

Risk Management Progress at 30 months to December 2017

Key Strategic Risks

Introduction

In August 2015 the Council identified the main strategic risks facing the City and the Council. These are:

- Poor City image and reputation
- Lack of vibrancy in the CBD
- Decline in City economy and jobs
- Low level of community trust and engagement with the Council
- Council's financial position is not sustainable

This report shows the current situation in terms of these risks, outlines what the Council is doing to mitigate them, and assesses the likely outcomes in these areas.

There is a close overlap between the first three risks – poor city image, lack of vibrancy in the CBD, and a decline in the City economy – so these areas should be read together.

The Council is currently developing its 2018 10 Year Plan. As part of this review it is revising its Vision, Principles and Goals. Underneath these it is developing a more focussed set of strategies

Council still wants Palmerston North to be a vibrant, caring, innovative, sustainable and prosperous city (as in the current Vision). But it is shifting its focus to more clearly address the risks facing the City and to build on its strengths, so that it can reach its full potential.

The proposed new Vision for Palmerston North is small city benefits, big city ambition.

This captures Council's desire for Palmerston North to be recognised for its great quality of life while at the same time offering the lifestyle, education and business opportunities available in much larger cities.

The Council is using the draft Vision, Principles and Goals to develop its 2018 10 Year Plan. It will publicly consult on the revised direction, along with the services and programmes to achieve it, in March 2018.

During the development of the 10 Year Plan the Council will review its strategic risks and mitigate these through the 10-year plan. The strategic risks will, therefore, be adopted as part of the 10-year plan.

Poor City Image and Reputation (Risk 76a and 76b)

Current Situation:

In May 2016 the Council conducted a series of focus groups to find out more about local residents' views on living in Palmerston North. This included questions on their perceptions of the City. The most common themes that emerged are that Palmerston North is:

- Family friendly: good for kids, homely, sociable
- Easy: compact, good to get around, good size, convenient, flat
- Good for education: a student city
- Laid back: comfortable, quiet, not exciting, conservative
- Central: to Wellington, Taupo, Hawkes Bay, the mountains, plus close to nature
- Provincial: farming oriented, service town, rural feeling

Secondary themes are that Palmerston North is culturally diverse, inexpensive, has a growing art scene, has lots of trees, lots of restaurants and cafes and - with the windmills - is energy efficient.

However, despite all these positive views of the City, focus group members also said that Palmerston North has a negative external image of being boring and a place that people would not want to live in or visit. From their point of view this is undeserved. Secondary negative themes were unemployment, the state of the river, and crime.

Overall, the positive feelings far outweighed the negative ones.

The focus groups involved 55 people from a wide range of lifecycle stages, especially young and low income people. They had a qualitative focus and the results cannot be statistically extended to other residents. However, the findings are consistent with other studies.

The main one of these is the City Image Survey (October 2012). The results show that residents and visitors see Palmerston North as an education city, as a city with good recreation facilities, and as a friendly city. Palmerston North residents also see it as an easy place to live, especially for families.

However, the survey showed that the City's image was not so positive in economic and environmental terms, nor was it a place that people want to visit.

It also showed that residents have more positive views of the City than do visitors.

Also Charles Landry, an international authority on the identity of cities, visited Palmerston North in 2013 to find out how local people view Palmerston North. His report said that when residents described Palmerston North as a person they used words like comfortable, easy to get on with and humble, but also cautious, claustrophobic, and risk averse. Landry said that the City is more likely to focus on problems than opportunities but that "there are signs that this is changing, it wants to be different but struggles a bit.... Under the radar it is cosmopolitan, but it feels frightened of reflecting this."

More recent data suggests that some of the poor economic perceptions have improved since the City Image survey was done. Also, note that the survey was done in the midst of the global economic downturn. Some of the low economic perceptions may have reflected the general economic conditions rather than the relative performance of Palmerston North.

