



PALMERSTON NORTH CITY COUNCIL

AGENDA

ECONOMIC GROWTH COMMITTEE

9AM, WEDNESDAY 12 APRIL 2023

COUNCIL CHAMBER, FIRST FLOOR CIVIC ADMINISTRATION BUILDING 32 THE SQUARE, PALMERSTON NORTH

MEMBERS

Leonie Hapeta (Chair)
William Wood (Deputy Chair)
Grant Smith (The Mayor)

Mark Arnott
Brent Barrett
Rachel Bowen
Vaughan Dennison
Roly Fitzgerald

Lorna Johnson Debi Marshall-Lobb Billy Meehan Orphée Mickalad

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

Waid Crockett

Chief Executive | PALMERSTON NORTH CITY COUNCIL

Te Mariae o Hine | 32 The Square Private Bag 11034 | Palmerston North 4442 | New Zealand pricc.govt.nz





ECONOMIC GROWTH COMMITTEE MEETING

12 April 2023

ORDER OF BUSINESS

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. Declarations of Interest (if any)

Members are reminded of their duty to give a general notice of any interest of items to be considered on this agenda and the need to declare these interests.

4. 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.)

5. Confirmation of Minutes

Page 7

"That the minutes of the Economic Growth Committee meeting of 22 February 2023 Part I Public be confirmed as a true and correct record."

6. Palmerston North Airport Limited - Interim Report for 6 months to 31 December 2022

Page 13

Memorandum, presented by Steve Paterson, Strategy Manager - Finance.

7. Palmerston North Airport Limited - Draft Statement of Intent for 2023/24 to 2025/26

Page 31

Memorandum, presented by Steve Paterson, Strategy Manager - Finance.

8. Central Economic Development Agency (CEDA): Six-Month Report
 1 July to 31 December 2022 and Draft Statement of Intent 2023-24

Page 65

Memorandum, presented by David Murphy, Chief Planning Officer.

9. College Street and Botanical Road Intersection

Page 163

Report, presented by Hamish Featonby, Group Manager - Transport and Development.

10. Vogel Street Safety Improvements

Page 175

Memorandum, presented by Hamish Featonby, Group Manager - Transport and Development.

11. Palmerston North Quarterly Economic Update - March 2023

Page 183

Memorandum, presented by Stacey Bell - City Economist.



12. 6-monthly report on International Relations and Education Activities Page 205

Memorandum, presented by Gabrielle Loga, International Relations Manager.

13. Work Schedule - April 2023

Page 223

14. 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:

eral subject of each ter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution

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.

[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 Economic Growth Committee Meeting Part I Public, held in the Council Chamber, First Floor, Civic Administration Building, 32 The Square, Palmerston North on 22 February 2023, commencing at 9.00am.

Members Councillor William Wood (in the Chair), The Mayor (Grant Smith) and **Present:** Councillors Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan

Dennison, Roly Fitzgerald, Lorna Johnson, Debi Marshall-Lobb, Billy

Meehan and Orphée Mickalad.

Non Councillors Lew Findlay, Patrick Handcock, Karen Naylor and Kaydee

Members: Zabelin.

Apologies: Councillor Leonie Hapeta.

Councillors Lew Findlay and Debi Marshall-Lobb left the meeting at 12.04pm. They were not present for clauses 7 and 8.

Karakia Timatanga

Councillor Fitzgerald opened the meeting with karakia.

1-23 Apologies

Moved William Wood, seconded Grant Smith.

The **COMMITTEE RESOLVED**

1. That the Committee receive the apologies.

Clause 1-23 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors William Wood, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Roly Fitzgerald, Lorna Johnson, Debi Marshall-Lobb, Billy Meehan, Orphée Mickalad, Lew Findlay, Patrick Handcock, Karen Naylor and Kaydee Zabelin.

2-23 Public Comment

Rob Campbell, Chief Executive of Palmy Bid spoke on the following items.

• Current economic conditions, particularly the effect of inflation



- on small business owners.
- Urged Council to continue to have an Investment mindset and not to shrink investment in the city.

Regarding Transport Strategies and Plans:

- Palmy Bid is supportive of transport strategies that encourage access to city centre for all modes of transport.
- Supports buses using outer ring road, and an on-demand bus system.
- Wishes to work with Council to investigate the design and location of the Main St Bus terminal and any review of the car parking strategy.

Moved William Wood, seconded Grant Smith.

The **COMMITTEE RESOLVED**

1. That the Committee receive the public comment for information.

Clause 2-23 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors William Wood, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Roly Fitzgerald, Lorna Johnson, Debi Marshall-Lobb, Billy Meehan, Orphée Mickalad, Lew Findlay, Patrick Handcock, Karen Naylor and Kaydee Zabelin.

3-23 Presentation - Central Economic Development Agency

Presentation, by Jerry Shearman CEO and Bobby McFee, Chair of the Board.

Jerry outlined CEDA's strategic projects and updated the Committee on progress. He discussed -

Te Utanganui – Central NZ distribution hub – wide support around the region for this key logistics hub.

Manawatū Food Strategy – developing sustainability practices and innovation in food production. Focused on getting it adopted as a regional strategy.

Manawatū Destination Management Plan – launched the new Manawatū Version 2.0 visitor promotion. Focused on encouraging sustainable tourism practices.

Te Apiti Manawatū Gorge Master Plan – deciding on a catalyst project.

Profiling the region – ongoing work to promote the region as a great place to do business.



Moved William Wood, seconded Grant Smith.

The **COMMITTEE RESOLVED**

1. That the Committee receive the presentation for information.

Clause 3-23 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors William Wood, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Roly Fitzgerald, Lorna Johnson, Debi Marshall-Lobb, Billy Meehan, Orphée Mickalad, Lew Findlay, Patrick Handcock, Karen Naylor and Kaydee Zabelin.

REPORTS

4-23 Summary report on the Palmerston North economic structure

Memorandum, presented by Stacey Bell - City Economist.

Moved William Wood, seconded Grant Smith.

The **COMMITTEE RESOLVED**

1. That the Committee receive the report titled 'Summary report on the Palmerston North economic structure' of 22 February 2023 presented to the Economic Growth Committee.

Clause 4-23 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors William Wood, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Roly Fitzgerald, Lorna Johnson, Debi Marshall-Lobb, Billy Meehan, Orphée Mickalad, Lew Findlay, Patrick Handcock, Karen Naylor and Kaydee Zabelin.

5-23 Palmerston North Strategic Transport Networks

Memorandum, presented by Vinuka Nanayakkara, Senior Transport Planner.

The meeting adjourned at 10.28am The meeting resumed at 11.00am

Following concerns that members had not received enough time to consider the Plan, the Mayor moved a procedural motion to lie the report on the table so that the Strategic Transport Networks Plan could be workshopped with Elected Members.

Moved Grant Smith, seconded Patrick Handcock.

The **COMMITTEE RESOLVED**

 That the Palmerston North Strategic Transport Networks Plan be laid on the table for further socialising and workshopping with Elected Members.



Clause 5-23 above was carried 9 votes to 6, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors William Wood, Mark Arnott, Roly Fitzgerald, Debi Marshall-Lobb, Billy Meehan, Orphée Mickalad, Lew Findlay and Patrick Handcock.

Against:

Councillors Brent Barrett, Rachel Bowen, Vaughan Dennison, Lorna Johnson, Karen Naylor and Kaydee Zabelin.

6-23 Process and options to establish and enforce heavy vehicle routes

Memorandum, presented by Vinuka Nanayakkara, Senior Transport Planner; Peter Ridge, Senior Policy Analyst and Chris Lai, Activity Manager – Transport.

Moved William Wood, seconded Grant Smith.

The **COMMITTEE RESOLVED**

1. That the Committee receive the memorandum titled 'Process and options to establish and enforce heavy vehicle routes' of 22 February 2023 to the Economic Growth Committee.

Clause 6-23 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors William Wood, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Roly Fitzgerald, Lorna Johnson, Debi Marshall-Lobb, Billy Meehan, Orphée Mickalad, Lew Findlay, Patrick Handcock, Karen Naylor and Kaydee Zabelin.

The meeting adjourned 12.04pm.

The meeting resumed at 1.04pm.

Councillors Debi Marshall-Lobb and Lew Findlay were not present when the meeting resumed.

7-23 Main Street Cycleway - Permanent Solution Decision

Report, presented by Chris Lai - Activity Manager Transport and Bryce Hosking, Acting Chief Infrastructure Officer.

Officers corrected the following errors in the report; -

- the total cost for Option 1 is \$650K not \$750K.
- the Officer's recommendation should read "retain the existing ... temporary cycleway" not "retain the existing ... shared pathway"

Moved Lorna Johnson, seconded Orphée Mickalad.

The **COMMITTEE RECOMMENDS**

 That Council endorse Option 1: Retain the existing Pioneer Highway temporary cycleway infrastructure until it reaches the end of its useful life and replace it and progress the remaining pieces as a permanent solution to create a complete and safe cycleway along



that route.

Clause 7-23 above was carried 9 votes to 4, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Rachel Bowen, Roly Fitzgerald, Lorna Johnson, Billy Meehan, Orphée Mickalad, Patrick Handcock and Kaydee Zabelin.

Against:

Councillors William Wood, Mark Arnott, Vaughan Dennison and Karen Naylor.

8-23 Work Schedule - February 2023

Moved William Wood, seconded Patrick Handcock.

The **COMMITTEE RESOLVED**

1. That the Economic Growth Committee receive its work schedule dated February 2023.

Clause 8-23 above was carried 13 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors William Wood, Mark Arnott, Brent Barrett, Rachel Bowen, Vaughan Dennison, Roly Fitzgerald, Lorna Johnson, Billy Meehan, Orphée Mickalad, Patrick Handcock, Karen Naylor and Kaydee Zabelin.

Karakia Whakamutunga

Councillor Fitzgerald ended the meeting with karakia.

The meeting finished at 1.43pm.

Confirmed 12 April 2023

Chair



MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 12 April 2023

TITLE: Palmerston North Airport Limited - Interim Report for 6 months to

31 December 2022

PRESENTED BY: Steve Paterson, Strategy Manager - Finance

APPROVED BY: Cameron McKay, Chief Financial Officer

RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE

 That the Committee receive the Interim Report and Financial Statements of Palmerston North Airport Ltd for the period ended 31 December 2022, presented to the Committee on 12 April 2023.

1. ISSUE

Palmerston North Airport Ltd (PNAL), as a Council-Controlled Organisation, is required to provide a 6-monthly report to Council. The report for the period ending 31 December 2022 is attached.

2. BACKGROUND

PNAL's draft Statement of Intent (SOI) for 2022/23 was considered by Council in March 2022 and the final SOI was agreed to by Council in June 2022.

Performance for the six-month period to 31 December 2022 is covered in the attached report by the Chair and Chief Executive.

It's pleasing to see the recording of growth in passenger numbers and in net revenue relative to the conservative assumptions in the SOI.

In July 2022 PNAL made first use of the debt facility made available by the Council. \$5m was raised by the Council from the Local Government Funding Agency and onlent to PNAL. This arrangement was agreed to by the Council as a means of assisting PNAL (as a 100% subsidiary of the Council) to obtain funding at the best possible interest rates.

