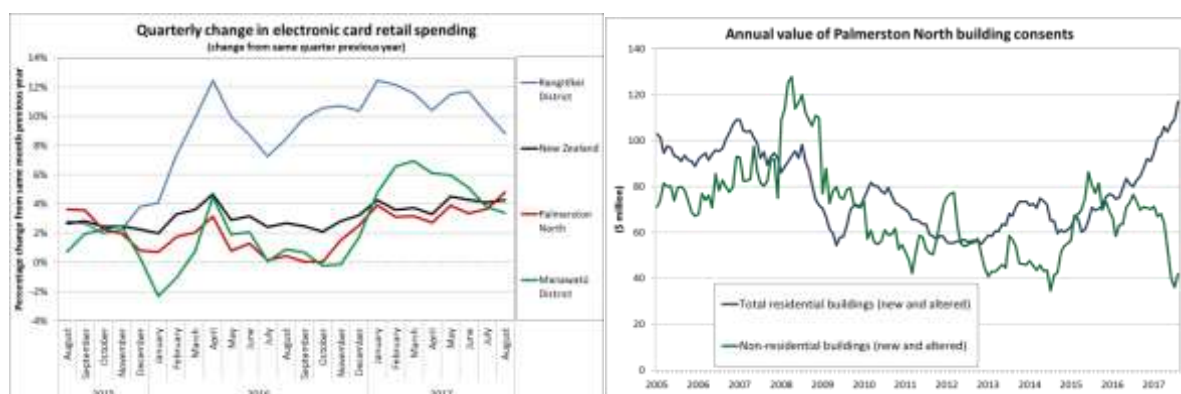
The value of electronic card retail spending in Palmerston North increased by 4.8% in the three months ended August 2017 compared with the same period last year, while there was an increase of 4.3% for New Zealand. Appliance store spending in Palmerston North was down 33% in the three months ended August compared with 2016 (New Zealand decline of 1.2%), while furniture and flooring sales were down by 17% (New Zealand decline of 10%). However, department store spending increased by 13.3% compared with a decline of 0.9% for New Zealand. Electronic card retail spending in Palmerston North was \$1,084 million in the year to August 2017, increasing by 3.2% from 2016.

Domestic visitor spending in the City in the year to August 2017 was \$327 million, an increase of 4.4% from the previous year (domestic visitor spending in New Zealand increased by 3.8%). International visitor spending was \$61 million, an increase of 7.2% from the previous year (New Zealand increase of 10.3%).

Building consent values in the City increased by 5% in the three months ended August compared with the same period last year, while national consents increased by 3%. The value of consents for new dwellings in the City increased by 75% in the three months ended August, consents for residential additions and alterations increased 39% and non-residential consents declined by 52%. The total value of consents issued in the 12 months ended August 2017 was \$159 million, an increase of 2% from the previous year.

Consents were issued for the construction of 326 new residential dwellings in the City in the year to August 2017 compared with 237 a year earlier, an increase of 38% from the previous year. The rate of growth has slowed in other local authorities in the region but is still well ahead of the national growth rate of 3% - Manawatu District (165 dwellings in year to August 2017, 18% increase), Horowhenua (226 dwellings, 25% increase), Whanganui (120 dwellings, 32% increase) and Rangitikei (28 dwellings, 33% increase).

There was a 29% increase in new car registrations in the Palmerston North postal region in the three months ended August compared with the same period in 2016, a useful indicator of business confidence in the City (New Zealand registrations increased by 2%). The number of ex-overseas registered cars in the Palmerston North postal region increased by 16% in the three months ended August, resulting in a 21% increase in the total number of cars registered in the region (New Zealand registrations increased by 8%).



Source: Statistics New Zealand

Net overseas migration to Palmerston North declined slightly from a net gain of 682 people in the year ended August 2016 to a net gain of 676 people in the year to August 2017. The number of people moving overseas from the City on a long-term or permanent basis increased by 9% over the last year while the number of people arriving in the City increased by 4%. Total departures from New Zealand increased by 8% while arrivals increased by 6%.

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

Text finalised 2 October 2017

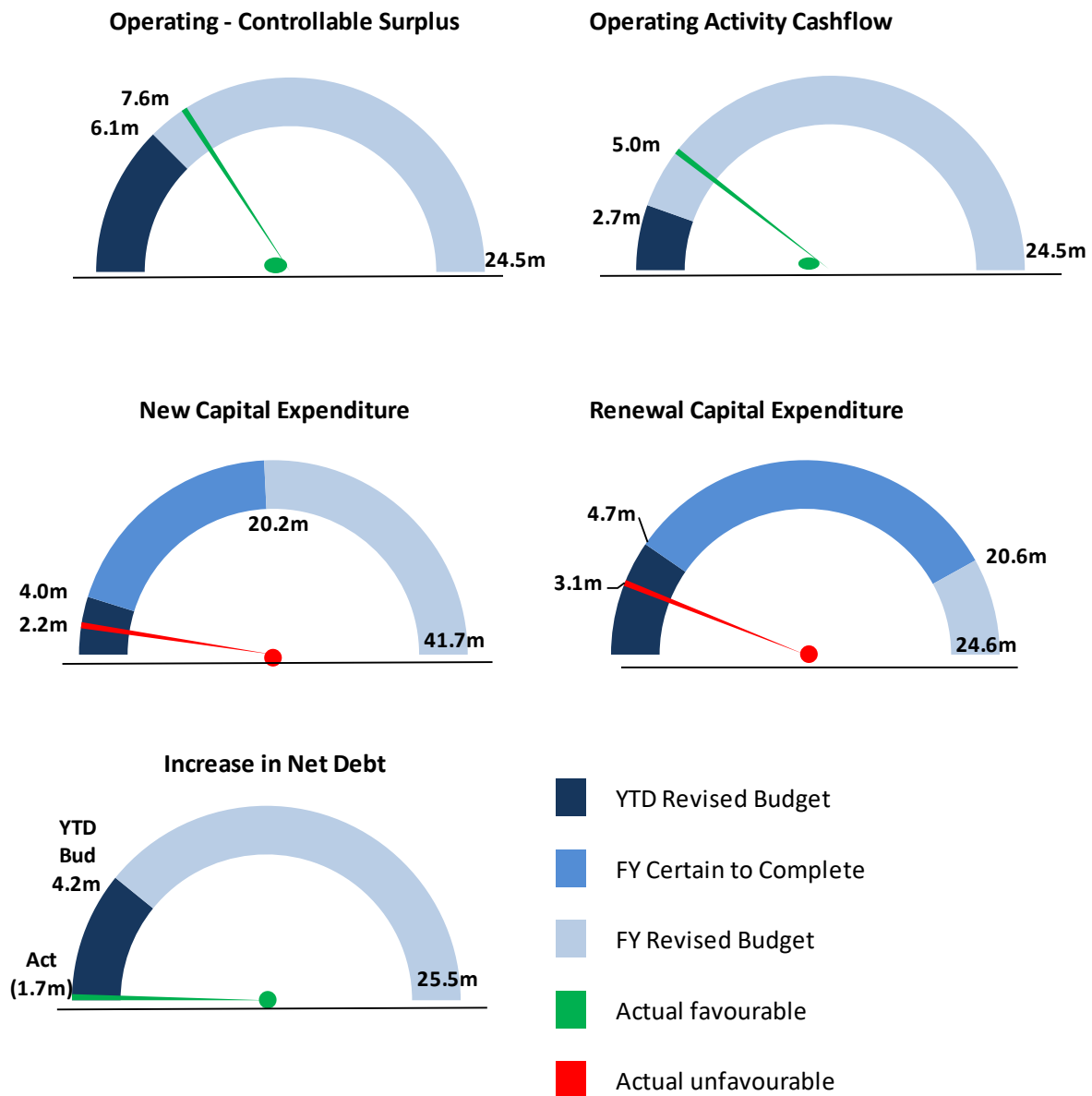
Section Two: What's happening in here?

Background

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

Financial Overview

Synopsis

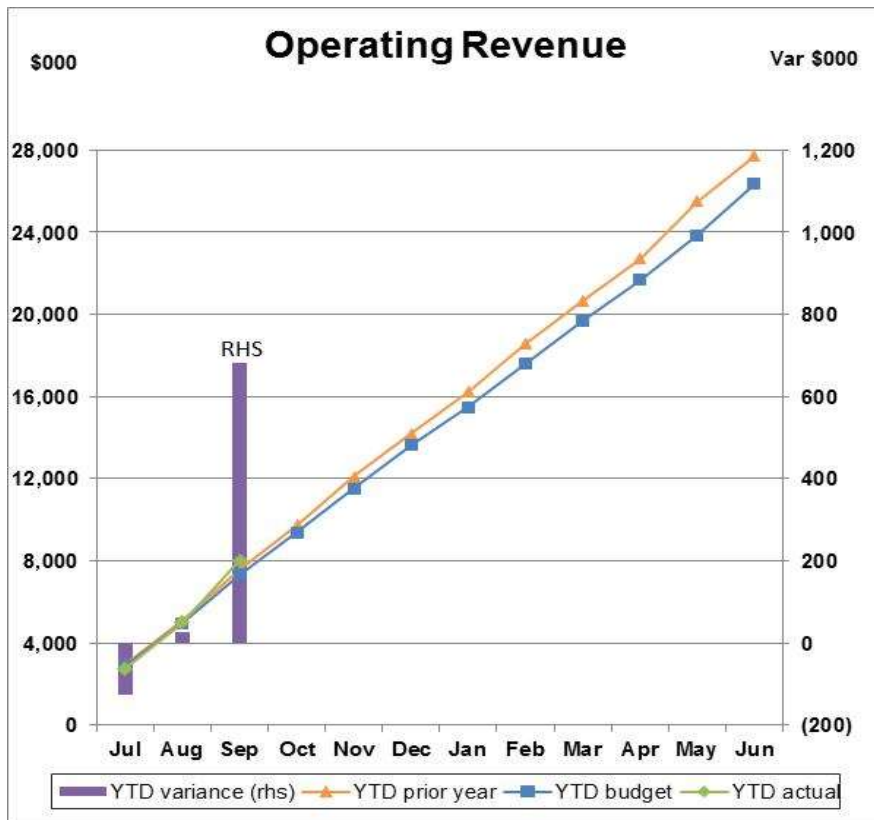


Financial performance is summarised in the following table compared to revised budget. Key aspects are then focused on in the following graphs.

