



PALMERSTON NORTH CITY COUNCIL

AGENDA

FINANCE AND PERFORMANCE

COMMITTEE

9AM, MONDAY 21 AUGUST 2017
COUNCIL CHAMBER, FIRST FLOOR, CIVIC ADMINISTRATION BUILDING
32 THE SQUARE, PALMERSTON NORTH



MEMBERSHIP

Susan Baty (Chairperson)

Jim Jefferies (Deputy Chairperson)

Grant Smith (The Mayor)

Brent Barrett

Rachel Bowen

Adrian Broad

Gabrielle Bundy-Cooke

Vaughan Dennison

Lew Findlay QSM

Leonie Hapeta

Lorna Johnson

Duncan McCann

Karen Naylor

Bruno Petrenas

Aleisha Rutherford

Tangi Utikere

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

pncc.govt.nz | Civic Administration Building, 32 The Square

City Library | Ashhurst Community Library | Linton Library

David Wright

Acting Chief Executive, Palmerston North City Council

Palmerston North City Council

W pncc.govt.nz | E info@pncc.govt.nz | P 356 8199

Private Bag 11034, 32 The Square, Palmerston North



FINANCE AND PERFORMANCE COMMITTEE MEETING

21 August 2017

ORDER OF BUSINESS

NOTE: The Council meeting coincides with the ordinary meeting of the Audit and Risk Committee meeting. The format for the meeting will be as follows:

- Audit and Risk Committee will open and adjourn immediately to Finance and Performance Committee
- Finance and Performance Committee will open, conduct its business and then close.

1. Apologies

2. Notification of Additional Items

Pursuant to Sections 46A(7) and 46A(7A) of the Local Government Official Information and Meetings Act 1987, to receive the Chairperson's explanation that specified item(s), which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded, will be discussed.

Any additions in accordance with Section 46A(7) must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.

Any additions in accordance with Section 46A(7A) may be received or referred to a subsequent meeting for further discussion. No resolution, decision or recommendation can be made in respect of a minor item.

3. Public Comment

To receive comments from members of the public on matters specified on this Agenda or, if time permits, on other Committee matters.

(NOTE: If the Committee wishes to consider or discuss any issue raised that is not specified on the Agenda, other than to receive the comment made or refer it to the Chief Executive, then a resolution will need to be made in accordance with clause 2 above.)

4. Confirmation of Minutes

Page 7

“That the minutes of the Finance and Performance Committee meeting of 19 June 2017 Part I Public be confirmed as a true and correct record.”

5. Treasury Report for 12 months ended 30 June 2017

Page 13

Memorandum, dated 26 July 2017 from the Strategy Manager Finance, Steve Paterson.

6. Quarterly Performance and Finance Report - Quarter ending 30 June 2017

Page 25

Memorandum, dated 27 July 2017 from the Financial Accountant, Keith Allan and the Head of Community Planning, Andrew Boyle.

7. Section 17A Review Venues & Events Palmerston North

Page 111

Memorandum, dated 25 July 2017 from the Manager - Venues PN, John Lynch.

8. Ashhurst Domain - River Protection Works

Page 129

Memorandum, dated 14 August 2017 from the Acting General Manager, Rob Green.

9. Committee Work Schedule - August

Page 133

10. Exclusion of Public

To be moved:

“That the public be excluded from the following parts of the proceedings of this meeting listed in the table below.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered		Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution
11.	Minutes of the Finance and Performance Committee meeting - Part II Confidential - 19 June 2017	For the reasons setout in the Finance and Performance Committee minutes of 19 June 2017, held in public present.	
12.	Programme 674 Church/Ruahine Roundabout Safety Improvements Revised Budget	Commercial Activities	s7(2)(h)
13.	Purchase of Wetlands Cafe Buildings, Ashhurst Domain	Commercial Activities	s7(2)(h)
14.	Section 17A Review Venues & Events Palmerston North (Part II Background Reports)	Privacy and Negotiations	s7(2)(a) and s7(2)(i)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as stated in the above table.

Also that the persons listed below be permitted to remain after the public has been excluded for the reasons stated.

Acting Chief Executive (David Wright), Chief Financial Officer (Grant Elliott), General Manager, City Enterprises (Ray McIndoe), General Manager, City Future (Sheryl Bryant), Acting General Manager, City Networks (Rob Green), General Manager, Customer Services (Peter Eathorne), General Manager, Libraries and Community Services (Debbie Duncan), Human Resources Manager (Wayne Wilson) and Acting Strategic Communications Manager (Jane McSweeney) because of their knowledge and ability to provide the meeting with advice on matters both from an organisation-wide context (being members of the Council’s Management Team) and also from their specific role

within the Council.

Legal Counsel (John Annabell), because of his knowledge and ability to provide the meeting with legal and procedural advice.

Governance and Support Team Leader (Kyle Whitfield) and Committee Administrators (Penny Odell, Carly Chang and Rachel Corser), because of their knowledge and ability to provide the meeting with procedural advice and record the proceedings of the meeting.

Road Planning Team Leader (David Lane), Property Officer (Bryce Hosking) Manager - Venues PN (John Lynch), Parks and Property Manager (John Brenkley), because of their knowledge and ability to assist the meeting in speaking to their report and answering questions, noting that such officer will be present at the meeting only for the item that relate to their respective report.

[Add Third Parties], because of their knowledge and ability to assist the meeting in speaking to their report/s [or other matters as specified] and answering questions, noting that such person/s will be present at the meeting only for the items that relate to their respective report/s [or matters as specified].

PALMERSTON NORTH CITY COUNCIL

Minutes of the Finance and Performance Committee Meeting Part I Public, held in the Council Chamber, First Floor, Civic Administration Building, 32 The Square, Palmerston North on 19 June 2017, commencing at 9.01am

Members Present: Councillor Susan Baty (in the Chair), The Mayor (Grant Smith) and Councillors Brent Barrett, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor and Bruno Petrenas.

Apologies: Councillor Tangi Utikere (lateness).

41-17 Apologies

Moved Vaughan Dennison, seconded Rachel Bowen.

1. That the Committee receive the apologies.

42-17 Notification of Additional Items

Moved Susan Baty, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

1. That the Committee receive the additional item.

43-17 Confirmation of Minutes

Moved Jim Jefferies, seconded Gabrielle Bundy-Cooke.

The **COMMITTEE RESOLVED**

1. That the minutes of the Finance and Performance Committee meeting of 15 May 2017 Part I Public be confirmed as a true and correct record.

44-17 Palmerston North Airport Ltd - Final Statement of Intent for 2017/18

Memorandum, dated 1 June 2017 from the Strategy Manager Finance, Steve Paterson.

Moved Susan Baty, seconded Grant Smith.

The **COMMITTEE RECOMMENDS**

1. That the Palmerston North Airport Ltd Statement of Intent for 2017/18 be endorsed.

45-17

Ashhurst Domain Riverbank Erosion - Update

Memorandum, dated 8 June 2017 from the General Manager - City Networks, Ray Swadel.

Moved Grant Smith, seconded Leonie Hapeta.

The **COMMITTEE RECOMMENDS**

1. That the Committee notes:
 - a. Horizons Regional Council has committed to undertake immediate works to redirect the active river channel away from the Ashhurst Domain bank, subject to Palmerston North City Council confirming a contribution of up to \$70k for these works and applying for any associated consents.
 - b. The General Manager – City Networks provided confirmations referred to in recommendation (a) above, on a “Without Prejudice” basis.
 - c. Upon receipt of a response to Palmerston North City Council’s submission to the Horizons Proposed Annual Plan 2017/18, that further work be undertaken to prepare a tri-party agreement between Horizons Regional Council, Palmerston North City Council and the New Zealand Transport Agency for permanent rock lining protection works along the Ashhurst Domain riverbank.

46-17

Options for Enhanced Recycling and Waste Management Services

Memorandum, dated 2 June 2017 from the Water & Waste Services Manager, Robert van Bentum, the Rubbish and Recycling Engineer, Natasha Hickmott and the Behaviour Change & Education Co-ordinator, Samantha Battman.

Notes: In discussion the Committee noted that the option of kerb side green waste should be included as part of the LTP process.

Moved Rachel Bowen, seconded Karen Naylor.

The **COMMITTEE RECOMMENDS**

1. That the Committee receive the report on Options for Enhanced Recycling and Waste Management Services

Moved Karen Naylor, seconded Lew Findlay QSM.

2. That the Committee note the range of initiatives already implemented and planned to be funded from the Waste Minimisation operational budget for 2017-18 to improve awareness, change behaviour and promote waste reduction.

Moved Karen Naylor, seconded Lorna Johnson.

3. That the range of Council approved official rubbish bags be extended to include a smaller 40 litre bag with a maximum retail price of \$1.80 including GST per bag.

Moved Karen Naylor, seconded Lew Findlay QSM.

4. That the Committee note that Officers will look for opportunities during 2017/18 where budget savings may allow to implement some or all of the initiatives in clauses 4.2, 4.3 and 4.6 of this report.

Moved Rachel Bowen, seconded Susan Baty.

5. That the Committee confirms that Level 1 including removing more plastic from the waste stream, is the preferred package of enhanced services which Officers should develop further into costed proposals for consideration through the 2018-28 LTP prioritisation process.

Moved Lorna Johnson, seconded Tangi Utikere.

6. That the option of kerb side green waste collection be included in costed proposals for consideration through the LTP process.

Moved Grant Smith, seconded Bruno Petrenas.

7. That the Chief Executive instruct officers to increase support for Charity Shop waste disposal to \$20,000 pa, but out of existing budgets.

Moved Vaughan Dennison, seconded Gabrielle Bundy-Cooke.

Note:

On a motion that: That within item 4 Additional Service Request 2017-18 'Prosecution of Illegal Dumping be reduced to \$30,000 for a trial. The motion was lost.

Moved Karen Naylor, seconded Vaughan Dennison.

Note:

On a motion that: Item 1 be removed from the Level 1 initiatives on page 49. The motion was lost.

47-17

Conference Opportunity - Social Enterprise World Forum 2017

Memorandum, dated 1 June 2017 from the Committee Administrator, Carly Chang.

Moved Vaughan Dennison, seconded Karen Naylor.

The **COMMITTEE RESOLVED**

1. That the Committee approve the attendance of 1 elected member(s) to attend, with expenses paid, to Social Enterprise World Forum 2017 being held in Christchurch on 27 to 29 September 2017.
2. That, in the event that the Committee approves the attendance of elected member(s) at the above training, then registrations of interest be invited from elected members wishing to attend, with expenses paid, and advise the Committee Administrator, Carly Chang, by 12 noon Friday 23 June 2017.

48-17 Conference Opportunity - RMLA Conference

Memorandum, dated 13 June 2017 from the Committee Administrator, Carly Chang.

Moved Tangi Utikere, seconded Susan Baty.

The **COMMITTEE RESOLVED**

1. That the Committee approve the attendance of up to 2 elected member(s) to attend, with expenses paid, to RMLA Conference being held in Auckland on 21 to 23 September 2017.
2. That, in the event that the Committee approves the attendance of elected member(s) at the above training, then registrations of interest be invited from elected members wishing to attend, with expenses paid, and advise the Committee Administrator, Carly Chang, by 12 noon Friday 23 June 2017.

49-17 Programme 1086 LED street light upgrade

Report, dated 1 June 2017 from the Road Planning Team Leader, David Lane.

Note: During discussion the Committee asked for more information pertaining to Councils physical assets and compliance of these assets to be reported back through the Audit and Risk Committee.

Moved Grant Smith, seconded Lew Findlay QSM.

The **COMMITTEE RECOMMENDS**

1. That Council authorise continuation of compliant LED street light upgrades envisaged under Programme 1086 and approve conversion of street lights in the phase two part of the programme in compliant streets;
2. That Council note that a further report will be presented discussing options

for streets that are non-compliant, with recommendations for prioritised financial programmes to address that non-compliance.

Moved Cr Brent Barrett, seconded Cr Vaughan Dennison.

3. That the Chief Executive be instructed to deliver a scoping report on a) compliance standards relating to PNCC physical assets, and b) compliance status of our physical assets.

50-17 Committee Work Schedule - June 2017

Moved Susan Baty, seconded Jim Jefferies.

The **COMMITTEE RESOLVED**

1. That the Finance and Performance Committee receive its Work Schedule dated June 2017.

EXCLUSION OF PUBLIC

51-17 Recommendation to Exclude Public

Moved Susan Baty, seconded Jim Jefferies.

The **COMMITTEE RESOLVED**

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1.	Minutes of the Finance and Performance Committee meeting - Part II Confidential - 15 May 2017	For the reasons setout in the Finance and Performance Committee minutes of 15 May 2017, held in public present.	
2.	Papaioea Place Community Housing Redevelopment Proposals	Third Party Commercial	s7(2)(b)(ii)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or

interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as stated in the above table.

Also that the persons listed below be permitted to remain after the public has been excluded for the reasons stated.

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Parks & Property Manager (John Brenkley) because of their knowledge and ability to assist the meeting in speaking to their report and answering questions, noting that such officer will be present at the meeting only for the item that relate to their respective report.

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The public part of the meeting finished at 12.17pm

Confirmed 21 August 2017.

Chairperson

MEMORANDUM

TO: Finance and Performance Committee

MEETING DATE: 21 August 2017

TITLE: Treasury Report for 12 months ended 30 June 2017

DATE: 26 July 2017

AUTHOR/S: Steve Paterson, Strategy Manager Finance, City Corporate

ITEM 5

RECOMMENDATION(S) TO FINANCE AND PERFORMANCE COMMITTEE

1. That the performance of the treasury activity for the 12 months ending 30 June 2017 be noted.
2. That it be noted that as at 30 June 2017 the treasury policy targets were complied with, except for the five year plus fixed rate maturity profile band target of 15% to 60% and that as the level of non-compliance was minimal no specific action is intended at this stage.

1. ISSUE

To provide an update on the performance of the Investment Fund ("the Fund") and the Council's Term Debt portfolio for the 12 months ended 30 June 2017.

2. BACKGROUND

2.1 Investment Fund

In November 2008 Council endorsed an orderly exit strategy for the Long Term Investment Fund which embraced holding the investments in bonds to maturity or when they could be sold without realising a loss (ie if the yields fall below the purchase price).

This strategy has been encapsulated in subsequent 10 Year and Annual Plans and the realisation process is nearing an end.

The bond portfolio is managed directly by the Council with the assistance of MCA Ltd as investment advisors.

2.2 Term Debt

The Council's Annual Plan for 2016/17 forecast additional debt of \$13.5m would need to be raised during the year to fund the \$28.9m of new capital expenditure programmes (including assumed carry forwards from 2015/16). In June 2016 the Council resolved to specifically authorise the raising of up to \$14m of additional debt.

Council's Financial Strategy (updated version adopted 24 June 2015) contains the following ratios which the Council has determined to be prudent maxima:

- Net debt as a percentage of total assets not exceeding 20%
- Net debt as a percentage of total revenue not exceeding 175%
- Net interest as a percentage of total revenue not exceeding 15%
- Net interest as a percentage of annual rates income not exceeding 20%

The Treasury Policy (embracing the Liability Management and Investment Policy) also contains a number of other criteria regarding debt management.

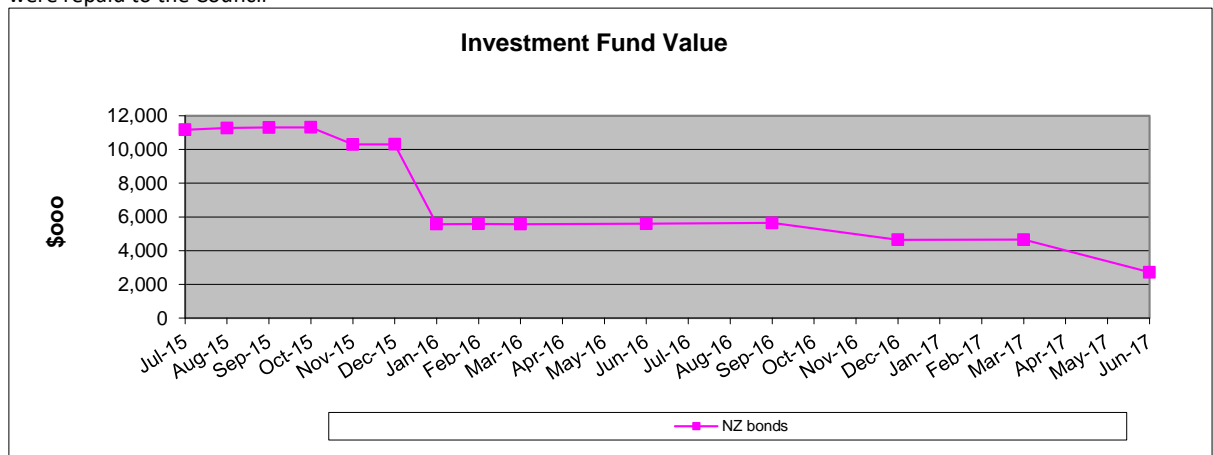
3. Performance

3.1 Investment Fund

Fund performance is monitored and reviewed by Council's investment advisor and Council's own staff. **Attached as schedule 4** is a consolidated report prepared by Council's investment advisor covering the period 1 July 2016 – 30 June 2017. The overall market value of the Fund is summarised in the following table:

	Market Value at 1 Jul 16 \$m	Market Value at 30 Sep 16 \$m	Market Value at 31 Dec 16 \$m	Market Value at 31 Mar 17 \$m	Market Value at 30 Jun 17 \$m
NZ Bonds	\$5.59	\$5.64	\$4.64 #	\$4.65 #	\$2.71 #

- a \$1 million bond investment matured in October 2016 and a \$2 million bond matured in April 2017. Both were repaid to the Council



Realised Fund earnings from interest and dividends for the 12 months totalled \$157k and there were also unrealised gains of \$120k. \$3.157m was distributed back to the Council during the period including \$3m of maturing investments.

3.2 Term Debt

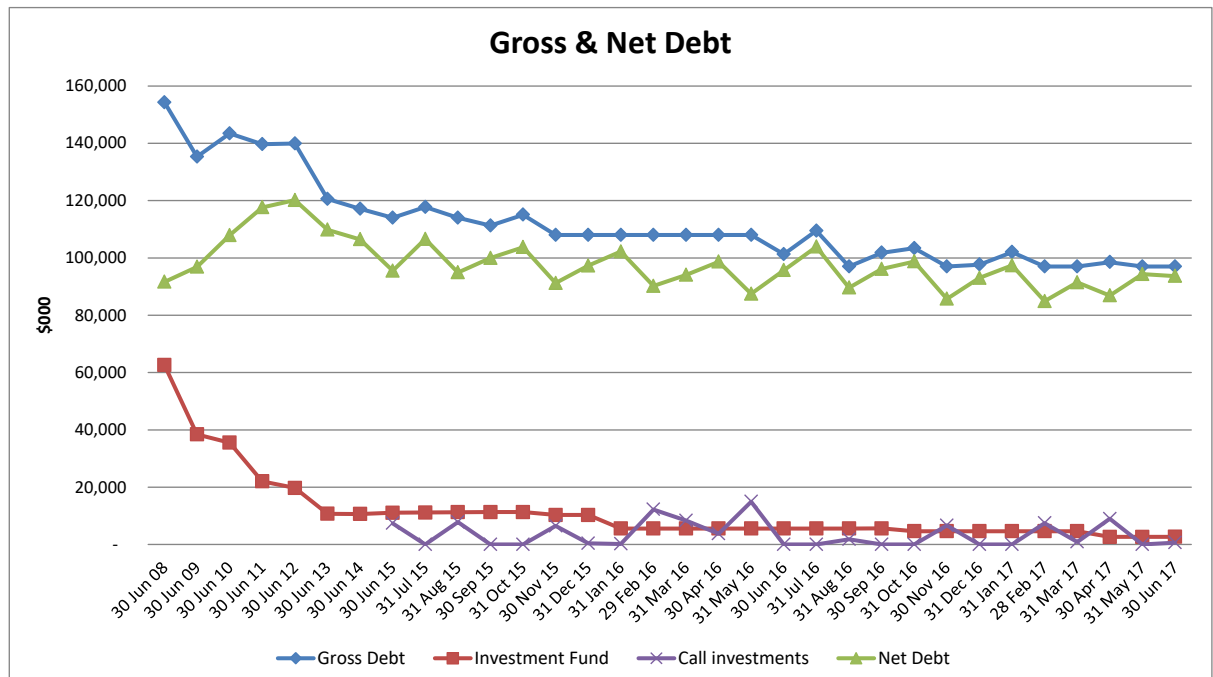
Schedule 1 *attached* shows the details of Council's debt as at 30 June 2017. Debt levels were within the policy parameters outlined in clause 2.2. of this report.

The summarised gross term debt movements are shown in the following table:

	Annual Plan for year (2016/17) \$000	Actual – 3 months (2016/17) \$000	Actual – 6 months (2016/17) \$000	Actual – 9 months (2016/17) \$000	Actual – 12 months (2016/17) \$000
Opening Debt Balance at 1 July 2016	101,530	101,275	101,275	101,275	101,275
New Debt #	13,516	5,000	5,000	5,000	15,000
Debt repayments #		(4,495)	(8,635)	(9,275)	(19,275)
Closing Balance	115,046	101,780	97,640	97,000	97,000
<u>Comprising:</u>					
Bank advance (on call)		4,780	640	0	0
Commercial paper		0	0	0	0
LGFA short term advance					10,000
LGFA & Council stock		97,000	97,000	97,000	87,000

A portion of the Council's debt is drawn on a daily basis – daily drawdowns & repayments are not included in these figures but the net draw or repayment for the year to date is shown as part of new debt or debt repayment as appropriate.

Net debt at 30 June 2017 was \$93.665m (ie gross \$97m less investment fund of \$2.71 m less call investment of \$0.625m) compared with \$95.684m at 1 July 2016 (ie. gross \$101.275m less investment fund of \$5.591m). Movements in recent years are shown in the following graph:



Actual finance costs incurred during the 12 months (including interest, line fees & the effects of swaps) amounted to \$6.223m compared with the annual plan budget for the year of \$6.288m.

The Council has entered a number of financial instruments related to its debt portfolio utilising swap trading lines established with Westpac and ANZ. The details of these are shown in **Schedule 2 attached**.

The value of these instruments is measured in terms of its “mark-to-market” ie the difference between the value at which the interest rate was fixed and the current market value of the transaction. Each of these transactions was valued at the date they were fixed and again at balance date. Financial reporting standards require the movement in values to be recorded through the Council’s Statement of Comprehensive Income (Profit & Loss Account). They have been revalued as at 30 June 2017 and show a decrease in book value of \$142k for the quarter and an increase of \$4.6m for the 12 months.

The Council’s Treasury Policy contains guidelines regarding the measurement of treasury risk as follows:

- Interest rate risk is managed by the Council maintaining the ratio of debt that is subject to floating versus fixed interest rates within pre-set limits.
- Funding and liquidity risk is managed by the Council maintaining a pre-set portion of its debt in a range of maturity periods eg < 1 year, 1 – 3 years, 5 years +.

The position compared to the policy is illustrated in the graphs in **Schedule 3**. The overall ratio of fixed v floating interest rate debt is based on the assessed level of total debt in 12 months' time. For most of the year we assumed a forecast overall debt, for the purposes of this policy, of \$112m. However at the time of the nine month review we advised that as a consequence of the reassessment of the forecast capital expenditure programme it was proposed that we would, for the purpose of this policy assessment, reduce the forecast position to \$105m. This lower figure has been used in this report.

Because the level of actual debt during the quarter was lower than had been forecast \$10m notional value of swap contracts was terminated in advance of the scheduled maturity date.

As at 30 June 2017 all of the policy targets except one had been met. The policy requires 15% to 60% of debt within the five year maturity band to be fixed. Only 62% within this band was fixed.

The policy bands are considered still to be appropriate and the level of non-compliance is minimal. Following discussions with Council's advisors no specific action is being proposed at this stage though we continue to monitor market conditions.

Council's credit lines with the banks include a \$25m four year credit facility with Westpac Bank (maturing 31 July 2020) and a revolving \$25m three year facility with ANZ Bank (maturing 31 March 2020).

4. CONCLUSION & NEXT STEPS

Realised interest and dividends returns for the 12 months from the Investment Fund of \$157k was close to budget. There were also unbudgeted unrealised gains of \$120k.

Finance costs for the 12 month period (including interest, line fees & the effect of swaps) was \$6.223m compared with Annual Plan budget for the year of \$6.288m.

In conjunction with Council's treasury advisors hedging instruments are regularly reviewed in an effort to ensure the instruments are being utilised to best advantage as market conditions change. The level of hedging cover is also reviewed as the forecasts of future debt levels are revised

Following the latest annual review published on 18 April 2017 Council's S&P Global Rating's credit rating remains unchanged at AA / A-1+.

Council's borrowing strategy is continually reviewed, in conjunction with Council's treasury advisors, to ensure best advantage is taken of this quality credit rating.

A further performance report will be provided after the end of the September 2017 quarter.