UMR research commissioned by the Central Economic Development Agency (CEDA) in late 2016 shows very positive local business perceptions of the region but ongoing concerns about national perceptions of the region:

- 91% agreed with the statement that 'Manawatū is a great place to bring up a family'
- 76 % agreed with the statement 'I am proud to tell people that I live in the Manawatū'.
- 40% of business indicated that the perception that the rest of New Zealand has of the Manawatū was a barrier to doing business here. 25% believed that the external perception was not a barrier

Visitor numbers to Palmerston North are increasing. This suggests that the view of Palmerston North held by non-residents is changing and becoming more favourable:

- Palmerston North receives more visitors spending than Napier, Nelson, New Plymouth and Hastings. There were 2.8 million total visitor nights in the Manawatu Region during the year to September 2017. There were 1.1 million day visits and 0.9 million overnight visits.
- Total domestic and international visitor spending in the year ended November 2017 in the City was \$403m, an increase of 2.2% from November 2016. Domestic visitor spending in the City to November 2017 was \$343 million, a 1.7% increase from November 2016.
- Jetstar and Originair now fly out of Palmerston North (to Auckland and Nelson respectively). This is a strong acknowledgement of the increasing profile of Palmerston North and the Manawatu as a tourism and regional economic centre.

Council Actions:

CEDA started fully operating in September 2015. It is focussing on improving tourism and business development in the region. This will boost the perception of the City as a good place to do business and to visit.

FoodHQ will boost the perception of the City as an innovative City. FoodHQ is a 20 year, \$250m plan to develop the country's first food-orientated campus. It will establish the Manawatu Region as a global leader in food research. It is a collaboration between AgResearch, Massey University, Fonterra, Plant and Food Research, Building Clever Companies, the Riddet Institute, ESR (The Institute of Environmental Science and Research),ASUREQuality, Manawatu District Council and the City Council.

Education stakeholders worked together on the International Education Strategy to boost the overseas reputation of Palmerston North as a great place to study.

Some of the areas where Palmerston North is seen most positively in the City Image Survey – the parks, and recreational, cycling and walking facilities – are areas where the Council has put a lot of focus through recent 10 Year Plans. The three-yearly City Image Survey will be held in 2018.

Likely Future Outcomes: Fifteen to twenty years ago Palmerston North was seen by residents and visitors as a city where there was little to do. There is plenty of evidence that these negative views have been replaced by more positive views, especially for residents.

Tourism figures show that Palmerston North is a significant destination for visitors, ranking it 12th overall among local authorities, an improvement of its ranking of 13th two years ago.

The actions of the Council, CEDA, FoodHQ and many other organisations in the economic and tourism areas should boost the economic perception of the City.

Increased emphasis on attracting overseas students through the International Education Strategy and Sister City Relationships should also help boost the City's international reputation.

Hence the improvements in the perception of Palmerston North are likely to continue.

Residual Risk at Year 2.5 of 3

Poor City Image and Reputation (Risk 76)	76a outsiders	76b residents
Gross Risk (as at 1 July 2015)		
Residual Risk (as at 31 December 2017)		
Residual Risk (goal for 30 June 2018)		

(See Appendix A for explanation of colours)

Lack of Vibrancy in the CBD (Risk 77)

Current Situation:

Compared to some other cities Palmerston North has a strong CBD. Through the District Plan the Council has taken a centres based approach - this means that retail and office activities are concentrated in the CBD, instead of being spread out around the periphery of the City. The CBD is busy in the early evening, with many people eating out at cafes and restaurants, and taking advantage of the entertainment options available.

However it still faces significant challenges, including earthquake prone buildings, as well as the impact of the Plaza, internet shopping and large format retailing on traditional small-scale pedestrian based comparative retailing. These challenges need to be addressed and the Council needs to incentivise private investment and revitalisation of the City centre. Though some time ago, previous Council investment shows that this can be successful - e.g. investment in the Library, George Street, the Regent and Square West has helped incentivise private investment and revitalisation in these locations.

Pedestrian counts in the CBD declined by 11.5% between November 2016 and November 2017. However, retail spending in Broadway in the three months ended October 2017 was 11.2% higher than in the same period in 2016 while retail spending in the remainder of the CBD increased by 4.0%.

