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**PALMERSTON NORTH CITY COUNCIL**

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**AGENDA  
COUNCIL  
SUPPLEMENTARY ITEM**

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**9AM, WEDNESDAY 18 MARCH 2020**  
COUNCIL CHAMBER, FIRST FLOOR, CIVIC ADMINISTRATION BUILDING  
32 THE SQUARE, PALMERSTON NORTH

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## MEMBERSHIP

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**Grant Smith (Mayor)**

**Tangi Utikere (Deputy Mayor)**

**Brent Barrett**

**Susan Baty**

**Rachel Bowen**

**Zulfiqar Butt**

**Vaughan Dennison**

**Renee Dingwall**

**Lew Findlay QSM**

**Patrick Hancock ONZM**

**Leonie Hapeta**

**Lorna Johnson**

**Billy Meehan**

**Karen Naylor**

**Bruno Petrenas**

**Aleisha Rutherford**

**Agenda items, if not attached, can be viewed at:**

[pncc.govt.nz](http://pncc.govt.nz) | Civic Administration Building, 32 The Square  
City Library | Ashhurst Community Library | Linton Library

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**Heather Shotter**

**Chief Executive, Palmerston North City Council**

**Palmerston North City Council**

W [pncc.govt.nz](http://pncc.govt.nz) | E [info@pncc.govt.nz](mailto:info@pncc.govt.nz) | P 356 8199

Private Bag 11034, 32 The Square, Palmerston North



# **COUNCIL MEETING**

18 March 2020

## **SUPPLEMENTARY ITEM**

### ***REPORTS***

6. **Annual Budget 2020/21 – Final Version of Consultation Document** Page 4  
Replacement page 13 of the attachment.

## MEMORANDUM

**TO:** Council

**MEETING DATE:** 18 March 2020

**TITLE:** Annual Budget - Replacement page 13 of the attachment

**PRESENTED BY:** Steve Paterson, Strategy Manager, Finance

**APPROVED BY:** Stuart McKinnon, Chief Financial Officer

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### ATTACHMENTS

1. Replacement page [↓](#) 

# FINANCIALS – THE BIG PICTURE FOR 2020/21

## PROSPECTIVE STATEMENT OF REVENUE & EXPENSES

BUDGET 2019/20 (\$'000s)		YEAR 3 OF 10 YEAR PLAN 2020/21 (\$'000s)	PROPOSED BUDGET 2020/21 (\$'000s)
	<b>SOURCES OF REVENUE</b>		
98,855	Rates <sup>1</sup>	104,847	103,179
32,990	Other Operating Revenue <sup>2</sup>	30,015	36,733
7,822	Subsidies & Grants for Capital <sup>3</sup>	8,407	6,939
1,476	Development Contributions <sup>4</sup>	1,891	1,891
2,000	Vested Assets <sup>5</sup>	2,000	2,000
<b>143,143</b>		<b>147,160</b>	<b>150,742</b>
	<b>OPERATING EXPENSES</b>		
98,471	Expenses <sup>6</sup>	98,509	107,082
7,616	Interest <sup>7</sup>	11,637	6,043
35,619	Depreciation <sup>8</sup>	39,383	36,229
<b>141,706</b>		<b>149,529</b>	<b>149,354</b>
1,437	<b>NET SURPLUS / (DEFICIT)</b>	(2,369)	1,388
4.6%	<b>RATES INCREASE</b>	5.2%	4.4%

<sup>1.</sup> Rates revenue is used to pay for operating expenses, renewal of the City's assets & repayment of debt

<sup>2.</sup> Other operating revenue includes fees and charges for the use of Council services such as building & resource consents, parking & rental from housing & buildings the Council owns

<sup>3.</sup> Subsidies & Grants for Capital is mostly subsidy from NZTA for roading

<sup>4.</sup> Development Contributions are sums paid by developers for the growth component of new City infrastructure

<sup>5.</sup> Vested Assets is the value of roads & pipeline networks in new subdivisions given to the Council to become part of the Council's infrastructure

<sup>6.</sup> Expenses are all of the day to day running costs for Council services. This includes repairs and maintenance of Council assets but not replacing them. Replacements are funded from separate capital renewal budgets that total \$22.4 million for 2020/21.

<sup>7.</sup> Interest is the cost of interest payable on the Council's loans. Interest rates are now much lower than originally assumed. Council borrows to fund all new City infrastructure then uses rates revenue to repay the loans over the life of the assets that have been built. This means the cost of new infrastructure is spread over the generations who use or benefit from it.

<sup>8.</sup> Depreciation is the term for the share of the cost of assets that is allocated to each year.