ITEM 5

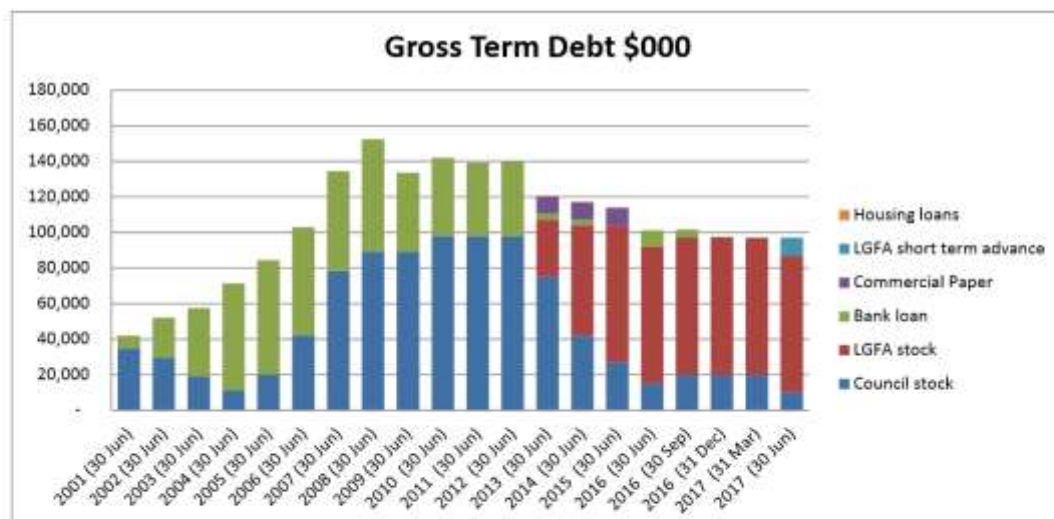
ATTACHMENTS

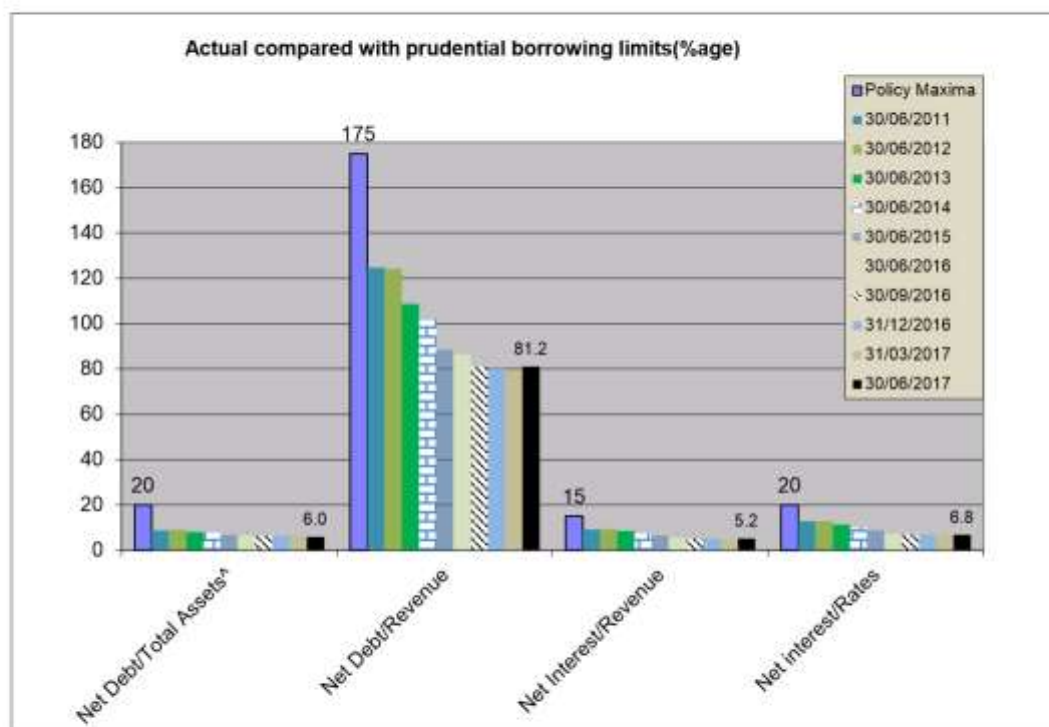
1. Schedules 1 to 4  

Steve Paterson
Strategy Manager Finance

Schedule 1 - Debt levels & Prudential Borrowing Ratios

Palmerston North City Council									
Term Debt as at 30 June 2017									
1. Loan Stock on Issue - Council debentures						Current			
Issue Date	Term	Principal	Margin over BKBM	Interest Rate	Maturity Date	as at 30/6/17	Interest Rate	Reset Date	
FRN 15 May 14	4	5,000,000	0.2900%	2.2750%	15-May-2018	5,000,000	Floating Qtrly	15-Aug-17	
FRN 5 Aug 16	6	5,000,000	0.6300%	2.6050%	5-Aug-2022		Floating Qtrly	7-Aug-17	
		10,000,000							
2. Loan Stock on Issue - Borrowed from LGFA									
LGFA 25 Feb 13	5	5,000,000	0.6825%	2.6125%	15-Dec-2017	5,000,000	Floating Qtrly	15-Sep-17	
LGFA 24 Jun 13	4	7,000,000	0.5700%	2.5000%	15-Dec-2017	7,000,000	Floating Qtrly	15-Sep-17	
LGFA 17 Dec 12	7	10,000,000	0.9650%	2.8950%	15-Mar-2019		Floating Qtrly	15-Sep-17	
LGFA 25 Feb 13	6	5,000,000	0.7400%	2.6700%	15-Mar-2019		Floating Qtrly	15-Sep-17	
LGFA 20 May 13	8	5,000,000	0.6425%	2.6275%	15-May-2021		Floating Qtrly	15-Aug-17	
LGFA 24 Feb 14	7	10,000,000	0.5525%	2.5375%	15-May-2021		Floating Qtrly	15-Aug-17	
LGFA 19 May 14	7	5,000,000	0.6000%	2.5850%	15-May-2021		Floating Qtrly	15-Aug-17	
LGFA 13 Apr 15	7	10,000,000	0.3300%	2.3150%	5-Apr-2022		Floating Qtrly	5-Jul-17	
LGFA 18 Aug 14	9	10,000,000	0.6325%	2.6025%	15-Apr-2023		Floating Qtrly	17-Jul-17	
LGFA 16 Mar 15	12	5,000,000	0.4575%	2.4275%	15-Apr-2027		Floating Qtrly	17-Jul-17	
LGFA 8 Jun 15	12	5,000,000	0.4525%	2.4225%	15-Apr-2027		Floating Qtrly	17-Jul-17	
		77,000,000							
3. Sums drawn from ANZ									
As required					31-Mar-2020		Reset at any time		
					* plus line fee of 0.22%				
4. Sums drawn from Westpac									
On call - variable amount				2.805%	31-Jul-2020		Reset at any time		
					* plus line fee of 0.27%				
5. Short term facility from LGFA									
LGFA 18 May 17		10,000,000	0.08%	2.06%	16-Aug-2017	10,000,000			
Total as at 30 June 2017									
		97,000,000				27,000,000			





The Financial Strategy contains a series of prudential borrowing ratios. The chart above shows the actual results for since 2010/11 compared to those ratios.

The net debt/revenue policy ratio limit was reduced from 180% to 175% with the adoption of the updated policy on 27 June 2012.

[^] The Net Debt/Total Assets ratio became effective from 1 July 2015. Previously the ratio used was Net Debt/Equity and the actuals for the previous ratio are shown in this report for information.

Schedule 2 - Interest Rate Swaps

Palmerston North City Council

Interest Rate Swaps as at 30 June 2017

Council pays fixed & receives floating on a monthly basis

Bank	Trade Date	Deal No	Amount \$m	Start Date	Maturity	Fixed Interest rate	Current Floating rate	Reset date	Hedgebook Value at 30-Jun-17	Value Movement Apr-Jun
Westpac	12-Feb-13	2882838	5.0	11-Mar-13	9-Dec-20	4.61%	1.845%	10-Jul-17	(341,859)	
Active total at 30 Jun 17			5.0						(341,859)	6,249

Current	0
Term	(341,859)

Council pays fixed & receives floating on a quarterly basis

Bank	Trade Date	Deal No	Amount \$m	Start Date	Maturity	Fixed Interest rate	Current Floating rate	Reset date	Value at 30-Jun-17
Westpac	10-Sep-09	1329748	8.0	21-Oct-09	22-Jul-19	5.8675%	1.950%	21-Jul-17	(470,491)
Westpac	19-Aug-10	1656930	5.0	10-Oct-10	10-Jan-20	5.9375%	1.970%	10-Jul-17	(474,859)
Westpac	19-Aug-10	1656928	5.0	10-Oct-10	10-Jul-20	5.9350%	1.970%	10-Jul-17	(542,224)
ANZ	11-Aug-11	3424884	5.0	15-Dec-12	15-Dec-17	4.72%	1.960%	15-Jun-17	terminated on 9 Jun 17 effective
Westpac	17-May-12	2444453	5.0	17-May-12	8-Mar-17	4.99%			matured
Westpac	1-Oct-12	2868959	5.0	10-Oct-12	10-Apr-18	5.50%	1.970%	10-Jul-17	(172,474)
ANZ	12-Feb-13	3425991.1	5.0	18-Dec-13	18-Dec-17	4.39%	1.950%	19-Jun-17	terminated on 28 Apr 17
Westpac	12-Feb-13	2882855	8.0	8-Mar-13	10-Jun-19	5.54%	1.940%	8-Sep-17	(507,234)
Westpac	12-Feb-13	2882863	7.0	8-Mar-13	8-Jun-20	5.35%	1.940%	8-Sep-17	(579,775)
ANZ	20-Jun-14	9572152	5.0	11-Aug-14	9-May-17	4.21%	2.020%	9-May-17	matured
ANZ	17-Dec-13	8539286	3.0	17-Feb-14	15-Nov-20	4.92%	1.985%	15-Aug-17	(238,117)
Westpac	21-Feb-14	3540565	5.0	7-Mar-14	7-Sep-20	6.295%	1.945%	7-Sep-17	(588,208)
Westpac	23-Mar-10	3672866	5.0	6-Jun-14	6-Dec-18	6.055%	1.940%	6-Sep-17	(286,314)
Westpac	8-May-14	3673014	5.0	9-Jun-14	7-Sep-21	6.060%	1.945%	7-Sep-17	(875,844)
Westpac	8-May-14	3672892	5.0	10-Jul-14	11-Apr-22	5.690%	1.970%	10-Jul-17	(686,557)
Westpac	8-May-14	3672895	5.0	6-Jun-14	8-Jun-21	5.820%	1.940%	6-Sep-17	(599,527)
ANZ	20-Jun-14	9572093	5.0	15-Dec-14	15-Jun-23	4.840%	1.930%	15-Sep-17	(519,402)
Westpac	18-Jul-14	3787822	6.0	29-Sep-15	29-Sep-23	4.850%	1.955%	29-Jul-17	(634,498)
ANZ	20-Feb-15	11260367	6.0	15-Jun-16	15-Jun-18	3.705%	1.930%	15-Sep-17	(97,411)
Westpac	20-Feb-15	4211117	5.0	8-Mar-17	6-Mar-20	3.810%	1.940%	6-Sep-17	(182,215)
Active total at 30 Jun 17			88.0						(7,254,950)

ANZ	28-Nov-14	10730910	5.0	15-Dec-17	15-Jun-24	4.500%	0	15-Dec-17	(389,129)
ANZ	28-Nov-14	10730993	5.0	10-Apr-18	10-Oct-24	4.515%	0	10-Apr-18	(363,192)
Westpac	28-Nov-14	4040149	5.0	10-Jan-20	10-Jan-24	4.585%	0	10-Jan-20	(195,717)
Westpac	28-Nov-14	4040489	7.0	8-Jun-20	8-Dec-22	4.5675%	0	8-Jun-20	(178,506)
Westpac	20-Feb-15	4211119	5.0	6-Dec-18	6-Dec-19	3.875%	0	6-Dec-18	(54,964)
Westpac	25-Feb-15	4218128	5.0	7-Sep-20	9-Sep-24	3.990%	0	7-Sep-20	(65,409)
Westpac	25-Feb-15	4218131	5.0	8-Jun-21	10-Jun-24	3.990%	0	8-Jun-21	(40,753)
ANZ	25-Feb-15	11281075	3.0	16-Nov-20	15-Nov-24	3.990%	0	16-Nov-20	(34,840)
Westpac	18-Jan-16	4910927	5.0	9-Dec-20	9-Jun-25	3.970%	0	9-Dec-20	(53,514)
Westpac	26-Feb-16	5013577	5.0	11-Apr-22	12-Jan-26	3.635%	0	11-Apr-22	32,823
ANZ	3-May-17	15995740	6.0	22-Jul-19	21-Apr-22	3.350%	0	22-Jul-19	(20,016)
Forward start total at 30 Jun 17			56.0						(1,363,217)

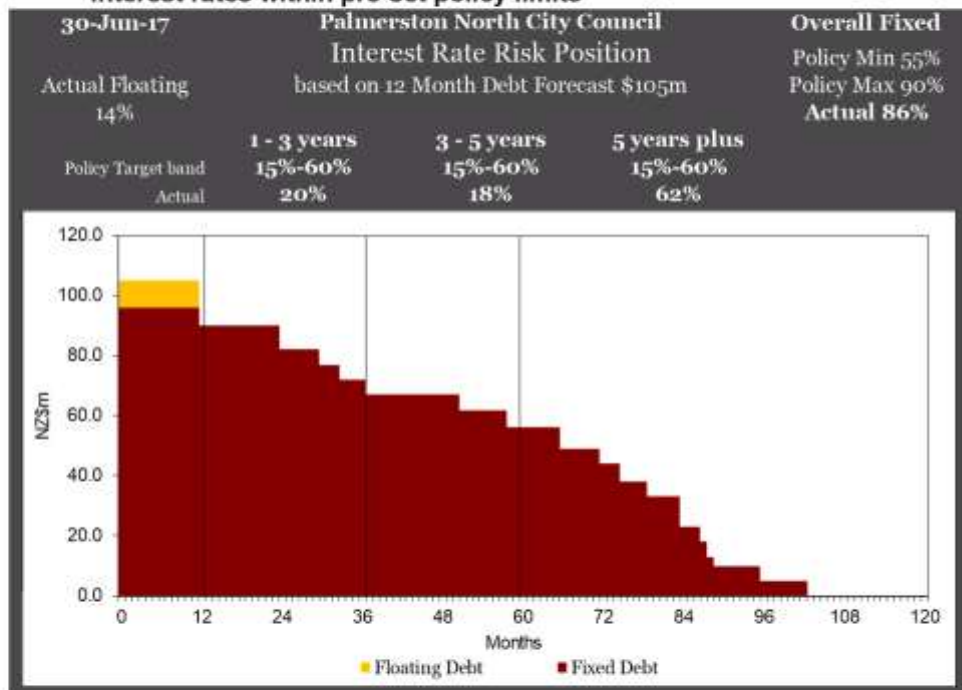
Current	(8,618,167)
Term	(269,885)
	(8,348,282)

Council receives fixed semi-annually & pays floating quarterly

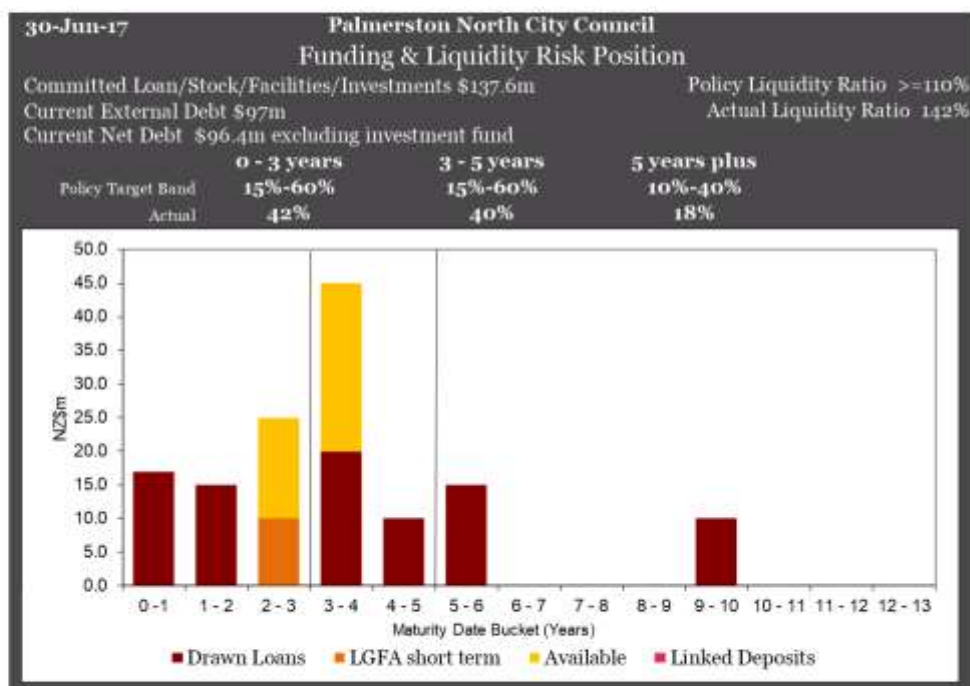
Bank	Trade Date	Deal No	Amount \$m	Start Date	Maturity	Fixed Interest rate	Current Floating rate	Reset date	Value at 30-Jun-17
Westpac	17-May-07	641659	10.0	18-May-07	18-May-17	7.3125%	2.030%	18-May-17	matured
Active total at 30 Jun 17			-						0
									(313,367)
									0
									(8,960,026)

Schedule 3 - Risk Exposure Position

Interest Rate Risk Position – proportions of Debt subject to floating versus fixed interest rates within pre-set policy limits



Funding & Liquidity Risk Position – proportions of Debt within pre-set maturity bands



Schedule 4 – Investment Fund Report



Investment Fund



4 July 2017

Investment report as at 30 June 2017

This report summarises the value of the bond portfolio of the Council. The portfolio earned actual investment income of \$35,693 during the quarter. In addition, the market movement was \$62,965, making a total return of \$98,658 on a mark-to-market basis.

Assets

	Value 30 June 2016	Value 31 March 2017	Value 30 June 2017
NZ bonds	5,591,259	4,648,508	2,711,473

Returns

The investment returns were:

	Quarter 31 Mar 2017 to 30 Jun 2017	2016/17 year 1 Jul 2016 to 30 Jun 2017	Since inception (% p.a.) 1 Jul 2001 to 30 Jun 2017
NZ bonds	3.65%	7.41%	6.75%

Investment movement

From 1 July 2016 to 30 June 2017 (12 months)

	Quarter		Year
Assets as at 31 March 2017	4,648,508	Assets as at 1 July 2016	5,591,259
Net Investment Income		Net Investment Income	
+ interest	35,693	+ interest	157,262
+ realised gains/(losses)	-	+ realised gains/(losses)	-
+ unrealised gains/(losses)	62,965	+ unrealised gains/(losses)	120,214
	98,658		277,496
+ Capital movements	(2,035,693)	+ Capital movements	(3,157,282)
Net change in market value	(1,937,835)	Net change in market value	(2,879,786)
Assets as at 30 June 2017	2,711,473		2,711,473
Returns	3.65%		7.41%



PALMERSTON NORTH CITY COUNCIL



Palmerston North City Council
Bond Portfolio valuation as at 30 June 2017



Issuer	SLR rating	Purchase date	Maturity date	Face value	Coupon	Purchase price	Currency	Annual gross income	Yield to maturity		Market value	
									Yield	Value	Yield	Value
Wellington Airport (WAOB) - FRB*	BBB+	3/08/2006	1/08/2017	2,000,000	2.25%	2,000,000	NZD	45,000	3.59%	2,004,370	5.50%	2,001,890
Credit AG (CASHA) - Delp*	BB-	18/12/2007	19/12/2017	750,000	5.04%	750,000	NZD	37,800	5.04%	751,124		709,875
Totals	BBB			2,750,000	3.01%	2,750,000		82,800	4.25%	2,755,494	4.06%	2,711,765
Number of securities/average	2			1,375,000						1,375,497		1,355,737
										Total	2,711,473	

* Credit AG Corp (CASHA) is a perpetual bond and has no maturity date. The next reset date is August 2012, where the Coupon rate will reset to the 3 year swap plus 1.0%.

* Vinter (VCISSO) matured on 4 April 2017.

This bond matured on 1 August 2017 and the \$2m was repaid to the Council

MEMORANDUM

TO: Finance and Performance Committee

MEETING DATE: 21 August 2017

TITLE: Quarterly Performance and Finance Report - Quarter ending 30 June 2017

DATE: 27 July 2017

AUTHOR/S: Keith Allan, Financial Accountant, City Corporate
Andrew Boyle, Head of Community Planning, City Future

RECOMMENDATION(S) TO FINANCE AND PERFORMANCE COMMITTEE

1. That the Committee receive the June 2017 Quarterly Performance and Financial Report and note:
 - a. The June 2017 financial performance and operating performance.
 - b. The June 2017 capital expenditure programme progress together with those programmes identified as unable to be completed this financial year.
2. That the Committee note that the capital expenditure carry forward values in the 2017/18 Annual Budget will be increased by a net \$2,453,000 to the amount of remaining programme budgets.

1. ISSUE

To provide a quarterly update on performance and financial achievements for the period ending 30 June 2017. This is the fourth quarterly report for the year.

2. BACKGROUND

Synopsis

Cost of services delivered year to date:		Services have been delivered within budget with higher operating revenue earned and a reduced call for some expenditure, in particular for some
- Operating-controllable variance	\$1.9m fav	



ITEM 6

- With interest and rates included	\$2.3m fav	service delivery costs and insurance.
Percent of full year capital expenditure budget completed: - Renewal - New	81.9% 49.0%	Compares with amounts completed same time in 2015/16: 83.4% 42.2%
Operating cash flows variance to budget	\$3.4m fav	Favourable to budget with favourable operating variance, a similar working capital requirement and capital revenue received in advance.
Increase in net debt	\$20.8m fav	Lower due to favourable operating variance, lower capital expenditure and capital revenue received in advance.

3. NEXT STEPS

Details of operating and financial performance are included in the following sections.

ATTACHMENTS

1. Section 1 and 2 June 2017 quarter Finance Report [↓](#) 
2. Section 3 June 2017 quarter Finance Report [↓](#) 

Keith Allan
Financial Accountant

Andrew Boyle
Head of Community
Planning

Quarterly Performance and Financial Report – June 2017

Section One: What's happening out there?

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

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

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

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

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

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



Source: Statistics New Zealand

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

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

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

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

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

Text finalised 31 July 2017

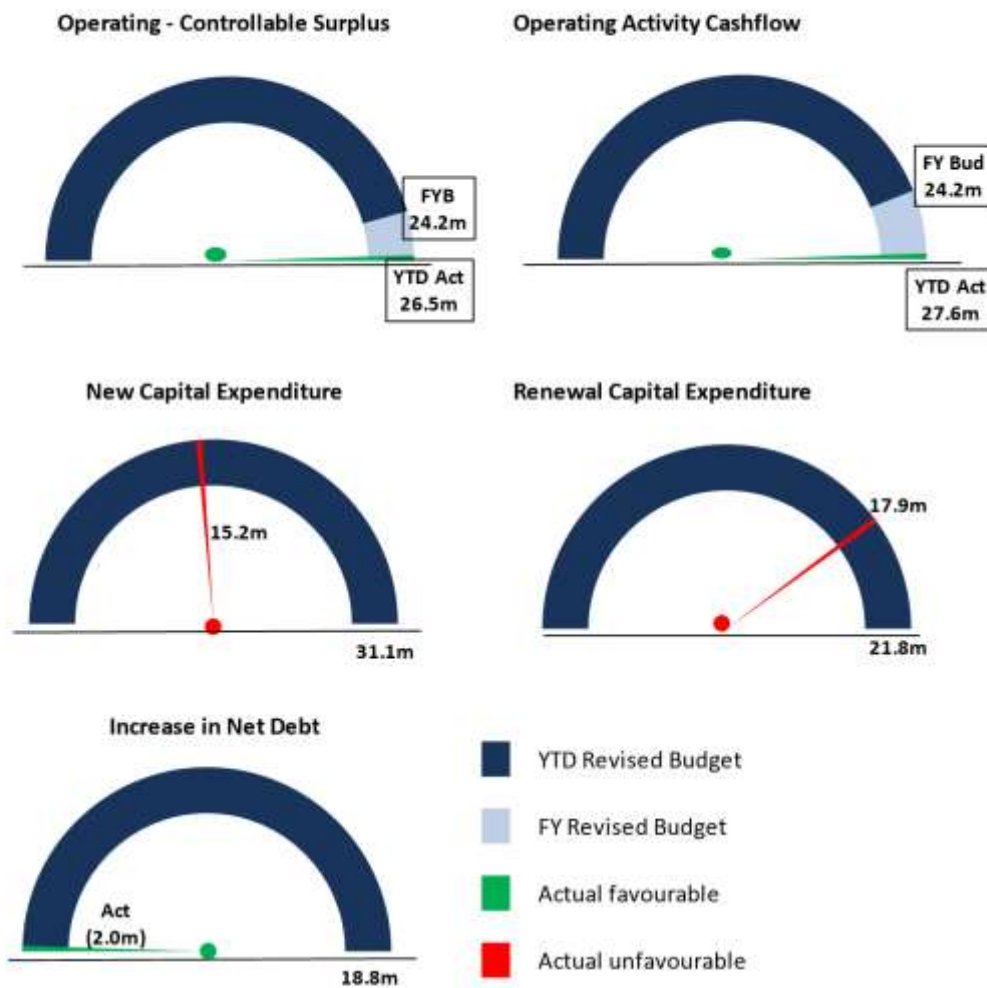
Section Two: What's happening in here?