The latest city-wide retail data shows a 4.4% increase in retail spending in the December quarter compared with the same period in 2016, which was only slightly behind the national increase of 4.6%.

Council Actions:

The Council has developed the Palmerston North City Centre Streetscape Plan to help address the CBD issues outlined above and to ensure that the public places and streets in the CBD are accessible, attractive and safe. The plan also encourages more walking, cycling and use of public transport.

It was endorsed in June 2016. It is a high level plan that will inform and coordinate long-term infrastructural projects in the CBD. These projects will still need to be approved through Council's 10 Year Plans. The Plan:

- Confirms the current location of the inter-regional bus terminal in The Square as its permanent location. It also confirms the current location of the urban bus terminal in Main St (East) as its permanent location.
- Incorporates the Broadway Plan. This involves the Council working with the community, retailers, and building owners to improve the prosperity and vitality of Broadway through Placemaking and streetscape projects.

Another major initiative to increase vibrancy in the CBD is Palmy Unleashed. This involves Council and community events in the City centre, with the aim of increasing the number of people spending time and money in public spaces in the City.

Other initiatives to strengthen the CBD and make it more vibrant include:

- Parking: Council parking initiatives make it easier and more appealing to stay in the CBD, including all day parking (as long as people feed the meter) and having the first hour free in

King St off-street car park. Free parking on Sat mornings up until 11am has been made permanent (late in 2016), as has extended free parking for Gold Card holders (extended from 2 to 3 hours and now allows free parking 9am to 12noon on weekdays).

- Opening up the Central Library at ground level to George Street and The Square. The Library was moved to George St in 1996 to enliven that part of the CBD. This has been very successful, and these changes to the Library entrances will build on that by enhancing the Library's placemaking role and will anchor the CBD as the City's cultural hub.
- UCOL Campus Development Plan and Placemaking Framework: Staff are assisting UCOL with the development of this Framework. A draft is currently being reviewed by UCOL, and has been presented to Council. This will be a UCOL document but is likely to include some initiatives / directions for public space and partnership in the area. A proposal for co-contribution between UCOL, PNCC, and local property and business owners is being explored to make the alleyway between Grey and Queen Streets more attractive during the day and more secure during the night.
- The Council is working with building owners and local artists to put public murals in the CBD and the rest of the city, e.g. the mural on the Good Earth Matters building in Queen Street. This will help make these areas more attractive and reduce graffiti.
- Little Cuba/George Street: The Little Cuba Carnival was a success, with room to grow for next year. Two wall murals and two lamp-post murals have been left as a legacy of this event, adding to the vibrancy of the area, and promoting the use of public murals as a graffiti-reduction tool.
- Safety: the Council supports organisations like the Safety Advisory Board and the SafeCity Hosts to help make the CBD safe. One priority for the Safety Advisory Board is to make sure that Palmerston North retains its accreditation as an International Safe City. This makes a very positive contribution to the profile of Palmerston North, especially for potential international students.
- Earthquake prone buildings: several buildings that the Council owns and occupies in the CBD are earthquake prone (e.g. the Civic Administration Building, Square Edge and parts of Te Manawa). The Government has passed the Building (Earthquake-prone Buildings) Amendment Act 2016. The Amendment Act came into effect on 1 July 2017 and introduces a new system for managing the risks of earthquake-prone buildings. Building owners have to either strengthen or demolish earthquake-prone buildings within 15 years (or 7.5 years for priority buildings) from receiving an Earthquake-Prone Building Notice from the Council. Council as a regulator has five years to complete profiling of likely earthquake-prone buildings. Council is transitioning to the new system at present and will start notifying owners from April 2018. The Council has included funding in the 10 Year Plan to ensure its regulatory responsibility is carried out within the timeframe. The Council has also made provision to ensure that it addresses any earthquake-prone issues with Council-owned buildings.