As earlier agreed with Council no dividend has been paid in relation to the 2021/22 year.



PNAL has prepared its draft SOI for the 2023/24 year and this is being considered under a separate report.

3. NEXT STEPS

PNAL will prepare and forward an annual report after 30 June 2023.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes					
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 Consultative procedure?	Special No					
Is there funding in the current Annual Plan for these actions?	Yes					
Are the recommendations inconsistent with any of Council's poplans?	licies or No					
The recommendations contribute to Goal 1: An Innovative and Growing City The recommendations contribute to the achievement of action/actions in Transport						
The action is: Work with the airport company to ensure the airport's strategic intent aligns with the City's aspirations						
Contribution to strategic direction and to social, economic, environmental and cultural well-being						

ATTACHMENTS

1. PNAL - Interim Report to 31 December 2022 🗓 📆



Palmerston North Airport Limited

Interim Report to 31 December 2022

1

Company Directory

Directors

M Georgel – Chair S Mitchell-Jenkins G Gillespie C Cardwell S Laurence

Management

D Lanham Chi
O Pierre Chi
J Baker Chi
A Fechney Saf
M Dahlan Cap
B Lawry Ter
T Cooney Air

Chief Executive
Chief Commercial Officer
Chief Financial Officer
Safety and Operations Manager
Capital Projects & Asset Manager
Terminal and Facilities Manager
Airfield Operations Manager

Registered Office

Palmerston North Airport Terminal Building Airport Drive PALMERSTON NORTH 4442

Phone: +64 6 351 4415 E-mail: info@pnairport.co.nz Web: www.pnairport.co.nz

Trading Bankers

Bank of New Zealand

Legal Advisors

CR Law

Auditors

Audit New Zealand (on behalf of The Auditor-General)

Contents

oint Report of Chair and Chief Executive	4
Statement of Service Performance	6
Financial Statements	7 - 11
Notes to the Financial Statements	12 - 15

JOINT REPORT OF THE CHAIR & CHIEF EXECUTIVE

FOR THE SIX MONTHS ENDING 31 DECEMBER 2022

A recovery in passenger volumes drove first half performance with a total of 276,000 passenger movements recorded. The rebound has provided the basis for a recovery in income levels to December 2022, 22% ahead of budget. Increased airport activity has impacted on costs which are 3% up on budget to December 22, after adjusting for a deferred runway maintenance treatment which will now occur in H2.

Against the backdrop of recovering passenger volumes and financial performance the team continued to progress our program of re-investment in our customers. This included advancing plans for the terminal redevelopment, a new wayfinding/ signage strategy and further carpark improvements, and we achieved a pleasing Net Promoter score of 45 for the 6 month period, 15 basis points ahead of the SOI target.

During the period, PNAL maintained Rule Part 139 compliance, and continued our record of zero lost time injuries. The third team engagement survey was undertaken and again highlighted strong engagement, benefitting from further investment in our OneTeam wellness program. Three new team members joined PNAL during the period Alex Fechney in the newly created Safety & Operations Manager role, Baylie Corney – Marketing & Business Support Co-ordinator and Customer Services Executive Rebecca Sharp.

Our mahi on sustainability continued with the team progressing towards Level 4 accreditation with the Airports Council International's Airport Carbon Accreditation (ACA) program. PNAL's natural gas powered boiler was decommissioned and has been replaced with an energy efficient electric system, greatly assisting our decarbonization efforts. Waste to landfill and water consumption initiatives continued. We were delighted to be awarded the Qualmark Gold Sustainable Tourism Business Award, the first airport operator in New Zealand to achieve this accolade. The award recognises our commitment to sustainability, our people, health & safety and business practices.

Income generated during the half year of \$6.4 million was 22% or \$1.4 million ahead the SOI, with aeronautical income the primary driver.

After adjusting for a runway maintenance program now deferred to February/March 2023 total expenditure of \$3.84 million was 3% or \$0.13 million above SOI. Major contributors to the cost variations include legal expenses and employee remuneration.

	Actual	SOI
Half-Year Net Profit Before Tax	\$2.32m	\$0.2m
Less: Deferred Runway Maintenance	\$0.80m	\$-
Less: Gain on Land Sale Delayed from FY22	\$0.37m	\$-
Normalised Half-Year Net Profit Before Tax	\$1.15m	\$0.2m

Notwithstanding the first half performance we remain wary of potential adverse impacts on further recovery. However on the basis that recovery continues at present levels we are predicting 534,000 passenger movements for the full year to 30 June 2023, an increase of 16% versus the SOI target of 459,000 passenger movements. On this basis income of \$12.4 million is forecast for the full year, 25% above the SOI, and 30% above the prior year. Total year-end expenditure is forecasted at \$7.0 million, 8% above the SOI, and 9% above the prior year.

A Net Surplus after Taxation of \$2.25 million, is forecasted, 202% ahead of SOI and 170% ahead of the prior year (excl revaluation gains on investment property).

4

While a net surplus is predicted, PNAL is about to enter a period of unprecedented investment in essential infrastructure, estimated at \$52.3 million over the next three years. Cash preservation and management therefore remains critical.

Investments include the proposed terminal redevelopment, planning for the development of a 6,000 m² warehouse for freight & logistics clients, a semi-covered pickup and drop-off area and other enhancements for carpark users, and the ongoing investment in asset management planning and critical airside infrastructure.

The terminal redevelopment, with an estimated price tag of \$40 million, represents the single largest investment PNAL has ever made. This price tag represents a significant increase on previous cost estimates, largely resulting from further analysis indicating that a new build is required, rather than a simple refresh of the existing terminal.

The terminal redevelopment is now overdue, and an unavoidable spend which ensures operational and seismic resilience, while also future proofing the terminal to accommodate growth in passenger volumes and enhance the customer experience. The redevelopment will also cater for the introduction of passenger and hold-bag screening, thereby allowing the reintroduction of jet services and ensuring Palmerston North Airport is ready should mandatory screening be introduced at Regional airports.

The level of funding required to achieve these non-negotiable objectives is also unprecedented at over \$50 million. While PNAL is not seeking direct financial support from our Shareholder, given the residual uncertainty around recovery and the associated financial risks these projects and forecasted debt levels bring, PNAL is seeking Shareholder support in the form of a continuation of the dividend suspension until the terminal redevelopment project has been completed in FY26.

Murray Georgel Chair

David Lanham Chief Executive

Sourb For

STATEMENT OF SERVICE PERFORMANCE

The Company's Statement of Intent is dated 26 May 2022.

The Company is trading as Palmerston North Airport Limited.

Palmerston North Airport Limited has been maintained as an airport certificated pursuant to Civil Aviation Rule Part 139 and has achieved satisfactory audits during the period.

All obligations under the Resource Management Act and the District Plans of the Palmerston North City Council and Manawatu District Council have been met.

Performance Metrics	Dec 2022 6 months	Dec 2021 6 months	SOI Target 6 months
A ratio of surplus before interest/tax/depreciation to total assets	3.1%	1.4%	1.4%
A ratio of net surplus after tax to consolidated shareholders' funds inclusive of revaluation reserve	2.0%	0.1%	0.2%
To maintain a ratio of consolidated shareholders funds to total assets of at least 40%	77.0%	75.6%	73.3%
To maintain an interest coverage ratio of EBITDA to interest of at least 2.5	11.0	5.0	4.3
To maintain a tangible net worth (total tangible assets after revaluations less total liabilities) above \$50m	\$84.7m	\$68.3m	\$69.1m
Maintain a Net Promoter Score of 30 or above	45	27	30
Total Passenger movements	275,896	141,350	232,255
Zero lost time injuries	Zero	Zero	Zero
Maintain CAA Part 139 certification	Maintain	Maintain	Maintain
Net Debt* / EBITDA less than 4.5 (long term target)	3.6	N/A	8.7
Funds from Operations (FFO**) / Net Debt greater than 11% (long term target)	20%	N/A	8%

^{*}Net Debt equals total borrowings less cash on hand

^{**}FFO equals EBITDA less interest less tax

STATEMENT OF FINANCIAL PERFORMANCE

For Six Months Ended 31 December 2022

	Note	31 Dec 22 6 Months Unaudited	31 Dec 21 6 Months Unaudited	30 June 23 12 Months SOI	30 June 22 12 Months Audited
Revenue	4	6,414,957	3,864,169	9,919,595	9,485,265
Operating Expenses					
Airfield Services		265,425	321,937	560,088	578,808
Other Operating Expenses	5	1,048,012	913,695	2,972,544	1,813,308
Total Operations and Maintenance		1,313,437	1,235,632	3,532,632	2,392,116
Administration Expenses					
Audit Fees		27,287	27,028	54,576	52,159
Bad Debts Written Off		· -	-	-	15
Changes in Doubtful Debt Provision		(7,635)	(7,635)	5,000	-
Directors' Fees		67,500	55,500	157,752	112,087
Employee Expenses	6	976,245	761,497	1,783,824	1,499,390
Administration		622,952	400,950	785,350	918,094
Marketing		39,464	83,009	202,992	144,526
Cost of Goods Sold		-	-	-	1,253,184
Total Administration		1,725,813	1,320,349	2,989,494	3,979,455
Total Operating Expenses		3,039,250	2,555,981	6,522,126	6,371,571
Extraordinary Items	17	-	41,336	50,000	56,127
Operating Surplus Before Interest, Depreciation & Taxation (EBITDA)		3,375,707	1,266,852	3,347,469	3,057,567
Finance Costs & Depreciation					
Finance Costs		307,167	253,625	688,538	533,993
Depreciation	14	1,078,145	896,969	1,624,121	1,804,457
(Gain) / Loss on Sale of Assets		(327,502)	4,545	-	4,545
Total Finance Costs & Depreciation		1,057,810	1,155,139	2,312,659	2,342,995
Revaluation Gain - Investment Properties		-	-	-	545,772
Operating Surplus Before Taxation		2,317,897	111,713	1,034,810	1,260,344
Taxation Expense on Operating Surplus	8	649,011	31,282	289,748	(119,158)
Net Surplus After Taxation		1,668,886	80,430	745,062	1,379,502

For and on behalf of the Board

Murray Georgel - Chair Date: 27/92/2023

Shelly Mitchell-Jenkins - Director

Date: 27/02/2023

7

STATEMENT OF COMPREHENSIVE INCOME

For Six Months Ended 31 December 2022

	Note	31 Dec 22 6 Months Unaudited	31 Dec 21 6 Months Unaudited	30 June 23 12 Months SOI	30 June 22 12 Months Audited
Net Surplus After Taxation		1,668,886	80,430	745,062	1,379,502
Gains on revaluation of land and buildings		-	-	-	16,983,720
Movement in deferred tax		-	-	-	(3,638,278)
Reversal of valuation surplus on disposal		-	-	-	-
Comprehensive Income Attributed to the Shareholder		1,668,886	80,430	745,062	14,724,943