Background

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

Financial Overview

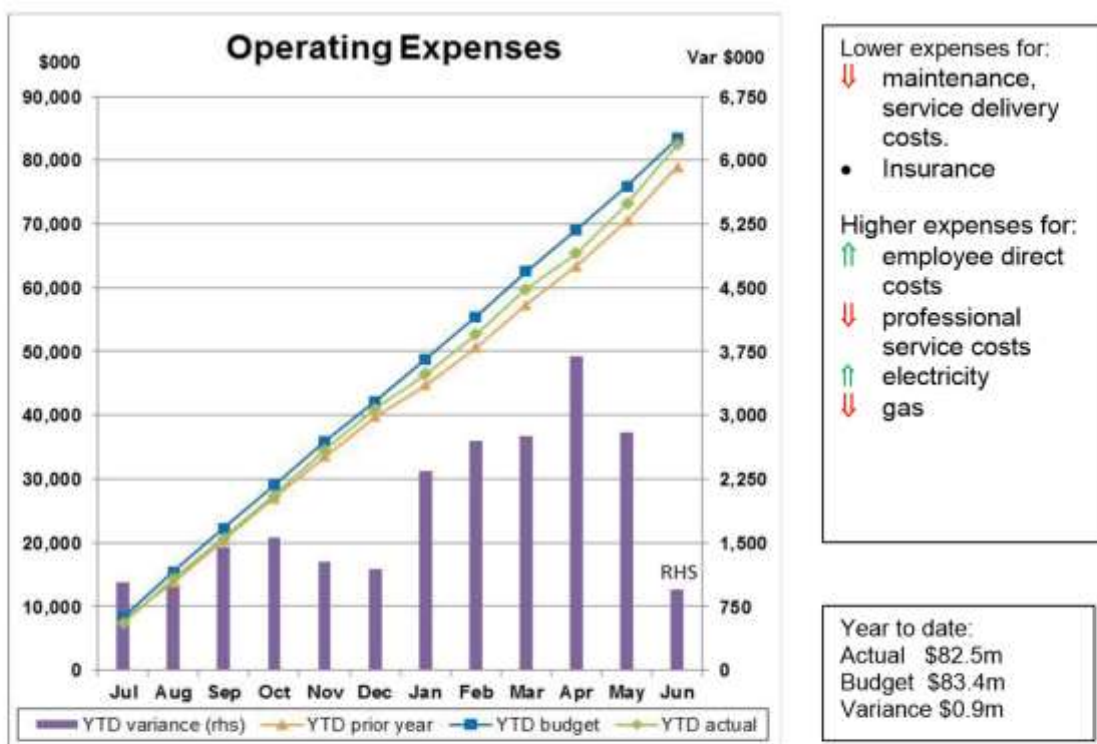
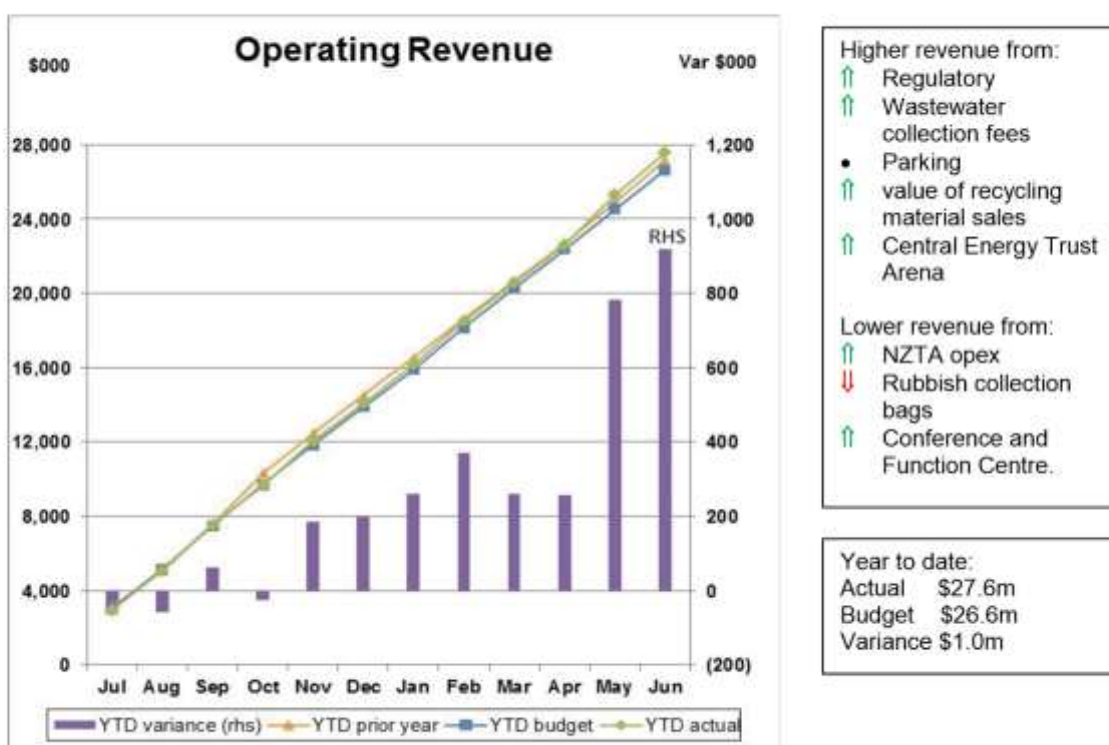
Synopsis



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

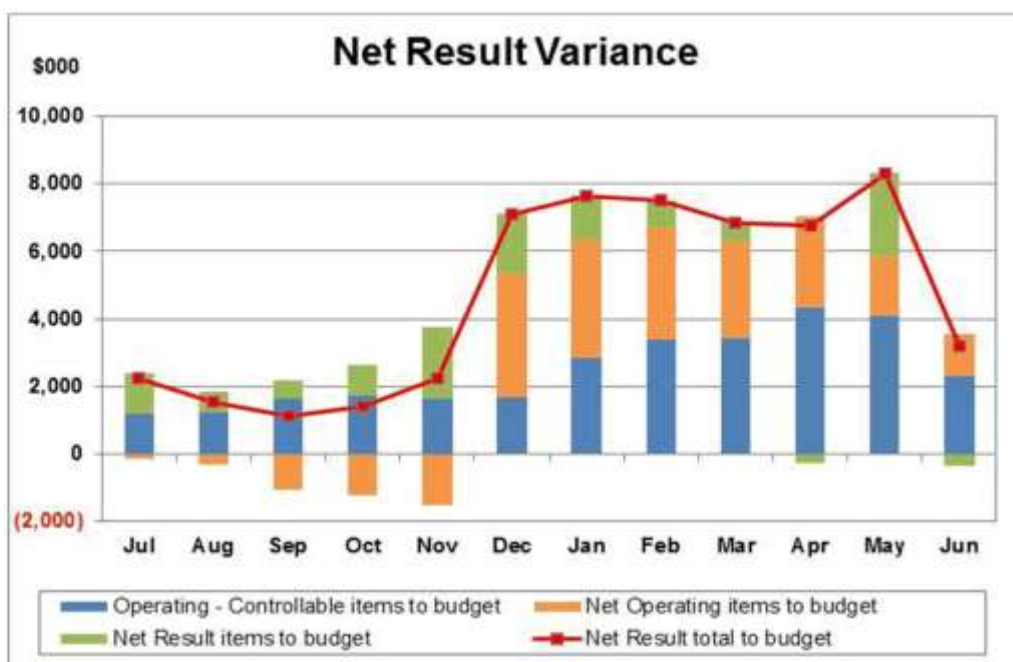
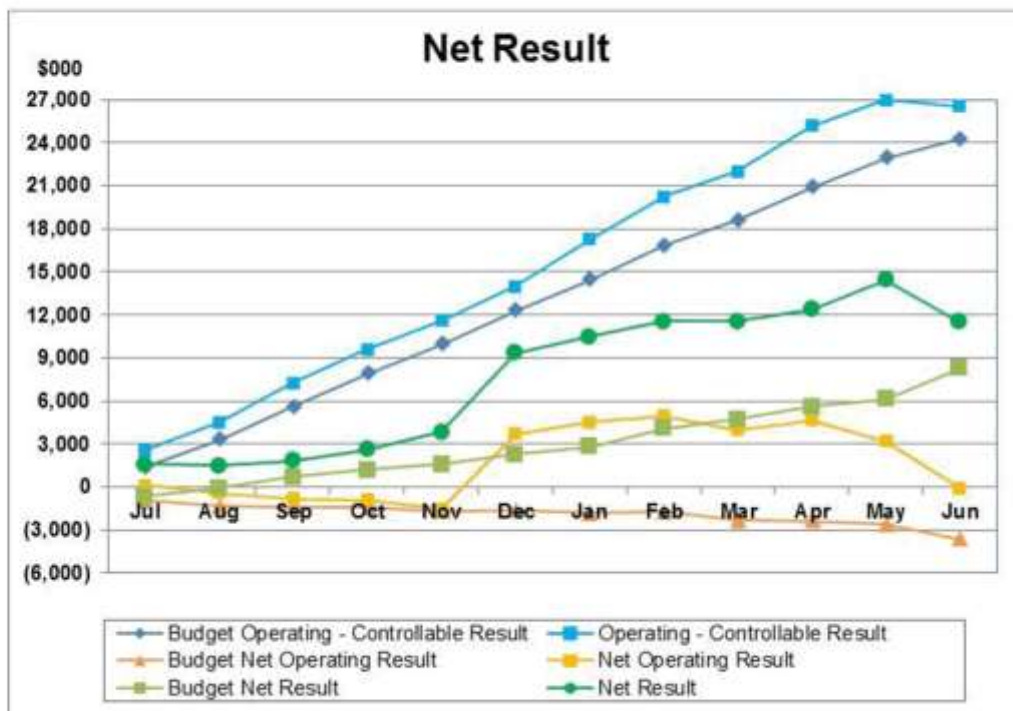
\$ million	June YTD Actual	June YTD Rev Budget	June Var YTD Bud		March Var YTD Bud	Variance movement - period	Full Year Revised Budget
Operating – Controllable							
Operating Revenue	27.6	26.6	1.0	●	0.3	0.7	26.6
Operating Expenses	(82.5)	(83.4)	0.9	●	2.7	(1.8)	(83.4)
Operating – Controllable Management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

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

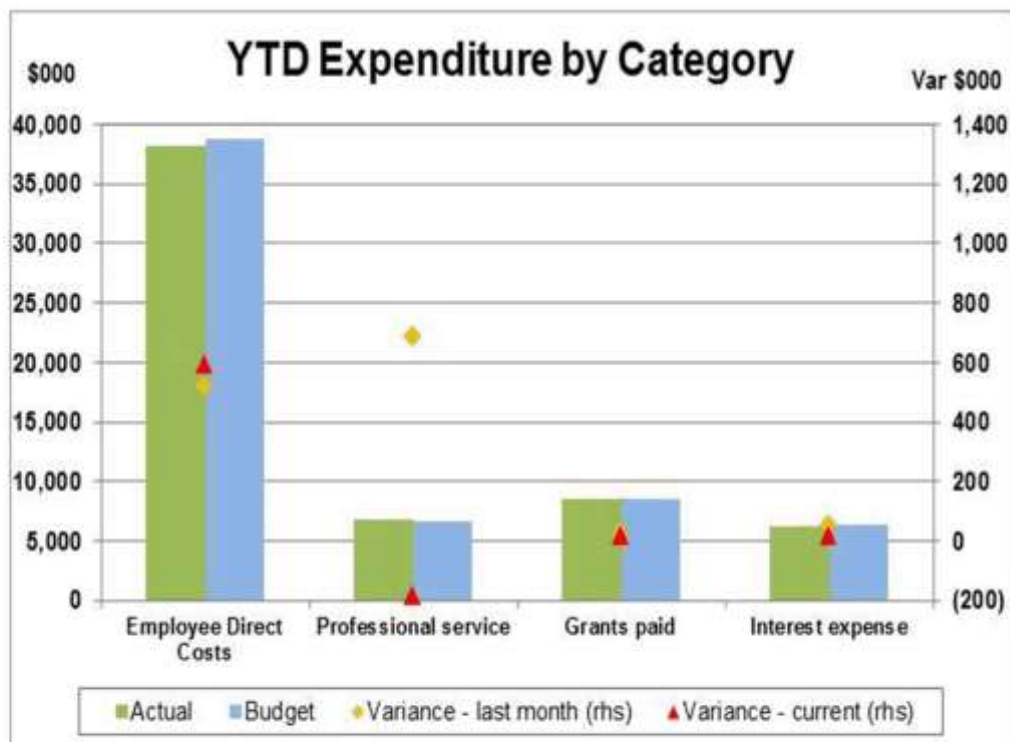
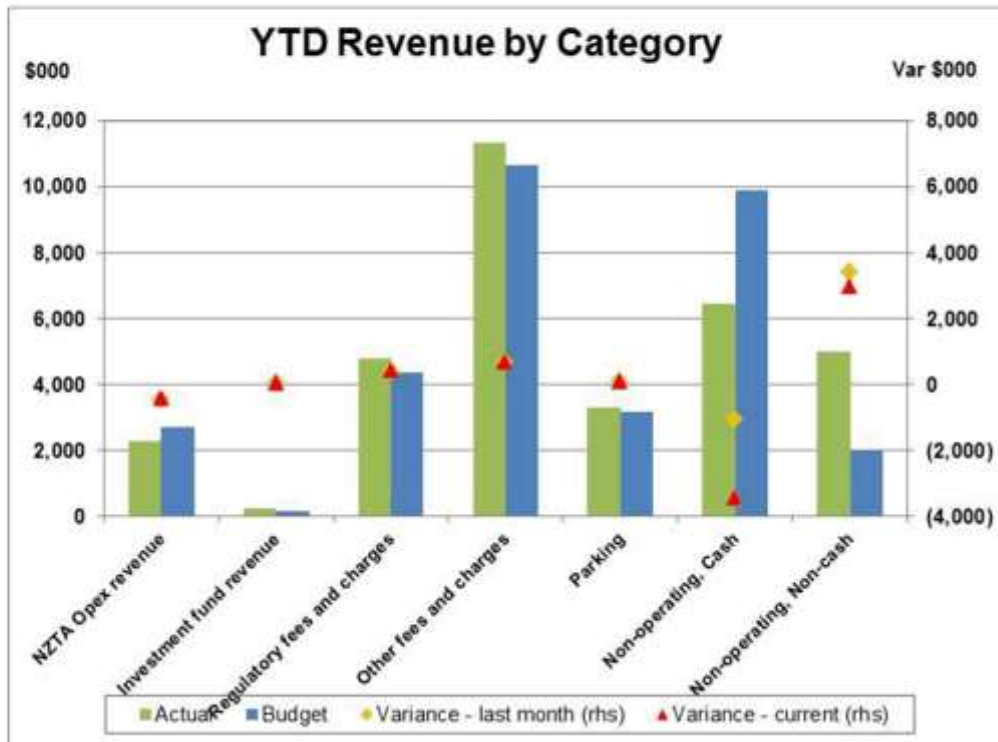


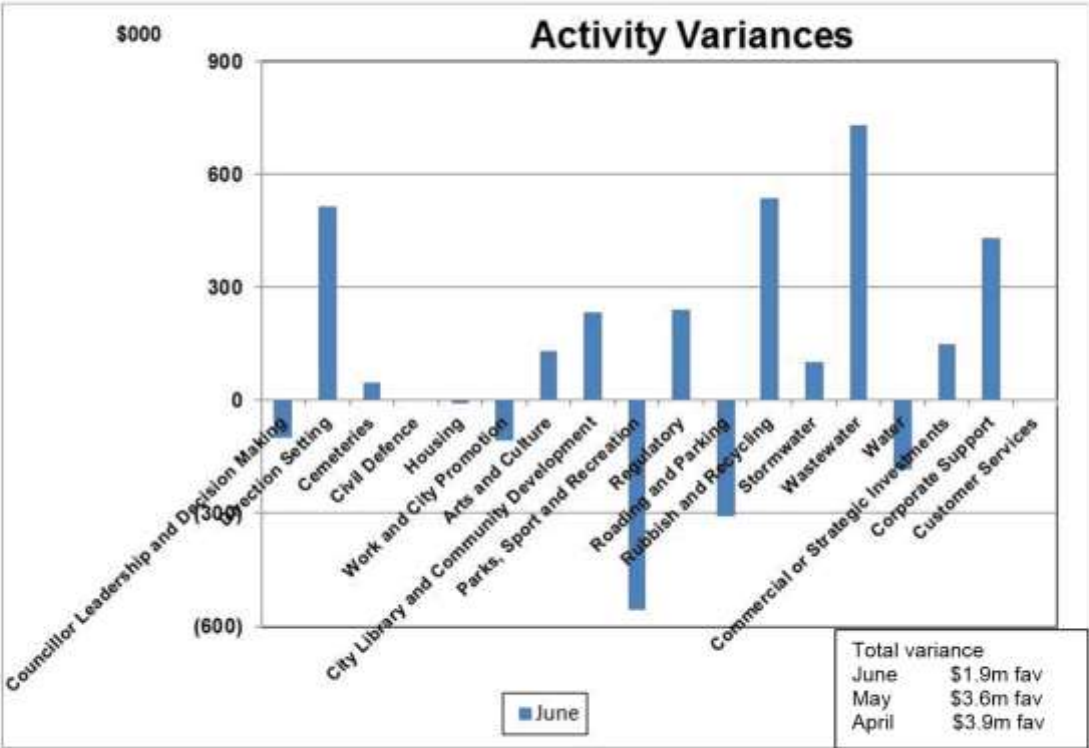
Note – on all variances a positive number is favourable, negative is unfavourable. In the text boxes the heading describes the year to date variance effect with the following symbols reflecting:

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

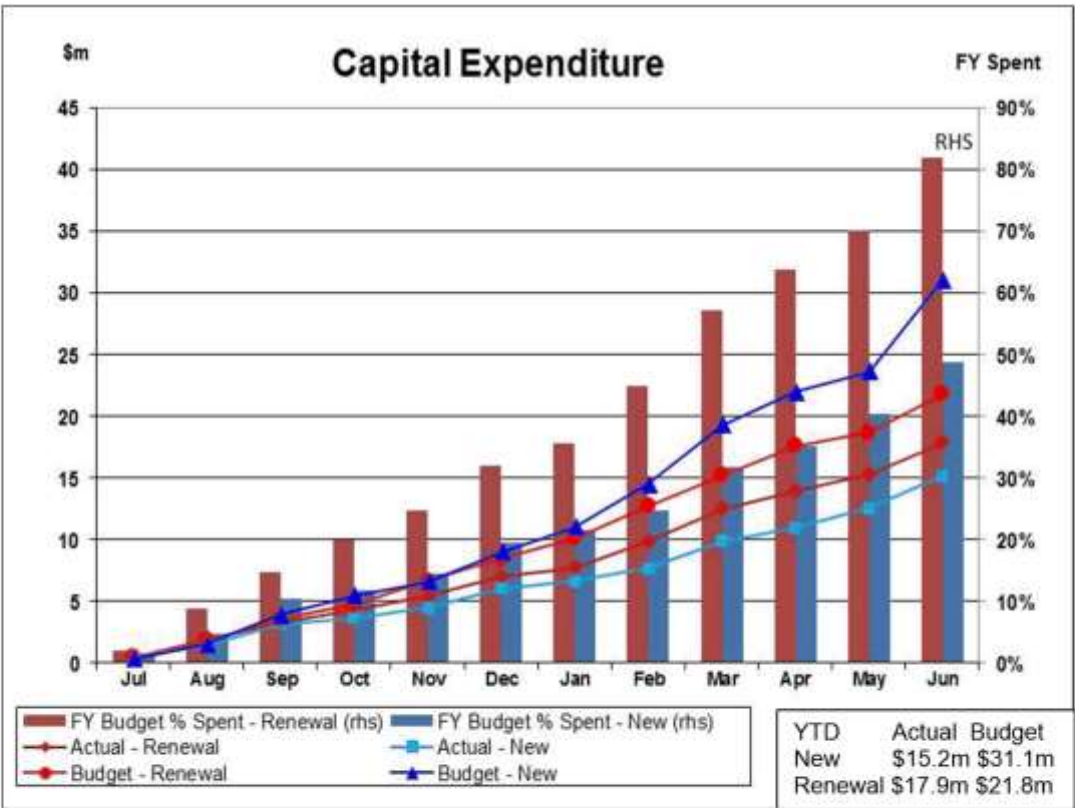


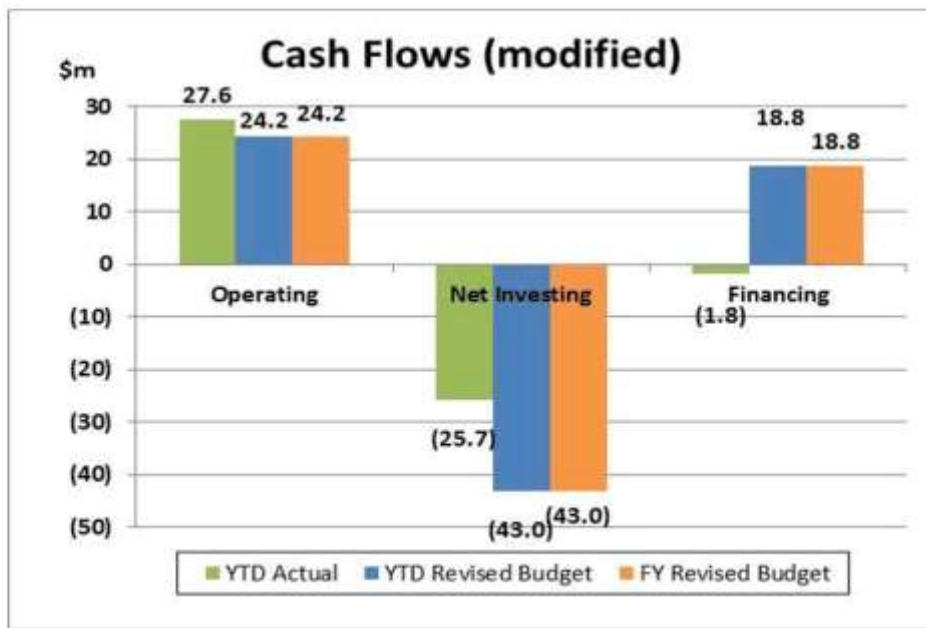
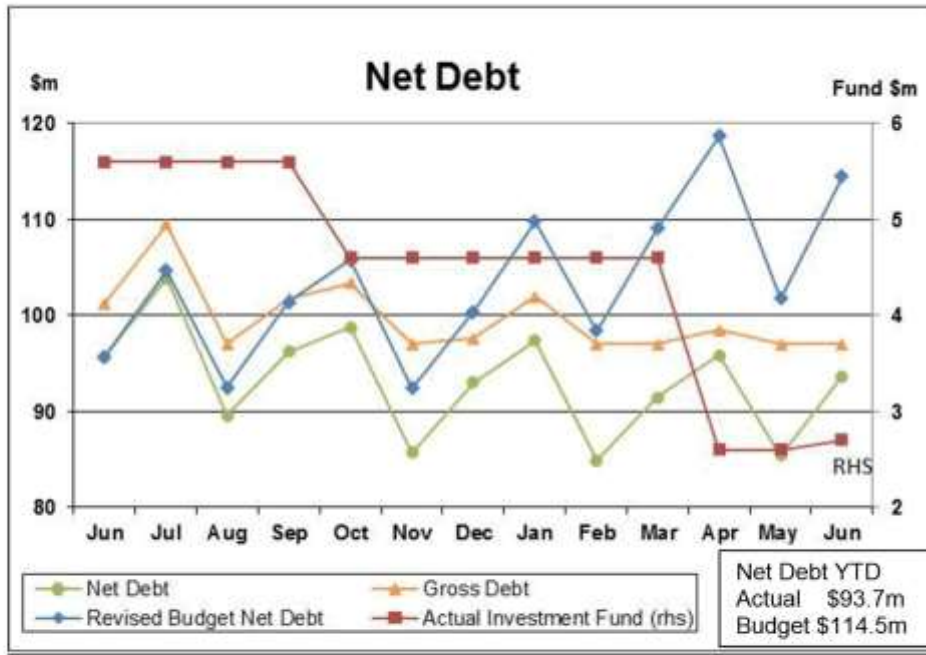
- Operating – controllable surplus items are favourable with the items then included to net operating result favourable to budget (depreciation unfav, swap valuation fav). Those items included to the net result are favourable (higher vested assets, lower revenue for capex, NZTA capex revenue). Items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





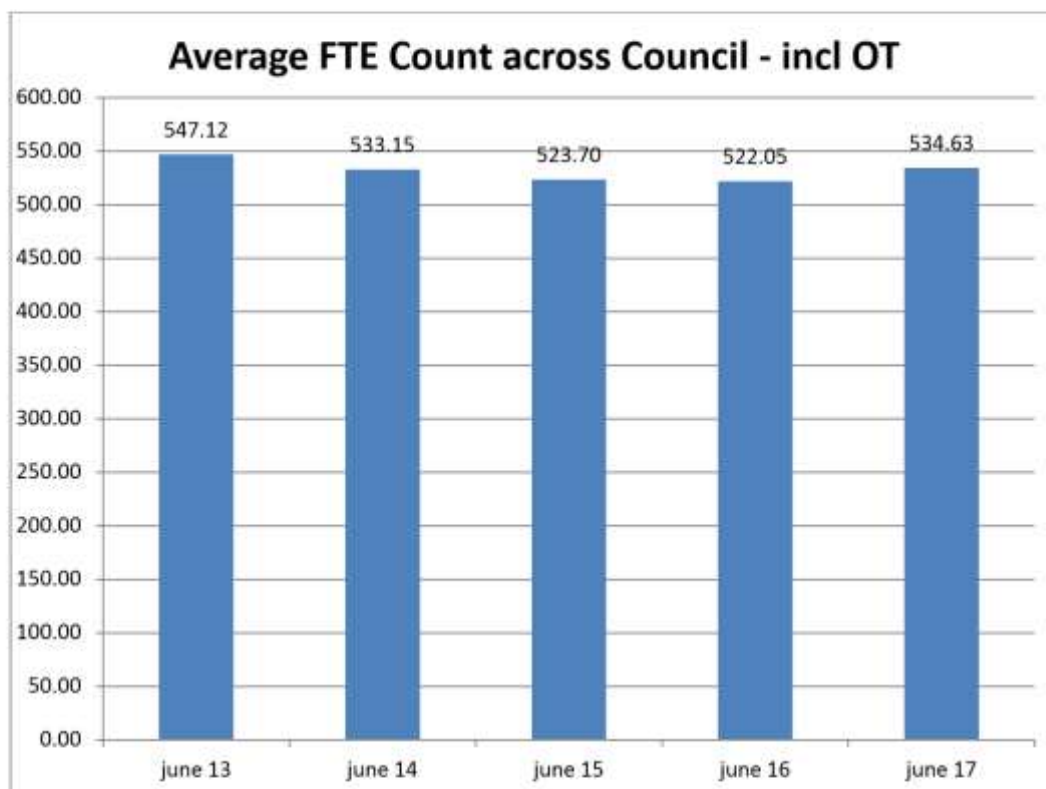
Refer Attachment 1 for activity variance explanations.