Many of these projects are part of the District Plan and its Land Use Strategies. These include a focus on keeping commercial activity centred in the core of the City and avoiding the dispersion of office and retail activity to the periphery of the urban area.

Likely Future Outcomes: the implementation of the City Centre Plan and Palmy Unleashed, plus the strategic approaches of the District Plan, and Economic Development Strategy, should mean that the CBD becomes more vibrant, prosperous and attractive in the future.

Residual Risk at Year 2.5 of 3

Lack of Vibrancy in the CBD (Risk 77)	
Gross Risk (as at 1 July 2015)	Orange
Residual Risk (as at 31 December 2017)	Orange
Residual Risk (goal for 30 June 2018)	Green

(See Appendix A for explanation of colours)

Decline in City Economy and Jobs (Risk 79)

Current Situation: Typically the City's economy is steady. This can be a strength as well as a weakness. Palmerston North's economy is dominated by health and social care, public administration (including defence), and education / training. These sectors are fairly stable and provide a buffer against economic downturn, but they also do not "take off" during an economic upturn.

The other key sectors in the City's economy are logistics, research and retail / tourism. Agriculture also has a large impact on the wider region's economy.

CEDA recently completed some qualitative and quantitative research on perceptions of businesses in the region. In total over 430 businesses were involved.

The businesses identified the key economic competitive advantages of the region as:

- research, innovation and education
- agriculture and the wide range of high quality productive land
- its central location
- central government regional involvement and services (including Accelerate25).

Other strengths include great lifestyles, stable workforce and solid infrastructure and services.

Based on these key opportunities for growth are in:

- agriculture, technology, science and research
- distribution and logistics
- central government sector (especially education, health and defence).

The research also showed that, while locals see the Region as a great place to live, it has a poor perception at national level. This finding is similar to the Focus Group and City Image Survey discussed in the first risk.

Overall, the businesses reported a "cautiously optimistic economic mood". They said that the regional economy is stable, with some fundamentals falling into place that would make it flourish. However, this is not a fait accompli, and these have to be nurtured.

The businesses also said that there are weaknesses to overcome by:

- attracting highly skilled staff into region
- helping Councils to be business enablers
- creating a unified economic growth strategy (Accelerate25) for the Manawatu
- helping to foster a strong positive Manawatu identity.

Three often used economic indicators are gross domestic product (GDP), employment and income.

GDP per capita data shows that Palmerston North has performed relatively poorly when compared with other major cities, but growth in the city accelerated in the second of 2017 and is expected to remain strong in 2018. Local GDP per capita is slightly lower than the average for all of New Zealand. A lot of this is due to the economic structure of the City's economy (as outlined above) and the large number of students here.

Between June 2000 and June 2017 inflation adjusted GDP per capita increased from \$36,873 to \$42,738, an increase of 15%.

Employment and income figures in the City show mixed results. The table shows that there has been growth in jobs, salaries and wages, and total earnings, but this growth has lagged behind the national growth. Economic growth in the City accelerated in the second half of 2017 but the delay in the release of employment data means this is not reflected in the latest employment data available.

	PN	Manawatu District	NZ
Annual change in median salaries and wages (to September 2016)	2.4%	2.8%	2.1%
Annual change in total salaries and wages (to September 2016)	4.4%	5.8%	5.1%
Annual change in total earnings (to March 2016)	3.8%	3.1%	5.6%
Annual change in total job numbers (to Feb 2017)	1.7%	4.7%	2.6%
Annual change in GDP (to September 2017)	2.6%	4.3%	2.5% *

Note: change in job numbers data is provisional. An increase of 1.1% was previously reported for Palmerston North for the year to February 2016 but has since been revised to an increase of 1.3%. The increase for New Zealand for the year to February 2016 was 2.6%.