STATEMENT OF CHANGES IN EQUITY

For Six Months Ended 31 December 2022

	Note	31 Dec 22 6 Months Unaudited	31 Dec 21 6 Months Unaudited	30 June 23 12 Months SOI	30 June 22 12 Months Audited
Equity at the Beginning of the Year		82,990,345	68,265,401	68,909,913	68,265,401
Total comprehensive (loss) income		1,668,886	80,430	745,062	14,724,944
Movement in Asset Revaluation Reserve		-	-	-	-
Distribution to shareholders during the year		-	-	-	-
Equity at the End of the Year		84,659,231	68,345,831	69,654,975	82,990,345

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements. These financial statements are unaudited.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	31 Dec 22 Unaudited	31 Dec 21 Unaudited	30 June 23 SOI	30 June 22 Audited
Current Assets					
Cash and Cash Equivalents	9	1,325,174	136,565	56,254	110,229
Trade Accounts Receivable	10	1,194,621	644,822	1,008,143	839,163
Sundry Receivables and Prepayments		448,345	285,254	399,904	545,799
Total Current Assets		2,968,140	1,066,641	1,464,301	1,495,191
Less: Current Liabilities					
Income in Advance		191,969	351,947	103,284	107,426
Trade Accounts Payable	11	236,386	260,102	1,924,711	733,234
Other Creditors		692,998	245,000	5,019	431,413
Employee Benefit Liabilities	12	389,765	145,429	217,831	280,252
Short Term Borrowings		5,721,700	6,960,073	-	11,007,968
Tax Payable		406,426	(130,719)	95,748	(65,585)
Total Current Liabilities		7,639,244	7,831,832	2,346,593	12,494,708
Working Capital		(4,671,104)	(6,765,192)	(882,292)	(10,999,517)
Add: Non Current Assets					
Property, Plant & Equipment	14	92,071,641	75,541,657	87,461,034	92,731,168
Investment Property		14,900,000	13,786,000	12,752,840	14,900,000
Total Non Current Assets		106,971,641	89,327,657	100,213,874	107,631,168
Less: Non Current Liabilities					
Deferred Tax Liability	15	9,941,306	6,516,634	6,516,634	9,941,306
Long Term Borrowings	13	7,700,000	7,700,000	23,159,973	3,700,000
Total Non Current Liabilities		17,641,306	14,216,634	29,676,607	13,641306
Net Assets		84,659,231	68,345,832	69,654,975	82,990,345
Represented by:					
Shareholders Equity					
Paid in Capital		9,380,400	9,380,400	9,380,400	9,380,400
Retained Earnings		25,644,120	22,503,834	23,812,977	23,975,234
Asset Revaluation Reserve		49,634,711	36,461,598	36,461,598	49,634,711
Total Shareholders' Equity		84,659,231	68,345,832	69,654,975	82,990,345

For and on behalf of the Board

Murray Georgel - Chair Date: 27/92/2023 Shelly Mitchell-Jenkins - Director Date: 27/02/2023

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements. These financial statements are unaudited.

9

STATEMENT OF CASH FLOWS

For Six Months Ended 31 December 2022

	Note	31 Dec 22 6 Months Unaudited	31 Dec 21 6 Months Unaudited	30 June 23 12 Months* SOI	30 June 22 12 Months Audited
Cash Flows from Operating Activities					
Cash was provided from:					
Receipts from Customers		7,337,193	3,642,993	11,210,561	8,941,260
Interest Received		-	-	-	-
Income Tax Refund		-	-	-	18,056
Operating Cash Inflows		7,337,193	3,642,993	11,210,561	8,959,316
Cash was disbursed to:					
Payment to Suppliers and Employees		3,976,303	3,329,148	6,718,239	6,172,450
Tax Loss Payment to PNCC		-	-	-	18,266
Payment of Income Tax		177,000	361,352	284,608	341,118
Interest Payments		307,167	253,625	688,538	533,993
Operating Cash Outflows		4,460,470	3,944,125	7,691,385	7,065,827
Net Cash Flow from Operating Activities		2,876,723	(301,132)	3,519,176	1,893,489
Cash Flows from Investing Activities					
Cash was provided from:					
Sale of Property, Plant & Equipment		486,516	-	-	-
Investing Cash Inflows		486,516	-	-	-
		,			
Cash was applied to:					
Acquistions of Property, Plant & Equipment		967,926	1,884,309	12,668,319	2,892,453
Acquisitions of Investment Property		-	-	-	1,261,234
Investing Cash Outflows		967,926	1,884,309	12,668,319	4,153,687
Net Cash Flow from Investing Activities		(481,410)	(1,884,309)	(12,668,319)	(4,153,687)
Cash Flows from Financing Activities					
Cash was provided from:					
Borrowings		96,135	2,281,681	9,455,000	3,500,000
Financing Cash Inflows		96,135	2,281,681	9,455,000	3,500,000
		,	, , , , ,	.,,	-,,
Cash was applied to:					
Repayment of Borrowings		1,276,500	322,132	303,600	1,492,031
Payment of Dividends		-	-	-	-
Financing Cash Outflows		1,276,500	322,132	303,600	1,492,031
Net Cash Flow from Financing Activities		(1,180,365)	1,959,549	9,151,400	2,007,969
Net Increase / (Decrease) in Cash, Cash Equivalents and Bank Overdrafts		1,214,948	(225,893)	2,257	(252,229)
Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the Year		110,229	362,458	53,999	362,458
Cash, Cash Equivalents and Bank Overdrafts at Year End		1,325,177	136,565	56,256	110,229

^{*}The FY23 SOI format differes from that outlined above. The SOI has been converted to the above format for the purposes of half year reporting. Some allocations may differ.

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements. These financial statements are unaudited.

STATEMENT OF COMMITMENTS

For Six Months Ended 31 December 2022

Non-cancellable Commitments - Operating Lessee

Total	248,685
Over five years	_
Two to five years	65,119
One to two years	66,717
Not more than one year	116,849

11 Commitments, including Operating Leases, Maintenance Contracts, and Vehicle Leases.

Non-cancellable Commitments - Operating Lessor

Total	12,181,993
Over five years	4,950,023
Two to five years	3,423,549
One to two years	1,955,908
Not more than one year	1,852,513

55 Property and Car Park Leases With PNAL as the Lessor

NOTES TO THE FINANCIAL STATEMENTS

For Six Months Ended 31 December 2022

1. REPORTING ENTITY

Palmerston North Airport Limited is a New Zealand company registered under the Companies Act 1993.

2. BASIS OF PREPARATION

Statement of Compliance

The financial statements of Palmerston North Airport Limited have been prepared in accordance with the requirements of the Airport Authorities Act 1966, Airport Authorities Amendment Act 2000, the Local Government Act 2002, Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 the Companies Act 1993, and the Financial Reporting Act 2013. The financial statements have been prepared in accordance with NZ GAAP. They have been prepared in accordance with Tier 2 PBE reporting standards.

The entity is eligible and has elected to report with Tier 2 PBE accounting standards RDR on the basis that the entity has no public accountability and has expenses >\$2m and \leq \$30m.

Measurement base

The financial statements have been prepared on a historical cost basis except where modified by the revaluation of land and buildings and infrastructure assets.

Functional and presentation currency

The financial statements are presented in New Zealand Dollars and all values are rounded to the nearest dollar. The functional currency of the company is New Zealand Dollars.

3. ACCOUNTING POLICIES

Changes in accounting policies

There were no changes to accounting policies during the period being reported.

Specific accounting policies

The accounting policies as published in the Annual Report to 30 June 2022 have been applied consistently to all periods presented in these financial statements.

4. ANALYSIS OF OPERATING REVENUE

	31 Dec 22 6 Months Unaudited	31 Dec 21 6 Months Unaudited	30 June 23 12 Months SOI	30 June 22 12 Months Audited
Aeronautical Revenue	4,227,593	2,080,172	6,075,925	4,575,560
Carpark, Rent and Advertising	2,043,129	1,479,553	3,661,795	3,088,493
Other*	144,235	304,444	181,875	514,607
Sale of Inventory**	-	-	-	1,306,605
Interest	-	-	-	-
Total	6,414,957	3,864,169	9,919,595	9,485,265

5. OTHER OPERATING EXPENSES

Total	1,048,012	913,698	2,972,544	1,813,308
Repairs and Maintenance	567,478	478,672	1,978,536	933,515
Power and Insurance	263,631	219,998	530,004	449,737
Rates	216,903	215,028	464,004	430,056

6. EMPLOYEE EXPENSES

Salaries and Wages*	840,851	772,921	1,688,271	1,351,938
Employer Contribution to Kiwi Saver	25,881	26,507	65,553	50,560
Movement in Employee Entitlement	109,514	(37,931)	30,000	96,892
Total	976,245	761,497	1,783,824	1,499,390

^{*}Excludes Rescue Fire Service (RFS). Salaries and wages of RFS are included in Airfield Services expenditure.

7. FINANCE COST

Total	307,167	253,625	688,538	533,993
Tabel	207.467	252 625	C00 F30	F22.002
Interest on Term Loans	307,167	253,625	688,538	533,993

8. TAXATION

Current Year Tax Payable	649,011	31,282	289,748	94,346
Prior Year Adjustments	-	-	-	102
Movement in Deferred Tax	-	-	-	(213,606)
Total	649,011	31,282	289,748	(119,158)

9. CASH AND CASH EQUIVALENTS

BNZ Current Account	1,320,372	131,692	51,668	106,039
Cash on Hand	4,802	4,873	4,586	4,190
Short Term Deposits	-	-	-	-
Total	1,325,174	136,565	56,254	110,229

10. TRADE ACCOUNTS AND OTHER RECEIVABLES

10. Trade Accounts and Other Receivables

Debtors and Other Receivables	1,191,771	644,822	1008,143	846,598
Receivables From Related Party	2,850	-	-	200
Provision for Impairment	-	-	-	(7,635)
Total	1,194,621	644,822	1,008,143	839,163

13

^{*}Government wage subsidies have been recognised at the time of receipt of funds.
**During the 2022 financial year two lots of land in Zone B Stage 1 were transferred from Investment Property to Inventoty. These lots were then sold during that year.

11. TRADE ACCOUNTS PAYABLE

	31 Dec 22 6 Months Unaudited	31 Dec 21 6 Months Unaudited	30 June 23 12 Months SOI	30 June 22 12 Months Audited
Trade Accounts Payable	233,039	260,102	1,924,711	731,233
Payables to Related Party	3,347	-	-	2,001
Total	236,386	260,102	1,924,711	733,234

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms.

Therefore, the carrying value of the debtors and other receivables approximates their fair value after making provisions for impairment on specific overdue accounts.

12. EMPLOYEE BENEFIT LIABILITIES

Total	389,765	145,429	217,831	280,252
Annual Leave	192,090	118,849	142,567	161,240
Accrued Pay	197,675	26,580	75,264	119,012

13. BORROWINGS

Total	13,421,700	14,660,073	23,159,973	14,707,968
Current Portion of Borrowings	5,721,700	6,960,073	-	11,007,968
Long Term Borrowings	7,700,000	7,700,000	23,159,973	3,700,000

The company has a bank facility of \$16.1 million which is secured by a registered first debenture and mortgage from the Bank of New Zealand over assets and property of the Company. This includes a facility of \$5m used in full for the construction of the Massey Aviation Training Facility. The Company has a further facility with PNCC for \$25.48 million (indirect LGFA funding).