\$ million	September YTD Actual	September YTD Rev Budget	Sept Var YTD Bud			Full Year Revised Budget
Operating – Controllable						
Operating Revenue	8.0	7.3	0.7	●		26.4
Operating Expenses	(21.7)	(22.1)	0.4	●		(85.3)
Operating – Controllable Management Units	(13.7)	(14.8)	1.1	●		(58.9)
Rates	22.8	22.5	0.3	●		89.9
Interest Expense	(1.5)	(1.6)	0.1	●		(6.5)
Operating - Controllable Surplus/(Deficit)	7.6	6.1	1.5	●		24.5
Operating – Non- controllable						
Depreciation	(7.4)	(7.6)	0.2	●		(30.3)
Gain/(loss) on sale of fixed assets	-	-	-			-
Investment Fund Valuation	-	-	-			-
Derivative financial instrument valuation	(0.2)	-	(0.2)	●		-
Net Operating Result – Surplus(Deficit)	-	(1.5)	1.5	●		(5.8)
Non-Operating Revenue	2.9	2.5	0.4	●		19.4
Net Result	2.9	1.0	1.9	●		13.6

Comments on Financial Performance

- Capital expenditure spend start to the year has been slow and behind last year – overall 8.0% of full year budget incurred compared to 12.2% last year when 63% of the full year budget was achieved.
- Controllable operating variance is similar to last month with favourable revenue increases offsetting unfavourable expense increases. Major items included the following.
- Adjustments have been made for unbudgeted operating costs, including:
 - Central Energy Trust Arena remedial work for fire protection requirements \$366k with a further small amount to be incurred
 - City Enterprises Operations Building Trades redundancies \$80k included with further cost in October
- The operating variance includes one-off variances to budgets, including:
 - Dividend from PNAL \$219k more than budget
 - Insurance cost for the year likely to be \$169k less than budget



Higher revenue from:

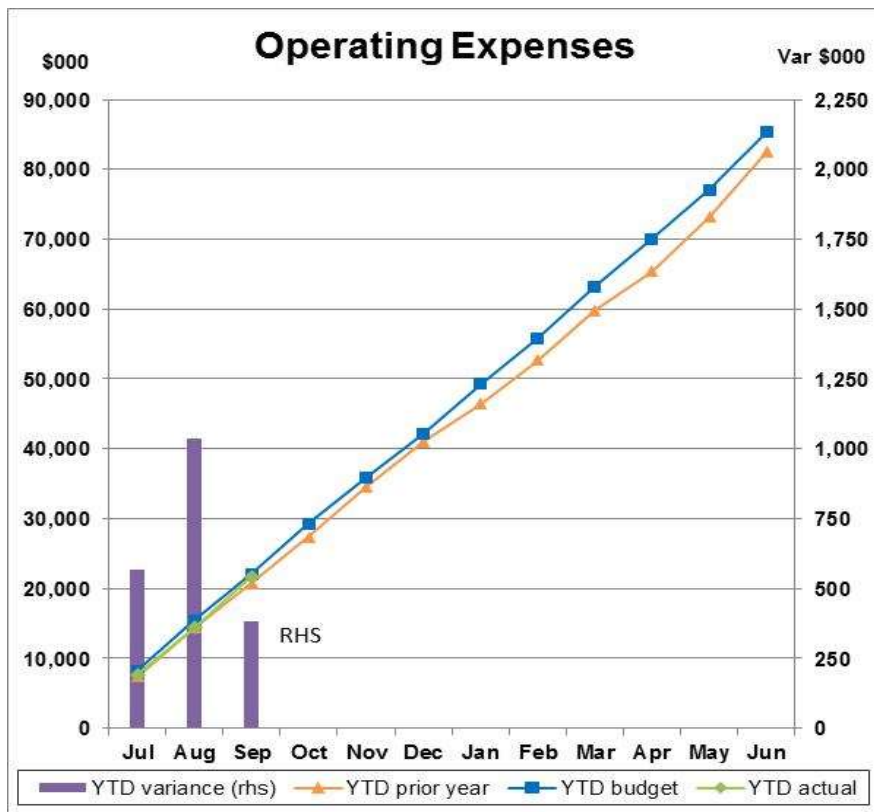
- ↑ Regulatory
- ↑ Wastewater collection fees
- ↑ Parking
- ↑ NZTA opex

Lower revenue from:

- Rubbish collection bags
- value of recycling material sales.

Year to date:

Actual \$8.0m
Budget \$7.3m
Variance \$0.7



Lower expenses for:

- ↓ employee direct costs
- ↑ insurance.

Higher expenses for:

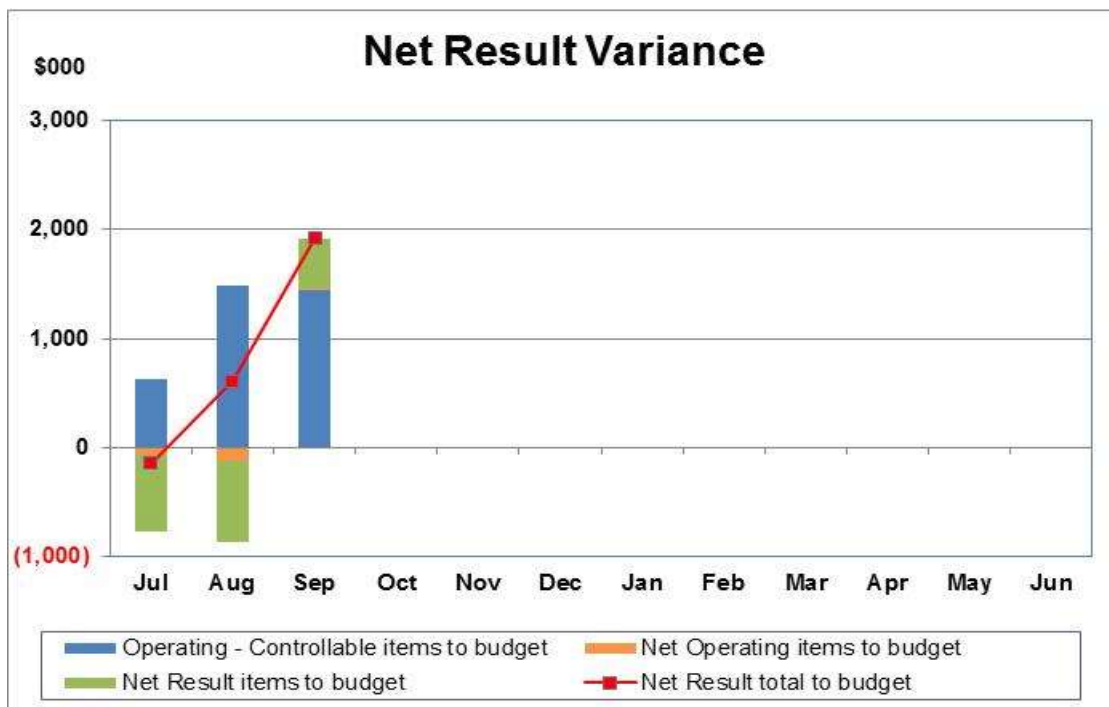
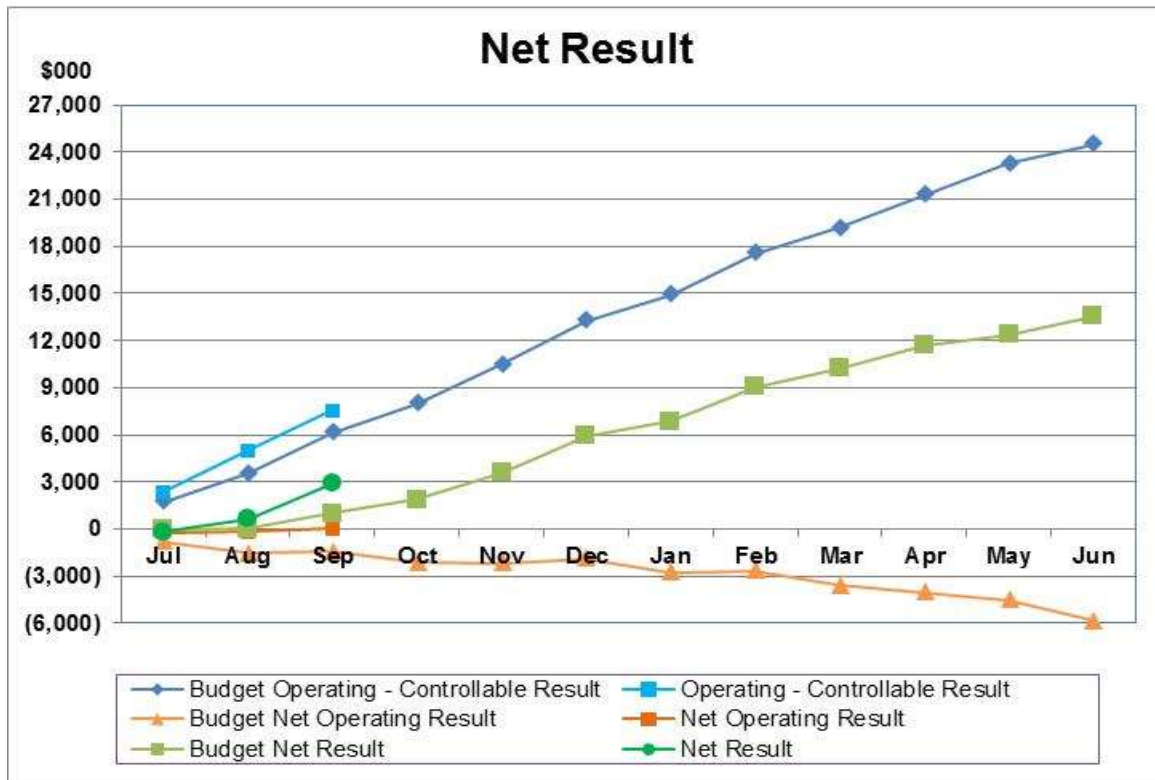
- ↓ professional service costs
- ↓ maintenance, service delivery costs
- ↓ grants.

Year to date:

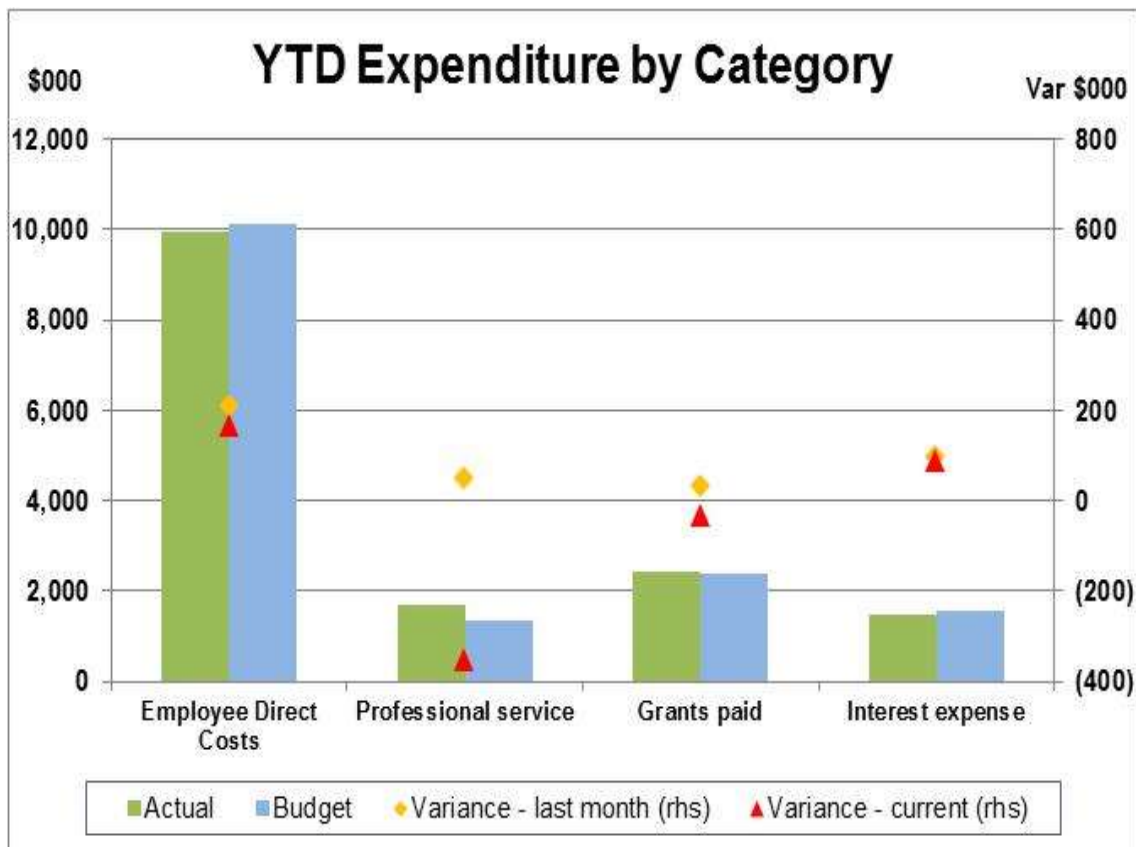
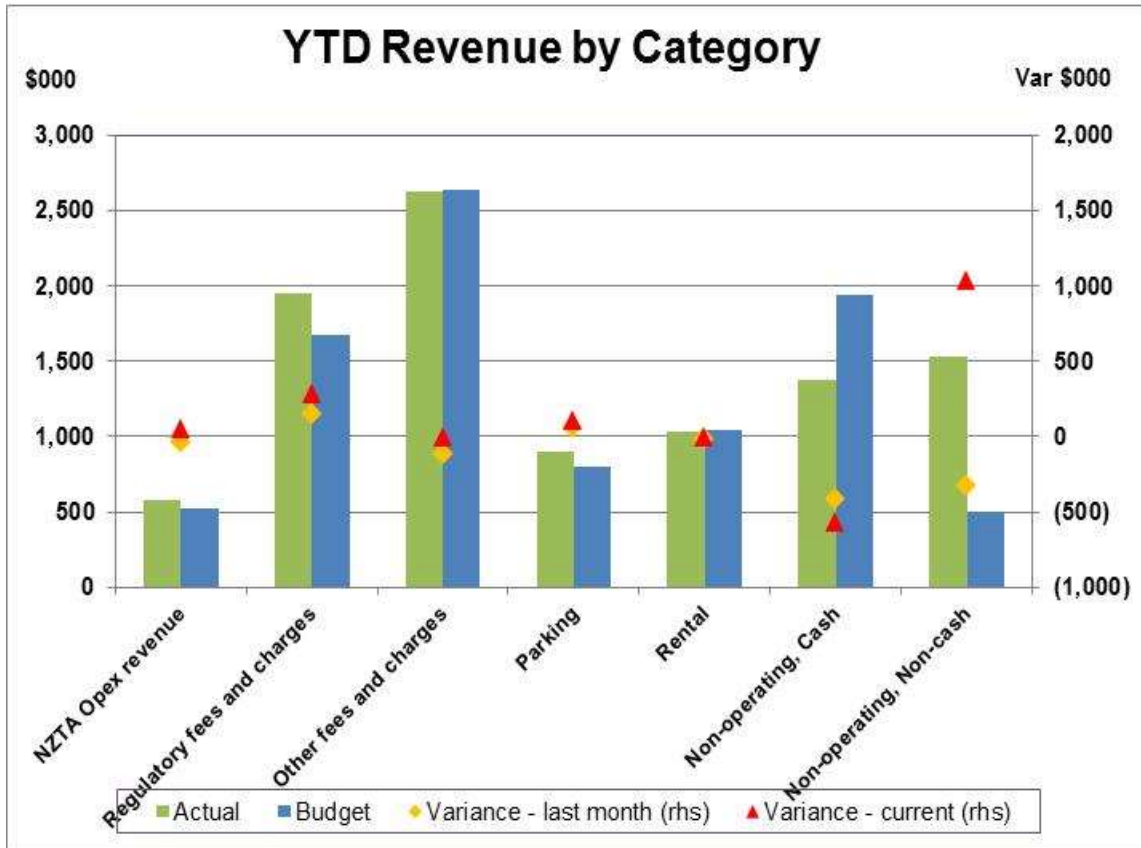
Actual \$21.7m
Budget \$22.1m
Variance \$0.4m

