SMALL CITY BENEFITS
BIG CITY AMBITION
HE MIHI

Kei te mihi atu ki a Tararua te pae maunga me tōna taumata Te Ahu a Taranga.
Ko te awa e rere mai nei ko Manawatū.
Ko Tānenuiarangi te tangata, ko Rangitāne te iwi, no reira ka tuku whakamihi ki te iwi o Rangitāne e pupuri nei i te mauri o tēnei whenua.
Tini whetu ki te rangi, Rangitāne ki te whenua.
Tihei Mauriora!

The Palmerston North City Council respectfully recognises the local iwi Rangitāne and their customary relationship to this area, and appreciates the ongoing support of the iwi in the development of this City and all of those people who have made it their home.

The Council remains committed to fostering and strengthening our relationship with Rangitāne.

ONE VISION

Palmerston North
SMALL CITY BENEFITS
BIG CITY AMBITION

Five Strategic Goals

1. AN INNOVATIVE AND GROWING CITY
2. A CREATIVE AND EXCITING CITY
3. A CONNECTED AND SAFE COMMUNITY
4. AN ECO CITY
5. A DRIVEN AND ENABLING COUNCIL
YEAR IN REVIEW

Kia ora,
Palmerston North has continued to prosper in the past Financial Year, with strong economic growth, rising wages, a steady population increase and a substantial inr in building consents.

Growth in jobs across a range of sectors reflects an increasingly diverse and robust economy. Meanwhile, our green spaces and active transport networks continue to be developed, while our cultural assets and sporting facilities support a vibrant events calendar and community spirit. Enabling and enhancing the city’s performance requires a Council to have a clear vision, a comprehensive strategy, an efficient organisation and a healthy system of community engagement.

10 YEAR PLAN

As such, a key project for Council in the past Financial Year was the development of our 10 Year Plan for 2018-2028. Undertaken every three years, the 10 Year Plan lays the foundation for the next decade of investment, growth and strategic management.

Our latest 10 Year Plan was informed by the development of an overarching new vision for Palmerston North:

Small city benefits, big city ambition.

As regional cities increasingly compete for talent and investment in an evolving economy disrupted by technological and demographic change, we recognised that this 10 Year Plan would be one of the most important in Palmerston North’s recent history. For that reason, Council took a comprehensive and innovative approach to its development. The robust strategic framework, extensive community consultation, and clear governance systems through which we built the 10 Year Plan, saw Council receive an EXCELLENCE Award from Local Government New Zealand this past July.

More importantly, through community consultation, the Plan received a strong endorsement from the people of Palmerston North. Residents expressed overwhelming support for the Plan’s focus on strategic investment in essential infrastructure combined with catalyst projects designed to enable sustainable city growth, transform the city’s CBD and enhance the Manawatū River network.

FINANCIAL POSITION

Council finished the year in a strong financial position, operating in accordance with its financial strategy. Notably, Council net debt increased on previous years, though by less than was budgeted. The increase reflects progress during the year on key capital projects such as the construction of the Central Energy Trust Wildbase Recovery conservation centre, nearing completion, and the commencement of upgrades to Central Energy Trust Arena.

As signalled in the 10 Year Plan and endorsed via consultation, we anticipate an increased debt requirement in the years ahead. Councils use debt to pay for investment in essential infrastructure and key capital assets. This enables us to distribute the costs of large projects in the 10 Year Plan, such as the Wastewater Treatment Plant, between current and future ratepayers, who share in the benefits of those investments.

TRANSPORT SOLUTIONS

This region is pivotal to the lower North Island’s freight and distribution network, with transport and logistics remaining a major focus throughout the year in review. Further slips finally saw the Manawatū Gorge road closed indefinitely in July 2017, compromising the main SH3 transport link to the East Coast and Hawke’s Bay.

Interim alternatives – the Saddle Road and Palatute Track – were never designed for heavy traffic volumes, and saw pressure placed on communities in Ashhurst, Summerhill and Askautere, which experienced major increases in heavy traffic on suburban streets.

The search for an alternative and more resilient East Coast access route has focused wider attention on how the city handles a growing logistics sector and caters for heavy freight movements. The opportunity to create an integrated, future-proofed road and intermodal solution for the region is the upside of the Gorge closure’s disruption.

Together with the regional council and other stakeholders, PNCC presented a united voice to central Government as it considered Gorge replacement alternatives, assisting them to look at the ‘bigger picture’ opportunities to unlock economic potential, increase resilience and enhance liveability through the design of this new road solution for the region. We were therefore delighted when our advocacy led to the inclusion by NZTA of a commitment to progress our proposed Regional Ring Road in parallel with construction of the Manawatū Gorge Highway.

The Regional Ring Road is designed to divert heavy through traffic around central Palmerston North while reinforcing connections with the city’s freight hubs and distribution networks. The proposal would link Longburn’s inland port on SH56 with Kairanga, Bunnythorpe, Railway Road’s Manawatū Industrial Park, the airport and Ashhurst, as well as adding a second vehicle bridge across the Manawatū River. This represents a game-changing development for our freight and logistics sector, and by extension, our regional economy.
THE ROLE OF COUNCIL

The legislative purpose of Palmerston North City Council is to enable democratic local decision-making to provide efficient, cost-effective and appropriate infrastructure, services and performance for present and anticipated future circumstances. How this happens is decided by the way Council applies its vision and goals to shape the city it wants Palmerston North to be.

City goals and achievements are determined by completing a 10 Year Plan every three years. This is a major exercise in formulating what the community want and the future requirements for the city. It involves community consultation about proposed services, the planned renewal of infrastructure, and any new projects to future-proof the city and add vibrancy. Council considered submissions from the community before finalising the 10 Year Plan covering the period 2018 to 2028, adopted in June 2018.

In planning for city growth and proposed services, Council needed to identify the vision, guiding principles and strategic goals it seeks as part of the 10 Year Plan consultation. A small city by international standards with a lot to offer, this vision is recognised as a vibrant, caring, innovative, sustainable and prosperous city.

The Council is made up of 16 elected members - a Mayor and 15 Councillors. The current Council was elected in October 2016 for a three-year term. It’s their job to decide the range of services and activities the Council will provide, to set the city’s overall strategic direction, and to set the policy for the services and activities to be provided to achieve that direction. Much of this results after consulting with the community, as during the 10 Year Plan and Annual Budget process.

Councillors also determine how residents can measure if Council is doing a good job. The elected members are supported by the Chief Executive and staff, who provide advice, implement Council decisions, and look after the city’s day-to-day operations within the budgetary constraints established by the Council.