Personnel

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



Asset Management

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

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

Attachments

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

Attachment 1 - Activity Variance Explanation
June 2017

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

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

Attachment 2 - Groups of Activities, Net Result Statement

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

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

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

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

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

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

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

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

ACTIVITY STATEMENT									
NET RESULT - Surplus/(Deficit)									
2016/17 \$'000's									
Palmerston North City Council Detailed Groups of Activities	ACTUALS - Year to Date			REVISED BUDGET - Year to Date			FULL YEAR		
	Revenue	Expenses	Net Surplus / (Deficit)	Revenue	Expenses	Net Surplus / (Deficit)	Variance Actual to Budget: fav / (unfav)	Revised Budget Net Surplus / (Deficit)	Annual Plan Budget Net Surplus / (Deficit)
For the twelve months ending 30 June 2017									
Leadership	179	8,815	(8,636)	303	9,357	(9,055)	418	(9,055)	(9,009)
Community Support	3,350	3,540	(190)	3,098	3,332	(234)	44	(234)	(212)
Work and City Promotion	1,032	4,177	(3,145)	1,057	4,094	(3,038)	(107)	(3,038)	(3,075)
Leisure	2,710	28,463	(25,753)	2,543	28,105	(25,563)	(190)	(25,563)	(25,606)
Regulatory	4,899	7,790	(2,891)	4,259	7,390	(3,130)	240	(3,130)	(3,130)
Roading and Parking	6,476	13,778	(7,302)	6,571	13,566	(6,994)	(307)	(6,994)	(6,914)
Rubbish and Recycling	3,081	5,552	(2,472)	3,031	6,038	(3,008)	536	(3,008)	(3,008)
Stormwater	5	1,478	(1,473)	2	1,579	(1,577)	103	(1,577)	(1,577)
Wastewater	1,091	4,513	(3,422)	994	5,145	(4,151)	729	(4,151)	(4,151)
Water	20	4,534	(4,515)	110	4,442	(4,332)	(183)	(4,332)	(4,332)
Support Services	4,725	(147)	4,872	4,684	397	4,286	586	4,286	4,299
TOTAL GROUP OF ACTIVITIES	27,568	82,494	(54,926)	26,650	83,445	(56,795)	1,869	(56,795)	(56,715)
TOTAL RATES	87,720	-	87,720	87,327	-	87,327	393	87,327	87,275
Interest	-	6,273	(6,273)	-	6,307	(6,307)	34	(6,307)	(6,288)
OPERATING - CONTROLLABLE RESULT - Surplus/(Deficit)	115,288	88,768	26,521	113,977	89,753	24,224	2,206	24,224	24,272
Plus Non-controllable operating	-	30,415	(30,415)	-	27,845	(27,845)	(2,570)	(27,845)	(27,845)
Depreciation	-	757	(757)	-	-	-	(757)	-	-
Gain/(Loss) on disposal of Fixed Asset	-	-	(143)	-	-	-	(143)	-	-
Asset valuation and fair value adjustment	(143)	-	120	-	-	-	120	-	-
Investment Fund revaluation	120	(0)	-	-	-	-	-	-	-
Derivative financial instrument valuation	4,596	-	4,596	-	-	-	4,596	-	-
NET OPERATING RESULT - Surplus/(Deficit)	119,862	119,940	(78)	113,977	117,598	(3,621)	3,542	(3,621)	(3,573)
Plus Non-operating revenue	-	-	-	-	-	-	-	-	-
Vested Assets	4,986	-	4,986	2,000	-	2,000	2,986	2,000	2,000
Development Contributions	1,260	-	1,260	1,347	-	1,347	(87)	1,347	1,347
Revenues for capex	414	-	414	3,053	-	3,053	(2,638)	3,053	3,053
NZTA for capex	4,786	-	4,786	5,488	-	5,488	(702)	5,488	5,488
Taxation Losses Received	104	-	104	-	-	-	104	-	-
NET RESULT - Surplus/(Deficit)	131,413	119,940	11,473	125,865	117,598	8,267	3,208	8,267	8,315
The revised budget is, after adjusting the 2016/17 Annual Plan budget for the following Council approved changes:									
Annual Plan Net Result		8,315							
Youth scholarship increase		(1)							
Support to Kaitiaki District Council		(25)							
Social Housing delivery scoping exercise		(22)							
Revised Budget Net Result		8,267							

Attachment 3 - Capital Expenditure**Actual Result**

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

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

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

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

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

The revised budget incorporates:

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

Programme Carry Forward

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

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

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

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

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

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

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

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

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

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

Creek (NZTA funding)					
				\$1,414	

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

Programme Variances

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

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

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

Project Progress

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

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

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

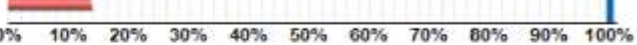

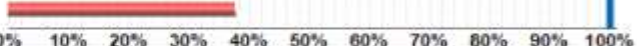

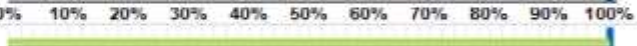



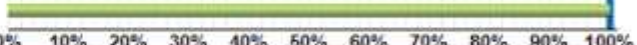

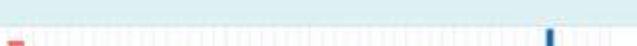



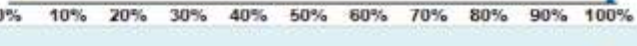

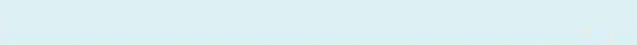

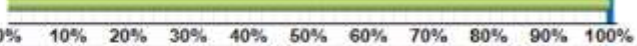

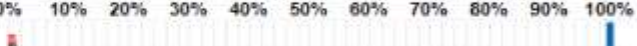

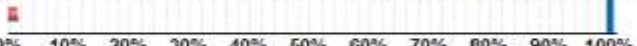

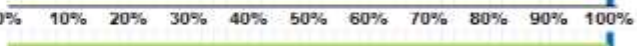

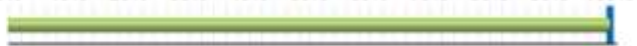

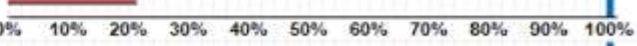









Project Status Progress June 2016/17

As at 28 July 2017

Project Progress Actual VS Targeted Completion						Project Financial YTD Actuals VS YTD Budget			
Actual completion is greater than Or Equal targeted completion						YTD actual is less than YTD budget			
Actual completion is up to 10% less than targeted completion						YTD actual is up to 5% Or \$10,000 higher than YTD budget			
Actual completion is less than 90% of targeted completion						YTD actual is 5% Or \$10,000 higher than YTD budget			
Programme-Project	Start Date	End Date	Total Budget	Actual Progress	Targeted Progress	Project Progress Targeted Progress Actual Progress		Financial Actuals VS Budget	Comments
54-City-wide - Wastewater Pipe Renewal			1,303,450						
788-Argyle Ave Wastewater Main replacement	01/11/2016	31/01/2017	\$233,000	100.00%	100.00%				
789-Havill Street Wastewater Main Renewal	16/01/2017	31/03/2017	\$214,500	100.00%	100.00%				Project start was delayed to delays in Cuba Street w w replacement
57-Manawatu River - Downstream Pedestrian/Cycle Bridge Construction (subject to part external funding)(1275-C/fwd - Manawatu River - Downstream)			850,000						
935-Ped/Cycle Bridge - Design & Construction	08/08/2016	30/06/2017	\$715,000	32.10%	100.00%				Resource Consent issued, The appeal period expired with no appeals received. Design progressing. Physical works to commence next financial year (17/18). Construction period likely to be 18months due to steel supply from overseas markets.
115-City-wide - Sealed Pavement Renewals			1,379,884						
654-Tremaine Ave - Russell to Tyndall	18/07/2016	02/12/2016	\$254,000	100.00%	100.00%				Work will be completed by 09/12/16
835-Kelvin Grove Rd - Xing to Kaimanawa	05/09/2016	17/02/2017	\$234,000	100.00%	100.00%				
837-Tremaine Ave - Botanical to 304 Tremaine	14/11/2016	05/05/2017	\$259,868	100.00%	100.00%				Project works started with proj. 838 (separable portions), with completion by end of financial year.
838-Tremaine Ave - 304 Tremaine to Mangaone Bridge	14/11/2016	19/05/2017	\$253,337	98.40%	100.00%				
1116-Adjustment Project to reconcile Allocation with Programme	30/06/2017	30/06/2017	\$269,023	0.00%	0.00%				
139-City-wide - Sealed Road Resurfacing			1,719,888						
21-City Wide - Sealed Road Resurfacing	11/07/2016	28/04/2017	\$1,672,488	100.00%	100.00%				
162-City-wide - Vehicle Crossing Replacements			406,725						
24-City Wide - Vehicle Crossing Replacements	11/07/2016	30/06/2017	\$256,000	100.00%	100.00%				On target for completion to budget by year end
180-City-wide - Community Housing Refurbishments			549,929						
782- Units 5 - 9 Bodel Place Bedsit Renewals	01/07/2016	12/12/2016	\$549,929	100.00%	100.00%				Progress delayed as a result of awaiting for asbestos to be removed.
218-City-wide - Water Pipe Replacements			2,031,756						
779-Highbury Ave Water main renewal (Havelock to tremaine Ave)	01/03/2017	30/06/2017	\$232,000	100.00%	100.00%				
780-Morris Street Watermain Renewal	14/11/2016	27/02/2017	\$250,000	100.00%	100.00%				
781-Rugby St Water main renewal	17/10/2016	30/03/2017	\$600,000	100.00%	100.00%				Project rescheduled for later start. Started from March. Will be completed by 30 Jun.
234-Sportsfields Changing Room Refurbishments(759-C/fwd - Sportsfields Changing Room R)			888,919						
556-Bill Brown Changing Room refurbishment and extension	01/07/2016	28/04/2017	\$717,490	92.00%	100.00%				Currently on target to complete by Baseline Finish Date, but recent Contractor resource levels make Officer's believe this is at risk. Steps being taken to ensure a timely completion to the project.

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

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

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

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

Summary of Programmes Spanning Multiple Years**As at 30 June 2017**

The following summarises capital programmes which were intended to span more than one year and be viewed in total. As such expenditure is ongoing with the programmes to be viewed against both past and future budgets. Variances reflect the difference to budget at a point in time and not the full programme or what may ultimately occur.

Included below are the full year budgets for each year and actual expenditure. For the current year actual expenditure is year to date with work to be completed within the full year budget shown in the "Current Year Available" column. In previous years budgeted work in some cases has been unable to be completed with remaining budget carried forward forward to subsequent years or to be completed in the following year within that budget. In these instances the budget is shown in the initial year approved and if carried forward that part of the "Prior Years Variance" will be applied against subsequent programme expenditure. Refer to the comments below for explanation of the status of each programme.

Assumptions

1. Includes those programmes scheduled to be completed over multiple years to report total cost.
2. Includes "new" programmes only. Renewal programmes are excluded as these relate to renewals each year and are not a cumulative, ongoing programme.
3. Budget includes adjustment for carry forward amounts to exclude these and include the approved annual plan budget only.
4. Excludes programmes which span a year purely due to not being completed by year end and requiring carry forward to complete.
These are managed by adjusting revised budget to remaining budget with any material overspend reported as part of programmes over budget.
5. Excludes those programmes which are continuous in nature and managed on an annual basis, for example subdivision contribution programmes.
6. Includes costs incurred to the date of the report above.

Includes costs incurred to the date of the report above.															
		\$000 Actual Cost (from 2014)						Annual Plan Budget (from 2014)			Annual Plan Budget		Prior Years	Current Year	Total Budget
Programme Name	ID	2014	2015	2016	2017	Total		2014	2015	2016	2017	Total	Variance	Available	Available
New															
Community Housing - Papaioea Place eco friendly unit replacements	357	-	-	-	54	136		2,573	(3,066)	250	-	332	250	(54)	196
Victoria Esplanade-New Aviary	532	142	91	-	578	937		737	(478)	2,675	(533)	2,500	2,674	(1,111)	1,563
Central Energy Trust Arena - Masterplan Priority	1084			263	260	523				250	256	506	(13)	(4)	(17)
Roading - Manawatu River - Ashhurst to Riverside Drive cycle/pedestrian pathway	235, 1225	205	29	(288)	322	1,035		378	575	-	-	1,671	958	(322)	636
Manawatu River - downstream pedestrian/cycle bridge	57	-	-	-	505	505		-	-	850	-	850	850	(505)	345
Manawatu River Fitzherbert Bridge to Linton pedestrian/cycle pathway	977	-	-	419	481	900		-	400	1,000	500	1,900	981	19	1,000
City Wide - street lighting upgrade to LED	1086	-	-	69	2,100	2,168		-	-	2,530	1,000	3,530	2,461	(1,100)	1,361
Turitea Valley Rd/Pacific Dr new water supply and reservoir	127, 610	52	398	2,301	1,909	4,706		208	1,740	709	2,257	5,160	106	348	454
The Library of the Future	1101				600	600					961	961	-	361	361
The Square - streetscape upgrade															
The Square East Side - Streetscape Upgrade	244				8	8					193	193	-	185	185
Whakarongo urban growth															
Whakarongo, James Line upgrade (2016 on)	167			181	143	324				2,247	703	2,950	2,066	560	2,626
Urban Growth Whakarongo installation of wastewater	1000	-	18	-	-	18		-	18	30	190	238	30	190	220
Urban Growth Whakarongo installation of stormwater	1001	-	-	-	-	-		-	-	350	-	350	350	-	350
Urban Growth Whakarongo installation of water supply	1004	-	-	-	-	-		-	-	502	98	600	502	98	600
Urban Growth installation of water supply north-east industrial	1005	-	-	-	-	-		-	-	150	-	150	150	-	150
Total		400	536	2,944	6,959	11,860		3,895	(811)	11,542	5,625	21,891	11,365	(1,335)	10,031

Comments**Community Housing - Papaioea Place eco friendly unit replacements**

2011, 2012, 2013, 2014 - feasibility studies continuing. Budget carried forward to 2012, 2013 and 2014 however 2013 c/f limited to \$500k, so budget reduced to this.
From 2015/16 new budget amount applicable for all expenditure from 1 July 2015.

Victoria Esplanade-New Aviary

At 1/7/15 remaining budget \$5,414k with \$4,916k by external funding. To 30/6/15 was net budget, from 1/7/15 grossed up so reduced to budget available. \$533k carried forward to future year.

Roading - major upgrade of main bus terminal

Balance of programme applied to fund Ngahere Rd bridge additional approval.

City Wide - street lighting upgrade to LED

\$170k of programme transferred to fund additional approval undergrounding of cables.

Turitea Valley Rd/Pacific Dr new water supply and reservoir

Prog 127 carry fwd 2013 limited to \$235k, 2015 to \$1,698k, so budget reduced to this, then combined with prog 610. Net of part programme surplus, transferred to other programmes.

Urban Growth installation of water supply north-east industrial

Prog 1001 had \$460k carried forward to future year.

Prog 1005 had \$500k transferred to prog for new water bore, \$172k carried forward to future year.

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

Attachment 4 - Net Debt

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

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

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

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

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

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

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

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

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

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

Attachment 5 - Financial Position and Cash Flow for the Period

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

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

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

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

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

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

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

Receivables

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

At 30 June 2017:

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

Rates are as at 3 July each year.

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

Palmerston North City Council							
Statement of Cash Flows							
Year to Date Period Ended June 2017							
			Actual YTD	Revised Budget YTD	Revised Budget Full Year	Annual Plan Budget Full Year	
Cash Flows From Operating Activities							
Receipts from rates revenues			87,631	87,327	87,327	87,275	
Interest received			207	175	175	175	
Dividends received			328	292	292	200	
Operating subsidies and grants			2,774	3,074	3,074	3,074	
Receipts from other revenue			24,006	23,109	23,109	23,022	
Capital subsidies and grants			5,200	8,541	8,541	8,541	
Development contributions			1,260	1,347	1,347	1,347	
Receipts from tax losses			104	-	-	-	
Interest paid			(6,289)	(6,288)	(6,307)	(6,288)	
Payments to suppliers and employees			(81,193)	(83,464)	(83,446)	(83,186)	
Goods and Services Tax (net)			35	-	-	-	
			34,064	↑	34,112	34,112	34,160
Cash Flows From Investing Activities							
Proceeds from sale of property			904	-	-	-	
Proceeds from sale of biological assets			-	-	-	-	
Purchase of property, plant and equipment - new			(15,221)	(31,095)	(31,095)	(28,903)	
Purchase of property, plant and equipment - renewal			(17,890)	(21,834)	(21,834)	(21,773)	
Net other advances repayment received/(made)			19	-	-	-	
Net increase in investments			-	-	-	-	
			(32,188)	↓	(52,929)	(52,929)	(50,676)
Cash Flows From Financing Activities							
Investment fund reductions			3,000	3,000	3,000	3,000	
Net borrowing proceeds/(repaid)			(4,275)	15,817	15,817	13,516	
Repayment of borrowings			-	-	-	-	
Repayment of leases			-	-	-	-	
			(1,275)	↑	18,817	18,817	16,516
Net Increase							
			600	-	-	-	
Cash at Beginning							
			679	580	373	373	
Cash at Month End							
			1,279	580	373	373	

Attachment 6 - Statement of Comprehensive Revenue and Expense

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

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

Attachment 7 – Financial prudence graphs

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

Following are draft, subject to audit

Annual report disclosure statement for year ending 30 June 2017

What is the purpose of this statement?

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

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

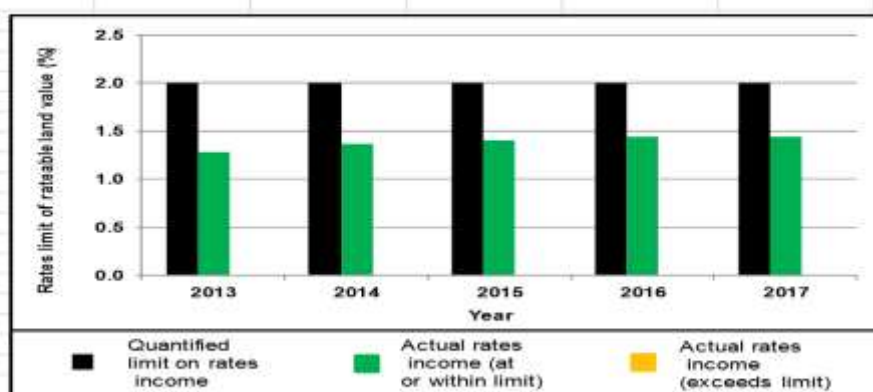
Rates affordability benchmark

The council meets the rates affordability benchmark if—

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

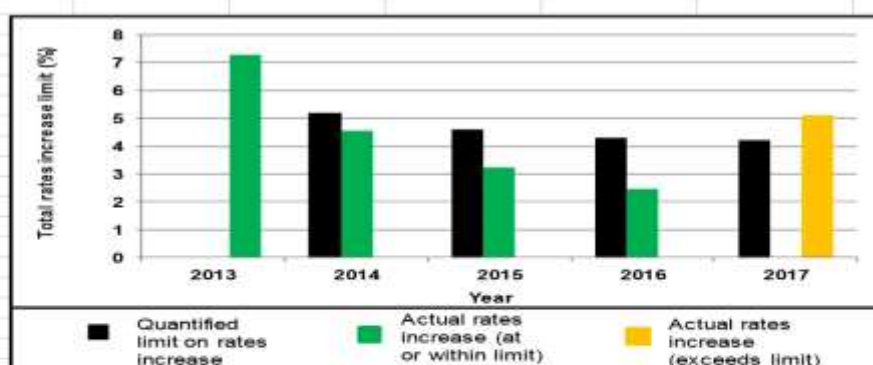
Rates income affordability

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



Rates increases affordability *

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



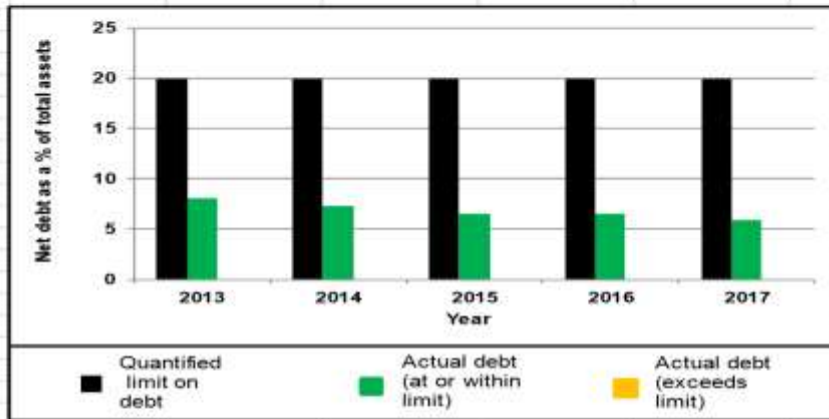
* Refer to additional information or comment on page xx for further explanation.

Debt affordability benchmarks

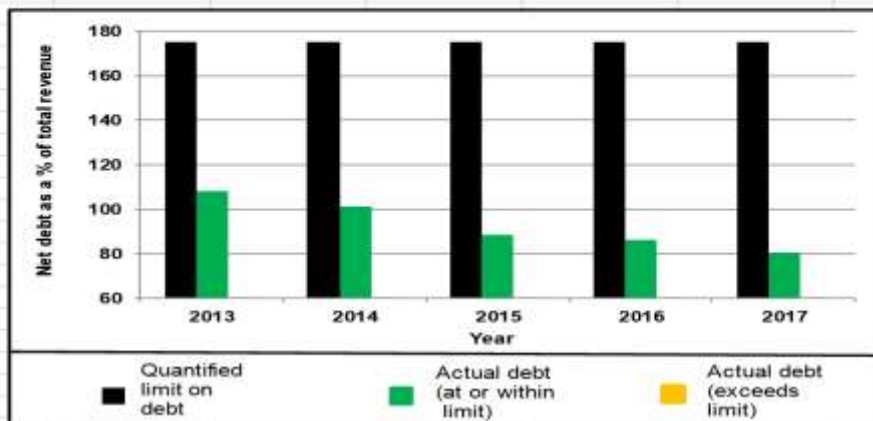
The council meets the debt affordability benchmarks if its actual borrowing is within each quantified limit on borrowing.

The following five graphs compare the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan.

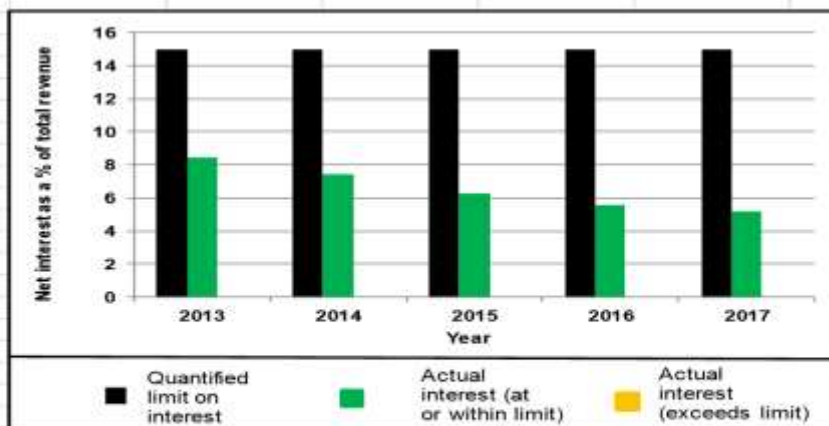
The quantified limit for this graph is that net external debt as a percentage of total assets will not exceed 20%.



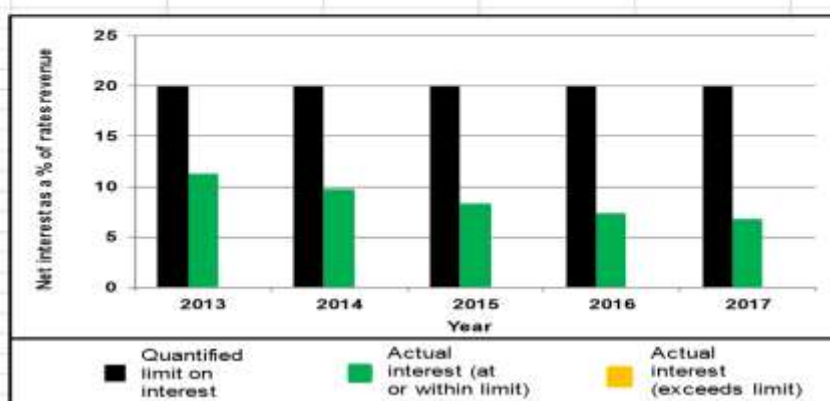
The quantified limit for this graph is that net external debt as a percentage of total revenue will not exceed 175%.



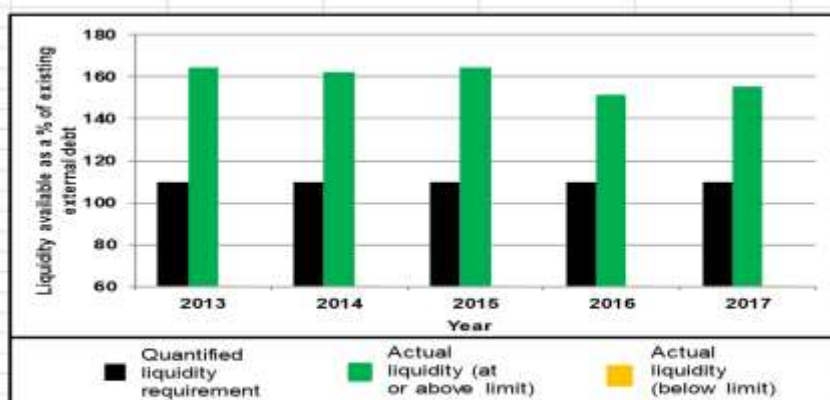
The quantified limit for this graph is that net interest as a percentage of total revenue will not exceed 15%.



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



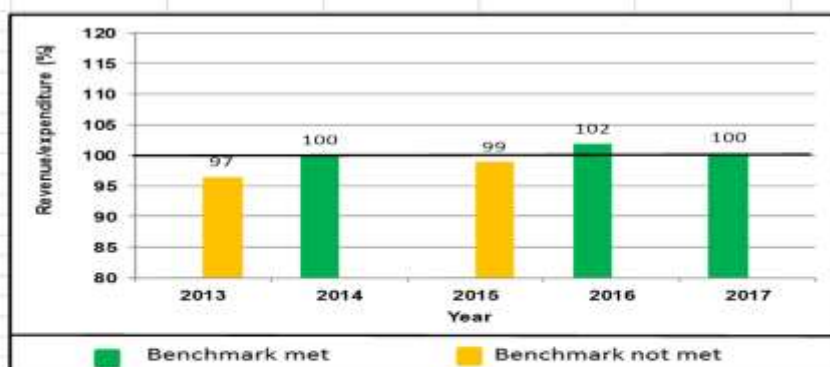
The quantified limit for this graph is that liquidity available will exceed 110% of existing external debt. Liquidity available is defined as the sum of existing external term debt, unused committed bank/loan facilities and liquid investments.



Balanced budget benchmark *

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

The council meets this benchmark if its revenue equals or is greater than its operating expenses.