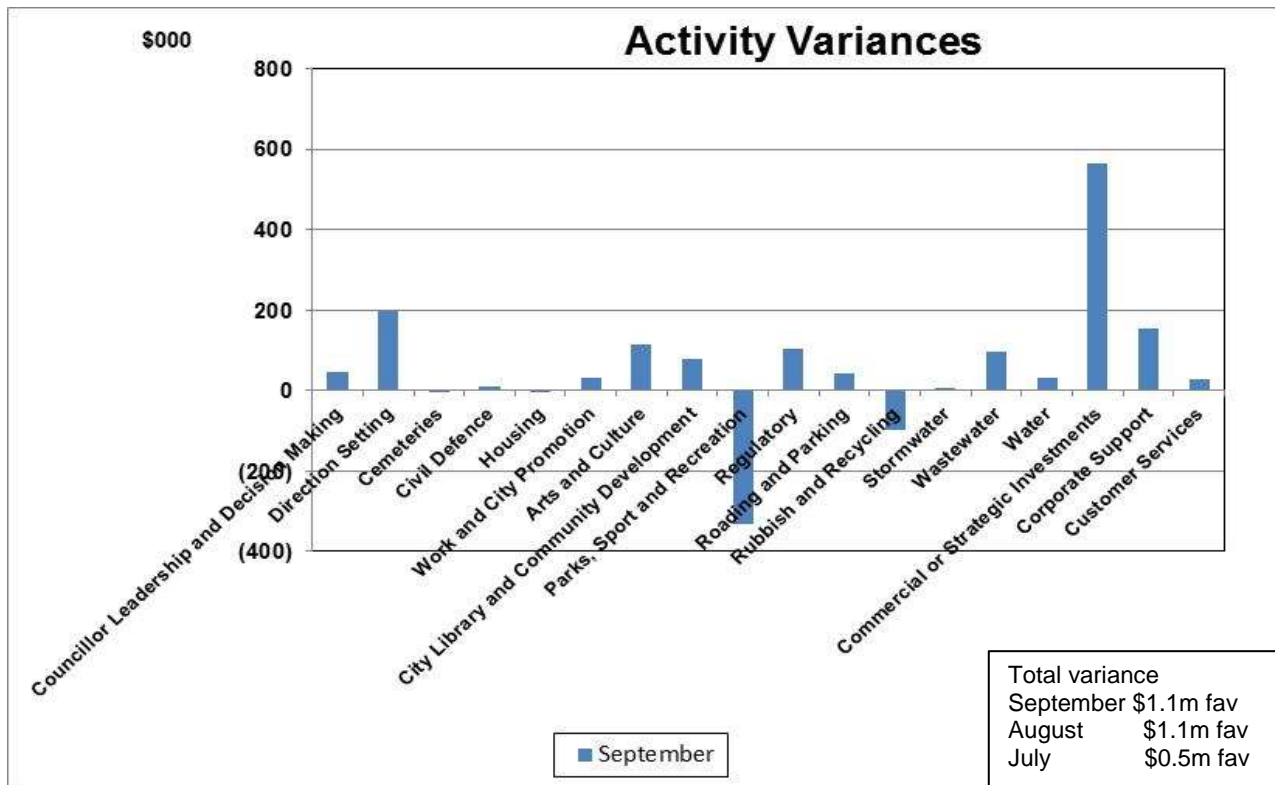
Note – on all variances a positive number is favourable, negative is unfavourable. In the text boxes the heading describes the year to date variance effect with the following symbols reflecting:

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

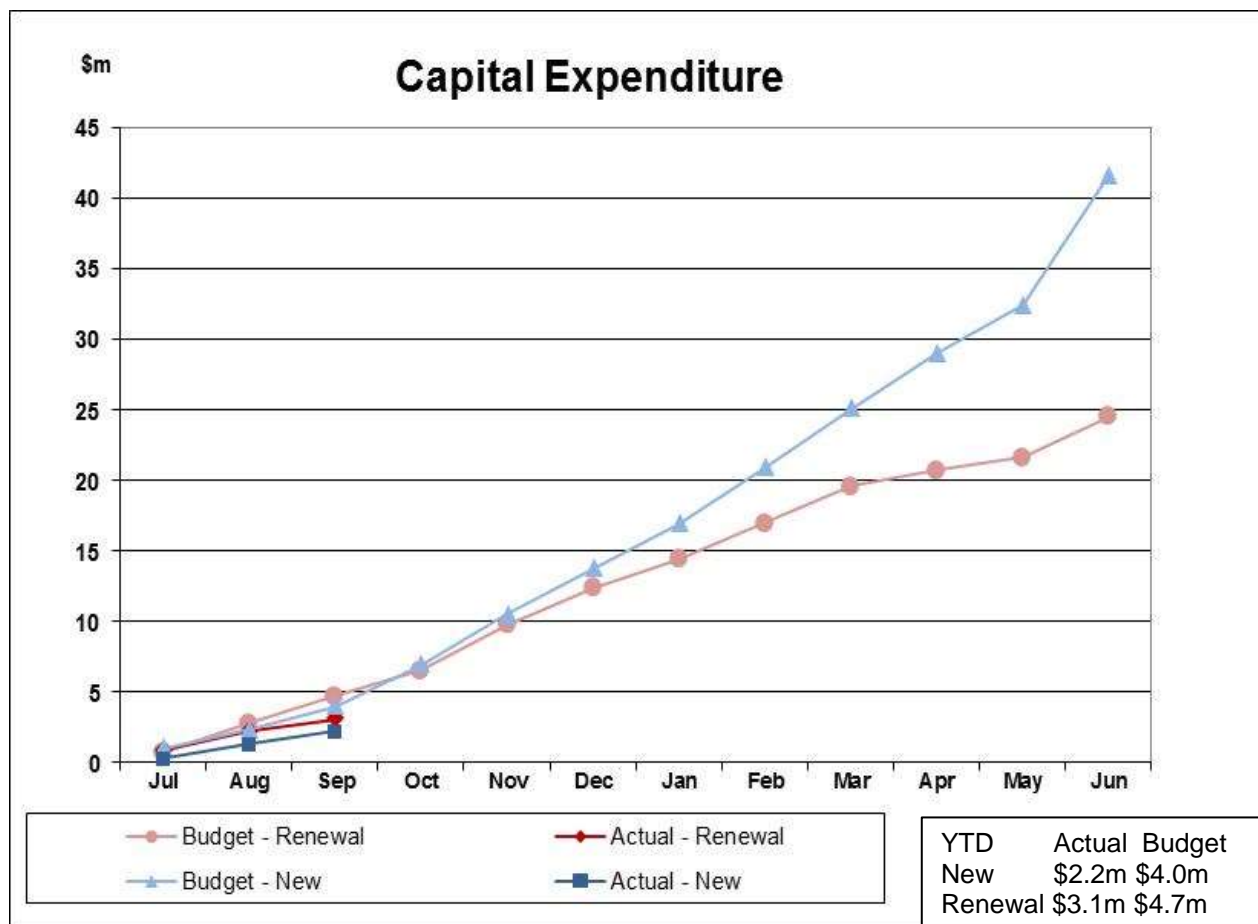


- Operating – controllable surplus items are favourable with the items then included to net operating result similar to budget (depreciation fav, swap valuation unfav). Those items included to the net result are favourable (higher vested assets, lower development contributions, revenue for capex, NZTA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

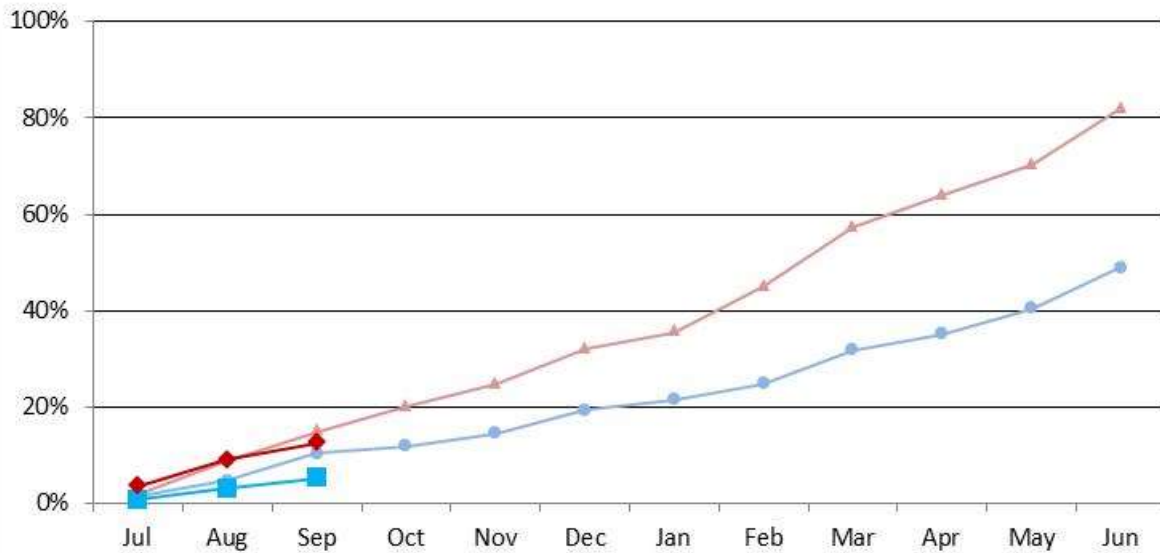




Refer Attachment 1 for activity variance explanations.