The Council shares the commitment to making Palmerston North a safer, healthier, easier and more enjoyable place to live. Council charges for the city services and facilities it provides largely by rates levied, although some user specific services have user charges. Before the beginning of each year Council determines the cash requirements of providing the services the community requires, net of any charges it makes, plus the amount required to maintain asset capability, while allowing for scheduled debt reduction. This is the amount of rates required for the year, being $89,795,000 for 2017/18.

To reflect this future focus, the Council’s vision incorporated into the new 10 Year Plan is:

**PALMERSTON NORTH**
Small city benefits, big city ambition

Five strategic goals have been identified for achieving this vision:

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

Further details are included in the 10 Year Plan 2018-28 document available on Council’s website.

This replaces the previous city vision that Palmerston North is recognised as a vibrant, caring, innovative, sustainable and prosperous city.

Against this, the amounts received and applied for the year ended 30 June 2018 are summarised below.

**APPLICATION OF RATES RECEIVED**

for the year ended 30 June 2018 - Palmerston North City Council

<table>
<thead>
<tr>
<th></th>
<th>Actual $000</th>
<th>Budget $000</th>
<th>Variance $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total rates revenue to provide services, maintain capability and fund loan repayments</td>
<td>96,630</td>
<td>89,795</td>
<td>835</td>
</tr>
<tr>
<td>Other revenue such as for user charges</td>
<td>29,208</td>
<td>26,362</td>
<td>2,846</td>
</tr>
<tr>
<td>TOTAL REVENUE</td>
<td>119,838</td>
<td>116,157</td>
<td>3,681</td>
</tr>
<tr>
<td>Less amounts incurred for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants for community and economic support</td>
<td>(10,447)</td>
<td>(9,699)</td>
<td>(748)</td>
</tr>
<tr>
<td>Cost of service delivery</td>
<td>(79,543)</td>
<td>(75,485)</td>
<td>(3,858)</td>
</tr>
<tr>
<td>Interest to fund assets</td>
<td>(5,891)</td>
<td>(6,462)</td>
<td>571</td>
</tr>
<tr>
<td>NET RATES-FUNDING AVAILABLE FOR RENEWAL CAPITAL EXPENDITURE AND DEBT REDUCTION</td>
<td>24,157</td>
<td>24,511</td>
<td>354</td>
</tr>
<tr>
<td>Renewal capital expenditure to maintain service delivery capability</td>
<td>(21,475)</td>
<td>(23,764)</td>
<td>2,289</td>
</tr>
<tr>
<td>Capital subsidies and grants received for renewal capital expenditure</td>
<td>2,233</td>
<td>2,799</td>
<td>-</td>
</tr>
<tr>
<td>Renewal capital expenditure funded from rates in other years</td>
<td>2,628</td>
<td>2,628</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from sale of assets</td>
<td>456</td>
<td>-</td>
<td>456</td>
</tr>
<tr>
<td>AMOUNT AVAILABLE FOR DEBT REDUCTION</td>
<td>7,999</td>
<td>5,574</td>
<td>2,425</td>
</tr>
</tbody>
</table>

Council finished the year with net rates-funding of $354,000 less than its underlying rates-funded operating cost budget. This was largely the result of incurring several unbudgeted costs, and the first rates-funded deficit in over ten years. However this does not affect the financial strength of Council.

Over this period, Council has continued to achieve its goals of living within budget and financial sustainability. Cash from operations, less payment for renewal capital items left available for debt reduction was $7,999,000 - more than the $5,574,000 budgeted. Part of this will be required as renewal capital expenditure not achieved this year, to be carried forward to next year to complete, funded by current year rates, when it will increase debt.
SUMMARY OF COUNCIL ACTIVITIES

The Council provides a range of services and facilities for the benefit of the people of Palmerston North. Known as Activities, they help to make Palmerston North a vibrant, caring, innovative, sustainable and prosperous city.

We organise Council Activities into 11 Service Provision Groups:

- Leadership
- Community Support
- Work and City Promotion
- Leisure
- Regulatory
- Transport
- Rubbish and Recycling
- Stormwater
- Wastewater
- Water
- Support Services

In this section, we highlight the key achievements of the financial year for each of these groups, plus detail their financial and performance measure results.

KEY ACHIEVEMENTS

10 Year Plan 2018-28
DEVELOPED AND ADOPTED

Made further changes to the DISTRICT PLAN THROUGH THE Sectional Plan Review process

BINDING POLL
DETERMINED NO SEPARATE MĀORI WARDS FOR LOCAL ELECTIONS

20 COUNCIL meetings and 78 COMMITTEE meetings conducted

10 YEAR PLAN

Every three years, Council develops a strategic 10 Year Plan which articulates a vision for the future of our city, and outlines the action Council will take to achieve it.

For the 10 Year Plan 2018-28, Council created a new strategic vision:

PALMERSTON NORTH:
Small city benefits, big city ambition.

Council invited residents to provide feedback on a draft 10 Year Plan via a comprehensive community consultation programme. In total, 457 written submissions were made, with 127 people appearing as part of the hearings process.

Support was strong for the core programmes and investments outlined in the plan, while some changes were made in response to community input. Following consultation, the 10 Year Plan was finalised and adopted by Council.

The innovative development of the 10 Year Plan and the strategic framework which enables its delivery saw PNCC win the 2018 Local Government New Zealand EXCELLENCE Award for Best Practice in Governance, Leadership and Strategy.

MĀORI WARD POLL

In April-May, following a citizen initiated demand for a referendum, Council conducted a poll of residents on the proposed Māori Ward seats in Palmerston North. Voter turnout was 37%, and with the results of the poll being binding, the decision was not to create separate Māori Ward representation.

COUNCIL AND COMMITTEE MEETINGS

A total of 20 Council meetings and 78 committee meetings were held during the year. This was a 27% increase on the previous year, reflecting a significant opportunity for increased public participation in local government.

OTHER HIGHLIGHTS

Council made significant changes to policy relating to animals. These included a bylaw change to require the microchipping and de-sexing of domestic cats and a year-long trial allowing dogs in the central business district.

Council’s relationships with Rangitāne are strong and focused on developing a new partnership arrangement. Council has worked alongside Rangitāne to integrate iwi priorities into aspects of the new vision and with major physical works.

Iwi leaders are included as members of the Best Practicable Options (BPO) Wastewater Steering Group.

Eight Citizenship Ceremonies were held for 518 residents who became New Zealand citizens.