The carrying value of borrowings is materially consistent with their fair value.

Borrowings are classified as current liabilities where the debt tranche is floating or fixed for less than 12 months after 31 December 2022.

Otherwise borrowings are classified as non-current.

14. PROPERTY, PLANT AND EQUIPMENT

	30 June 22 Carrying Amount	Additions	Disposals	Disposals Accum Depr	Depreciation	31 Dec 22 Carrying Amount
Land	33,000,000	22,179	167,113	-	-	32,855,065
Buildings	13,815,578	308,743	-	-	180,813	13,943,508
Infrastructure - Land	6,638,730	165,869	-	-	133,039	6,671,560
Infrastructure - Air	36,582,687	-	15,012	15,012	616,989	35,965,698
Plant & Equipment	1,247,115	40,442	139,435	101,362	102,175	1,147,309
Furniture & Fittings	97,991	5,744	-	-	10,637	93,098
Computer Equipment	21,652	1,619	-	-	7,028	16,242
Motor Vehicles	1,309,889	79,208	-	-	24,776	1,364,322
Intangibles	17,525	-	-	-	2,688	14,837
Total	92,731,168	623,803	321,560	116,374	1,078,145	92,071,641

It is Management's opinion that there is no reason that any of the assets should be impaired, as at 31 December 2022.

15. DEFERRED TAX ASSETS / (LIABILITIES)

	Investment Property	Property, Plant & Equipment	Employee Entitlements	Other Provisions	Total
Balance at 30 June 2022	156,460	9,846,929	(59,567)	(2,516)	9,941,306
Change to Profit and Loss	-	-	-	-	-
Balance at 31 December 2022	156,460	9,846,929	(59,567)	(2,516)	9,941,306

16. CONTINGENCIES

Payments made under operating leases are recognised on a straight-line basis over the term of the lease.

17. EXTRAORDINARY ITEMS

The Extraordinary Items are soil, sediment, surface and ground water sampling for PFAS at Palmerston North Airport and adjacent sites including the Mangaone Stream.



MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 12 April 2023

TITLE: Palmerston North Airport Limited - Draft Statement of Intent for

2023/24 to 2025/26

PRESENTED BY: Steve Paterson, Strategy Manager - Finance

APPROVED BY: Cameron McKay, Chief Financial Officer

RECOMMENDATIONS TO ECONOMIC GROWTH COMMITTEE

- 1. That the Committee receive the Palmerston North Airport Ltd (PNAL) draft Statement of Intent for 2023/24 to 2025/26, presented to the Economic Growth Committee on 12 April 2023.
- 2. That Palmerston North Airport Limited be advised:
 - a. Council supports the proposed direction and implementation strategy;
 - b. Council suggests the target for tangible net worth be increased from \$50m to \$80m;
 - c. Council recognises the projected requirement for loans totalling \$31.7m by 30 June 2024 and that Palmerston North Airport Limited will be seeking to utilise the loan facility provided by the Council to fund a significant portion of this.

1. ISSUE

To present and provide comment on the draft Statement of Intent for Palmerston North Airport Ltd (PNAL) for 2023/24 and the following two years.

2. BACKGROUND

2.1 Introduction

PNAL is deemed a Council-Controlled Trading Organisation (CCTO) under the Local Government Act 2002. A CCTO must deliver a draft Statement of Intent (SOI) to shareholders by 1 March each year and adopt it by 30 June. The Council must, as soon as possible after a draft SOI is delivered to it, agree to a CCTO's SOI or, if it does not agree, take all practicable steps under clause 6 of Schedule 8 of the Local Government Act 2002 to require the SOI to be modified. The Board of the CCTO must consider any shareholder feedback by 1 May.



The Council's reason for its shareholding in PNAL is to ensure that the capacity and image of the City's key transportation gateway is consistent with the Council's economic development objectives.

As a CCTO PNAL is required under the Local Government Act 2002 to have the following principal objective:

- Achieve the objectives of its shareholders, both commercial and noncommercial, as specified in the Statement of Intent; and
- Be a good employer; and
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- Conduct its affairs in accordance with sound business practice.

The Council's shareholding represents 100% of the issued and paid-up capital.

On 16 November 2022 the Council adopted a Statement of Expectations for PNAL and this was provided to PNAL in advance of its development of the draft SOI.

2.2 Draft SOI - overview

Attached is a **letter from PNAL** to shareholders explaining the enclosed **draft SOI** and outlining the key assumptions.

The draft SOI retains the vision from the current year 'New Zealand's leading regional airport' and the purpose statement 'Launching our communities into a promising future' as well as the five strategic objectives.

The SOI addresses all of the matters outlined in Council's Statement of Expectations.

It has been assumed there will be a gradual recovery of passenger numbers to 654,000 p.a. by 2025/26 but the ongoing uncertainty is noted.

The key capital-intensive focus is planned to be on:

- Continued reinvestment in landside and airside infrastructure
- Continuous improvement in the customer experience with the commencement of the terminal redevelopment

The three-year budgets assume capital development (totalling \$52m; including terminal (\$40m) and Ruapehu Aeropark and Airport Drive (\$5.8m) and critical infrastructure of \$4.38m) will be able to be accomplished by PNAL with additional borrowing (of \$42m) but without the need for additional share capital.

It is signalled, however, that funding constraints may limit what is able to be achieved in the way of income diversification. PNAL is actively working with other parties to find ways of funding the capital investment required.



Shareholders' funds as a percentage of total assets are forecast to reduce to 66% in the first year and 57% through the three-year term of the SOI. This is still well above the expectation that it will remain over 40%.

2.3 Draft SOI – Performance targets

The following financial performance targets are included in the Draft SOI:

	Draft SOI 2023/24 Budget	Forecast 2022/23	SOI 2022/23 Budget
NPBIT: Total assets	4%	5%	3%
NPAIT: Shareholders' funds	2%	3%	1%
Shareholders' funds: Total assets (>40%)	66%	76%	69%
Interest cover (>2.5)	4.6	9.1	4.9
Tangible Net Worth (>\$50m)	\$87.0m	\$85.2m	\$69.7m
Total debt	\$31.7m	\$14.3m	\$23.2m
Debt to Equity ratio	36%	17%	
Net Debt*/EBIDA (< 4.5)	5.5	2.7	6.9
Funds from Operations (FFO**)/Net Debt (long term target > 11%)	12.1%	27.2%	10%
Dividends - % of NPAT	Nil	Nil	Nil

^{*}Net Debt = total borrowings less cash on hand

There are non-financial measures of performance for each of the strategic areas – compliance, customer, community, culture and commercial.

Examples include:

- Various compliance requirements including CAA part 139 recertification
- Maintaining a customer satisfaction Net Promoter score of 45 or above (increased from the previous 30)
- Serving 581,000 passengers during the 2023/24 year increasing to 637,000 for the following year and 654,000 in the June 2026 year
- Zero lost time injuries to those who work within the airport community
- Achieving Airport Carbon Accreditation level 4 and implementing several specific initiatives

^{**}FFO = EBIDA less interest less tax



Completion of physical works:

- terminal development (detailed design by June 2024 and construction by June 2026)
- carpark cover installation and infrastructure/technology updates (June 2024)
- Zone D warehouses complete (June 2024 assuming partner secured by June 2023)

The target that PNAL's tangible net worth (i.e. total tangible assets after revaluations less total liabilities) be greater than \$50m needs updating as it is meaningless as it is. The tangible net worth increases through reinvestment of annual surpluses and from revaluation of assets. The actual net tangible worth has increased as follows over recent years:

As at	Tangible Net Worth \$m
30 June 2016	49.8
30 June 2017	59.6
30 June 2018	60.7
30 June 2019	67.5
30 June 2020	67.1
30 June 2021	68.3
30 June 2022	83.0

The net tangible worth performance target became out of date and was last increased from \$35m to \$50m in 2018.

The draft SOI estimates the tangible net worth will be between \$85m and \$90m over the period from 2023 to 2026. Staff recommend the target be increased to something more like what PNAL is currently worth (say \$80m) as the expectation going forward is this will continue to grow.

2.4 Draft SOI – Dividend policy

Council's Letter of Expectation outlined the expectation that:

"PNAL is required to have a commitment to retaining and growing long-term shareholder value. Council recognises that shareholder value accretion occurs through PNAL's on-going and significant investment in critical infrastructure including the terminal development to improve the customer experience and to facilitate sustainable growth in passenger and airfreight volumes, and investment in the development of Ruapehu Business Park which will provide income diversification and value accretion benefits. This is partly reflected in the on-going delivery of dividends to the shareholder.



Council further recognises that given the on-going impacts of Covid-19 on the aviation industry PNAL's ability to preserve cash and to continue to invest in the long term means dividend payments have been suspended in the short-term. Council has however an expectation that dividend payments will be progressively reinstated within the next two years and that the implications of this will be addressed annually through the SOI."

The draft SOI contains the following dividend policy:

"PNAL is focused on delivering against strategic objectives as outlined in this Statement of Intent. The achievement of these strategies will ensure PNAL is well placed in the medium to long term to generate enhanced financial returns and maximise value to our Shareholder through an appropriate balance between regional social and economic outcomes, re-investment and dividends.

In total over \$52 million of capital expenditure is projected to be undertaken over the three-year SOI period. The level of investment is unprecedented in PNAL's history with the Terminal Development Project (TDP) alone anticipated to cost \$40 million. The company's financial performance is projected to improve, however with debt at historical highs the gearing risks assumed to achieve strategic objectives is high. Given debt levels and the Shareholder expectations the Airport company must actively seek like-minded investment partners who can support the commercial development priorities outlined within Ruapehu Aeropark and Te Utanganui.

In this context the Airport company's focus on prudent cashflow management remains as critical as it did during the Covid-19 pandemic. Any divided declaration must therefore carefully consider actual and projected performance. In establishing a dividend recommendation, the directors will consider;

- 1. The scale of the company's capital expenditure plans including shareholder expectations,
- 2. The company's financial performance including cashflows from operations,
- 3. The company's ability to raise debt finance and the term thereof,
- 4. Compliance with performance metric targets,
- 5. The risks associated with airline schedule uncertainty in the short to medium term.

Reflecting the above criteria, and the Shareholder expectation that dividends are progressively re-instated, an indicative dividend has been included in the third year of the FY24-FY26 SOI, payable in FY27. The Airport company will however review its ability to declare this dividend in subsequent SOIs."

Council's 10 Year Plan 2021-31 assumes there will be no dividend payable for the time being and also assumes the Council will not be required to make any further capital injections during that time. The Council's Annual Budget for the 2022/23 year assumes there will be no dividend payable in relation to the 2021/22 year and the draft of the 2023/24 Annual Budget assumes there will be no dividend payable in relation to the 2022/23 year.



Directors of companies have an obligation to undertake appropriate solvency tests each year before declaring a dividend. A dividend in any year is therefore subject to successfully completing this test.

Prior to the outbreak of Covid-19 the Council was prepared to consider the suspension of dividend payments for a period to support the planned capital development. The proposed dividend policy is consistent with this and the indication given in the Statement of Expectation.