** Statistics New Zealand has revised its way of calculating GDP, which has increased its estimates for the rate of economic growth occurring in New Zealand. It estimated total GDP growth for New Zealand was 3.0% in the year ended September 2017 while Infometrics had estimated national growth was 2.5%. Infometrics will be publishing revised regional GDP estimates on 28 February.*

Overall, the number of jobs has been increasing more slowly in the City (and the wider Manawatu Region) than in the whole of New Zealand. There was a 1.0% increase in the number of Palmerston North residents registered for the job seekers benefit in December 2017 from December 2016, but a decline of 8.2% in sole parent benefits as more people move off the benefit into work or are transferred to the job seeker benefit. There was also a significant decline in the other benefits category, which includes the student hardship benefit.

More positively, there was better than national growth in annual median earnings per job. Manawatu District increased by 72.5% while Palmerston North increased by 73.8% between March 2000 and September 2016. New Zealand increased by 69.1%. This indicates that higher value jobs are being created in the City and Region. The consumer price index (CPI) increased by 46.2% over this period.

Data from Education New Zealand shows that the total number of international students in the Manawatu Region increased by 3% in the year to December 2017 compared with the year to December 2016. Within this, university student and primary and secondary school student numbers increased, and Private Training Establishment student numbers decreased). This is based on visa numbers so may be missing some short-term students. International students bring \$60m per year to the Palmerston North economy and there are plans, outlined later in this report, to increase this to \$80m.

Overall many Palmerston North economic figures were ahead of national figures during the global downturn. However with the Canterbury rebuild and major roading projects in Auckland and Wellington, this was reversed and many of the national figures have been above City or regional figures. Economic growth in the City is expected to strengthen further over the next 12 months and remain strong over the next decade due to the impact of major construction projects planned in the City and region. There will be growth in the number of jobs being transferred into the City, with

AgResearch undertaking more staff transfers as it consolidated most of its staff into its Lincoln and Palmerston North facilities, Fairfax Media is transferring call centre jobs back from the Philippines, Goodman Fielder is transferring some of its manufacturing activity from Auckland to its Ernest Adams site in Palmerston North and Australian company BlockBit is establishing a new office in the City.

Infometrics estimates that GDP in the City increased by 2.6% in the 12 months ended September 2017, which was ahead of its estimate of 2.5% GDP growth for New Zealand. Statistics New Zealand later published revised GDP growth estimates for New Zealand which will be incorporated into future Infometrics GDP estimates.

Council Actions: the Council, along with the Manawatu District Council, funds the Central Economic Development Agency (CEDA) to provide a more focussed and co-ordinated approach to economic development and tourism promotion in the region. (CEDA replaced Vision Manawatu and Destination Manawatu, and started operating in September 2016).

The Council is drafting a new Economic Development Strategy. Its aim is to drive entrepreneurship and innovation by providing the support, infrastructure, opportunities and conditions to enable traditional sectors to diversify and expand, and new industries and new economies to grow. The Council also wants to transform the City's economy to a low carbon economy.

Another key area of focus has been international education. Vision Manawatu led the development of an International Education Strategy. This involved key organisations in the City and was supported by the Council. It has led to funding being provided by Education New Zealand to help implement the strategy now led by CEDA.

As part of this Council is seeking to strengthen its international relations, particularly to support Palmerston North's growing international research, education and trade strengths. A key focus of this is reinvigorating Council's Sister City relationships for better economic development outcomes. A strategic relationship is also being considered with Wageningen, the Netherlands, which could help strengthen cooperation with between Wageningen and Palmerston North-based agri-food research institutions and industries.

Other actions the Council takes to improve the local economy include:

- support for priority economic sectors through projects such as FoodHQ and the logistics sector
- strategic roading planning for Accessing Central NZ (as part of Accelerate25)
- providing infrastructure that industry and business needs, including the recently adopted Integrated Transport Strategy that meets the needs of businesses, people and the environment
- support for employment initiatives such as the Sort-It Employment Expo
- provision of the Conference and Function Centre
- being involved in the GoShift and other business friendly initiatives to speed up building consent and other regulatory processes
- changes to parking to support the retail sector by making it easier and more appealing to stay in the CBD, including all day parking (as long as people feed the meter) and having the first hour free in King St off street car park. Free parking on Sat mornings up until 11am has been made permanent (late in 2016), as has extended free parking for Gold Car holders (extended from 2 to 3 hours and now allows free parking 9am to 12noon on weekdays).
- the District Plan review, including its focus on ensuring there is enough suitably located and serviced industrial land, as well as focussing retail activity in the CBD
- monitoring the local economy

- providing funding for events, including funding through this year's Annual Plan for the Gold Cup Racing Festival, the New Zealand Rural Games, New Zealand Grand Prix and New Zealand Food Awards
- advocating for the increased roll out of ultra-fast broadband in the City.