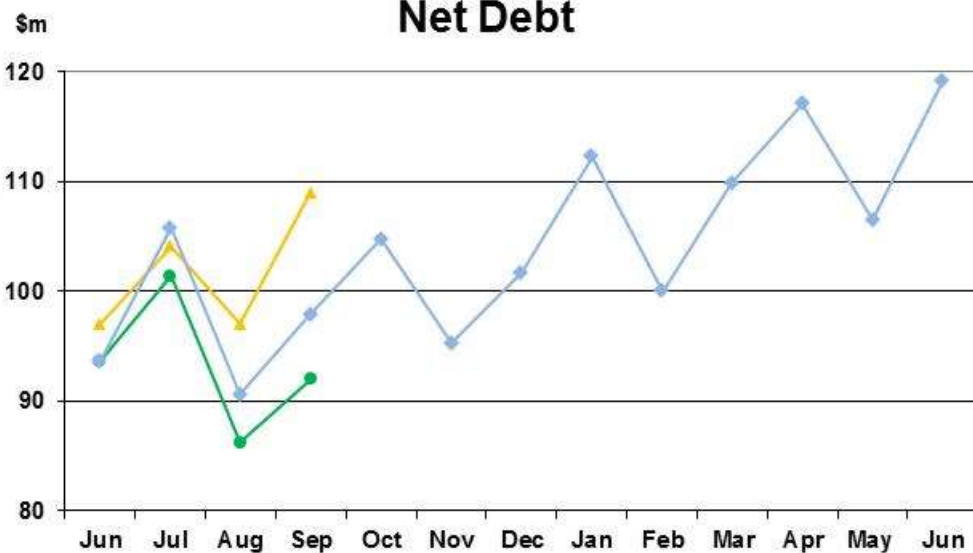
Capital Expenditure



2017 % FY Budget Spent - New	2017 % FY Budget Spent - Renewal
2018 % FY Budget Spent - New	2018 % FY Budget Spent - Renewal

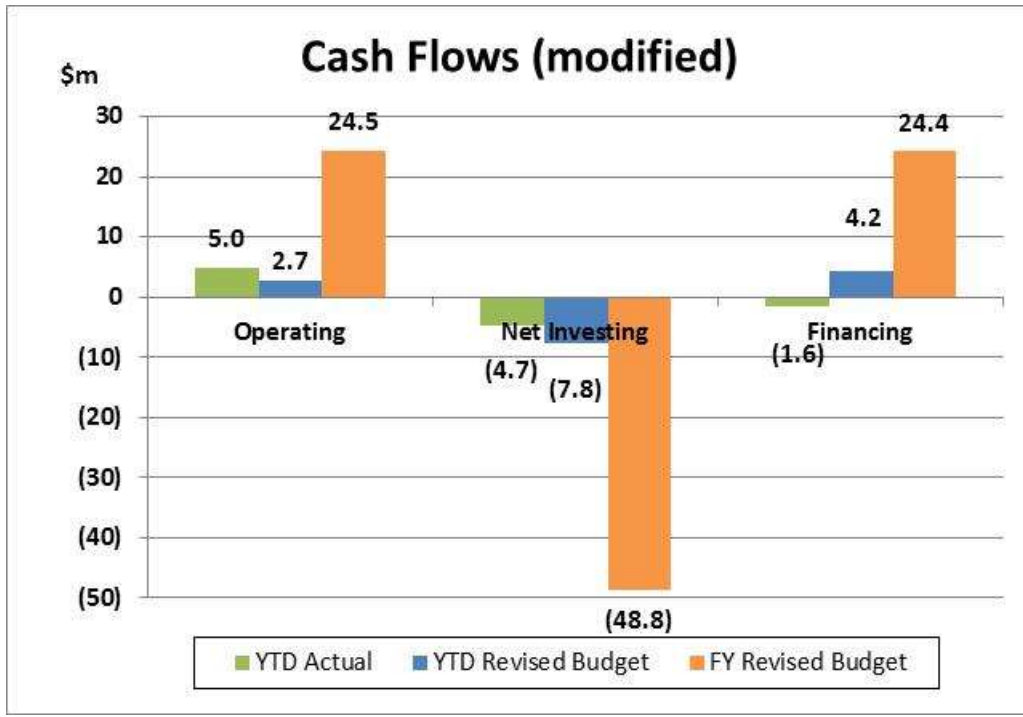
YTD	2018	2017
New	5.3%	10.4%
Renewal	12.5%	14.8%

Net Debt



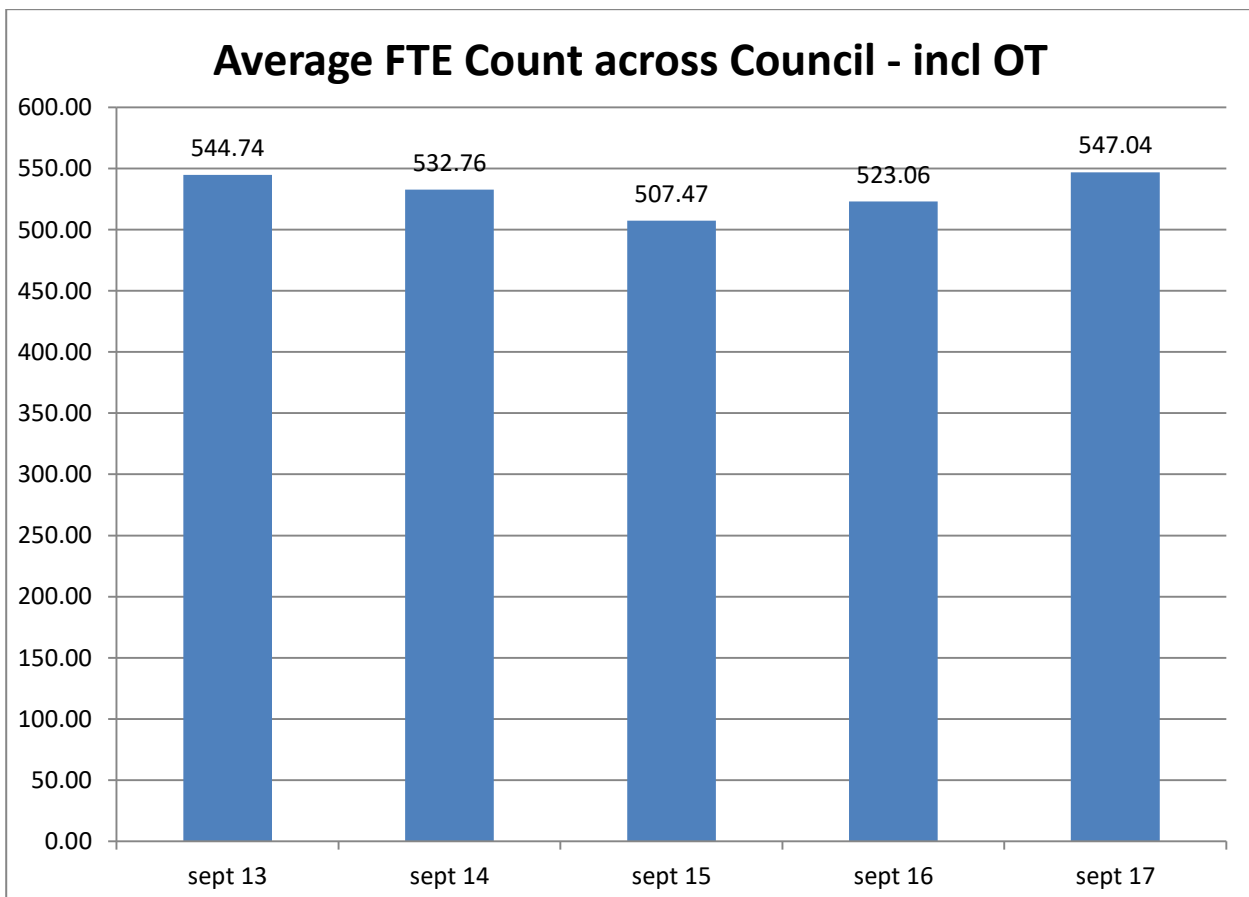
Net Debt	Gross Debt	Revised Budget Net Debt
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Net Debt YTD	
Actual	\$92.0m
Budget	\$97.9m



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

**Attachment 1 - Activity Variance Explanation
September 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	49	99%	Unfav	Revenue	Planning revenue.	Minimal with no private plan change requests received, offset by lower expenses.
	245	18%	Fav	Expenses	Professional service, operating costs.	Lower costs incurred to date, partly relating to the lower revenue.
Work & City Promotion	40	18%	Fav	Revenue	Revenue.	Higher revenue to date received by Conference & Function Centre.
Arts & Culture	113	7%	Fav	Expenses	Service delivery, net personnel costs.	Lower costs incurred to date.
Parks, Sport & Recreation	304	10%	Unfav	Expenses	Operating costs, remedial work.	Remedial fire compliance work at Central Energy Trust Arena has been required to be treated as an unbudgeted operating cost, offset partly by lower operating costs to date.
Regulatory	396	24%	Fav	Revenue	Revenue.	Higher revenues, associated with the higher number of building consents submitted and cost recovery.
	293	15%	Unfav	Expenses	Professional service costs.	Higher costs incurred, partly relating to processing of consents with higher revenue, some costs able to be recovered, partly offset by lower operating costs to date.
Roading & Parking	115	8%	Fav	Revenue	Parking.	Higher parking revenues received to date.
Rubbish and Recycling	92	12%	Unfav	Revenue	Rubbish bags, recycling materials.	Lower revenue from sales with recycling materials partly due to June 2017 stock reversal until sold.
Commercial or Strategic Investments	209	19%	Fav	Revenue	Dividend.	Higher dividend received from PNAL than budgeted.
	354	82%	Fav	Expenses	Operating costs.	Overall lower net operating cost incurred to date on providing internal services to operating units. Note part of this will be allocated to those related activities from the December quarter.
Corporate Support	54	14%	Fav	Revenue	Interest received.	Higher general interest received than budgeted.
	102	250%	Fav	Expenses	Professional service costs, operating costs.	Lower costs incurred to date, likely some annual costs budgeted yet to be incurred.

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 September 2017, with two showing unfavourable variances. Year to date these unfavourable variances are currently 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 currently offsetting the unfavourable variances. The following comments relate to specific items expected to affect full year performance:

- Rubbish and Recycling activity is unfavourable due to unbudgeted expenditure related to lease site cleansing and reversal of year end recycling stocks until sales are realised.
- Leisure includes the cost of unbudgeted Central Energy Trust Arena remedial work for fire protection requirements as this is required to be maintenance and operating.
- There have been favourable variances for items that should remain unchanged for the remainder of the year:
 - Dividend from PNAL \$219k more than budget
 - Insurance cost for the year likely to be \$169k less than budget
- Rates variance includes favourable variances for penalties, \$107k with water by meter similar to 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 of this will be allocated to those other activities at year end.