2.5 Draft SOI – Debt funding

The Council and PNAL have entered a loan facility agreement that involves the Council borrowing from the Local Government Funding Agency and on-lending to PNAL in an effort to reduce the interest expense for PNAL. The intention of the agreement is that the Statement of Intent is a mechanism for determining the maximum facility agreement in any given year.

To date \$5m has been raised and on-lent under the terms of the facility. The draft SOI forecasts term liabilities increasing to \$53.9m over the coming three years (up to \$31.7m in year one) and that revenue will be adequate to service this level of debt assuming interest payable by them at rates of up to 6.5%. Whilst some of the term liabilities will reflect utilisation of PNAL's facility with its Bank it is anticipated that a significant portion of the increased debt will be obtained through the facility provided by the Council.

The basis of the loan arrangement is that the PNAL borrowing will not impact on the Council's ability to borrow for other Council funded capital expenditure. This relies on LGFA being prepared to treat the loan advance from the Council to PNAL as an asset that it will net off against the related borrowing. It is important PNAL's assessment of its ability to service the debt is robust and it is acknowledged there are many assumptions involved and there are potential risks.

PNAL believe the terminal development plan is fundamental to protecting the future of the City's airport business.

3. NEXT STEPS

The Council can either endorse the SOI as presented or make suggestions for change to a greater or lesser extent.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
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 decis	•	consultation	through	the	Special	No
Is there funding in	the current Ar	nnual Plan for t	hese action	ารร		Yes
Are the recommer plans?	ndations inco	nsistent with ar	ny of Cound	cil's p	olicies or	No
The recommenda	ions contribut	te to Goal 1: Ar	n Innovativ	e and	Growing	City
The recommendo Transport	ations contrib	oute to the	achievem	ent d	of action	n/actions in
The action is: Work with the airport company to ensure the airport's strategic intent aligns with the City's aspirations						
Contribution to strategic actions that are designed to continue to improve the airport for direction and to social, economic, environmental and cultural wellbeing						

ATTACHMENTS

- Draft Statement of Intent cover letter from PNAL 2023 J. 2.
 Draft Statement of Intent 2023/24 -2025/26 J. 2.







Palmerston North Airport Limited Terminal Building, Airport Drive PO Box 4384 Palmerston North 4442 NEW 7FAI AND

P +64 6 351 4415 F +64 6 355 2262 E help@pnairport.co.nz

PNAIRPORT.CO.NZ | FB.COM/FLYPALMY

28th February 2023

The Shareholder, Palmerston North Airport Limited C/- Mr Waid Crockett Chief Executive Officer Palmerston North City Council Private Bag 11034 PALMERSTON NORTH

Dear Waid,

DRAFT STATEMENT OF INTENT 2024-2026

Please find enclosed Palmerston North Airport Limited's (PNAL) Draft Statement of Intent (SOI) for FY24 through to FY26.

Palmerston North City Council (PNCC) expectations as outlined in the Statement of Expectations for FY23-FY26 dated 21 November 2022, and Shareholder strategic goals are reflected in this SOI.

The SOI has been reviewed and approved by the PNAL Board of Directors.

A presentation will be made to the Economic Growth Committee on Wednesday 12th April 2023.

What follows are key highlights of the SOI.

- This SOI is overshadowed in all aspects by the terminal development project (TDP). The proposed 5,200m² new build facility is an unavoidable project, with the estimated cost of \$40m spread across the SOI period. This is the largest single investment ever undertaken by the airport that is necessary to ensure operational and seismic resilience while also future proofing the terminal to accommodate growth in passenger volumes and enhance the customer experience. The redevelopment will also cater for the introduction of passenger and hold-bag screening, which will allow the reintroduction of jet services and ensures Palmerston North Airport is ready, should mandatory screening be introduced at regional airports.
- The \$40m price estimate is a significant increase on previous estimates, which anticipated seismic
 strengthening and refresh of the existing terminal structure.. Additional information relating to seismic
 resilience shows this is no longer an option as it would incur an equivalent cost and take longer to complete
 with associated detrimental impacts on customer experience.
- This has significant, wide ranging and unavoidable repercussions on PNAL's short to medium-term financial performance. These include:
 - A record level of debt and interest \$54 million of debt during the three-year SOI period. This will
 utilise the current debt facility between PNAL and PNCC, as well as draw on PNAL's commercial
 bank facilities.
 - Constrained financial metrics debt covenants are maintained but show tightening during the threeyear SOI period. Other (long term) financial metrics also drop below target levels but show an improvement in the third year.
 - An inability for PNAL to deliver against other Shareholder objectives regarding income diversification
 and a greater contribution towards Te Utanganui's growth. PNAL cannot make further investment in
 freight & logistics warehousing, commercial developments within Wairaka Place, or wider investment
 in customer experience initiatives, without the support of a third party strategic partner(s).
 - o An inability for PNAL to deliver dividends to the Shareholder during the SOI period.

- Notwithstanding the TDP, PNAL is also committed to a continued reinvestment in upgrading critical airside infrastructure. A further \$4.8 million of critical improvements is anticipated over the three-year period.
- After receiving feedback from the Shareholder, this SOI introduces the renaming of the Ruapehu Business
 Park to the Ruapehu Aeropark. A gradual rebranding exercise associated with this name change will occur
 over time, as funding allows.
- As mentioned above, PNAL's ability to contribute towards Te Utanganui's growth and achieve income
 diversification objectives are constrained, without the support of a third-party strategic partner(s). PNAL is
 actively working towards securing such partnerships. The three-year SOI makes provision for PNAL funding
 half of a 6,000m² warehousing project within Ruapehu Aeropark, with the remaining funding coming from a
 third party. PNAL has no further capacity to invest in Ruapehu Aeropark during the SOI period.
- Sustainability continues to play an important role at PNAL. This SOI provides for focus on key sustainability initiatives, including achievement of the Airports Council International Airport Carbon Accreditation Level 4 ("Transformation") during the SOI period. PNAL is currently at Level 2 ("Reduction"), demonstrating an annual reduction in our emissions compared to the prior year rolling three-year average. Level 4 takes this further and will involve PNAL embarking on the selection of, and collaboration with, a third-party business operator (e.g., terminal tenant) to reduce their carbon emissions. Such collaboration is a key requirement to achieve Level 4 and demonstrates our leadership of going beyond just our core business in order to reduce overall carbon emissions.
- Underpinning everything mentioned above is PNAL's commitment to safety. The safety and security of all airport users is our critical concern. We have a Zero Harm approach to those who visit and work within our airport community. We will also continue to meet our regulatory and statutory obligations including Civil Aviation Rule Part 139, Resource Management Act, Palmerston North and Manawatu District Plans.
- This SOI anticipates a gradual recovery of passenger volumes over the SOI period to 581,000 passengers in FY24, 637,000 in FY25 and 654,000 in FY26, from a 20 year low of 324,000 in FY22.
- For the SOI period, PNAL is anticipating Net Operating Surpluses of \$1.8m in FY24, \$1.7m in FY25, and \$2.6m in FY26.
- Shareholder related financial performance metrics have been included on page 11 of the SOI, while non-financial metrics have been outlined from page 12.
- PNAL recognise the importance of returning to paying dividends, once the TDP is completed and financial
 metrics improve. To that end, the SOI outlines a revised dividend policy which is aligned with PNAL's peer
 regional airports and provides a robust and objective set of criteria which will be considered by PNAL's Board
 annually when assessing the payment of a dividend. PNAL seek the Shareholder's support with this policy
 and approach.

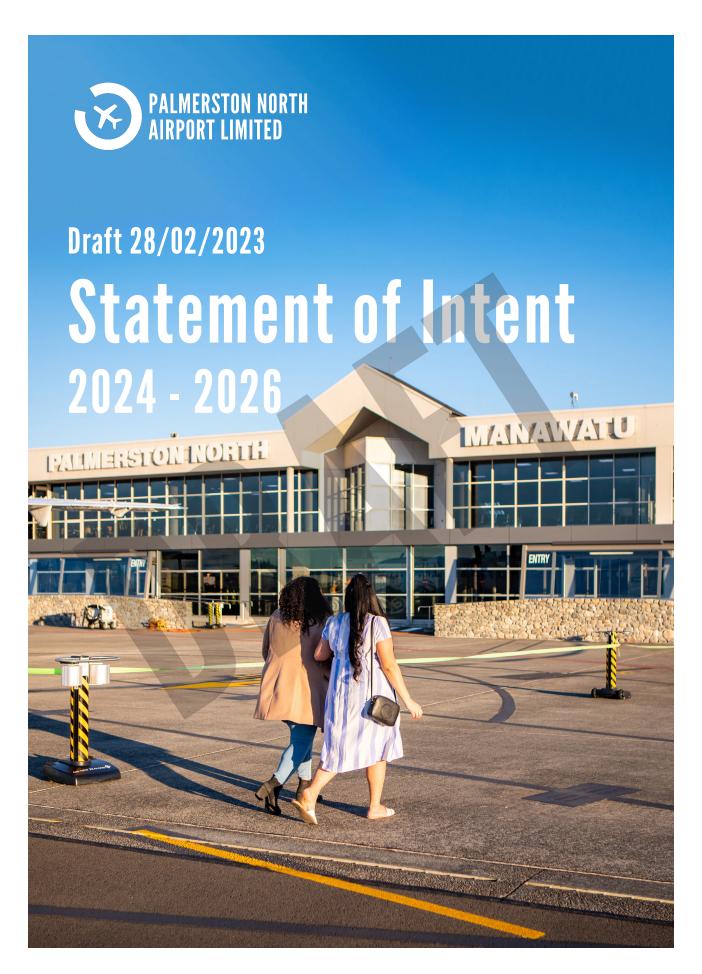
We trust this SOI highlights to you the historic position in which PNAL currently finds itself. PNAL is about to embark on a necessary and record level of investment for the intergenerational benefit of the Shareholder, City and region. While the benefits of this investment sit largely outside of PNAL's balance sheet, the short-term financial cost is borne entirely by PNAL with a long term (and only partial) financial recovery from airlines. We seek your ongoing financial (via dividend suspension) and non-financial (via collaboration and close working relationships) ongoing support through this time.

We look forward to the opportunity to discuss the SOI further with you.

Yours sincerely

David Lanham

Chief Executive Officer



INTRODUCTION

This Statement of Intent is presented by the Directors of Palmerston North Airport Limited ("PNAL") in accordance with section 64 of the Local Government Act 2002.

PNAL falls within the definitions of both a Council-Controlled Organisation and a Council-Controlled Trading Organisation pursuant to section 6 of the Local Government Act 2002 as a consequence of the Palmerston North City Council's (PNCC) shareholding.

The purpose of the Statement of Intent is to publicly declare the activities and intentions of PNAL and provide an opportunity for shareholders to influence its direction.

It also provides a basis for accountability of Directors of PNAL to the Shareholder for performance. It is intended to comply with Schedule 8 of the Local Government Act and be consistent with PNAL's Constitution.

This Statement of Intent has been informed by PNCC's Statement of Expectation dated 21 November 2022.

The Statement of Intent has been prepared under the Public Benefit Entity (PBE) Standards based on International Public Sector Accounting (IPSAS) Standards.