Likely Future Outcomes: The Council's actions, along with the actions of other organisations, will add to a favourable outlook for longer-term economic growth in the Region. Major construction projects signalled for the region will support strong economic growth over the next 10-14 years. Short-term support for growth includes the recent decision by Fairfax to bring its call centre back to New Zealand from the Philippines, locating it in Palmerston North. Goodman Fielder has announced restructuring plans, which will increase the number of jobs at its Ernest Adams bakery in Palmerston North, while Presidential Homes has experienced significant growth in the number of relocatable homes it is constructing in the City.

The City has strengths in sectors which are among New Zealand's fastest growing (health care and social assistance, public administration and safety, and education and training). The City's central location is also contributing to above average growth rates in the logistics and retail sectors.

However, a lot of what happens in the local economy is outside of the Council's control so this area will always remain an area of possible risk.

Residual Risk at Year 2.5 of 3

Decline in City Economy and Jobs (Risk 79)	
Gross Risk (as at 1 July 2015)	
Residual Risk (as at 31 December 2017)	
Residual Risk (goal for 30 June 2018)	

(See Appendix A for explanation of colours)

Low Level of Community Trust and Engagement with the Council (Risk 80)

Current Situation:

Consultation and the desire to be involved in Council's decision making was a key issue explored through the focus groups. The key point to emerge from this is that many people have passive support for and trust in Council's attempts to involve them in its decision making:

"The need for people to feel engaged with the Council seemed to increase with age. But even with this, for many, as long as there was no pressing issue and things were ticking along nicely there was little need to pay attention to what the Council was up to. It appears that if the Council was thought to be doing a good job and not upsetting too many people, many residents would not particularly want to engage with the Council, except for things like basic information."

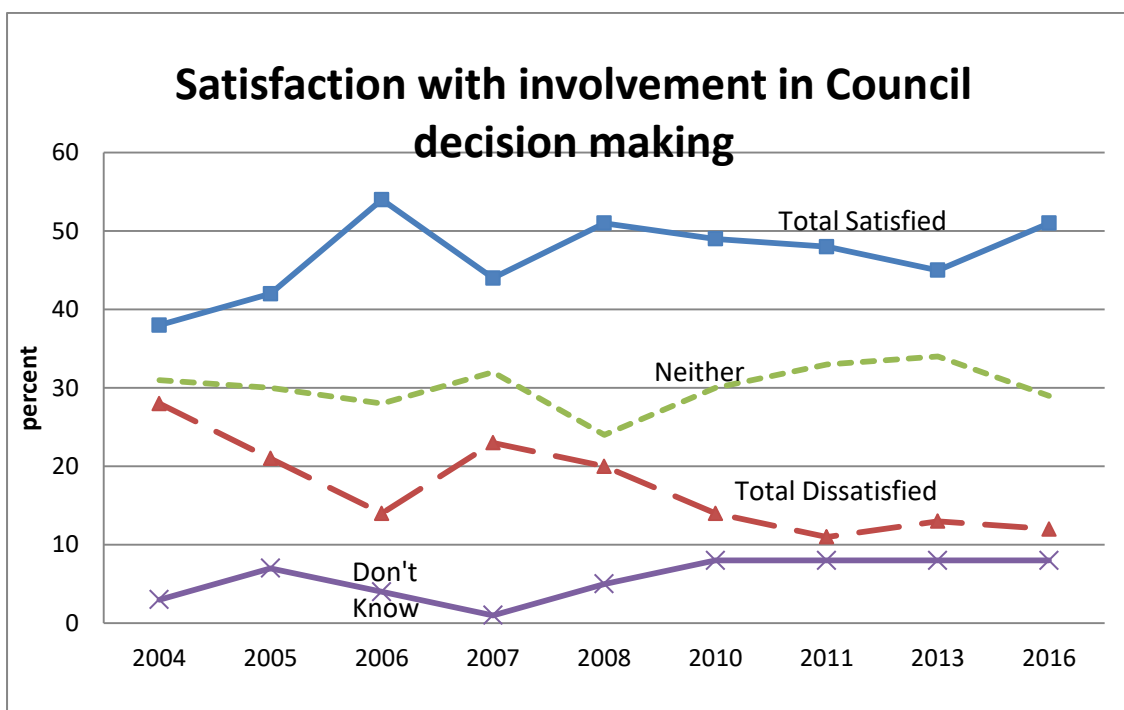
"Overall, the idea of 'residents as customers' seems to be a better fit than 'residents as citizens'."