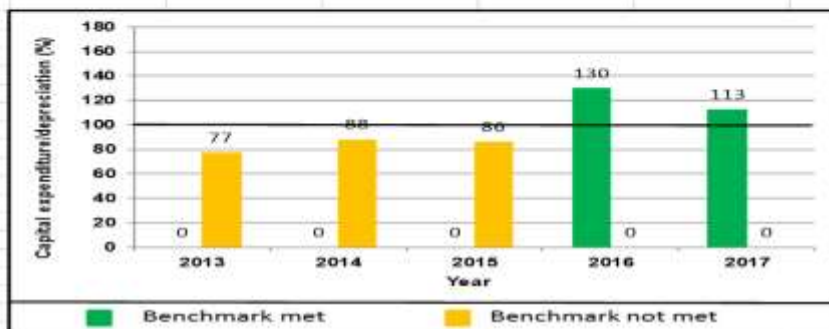


* Refer to additional information or comment on page xx for further explanation.

Essential services benchmark *

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

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

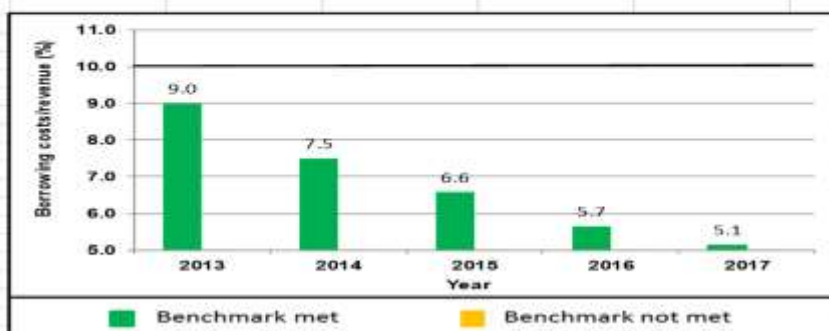


* Refer to additional information or comment on page xx for further explanation.

Debt servicing benchmark

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

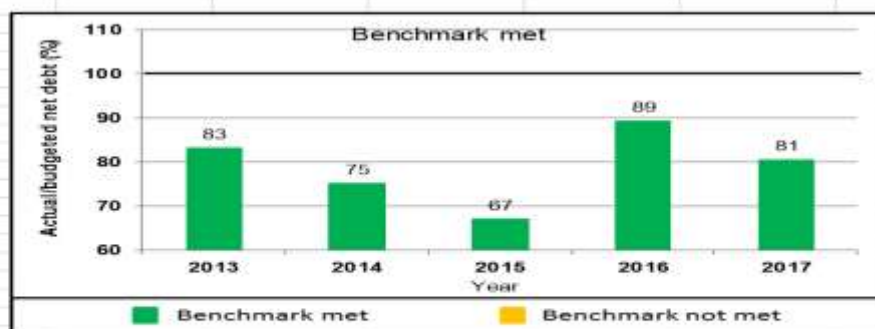
Because Statistics New Zealand projects the council's population will grow *as fast as* the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



Debt control benchmark

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

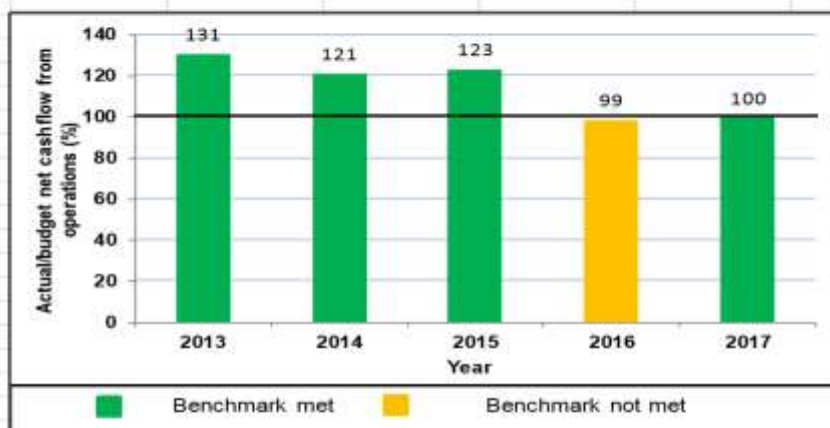
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control benchmark *

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

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



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

Additional information or comment**Rates increases affordability**

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

Balanced budget benchmark

The Council's financial strategy includes ensuring that rates fund operating services, capital renewals to maintain capability, and debt repayment to ensure financial capability for future generations. This strategy reflects the assessed intergenerational requirements and asset capability with non-cash depreciation (included in the benchmark) not requiring to be fully funded to avoid building up unnecessary cash reserves. Council's asset management plans ensure that the Council is appropriately planning for renewals and its financial strategy is to make adequate provision to fund renewals from rates revenues. In each year from 2013 to 2017 there was a surplus from cash rates-funded requirements.

Essential services benchmark

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

Operations control benchmark

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

Quarterly Performance and Financial Report - June 2017

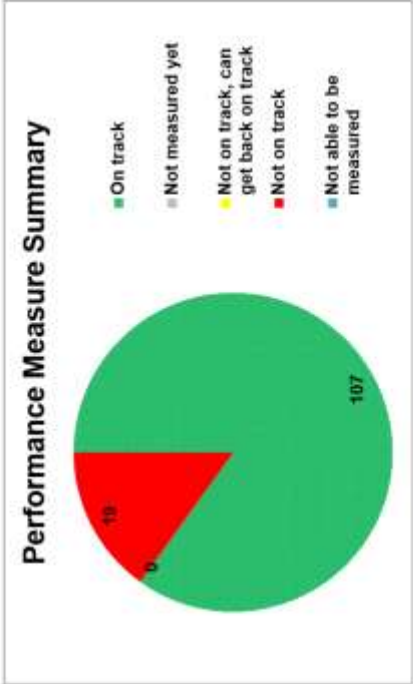
Section Three : What difference are we making out there?

This part of the report looks at how well the Council is delivering on the performance measures, major projects and whether services are being provided within the budgeted annual operating work programme.

The performance measures and major projects have been updated in accordance with the 10 Year Plan 2015-25. For programmes comment has also been added for the focus for the next period.

The report is organised by Activities. Each Activity page has "traffic lights" to show progress towards the 10 Year Plan:

W	not measured yet
G	on track
Y	not on track, Manager can get back on track
R	not on track, unlikely to get back on track
B	not able to be measured or completed, due to circumstances outside of Council's control



Synopsis and common themes

There are over 170 10 Year Plan indicators (performance measures and programmes/major projects) and the majority of these are green. That means Council has achieved a significant number of its objectives however there are a number of programmes not completed and requiring to be carried forward to 2017/18.

Within the 10 Year Plan performance measures (i.e. excluding programmes and major projects) there are 107 measures that have been achieved or 85%.

There are 19 red KPI indicators. Five relate to budget not achieved, six to satisfaction surveys where expectations have not been achieved, seven to response to requests, service completion and one that cannot be reliably measured.

LEADERSHIP

3

Councillor Leadership and Decision Making

Performance Measures (Page 88 of Annual Plan)		Comments					Sept	Dec	Mar	June
1. Decision Making Council prepares an Annual Report on its Significance and Engagement Policy. (Report prepared and key outcomes described.)		The report was presented to Committee in April. It concluded that the Council has engaged extensively with the community. While different people have different expectations most people seem comfortable with the Council's engagement. However, there is room for improvement and the Council will continue to refine its community engagement, especially through improved social media and online engagement.					G	G	G	G
2. Decision Making Council holds at least 20 "Let's Talk with a Councillor" meetings each year.		24 sessions were held, including Annual Budget. No meetings were held during the three month election period.					Y	G	G	G
3. Satisfaction - Decision Making At least 75% of residents are satisfied with the way Council involves them in decision making (Communitrak). Previous satisfaction is 78% very or fairly satisfied (excluding don't knows and neither satisfied nor dissatisfied).		81% very or fairly satisfied (excluding don't knows). Council also gets public feedback through complaints, requests for service, other surveys, submissions and three-yearly focus groups.					G	G	G	G
4. Satisfaction - Information At least 85% of residents are satisfied with the quality of information Council provides them (Communitrak). Previous satisfaction is 84% very or fairly satisfied (excluding don't knows and neither satisfied nor dissatisfied).		80% very or fairly satisfied (excluding don't knows). Actions to improve satisfaction: The main information people want is about Council's services - and many people want to be able to get this information online. Hence the Council is currently reviewing the usability of its website from a residents' or customer point of view. Council also gets public feedback through complaints, requests for service, other surveys, submissions and three-yearly focus groups.					R	R	R	R
5. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.		Services provided however budget exceeded due to higher printing costs and Mayoral Office costs.					G	Y	R	R

Direction Setting

4

Performance Measures (Pages 89-90 of Annual Plan)		Comments	Sept	Dec	Mar	June
1. 10 Year Plan A 10 Year Plan that gives effect to Council's strategic direction is adopted every three years. In the other years an Annual Plan is adopted.		The 2017/18 Annual Plan / Budget was adopted in June. The focus for the 10 Year Plan has been the development of elected members' Vision, Principles and Goals, along with the Strategies that fit under these. Reviews of 10 YP levels of service are underway.	G	G	G	G
2. District Plan The District Plan is reviewed in a way that gives effect to Council's strategic direction. (Plan reviewed. Specific projects will be identified from the Annual Plan.)		Resolving appeals on PC 15A-H: Rural and Boundary Change Area. Two appeals lodged on PC 20: Residential Zone. Decision released on PC21: Recreation Zones. Submissions received on PC 23 Hokowhitu and PC 16 Tangata Whenua. Work continuing on the preparation of PC22: Omnibus.	G	G	G	G
3. Strategic Direction City strategies are reviewed and monitored in a way that gives effect to Council's strategic direction. (Strategies reviewed. Specific strategies will be identified from the Annual Plan.)		Council's strategy framework including all its strategies - is being reviewed as part of the 10 Year Plan Vision and Goals review.	G	G	G	G
4. Strategy Monitoring An Annual Strategy Monitoring Report is prepared. (Report prepared and key outcomes described.)		High level indicators for each strategy presented and discussed in a Councillor workshop in February.	G	G	G	G
5. Regional Networking Council participates in Regional InterAgency Network (RIN) Meetings. (Meetings attended. Council will describe the Network's key achievements.)		RIN Meetings are run by the Ministry of Social Development. No meetings were held in the first half of the year. Council participated in the meeting in March, which refreshed the RIN. The next meeting in August 2017 will look at setting RIN priorities and a work programme.	B	B	G	G
6. Urban Design Major projects include urban design principles and design review processes. (Specific projects will be identified from the Annual Plan.)		Specific projects have been identified for this year with urban design reviews under way where required including: Cuba Street renewal, Junior Road Safety Park, City Gateways and Pedestrian/Cycle Bridge. Design work required on Square East as part of City Centre Streetscape Plan.	W	Y	Y	G

5

<p>7. Advocacy Council advocates on relevant issues. (Council will describe topics it has advocated on.)</p>	<p>The Council submitted on a range of topics, including the Proposed National Policy Statement on Urban Development, the Policy Statement on Land Transport, the Local Government Act Amendment Bill (No. 2), National Standards for Managing Soil Contaminants, the Land Transport Amendment Bill, the Telecommunications Amendment Bill, the Local Government NZ Statement on Climate Change, and putting the Awapuni Medical Corps Memorial on the NZ Heritage List.</p>	G	G	G	G	G	G	G	G
<p>8. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.</p>	<p>Services provided within budget.</p>	G	G	G	G	G	G	G	G

Programmes or Major Projects (Pages 29-30 of Annual Plan; Pages 73-77 of 10 Year Plan)	YTD Progress	Focus for Next Quarter	Budget	Sept	Dec	Mar	June
<p>9. District Plan Review (OP)</p>	<p>Decision on PC15A-H: Rural and Boundary Change. Decision on PC 20: Residential Zone. Hearing on PC 21: Recreation and Race Training. Preparation of PC 22: Omnibus and PC 23 Zoning Adjustments.</p>	<p>Resolving appeals on PC 15A-H: Rural and Boundary Change Area. Two appeals lodged on PC 20: Residential Zone. Decision released on PC21: Recreation Zones. Submissions received on PC 23 Hokowhitu and PC 16 Tangata Whenua. Work continuing on the preparation of PC22: Omnibus.</p>	<p>on track</p>	G	G	G	G
<p>10. Residential Growth (OP)</p>	<p>Preparing CDP for Whakarongo Residential Area. Investigating zoning adjustments at Hokowhitu (confidential) and Napier Road. Identified need for further residential intensification as part of review of Urban Design Strategy.</p>	<p>Detailed business case to be developed for the Whakarongo land, progress residential zoning adjustments. Prepare for hearing of Hokowhitu campus rezoning. Prepare new Housing and Development Plan as required by NPS-UD and as requested by Council.</p>	<p>on track</p>	G	G	G	G

11. Strategy Review (OP)	<p>The Sustainable Practices Strategy has been adopted, replacing the Domestic Energy Use Strategy. Heritage Strategy has been adopted. The adoption of the Economic Development Strategy was delayed pending a further Councilor workshop. Reviews of Arts Strategy, Active Recreation Strategy and Urban Design Strategy started, but have now been overtaken by the Councilor decision to review the overall strategic direction. Five draft strategies have been prepared to carry out the new vision and goals. Digital Strategy drafted for discussion with the Digital Leaders Forum.</p>	<p>Work on the development of new draft plans as part of the new strategic framework.</p>	on track	G	G	G	G	G
12. Completion of all other operating programmes	<p>Smokefree implementation of outdoor dining provisions of Signs bylaw.</p> <p>Applications for Natural & Cultural Heritage Fund closed.</p> <p>Green Corridors planting season completed. A new committee is in place. Funding has been committed from Ricoh.</p> <p>Under Urban Design delivering change, offers have been made to assist with design advice for medium density development.</p>	<p>Signage being extended to some suburbs in consultation with neighbourhoods.</p> <p>Monitor projects funded.</p> <p>Pest control and growing new plants for next season.</p> <p>Follow up on offers and identify further opportunities.</p>		G	G	G	G	G

COMMUNITY SUPPORT

7

Cemeteries

Performance Measures (Page 91 of Annual Plan)	Comments	Sept	Dec	Mar	June
1. Asset Management Plan A 30 year asset management plan is in place for the cemeteries. The plan is reviewed three-yearly, with the next review due by June 2018.	Asset Management Plans were adopted by the Council in December 2014 and are currently being reviewed for the 2018 10 Year Plan.	G	G	G	G
2. Satisfaction Resident satisfaction with the Council's cemeteries. (New measure in Communitrak - result will set baseline for future years.)	91% very or fairly satisfied (excluding don't knows). Council also gets public feedback through complaints, requests for service, other surveys, submissions and three-yearly focus groups. Next survey results due in November 2019.	G	G	G	G
3. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.	Services provided within budget.	G	G	G	G

Programmes or Major Projects (Pages 31-32 of Annual Plan; Pages 79-82 of 10 Year Plan)	YTD Progress	Focus for Next Quarter	Budget	Sept	Dec	Mar	June
4. Completion of all capital programmes	Construction of second wall complete. Construction - one beam completed, the second was not completed due to soil conditions. Pathway sealing complete.	To complete the burial berm construction. Plan works for new financial year.	\$36k \$123k (\$80K to be carried forward) \$9k	G	G	G	R

Civil Defence

8

Plan Performance Measures (Page 92 of Annual Plan)		Comments	Sept	Dec	Mar	June
1. Legislative Compliance - Civil Defence Plan The Council's Civil Defence Plan is consistent with the Manawatu-Wanganui Civil Defence and Emergency Management Group Plan. Key annual actions described. (Plans consistent. Priorities will be set once the Group Plan is reviewed.)		The Group Plan was adopted in June 2016 and applies until 2021. The focus of the year included adopting a Business Plan and reviewing the Group Welfare Plan to implement priorities of improving the Region's hazardscape, welfare and recovery capability.	G	G	G	G
2. Volunteers The Council has trained volunteers able to respond to emergencies. (At least 90 emergency operating centre (EOC), rural fire and REST (Rescue Emergency Support Team) volunteers.)		An ongoing programme of training is being carried out, with particular focus on EMIS (Emergency Management Information System) and ITF (Integrated Training Framework). Approximately 70 volunteers are currently training - this includes Rural Fire, Rescue and EOC volunteers. There is more emphasis on encouraging staff to volunteer to increase numbers with a group currently training to be EOC volunteers.	G	G	G	R
3. Preparedness Council engages residents and organisations on civil defence preparedness through presentations, events and other information. (Engagement techniques will be described.)		Continual community engagement is being met through community meetings and presentations to groups, schools and businesses.	G	G	G	G
4. Regional and City Meeting Participation Council participates in Coordinating Executive Group (CEG) and Emergency Management Committee (EMC) meetings attended. (Meetings attended. Council will describe the Group's key achievements.)		Regular quarterly meetings are held of EMC with guest speakers. CEG meetings are attended by a Council representative, with all the business plan requirements set down for the year achieved. CEG's focus is on readiness and ability to respond, welfare and recovery (see first KPI).	G	G	G	G
5. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.		Services provided within budget.	G	G	G	G

Housing

9

Performance Measures (Page 93 of Annual Plan)		Comments	Sept	Dec	Mar	June
1. Provision Units are in demand and tenanted. (At least 95% of available Units are tenanted.)		Occupancy at year end 97.6%. Strong demand for housing units. Papaioea Place redevelopment to commence in 2017/18. Empty units have been reserved to relocate tenants as part of this project.	G	G	G	G
2. Warrant of Fitness Standards Units meet University of Otago Medical School Supported Warrant of Fitness standards. (All Units meet standards by 30 June 2016.)		Council have asked for a review of the 2015 Social Housing Strategy. Officers have assessed all properties under the Otago Medical School WoF criteria and this is complete. Each unit is assessed annually as the property condition visits are carried out. All properties assessed to date meet the criteria excluding Papaioea Place. Redevelopment of that property is expected to commence in the 2017/18 year.	Y	W	Y	R
3. Asset Management Plan A 30 year asset management plan is in place for community housing. The plan is reviewed three-yearly, with the next review due by June 2018.		Asset Management Plans were adopted by the Council in December 2014 and are currently being reviewed for the 2018 10 Year Plan.	G	G	G	G
4. Satisfaction At least 90% of tenants are satisfied with the Council's housing (two-yearly survey). Previous satisfaction is 97% (July 2015 survey).		Survey completed May 2017 shows 97.6% satisfaction.	W	W	W	G
5. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.		Services provided within budget.	G	G	G	G

Programmes or Major Projects (Pages 34-35 of Annual Plan; Pages 86-89 of 10 Year Plan)	YTD Progress	Focus for Next Quarter	Budget	Sept	Dec	Mar	June
6. C/fwd Papaioea Place Community Housing (CN-1277)	Resolved issues with exteriors and windows at Papaioea Place to fix issues with drafts. ROI process completed. Presentations by two companies to working party. Workshop with Council, report to Finance and Performance Committee with recommendation. Confirmed by Council. Successful contractor informed.	To work with successful contractor to get the project underway in the new financial year.	\$250k in current financial year. Window treatments and ROI process occurred, carry forward of \$150K)	G	G	G	G
7. Completion of all other capital programmes	Achilles Court car park renewal completed. Bodell Place Bedsit renewals completed. Work on Wood Street Villa has commenced.	Identification of renewal works in the housing portfolio. Design and documentation for next bedsit renewal project. Work to be completed.	\$27k \$550k \$83K - balance of unspent to be carried forward.	G	G	G	R

WORK AND CITY PROMOTION

11

Performance Measures (Page 94 of Annual Plan)	Comments	Sept	Dec	Mar	June
1. Contracted Organisations - Support Priority Economic Areas KPI and target to be set through negotiation with the new Economic Development CCO. (To be set through contract / statement of intent negotiations.)	CEDA will report against the achievement of its Statement of Intent every six months. CEDA provided a 6 month report to 31 December against its 2016/17 Statement of Intent.	G	G	G	G
2. Contracted Organisations - Achieve Economic Development Objectives KPI and target to be set through negotiation with the new Economic Development CCO. (To be set through contract / statement of intent negotiations.)	Key achievements highlighted in the 6 month report include: <ul style="list-style-type: none"> * CEDA operational from 1 Sept 2016 * Foundation Referrals project with over 430 businesses * Commencement of the inaugural CEO * Implementation of the International Education Strategy * NZ Agri-Investment week * Manawatu Business Awards 	G	G	G	G
3. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.	Services provided however budget exceeded due to lower revenues earned (compared to budget but higher than last year) by the Conference and Function Centre and higher supporting grants paid.	G	G	R	R

Programmes or Major Projects (Pages 91-94 of 10 Year Plan)	YTD Progress	Focus for Next Quarter	Budget	Sept	Dec	Mar	June
4. Central Economic Development Agency (OP)	Statement of Intent for 2017/18 provided to the Councils	Developing Letter of Expectations		G	G	G	G
5. Palmy Unleashed (OP-1273)	Initial scoping work for Palmy Unleashed undertaken as part of development of Vibrant City Centre Plan. Summer activation programme was completed.	Recruitment for new Palmy Unleashed Coordinator currently been undertaken. Future focus will be to making activations more community-led and improved engagement with the business community.	\$165k	G	G	G	G

16. Completion of all capital programmes	All projects except "Booking System" have been completed. This includes Conference & Function Centre carpets, internal sound proof doors, compound, equipment new purchases and renewals and the upgrade to the kitchen.	The Booking System \$81K has been carried forward to the 2017/2018 financial year as more information was required to ensure integration with finance system and to properly scope all requirements.	\$449k	G	G	G	R
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LEISURE

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Arts and Culture

Performance Measures (Page 95 of Annual Plan)		Comments					Sept	Dec	Mar	June
1. Arts Strategy Major projects from the Arts Strategy are implemented. Networking opportunities are provided. (Annual projects and networking opportunities and their outcomes will be described.)		Bi-monthly Arts Committee Meeting held at the Central Library. Attended by representatives from Massey University, Te Manawa, Centrepint, MUSA, Manawatu Writers Festival, MUDS. Q3. Ongoing Q4. Ongoing. New Arts Coordinator was appointed in June 2017.					G	G	G	G
2. External Organisations - Funding Arts and Culture Funding is distributed. The Council will report on the achievements of the funded organisations. (Funding is distributed and the general outcomes achieved will be described.)		New three year Fee for Service contracts completed. 12 month reporting is due 31 July and will be reviewed by Council Officers. Final CCO SOIs going to Council in August 2017. Creative Communities Funding fully allocated for 2016/17 year.					G	G	G	G
3. Facility Provision The Council provides a mix of studio, performance, rehearsal, exhibition, retail and office space for the arts (e.g. Square Edge and The Stomach). (Facilities provided for a diverse range of arts groups and outcomes described.)		Council has continued to provide facilities including at Square Edge, Stomach, Globe Theatre, Regent Theatre and Te Manawa.					G	G	G	G
4. Asset Management Plan 30 year asset management plans are in place that cover Te Manawa, the Regent, Globe Theatre and Caccia Birch. The plan is reviewed three-yearly, with the next review due by June 2018.		Asset Management Plans were adopted by the Council in December 2014 and are currently being reviewed for the 2018 10 Year Plan					G	G	G	G
5. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.		Services provided within budget.					G	G	G	G

Programmes or Major Projects (Pages 38-39 of Annual Plan; Pages 96-98 of 10 Year Plan)	YTD Progress	Focus for Next Quarter	Budget	Sept	Dec	Mar	June
6. Seismic Strengthening of Council Owned Buildings (CN-1016)	Te Manawa atrium completed. Square Edge lift completed.	Square Edge fire compliance.	\$222k	G	G	G	G
7. Globe Theatre - Mobility Access to Main Auditorium (CN-1176)	Discussions with Globe Theatre Trust Board. Council have requested a report into disability access at the theatre.	Write report and present to Council.	\$143k with a contribution of 50% from external sources.	W	W	W	R
8. Completion of operating programmes	Operating programmes being completed as forecast.	Continuing operating programmes as forecast.		G	G	G	G
9. Completion of all other capital programmes	Design work unable to be progressed due to difficulty in finding structural engineers.	To progress structural design for crematorium and Square Edge building.	\$393k	G	G	Y	R

City Library and Community Development

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Performance Measures (Pages 96-98 Plan)		Sept	Dec	Mar	June
1. Service Availability Library weekly opening hours. (The Central Library is open at least 53 hours; community libraries at least 26 hours each; and the mobile library has at least 38 stops.)	Comments The Libraries were all open for the required hours. The Mobile Library was off the road for repairs for 13 days which impacted school visits in Q1, but key services were maintained through the use of a van.	G	G	G	G
2. Services and Resources Total issues or uses of physical materials and online materials (e.g. books, magazines, DVDs, CDs, e-books, and subscriptions). (Note: the use of physical materials is expected to decrease or plateau, while use of e-books and digital content databases is expected to increase.) (Total use of materials and resources matches or exceeds the previous year's figure.)	Overall, we are seeing physical issues plateauing and ebook and eaudiobook use sharply increasing (total digital up 52%). Total Issues (print and digital): 1,083,148 (2015/16 1,097,104) Physical Issues: 1,045,523 (2015/16 1,072,389) eBook Issues: 28,750 (2015/16 20,532) eAudiobook Issues: 8,875 (2015/16 4,183)	G	G	G	G
3. Members and Events Number of members and visitors to the library facilities and events in community spaces. (Membership and visitor numbers at least match the annual average of the previous 3 years.)	Overall, use of the Library facilities continues to substantially increase while formal memberships slowly declines. There were 880,478 total visitor numbers to Central, Branches, Youth Space, and Mobile Library. This is a 24% increase on last year. (2015/16 711,070) Visitors to Central Library alone increased by 134,511 visits over last year. The number of new members continued to decline. 4,151 new members were signed up this year. (2015/16 4,928) 35,290 active members as at 30 June 2017. (Active being cards used within 2 years as per the national definition for Public Libraries.) This is a slight decrease from the snapshot of 37,121 active members as at 30 June 2016. Note: Event numbers are reported under Lifelong Learning.	G	G	G	G