The Civic Honours Award Ceremony was held in November 2017 and three people were presented with Civic Honours in recognition of outstanding voluntary community service.

The innovative development of the 10 Year Plan and the strategic framework which enables its delivery saw PNCC win the 2018 Local Government New Zealand EXCELLENCE Award for Best Practice in Governance, Leadership and Strategy.

<table>
<thead>
<tr>
<th>PERFORMANCE MEASURES – LEADERSHIP</th>
<th>RESULT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main plans and policies are properly developed (10 Year Plan, District Plan, strategies).</td>
<td>10 Year Plan adopted. District plan review continues with five new strategies adopted to carry out the Council’s strategic direction.</td>
</tr>
<tr>
<td>The Council achieves all statutory requirements for Committee and Council meetings.</td>
<td>Statutory requirements achieved with no legal challenges.</td>
</tr>
</tbody>
</table>
COMMUNITY SUPPORT

They include preparing for civil defence emergencies, maintaining social housing for low income tenants and those with disabilities, and the operation of four cemeteries and a crematorium.

KEY ACHIEVEMENTS

CIVIL DEFENCE

RESPONDED TO 26 CALLOUTS AND DELIVERED 110 TRAINING SESSIONS TO COUNCIL STAFF AND PUBLIC

BEGAN REPLACEMENT OF PAPAIOEA PLACE SOCIAL HOUSING UNITS with new units, to increase overall number and quality of units available

THREE NEW NICHE WALLS WERE BUILT IN THE KELVIN GROVE CEMETERY ASH BURIAL AREA

CEMETERY FACILITIES

Following projection of future needs, Council constructed three new niche walls for ash containment at Kelvin Grove Cemetery and one at Ashurst Cemetery. New berms were also constructed, along with ongoing improvements to roads and footpaths at Kelvin Grove, while the crematorium underwent a full brick relime. Maintenance resources were also increased to improve presentation standards at the enhanced facility.

PAPAIOEA PLACE REDEVELOPMENT

Occupancy levels across Council's social housing portfolio remain high with demand continuing to exceed availability. In June, the 50-unit Papaioea Place housing redevelopment project began, to replace outdated social housing units with modern, eco-friendly dwellings offering greater accessibility and liveability. When completed, the redevelopment project will also increase the total number of social housing units available for the city's most vulnerable residents.

PERFORMANCE MEASURES - COMMUNITY SUPPORT

<table>
<thead>
<tr>
<th>PERFORMANCE MEASURES - COMMUNITY SUPPORT</th>
<th>RESULT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil Defence Team have plans to cope with emergencies, and engages residents and organisations on civil defence preparedness.</td>
<td>Civil Defence plans are in place. Community engagement continued with community meetings and presentations however number of trained volunteers below desired levels.</td>
</tr>
<tr>
<td>Community housing is provided meeting required standards.</td>
<td>Provision of community housing has continued with high occupancy. Required standards have been achieved except at Papaioea Place where redevelopment has commenced.</td>
</tr>
</tbody>
</table>

WORK AND CITY PROMOTION

Council provides business support services, plus funding for tourism promotion and economic development, plus events which attract visitors. Council also works to increase the city's profile as a prosperous, productive and progressive city, home to attractive opportunities for growth-oriented business and skilled people.

KEY ACHIEVEMENTS

THE CENTRAL ECONOMIC DEVELOPMENT AGENCY COMPLETED ITS FIRST FULL YEAR IN OPERATION

OVER 35 INTERNATIONAL VISITS AND DELEGATIONS have been hosted, to support local businesses seeking export growth or international investment

CONFERENCE & FUNCTION CENTRE events delivered economic benefits 24% HIGHER THAN THE PREVIOUS YEAR

CENTRAL ECONOMIC DEVELOPMENT AGENCY (CEDA)

CEDA has been established to drive and facilitate economic growth across the region. Council supports CEDA alongside Manawatu District Council, Massey University and UCOL. This year, alongside its other programmes and activities, CEDA delivered two flagship events: New Zealand Agri-food Week and Sort It Careers Expo.

Sort It Careers Expo is a full day event bringing employers, educators and training providers together to showcase the region’s industry, training and educational pathways to prospective employees. New Zealand Agri-food Week encompasses multiple events, including the Central Districts Field Days, across the agricultural food value chain and brings together businesses, high performing farmers and growers, industry bodies and local and international experts in the latest research across the food value chain, from gate to plate.

OTHER HIGHLIGHTS

Palmy Unleashed supported city centre activities and events, particularly assisting getting novel community-originated ideas off the ground by promoting the availability of city spaces for activities, and offering greater flexibility in relation to their use. In its first year, 20 Palmy Unleashed pop-up event applications received support with 21 businesses, community and local partners involved.

The Conference & Function Centre continues to bring economic benefits to the region, hosting 25 major conferences up 47 per cent from 2016/17, with an economic benefit of $5.25m an increase from $4.23m in 2016/17.

PERFORMANCE MEASURES - WORK AND CITY PROMOTION

<table>
<thead>
<tr>
<th>PERFORMANCE MEASURES - WORK AND CITY PROMOTION</th>
<th>RESULT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracted organisations to achieve economic development objectives.</td>
<td>CEDA has conducted research on potential long-term opportunities and held two flagship events - NZ Agri-food Week and Sort It Careers Expo.</td>
</tr>
<tr>
<td>Contracted organisations to support priority economic areas.</td>
<td>CEDA has undertaken a regional skills gap analysis and Agriculture Value Chain report. A project on building the regional identity is underway.</td>
</tr>
</tbody>
</table>

Our award winning Public Art Programme is revitalising our urban environment.

Photo credit: ManawatuNZ.co.nz
Council’s Leisure services enhance the vibrancy and liveability of the city. This includes support for a vibrant arts and cultural sector, information and learning resources, as well as sport and recreation resources.

Working with communities and neighbourhoods, Council helps residents showcase the city’s creativity, diversity and cultural identity. Leisure facilities encourage a healthy, active lifestyle, while parks, trees and open spaces make the city an attractive place to live and visit.

KEY ACHIEVEMENTS

Over 141,436 visitors to Te Manawa, and 91,065 people attending events at Regent on Broadway

Over 800,000+ visits to city libraries and over 10,000 heritage items available on the digitised archive

Additional pathways and mountain bike tracks created

CONSTRUCTION OF CENTRAL ENERGY TRUST WILDBASE RECOVERY

75% COMPLETE

ARTS AND CULTURE

Council continues to support both established and new arts and cultural activities, programmes and institutions. Cultural Council Controlled Organisations (CCOs) were funded to deliver strategic objectives as outlined in their Statements of Intent. The Council works closely with each CCO – Cacca Birch, Globe Theatre, Regent on Broadway and Te Manawa – to support and enhance their activities.