Directors and team members of PNAL continue to acknowledge mana whenua Rangitāne and their customary relationship to this region. PNAL appreciates their manaakitanga shown towards the airport and all airport users. PNAL looks forward to further enriching its partnership with Rangitāne, mana whenua and other local iwi over the coming years.

Contact Details

Contact details for both the Chair and the Chief Executive are:

Palmerston North Airport Limited First Floor, Terminal Building Palmerston North Airport Airport Drive P O Box 4384 Palmerston North 4442

Phone: +64 6 351 4415 Email: info@pnairport.co.nz Web: www.pnairport.co.nz

NATURE AND SCOPE OF ACTIVITIES

Palmerston North Airport Limited (PNAL) owns and operates Palmerston North Airport, having purchased the airport business on 30 January 1990.

Palmerston North Airport is an asset of regional and national importance managed by PNAL. The airport services a regional catchment which includes Ruapehu District in the north, Whanganui, Rangitikei, Manawatu, and Horowhenua in the south, and across to Wairarapa, Tararua and Southern Hawkes Bay. A population base of close to one million live within two hours' drive of the airport.

Our purpose of "Launching our communities into a promising future" reflects our true reason for being and references our role as facilitating regional growth in social, economic, and environmental terms. This includes growing long-term shareholder value, and serving our communities whether defined by geographical location, ethnicity or socially, and further enriching our special relationship with mana whenua, Rangitane and other local iwi.

Our aspirational vision of being "New Zealand's leading regional airport" emphasises our airport's leadership amongst regional peers across many aspects of our airport business. These include asset management, safety and compliance, iwi engagement, environmental sustainability, customer experience, community engagement, freight & logistics, aviation tertiary training, property development and the wellbeing of our team.

Purpose

Launching our communities into a promising future

Vision

New Zealand's leading regional airport



STRATEGIC OBJECTIVES

PNAL's principal objectives are outlined with the Five C's framework of Culture, Customer, Community, Commercial, and Compliance as follows;

Customer

We continue to improve the customer experience for all airport users.

- Our customers include all airport users; contractors, tenants, staff, passengers, meeters and greeters, and other airport visitors.
- We lead the way in terms of delivering a high quality and efficient regional airport experience.
- We promote Palmerston North Airport as the gateway and lower North Island commercial hub to our 90-minute drive market.

Commercial

We are a financially sustainable business enabling long-term success.

- We maintain and develop core infrastructure that is business critical.
- We diversify and grow revenue streams through a focus on both aeronautical and nonaeronautical income activities.
- We operate a successful enterprise with the objective of growing long-term shareholder value and providing a return to our shareholder when we have surplus funds to our on-going investment and operating requirements.
- We facilitate regional economic development by growing passenger and airfreight volumes.

Culture

We empower our team members and work as one-team.

- Our people are the key to our success. We will care for each other's well-being, and develop skills, commitment, engagement and resourcefulness across our team recognising achievement.
- Our one-team ethos is supported by the five pillars of Leadership, Trust & Respect, Communication, Empowerment and Celebrating Success.

Community

We contribute to regional prosperity.

- We are kaitiaki for the environment by operating in a sustainable manner in all of our business activities.
- We recognise our community is multi-cultural and will engage with mana whenua and all ethnic groups.

Compliance

We maintain a safe and secure operation

- The safety and security of all airport users is our critical concern. We have a Zero Harm approach to those who visit and work within our airport community.
- We will continue to meet our regulatory and statutory obligations including Civil Aviation Rule Part 139, Resource Management Act, Palmerston North and Manawatu District Plans.

EXECUTIVE SUMMARY

With the impacts of Covid-19 on aviation now dissipating Palmerston North Airport is entering an exceptional period, unlike any that has occurred in its 90-year history.

The Terminal Development Plan (TDP), discussed in detail in this document, is an intergenerational investment with long lasting and wide-reaching consequences on PNAL, the Shareholder and the wider community and region.

With an estimated price tag of \$40m, the TDP is an unavoidable spend that severely constrains PNAL's ability to deliver against broader Shareholder expectations in the short-medium term, as available debt capacity is absorbed by the TDP and investment in critical airside infrastructure. The TDP overshadows all other aspects of this three-year SOI.

With these constraints, comes restraint, with PNAL unable to invest in the Ruapehu Aeropark (formerly Ruapehu Business Park), further diversify its revenue base, or contribute towards the development of Te Utanganui during the SOI period, without the support of a strategic partner(s). Strategic partners are therefore a key focus for PNAL within this SOI, with external investment required for PNAL to achieve even a moderate level of development within Ruapehu Aeropark.

PNAL is projecting to contribute circa \$4 million to the Shareholder over the three-year SOI period in the form of property rates, development contributions, consenting fees and lending facility charges. This is in addition to PNAL continuing to unlock shareholder value in the form of growth in Shareholder equity, and significant broader benefits to the Shareholder, community and region.

The TDP will ensure we can continue to offer our city and region an appropriate and resilient air gateway and continue to sustainably grow air services and to play our role within Te Utanganui. We will manage the ongoing maintenance of Airport Drive, a major arterial route for our city which PNAL maintains at no cost to the Shareholder. More broadly we will continue to support PNCC's vision and Long Term Plan goals through our own initiatives including the continuation of our decarbonisation journey, promotion of the city and region, and enhancing our community engagement and support including our relationships with Rangitāne, and other local community groups.

PNAL recognises the need to return to paying dividends when financial performance metrics improve. To that end, PNAL has revised its dividend policy, outlined in detail in this document. This new policy is aligned with many of PNAL's peer regional airports and provides a robust and objective set of criteria which will be considered by PNAL's Board annually, when assessing whether a dividend will be declared. We seek the Shareholder's support with a move to this new policy.

Murray Georgel Chair

David Lanham Chief Executive

Sourb For

TERMINAL DEVELOPMENT PLAN (TDP)

Investment in critical infrastructure is the primary area of focus for PNAL during the three-year SOI period commencing 1 July 2023. With an estimated cost of \$40 million, the TDP is the single largest investment ever undertaken by the airport.

The proposed 5,200 m2 new build facility will ensure operational and seismic resilience, while also future proofing the terminal to accommodate projected growth in passenger volumes and enhance the customer experience. The redevelopment will also cater for the introduction of passenger and hold-bag screening, thereby allowing the reintroduction of jet services and ensuring Palmerston North Airport is ready should mandatory screening be introduced at regional airports.

The existing terminal is not fit for purpose. The current price tag of \$40 million is a significant increase on previous cost estimates, which anticipated a refresh. Additional information relating to seismic resilience shows this is no longer an option as it would incur an equivalent cost and take longer to complete with associated detrimental impacts on customer experience.

Asset and revenue protection is a fundamental priority for PNAL to ensure continued commercial viability and success. This is a key driver behind maintaining a safe and well-maintained airside environment. It is also the underlying reason why the TDP is a must have.

Many of the benefits of the TDP are non-financial in nature and benefit stakeholders beyond PNAL. These include the Shareholder, community and all other airport users. These benefits do not drive any direct or short term financial benefit to PNAL, but nevertheless are necessary for the long term success of the airport and for driving regional growth and shareholder value.

The TDP cannot be considered from purely a short term financial perspective. Rather it must be considered with reference to the wider benefits while appreciating the long term pay back period. The extensive capital investment required, additional debt and interest costs and greater depreciation are immediate costs which are shown in this three year SOI period. Conversely the partial recovery of this investment will take PNAL upwards of 15 years.

This has significant, wide ranging and unavoidable repercussions on PNAL's short to medium-term financial performance. These include:

- · A record level of debt and interest \$54 million of debt during the three-year SOI period.
- Constrained financial metrics debt covenants are maintained but show tightening during the three year SOI period. Other (long term) financial metrics also drop below target levels, but show an improvement in the third year.
- An inability for PNAL to deliver against other Shareholder objectives regarding income diversification and
 a greater contribution towards Te Utanganui's growth. PNAL cannot make further investment in freight &
 logistics warehousing, commercial developments within Wairaka Place, or wider investment in customer
 experience initiatives, without the support of a third party strategic partner(s).
- An inability for PNAL to deliver dividends to the Shareholder during the SOI period.

The TDP is not a short-term initiative but rather an intergenerational investment for the long term benefit of the Shareholder, City and region. While it cannot be considered only in the context of a three year SOI or only PNAL's balance sheet it does highlight the importance of ongoing Shareholder support, via the short term suspension of dividends.

GUARDIANSHIP / KAITIAKITANGA

OneTeam / Whānau Kotahi

Our highly skilled people are our greatest asset. We will continue to develop our OneTeam / Whānau Kotahi wellness plan to further enhance engagement, our culture and overall staff experience.

OneTeam / Whānau Kotahi improves the ability of PNAL to support team and individual wellbeing and keep this at the forefront of all activities, ultimately increasing personal health levels, teamwork, engagement, and productivity. These benefits contribute to our employee value proposition (EVP) and expect to have a flow-on effect of improved attraction and retention of our people.

The objectives of the wellness programme include;

- Improving team member wellbeing with the associated positive flow-on benefits in physical and mental health, staff engagement, and improved employee retention and productivity.
- Meeting the intent of PNAL's Culture and Health & Safety Policy objectives.
- Fostering inclusivity and providing opportunities to grow and develop through increasing knowledge and learning of wellness.
- Being achievable, sustainable and cost-effective.
- · Contributing to PNAL being an employer of choice.
- Encouraging creativity and openness for change and development.

Our Community

We are acutely aware of how dynamic and non-permanent our social license to operate is and how quickly community beliefs and opinions can change as time passes, events occur, and new information is acquired. Investing in and actively engaging in our communities is another way to ensure we continue to meet the expectations placed on us by our community.

In the past two years, our community focus has primarily been in the Manawatū area however, going forward the focus will be placed on re-engaging within the 90-minute drive market with priority given to Whanganui, Rangitikei, the Horowhenua/Kāpiti Coast, Southern Hawkes Bay, Tararua and Wairarapa. By re-engaging with these communities, we will be able to build longstanding and worthy relationships that allow us to increase and grow brand awareness, strengthen our sponsorship partnerships and allow us to better understand how we can improve our customers journey with us.

A key focus remains working with Rangitāne to extend our support for mana whenua. An exciting opportunity to collaborate on aviation career pathways for rangatahi while in its infancy will be developed over the SOI period.

Our Environment

We are committed to doing all we can to minimise our impact on the environment by reducing carbon emissions and energy consumption. This can only be achieved through long term planning, with a focus on continual improvement to achieve these aims, and by following a structured programme. Our science-based target for scope 1 & 2 emissions will remain a primary focus of in-house initiatives, however we also intend to extend our focus to scope 3 emissions.

The next major steps are based on Airport Council International's (ACI) Airport Carbon Accreditation (ACA) Level 4 requirements and will involve the Airport company embarking on the selection of, and collaboration with, a third-party business operator (e.g., terminal tenant) to reduce their carbon emissions. Such collaboration is a key requirement to achieve Level 4 and demonstrates our leadership of going beyond just our core business in order to reduce overall carbon emissions. Alongside Level 4 initiatives, we will continue to investigate and implement new ways to further reduce waste and potable water consumption.