4. Satisfaction At least 95% of residents are satisfied with the Council's libraries (Communitrak). Previous satisfaction is 98% very or fairly satisfied (excluding don't knows).	98% very or fairly satisfied (excluding don't knows). Council also gets public feedback through complaints, requests for service, other surveys, submissions and three-yearly focus groups.	G	G	G	G	G
5. Lifelong Learning Number of participants in lifelong learning initiatives such as Summer Holiday Reading Programme, Local History Week, and Stepping Up Programmes. (The number of participants will at least match the previous year's number. The Council will also report on their expectations and the actual outcomes.)	Total number of event visitors: 60,968 (2015/16 81,153) Total number of events: 1,676 (2015/16 1,559)	G	G	G	G	R
6. Digital Engagement Number of digital and non-digital help sessions run. (The number and length of time spent on one-on-one engagements in all sites and in community spaces is more than in the previous year.)	Reliable measurements of these activities cannot be made.	W	W	W	W	R
7. Online Access Use of internet and Wi-Fi. (The number and length of time spent on one-on-one engagements in all sites and in community spaces is more than in the previous year.)	Access to digital services and resources continue to increase in use across all indicators monitored. Wifi use is now consistently outpacing PC use. Internet PC 112,588 sessions, up 7% (2015/16 105,569). Wifi 120,852 sessions, up 10% (2015/16 109,560). (Wifi availability at Central Library was reduced from 24/7 to 12 hours per day for a period of time.)	G	G	G	G	G
8. Social Well-being Forum The Council organises an annual Social Well-Being Forum that identifies outcomes and actions to achieve these. (Forum held. Outcomes and actions will be described.)	Forum held in May 2017. Outcomes of the forum are being reported to Council in September. Main theme of forum outcomes were around community capacity and capability.	G	G	G	G	G

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9. Community Groups Funding Funding is distributed to community groups. (Funding distributed and the outcomes achieved will be described.)	New three year Fee for Service contracts completed. 12 month reporting is due 31 July and will be reviewed by Council Officers. Community Development Small Grants allocation process is currently underway (starts May) and results will be reported to Council in September. The 2016/17 second round allocation of the Creative Communities NZ has been completed. 35 applications were received, with 18 approved for funding support. 10 applications were received for the first 2016/17 round of the Local Initiatives Fund. Given the low amount of remaining funds after the first round the panel decided to reallocate the residue funds amongst the currently funded projects. Celebrating Communities Fund – 30 applications during year with 25 approved	G	G	G	G	G
10. Hancock Community House Hancock Community House is available for community office space and is used by a wide range of community groups. (Community House space available and tenanted by a diverse range of groups.)	Fully tenanted by 15 diverse community organisations with long term lease arrangements. Community meeting rooms available for use by non-tenant community organisations, managed by the Community Services Council.	G	G	G	G	G
11. Community Centres Community centres are available and well used. (This KPI is to be reviewed as part of the Community Centre Review.) (Each centre used for at least 1,000 hours a year.)	Community Centres Review approved by Council in June 2017 has shown centres well used and targets achieved with regular bookings.	Y		G	G	G

<p>12. Celebrating Communities Funding</p> <p>Celebrating Communities funding is distributed to help achieve Council's Events Strategy.</p> <p>(Funding distributed and the outcomes achieved will be described.)</p>	<p>Funding currently approved for the following events:</p> <p>1st Quarter:</p> <ul style="list-style-type: none"> • MUSA Tertiary Knock Out • Chinese Language Week • Te Aroha Noa Dad's Day Out • Legacy Centre Kirihimete Ki Takaro • Palmerston North City Environmental Trust- Envirofest event. <p>2nd Quarter:</p> <ul style="list-style-type: none"> • Pascal Street Community Christmas Party • International Women's Day Parade and Picnic • Fête de la Musique <p>3rd Quarter:</p> <ul style="list-style-type: none"> • Wacky Water Day • Little Cuba carnival • Te Pau Tamariki • Earth Day 2017 <p>4th Quarter:</p> <ul style="list-style-type: none"> • Pae taihoi (kapa Haka) • World refugee Day • Pascoe Street Community Trust Family Night 	G	G	G	G	G	G
<p>13. Youth Space</p> <p>Youth Space usage and number of events and activity sessions. Key outcomes will also be described.</p> <p>(The number of visits, events and programmes at least matches the previous year. The outcomes of these will also be described.)</p>	<p>Number of events: 291</p> <p>Event attendance: 4,204</p> <p>Visitor Count 49,664</p> <p>There has been increases in the level of usage and breadth of activities run in the Youth Space, significant events include:</p> <ul style="list-style-type: none"> • increased usage by alternative education and Te Kura Correspondence School. • The successful Super Grans programme that teaches people how to make healthy meals on a budget. • A roadshow is being developed with Moana Kaka (Registrar of Electors) and Youth Council with the aim of improving youth engagement in the political process. • The Fire and Ice Ball held in November – 100 young people, volunteers, parents attended. • The window display and present donations in conjunction with Red Cross for refugee families was a success with over 60 gifts donated. • Visiting schools sports tournament teams using the space to relax. • Regular programmes of events for new school year. 	G	G	G	G	G	G
<p>14. Cost Effectiveness</p> <p>10 Year Plan levels of service and programmes are achieved within budget.</p>	<p>Services provided within budget.</p>	G	G	G	G	G	G

Programmes or Major Projects (Pages 40-42 of Annual Plan; Pages 99-105 of 10 Year Plan)	YTD Progress	Focus for Next Quarter	Budget	Sept	Dec	Mar	June
15. Library Roof and HVAC Replacement (CR-667)	Design team has provided detailed documentation to QS for pricing. Information being evaluated.	Identification of principle contractor and scheduling of Library roof and HVAC work within the contract.	\$667K to be carried forward into 2017/18	G	R	R	R
16. The Library of the Future (CN-1101)	Detailed design complete and Resource Consent obtained. As advised this project continues to be on track for completion within the 2017/18 year.	As above.	\$961k with \$370K to be carried forward to 2017/18	G	R	R	R
17. Completion of all operating programmes	Operating programmes being completed as forecast.	Continuing operating programmes as forecast.		G	G	G	G
18. Completion of all other capital programmes	Capital programmes being completed as forecast.	Continuing capital programmes as forecast.	\$1.288x	G	G	G	G

Performance Measures (Pages 99-101 of Annual Plan)		Comments	Sept	Dec	Mar	June
1. Central Energy Trust Arena - Events and Usage Key projects from the Arena Master Plan are implemented.		Wayfinding project complete. This was the only project in the Arena Masterplan for the year. The project included new LED pylon sign installation at 5 entry points to the precinct and internal/building direction signage. Events Community use 2016/17 99% 2015/16 96% 2014/15 96% Commercial use 1% 4% 4% Total events 2,934 2,961 3,260	G	G	G	G
2. Parks - Satisfaction At least 89% satisfaction with parks (ParksCheck).		92% satisfaction or better. 150 total number surveyed; 138 satisfied. Breakdown of total numbers surveyed: 90 in City Reserves 25 in Neighbourhoods 29 in Nature Parks 6 in Heritage	W	W	G	G
3. Parks - Satisfaction At least 95% of residents are satisfied with the Council's parks (Communitrak). Previous satisfaction is 98% very or fairly satisfied (excluding don't knows).		97% very or fairly satisfied (excluding don't knows). Council also gets public feedback through complaints, requests for service, other surveys, submissions and three-yearly focus groups.	G	G	G	G
4. Parks and Reserves - Asset Management Plan A 30 year asset management plan is in place for parks and reserves. The plan is reviewed three-yearly, with the next review due by June 2018.		Asset Management Plans were adopted by the Council in December 2014 and are currently being reviewed for the 2018 10 Year Plan	G	G	G	G
5. Sportsfields - Availability Sportsfields are available for weekend organised sports use. (At least 85% of the time.)		Playing fields 100% availability. (2015/16 97%) There have been no full citywide sports field closures for weekend organised sports in the 2016/17 financial year. (3 parks partially closed for a combined total of 7 weekends out of 52 and 2 parks fully closed for 2 weekends out of 52.)	G	G	G	G

6. Sportsfields - Satisfaction At least 86% satisfaction with sportsfields (ParksCheck).	80% satisfaction or better. Main issues for dissatisfaction were lack of toilets (new toilet programme to address this) and long grass (from rapid grass growth in the wet summer). Shade was also an issue (being addressed through shade tree planting programmes). 25 total number surveyed, 20 satisfied.	W	W	R	R
7. Sportsfields - Satisfaction At least 90% of residents are satisfied with the Council's sportsfields (Communitrak). Previous satisfaction is 98% very or fairly satisfied (excluding don't knows).	95% very or fairly satisfied (excluding don't knows). Council also gets public feedback through complaints, requests for service, other surveys, submissions and three-yearly focus groups.	G	G	G	G
8. Sportsfields - Asset Management Plan A 30 year asset management plan is in place for sportsfields. The plan is reviewed three-yearly, with the next review due by June 2018.	Asset Management Plans were adopted by the Council in December 2014 and are currently being reviewed for the 2018 10 Year Plan.	G	G	G	G
9. Swimming Pools - Satisfaction At least 85% satisfaction with swimming pools (PoolCheck).	83% satisfaction or better. Modest negative scores on car parking at Freyberg Pool, and security, pool safety, water quality and air quality at the Lido. No one negative rating stood out strongly. Series of moderate negative issues which were actually better than previous year, but previous year overall score was higher. Continue to monitor for issues and trends.	W	W	G	R
10. Swimming Pools - Satisfaction At least 90% of residents are satisfied with the Council's swimming pools (Communitrak). Previous satisfaction is 94% very or fairly satisfied (excluding don't knows).	93% very or fairly satisfied (excluding don't knows). Council also gets public feedback through complaints, requests for service, other surveys, submissions and three-yearly focus groups.	G	G	G	G
11. Swimming Pools - Compliance Lido and Freyberg pools comply with NZ recommended standards for pool supervision and water quality. (100% compliance.)	100% compliance. The Lido Aquatic Centre and the Freyberg Community Pool meet all New Zealand compliance standards.	G	G	G	G

12. Swimming Pools - Asset Management Plan A 30 year asset management plan is in place for swimming pools. The plan is reviewed three-yearly, with the next review due by June 2018.	Asset Management Plans were adopted by the Council in December 2014 and are currently being reviewed for the 2018 10 Year Plan.	G	G	G	G	G
13. Public Toilets - Facilities Number of public toilet facilities (76 facilities in 2015/16 increasing by at least one per year.) (There will be at least 77 facilities.)	New public toilets have been installed at Longburn and Linklater Reserve. There are now 87 facilities.	G	G	G	G	G
14. Public Toilets - Satisfaction At least 80% of residents are satisfied with the Council's public toilets (Communitrak). Previous satisfaction is 90% very or fairly satisfied (excluding don't knows).	88% very or fairly satisfied (excluding don't knows). Council also gets public feedback through complaints, requests for service, other surveys, submissions and three-yearly focus groups.	G	G	G	G	G
15. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.	Services provided however budget exceeded due to higher service delivery costs, offset partly by higher revenue.	G	Y	Y	Y	R

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Programmes or Major Projects (Pages 43-46 of Annual Plan; Pages 107-114 of 10 Year Plan)	YTD Progress	Focus for Next Quarter	Budget	Sept	Dec	Mar	June
16. Sportsfields Changing Room refurbishments (CR-234)	Construction underway and approx. 80% complete.	Completion. Discussions with contractor regarding delays. Contractor to complete project by 31 July 2017.	\$888K – 20% to be carried forward to 2017/18 FY.	G	G	G	R
17. Linklater Reserve Development (CN-587)	Construction started in fourth quarter. Carry forward required to complete works.	Continuation of multi-year construction programme. Planning for open up next five hectare block. Complete accessible path and picnic area.	\$271K – approx. \$50K to be carried forward	G	G	G	R
18. Victoria Esplanade – New Aviary (C/fwd CN-998)	Fundraising completed. External project manager appointed. Construction underway.	Continuation of multi-year construction programme.	Forecast to spend \$500K this financial year of \$2.141m budget. Total project \$5.69 million.	G	Y	R	R
19. Central Energy Trust Arena - Masterplan Priority 1 Projects (CN-1084)	Wayfinding project completed on time and on budget.	Year 3 of Priority One Project retractable seating at Arena 2. Design and documentation to be completed in first quarter. Construction to be scheduled around events in Arena 2 in 2018.	\$256k	G	G	G	G
20. Skatepark Facility (C/fwd CN-1292)	Project completed.	Fundraising for future development projects.	\$155K - went over by approx. \$30K. \$255K required for the rest of the upgrade for which we already have \$180K.	G	G	G	R

21. Junior Road Safety Park (C/fwd CN-1278)	Fundraising complete. Design documentation complete tender agreed and signed. Should be lower cost than budget.	Proceed with construction.	\$450K	W	W	W	R
22. Ashhurst Skatepark Facility (C/fwd CN-1279)	Project underway – approx. 50% completed.	Completion of project.	\$200K with \$25K for PNCC, balance has been raised by Ashhurst Community Trust.	W	G	B	R
23. Completion of all operating programmes	<p>Arapuke Forest Park: Pest control, sign and fence maintenance, track maintenance, internal road network maintenance, weed control, and silviculture work all completed.</p> <p>Cycling support completed. Delivered through Sport Manawatu contract.</p> <p>Reserve Management Planning Memorial Park and Waitoetoe Park Development Plans - draft plans completed. Finalisation in 2017/2018 financial year.</p> <p>Victoria Esplanade Reserve Management and Development Plan early engagement completed.</p> <p>Reserve status and classification research completed for the first 50% of City. 75% completed to limit of budget no further update. Cannot be completed until 2017/18 when new budget available.</p> <p>Biodiversity Strategy completed. Tutokiwī Reserve</p>	<p>Pest, animal and weed control ongoing. Installation of shelter and toilet at Scott's Road car park. Signage silviculture. Contribution to MMBC for track building and maintenance.</p> <p>Continuation of operating programme delivery.</p> <p>Completion of research on status and classification and report to council by calendar year end.</p> <p>Completion of fencing of Polson Hill Walkway and Stage 2 of planting.</p>	<p>\$120K</p> <p>\$83k</p> <p>\$62K – small overspend occurred.</p> <p>\$53K</p>	G	G	G	G

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24. Completion of all other capital new programmes	Total other capital new programmes \$1.174m.	To complete capital new programmes	\$1.174m	G	G	R	R
25. Completion of all other capital renewal programmes	Total other capital renewal programmes \$1.996m.	To complete capital renewal programmes	\$1.996m	G	G	R	R

REGULATORY

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Performance Measures (Pages 102-103 of Annual Plan)		Sept	Dec	Mar	June
1. Dog Attack Complaints 100% of complaints regarding dog attacks are responded to by an Animal Control Officer within 30 minutes of the call being received by Council.	Comments 100% of dog attacks responded to within required timeframe, with an average response time of 3.9 minutes. This consisted of a total of 86 attacks (70 dog v animal and 16 dog v person). (2015/16 100% of 101 attacks responded to, 70 dog v animal, 31 dog v person.) "Response" means Animal Control Officer arrived on site or contacted the complainant.	G	G	G	G
2. Building Consents An increasing proportion of building consent applications are processed within statutory timeframes. (at least 96%.)	93% of building consents were processed on time (945 out of a total of 1,019 consents processed). (2015/16 97%) Reduction from 2016 due to resourcing shortfall. A formal resourcing review to be able to handle increased consent numbers has been carried out resulting in the establishment of additional positions. Further consultancy resources have been engaged.	G	Y	R	R
3. Accreditation The Council keeps its status as an accredited building consent authority.	BCA accreditation reassessment conducted April 2017, recommended for reaccreditation. Corrective actions (2) due for completion by 14 July 2017 - on track.	G	G	G	G
4. Resource Consents Resource consent applications are processed within statutory timeframes (at least 96%).	98% of resource consents were processed on time (397 out of a total of 407 consents processed). (2015/16 97%)	G	G	G	G
5. Food Businesses - Inspection Food businesses registered under the food hygiene regulations receive annual inspections. (100%.)	100% of food premises received an annual inspection (253 premises). This excludes inspections of 3 premises which were not completed due to family illness affecting the proprietor, an owner being away overseas and one business changing hands and cancelling the inspection. Five required corrective actions.	G	G	G	G
6. Food Businesses - Audit Food businesses registered with a Food Control Plan receive an annual audit. (100%.)	All 143 food businesses registered with Palmerston North City Council requiring an audit in 2016/17 have received an audit within the statutory time frame, 94 required corrective actions. This is a new regime and most businesses generate corrective actions (CARs) on the first few audits of their Food Control Plans.	G	G	G	G

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7. Noise Complaints Complaints about noise are responded to within one hour (see note). (At least 95%.)	94% of noise complaints requiring officer attendance were responded to within one hour (3,136 out of 3,330). (2015/16 96%)	G	G	Y	G
8. Satisfaction An increasing proportion of customers surveyed are satisfied with the friendliness, professionalism, and knowledge of the service they receive. (Surveys to be undertaken throughout the year.) (At least 55%.)	96% of customers were satisfied with the service provided. (2015/16 86%) This consisted of the following results for each part of the service: Building Consents - 98% Building Inspections - 100% Resource Consents - 95% Animal Control - 93% Health Inspections/Audits - 99% Liquor Licenses - 99% Liquor Inspections - 100% Noise - 97%	G	G	G	G
9. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.	Services provided within budget.	G	Y	G	G

7. The Council responds directly to noise complaints within one hour after 10pm on Sunday-Thursday nights and after 11pm on Friday and Saturday nights. Prior to these times the Council asks the complainant to ring back within 30 minutes if the noise continues. In these cases the one-hour time starts at that point.

ROADING AND PARKING

28

Performance Measures (Pages 104-105 of Annual Plan)		Comments	Sept	Dec	Mar	June
1. Road Smoothness (Mandatory) The average quality of ride on the sealed local road network, measured by smooth travel exposure. (At least >80 and <140 good rating. New measure.) (See note 1.)		Two yearly survey last completed July 2015. Resulted in Urban 91 and Rural 84. (Result based on scale of 10-999, where 10 is perfect and 90 to 140 is a good rating.) Next survey will be undertaken in the 2017/18 year.	W	W	W	G
2. Crashes (Mandatory) The change in the number of fatal and serious injury crashes from the previous financial year on the City's local roading network.		2013 - 26 (5 year average - 25) 2014 - 23 (5 year average - 22) 2015 - 25 (5 year average - 22.4) 2016 - 19 (5 year average 21.4) (Crashes recorded by calendar year.)	W	W	W	G
3. Road Resurfacing (Mandatory) Percentage of sealed roads that are resurfaced each year. (Over 3.5%.)		3.62%	W	W	W	G
4. Roads - Satisfaction At least 80% of residents are satisfied with the Council's roads (Communitrak). Previous satisfaction is 82% very or fairly satisfied (excluding don't knows).		74% very or fairly satisfied (excluding don't knows). Main reasons for dissatisfaction were potholes / poor road condition and poor quality of roadworks. A new contract from July 2017 will put an emphasis on improving maintenance standards and contract performance monitoring. Council also gets public feedback through complaints, requests for service, other surveys, submissions and three-yearly focus groups.	R	R	R	R
5. Footpaths - Grading (Mandatory) The percentage of footpaths receiving a grade 4 or 5 condition rating on a 1 (best) to 5 (worst) scale. (Less than or equal to 1%.)		Two yearly independent survey last completed September 2015. That survey was of 4,180 footpath segments including: Grade 4 condition rating - 35 (0.8%) Grade 5 condition rating - 0. Where grade 4 or 5 signify "priority maintenance". Next survey will be undertaken in the 2017/18 year.	G	G	G	G
6. Footpaths - Complaints and Requests The number of complaints and requests for service about footpaths. (2015/16 - 384) 1. Measure inadvertently written as 80%, instead of 80 being the lower figure in a targeted range of 80 to 140.		387 requests for service were received. (2015/16 384)	G	G	G	G

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7. Footpaths - Satisfaction At least 80% of residents are satisfied with the Council's footpaths (Communitrak). Previous satisfaction is 73% very or fairly satisfied (excluding don't knows).	72% very or fairly satisfied (excluding don't knows). Main reasons for dissatisfaction were uneven footpaths and lack of maintenance. A new contract from July 2017 will put an emphasis on improving maintenance standards and contract performance monitoring. Council also gets public feedback through complaints, requests for service, other surveys, submissions and three-yearly focus groups.	R	R	R	R	R
8. Onroad Cycle Lanes - Satisfaction At least 70% of residents are satisfied with the Council's onroad cycle lanes (Communitrak). Previous satisfaction is 71% very or fairly satisfied (excluding don't knows).	81% very or fairly satisfied (excluding don't knows). Council also gets public feedback through complaints, requests for service, other surveys, submissions and three-yearly focus groups.	G	G	G	G	G
9. Parking - Satisfaction At least 65% of residents are satisfied with the Council's parking (Communitrak). Previous satisfaction is 50% very or fairly satisfied (excluding don't knows).	77% very or fairly satisfied (excluding don't knows). Council also gets public feedback through complaints, requests for service, other surveys, submissions and three-yearly focus groups.	G	G	G	G	G
10. Asset Management Plan A 30 year asset management plan is in place for Council's roading. The plan is reviewed three-yearly, with the next review due by June 2018.	Asset Management Plans were adopted by the Council in December 2014 and are currently being reviewed for the 2018 10 Year Plan.	G	G	G	G	G
11. Response to Requests (Mandatory) Percentage of requests for service relating to roads and footpaths responded to (with at least an initial formal response) within three working days. (At least 95%.)	6,185 requests for service received with 4,086 (66%) responded to within three working days. There are currently process issues that makes recording of this measure difficult with responded to including some internally responded to. This process is to be reviewed and rectified including ability to automate response and recording of this. (2015/16 73%)	Y	R	R	R	R
12. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.	Services provided however budget exceeded due to higher service delivery costs and lower NZTA subsidy revenue received.	R	R	R	G	R

Programmes or Major Projects (Pages 49-54 of Annual Plan; Pages 122-128 of 10 Year Plan)	YTD Progress	Focus for Next Quarter	Budget	Sept	Dec	Mar	June
13a. Bikes in Schools (OP-1214) (PNCC funding)	Construction at Takaro, Cloverlea and Ross intermediate schools completed.		\$150k PNCC share	G	G	G	G
13b. Bikes in Schools (OP-1214) (external funding)	Initial indication from NZTA is that funding will be conditional on providing a strategy document encompassing education and promotion activities.	Review progress to date and prepare strategy document.	\$ nil		B	B	B
14. The Square East Side (ANZ to Plaza) - Streetscape Upgrade (CN-244)	Safety audit undertaken and progressing design with view to tender/ construction in 2017/18.		\$193k	G	G	G	G
15. Mangaone Stream Shared Path - Underpass at Botanical Road (CN-1037)	Construction complete.		\$274k	G	G	G	G
16. Mangaone Stream Shared Path - Underpass at Highbury Avenue (CN-1038)	Construction complete.		\$274k	G	G	G	G
17. Manawatu River (Filzherbert Bridge to Linton) - Cycle/Pedestrian Pathway (CN-977 and C/fwd 1229)	Stage 1 path complete. Stage 1A (connection at Filzherbert Avenue) complete. Designs for stages 1B and 2 in progress.	Complete design for stages 1B and 2. Carry forward to 2017/18 required to complete.	\$1.481k	G	R	R	R
18. Manawatu River - Ashhurst/Riverside Drive Shared Pathway (C/fwd CN-1225)	Te Matai Road near complete. Section through Higgins land cannot be progressed until quarry pits back filled.	Complete construction of section along Te Matai Road. Carry forward to 2017/18 required to complete.	\$958k	G	R	R	R
19. Manawatu River - Downstream Pedestrian/Cycle Bridge Construction (C/fwd CN-1275)	Consenting processes complete. Detail design phase nearing completion. Tendering process underway. Carry forward to 2017/18 required.		\$850k	G	R	R	R
20. Street Lighting Upgrade to Current LEDs (CN-1086 and C/fwd 1274)	Installation of "P" luminaires complete. Design for "V" luminaires near complete. Carry forward to 2017/18 of unused budget to fund "V" luminaires.		\$3.461k	G	G	G	G
21. Broadway Avenue Upgrade (CN-1259)	Consultant appointed for lighting options/design. Carry forward to 2017/18 required to complete.		\$304k	G	R	R	R

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22. James Line Upgrade (CN-167 and C/fwd 1287)	Design for stage 3 complete. Discussions with Horizons Regional Council on resource consent conditions are continuing. Proposed conditions have been received however intention is to challenge these.	Resolution of resource consent requirements. Stage 3 design update if required by resource consent. Construction tender documentation. Carry forward to 2017/18 required to complete.	\$2,769k	Y	Y	R	R
23. Ngahere Park Road - Strengthening of One-Lane Bridge (C/fwd CN-1294)	Budget increase approved by Council. Construction largely complete.		\$400k	Y	Y	G	G
24. Completion of all other operating programmes	Operating Programmes completed		\$515k	G	G	G	G
25. Completion of all other capital renewal programmes	Carry forward to 2017/18 required to complete some programmes. (Jack Creek and Cuba St footpath renewals not yet progressed.)		\$5,876k	G	G	R	R
26. Completion of all other capital new programmes	Carry forward to 2017/18 required to complete some programmes.		\$3,448k	G	G	G	R

RUBBISH AND RECYCLING

32

Performance Measures (Pages 106-107 of Annual Plan)		Comments	Sept	Dec	Mar	June
1. Collection Rubbish and recycling placed in the Council's official receptacles is collected on the stated day. (At least 98%.)		99.99% (301 rubbish bags missed and 365 recycling bins and crates.) (2015/16 100%)	G	G	G	G
2. Collection Points Collection points are available and open for the stated hours.		Available and open for stated hours.	G	G	G	G
3. Satisfaction At least 85% of residents are satisfied with the Council's rubbish and recycling collections (Communitrak). Previous satisfaction is 92% very or fairly satisfied (excluding don't knows).		92% very or fairly satisfied (excluding don't knows). Council also gets public feedback through complaints, requests for service, other surveys, submissions and three-yearly focus groups.	G	G	G	G
4. Green Waste Green waste facility is available and open for the stated hours.		Available and open for stated hours.	G	G	G	G
5. Compliance No abatement or infringement notices, enforcement orders, or convictions in relation to resource consents received.		No non-compliance notices received.	G	G	G	G
6. Asset Management Plan A 30 year asset management plan is in place for rubbish and recycling. The plan is reviewed three-yearly, with the next review due by June 2018.		Asset Management Plans were adopted by the Council in December 2014 and are currently being reviewed for the 2018 10 Year Plan.	G	G	G	G
7. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.		Services provided within budget.	G	G	G	G

Programmes or Major Projects (Pages 55-56 of Annual Plan; Pages 130-134 of 10 Year Plan)	YTD Progress	Focus for Next Quarter	Budget	Sept	Dec	Mar	June
8. Completion of all operating programmes	Behaviour Change/Education Coordinator active in a wide range of initiatives across developing consistent messages, enhanced services, engaging with third parties on recycling as well as developing improved information tools.	Implement new illegal dumping prosecution initiative, roll-out new website design for rubbish and recycling with an interactive tool to improve understanding of waste disposal options.	\$254k	G	G	G	G
9. Completion of all capital programmes	Sprinkler Installation completed except for minor as-built and code compliance certification. Most minor renewal projects complete except for new automatic gate where the contractor performance has been poor, requiring a small carry forward. The capital new project to upgrade in-feed conveyor at MRF is underway but requires carry forward to complete construction in July and August.	Complete sprinkler installation and remaining minor capital new and renewal project. Engage contractor for metering wheel/C1 upgrade project at MRF. Scope 2017-18 RFID project.	\$1,417k	G	R	Y	R