This past year, Council-supported cultural events and activities included:

- The inaugural Art Trail Manawatū to visit artist studios across the region.
- The 2018 National Theatresports Championships at Centrepiece Theatre.
- Regent on Broadway’s 20th anniversary celebration.
- Preparations for World War One commemorations and Anzac Day commemorations, (with the largest numbers ever seen at this year’s Dawn Service).

Significant capital-related service improvements included The Globe Theatre wheelchair access in the main auditorium, and commencement of seismic strengthening related work at Square Edge.

CITY LIBRARIES

Palmerston North residents check out over 12 library books per capita per year, compared to seven nationally. Operating across seven community locations: Central Library, Youth Space, Highbury’s Te Pātikitiki, Awapuni, Roslyn, Ashhurst and the Mobile Library – City Libraries are among the most heavily used Council facilities.

In the digital library space, Council launched a new services and content portal, which drove an increase in users of 41,300 and of site visits by 100,000, while eBook and audiobook collections have grown to more than 25,000 items with use doubling over the past two years.

City Libraries also supported the Manawatu Standard’s 100th anniversary and the Manawatū Standard’s 100th anniversary and the development of the Te Arapiki a Tāne, the Stairway of Tāne – a double set of steps from the river terrace down to the Manawatu River’s edge.

City Libraries also managed and hosted about 1,600 activities, programmes and events, with over 600 children participating in the Summer Reading Programme.

COMMUNITY DEVELOPMENT

In addition to ongoing programmes such as supporting work-readiness and youth programmes at the Youth Space, community events facility, and Council’s annual summer events programme, the past year saw a number of highlights in community events.

- The city’s major celebration of cultural diversity, the Festival of Cultures changed to a week-long format, starting with the Lantern Festival a week before the main World Craft, Food and Music Fair.
- A smoke-free community health programme resulted in the creation of Manawatū’s biggest mural, on the wall of the Highbury Whānau Centre.
- Palmerston North was confirmed as one of five cities in New Zealand to participate in a two-year Welcoming Communities pilot programme. The programme recognises that communities are healthier, happier and more productive when newcomers are welcomed and encouraged to participate fully in society.

PARKS, SPORT AND RECREATION

A growing population increases the demand for further sports and recreation facilities and resources. In the past year a number of improvements and enhancements were made, including:

- The award-winning Junior Road Safety Park in the Victoria Esplanade was completed, providing children with a simulated road environment for learning road safety.
- Skatepark facilities have been upgraded to provide more varied features and to cope with increasing numbers of users.
- Three years of planned development at the Linklater Reserve began with new playground, barbecue area and toilet facilities.
- Development of the Vauclose Heights subdivision at Summerhill has provided a unique addition to the city’s network of pathways with Te Arapiki a Tāne, the Stairway of Tāne - a double set of steps from the river terrace down to the Manawatu River’s edge.
- Refurbishments were made to a Fitzherbert Twin Turfs hockey field turf; the playground at Raleigh Park, Papaiorea Park and Peters Park, while Arapuke Forest Park tracks were extended by 6km.
- Construction of Central Energy Trust Wildbase Recovery is well underway with completion expected in the 2018/19 year to rehabilitate sick and injured wildlife.
- Significant improvements were made at Central Energy Trust Arena, including renewal of speedway lighting and installation of retractable seats in Fly Palmy Arena (Arena 2).
- Capacity at Freyberg Community Pool was increased with an extension to the toddler pool.

Weather events caused erosion of Manawatū River banks at Ashhurst Domain and the Victoria Esplanade. Council worked with Horizons Regional Council to divert the river channel away from the bank and install groynes at Ashhurst Domain. Rock lining has been used at the Victoria Esplanade to protect the walkway.

LEISURE PERFORMANCE MEASURES - LEISURE

| Objectives of funded agencies and organisations will be monitored with achievements reported. | Funding distributed with some funding reallocated following a contract cancellation. |
| The City Library will provide services and resources, lifelong learning and online access. | Number of items borrowed: 3% down from last year, e libro, e audiobook increased. Lifelong learning activities provided with numerous programmes and events, online access to the digital world increased. |
| Community Centre use and community events will be monitored. | Community centres well used. Numerous community events supported. |
| Parks, reserves and sportsfields are available for use as feasibly required. | Availability of sportsfields exceeded target. |
| That the Central Energy Trust Arena key projects be implemented. | Retractable seating completed, covered embankment superseded by new Arena Masterplan. |
| Aquatic facilities comply with recommended standards. | Fully compliant. |

Photo credit: ManawatuNZ.co.nz

There are over 15km of developed cross country and downhill tracks.

Photo credit: ManawatuNZ.co.nz
To preserve and enhance the city’s attractiveness, safety, health and well-being, Council ensures that buildings and the urban environment are developed in a safe and sustainable way.

This is achieved by enforcing planning rules, building regulations and other legislation such as animal control and commercial food standards.

**KEY HIGHLIGHTS**

- The number of **BUILDING AND RESOURCE CONSENT APPLICATIONS** increased by 6.3%.
  - **92%** BUILDING CONSENTS WERE PROCESSED WITHIN STATUTORY TIMEFRAMES.
  - **92%** OF CUSTOMERS LODGING ONLINE BUILDING CONSENTS are somewhat or very satisfied.

A rapidly-growing city means an increase in demand for consenting services. Council’s priority was to maintain or enhance the quality of service while the quantity and complexity of applications grew dramatically.

Implementation of the AlphaOne online building consent system allowed applications to be lodged electronically and their progress tracked. This made a major contribution to improving efficiency, as evidenced by the overwhelmingly positive responses from customers who lodged applications online during the year.