The full year revised budget will also be amended to include Council approved variations to the 2017/18 Annual 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	13,362
Caccia Birch grant increase	(4)
Capital grant for skate park	250
Te Manawa concept plan	(40)
Revised budget net result	<u>13,568</u>

Palmerston North City Council Detailed Groups of Activities For the three months ending 30 September 2017	ACTIVITY STATEMENT								
	NET RESULT - Surplus/(Deficit)								
	2017/18 \$000's								
	ACTUAL - 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	12	1,925	(1,913)	52	2,208	(2,156)	243	(8,812)	(8,812)
Community Support	768	959	(191)	756	953	(197)	6	(98)	(106)
Work and City Promotion	260	972	(712)	220	963	(743)	31	(2,968)	(2,982)
Leisure	637	8,088	(7,451)	686	7,999	(7,313)	(139)	(27,841)	(27,834)
Regulatory	2,023	2,208	(185)	1,627	1,915	(288)	103	(2,902)	(2,902)
Roading and Parking	1,622	3,104	(1,482)	1,507	3,030	(1,523)	41	(6,703)	(6,703)
Rubbish and Recycling	650	1,566	(915)	742	1,558	(816)	(99)	(3,107)	(3,107)
Stormwater	2	416	(415)	1	421	(421)	6	(1,457)	(1,457)
Wastewater	246	1,397	(1,151)	220	1,466	(1,246)	95	(4,568)	(4,568)
Water	16	1,106	(1,090)	6	1,126	(1,120)	30	(4,281)	(4,281)
Support Services	1,771	(14)	1,785	1,508	469	1,039	746	3,839	3,929
TOTAL GROUP OF ACTIVITIES	8,007	21,727	(13,720)	7,325	22,108	(14,782)	1,063	(58,898)	(58,823)
Total Rates	22,744	-	22,744	22,460	-	22,460	283	89,842	89,795
Interest	-	1,465	(1,465)	-	1,557	(1,557)	92	(6,477)	(6,462)
OPERATING - CONTROLLABLE RESULT - Surplus/(Deficit)	30,750	23,192	7,559	29,786	23,665	6,121	1,438	24,467	24,511
Plus Non-controllable operating									
Depreciation	-	7,403	(7,403)	-	7,580	(7,580)	177	(30,321)	(30,321)
Gain/(Loss) on disposal of Fixed Asset	21	-	21	-	-	-	21	-	-
Investment Fund revaluation	-	-	-	-	-	-	-	-	-
Derivative financial instrument valuation	-	178	(178)	-	-	-	(178)	-	-
NET OPERATING RESULT - Surplus/(Deficit)	30,772	30,772	(1)	29,786	31,244	(1,459)	1,458	(5,854)	(5,810)
Plus Non-operating revenue									
Vested Assets	1,531	-	1,531	500	-	500	1,031	2,000	2,000
Development Contributions	420	-	420	433	-	433	(13)	1,731	1,731
Revenues for capex	700	-	700	1,062	-	1,062	(363)	4,672	7,103
NZTA for capex	254	-	254	449	-	449	(195)	11,019	8,338
Taxation Losses Received	-	-	-	-	-	-	-	-	-
NET RESULT - Surplus/(Deficit)	33,676	30,772	2,904	32,229	31,244	985	1,919	13,568	13,362
The revised budget is after adjusting the 2017/18 Annual Plan budget for the following Council approved changes:									
Annual Plan Net Result		13,362							
Caccia Birch grant increase		(4)							
Capital grant skate park		250							
Te Manawa concept plan		(40)							
Revised Budget Net Result		13,568							

Attachment 3 - Capital Expenditure

Actual Result

Capital expenditure:	<u>YTD</u>	<u>FY</u>
YTD actual	\$5.3m	
YTD Revised budget	\$8.7m	\$66.2m
Annual plan budget		\$63.3m

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				
Incurring to date	3,078	4,721	24,560	23,763
Additional expenditure				
Funded by:				
Borrowing				
External revenue	(102)	(200)	(2,199)	(2,199)
Cash effect of three year averaging			(3,424)	(2,627)
Net funded by rates	2,976	4,521	18,937	18,937
New Capital Expenditure				
Incurring to date	2,225	4,005	41,161	39,505
Additional expenditure			525	
Funded by:				
External revenue	(1,271)	(1,744)	(15,223)	(14,973)
Net funded by borrowing	954	2,261	26,463	24,532

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 2016/17 to:
 - For programmes in the 2017/18 Annual Budget adjustment of that amount to the actual budget available being the programme budget less actual expenditure or, if lower, the carry forward requested
 - For other programmes the actual budget available where estimated expenditure had been less to June 2017, as reported to Finance & Performance Committee
 - These are included in the full year revised budget "Incurred to date" total.

- Additional expenditure approved by Council.

The capital budget includes some programmes that required either further approvals, pre-requisite events or external funding to be obtained. Until these are satisfied those programmes cannot be completed. The following table summarises the current expectation for programmes included in the 2017/18 annual budget with the effect that significant programmes may not be completed by 30 June 2018, totalling \$25,077k. This could impact on the amount of capital revenues to be received compared to budget.

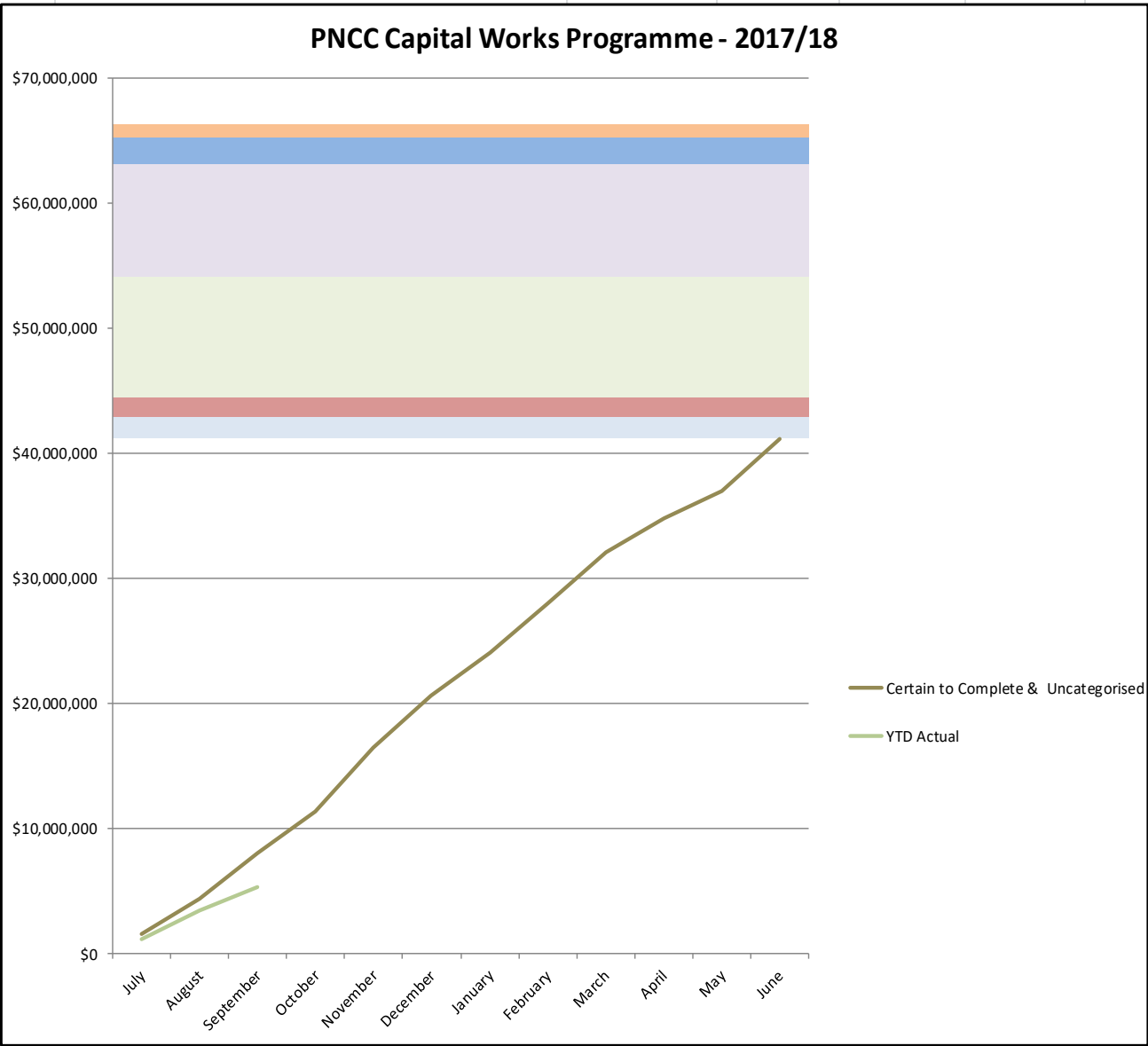
Further details by programme are in the following "Capital Works Programme" schedules. These also summarise the current progress status of programmes underway with this report replacing the previous project progress report. This report remains under development.

	Revised Budget \$000
New Capital	
Certain to complete – completed year to date	2,225
Certain to complete – to complete	17,985
Development/growth awaiting requirement determination	1,806
Third party funding required	1,562
Probable budget risk, delayed while extra funding is defined	8,737
Council, organisation decision required to proceed	5,928
Regulatory/compliance risk may delay	2,088
Insufficient resource to develop	1,023
Uncategorised	332
Total New Capital Revised Budget	41,686
Renewal Capital	
Certain to complete – completed year to date	3,078
Certain to complete – to complete	17,526
Development/growth awaiting requirement determination	
Third party funding required	
Probable budget risk, delayed while extra funding is defined	782
Council, organisation decision required to proceed	3,151
Regulatory/compliance risk may delay	
Insufficient resource to develop	
Uncategorised	23
Total Renewal Capital Revised Budget	24,560
Total Capital Revised Budget	66,246

Programme Variances

The Capital Works Programme section following includes details of programme progress. Current year expenditure to date shows no significant unfavourable variances to revised budget, except for the following programmes.

Description	Prog ID		FY 2017 Budget \$000	YTD 2017 Actual \$000	Explanation of Variance
Mangaone Stream shared path – underpass at Botanical Road	1037	New	nil	\$27k	Additional work required to prevent storm/flood water from scouring out the newly created embankments.
Mangaone Stream shared path – underpass at Highbury Ave	1038	New	nil	\$28k	



Certain to Complete	A programme which has no barriers to completing during 17/18 yr.
Programmes	X programmes which are proceeding as per the Annual Plan
Development/Growth	A Programme pegged to local land development/growth, Progress will only occur when and if an external agency progresses their plans.
Programmes	51-City-wide - Stormwater Subdivision Contributions, 73-City-wide - Wastewater Subdivision Contributions, 201-City-wide - Roading Subdivision Contributions, 210-Urban Growth - Installation of Wastewater Systems for New Industrial Areas - NEIZ Extension Area, 246-City-wide - Water Subdivision Contributions, 1000-Urban Growth - Whakarongo - Installation of Wastewater Systems, 1001-Urban Growth - Whakarongo - Installation of Stormwater Systems, 1003-Urban Growth - Whakarongo - Intersection Upgrades, 1004-Urban Growth - Whakarongo - Installation of Water Supply Systems, 1005-Urban Growth - Installation of Water Supply Systems to an Expanded North East Industrial Zone
Third Party Co-Fund Required	A Programme which relies on external funding (eg grants or community funding). Progress will only occur when and if the total of Council and external funding equals the total amount required to complete the works.
Programmes	990-Central Energy Trust Arena Manawatu - Covered Embankment, 829-City-wide - Undergrounding of Power and Telecom Cables, 1315-Walker's Road - New Shared Pathway
Probable Budget Risk	A Programme which, by leiu of current market forces, the budget is deemed to be inadequate and delays will occur while the extra funding is defined and sought from either/both Council or an external agency
Programmes	57-Manawatu River - Downstream Pedestrian/Cycle Bridge Construction, 175-City-wide - Traffic Signals Renewals, 649-Recycling - Materials Recovery Facility Renewals, 977-Manawatu River (Fitzherbert Bridge to Linton) - Cycle/Pedestrian Pathway, 1106-Recycling - Install RFID Tags on Existing Recycling Wheelie Bins, 1282-Panieri Park - Purchase of Adjacent Land,
Council/Organisation Decision Required	A programme which has been funded but still requires Council/Organisation go-ahead for reasons other than budget.
Programmes	85-Council's Depot Buildings and Structures - Replacement of Components as Required, 93-City Reserves - Memorial Park Reserve Development Plan Implementation, 139-City-wide - Sealed Road Resurfacing, 167-Urban Growth - Whakarongo - James Line Upgrade - Stage 3, 243-City Centre - Major Upgrade of Main Bus Terminal, 281-Civic Administration Building - Refurbishments, 564-Crematorium - Replacement of Cremator Refractory Brick Lining, 742-Campbells Road - Bridge Renewal, 1086-City-wide - Street Lighting Upgrade to Current LEDs, 1108-Hokowhitu Lagoon - Bank Renewal, 1131-City Boundary Entrance Treatments, 1291-Library Roof and HVAC Replacement, 1306-Library HVAC Upgrade, 1330-Placemaking Co-created Project
Regulatory/Compliance Risk	A programme which may be delayed due to complex Regulatory/Compliance issues.
Programmes	25-Forest Hill Road - Seal Extension, 752-Manawatu River - Framework Implementation, 1084-Central Energy Trust Arena - Masterplan Priority 1 Projects, 1100-Waitoetoe Dog Socialisation Area, 1176-Globe Theatre - Mobility Access to Main Auditorium,
Insufficient Resource to Deliver	A programme with a significant design (or other, inc. construction) component, for which resource (much of which may be specialist) is proving difficult to aquire.
Programmes	902-Property - Seismic Strengthening of Council Owned Buildings, 985-Kelvin Grove Water Supply Zone - New Bore, 1060-City-wide - Stormwater Improvement Works,