STORMWATER

34

Performance Measures (Pages 108-109 of Annual Plan)		Sept	Dec	Mar	June
1. Flood Protection - Events (Mandatory) The number of flood events per year resulting in stormwater from the Council's stormwater system entering a habitable floor in an urban area. (No more than 2 flood events.)	No events. (2015/16 one)	G	G	G	G
2. Flood Protection - Habitable Floors (Mandatory) The number of habitable floors per 1,000 properties within urban stormwater service areas affected by a flood event. (No more than 0.2 habitable floors per 1,000 properties.)	No events. (2015/16 0.12 floors per 1,000 properties))	G	G	G	G
3. Response Times (Mandatory) Median time to attend a flooding event. (Less than or equal to 2 hours.)	This measure is considered impractical on two counts: - Council is typically unable to do anything meaningful other than record a flooding event and support residents impacted. - Council is advised of only a small number of events and then frequently after they have occurred.	G	G	G	G
4. Complaints (Mandatory) The number of complaints received about the performance of the Council's stormwater system per 1,000 properties connected. (Less than or equal to 10 complaints per 1,000 properties connected.)	Four complaints in total (0.1 per 1,000 connections). (2015/16 19 per 1,000 connections)	G	G	G	G
5. Satisfaction At least 80% of residents are satisfied with the Council's stormwater services (Communitrak). Previous satisfaction is 86% very or fairly satisfied (excluding don't knows).	74% very or fairly satisfied (excluding don't knows). Survey completed in August 2016 following a heavy rain event which resulted in significant localised ponding on road and property surrounds. Community survey response reflects dissatisfaction with ponding although this is part of delivering the current levels of service and is unavoidable. Council officers have been remedying persistent ponding issues where practical by way of minor maintenance or capital investment.	R	R	R	R
6. Compliance No abatement or infringement notices, enforcement orders, or convictions in relation to resource consents received.	Council holds only consents associated with construction and maintenance of stormwater facilities. There are no specific stormwater discharge consents.	G	G	G	G

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7. Asset Management Plan A 30 year asset management plan is in place for stormwater. The plan is reviewed three-yearly, with the next review due by June 2018.	Asset Management Plans were adopted by the Council in December 2014 and are currently being reviewed for the 2018 10 Year Plan.	G	G	G	G	G
8. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.	Services provided within budget.	G	G	G	G	G

Programmes or Major Projects (Pages 57-58 of Annual Plan; Pages 136-140 of 10 Year Plan)	YTD Progress	Focus for Next Quarter	Sept	Dec	Mar	June
9. Completion of all capital programmes	Capital new and renewal projects delayed by more complex design requirements, contractor availability and weather issues requiring unforeseen carry forward of budget into 17/18. Several capital new growth projects also delayed by roading and third party approvals so required to be carried forward. Napier Road capital new project has been designed, easement secured and materials ordered and delivered by year end. Physical work to be undertaken during the first quarter in 2017/18 weather permitting.	Complete Milson Stream if weather allows, start and complete Napier Road Stormwater duplication as well as first of the stormwater renewal projects.	G	R	R	R

WASTEWATER

36

Performance Measures (Pages 110-111 of Annual Plan)	Comments	Sept	Dec	Mar	June
1. Overflows - Number (Mandatory) Number of dry weather wastewater overflows from the Council's wastewater system per 1,000 connections per year. (No more than 1 per 1,000 connections.)	1.1 per 1,000 connections (36 overflows due to localised blockages). (2015/16 1.0 per 1,000)	G	G	G	R
2. Complaints (Mandatory) Odour, system faults, system blockages, and Council's response to issues with the wastewater system. (No more than 1 per 1,000 connections for each category.)	Total 3.7 per 1,000 connections. (2015/16 4.62 per 1,000) Odour 0.3 complaints per 1,000 connections (11 in total). System blockages during dry weather flows 0.58 complaints per 1,000 connections (19 in total). System faults 2.6 complaints per 1,000 connections (84 in total). Complaints about Council's response 0.2 complaints per 1,000 connections (6 in total). Current target for system faults and blockages difficult to achieve historically given limited impact of minor blockages on network and the current renewal level of service and asset condition profile.	G	G	R	R
3. Satisfaction At least 95% of residents are satisfied with the Council's wastewater services (Communitrak). Previous satisfaction is 95% very or fairly satisfied (excluding don't knows).	98% very or fairly satisfied (excluding don't knows). Council also gets public feedback through complaints, requests for service, other surveys, submissions and three-yearly focus groups.	G	G	G	G
4. Overflows - Attendance (Mandatory) Median time for attending to overflows resulting from blockages or other faults. (No more than 1.5 hours.)	0.4 hours median attendance time. (2015/16 0.7 hours) 276 hours maximum attendance time. (2015/16 25 hours)	G	G	G	G
5. Overflows - Resolution (Mandatory) Median time for resolution of overflows resulting from blockages or other faults. (No more than 8.0 hours (total of 9.5 hours).)	2.3 hours median resolution time. (2015/16 3 hours) 678 hours maximum resolution time. (2015/16 240 hours)	G	G	G	G
6. Compliance (Mandatory) No abatement or infringement notices, enforcement orders, or convictions in relation to resource consents received.	No non-compliance notices received.	G	G	G	G
7. Asset Management Plan A 30 year asset management plan is in place for wastewater. The plan is reviewed three-yearly, with the next review due by June 2018.	Asset Management Plans were adopted by the Council in December 2014 and are currently being reviewed for the 2018 10 Year Plan.	G	G	G	G
8. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.	Services provided within budget.	G	G	G	G

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Programmes or Major Projects (Pages 59-61 of Annual Plan; Pages 142-148 of 10 Year Plan)	YTD Progress	Focus for Next Quarter	Budget	37			
				Sept	Dec	Mar	June
9. Tolara Road Wastewater Treatment Plant (CAP)	Inlet Screens ordered first payment made. Key Capital New and Renewal projects at WWTP were all completed including LFG pipeline, screens supply, digester lid 1 renewal and primary sedimentation upgrades. SCADA software upgrade well advanced.	Continue progress with SCADA replacement. Award tender for construction of new screens later in the 17-18 financial year and begin decommissioning digester 2 for lid renewal following recommissioning of digester 1.	\$1,461k	G	R	G	G
10. Completion of all other capital programmes	Wastewater renewals were all completed by year end although sequence of projects altered. Capital New Growth projects in Whakarongo and NEIZ were delayed by the delayed parent roading project or slower than anticipated developer progress requiring carry forward. Other projects delayed resulting in carry forward of budgets include minor PS seismic upgrades and capacity upgrades at Jickell Street PS and pond desludging at Bunnythorpe.	Complete first of the 2017-18 wastewater renewal projects and engage new pipe lining contractor for an early spring start. Install the replacement pumps for the Maxwells line PS.	\$2,540k	G	R	R	R

WATER

38

Performance Measures (Pages 112-113 of Annual Plan)		Comments	Sept	Dec	Mar	June
1. Consumption (Mandatory) Average consumption of drinking water per day per resident. (Less than or equal to 360 litres per day per resident.)		343 litres per day per resident. (2015/16 355 litres)	W	W	W	G
2. Compliance - Bacteria (Mandatory) Compliance with Part 4 (bacteria compliance criteria) of the Public Health Act 1956 (as amended by the Health (Drinking Water) Amendment Act 2007). (100% compliance.)		Drinking Water Assessor audit confirmed compliance with some minor recommended improvement measures.	W	W	W	G
3. Compliance - Protozoal (Mandatory) Compliance with Part 5 (protozoal compliance criteria) of the Public Health Act 1956 (as amended by the Health (Drinking Water) Amendment Act 2007). (100% compliance.)		100% compliance with drinking water standards.	G	G	G	G
4. Complaints (Mandatory) Clarity, taste, odour of the drinking water, continuity of Council's water supply, drinking water pressure or flow, and Council's response to any of these issues. (Less than or equal to 17 complaints per 1,000 properties connected.)		Ten complaints per 1,000 connections (308 in total). (2015/16 13.4 per 1,000)	G	G	G	G
5. Satisfaction At least 88% of residents are satisfied with the Council's water services (Communitrak). Previous satisfaction is 92% very or fairly satisfied (excluding don't knows).		94% very or fairly satisfied (excluding don't knows). Council also gets public feedback through complaints, requests for service, other surveys, submissions and three-yearly focus groups.	G	G	G	G
6. Response - Urgent Call Outs (Mandatory) Median response time for urgent call out time attendance. (Less than or equal to 2 hours.)		0.2 hours median response time. (2015/16 0.4 hours) 2.8 hours maximum response time. (2015/16 2 hours)	G	G	G	G
7. Response - Resolution Urgent Call Outs (Mandatory) Median response time for resolution of urgent call outs. (Less than or equal to 7 hours.)		1.2 hours median resolution time. (2015/16 0.8 hours) 14.4 hours maximum resolution time. (2015/16 18 hours)	G	G	G	G
8. Response - Non-Urgent Call Outs (Mandatory) Median response time for non-urgent call out time attendance. (Less than or equal to 10 hours.)		1.6 hour median response time. (2015/16 1.3 hours) 163 hours maximum response time. (2015/16 69 hours)	G	G	G	G
9. Response - Resolution Non-Urgent Call Outs (Mandatory) Median response time for resolution of non-urgent call outs. (Less than or equal to 75 hours.)		4.8 hour median resolution time. (2015/16 3.8 hours) 170 hours maximum resolution time. (2015/16 92 hours)	G	G	G	G
10. Water Loss (Mandatory) Percentage of real water loss from the water reticulation network. (Less than or equal to 20%.)		Estimated real loss of 17%. (2015/16 18%)	W	W	W	G

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11. Compliance - Resource Consents Compliance with resource consent monitoring conditions that relate to environmental conditions. (100%.)	No non-compliance notices received.	G	G	G	G	G
12. Asset Management Plan A 30 year asset management plan is in place for water. The plan is reviewed three-yearly, with the next review due by June 2018.	Asset Management Plans were adopted by the Council in December 2014 and are currently being reviewed for the 2018 10 Year Plan.	G	G	G	G	G
13. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.	Services provided however budget exceeded due to higher service delivery costs.	G	G	G	G	R

Programmes or Major Projects (Pages 62-64 of Annual Plan; Pages 150-156 of 10 Year Plan)	YTD Progress	Focus for Next Quarter	Budget	Sept	Dec	Mar	June
14. Turitea Valley Road/Pacific Drive - New Water Supply Link Pipe and Reservoir (CN-610)	Aokaulere new reservoir project delayed by Contractor over-commitment and weather requiring some carry forward. Supporting new pump stations (Silicon Way and Turitea PS) were completed and commissioned by the end of the FY.	Complete reservoir construction and commission entire system.	\$2,383k with \$500k to be carried forward. Overall expenditure will be below budget, with carried forward required to complete commissioning and final pipe connections.	G	G	G	R
15. Kelvin Grove Water Supply Zone - New Bore (CN-985 and C/fwd 1235)	Drilling works completed to 340m, but aquifer depth of 280 settled on for screen installation. Bore testing in progress. Progress significantly delayed by very slow contractor progress.	Complete testing, consent application and design headworks.	\$1,128k with \$600k to be carried forward, to complete well head, pipework, pump installation and treatment.	G	G	G	R
16. Completion of all operating programmes	Turitea Upper Dam structure performance assessment completed. Annual dam safety review draft report received.	Plan for core testing of Upper Dam in Q2 2017-18 and finalise Lower Dam safety review.	\$94k Further \$100k in 2017/18 budget to complete work.	G	G	G	G

17. Completion of all other capital programmes	<p>Watermain and toby renewals completed but at higher cost due to more unscheduled maintenance. Capital new growth related programmes in Whakarongo and NEIZ were delayed by parent roading project as well as slower developer engagement requiring significant carry forward. Several projects in the capital renewal and new water safety and security programmes approved late in 2016-17 by Council will require carry forward due to long lead times for supply of new pumps. Detailed design of seismic strengthening work for the Ngahere Park circular reservoir has been completed, but construction is delayed until 2017-18 to enable sufficient funds to be available to complete the work. Significant carry forward required from 2016-17 to facilitate this. All other capital and renewals works have been completed by end of FY.</p>	<p>Begin the first of the water renewal projects to ensure no break in the work flow. Commission the design of the renewals for 2018/19. Prioritise the completion of construction of the head works for the new Papaloa and Railway Road bores, to enable supply to the network following receipt of the abstraction consents. Initiate procurement and tendering of minor plant and bore capital new and renewal projects.</p>	\$5,474k	G	R	R	R
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SUPPORT SERVICES

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Corporate Support

Programmes or Major Projects (Page 69 of Annual Plan; Page 162 of 10 Year Plan)	YTD Progress	Focus for Next Quarter	Budget	Sept	Dec	Mar	June
1. Civic Administration Building - Refurbishments (CR-281 and C/fwd 953)	Fire protection work detailed design is ready to be submitted for building consent. Other minor refurbishment works that do not require building consent have been completed within the building.	To commence the fire protection project. To make good the 5th Floor North space as an alternative office space.	\$1,172K - the balance to be carried forward into 2017/18 FY.	G	G	R	R

Customer Services

42

Performance Measures (Page 114 of Annual Plan)		Comments	Sept	Dec	Mar	June
1. Calls Answered At least 95% of phone calls to the Contact Centre are answered before the customer hangs up. (Excluding calls abandoned in less than 20 seconds.)		97.4% of calls were answered before the customer hung up (181,189 out of a total of 186,021 calls received) based on a 20 second threshold. (2015/16 98.2%)	G	G	G	G
2. Call Wait Time At least 80% of phone calls to the Contact Centre are answered within 20 seconds.		80.5% of calls were answered within 20 seconds (153,121 out of a total of 190,089 calls received). (2015/16 84.9%)	G	G	G	G
3. Requests Percentage of info@pncc, fix-it requests and web chat requests responded to within 30 minutes (see note 1). (At least 80%.)		99.6% of non-phone contacts were responded to within 30 minutes (36,243 out of a total of 36,407 non-phone contacts). (2015/16 98.3%)	G	G	G	G
4. Satisfaction Customers are satisfied with the friendliness, professionalism, and knowledge of the service they receive. (Annual survey of Front of House and Call Centre.) (At least 90%.)		97.2% of customers surveyed who called the Contact Centre (515 out of 530) felt the friendliness, professionalism, and knowledge of the service they received was good or excellent. (2015/16 99%)	G	G	G	G
5. Feedback to Customers Customers who lodge fault and service complaints have their complaints responded to a satisfactory standard. (At least 80%.)		99.8% of customers surveyed at Front of House (246 out of 249) were satisfied with the friendliness, professionalism, and knowledge of the service they received. (2015/16 99%)	G	G	G	G
6. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.		89.3% of customers surveyed who called the Contact Centre (486 out of 544) were satisfied or partly satisfied with the response they received to the service complaint or fault they lodged. (2015/16 87.8%) Services provided within budget.	G	G	G	G

1. Response time is the time for the initiator of the request to receive acknowledgement from a Customer Services Advisor that the request has been received and sent to the appropriate Unit in Council for action.)

MEMORANDUM

TO: Finance and Performance Committee

MEETING DATE: 21 August 2017

TITLE: Section 17A Review Venues & Events Palmerston North

DATE: 25 July 2017

AUTHOR/S: John Lynch, Manager - Venues PN, City Enterprises

ITEM 7

RECOMMENDATION(S) TO COUNCIL

That Given the information within this report on the considerable advancement and achievements in relation to previously highlighted areas for improvement and recommendations from the independent reviews undertaken by Horwarth HTL and Freeman Associates it is recommended

1. *That the Palmerston North Conference & Function Centre continues to be run in house under joint management alongside Central Energy Trust Arena.*
2. *Confirm the June 2015 resolution 87.1 that the Palmerston North Conference & Function Centre continue to be delivered internally.*
3. *That the Central Energy Trust Arena continues to be run in house under joint management alongside Palmerston North Conference & Function Centre.*
4. *That the ongoing management and delivery of both venues be continually reviewed in the best interests of Palmerston North.*
5. *That Council agrees that the independent reviews of the Palmerston North Conference & Function Centre and the Central Energy Trust Arena met the intent of the Local Government Act s17A for the first round of s17A reviews*

1. ISSUE

Two years ago council engaged Horwarth HTL to undertake a Market Analysis and Operational Review of the Convention Centre and Freeman & Associates to undertake an Operational Review of Arena Manawatu. These reviews were undertaken with a particular emphasis on the Section 17A requirements of the Local Government Act and highlighted

significant areas where attention was needed and performance over a number of areas needed to be addressed. Their reviews were considered by Council at meetings in June 2015 where recommendations were made and a two year timeframe given to address all concerns.

Over the past two years significant progress has been made in relation to these findings and recommendations which are detailed within this report. All of the areas of concern have been addressed and both venues have performed very well and in line with budget over the past financial year. With improvement across all areas including management, reporting, operations and finance, the business is now in a position to continue to operate in line with best industry practice and continue to play its part in providing venues for the community while also providing significant economic benefit to the city primarily from increased expenditure associated with visitors traveling to and staying in the city.

Full details of the changes and responses to the review recommendations were considered and discussed in detail at a Councillor's workshop on 19 June 2017 at the end of the 2 year period.

In light of the addressing of the key issues previously identified and the reviews and recommendations of the consultants engaged, this report recommends the continued governance of the venues remain in house under joint management.

2. BACKGROUND

Palmerston North Conference & Function Centre

In October 2014 Management commissioned an Independent Market Analysis of the Palmerston North Conference & Function Centre by Horwath HTL. This report provided analysis on the wider New Zealand conference business and highlighted the growth in competition expected through new venues throughout the country over the next five years. The report also provided analysis on the local market share and competitors and provided some recommendations and options for consideration to react to the new venue supply in the future.

In May 2015, council requested an Operational Review of the Palmerston North Conference & Function Centre consistent with the requirements of Section 17A of the Local Government Act. This review also undertaken by Horwath HTL highlighted a number of areas for improvement within the business including a more targeted sales and marketing approach and dedicated resource aimed towards sales generation. The review also recommended the oversight of the Palmerston North Conference & Function Centre remain internal to council having considered the other options available, the advantages and disadvantages of all the different operating models.

The October 2014 and May 2015 Horwath HTL reports are circulated for information in the Part II agenda.

The two Horwath HTL reviews were presented to council on 29 June 2015 along with a report from the General Manager- City Enterprises and the following resolutions were carried:

RESOLVED:

87.1 That the Convention Centre continued to be delivered internally, subject only to this being reviewed when the Arena S17A review was completed at 2 years to consider all options, with the Chief Executive required to ensure the leadership and management of the venue was in place with the entrepreneurial flair and business acumen to implement proper business systems and procedures in particular to ensure a "Strategic Sales & Marketing Plan" was developed to primarily target multi-day conventions and events that create economic benefit for the city.

87.2 That the upgrading and rebranding of the Convention Centre recommended by the market analysis be considered for funding in the 2017/18 Annual Plan review once the new systems and procedures are implemented and sales success can be demonstrated.

Central Energy Trust Arena

In June 2015, Freeman Associates Limited undertook a LGA Section 17A and Operational review of Central Energy Trust Arena. This review highlighted 14 action points identified as needing to be addressed to create operational efficiencies and position the business better in to the future. This review also reviewed options for governance going forward. However detailed recommendations for the management and operation of the facility were not possible at that time as new management, business systems and procedures needed to be put in place to better inform any final decisions (see resolution below). The consultant did indicate that retaining in-house governance would be the most cost effective and retain direct control.

The June 2015 Freeman Associates review is circulated for information in the Part II agenda.

This review was presented to council on 29 June 2015 along with a report from the General Manager- City Enterprises and the following resolutions were made:

RESOLVED:

87.3 That Arena Manawatu continued to be delivered internally for an initial 2 year period to allow the Chief Executive to put in place the leadership and management of the venue with the entrepreneurial flair and business acumen to implement proper business systems and procedures to address the issues identified in the independent operational review.

87.4 The management and operational shortfalls identified (including pricing schedules) be addressed to meet industry best practice at which time a better understanding of existing and potential utilisation will be documented in standard operating procedures and KPIs developed and measured to demonstrate the true performance and potential of Arena Manawatu. This be given 2 years at which time the s17a review be completed assessing the full range of management options for governance, funding and delivery of Arena Manawatu, these are set out in the review report and include:

- (a) In house delivery*
 - (b) Delivery through a standalone business Unit.*
 - (c) Delivery through a Council Controlled Organisation.*
 - (d) Shared Governance and funding with another local authority.*
 - (e) Shared Governance and funding with an organisation such as Sport Manawatu.*
 - (f) Service delivery by a private sector organisation*
- The completed s17a review will then inform the 2018 (next) Long Term Plan review.*

On 29 June 2015 the General Manager- City Enterprises submitted a Part 2 report to council which reported on the key findings of all of the above reviews/ reports. This report highlighted the key points and summarised immediate actions needing to be addressed to provide direction for the business. The findings were in line with the recommendations of the reviews undertaken and council resolved to allow a period of 2 years for changes to occur and for “best practice” to be installed in the operations.

This memorandum now outlines the actions taken in response to the resolutions 87.1 – 87.4 from June 2015.

3. OUTCOMES AND ACTIONS – REVIEW RECOMMENDATIONS

Palmerston North Conference & Function Centre

1. A new Manager , John Lynch, was appointed commencing in February 2016. The new Manager came with 14 years’ experience in the industry and events management having managed similar facilities in Auckland, Whangarei and previously managed the then Arena Manawatu for 4 years between 2002 and 2006. This appointment was made to provide the leadership, direction and business systems to ensure best practice was evident in operations going forward.
2. A Strategic Business Plan is now in place with 8 Key Areas for focus and action. This plan has previously been provided to elected members.

Strategic Business Plan- Key Areas of Focus and Action

1. Leadership

Strategy 1: Leadership

2. Operational Effectiveness

Strategy 1: Ensure best practice is evident in all business procedures and processes

Strategy 2: Develop skill base and offering to clients and external event promoters

3. Marketing & Promotion/ Maximising Use

- Strategy 1:* Market and build brand profile of Venues & Events Palmerston North, Central Energy Trust Arena and the Palmerston North Conference & Function Centre
- Strategy 2:* Investigate opportunities to develop new events/ Increase utilisation
- Strategy 3:* Develop a Strategic Sales & Marketing Plan

4. Resourcing/ Structure

- Strategy 1:* Staffing structure and resource levels are appropriate to implement Strategic Business and Sales and Marketing Plans

5. Business Sustainability

- Strategy 1:* Maximise other revenue sale opportunities, develop financial plan
- Strategy 2:* Develop measures to define what success looks like
- Strategy 3:* Work with regional agencies to raise the profile and regional ownership of the facilities

6. Financial

- Strategy 1:* Financial Reporting and KPI's
- Strategy 2:* Pricing Structure/ Model
- Strategy 3:* Review Financial Accounts Structure

7. Capital Improvement

- Strategy 1:* Continually Focus on Capital Improvement

8. Health & Safety

- Strategy 1:* Ensure Compliance with the Health & Safety at Work Act 2015

3. A Sales & Marketing Plan is in place in line with the Strategic Business Plan. The 6 key strategies identified are listed below. This plan has previously been provided to elected members

Sales & Marketing Strategies

1. *Market and build brand profile of Venues & Events Palmerston North, Central Energy Trust Arena and the Palmerston North Conference & Function Centre*
2. *Investigate opportunities to develop new events/ Increase utilisation*
3. *Branding*
4. *Maximise other revenue sale opportunities*
5. *Develop measures to define what success looks like*
6. *Work with regional agencies to raise the profile and regional ownership of the facilities*

4. The Convention Centre underwent a rebrand in May 2017 in line with recommendations from the Horwarth HTL market analysis review report. The new name of Conference & Function Centre was introduced to give a wider market presence and target events across all areas of operation. The word convention gave the feel that the venue was only there for very large events and did not cater for all functions and the community. This change has had a major impact with much feedback about people not realising we were able to cater for their events and bookings going forward are very strong and well up on previous years. For example there are 154 events currently booked in for the next 12 months compared to 105 at the same time last year.

The aesthetic appearance has also been addressed with vibrant colours and new signage evident to attract the eye and make the venue stand out and be more identifiable.