(Both quotes are from the NRB Report on Residents' Perceptions of Palmerston North and the Palmerston North City Council, June 2016.)

This is supported by surveys, which indicate that many people (about 60%) do not want to engage with the Council unless a Council decision is of major importance to them. The surveys also pick up slightly wider views, with some people (about 25%) wanting detailed engagement on all issues and about 15% wanting Council just to get on with things.

The 2016 Communitrak Survey shows half (51%) of residents are Very Satisfied or Satisfied with the way they are involved in Council decision making; 29% are Neither Satisfied Nor Dissatisfied and 12% are Dissatisfied or Very Dissatisfied. Eight percent Don't Know.

The graph shows that the total number of satisfied people (very and fairly satisfied) has been fairly steady in the last 10 years. Dissatisfaction has dropped.



(NB: There is a growing issue with the representativeness of telephone surveys now that many people do not have landlines. In response, future Communitrak surveys will include on street interviews at popular locations.)

Palmerston North voter turnout in the 2016 Council elections was 39%, equal to the average turnout in New Zealand cities. In 2010 the figures were 43% and 45% respectively.

Council Actions: the Council engages frequently with the community. A lot of this happens on a day to day basis through all the contact that the Mayor, Councillors and staff have with local residents, businesses and organisations. Some of this is formal and about specific topics (examples of these are given below); other parts are more informal such as Councillor attendance at meetings, and staff meeting with a wide range of stakeholders.

In December 2014 the Council adopted its Significance and Engagement Policy to guide this engagement. The Policy is based the IAP2 continuum of engagement. At one end of the continuum the Council gives people information about decisions it has made. At the other end Council delegates decision making to the public. Most of the Council's engagement will be in the middle of the continuum where the Council makes decisions based on a good understanding of community views. Community feedback on the draft Policy showed that people support this approach.

The Council also works with Rangitāne to increase Māori participation in all aspects of the City, including engagement in Council decision making. This includes bi-monthly staff meetings with Rangitāne and work through Library and Community Services. Now that the Treaty settlement has been agreed Rangitāne has signalled a desire to approach the Council in the medium-term to strengthen the engagement processes between Council and Iwi.

The Council also has Councillor portfolios. Under these Councillors have topics within which they take a lead in community engagement. They regularly meet with relevant interest groups, and will be the Council's go-to person for that topic.

This year the Council has engaged stakeholders and residents on a wide range of topics. In the past six month major topics for public engagement have included:

- Animal and Bees Bylaw review
- Waste Management and Minimisation Bylaw amendment
- Traffic and Parking Bylaw Review
- Planning Services Fees and Charges
- Waterloo Park Lease Proposal
- Cemeteries and Crematorium Bylaw Review
- Review of Consent Conditions for Te Rere Hau Windfarm
- Memorial Park Development Plan
- Draft Local Alcohol Policy

These involved a range of techniques including written and online submissions, "talk with a Councillor" sessions, online and face to face surveys, public meetings in branch libraries and community centres, get-togethers in neighbourhood parks, key stakeholder meetings, open days, sending brochures to all households, and information on the website and Facebook.