CUSTOMER EXPERIENCE / MANAAKITANGA

Customer Experience Roadmap

In our desire to deliver on our vision to be New Zealand's leading regional airport, the Tiaki Promise to care for people, place, and culture, and to improve the Manaakitanga / hospitality for all airport customers and visitors, we have progressed with our action plans included in our customer experience roadmap. This includes engaging with customers via 'think tank' focus groups and continuing to innovate ways to receive valuable insights from those using our services and facilities.

Initiatives in planning and to be delivered in this SOI period, include the enhancement of our wayfinding and signage, creation of customer personas and journey maps and the refinement of our brand and engagement. Maintaining our Gold Sustainable Tourism Business Award with Qualmark annually and across this period is on our radar.

Market Development

We recognise the important role we play as the air gateway to eight regions, located within our 90-minute drive market. We don't take this role lightly, we have strong competition and so we must continue to build awareness of our value proposition focused on convenience and ease of use, enhance our customer experience, and further leverage of the Fly Palmy brand to ensure people choose Palmerston North Airport when booking their travels.



INFRASTRUCTURE

Terminal Development (TDP)

The single largest planned investment in the Airport company's history. The proposed \$40 million three-year project is a must have, our present facility is not fit for purpose, and it is not economically viable to undertake a refurbishment due to seismic and geotechnical constraints. The replacement facility will future proof our airport as air travel grows beyond the present terminal's capabilities, facilitate passenger and hold bag screening if required due to the re-introduction of jet services, or if mandated by Government, and will provide seismic resilience.

The TDP will ensure the Airport company can deliver an appropriate air gateway for the city and region, facilitate the growth of air services and regional economic activity, reinforce our role as the primary freight & logistics hub for the lower North Island, and as a core transport mode within Te Utanganui / The Central New Zealand Distribution Hub.

From an environmental perspective the new terminal will provide the opportunity to incorporate improved waste recycling and repurposing, water-saving technologies, and new and alternative green power sources.

Airside / Landside Projects

A total of \$4.8 million is planned to be spent on the ongoing upgrade of critical airside infrastructure including pavement works, customer experience improvements and roadway upgrades.



COMMERCIAL RESILIENCE

Air Service Development

Passenger volumes are projected to grow to 654,000 by FY26, close to pre-covid levels. This will be achieved with the support of airline partners as we grow financially viable air services.

Work will progress on the A320 pathway project with the objective of seeing the re-introduction of jet services on the Auckland- Palmerston North route from mid 2026.

Income Diversification

The Airport company's commercial property development strategy involves the development of commercial property on airport land to diversify income away from reliance on travelling passengers and the revenue generated from sources connected to their presence at the airport. In more recent times, the impact of Jetstar's arrival and then withdrawal from regional New Zealand ports as well as the Covid-19 pandemic, has highlighted the volatility existing within the aviation industry and the direct impacts this volatility can have on the aeronautical income. Activity is focused within Ruapehu Aeropark (previously known as Ruapehu Business Park), the Airport Company's 30-hectare business park spanning the length of Airport Drive.

Te Utanganui / Strategic Partnerships

Palmerston North Airport's non-curfew operational capability, coupled with our position within Te Utanganui, the integrated multimodal freight transportation system combining road, rail, air and sea, provide significant strategic value and enhance the opportunity to develop Ruapehu Aeropark.

The Shareholder's expectation that we will facilitate the development of Te Utanganui via ongoing investment in freight & infrastructure facilities will be met within the SOI period by the planned investment in 6,000 m2 of prime warehousing south-west of the terminal on Airport Drive. Given funding constraints due to the bow wave of critical infrastructure works being undertaken, the planned \$12 million warehouse project will require the Airport company to identify a like-minded investment partner if the investment is to proceed. Similarly all other planned investment within Ruapehu Aeropark is on hold during the SOI period pending the identification of suitable investment partners.

COMPLIANCE

Health & Safety

Underlying all activity is our core focus on keeping all airport users safe. During the SOI period we will continue to foster a strong aerodrome-wide safety culture, and further refine the Airport Company's Safety Management System. The Airport company's five year Part 139 re-certification will occur in FY24, along with the second annual SMS audit and aerodrome-wide engagement survey.

District Plan

With the benefit of curfew free operations and located within just 100 meters of our closest residential neighbours and within 5 kms of the CBD we recognise that importance of ensuring noise emissions from ground operations and aircraft are managed within District Plan limits.

As Ruapehu Aeropark and airside areas are developed we recognise the requirement for additional stormwater management interventions. We will continue to work with PNCC to ensure compliance with stormwater and runoff regulations.



Palmerston North Airport Limited | Draft Statement of Intent 2024 - 2026

FINANCIAL PERFORMANCE TARGETS

Passenger Movements

The three-year passenger movement projections to FY26 represent a mid-point passenger demand scenario which balances the current recovery in air travel against potential headwinds associated with geo-political and macro-economic conditions including, the global economic slowdown, impacts of inflation, the cost of living, and labour shortages.

Passenger volumes are assumed to continue to recover in FY24 the first year of the three-year SOI period, with 581,000 passenger movements projected, 9% ahead of the latest forecast for FY23. Similar growth is anticipated in FY25 with passenger movements increasing to 637,000, followed by a return to annual increases more in line with long term averages of 3% or 654,000 passengers in FY26. By FY26 passenger movements will be close to pre-Covid levels.

Income

Notwithstanding the income diversification programme outlined earlier the primary driver of revenue forecasts remains passenger movement projections outlined above, with growth in land & building lease income and carpark receipts also contributing. Budgeted revenue for FY24 of \$13.4m represents an increase of \$0.98m or 8% on the FY23 forecast.

Operating Costs

Total costs (excl depreciation and interest) are projected to also increase 8% to \$7.66 million, \$0.6 million above the FY23 forecast. Terminal and airfield related expenditure, after being held artificially low during FY21 and FY22, are projected to continue to increase in line with the growth in passenger volumes before returning to a long-term average based on CPI levels. Three of the primary drivers of increases include proactive airfield maintenance, cleaning and rescue fire related costs.

Insurance and PNCC rates are also anticipated to increase at levels above long-term averages.

Employment costs are projected to increase in line with present wage inflation before settling into a long-term average growth rate.

The increase in marketing spend reflects a desire to re-engage with our customers and communities after activity were suppressed during the FY21 and FY22 periods.

Capex

The FY24-FY26 capital expenditure budget of \$52.3 million is dominated by the TDP at an estimated cost of \$40 million. This has severely reduced PNAL's ability to spend on any other projects, beyond critical infrastructure projects estimated at \$4.8 million. Commercial development is severely constrained due to funding shortages, we have a contingency of \$5.8 million over the three-year period equivalent to 50% of the value of the proposed 6,000m2 warehouses located to the South-West of the terminal on Airport Drive.

PERFORMANCE METRIC TARGETS

For 12 months to 30 June

	2022/23 Forecast	2023/24 SOI	2024/25 SOI	2025/26 SOI
Total Debt	\$14.3m	\$31.7m	\$51.2m	\$53.9m
To maintain a tangible net worth (total tangible assets after revaluations less total liabilities) above \$50 million	\$85.2m	\$87.0m	\$88.7m	\$90.3m
Debt to Equity ratio	17%	36%	58%	60%
A ratio of surplus before interest/tax/depreciation/revaluations to total assets	5%	4%	5%	6%
A ratio of net surplus after tax to consolidated shareholders' funds inclusive of revaluation reserve	3%	2%	2%	3%
To maintain a ratio of consolidated shareholders funds to total assets of at least 40%	76%	66%	58%	57%
To maintain an interest coverage ratio of EBITDA (excl revaluations) to interest of at least 2.5	9.1	4.6	2.9	3.0
Net Debt* / EBITDA less than 4.5 (long term target)	2.7	5.5	6.7	5.5
Funds from Operations (FFO**) / Net Debt greater than 11% (long term target)	27.2%	12.1%	8.4%	10.2%

^{*}Net Debt equals total borrowings less cash on hand

^{**}FFO equals EBITDA less interest cash

KEY OBJECTIVES

	Strategic Project	Measure	Completion
	CAA Part 139 Compliance	Recertification achieved	FY 2024
	Ongoing SMS Development	FY22 audit recommendations adoptedFY23 audit	FY 2023*
Compliance	Asset Management Plan	Landside asset register completedAirside register updated	FY 2023*
	Noise Management (Air and Ground Noise Compliance)	Air noise management plan reviewedGround noise mapping completed	FY 2023* FY 2023*
	PFAS Management	Global consent approved	FY 2023*
	Terminal Development Plan	Concept design completeDetailed design completeConstruction complete	FY 2023* FY 2024 FY 2026
Customer	Customer Loyalty	Net Promoter Score of at least 45	Ongoing
	Carpark Upgrades -	Phase 1 - Northern pick up/drop off covers installed	FY 2023*
	Products & Systems	Phase 2 - Infrastructure/ technology updates	FY 2024
Community	Sustainability	 Airport Carbon Accreditation Level 4 achieved Additional Scope 1 & 2 carbon reduction initiatives implemented Additional waste & potable water initiatives implemented 	FY 2024
	Community Engagement	Community Engagement Plan implemented	FY 2024

KEY OBJECTIVES

	Strategic Project	Measure	Completion
Culture	Continual improvement of aerodrome safety culture	Zero lost time injuriesImproved aerodrome safety culture scores	Ongoing
Guiture	OneTeam / Whānau Kotahi Wellness Plan	 Wellness Plan updated annually and implemented Increased team engagement scores 	Ongoing
	Commercial Partnership Strategy	 Partner secured for Zone D Warehouses 	FY 2023*
	Zone D Warehouses	Construction complete	FY 2024
Commercial	Air Service Development	 Introduction of A320 operations from FY2026 	FY 2026
	Passenger volumes	• 581,100 • 637,000 • 654,000	FY 2024 FY 2025 FY 2026

^{*} The FY23 Strategic Projects aimed for completion by June 2023 are in progress at the time of writing the SOI and noted as they may provide for continuity in the SOI period.

STATEMENT OF FINANCIAL PERFOMANCE

For 12 months to 30 June

	2022/23 SOI	2022/23 Forecast	2023/24 SOI	2024/25 SOI	2025/26 SOI
Income	9,919,610	12,415,570	13,394,233	15,573,443	17,934,759
Operating Expenditure	3,532,634	3,449,459	3,706,891	3,866,356	4,033,181
Administration Expenditure	2,989,504	3,589,313	3,905,105	4,021,783	4,121,966
Extraordinary Items*	50,000	25,000	50,000	51,750	53,561
Total Operating Expenditure	6,572,138	7,063,772	7,661,996	7,939,889	8,208,708
Profit from Sale of Assets	-	(327,502)	-	-	-
EBITDA	3,347,472	5,679,300	5,732,237	7,633,554	9,726,051
Depreciation & Amortisation	1,624,118	1,967,588	2,051,385	2,573,265	2,915,773
EBIT	1,723,354	3,711,712	3,680,852	5,060,289	6,810,278
Interest Expense	688,539	589,364	1,233,626	2,656,245	3,215,162
Profit before Income Tax	1,034,815	3,122,348	2,447,226	2,404,044	3,595,116
Income Tax Expense	289,748	874,257	685,223	673,132	1,006,632
Net Profit after Tax	745,067	2,248,091	1,762,003	1,730,912	2,588,484

^{*}The Extraordinary Items are soil, sediment, surface and ground water sampling for PFAS at Palmerston North Airport and adjacent sites including the Mangaone Stream.