Improvement Comparisons

Key Results 2016/ 2017

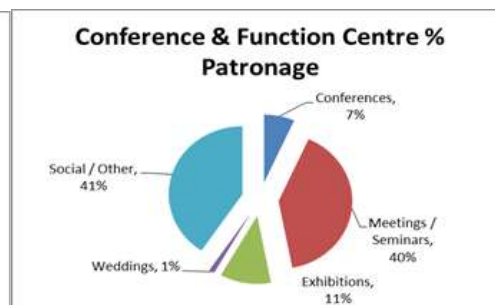
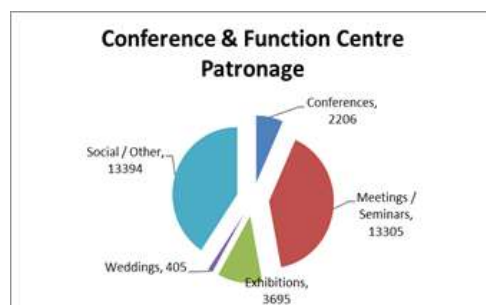
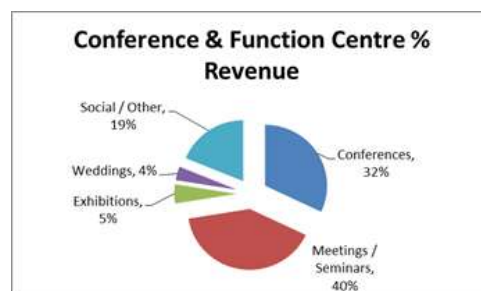
Events	2014 - 2015 Actual	2015 - 2016 Actual	2016 - 2017 Target	2016 - 2017 Actual	Performance Against Target	Performance V's 2016/ 2015
Conferences	11	9	13	17	130%	189%
Meetings	163	188	200	198	99%	105%
Exhibitions	6	12	14	9	64%	75%
Weddings	6	4	6	4	67%	100%
Social/Other	55	41	50	57	114%	138%
Total	241	254	283	285	101%	112%

- 30% more conferences than targeted, 89% increase on previous year (Key City economic target identified by Horwarth HTL)
- 12% growth on total number of bookings compared to last year
- 14% more social events than targeted, 39% increase on previous year
- Operated within operational budgets

2016-17 Summary

Event Type	Number	% of Events	Economic Spend	% of Spend		% of Revenue
Conferences	17	5.96%	\$ 2,081,310.00	49.09%		35%
Meetings/Seminars	198	69.47%	\$ 905,380.00	21.35%		39%
Exhibitions	9	3.16%	\$ 272,510.00	6.43%		5%
Social/Other	57	20.00%	\$ 952,350.00	22.46%		17%
Weddings	4	1.40%	\$ 28,350.00	0.67%		4%
	285	100.00%	\$ 4,239,900.00	100.00%		100%

- Comprehensive and detailed gathering and reporting of utilisation data
- Economic benefit analysis to measure success against council investment
 - *Economic evaluation based off average daily spend figures supplied by CEDA and PNCC*
- \$4.2M of Economic benefit to the local economy over the last financial year



Key results and information for the 2016/2017 financial year are

- Conference activity made up 35% of revenue but only 6% of the actual number of events
- Meetings and Seminars made up 40% of revenue and 70% of the actual number of events
- Exhibitions made up 5% of revenue and 3% of the actual number of events
- Weddings made up 4% of revenue and 1% of the actual number of events
- Social/ Other made up 17% of revenue and 20% of the actual number of events

Central Energy Trust Arena

1. As for the Palmerston North Conference & Function Centre, the new manager was appointed and a Strategic Business and a Sales & Marketing Plan developed for the business to set direction and specific actions to be undertaken.
2. The Freeman Associates review highlighted 14 key areas for operational improvements that needed to be actioned at Central Energy Trust Arena. These 14 action areas are listed below along with progress to date.

1. Leadership is provided to transition Arena Manawatu from a “venue for hire” to “a central city hub for sport”.

A new Manager, John Lynch, was appointed and commenced in February 2016. The new Manager came with 14 years’ experience in the industry and events management having managed similar facilities in Auckland, Whangarei and previously managed the then Arena Manawatu for 4 years between 2002 and 2006. This appointment was made to provide the leadership, direction and experience to ensure best practice was evident in operations going forward.

2. Management and staff form close relationships with user groups and work in partnership with them to get the best possible outcome in terms of utilisation and ROI.

Emphasis has been placed on enhancing and building relationships with regular users of the facilities through direct one on one contact and regular feedback and communication. An annual event is also held prior to the end of the year inviting all regular users to an evening where more informal communications can happen in a more relaxed environment to say thank you for their custom.

It is always a major balancing act in regards to meeting regular user requests with most codes wanting to increase number of evenings which often clash. The new emphasis on relationship building has meant that a more holistic and co-operative approach has developed. Parties have a better understanding of how to achieve best interests of all parties and the venue.

Increasing utilisation of the facilities is not a simple factor of filling available time as the main downtime is during the day from 8am until 3pm. People are at work, school or otherwise engaged normally so the potential to fill this space really is limited to a minimal sized market. This free time is also important to the facility to be able to undertake maintenance, cleaning and setting up for evening sporting codes. Having said this, we are always looking for opportunities for groups, more commercial or public event activity and of course pay to play activity that occurs on a regular basis.

3. *There is an operating manual that documents all policies, standard operating procedures, contracts, customer and supplier lists.*

Operating Manuals including Standard Operating Procedures have been formulated. These manuals form the basis of operation at both venues and will continually be enhanced and added to as the business develops and new ways of conducting our business are introduced.

4. *Utilisation data is collected on a reliable and consistent basis and the methodology is documented in a standard operating procedure.*

For the 2016/2017 financial year new classifications and definitions as to how events are classified and measured have been developed. The methodology is now documented and this has been applied on a more consistent basis. Past practices were open to interpretation and there were areas of double up which have now been rectified. The classifications will now provide a platform to properly measure and analyse utilisation going forward once the first year foundation has been set. The next step is to align accounting structure and codes to these classifications for multi facet ways to measure performance based of the one platform.

The new classifications and definitions are as follows and are reported on a monthly basis and circulated to elected members through a regular newsletter.

Public Events- Sport

- Sports events where the public are able to attend and may be charged an admission fee.
 - *Example: Mitre 10 Cup, Speedway, Silver Ferns, Super Rugby, Rose City Ballroom Dancing & Roller Derby*

Public Events- Non Sport

- Events other than sports events where the public are able to attend and may be charged an admission fee.
 - *Example: Home Show, Women's Lifestyle Expo, Big Boys Toys, Rail X, Red Cross Book Sale, Concerts, Pidgeon & Poultry Show, Sort It Expo, PN Cat Show*

Community Events- Sport

- Regular club/ school users where local clubs/ associations organise weekly competitions, events or seasons for community participation.
 - *Example: PN Basketball, Manawatu Club Rugby, Marist Summer Soccer, Trainings, School sports tournaments, PN Volleyball, PN Table Tennis, PN Badminton*

Community Events- Non Sport

- Organisations/ not for profit/ community groups organise events based around community participation.
 - *Example: PNBHS Prizegiving, Rotary Club lunches/ dinners, Muslim Association, Church Services, Westmount School*

Commercial Events

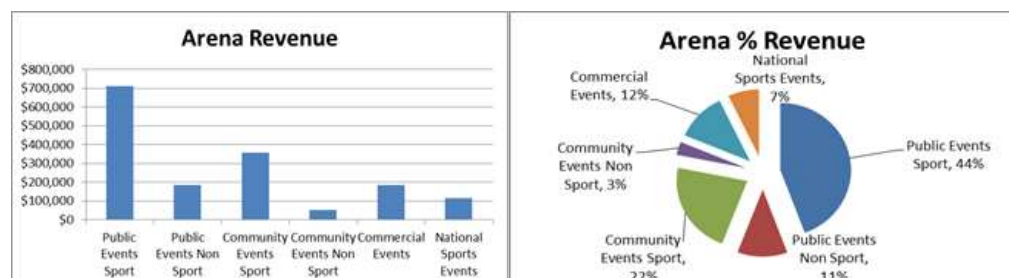
- Events organised by private or commercial organisations for invited guests only.
 - *Example: Business Trade Shows, Weddings, Business Dinners, Seminars, Business Training*

National Sports Events

- National Sports Tournaments organised by National bodies for Regional, North Island or National Championships.
 - *Example: National Secondary School Volleyball, National Youth Futsal Championships, AA Basketball Championships, New Zealand Junior Team Badminton Championships, New Zealand Secondary School Table Tennis Championships.*

2016-17 Summary

2017 YTD Mix	% Revenue	Hours	% Use	Events	% Events
Public Events Sport	44%	853	6%	47	2%
Public Events Non Sport	11%	2497	18%	43	1%
Community Events Sport	22%	8262.75	60%	2788	95%
Community Events Non Sport	3%	232	2%	10	0%
Commercial Events	12%	594.25	4%	38	1%
National Sports Events	7%	1343	10%	8	0%
	100%	13782	100%	2934	100%





- Commercial activity makes up 12% of revenue but only 4% of our hours used and 1% of the actual number of events
- Community Organisation activity makes up 25% of revenue but 62% of our hours used and 95% of the actual number of events
- Public Event activity makes up 55% of revenue but 24% of our hours used and 3% of the actual number of events
- There were a total of 2934 individual bookings of for the year.
- Total utilisation for the year is 13,782 hours compared to 11,427 at the same time last year. An increase of 20%.

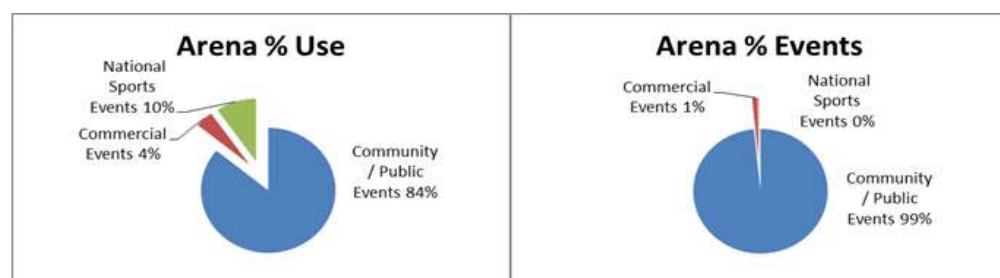
KPI's for the 2016/ 2017 financial year are

- **Maintain a minimum of 80% Community Use**

○ Community use includes public and community events ✓

- **Maintain a minimum of 95% Community Events**

Community events includes public and community events ✓



- Financial information for each unit of operation is captured on a consistent and reliable basis. The methodology is documented in a standard operating procedure.**

With the change in classification of events and more accurate recording, the structure of the P & L accounts and coding is being reviewed/ changed to align with the new ways of reporting (see Action 5 above). This is a work in progress being refined on an ongoing basis. Accounts are structured to record against each individual venue at each of both the Conference & Function Centre and Central

Energy Trust Arena as well as aligning with the event classification. Arena will be aligned with each category and the Conference & Function Centre will be measured against Conferences, Meetings/ Seminars, Exhibitions, Weddings and Social/ Other.

As the accounting system is refined and structured to achieve this, the booking system will be aligned in coding to create efficiencies in the way in which clients are charged. Currently this is a manually intensive process but will be fully integrated once the coding alignment is fully in place.

All processes and methodology will be added to the standard operating procedures.

6. *Courts are hired out on an individual basis, so that any spare capacity is able to be hired out for other purposes.*

All courts are available for hire on either an individual or collective basis. Many regular user groups although may not use all courts in one particular stadium, prefer to hire the entire space to alleviate potential interference if another user was next door. Arena do not have adequate infrastructure to appropriately divide spaces for different codes effectively either and quite an investment would be needed to be able to do this. This will continue to be reviewed as and when utilisation and cost/benefit dictate.

More importantly, there is not a high level of capacity available during peak times after 3.30pm generally on a Monday to Friday. Greater flexibility of users to access during non-peak or weekends would allow for growth of their codes.

7. *There is a standard hiring charge for community sport courts, regardless of which arena they are hiring.*

The reality is that different venues have much different standard operating costs and positioned for differing types of activity which are reflective in their cost. In saying this, some venues such as the B & M Centre and Arena 3 are predominantly the community venues with 95% of their utilisation community based. Where these venues are already in use and other venues such as Arena 2 are available, a flexible approach is taken to community requests and Arena 2 offered at the same community rate. It is important that we are seen as being open for business and flexible so as not to discourage use or negatively impact on the groups and their activity.

A key consideration also is that Arena 2 is free from permanent markings centre court to allow for higher level activity such as Silver Ferns, National Netball, Basketball finals etc. If community activity is regularly scheduled in this venue there are considerable costs for court markings that if passed on make the hire fee unaffordable. These additional costs cannot simply be absorbed as it would affect the level of ratepayer subsidy.

The practicality of operations does not strictly agree with the exact tenor of the recommendation.

8. A three year plan is developed for utilisation of arena spaces, with long-term decisions made as to how the space can best be utilised, and constant review to maximise utilisation.

Through the Strategic Business and Sales & Marketing Plans, strategies have been formulated to increase and measure utilisation of all of our venues across both venues by market segment and will be further developed around specific venues once more accurate historical information is gathered. Prior to the past full financial year and previous management, data collected was incomplete and did not allow for proper trending of key information. Specific action points have been formulated to target continual growth and increased utilisation.

Targets for the Conference & Function Centre are ambitious but realistic with 10% growth targeted across all areas.

Targets for Central Energy Trust Arena are more fluid but based around KPI's associated with community utilisation, number of community events, living within the budgeted ratepayer contribution and work is being prioritised with CEDA around measuring economic impact of events on our city and region so more beneficial events are targeted in future. Growth of utilisation is a key measurable and at the end of the 2016 financial year, Arena is showing growth in utilisation of 21% on the previous year. This is in part due to recording more accurately time in use and tightening of processes.

As more specific data is recorded under new classifications and inputting of data, further KPI's will be developed to better define targets and set objectives and goals for the business. This information being currently collected gives the business a better understanding of where our business segments come from and the value of these and where our focus should be prioritised.

9. Management and staff KPIs are aligned and focused on achieving the overall business and organisational objectives and measures.

All staff KPI's, action plans and work plans are aligned with the Strategic Business and Sales & Marketing Plans to ensure focus from all areas is aimed to achieving the objectives of the business. These are discussed and measured through individual performance planning and evaluation agreements with all staff.

10. Business KPIs (as distinct from organisational KPIs) are developed and used to inform decision-making on key operational drivers of utilisation, customer service and financial.

As highlighted earlier, all KPI's are related to the Strategic Business and Sales & Marketing Plans and will continually be developed and enhanced to gather key information and business trends to assist in key decision making. KPI's are distinctly

different from organisational KPI's whilst always considering the objectives, direction and values of the council to our community.

11. *Decisions on price increases are linked to the target for ratepayer subsidy and the budget, and not to CPI.*

Venue, equipment and services pricing is based around ratepayer contribution levels and ensuring affordability and living within the set budgets. Further detailed benchmarking against like venues in regional centres will also provide valuable information as to where our rates sit on a like for like basis and help in decision making going forward. Palmerston North competes for events and business so must meet the market.

12. *There is a strong focus on continual improvement, including benchmarking operations against other venues, i.e. Baypark for speedway, other indoor arenas for the indoor arenas.*

The Strategic Business and Sales & Marketing Plans are focussed on continual improvement in the way in which the business is administered and operated. Benchmarking is done against other venues of relevance throughout New Zealand as well as other venues where ideas for operational improvement and efficiencies can be gained.

Part of the individual staff training plans identified the need for staff to be involved with other like venues to view operations and learn new ways of conducting our business. All staff have received opportunities to visit other venues and taken part in industry specific seminars and training sessions to develop their knowledge and skills.

At a senior level, regular interaction, knowledge sharing and benchmarking is done on a regular basis and senior staff meet quarterly with lower North Island venues in an operational sharing forum, attend Event Venue Association of New Zealand seminars, mid-year meetings and conference and are also involved with the Venue Management Association and follow on-line trends, learning opportunities and attend the annual congress held.

A close relationship is held with all major venues throughout New Zealand by many staff within the environment and this is encouraged and promoted to regularly source new ideas and key information.

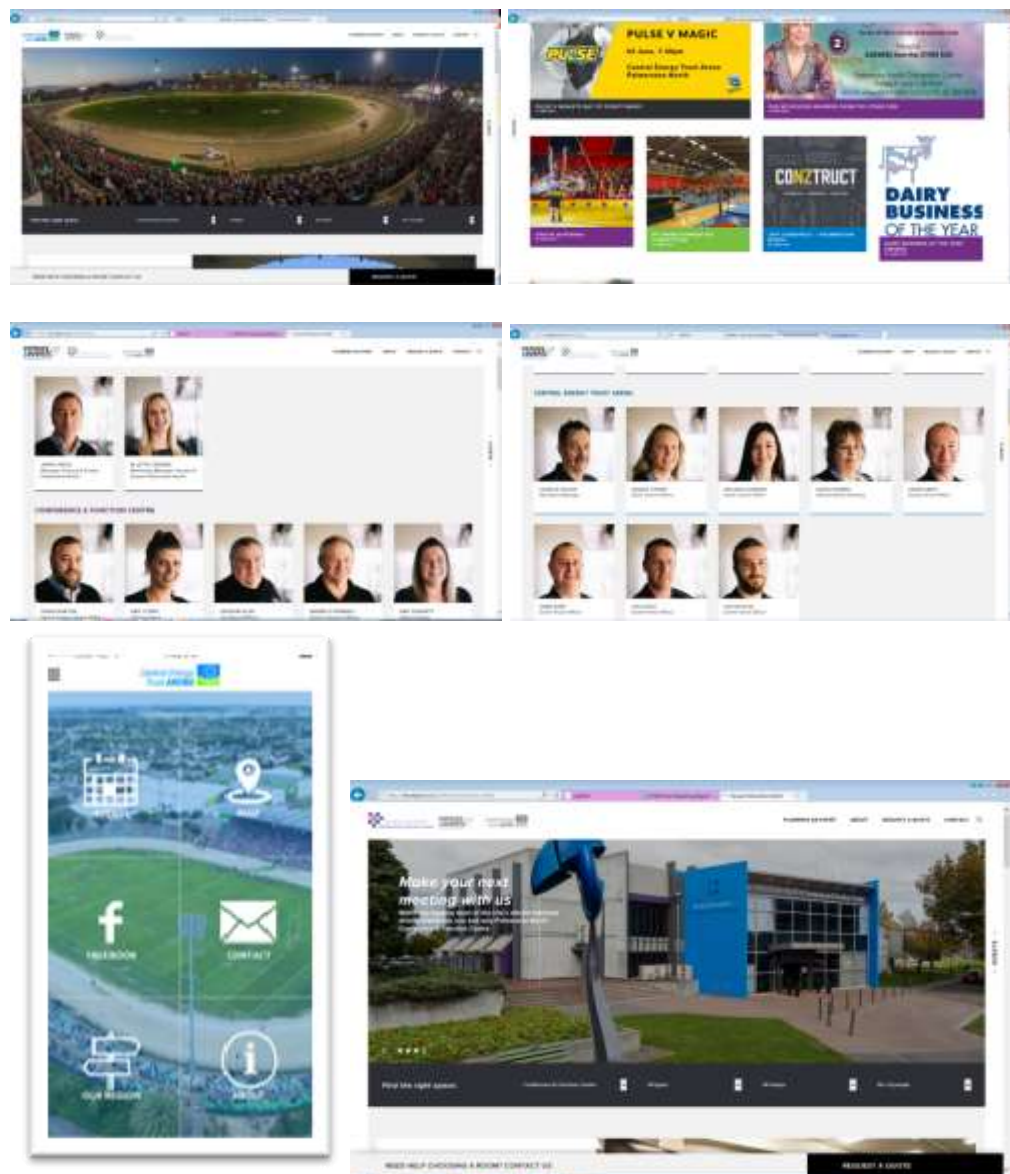
13. *The website has relevant information including the Booking Policy and Hire Agreement forms and a direct response facility for ease of enquiries.*

Since the review many forms including booking enquiry, client satisfaction and marketing support are interactive pdf's within our website and there are many more streamlining and informative changes been made as part of our new website build. The new website was launched in late May and designed based on best industry

practice to provide key event, booking and promotional information. The new website has key facts and figures added, is very intuitive and interactive and has a fresh and modern look and feel to it.

The new website is inclusive of both the Conference & Function Centre and Central Energy Trust Arena which is consistent with the industry best practice and similar structured organisations that manage multiple type venues.

A new “App” is currently also being tested and likely to launch in the next month for greater interaction and promotional and marketing opportunities with smart devices.



14. The Marketing Plan is aligned with the strategic direction that has been agreed for Arena Manawatu to be a central sports hub.

The Strategic and Sales & Marketing Plans are both aligned with the strategic direction for Central Energy Trust Arena to be the “Central City Hub for Sport” and referenced.

Conclusions

Overall several areas of improvement and recommendations were made by the consultants engaged in 2014 and 2015 and the above list of actions implemented and underway together with evidence of considerable business improvement across all areas. This includes management and operations and highlights the effective change occurring within the business over the past 24 months since the reviews and recommendations were made.

Key improvements that are evident are:

Conference and Function Centre

- New Manager and Management systems in place
- Now managed through Strategic Business and Sales & Marketing Plans
- Improved performance
- Improved reporting
- Upgrading and rebranding completed

Central Energy Trust Arena

- New Manager and Management systems in place
- Now managed through Strategic Business and Sales & Marketing Plans
- 14 corrective actions all addressed to meet industry best practice
- Improved performance
- Improved reporting
- Wayfinding and branding completed
- Significant social benefits and alignment with Active Recreation Strategies
- Significant economic benefits while maintaining and balancing community needs

Options moving forward

As part of the Section 17A review, both consultants looked at the various options and their findings are detailed within the attached appendices. Options considered and discussed in detail in the workshop held on 19 June 2017 are listed below with the consultants recommendation following.

Conference and Function Centre

- In house delivery
- Delivery through a stand alone Business Unit
- Delivery through Council Controlled Organisation
- Shared Governance and funding with another local authority

- Shared Governance and funding with another organisation
- Service delivery by a private sector organisation

Horwath HTL Recommendation

Notwithstanding the issues identified in our operational review, we recommend that continuing oversight of the Convention Centre Palmerston North internally within Council should be the most appropriate way to oversee the management of the convention centre.

Central Energy Trust Arena

- In house delivery
- Delivery through a stand alone Business Unit
- Delivery through Council Controlled Organisation
- Shared Governance and funding with another local authority
- Shared Governance and funding with an organisation such as Sports Manawatu
- Service delivery by a private sector organisation

Freeman Associates Opinion

6. *Two options for governance and funding.*
 - *In house*
 - *CCO*
7. *Continuing with in-house governance and funding is a sustainable model.*
8. *Options for service delivery*
 - *In House*
 - *Stand Alone Business Unit*
 - *Private Sector*
 - *Community Trust*

4. NEXT STEPS

That the recommendations be implemented and that Central Energy Trust Arena and the Conference & Function Centre continue to be managed jointly directed by Strategic Business and Marketing Plans.

NOTE:

The 3 independent reviews are provided as attachments in a Part II memorandum and are recommended for public excluded, as permitted by s48(1)(a) and s7(2)(a) & (i) the Local Government Official Information and Meetings Act 1987, to:

- Protect the privacy of natural persons; and
- To enable Negotiations to be carried out without prejudice or disadvantage.

5. COMPLIANCE AND ADMINISTRATION

ITEM 7

Does the Committee have delegated authority to decide?	No
If Yes quote relevant clause(s) from Delegations Manual <Enter clause>	
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No

ATTACHMENTS

NIL

John Lynch
Manager - Venues PN

MEMORANDUM

TO: Finance and Performance Committee

MEETING DATE: 21 August 2017

TITLE: Ashhurst Domain - River Protection Works

DATE: 14 August 2017

AUTHOR/S: Rob Green, Acting General Manager, City Networks

RECOMMENDATION(S) TO COUNCIL

1. That the information about the proposed works to provide protection to the Ashhurst Domain from further damage by the Manawatu River be received.

1. ISSUE

A scheme is being developed to provide protection for the Ashhurst Domain from further erosion during high flows in the Manawatu River. The works will involve placement of rock armouring at an estimated cost of \$1.5m on a reach of the river where erosion has already occurred. A cost sharing arrangement is being agreed.

2. BACKGROUND

The Committee has sought a report providing an update on the situation with regard to construction of and payment for protection works to a section of Ashhurst domain that was eroded during a high flow event in the Manawatu River in April 2017.

At the time that the erosion occurred the river channel had moved from its recent historical position to be closer to the true right bank, thereby potentially exposing the land in the Ashhurst Domain to potential erosion during high flow events. Recent high flow events have caused erosion to the extent that the access track to the carparking area has become at risk.

It is estimated that the erosion occurred of 50m of land from the riverbank that was formerly between the domain and the river.

The erosion has occurred just upstream of the Ashhurst Bridge located on SH 3, which is owned and managed by NZTA.

ITEM 8

The location of the erosion is outside of the area covered by the Lower Manawatu River Control Scheme managed and rated for by Horizons Regional Council. Thus the Scheme will not cover the cost of providing protection to the domain and bridge assets.

Steps were taken reasonably soon after the high flow event in April to re-align the course of the river away from the right bank, so as to try to reduce further erosion potential. Funding for that work was provided jointly by PNCC and a contribution from Horizons Regional Council from its Environmental Grant Fund.

The contribution from PNCC has been confirmed by way of Operating Programme No 1348 in the 2017/18 Annual Plan in the sum of \$500,000. NZTA has verbally confirmed its contribution at a similar level.

Horizons agreed to fund 30% of the cost of the initial channel realignment work up to a total contribution of \$80,000 from its Environment Grant Fund. Ultimately the cost of the realignment work was approximately \$100,000 with \$30,000 being met by Horizons and \$70,000 from PNCC. The \$50,000 residual funding from Horizons Environmental Grant Fund is still available as a contribution towards the more substantive protection works.

The preferred funding arrangement is that each party meet 1/3 of the total cost of the protection works – i.e. \$500,000 from each of PNCC, NZTA, and Horizons.

Horizons has now increased its contribution towards the river protection works by a further \$250,000 during its Annual Plan process. Its contribution now totals \$300,000 being the residual sum of \$50,000 from the channel re-alignment works and its recently agreed additional contribution towards the protection works of \$250,000.

As the situation currently stands the following contributions have been agreed by the three parties towards the estimated \$1.5m in protection works.

Organisation	Contribution (\$) excluding GST
PNCC	\$ 500,000
NZTA	\$ 500,000
Horizons	\$300,000
Total	\$ 1,300,000

Based on the estimated cost of the protection works there is a shortfall of approximately \$200,000.

3. NEXT STEPS

Horizons will carry out design, procurement and will manage any contract for the physical works in providing the protection works.

The actual physical works cannot be commenced until river levels drop.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	No
If Yes quote relevant clause(s) from Delegations Manual <Enter clause>	
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No

ATTACHMENTS

Nil

Rob Green
Acting General Manager

COMMITTEE WORK SCHEDULE

TO: Finance and Performance Committee


MEETING DATE: 21 August 2017

TITLE: Committee Work Schedule - August

RECOMMENDATION(S) TO FINANCE AND PERFORMANCE COMMITTEE

1. That the Finance and Performance Committee receive its Work Schedule dated August 2017.

ATTACHMENTS

1. Work Schedule - August 2017 [↓](#) 

FINANCE AND PERFORMANCE COMMITTEE

PART I

COMMITTEE WORK SCHEDULE – August 2017

Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
1	September 2017	Property Portfolio	GM, City Networks		21 February 2011 Clause 10-11
2	August 2017	Use of Public Land by Commercial Interest	GM, City Future		15 August 2016 Clause 54-16 Moved to Planning and Strategy Committee
3	TBC	That as part of the Library Refurbishment Project, the future access and use of the Heritage Staircase be assessed and restoration cost estimates be reported as part of the next Long Term Plan (LTP) review.	GM, Libraries and Community Services		20 March 2017 Clause 14-17
4	August 2017	Ashhurst Domain Riverbank Erosion – bank protection work design and costings	GM, City Networks		19 April 2017 Clause 26-17