### PERFORMANCE MEASURES – REGULATORY

<table>
<thead>
<tr>
<th>Description</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>95% of building and 96% of resource consent applications are processed within statutory timeframes.</td>
<td>Building 94%, resource 95%.</td>
</tr>
<tr>
<td>The Council maintains its status as an accredited building consent authority.</td>
<td>Accreditation received.</td>
</tr>
<tr>
<td>100% of complaints regarding dog attacks are responded to within 30 minutes of the call being received.</td>
<td>100% of complaints were responded to within the time frame with the number of complaints increased from 2016/17.</td>
</tr>
<tr>
<td>100% of food premises are inspected annually with those registered with a Food Control Plan receiving an annual audit.</td>
<td>Inspections no longer required and 100% of businesses with a Food Control Plan requiring audit completed.</td>
</tr>
</tbody>
</table>

### REGULATORY

- **STREET LIGHTING HAS CONTINUED** to be renewed with energy efficient LED lighting. This is projected to return annual operating cost savings of about $300,000.
- A new pedestrian and cycle bridge over the Manawatu River which will link the 2.8km shared pathway from Fitzherbert Bridge with Linton and Massey University. Completion is due in early 2019.
- **He Ara Kotahi, or “pathway that brings people together”, a pedestrian and cycle bridge** over the Manawatu River which will link the 2.8km shared pathway from Fitzherbert Bridge with Linton and Massey University. Completion is due in early 2019.

**JAMES LINE UPGRADE TO URBAN STANDARDS AND CUBA STREET REVITALISATION NEAR COMPLETION**

**CONSTRUCTION UNDERWAY ON THE HE ARA KOTahi PEDESTRIAN BRIDGE AND PATHWAY TO LINTON LINKING WITH MASSEY UNIVERSITY**

**FOREST HILL ROAD SEAL EXTENSION WORKS**

**REGIONAL FREIGHT RING ROAD PLANNING UNDERWAY**

**INSTALLATION OF LED STREET LIGHTING HAS CONTINUED**

### TRANSPORT (ROADING AND PARKING)

An efficient and effective transport network is crucial for the safe and orderly movement of people, goods and services, and the sustainable growth of the city.

- **ROADING AND TRANSPORT PROJECTS**
  - Renewal and enhancement of the city’s transport network is a major component of Council’s annual capital expenditure. In the past year, a number of major projects were initiated. These include:
    - The replacement of city streetlights with energy efficient LED lighting continued. This is projected to return annual operating cost savings of about $300,000.
    - The Walkers Road shared pathway to encourage active travel from the Pioneer Highway shared pathway to Longburn Adventist College, is underway.
    - Resilience work on the Te Matai Road shared pathway bridge approaches has been completed.
    - The replacement of city streetlights with energy efficient LED lighting continued.

**SAFETY IMPROVEMENTS**

- Road safety improvements this year involved reconstruction of the Church Street and Ruahine Street roundabout and an improved turning bay at the end of Freyberg Street.
- Pedestrian safety improvements have been made on Featherton Street, Highbury Avenue and Tremaine Avenue.
REGIONAL FREIGHT RING ROAD

A coordinated advocacy programme from Council and other regional authorities secured a commitment from NZTA to progress the Regional Freight Ring Road proposal in parallel with the Manawatū Gorge Highway replacement project. These projects will unlock integrated freight hub opportunities within the North East Manawatū Industrial Park and benefit the wider Manawatū-Whanganui region and Central New Zealand.

PERFORMANCE MEASURES – ROADING AND PARKING

<table>
<thead>
<tr>
<th>PERFORMANCE</th>
<th>RESULT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roads and footpaths maintained to required ratings.</td>
<td>Surveys show that roads have a good smoothness rating and footpaths requiring priority maintenance is likely to exceed levels required. Footpaths are to be further assessed in 2018/19 to enable programming of future work.</td>
</tr>
<tr>
<td>Road surfacing programme is maintained.</td>
<td>2.5% of roads were resurfaced, below that required due to several higher cost jobs.</td>
</tr>
<tr>
<td>95% of requests for service are responded to within 3 working days.</td>
<td>77% responded to compared to 66% in 2016/17.</td>
</tr>
</tbody>
</table>

PERFORMANCE MEASURES – RUBBISH AND RECYCLING

A materials recovery facility at the Awapuni Resource Recovery Park sorts and processes recyclables, with green waste and organic material composted. Council also invests in behaviour change initiatives to encourage the reduction, re-use and recycling of waste.

KEY ACHIEVEMENTS

COUNCIL RUBBISH BAG SALES INCREASED BY 1.87%

4,384 TONNES OF RECYCLABLES COLLECTED

Enhanced the Ferguson Street Recycling Centre to handle a greater range of materials

2,529 TONNES OF GLASS RECYCLED

Palmerston North City is proud to own two purpose-built 100% electric kerbside rubbish and recycling trucks.
STORMWATER

Protection of people, homes, workplaces and businesses from flooding during rain events is essential in any well-planned and organised city.

Council maintains Palmerston North’s stormwater system to protect residential and commercial buildings, with minimal environmental impact.

KEY ACHIEVEMENTS

COMPUTER MODELLING

This past year, a computer model of Palmerston North’s stormwater system has been developed for high-level assessment of flood risk catchments, highlighting overland flow paths with the potential to flood buildings. This has enabled more efficient work planning, with the focus now on assessing and developing specific control options for at risk areas.

NETWORK UPGRADES

Stormwater capital programmes have this year addressed network efficiency and recurring nuisance flooding issues through upgrades of existing stormwater mains, construction of additional or upgraded stormwater road sumps, and extensions of the local stormwater network in areas with limited service.

A second duplicate stormwater main to reduce the flood risk in Sutton Place has been installed. The Norton Park Wetland to provide storage and treatment and reconstruction work in the lower section of the Milson Stream to reduce erosion has been completed. Several short sections of open drain with safety and stability issues have been piped.

PERFORMANCE MEASURES – STORMWATER

<table>
<thead>
<tr>
<th>RESULT</th>
<th>STORMWATER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affected habitable floors have been less than required limit.</td>
<td>Stormwater facilities are maintained so that the number of habitable floors affected by a flood event is within required limits.</td>
</tr>
<tr>
<td>No discharge consents held.</td>
<td>Resource consents have been complied with.</td>
</tr>
</tbody>
</table>

WASTEWATER

Reliable, safe and well-maintained wastewater (sewerage) systems are fundamental requirements for health and the general well-being of the population and the environment.

The Council operates wastewater systems for the safe and reliable collection, treatment and disposal of sewage from residential and commercial properties in an environmentally acceptable way. The system, made up of five interconnected public networks in Palmerston North, Linton, Ashhurst, Bunnythorpe and Longburn, conveys waste to a central treatment plant in Totara Road.

KEY ACHIEVEMENTS

As a key component of the 10 Year Plan, Council has made a major commitment to future-proofing the city’s wastewater treatment. As per normal practice, resource consent for the current treatment plant is due to expire in 2028. As part of the new consent process, a full review of wastewater treatment and disposal options is required by June 2021, ahead of a new consent application in the following year. In anticipation of this, Council has provisioned a $130m capital expenditure budget in years 7-10, with significant operational funding allocated each year.