The Council also provides extensive information to residents through the Customer Service Centre, Call Centre and the Council website.

Council is improving its online engagement and making more use of social media. The website was upgraded to a new platform to make it as accessible from a smartphone or tablet as it is from a

laptop or desktop computer. This is vital to meet the needs of the rapidly growing number of people who visit the site from mobile devices – now more than a third of users.

The language and layout of the website's consultation page was improved to make it more user friendly to encourage more feedback on current projects.

(pncc.govt.nz/yourcouncil/consultations)

Council's Facebook page has 11,200 followers. Topics with high reach and engagement in the past six months have included public information and community notices (e.g. water restrictions, rubbish bags, fire ban, roadworks, etc.). Other popular topics were more off topics such as the Junior Road Safety Park, Palmy Unleashed events, and Maori Language Week.

The Council's involvement in other projects such as supporting community events and activities (Ethkick, Reel Earth, the Summer Concerts, ANZAC Day, Volunteer Awareness Week, Disability Expo, etc.), working with CCOs, deputations and public comment at Council meetings, Citizenship events, Trustpower Awards, Civic Honour Awards Civil Defence presentations, EcoDesign advice, and involvement with organisations like Red Cross Refugee Services and Safety Advisory Board all build up community trust in the Council.

Likely Future Outcomes:

People will continue to have a range of expectations about how and how much the Council involves them in its decision making. This makes meeting all their expectations difficult. Nevertheless, the Communitrak Survey shows a consistent drop in the number of people dissatisfied with the Council's community engagement.

It also needs to be noted that many people have a low level of interest in being involved in Council's decision making as long as they feel the Council knows what they want.

By having a range of ways that people can have their input, as outlined above, the Council should be able to provide the services that people want and hence keep them as satisfied and trusting customers, even if they are not actively involved in Council decision making. It should also help meet the needs of those who do want to be actively involved and hence improve their level of trust.

Residual Risk at Year 2.5 of 3

Low Level of Community Trust and Engagement with Council (Risk 80)	
Gross Risk (as at 1 July 2015)	
Residual Risk (as at 31 December 2017)	
Residual Risk (goal for 30 June 2018)	

(See Appendix A for explanation of colours)

Council's Financial Position is not Sustainable (Risk 81)

A best practicable options review for the City's wastewater treatment and disposal must be completed by 30 June 2021 and a consent application lodged by 30 June 2022. Financial provision of at least \$0.7m has been made in each year until 2023/24 to undertake investigations and manage the consent application process.

The range of potential operating and capital costs are unknown at this stage and will not be known until completion of the best practicable option review and the granting of the consent.

The Council does not wish to prejudice what option might be chosen (or imposed through the regulatory process). Whatever the final option, it will have a significant impact on Council's debt levels and rates. For the purposes of the proposed 2018-28 10 Year Plan it has been assumed a solution will be provided with a capital outlay of \$110m (in 2018 dollars) and that the expenditure will be between 2023 and 2027. Provision has also been made for additional operating costs in addition to the debt servicing and repayment costs.

In preparing the proposed 10 Year Plan the Council has been conscious of the potential scale and financial impact of this project and has considered this when programming other commitments. However the Council has increased a key prudential ratio (debt to total revenue) recognising debt levels will increase significantly. It has also agreed to increase rates levels to fund accelerated debt repayment over the next few years to create sufficient headroom to cope with the debt required for its future capital programme.

If the programme ultimately costs more than has been provided for the Council will need to address this when preparing future annual and ten year plans.

Residual Risk at Year 2.5 of 3

Council's Financial Position is not Sustainable (Risk 81)	
Gross Risk (as at 1 July 2015)	
Residual Risk (as at 31 December 2017)	
Residual Risk (goal for 30 June 2018)	

(see Appendix A for explanation of colours)