Financial Position (Total - All Areas)

YTD Budget (Uncategorised & Certain to Complete)	\$	8,005,716
YTD Actual	\$	5,303,541
Variance:	\$	2,702,175

Notable Differences by Project

Actual *behind* Budget

732-Summerhill Drive	\$	250,000	Difficulties with getting external design consultants has delayed progress
281-CAB Refurbishments	\$	1,100,000	Fire Protection tender let for keen price, but Contractor cannot start until November (\$1M)
368-Wildbase	\$	590,000	Flat cashflow does not accurately represent project
63-Council's Plant and Vehicle Replacements	\$	215,000	Flat cashflow does not accurately represent spend pattern, currently procurrng \$250K vehicle.

Actual *ahead of* Budget

1101-Library of the Future	-\$	85,000
234-Changing Room Refurbishments	-\$	80,000
218-City Wide Water Pipe Replacements	-\$	210,000

Purpose of Report

- * This report provides an overview of the 2017/18 Capital Works programmes (Renewals & Capital New) regarding delivery during the financial year.
- * Those programmes where there is certainty of completion have been cashflowed over the financial year against which actual expenditure is being recorded.
- * The first priority is to ensure these programmes are delivered.
- * The report also groups programmes where there is uncertainty of delivery into six different categories.
- * The second priority is to "barrier-bust" why programmes in these categories cannot be recategorised as "Certain to Complete".
- * When programmes are reclassified in this way the cashflow will be revised to reflect the change.
- * Where programmes are packaged together to form a larger project (e.g. Library of the Future) the combined performance of these will be reported elsewhere.

Project Performance Indicators

	Project not yet budgeted to begin
	Actual expenditure more than 10% less than Budget YTD (& Var. >\$20K).
	Actual expenditure within 10% less than YTD Budget (and/or Var. <\$20K)
	Actual expenditure greater than Budget YTD

Programme	2017/18 Budget	Uncategorised	Certain to Complete	Development /Growth	Third Party Co-Fund Required	Risk Categories				Delivery Assurance	Comments
						Probable Budget Risk	Council/Org. Decision Required	/Compliance Risk	Insufficient Resource to Develop		
PNCC Total Capital Works Programme	\$ 66,246,248	\$ 355,620	\$ 40,813,029	\$ 1,805,885	\$ 1,561,528	\$ 9,519,740	\$ 9,079,070	\$ 2,088,302	\$ 1,023,074		
Capital New	\$ 41,685,875	\$ 332,259	\$ 20,209,421	\$ 1,805,885	\$ 1,561,528	\$ 8,737,076	\$ 5,928,330	\$ 2,088,302	\$ 1,023,074		
Cemeteries	\$ 111,767	\$ -	\$ 111,767	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
107-Cemeteries - Kelvin Grove - Ash Plot developments and Child	\$ 37,528		\$ 37,528								
147-Cemeteries - Kelvin Grove, Ashhurst and Bunnythorpe New B	\$ 74,239		\$ 74,239								
Housing	\$ 1,583,026	\$ -	\$ 1,583,026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
357-Social Housing - Papaioea Place Redevelopment	\$ 1,583,026		\$ 1,583,026								The first part of the year is dedicated to gaining Resource Consent and Building Consent. An urban design review is part of the Resource Consent, this has been done the design team are reviewing this. Construction will start in January 2018.
Arts and Culture	\$ 414,348	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 143,360	\$ 170,988		
902-Property - Seismic Strengthening of Council Owned Buildings	\$ 270,988		\$ 100,000						\$ 170,988		
1176-Globe Theatre - Mobility Access to Main Auditorium (subject	\$ 143,360							\$ 143,360			
City Library and Community Development	\$ 4,254,513	\$ -	\$ 52,173	\$ -	\$ -	\$ 4,052,183	\$ 150,157	\$ -	\$ -		
336-City Archives - Additional Storage	\$ 470,998					\$ 470,998					Part of LOTF. See Prog. 1101
1101-The Library of the Future	\$ 3,295,620					\$ 3,295,620					Negotiations are underway with preferred tenderer
1137-Digital Technology to Support 21st Century Citizens	\$ 102,961					\$ 102,961					Part of LOTF. See Prog. 1101
1141-Community Learning and Transformation Space	\$ 182,604					\$ 182,604					Part of LOTF. See Prog. 1101
1150-City Libraries - Building Security System Replacement	\$ 52,173		\$ 52,173								
1306-Library HVAC Upgrade	\$ 150,157						\$ 150,157				Tied to Programme 1101 - the Library Of The Future. If this project is delayed a decision will have to be made on whether it is prudent to proceed
Parks sport and Recreation	\$ 9,391,669	\$ -	\$ 7,254,655	\$ -	\$ 499,950	\$ 40,000	\$ 52,122	\$ 1,544,942	\$ -		
92-Ashhurst Domain - Upgrade of Entrance	\$ 40,000		\$ 40,000								
93-City Reserves - Memorial Park Reserve Development Plan Impl	\$ 52,122						\$ 52,122				
94-Walkways and Shared Path - Purchase of Land to Extend Netwo	\$ 65,673		\$ 65,673								
95-Walkways and Shared Path - Construction	\$ 70,885		\$ 70,885								
111-Neighbourhood Reserves - Roslyn - Edwards Pit Park Develop	\$ 52,122		\$ 52,122								
157-Citywide - Playground Development	\$ 166,789		\$ 166,789								Delayed as ground conditions have limited heavy vehicle use.
158-Citywide - Safety Improvements to Reserves	\$ 34,400		\$ 34,400								
160-Citywide - Improved Access to Reserves for Persons with Disa	\$ 37,528		\$ 37,528								
161-Public Toilets - Citywide programme	\$ 344,003		\$ 344,003								
165-Outdoor Adventure Reserves - Arapuke Forest Park/Kahutera	\$ 44,303		\$ 44,303								
285-Freyberg Pool - Modifications to Toddler Pool	\$ 231,701		\$ 231,701								
368-Central Energy Trust Wildbase Recovery Centre (subject to pa	\$ 4,305,856		\$ 4,305,856								Delivery Assured, though Actual expenditure is running \$590K less than budget YTD.
587-Neighbourhood Reserves - Kelvin Grove - Linklater Reserve D	\$ 292,320		\$ 292,320								
697-Clearview Reserve Development	\$ 31,577		\$ 31,577								
738-Skateboard Facility	\$ 250,000		\$ 250,000								
752-Manawatu River - Framework Implementation	\$ 275,942		\$ 130,000					\$ 145,942			
967-Edibles Planting	\$ 5,212		\$ 5,212								
990-Central Energy Trust Arena Manawatu - Covered Embankment	\$ 499,950				\$ 499,950						A new masterplan just being finalised may delay the substantive work. At that point a decision will be made whether it is prudent to continue with the project.
1077-Citywide - Biodiversity Enhancement Through Native Plantin	\$ 20,369		\$ 20,369								
1084-Central Energy Trust Arena - Masterplan Priority 1 Project	\$ 1,300,000							\$ 1,300,000			Project currently on track, but there is a tight critical path which makes the project sensitive to delays.
1100-Waitoetoe Dog Socialisation Area	\$ 99,000							\$ 99,000			
1171-City-wide - Increased Smokefree Signage	\$ 10,424		\$ 10,424								
1172-Drinking Fountains at Recreational Facilities	\$ 36,573		\$ 36,573								
1175-Citywide - Shade Trees	\$ 26,061		\$ 26,061								
1076-Junior Road Safety Park (New Community Project) (subject t	\$ 432,156		\$ 432,156								
1182-Citywide - Recreation spaces - Improved Lighting	\$ 20,849		\$ 20,849								
1282-Panieri Park - Purchase of Adjacent Land	\$ 40,000					\$ 40,000					
1318-Central Energy Trust Arena - New Generator	\$ 120,000		\$ 120,000								
1320-Sportsfields - Hokowhitu Lagoon Supplementary Water Take	\$ 220,000		\$ 220,000								
1342-Fitzherbert Park - Cricket Ground Enhancements (subject to	\$ 265,854		\$ 265,854								Working with Manawatu Cricket. Getting design for nets through a third party.