This past year saw the first steps in this major project, including the beginning of the Best Practicable Options Assessment process. In the meantime, significant investment continues to be made in maintenance and renewal of key parts of the wastewater plant and network.

Several key pump stations have been upgraded with high capacity pumps, and approximately 2.1km of sewer has been renewed or relined. A number of key systems and components within the treatment plant were also renewed this year.

Wastewater network modelling was also completed, which will be a valuable tool for assessing stormwater inflow and infiltration issues, as well as for planning capacity upgrades to manage growth.

PERFORMANCE MEASURES – WASTEWATER

<table>
<thead>
<tr>
<th>RESULT</th>
<th>WASTEWATER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overflows have been within required limits.</td>
<td>Overflows from the wastewater system are within required limits.</td>
</tr>
<tr>
<td>Complains and overflow resolution are within required limits.</td>
<td>Complaints have exceeded limits as it includes all requests but have been resolved within required limits.</td>
</tr>
<tr>
<td>No non-compliances notices received.</td>
<td>100% compliance with resource consents.</td>
</tr>
</tbody>
</table>

BEST PRACTICABLE OPTIONS ASSESSMENT to determine the CITY’S FUTURE WASTEWATER requirements commenced
WATER
An adequate supply of water suitable for drinking is a fundamental requirement for community health and wellbeing. A liveable city has clean and safe drinking water, with enough water pressure to have a “decent” shower and for general household use such as watering gardens.

Council maintains and develops a safe and reliable supply of water to residential and commercial properties in the supply area, together with a water conservation strategy that promotes efficient water use.

KEY ACHIEVEMENTS

3 NEW DEEP WATER BORES WERE DRILLED TO INCREASE CAPACITY

AN AVERAGE 545L/DAY WAS DELIVERED TO 28,170 UNMETERED CUSTOMERS

THE NETWORK WAS IMPROVED BY REPLACING 3.5 KM OF AGED WATER PIPES

AN ADDITIONAL 2,156 MILLION M³ OF WATER P.A.WAS SOLD TO 1,554 METERED CUSTOMERS

SUMMER WATER RESTRICTIONS
Following early advice from NIWA during the spring of a long dry summer, Council implemented level-1 outdoor water use restrictions in mid-November to conserve the water stored at Turitea Dam. Level-2 restrictions were imposed in early December with water supplies holding up through the summer and restrictions lifted in March.

NETWORK UPGRADES
A number of projects to upgrade or enhance various components of the city’s water supply network were completed this year, including:

- Three new deep groundwater bores assessed as delivering high yields and excellent water quality were drilled and developed at Railway Road, Papaoea Park and Keith Street to provide for city growth. Connection to the network will be completed in 2018/19.
- Aeration facilities were installed and commissioned in the Turitea Upper Dam and contributed to improved water quality and reduced risk of algae blooms.
- Seismic strengthening of the circular 6,000m³ reservoir at Ngahere Park was completed to ensure the reservoir is serviceable following a seismic event.
- Installation of fluoridation at the Longburn and Bunnythorpe water supplies means all Council managed water supplies are now fluoridated.

Council also received ISO 9001 certification for the Turitea Water Treatment Plant providing residents with added quality assurance.

PERFORMANCE MEASURES – WATER

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide a good quality, safe water supply, complying with the Public Health Act 1956</td>
<td>Water supplied by the reticulation network has complied.</td>
</tr>
<tr>
<td>Full compliance with consent monitoring conditions that relate to environmental effects</td>
<td>Full compliance achieved.</td>
</tr>
<tr>
<td>Household water demand does not increase. (Target not more than 360 litres per day per resident.)</td>
<td>210 litres per day per resident compared to 343 litres in 2016/17.</td>
</tr>
<tr>
<td>Complaints and call out resolution are within required limits.</td>
<td>Complaints have increased due to an operational error causing water dis-colouration however call outs were resolved within required limits.</td>
</tr>
</tbody>
</table>

SUPPORT SERVICES

Support Services provide the Council’s financial, human resources and information systems which all its other functions depend upon. Customer Services also provides a multi-platform “first point of contact” between city residents and the Council.

Commercial and strategic investments, corporate support and other services provided to external agencies provide Council with other income sources, allowing it to reduce the amount which would otherwise be required from ratepayers.

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

The Council has continued to deliver services to external agencies, including building services to Manawatu District Council (MDC) and after-hours Contact Centre services to other councils throughout New Zealand. For the Contact Centre, the focus on a continuous improvement philosophy has enabled the service to respond to emergencies, and to extend the service to further councils.

The Council has continued to deliver services to external agencies, including building services to Manawatu District Council (MDC) and after-hours Contact Centre services to other councils throughout New Zealand. For the Contact Centre, the focus on a continuous improvement philosophy has enabled the service to respond to emergencies, and to extend the service to further councils.

SUPPORT SERVICES – PERFORMANCE MEASURES

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Services provides an acceptable level of service to customers, achieving a high service quality</td>
<td>Service was provided achieving standards required.</td>
</tr>
</tbody>
</table>

ACTIVITY BUDGETS

The following table details for each group of activities the net operating cost of delivering the services (before rates-funding) together with the amount spent on capital expenditure.

<table>
<thead>
<tr>
<th>Activity Group</th>
<th>Operating Cost</th>
<th>Capital Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>8,950</td>
<td>8,814</td>
</tr>
<tr>
<td>Community Support</td>
<td>1,523</td>
<td>1,082</td>
</tr>
<tr>
<td>Work and City Promotion</td>
<td>4,001</td>
<td>3,310</td>
</tr>
<tr>
<td>Leisure</td>
<td>38,463</td>
<td>37,714</td>
</tr>
<tr>
<td>Regulatory</td>
<td>2,992</td>
<td>2,927</td>
</tr>
<tr>
<td>Transport</td>
<td>19,247</td>
<td>18,605</td>
</tr>
<tr>
<td>Rubbish and Recycling</td>
<td>3,778</td>
<td>4,279</td>
</tr>
<tr>
<td>Stormwater</td>
<td>3,586</td>
<td>3,430</td>
</tr>
<tr>
<td>Wastewater</td>
<td>8,727</td>
<td>8,274</td>
</tr>
<tr>
<td>Water</td>
<td>7,986</td>
<td>7,973</td>
</tr>
<tr>
<td>Support Services</td>
<td>8,727</td>
<td>4,279</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>98,252</strong></td>
<td><strong>95,605</strong></td>
</tr>
</tbody>
</table>

Small city benefits - big city ambition
FINANCIAL SUMMARY

SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

for the year ended 30 June 2018 - Palmerston North City Council

This statement shows the revenue Council and the Group (subsidiary and Council Controlled Organisations) received and what was spent on delivering services during the year. Overall, Council has achieved a net surplus higher than budget for the year, mainly due to higher capital revenues received and favourable accounting valuation adjustments.

<table>
<thead>
<tr>
<th></th>
<th>Council 2018</th>
<th>Council Actual 2018</th>
<th>Group 2018</th>
<th>Group Actual 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>Rates revenue</td>
<td>90,630</td>
<td>89,795</td>
<td>87,234</td>
<td>87,385</td>
</tr>
<tr>
<td>Finance revenue</td>
<td>842</td>
<td>340</td>
<td>687</td>
<td>355</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>29,035</td>
<td>26,022</td>
<td>27,346</td>
<td>38,990</td>
</tr>
<tr>
<td>Capital revenue</td>
<td>21,836</td>
<td>19,172</td>
<td>11,446</td>
<td>21,886</td>
</tr>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td><strong>142,343</strong></td>
<td><strong>135,329</strong></td>
<td><strong>127,199</strong></td>
<td><strong>135,750</strong></td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>31,779</td>
<td>30,321</td>
<td>30,415</td>
<td>33,866</td>
</tr>
<tr>
<td>Finance costs</td>
<td>5,680</td>
<td>6,462</td>
<td>1,675</td>
<td>5,959</td>
</tr>
<tr>
<td>Other expenses</td>
<td>90,076</td>
<td>85,184</td>
<td>83,741</td>
<td>95,339</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>127,535</strong></td>
<td><strong>121,967</strong></td>
<td><strong>115,831</strong></td>
<td><strong>135,164</strong></td>
</tr>
<tr>
<td><strong>NET SURPLUS/(DEFICIT)</strong></td>
<td><strong>14,808</strong></td>
<td><strong>13,362</strong></td>
<td><strong>11,368</strong></td>
<td><strong>16,351</strong></td>
</tr>
</tbody>
</table>

**OTHER COMPREHENSIVE REVENUE AND EXPENSE**

| Increase/ (decrease) in operating property valuations | -          | -                     | 99,628     | 1,681            |
| Financial assets at fair value through other comprehensive revenue and expense | -          | -                     | 79         | 42               |
| Movement in deferred tax on revaluations | -          | -                     | -          | (2,146)          |
| **TOTAL COMPREHENSIVE REVENUE AND EXPENSE** | **14,942**  | **13,362**            | **111,179**| **17,628**        |

EXPLANATION OF THE MAJOR VARIANCES ARE:

Other operating revenue - there was higher Regulatory revenue from increased consent numbers, with other higher revenue relating to cost recoveries (with offsetting higher expenses).

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

Depreciation and amortisation - was more than budget due to the higher revaluation increase in 2017.

Finance costs - with inclusion of finance revenue there was a lower actual net cost due to higher dividend received, planned capital expenditure being lower than budget and occurring late in the year, and unbudgeted non-cash favourable valuation on derivative financial instruments (no rates impact).

Other expenses - were higher due to additional costs incurred in achieving the greater revenue, un-budgeted costs for the Māori Ward Poll, grants paid, write-off of costs that were previously capital expenditure, fire compliance, flood protection and provision for restructuring costs.

Council incurs costs to provide the services necessary for the city to function. These include infrastructure for water supply and waste services, well-maintained roads, sporting and recreational facilities, arts and cultural amenities, economic development assistance and regulatory planning requirements.

The amount spent on grants and funding to external organisations has increased. Included is funding for new arts events, continuation of new events that commenced the previous year, and additional economic development grants.

As well as supporting community based events and parties, this funding is also to underwrite and boost economic development, assist with employment opportunities, provide leisure activities, support sustainability ventures, and back organisations working on local solutions to local problems.

Interest expense has decreased from last year, and is lower than budgeted. This is due to the reduction in gross debt from the lower amount of opening debt, and capital expenditure that was incurred late in the year resulting in total expenditure less than budgeted.
FINANCIAL SUMMARY

SUMMARY STATEMENT OF FINANCIAL POSITION

as at 30 June 2018 - Palmerston North City Council

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

<table>
<thead>
<tr>
<th></th>
<th>Actual 2018</th>
<th>Council Budget 2018</th>
<th>Actual 2017</th>
<th>Actual 2018</th>
<th>Actual 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>Current Assets</td>
<td>13,206</td>
<td>7,860</td>
<td>11,458</td>
<td>15,994</td>
<td>14,123</td>
</tr>
<tr>
<td>Non-current Assets</td>
<td>1,580,537</td>
<td>1,533,418</td>
<td>1,558,683</td>
<td>1,665,050</td>
<td>1,637,272</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>1,593,743</td>
<td>1,541,278</td>
<td>1,570,141</td>
<td>1,681,044</td>
<td>1,651,395</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>53,818</td>
<td>32,393</td>
<td>49,679</td>
<td>57,799</td>
<td>51,315</td>
</tr>
<tr>
<td>Non-current Liabilities</td>
<td>84,983</td>
<td>124,043</td>
<td>80,462</td>
<td>98,930</td>
<td>93,393</td>
</tr>
<tr>
<td>Equity Attributable to PNCC</td>
<td>1,454,942</td>
<td>1,384,842</td>
<td>1,440,000</td>
<td>1,524,315</td>
<td>1,506,687</td>
</tr>
<tr>
<td>TOTAL LIABILITIES AND EQUITY</td>
<td>1,593,743</td>
<td>1,541,278</td>
<td>1,570,141</td>
<td>1,681,044</td>
<td>1,651,395</td>
</tr>
</tbody>
</table>

During the year PNCC invested in $48.8m of plant, property and equipment to provide capability for future services to the city. All renewal capital expenditure to maintain capabilities was funded from operating cashflows.

EXPLANATION OF THE MAJOR VARIANCES ARE:

Current assets - higher due to accrual of capital revenues relating to higher June capital expenditure.

Non-current Assets - property, plant and equipment increased from 2016/17 due to additions during the year, and the higher revaluation of infrastructural assets in 2016/17 resulted in the total being higher than in the budget.