Programme	2017/18 Budget	Uncategorised	Certain to Complete	Development /Growth	Third Party Co-Fund Required	Risk Categories				Delivery Assurance	Comments
						Probable Budget Risk	Council/Org. Decision Required	/Compliance Risk	Insufficient Resource to Develop		
Roading and Parking	\$ 18,975,542	\$ -	\$ 7,110,166	\$ 332,854	\$ 1,061,578	\$ 4,344,893	\$ 5,726,051	\$ 400,000	\$ -		
25-Forest Hill Road - Seal Extension	\$ 500,000		\$ 100,000					\$ 400,000			
57-Manawatu River - Downstream Pedestrian/Cycle Bridge Constr	\$ 5,544,730		\$ 3,000,000			\$ 2,544,730					Delivery Assured to programme, \$3m this year, balance to complete next year.
114-City-wide - New Cycle Stands and Shelters	\$ 17,600		\$ 17,600								
148-City-wide - Bus Stop Improvements	\$ 36,235		\$ 36,235								
163-City-wide - New Street Tree Planting	\$ 27,953		\$ 27,953								
167-Urban Growth - Whakarongo - James Line Upgrade - Stage 3	\$ 2,626,066						\$ 2,626,066				
201-City-wide - Roding Subdivision Contributions	\$ 165,647			\$ 165,647							
243-City Centre - Major Upgrade of Main Bus Terminal (Urban and	\$ 166,819						\$ 166,819				
279-City-wide - Minor Road Projects	\$ 1,048,796		\$ 1,048,796								Resources issues with the external consultant carrying out the design has caused a delay to some projects.
506-City-wide - Split Rubbish/Recycling Bins	\$ 22,010		\$ 22,010								
674-Church/Ruahine Streets - Roundabout Safety Improvements	\$ 558,000		\$ 558,000								
732-Summerhill Drive - Pedestrian and Cycle Improvements	\$ 253,500		\$ 253,500								
829-City-wide - Undergrounding of Power and Telecom Cables	\$ 1,211,578		\$ 250,000		\$ 961,578						\$250K - Delivery Assured. Rest subject to council report.
977-Manawatu River (Fitzherbert Bridge to Linton) - Cycle/Pedest	\$ 1,800,163					\$ 1,800,163					Delivery assured.
1003-Urban Growth - Whakarongo - Intersection Upgrades	\$ 167,207			\$ 167,207							
1086-City-wide - Street Lighting Upgrade to Current LEDs	\$ 3,922,411		\$ 1,500,000				\$ 2,422,411				\$1.4m Delivery Assured, Balance subject to Council Report. Actual YTD currently \$2m behind Budget as Cashflow had been set prior to Council placing a temporary hold on the project.
1131-City Boundary Entrance Treatments	\$ 495,755						\$ 495,755				
1155-City-wide - Street Seats	\$ 11,388		\$ 11,388								
1216-City-wide - Additional Cycle Lanes	\$ 102,100		\$ 102,100								
1257-City-wide - Cycle Phases at Intersections	\$ 40,840		\$ 40,840								
1259-Broadway Avenue Upgrade	\$ 141,744		\$ 141,744								
1315-Walker's Road - New Shared Pathway (subject to part extern	\$ 100,000				\$ 100,000						
1330-Placemaking Co-created Project	\$ 15,000						\$ 15,000				
Rubbish & Recycling	\$ 534,014	-	234,014	-	-	300,000	-	-	-		
18-Waste Minimisation - Introduction of Recycling Wheelie Bins	\$ 38,428		\$ 38,428								
375-Awapuni Landfill - Commercial lease site Development	\$ 40,000		\$ 40,000								
561-Events Waste Management & Minimisation	\$ 35,000		\$ 35,000								
657-Recycling - Wheelie Bins and Crates to Additional Properties	\$ 36,700		\$ 36,700								
721-Awapuni Landfill - Cover and Landscape	\$ 83,886		\$ 83,886								
1106-Recycling - Install RFID Tags on Existing Recycling Wheelie Bi	\$ 300,000					\$ 300,000					
Stormwater	\$ 1,164,215	-	700,000	256,187	-	-	-	-	208,028		
51-City-wide - Stormwater Subdivision Contributions	\$ 106,187			\$ 106,187							
1001-Urban Growth - Whakarongo - Installation of Stormwater Sys	\$ 350,000		\$ 200,000	\$ 150,000							Delivery Assured with main project
1060-City-wide - Stormwater Improvement Works	\$ 708,028		\$ 500,000						\$ 208,028		
Wastewater	\$ 1,700,874	-	1,104,687	596,187	-	-	-	-	-		
73-City-wide - Wastewater Subdivision Contributions	\$ 106,187			\$ 106,187							
198-City-wide Pump Stations - Flow Capacity Improvements	\$ 25,014		\$ 25,014								
210-Urban Growth - Installation of Wastewater Systems for New In	\$ 200,000		\$ 80,000	\$ 120,000							The work to extend services in the road easement requires design and consultation prior to physical construction in Q3 and Q4 of the financial year.
570-Totara Road Wastewater Treatment Plant - Replacement of In	\$ 474,606		\$ 474,606								
572-Totara Road Wastewater Treatment Plant - Replacement of G	\$ 10,189		\$ 10,189								
630-City-wide - Seismic Strengthening to Wastewater Structures	\$ 100,000		\$ 100,000								Design for replacement above ground superstructure on College St PS delayed by external design capacity
906-Bunnythorpe Wastewater Connection to Palmerston North	\$ 115,000		\$ 115,000								Design for replacement above ground superstructure on College St PS delayed by external design capacity
1000-Urban Growth - Whakarongo - Installation of Wastewater Sys	\$ 520,000		\$ 150,000	\$ 370,000							Delivery Assured with main project
1048-Totara Road Wastewater Treatment Plant - Construction of N	\$ 149,878		\$ 149,878								

[illegible]

[illegible]

Programme	2017/18 Budget	Uncategorised	Certain to Complete	Development /Growth	Third Party Co-Fund Required	Risk Categories				Delivery Assurance	Comments
						Probable Budget Risk	Council/Org. Decision Required	/Compliance Risk	Insufficient Resource to Develop		
Roading and Parking	\$ 5,945,708	\$ -	\$ 5,113,455	\$ -	\$ -	\$ 102,294	\$ 729,959	\$ -	\$ -		
64-City-wide - Footpath Renewals and Replacements	\$ 1,074,097		\$ 1,074,097								Delivery Assured - Currently Tendering with no negative indications.
74-City-wide - Street Light Replacements	\$ 134,588		\$ 134,588								
82-City-wide - Off Street Parking Resurfacing, Remarking and Sign	\$ 10,353		\$ 10,353								
115-City-wide - Sealed Pavement Renewals	\$ 1,418,266		\$ 1,418,266								
122-City-wide - Road Drainage Replacements	\$ 479,565		\$ 479,565								
139-City-wide - Sealed Road Resurfacing	\$ 1,778,194		\$ 1,100,000				\$ 678,194				
155-City-wide - Street Tree Replacements	\$ 62,118		\$ 62,118								
162-City-wide - Vehicle Crossing Replacements	\$ 459,919		\$ 459,919								
175-City-wide - Traffic Signals Renewals	\$ 432,294		\$ 330,000			\$ 102,294					
181-City-wide - Bus Shelter Upgrades and Replacements	\$ 33,544		\$ 33,544								
648-City-wide - Replacement of Deteriorating Cycle Stands	\$ 11,005		\$ 11,005								
742-Campbells Road - Bridge Renewal	\$ 51,765						\$ 51,765				
Rubbish & Recycling	\$317,562	-	221,562	-	-	96,000	-	-	-		
185-Awapuni Resource Recovery Park and Rubbish Transfer Statio	\$ 125,062		\$ 125,062								A re-assessment of the environmental hazards (given the new tenant's line of work) means there is a need to install an oil interceptor. Interceptor due to be installed in October
612-Recycling - Wheelie Bin and Crate Replacements	\$ 50,000		\$ 50,000								
649-Recycling - Materials Recovery Facility Renewals	\$ 131,000		\$ 35,000			\$ 96,000					
1085-Awapuni Resource Recovery Park - Replacement of Access G	\$ 11,500		\$ 11,500								
Stormwater	\$266,207	0	\$266,207	0	0	0	0	0	0		
1062-City-wide - Stormwater Renewal Works	\$ 266,207		\$ 266,207								
Wastewater	\$3,510,458	-	3,510,458	-	-	-	-	-	-		
54-City-wide - Wastewater Pipe Renewal	\$ 1,442,949		\$ 1,442,949								
65-City-wide - Wastewater Pump Station Renewal	\$ 144,784		\$ 144,784								
179-Totara Road Wastewater Treatment Plant - Minor Equipment	\$ 63,712		\$ 63,712								Delays from equipment supplier
621-Totara Road Wastewater Treatment Plant - Digester Lids Refu	\$ 500,000		\$ 500,000								
1050-Totara Road Wastewater Treatment Plant - Replacement of P	\$ 27,418		\$ 27,418								
1056-Totara Road Wastewater Treatment Plant - Replacement of I	\$ 1,289,666		\$ 1,289,666								
1059-Totara Road Wastewater Treatment Plant - Replacement of C	\$ 41,929		\$ 41,929								
Water	\$3,275,786	-	3,275,786	-	-	-	-	-	-		
199-City-wide - Water Bores and Headworks Renewal	\$ 200,000		\$ 200,000								
207-Turitea Water Treatment Plant - Equipment and Facility RENE	\$ 160,000		\$ 160,000								
214-City-wide - Water Toby and Meter Replacements	\$ 160,000		\$ 160,000								
218-City-wide - Water Pipe Replacements	\$ 2,076,193		\$ 2,076,193								
625-Water Safety and Security Renewal Projects	\$ 99,362		\$ 99,362								
1058-City-wide - Water Bores Renewals and Redevelopment	\$ 554,469		\$ 554,469								
1063-Turitea Water Treatment Plant - Replacement of SCADA Syst	\$ 25,762		\$ 25,762								
Commercial or Strategic Investments	\$ 1,367,880	\$ 23,361	\$ 1,344,519	-	-	-	-	-	-		
63-Council's Plant & Vehicles - Replacements	\$ 1,002,958		\$ 1,002,958								Flat Cashflow does not represent "lumpy" nature of project. Currently evaluating purchase of \$250K vehicle.
80-Council's Plant and Equipment	\$ 166,368		\$ 166,368								
86-Council Wide - Furniture Replacements	\$ 10,270		\$ 10,270								
270-Holiday Park - Renewal of Facilities	\$ 62,423		\$ 62,423								
311-Gordon Kear Forest Replant	\$ 23,361	\$ 23,361									
784-Replacement of Council's Photocopiers/Printers	\$ 102,500		\$ 102,500								
Corporate Support	\$2,582,341	-	1,586,196	-	-	-	\$ 996,145	-	-		
53-Computer Replacements	\$463,001		\$ 463,001								
58-Network Additions and Upgrades	\$40,707		\$ 40,707								
68-Aerial Photography	\$197,000		\$ 197,000								
85-Council's Depot Buildings and Structures - Replacement of Com	\$ 88,433						\$ 88,433				
272-Staff Cafeteria - Replacement of Equipment	\$5,690		\$ 5,690								
281-Civic Administration Building - Refurbishments	\$ 1,707,712		\$ 800,000				\$ 907,712				Delivery Assured, though the actuals for the fire safety upgrades are behind budget as the tendering process became protracted. The tender is now let, Contractor cannot start until November.
318-Telecommunications Replacement - Council Buildings	\$ 79,798		\$ 79,798								

Summary of Programmes Spanning Multiple Years as at 30 September 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, less any budget transferred to another programme.
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.

Programme Name	ID	\$000 Actual Cost (from 2014)						Annual Plan Budget (from 2014)						Prior Years Variance	Current Year Available	Total Budget Available
		2014	2015	2016	2017	2018	Actual Total	2014	2015	2016	2017	2018	Total			
New																
Community Housing - Papaioea Place eco friendly unit replacements	357	-	-	-	54	3	139	2,573	(3,066)	250	-	1,387	1,719	196	1,384	1,580
Victoria Esplanade-New Aviary	368	142	91	-	578	400	1,337	737	(478)	2,675	(533)	2,743	5,243	1,563	2,343	3,906
Central Energy Trust Arena - Masterplan Priority	1084			263	260	2	525			250	256	1,300	1,806	(17)	1,298	1,281
Roading - Manawatu River - Ashhurst to Riverside Drive cycle/pedestrian pathway	235, 1225	205	29	(288)	322	-	1,035	378	575	-	-	-	1,671	636	-	636
Manawatu River - downstream pedestrian/cycle bridge	57	-	-	-	505	135	641	-	-	850	-	5,200	6,050	345	5,065	5,409
Manawatu River Fitzherbert Bridge to Linton pedestrian/cycle pathway	977	-	-	419	481	51	950	-	400	1,000	500	800	2,700	1,000	749	1,750
City Wide - street lighting upgrade to LED	1086	-	-	69	2,100	146	2,314	-	-	2,530	1,000	2,561	6,091	1,361	2,415	3,777
Turitea Valley Rd/Pacific Dr new water supply and reservoir	127, 610	52	398	2,301	1,909	125	4,831	208	1,740	709	2,257	(255)	4,905	454	(379)	74
The Library of the Future	1101				600	43	643				961	2,935	3,896	361	2,892	3,253
The Square - streetscape upgrade																
The Square East Side - Streetscape Upgrade	244				8	6	14				193	-	193	185	(6)	179
Whakarongo urban growth																
Whakarongo, James Line upgrade (2016 on)	167			181	143	2	326			2,247	703	-	2,950	2,626	(2)	2,624
Urban Growth Whakarongo installation of wastewater	1000	-	18	-	-	-	18	-	18	30	190	300	538	220	300	520
Urban Growth Whakarongo installation of stormwater	1001	-	-	-	-	-	-	-	-	350	-	-	350	350	-	350
Urban Growth Whakarongo installation of water supply	1004	-	-	-	-	-	-	-	-	502	98	-	600	600	-	600
Urban Growth installation of water supply north-east industrial	1005	-	-	-	-	-	-	-	-	150	-	-	150	150	-	150
Total		400	536	2,944	6,959	911	12,771	3,895	(811)	11,542	5,625	16,970	38,862	10,031	16,059	26,090

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 c/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. In 2017/18 budget \$104k with \$359k transferred to other programmes, including from c/fwd.