Current, non-current liabilities - lower than budget due to lower level of debt from lower capital expenditure, however accounts payable are higher from June capital expenditure activity.

Equity - higher than budget due to the revaluation of infrastructural assets in 2016/17.

SUMMARY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2018 - Palmerston North City Council

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

<table>
<thead>
<tr>
<th></th>
<th>Actual 2017</th>
<th>Council Budget 2017</th>
<th>Actual 2018</th>
<th>Actual 2017</th>
<th>Actual 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>Equity at beginning of the year</td>
<td>1,440,000</td>
<td>1,371,480</td>
<td>1,328,821</td>
<td>1,506,687</td>
<td>1,385,244</td>
</tr>
<tr>
<td>Total comprehensive revenue and expense for the year</td>
<td>14,942</td>
<td>13,362</td>
<td>111,179</td>
<td>17,628</td>
<td>121,443</td>
</tr>
<tr>
<td>EQUITY AT THE END OF THE YEAR</td>
<td>1,454,942</td>
<td>1,384,842</td>
<td>1,440,000</td>
<td>1,524,315</td>
<td>1,506,687</td>
</tr>
</tbody>
</table>

Comprising:

- Retained earnings: $1,043,437, 1,037,434, 1,027,938
- Special funds: $1,073,560, 1,057,102
- Revaluation reserves: $411,505, 347,408

EQUITY AT THE END OF THE YEAR = 1,454,942, 1,384,842, 1,440,000, 1,524,315, 1,506,687

Equity in the Council has increased by 19 per cent over the past five years mainly due to asset revaluations.

Until 2017, net debt as a percentage of equity had been reducing. This year it has increased slightly to 6.8 per cent but the portion of assets funded by borrowing remains low.

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

<table>
<thead>
<tr>
<th></th>
<th>2016/17</th>
<th>2017/18</th>
<th>% CHANGE LAST YEAR (UNFAV)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity per rateable property</td>
<td>$42,889</td>
<td>$44,050</td>
<td>0.4%</td>
</tr>
<tr>
<td>Equity per resident</td>
<td>$16,666</td>
<td>$16,666</td>
<td>0.1%</td>
</tr>
<tr>
<td>Net debt per rateable property</td>
<td>$2,855</td>
<td>$2,994</td>
<td>(4.9%)</td>
</tr>
<tr>
<td>Net debt per resident</td>
<td>$1,085</td>
<td>$1,133</td>
<td>(4.4%)</td>
</tr>
</tbody>
</table>

EVENTS AFTER THE BALANCE SHEET DATE

PNCC are not aware of any events after balance date which would materially affect the amounts included in these financial statements or disclosures made.
SUMMARY STATEMENT OF CASH FLOWS

for the year ended 30 June 2018 - Palmerston North City Council

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>43,092</td>
<td>41,683</td>
<td>34,066</td>
<td>46,226</td>
<td>36,757</td>
<td></td>
</tr>
<tr>
<td>Net cash from investing activities</td>
<td>(45,603)</td>
<td>(60,677)</td>
<td>(29,191)</td>
<td>(51,445)</td>
<td>(30,839)</td>
<td></td>
</tr>
<tr>
<td>Net cash from financing activities</td>
<td>2,875</td>
<td>18,994</td>
<td>(4,275)</td>
<td>4,125</td>
<td>(5,575)</td>
<td></td>
</tr>
</tbody>
</table>

NET (DECREASE)/INCREASE IN CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, cash equivalents and bank overdrafts at the end of the year</td>
<td>1,279</td>
<td>679</td>
<td>1,279</td>
<td>679</td>
<td>343</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,643</td>
<td>679</td>
<td>1,279</td>
<td>1,225</td>
<td>2,319</td>
<td></td>
</tr>
</tbody>
</table>

Council achieved a positive cashflow from operations of $43 million. This funds renewal capital expenditure to maintain current capabilities and to repay part of existing borrowing. Net cash from service delivery was higher than budget, however capital expenditure has increased significantly from 2016/17 but was lower than budget with some expenditure deferred to be incurred in the future. With proceeds from investment fund withdrawals included in investing activities, net debt is $5.2 million higher than last year.

Capital expenditure has increased significantly from 2016/17 but was lower than budget with some expenditure deferred to be incurred in the future. With proceeds from investment fund withdrawals included in investing activities, net debt is $5.2 million higher than last year.

INDEPENDENT AUDITOR’S REPORT

To the readers of Palmerston North City Council and group’s summary of the annual report for the year ended 30 June 2018

The summary of the annual report was derived from the annual report of the Palmerston North City Council and group (the City Council) for the year ended 30 June 2018. The summary of the annual report comprises the following summary statements on pages 7 to 26:

• the summary statement of financial position as at 30 June 2018;
• the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2018;
• the notes to the summary financial statements that include other explanatory information; and
• the summary statement of service provision of the City Council and Group.

Opinion

In our opinion:

• the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
• the summary statements comply with PBE FRS 43: Summary Financial Statements.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor’s report thereon, therefore, is not a substitute for reading the full annual report and the auditor’s report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor’s report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2018 in our auditor’s report dated 24 September 2018.

ABOUT THIS SUMMARY

This Summary Annual Report has been extracted from the full Annual Report and is designed to give an overview for the year to 30 June 2018 of the Council’s operations as a legal entity and also those for its “group”, including its subsidiary and council controlled organisations. The Annual Report contains detailed information about our finances and service performance and was adopted by Council and approved for issue on 24 September 2018.

This summary report has been prepared in accordance with PBE FRs 43: Summary Financial Statements. It cannot be expected to provide as complete an understanding as provided by the full financial report of the financial and service performance, financial position and cash flow of the Council. The full financial statements for the year ended 30 June 2018 have been prepared in accordance with NZ GAAP. They comply with NZ PBE IPSAS Tier 1, and other applicable Financial Reporting Standards, as appropriate for public benefit entities. The functional and presentation currency of PNCC is New Zealand dollars with all values rounded to the nearest thousand dollars.

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

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

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

Council’s responsibility for preparing the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRs-43: Summary Financial Statements.

Auditor’s responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRs-43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to reporting on the summary annual report, we have reported on the full annual report, and carried out an assurance review of the Council’s Delegation Trust Deed and the audit of the City Council’s 2018-28 Long-Term Plan, which are compatible with those independence requirements. Other than this reporting and these assignments, we have no relationship with or interests in the City Council or any of its subsidiaries.

Karen Young
Audit New Zealand
On behalf of the Auditor-General Wellington, New Zealand
24 September 2018

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