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	2017/18 \$000'S						
For the three months ending 30 September 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 Budget Full Year	
Leadership	-	-	-	par	-	-	
Community Support	10	144	(134)	behind	2,630	2,580	
Work and City Promotion	25	30	(4)	behind	162	162	
Regulatory	3	3	-	par	6	6	
Roading and Parking	974	1,688	(714)	behind	24,921	23,491	
Rubbish and Recycling	75	159	(83)	behind	852	767	
Stormwater	147	378	(231)	behind	1,430	1,236	
Wastewater	719	852	(133)	behind	5,211	4,782	
Water	1,129	1,296	(167)	behind	6,499	6,328	
Leisure	2,057	2,693	(636)	behind	20,251	19,625	
Support Services	164	1,482	(1,319)	behind	4,282	4,291	
TOTAL GROUP OF ACTIVITIES	5,304	8,726	(3,422)	behind	66,246	63,268	
The revised budget is after adjusting the 2017/18 Annual Budget capital expenditure budget for the following Council approved variations:		Summary:			Total	New	Renewal
Annual Budget Total Capital Expenditure Budget		Actual expenditure YTD			5,304	2,226	3,078
Adjust annual budget carry forwards to actual programme amount available to carry forward		Budget expenditure yet to incur			35,865	18,316	17,549
Council approved variations:		Development/growth awaiting requirement determination			1,806	1,806	-
Church/Ruahine roundabout		Third party funding required			1,562	1,562	-
Events waste management		Probable budget risk, delay extra funding defined			9,519	8,737	782
Wetlands café, Ashhurst Domain		Council, organisation decision required			9,079	5,928	3,151
Skate Park		Regulatory/compliance risk may delay			2,088	2,088	-
		Insufficient resource to develop			1,023	1,023	-
		Programmes carry forward required to 2018/19			-	-	-
		Completed under/over budget			-	-	-
		Total Revised Budget			66,246	41,686	24,560
		Total revised budget includes:					
		Carry forward from 2016/17			14,921	12,772	2,149
		Additional carry forward required to budget			2,793	1,959	834
		Adjustment to reduce to budget available			(340)	(302)	(38)
Revised Budget Total Capital Expenditure		66,246			17,374	14,429	2,945

Summary of Programmes Applied to an Overall Project					
September 2017					
The following shows the source programmes or part of that programme applied to a common project and the current progress compared to budget assigned to that project.					
Project	Annual Budget Programmes sourced from	Type	Actual costs YTD \$	Revised Budget YTD \$	Revised Budget FY \$
Cuba Street refurbishment					
	64-City-wide - Footpath Renewals and Replacements	Renewal	-	-	221,696
	115-City-wide - Sealed Pavement Renewals	Renewal	18,415	18,000	417,332
	122-City-wide - Road Drainage Replacements	Renewal	-	-	156,979
	Total		18,415	18,000	796,007
Edgware Road					
	64-City-wide - Footpath Renewals and Replacements	Renewal	16,000	38,628	38,628
	162-City-wide - Vehicle Crossing Replacements	Renewal	13,612	49,075	49,075
	122-City-wide - Road Drainage Replacements	Renewal	105,313	125,471	125,471
	Total		134,925	213,174	213,174
James Line reconstruction					
	167-Urban Growth - Whakarongo - James Line Upgrade - Stage 4	New	7,975	20,000	2,626,066
	1000-Urban Growth - Whakarongo - Installation of Wastewater Systems	New	-	-	185,000
	1001-Urban Growth - Whakarongo - Installation of Stormwater Systems	New	-	-	200,000
	1003-Urban Growth - Whakarongo - Intersection Upgrades	New	-	-	167,207
	1004-Urban Growth - Whakarongo - Installation of Water Supply Systems	New	-	-	255,000
	Total		7,975	20,000	3,433,273
Walkers Road pathway					
	1315-Walker's Road - New Shared Pathway (subject to part external funding)	New	-	-	100,000
	279-City Wide - Minor Road Safety Improvements	New	-	-	150,000
	Total		-	-	250,000
Totara Road Wastewater Treatment Plant - Inlet Screens					
	1056-Totara Road Wastewater Treatment Plant - Replacement of Inlet Screens (Renewal)	Renewal	60,051	136,372	1,289,666
	570-Totara Road Wastewater Treatment Plant - Replacement of Inlet Screens (Growth)	New	10,455	40,000	474,606
	Total		70,506	176,372	1,764,272
The Library of the Future					
	1101-The Library of the Future	New	87,674	-	3,295,620
	1137-Digital Technology to Support 21st Century Citizens and Services	New	-	-	102,961
	1141-Community Learning and Transformation Space	New	-	-	182,604
	336-City Archives - Additional Storage	New	-	-	470,998
	178-Central Library Replacement of Furniture and Fittings	Renewal	-	-	175,620
	1138-Digital Technology to Support 21st Century Citizens and Service	Renewal	-	-	104,345
	202-Central Library Interior Design Renewals	Renewal	-	-	304,405
	1306-Library HVAC Upgrade	New	-	-	150,157
	1291-Library Roof and HVAC Replacement	Renewal	3,685	-	1,099,398
	Total		91,359	-	5,886,108

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	September 2017	September 2017 Revised Budget	August 2017	June 2017	Full Year Revised Budget	Full Year Annual Budget
Gross Debt	(109.0)	(98.6)	(97.0)	(97.0)	(119.2)	(115.3)
Investment Fund	0.7	0.7	0.7	2.7	-	-
Cash and investments	16.3		10.1	0.6		
Cash Movement Net Debt	(92.0)	(97.9)	(86.2)	(93.7)	(119.2)	(115.3)
Investment Fund:						
- Revaluation	-		-	-		-
Net Debt	(92.0)	(97.9)	(86.2)	(93.7)	(119.2)	(115.3)

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

Council in June 2017 approved the increase in net debt as required in the 2017/18 annual budget and shown in the full year annual budget column above. Since that time Council has approved increases in operating expenditure and capital expenditure which may require additional debt as reflected above in the full year revised budget column, should all budgeted costs and capital expenditure be incurred.

At September 2017 net debt is lower than June 2017 year end. Debt is lower than budgeted due to the favourable operating variance, a working capital requirement lower than budgeted, and lower capital expenditure incurred.

The budget includes that during the year there will 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 lower than 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.

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 September 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 2017/18 annual budget.

The statement of financial position is similar to at June 2017 with movements reflecting changes in working capital, capital expenditure, plus associated movement in net borrowing required.

Net trade receivables are lower than June 2017 with payables substantially lower, as is normal for this time of the year. Overall this reduces net working capital with increase in debt resulting.

The year to date budget amounts in the Statement of Cash Flows incorporates 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 mainly due to an increase in rates prepaid, increasing operating cash flows
- other revenues received lower than budget
- 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 \$5.0m for the period (excluding GST and capital revenues), compared to a budgeted surplus of \$2.7m. This is required to fund operating costs plus over the year property, plant and equipment renewal expenditure and planned debt repayment. Current year 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 higher than 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 September 2017:




\$000	Current	1 Month	2 Months	3 Months	Unallocated	Total
Trade Receivables						
Current Year	1,382	418	37	1,426	(123)	3,140
	44.0%	13.3%	1.2%	45.4%	(3.9%)	
Prior Year	1,289	296	86	1,222	(220)	2,673
	48.3%	11.1%	3.2%	45.7%	(8.3%)	
Rates Receivables	Current Year	1 year	2 years	> 2 years		
Current Year	1,497	614	33	9		2,153
Prior Year	1,356	542	35	2		1,935

Rates are as at 2 October each year.

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

	2017/18			2016/17
	as at 30 September 2017		Full Year	As at 30 June 2017
	Actual	YTD Rev Budget	Rev Budget	Actual
	\$,000s	\$,000s	\$,000s	\$,000s
Current Assets				
Cash & Short Term Deposits	16,383	1,279	1,279	1,279
Trade and other receivables	7,299	6,720	7,619	7,650
Inventory	350	528	528	528
Derivative financial instruments	-	-	-	-
Non-current assets held for sale	-	-	-	-
Total Current Assets	24,032	8,527	9,426	9,457
Non-Current Assets				
Property, plant and equipment	1,535,932	1,538,015	1,574,294	1,536,369
Intangible Assets	1,509	1,644	1,644	1,644
Biological Assets	1,248	1,248	1,248	1,248
Investment Properties	5,335	5,335	5,335	5,335
Investments & Advances	14,241	14,055	13,464	16,055
Derivative financial instruments	14	33	33	33
Total Non-Current Assets	1,558,279	1,560,330	1,596,018	1,560,684
Total Assets	1,582,310	1,568,856	1,605,443	1,570,141
Current Liabilities				
Bank overdraft	-	-	-	-
Trade and other payables	12,585	11,491	14,961	16,101
Provisions	1,471	1,531	1,531	1,531
Current Employee Entitlements	5,471	4,946	4,821	4,821
Current Portion - Term Liab	27,000	27,000	27,000	27,000
Derivative financial instruments	164	226	226	226
Total Current Liabilities	46,691	45,194	48,539	49,679
Non-Current Liabilities				
Provisions	714	713	713	713
Term Employee Entitlements	1,313	1,310	1,310	1,310
Term Liabilities	82,000	72,216	92,875	70,000
Derivative financial instruments	8,660	8,439	8,439	8,439
Total Non-Current Liabilities	92,687	82,678	103,337	80,462
Total Liabilities	139,378	127,871	151,876	130,141
Assets less Liabilities	1,442,933	1,440,985	1,453,568	1,440,000
Public Equity				
Retained earnings	1,030,843	1,028,923	1,041,506	1,027,938
Other reserves	412,090	412,062	412,062	412,062
Total Public Equity	1,442,933	1,440,985	1,453,568	1,440,000

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

	Year to Date		Full Year	
	Actual	Budget	Revised Budget	Annual Budget
Cash Flows From Operating Activities				
Receipts from rates revenues	23,996	23,418	89,842	89,795
Interest received	64	25	40	40
Dividends received	525	300	300	300
Operating subsidies and grants	750	702	2,757	2,757
Receipts from other revenue	6,479	6,692	23,265	23,265
Capital subsidies and grants	300	507	14,551	15,441
Development contributions	420	433	1,731	1,731
Receipts from tax losses	-	-	-	-
Interest paid	(1,417)	(1,497)	(6,462)	(6,462)
Payments to suppliers and employees	(25,427)	(26,985)	(85,275)	(85,184)
Goods and Services Tax (net)	850	909	-	-
	6,541 	4,503	40,749	41,683
Cash Flows From Investing Activities				
Proceeds from sale of property	52	-	-	-
Proceeds from sale of biological assets	-	-	-	-
Purchase of property, plant and equipment - new	(2,225)	(4,005)	(41,685)	(39,504)
Purchase of property, plant and equipment - renewal	(3,078)	(4,721)	(24,561)	(23,764)
Net other advances repayment received/(made)	6	8	-	-
Net increase in investments	(192)	-	-	-
	(5,438) 	(8,718)	(66,246)	(63,268)
Cash Flows From Financing Activities				
Investment fund reductions	2,000	2,000	2,591	2,591
Net borrowing proceeds/(repaid)	12,000	2,216	22,906	18,994
Repayment of borrowings	-	-	-	-
Repayment of leases	-	-	-	-
	14,000 	4,216	25,497	21,585
Net Increase	15,103	-	-	-
Cash at Beginning	1,279	679	679	679
Cash at Month End	16,382	679	679	679