The impact of revaluations or vesting of any assets to PNCC has not been not been included in the Statement of Financial Performance

STATEMENT OF FINANCIAL POSITION

As at 30 June					
אס מנ טט זמווט	2022/23 SOI	2022/23 Forecast	2023/24 SOI	2024/25 SOI	2025/26 SOI
Current Assets					
Bank Accounts	56,254	55,286	58,744	55,624	55,308
Receivables	1,008,143	1,136,414	1,398,944	1,600,297	1,871,482
Prepayments	297,861	376,320	399,483	423,915	389,001
Other Current Assets	102,043	265,591	265,591	265,591	265,591
Total Current Assets	1,464,301	1,833,610	2,122,762	2,345,427	2,581,381
Non Current Assets					
Tangible Assets					
Land	29,010,130	32,855,065	32,855,065	32,855,065	32,855,065
Buildings	17,889,103	15,984,131	35,979,067	56,478,399	61,334,969
Infrastructural - Land	17,418,967	11,461,895	13,146,895	13,816,895	14,141,895
Infrastructural - Air	29,089,898	38,489,091	39,039,091	40,193,091	41,382,091
Plant & Equipment	3,700,613	3,092,283	3,312,283	4,032,283	4,252,283
Furniture & Fittings	404,199	369,278	409,278	449,278	489,278
Computers	237,334	226,032	251,032	276,032	301,032
Motor Vehicles	1,325,153	1,407,203	1,407,203	1,407,203	1,407,203
Investment Property	12,752,840	14,900,000	14,900,000	14,900,000	14,900,000
Capital WIP	-	-	-	-	-
Accumulated Depreciation	(11,627,032)	(8,782,979)	(10,825,322)	(13,389,167)	(16,295,520)
Total Tangible Assets	100,201,204	110,002,000	130,474,593	151,019,079	154,768,297
Intangible Assets	12,670	12,340	23,298	13,878	4,457
8					
Total Non Current Assets	100,213,875	110,014,340	130,497,891	151,032,957	154,772,754
	100,213,875 101,678,175	110,014,340	130,497,891	151,032,957 153,378,384	
Total Non Current Assets Total Assets					
Total Non Current Assets Total Assets Current Liabilities	101,678,175	111,847,950	132,620,652	153,378,384	157,354,135
Total Non Current Assets Total Assets Current Liabilities Payables	1,924,711	111,847,950 1,326,985	132,620,652 3,348,925	153,378,384 2,635,842	157,354,135 2,053,205
Total Non Current Assets Total Assets Current Liabilities Payables GST/VAT	1,924,711 (174,796)	111,847,950 1,326,985 (73,915)	3,348,925 (323,195)	153,378,384 2,635,842 (140,917)	2,053,205 (140,917)
Total Non Current Assets Total Assets Current Liabilities Payables GST/VAT Income Tax	1,924,711	111,847,950 1,326,985	132,620,652 3,348,925	153,378,384 2,635,842	2,053,205 (140,917)
Total Non Current Assets Total Assets Current Liabilities Payables GST/VAT Income Tax Loans Payable	1,924,711 (174,796) 95,748	111,847,950 1,326,985 (73,915) 226,672	3,348,925 (323,195) 161,895	2,635,842 (140,917) 155,028	2,053,205 (140,917) 266,660
Total Non Current Assets Total Assets Current Liabilities Payables GST/VAT Income Tax Loans Payable Provisions	1,924,711 (174,796) 95,748 397,646	111,847,950 1,326,985 (73,915) 226,672 - 662,187	3,348,925 (323,195) 161,895 - 662,187	2,635,842 (140,917) 155,028 - 662,187	2,053,205 (140,917) 266,660 - 662,187
Total Non Current Assets Total Assets Current Liabilities Payables GST/VAT Income Tax Loans Payable Provisions Other Current Liabilities	1,924,711 (174,796) 95,748 397,646 103,284	1,326,985 (73,915) 226,672 - 662,187 191,970	3,348,925 (323,195) 161,895 - 662,187 154,470	2,635,842 (140,917) 155,028 - 662,187 154,740	2,053,205 (140,917) 266,660 - 662,187 154,470
Total Non Current Assets Total Assets Current Liabilities Payables GST/VAT Income Tax Loans Payable Provisions Other Current Liabilities Total Current Liabilities	1,924,711 (174,796) 95,748 397,646 103,284 2,346,593	1,326,985 (73,915) 226,672 - 662,187 191,970 2,333,899	132,620,652 3,348,925 (323,195) 161,895 - 662,187 154,470 4,004,283	2,635,842 (140,917) 155,028 - 662,187 154,740 3,466,610	2,053,205 (140,917) 266,660 - 662,187 154,470 3,240,630
Total Non Current Assets Total Assets Current Liabilities Payables GST/VAT Income Tax Loans Payable Provisions Other Current Liabilities Total Current Liabilities Working Capital	1,924,711 (174,796) 95,748 397,646 103,284	1,326,985 (73,915) 226,672 - 662,187 191,970	3,348,925 (323,195) 161,895 - 662,187 154,470	2,635,842 (140,917) 155,028 - 662,187 154,740	2,053,205 (140,917) 266,660 - 662,187 154,470 3,240,630
Total Non Current Assets Total Assets Current Liabilities Payables GST/VAT Income Tax Loans Payable Provisions Other Current Liabilities Total Current Liabilities Working Capital Non Current Liabilities	1,924,711 (174,796) 95,748 397,646 103,284 2,346,593 (9,274,932)	1,326,985 (73,915) 226,672 - 662,187 191,970 2,333,899 (1,750,405)	3,348,925 (323,195) 161,895 - 662,187 154,470 4,004,283 (19,127,141)	2,635,842 (140,917) 155,028 - 662,187 154,740 3,466,610 (17,074,003)	2,053,205 (140,917) 266,660 - 662,187 154,470 3,240,630 454,967
Total Non Current Assets Total Assets Current Liabilities Payables GST/VAT Income Tax Loans Payable Provisions Other Current Liabilities Total Current Liabilities Working Capital Non Current Liabilities Loans Payable	101,678,175 1,924,711 (174,796) 95,748 397,646 103,284 2,346,593 (9,274,932) 23,159,973	111,847,950 1,326,985 (73,915) 226,672 - 662,187 191,970 2,333,899 (1,750,405)	132,620,652 3,348,925 (323,195) 161,895 - 662,187 154,470 4,004,283 (19,127,141) 31,674,626	2,635,842 (140,917) 155,028 662,187 154,740 3,466,610 (17,074,003)	2,053,205 (140,917) 266,660 - 662,187 154,470 3,240,630 454,967
Total Non Current Assets Total Assets Current Liabilities Payables GST/VAT Income Tax Loans Payable Provisions Other Current Liabilities Total Current Liabilities Working Capital Non Current Liabilities Loans Payable Other Non Current Liabilities	101,678,175 1,924,711 (174,796) 95,748 397,646 103,284 2,346,593 (9,274,932) 23,159,973 6,516,634	1,326,985 (73,915) 226,672 - 662,187 191,970 2,333,899 (1,750,405) 14,334,310 9,941,306	132,620,652 3,348,925 (323,195) 161,895 - 662,187 154,470 4,004,283 (19,127,141) 31,674,626 9,941,306	2,635,842 (140,917) 155,028 - 662,187 154,740 3,466,610 (17,074,003) 51,239,119 9,941,306	2,053,205 (140,917) 266,660 - 662,187 154,470 3,240,630 454,967 53,877,367 9,941,306
Total Non Current Assets Total Assets Current Liabilities Payables GST/VAT Income Tax Loans Payable Provisions Other Current Liabilities Total Current Liabilities Working Capital Non Current Liabilities Loans Payable	101,678,175 1,924,711 (174,796) 95,748 397,646 103,284 2,346,593 (9,274,932) 23,159,973	111,847,950 1,326,985 (73,915) 226,672 - 662,187 191,970 2,333,899 (1,750,405)	132,620,652 3,348,925 (323,195) 161,895 - 662,187 154,470 4,004,283 (19,127,141) 31,674,626	2,635,842 (140,917) 155,028 662,187 154,740 3,466,610 (17,074,003)	2,053,205 (140,917) 266,660 - 662,187 154,470 3,240,630 454,967
Total Non Current Assets Total Assets Current Liabilities Payables GST/VAT Income Tax Loans Payable Provisions Other Current Liabilities Total Current Liabilities Working Capital Non Current Liabilities Loans Payable Other Non Current Liabilities	101,678,175 1,924,711 (174,796) 95,748 397,646 103,284 2,346,593 (9,274,932) 23,159,973 6,516,634	1,326,985 (73,915) 226,672 - 662,187 191,970 2,333,899 (1,750,405) 14,334,310 9,941,306	132,620,652 3,348,925 (323,195) 161,895 - 662,187 154,470 4,004,283 (19,127,141) 31,674,626 9,941,306	2,635,842 (140,917) 155,028 - 662,187 154,740 3,466,610 (17,074,003) 51,239,119 9,941,306	2,053,205 (140,917) 266,660 - 662,187 154,470 3,240,630 454,967 53,877,367 9,941,306 63,818,673
Total Non Current Assets Total Assets Current Liabilities Payables GST/VAT Income Tax Loans Payable Provisions Other Current Liabilities Total Current Liabilities Working Capital Non Current Liabilities Loans Payable Other Non Current Liabilities Total Non Current Liabilities	1,924,711 (174,796) 95,748 397,646 103,284 2,346,593 (9,274,932) 23,159,973 6,516,634 29,676,607	111,847,950 1,326,985 (73,915) 226,672 662,187 191,970 2,333,899 (1,750,405) 14,334,310 9,941,306 24,275,616	132,620,652 3,348,925 (323,195) 161,895 - 662,187 154,470 4,004,283 (19,127,141) 31,674,626 9,941,306 41,615,932	2,635,842 (140,917) 155,028 662,187 154,740 3,466,610 (17,074,003) 51,239,119 9,941,306 61,180,425	2,053,205 (140,917) 266,660 - 662,187 154,470 3,240,630 454,967 53,877,367 9,941,306 63,818,673
Total Non Current Assets Total Assets Current Liabilities Payables GST/VAT Income Tax Loans Payable Provisions Other Current Liabilities Total Current Liabilities Working Capital Non Current Liabilities Loans Payable Other Non Current Liabilities Total Non Current Liabilities Total Non Current Liabilities	1,924,711 (174,796) 95,748 397,646 103,284 2,346,593 (9,274,932) 23,159,973 6,516,634 29,676,607 32,023,200	111,847,950 1,326,985 (73,915) 226,672 662,187 191,970 2,333,899 (1,750,405) 14,334,310 9,941,306 24,275,616 26,609,516	132,620,652 3,348,925 (323,195) 161,895 - 662,187 154,470 4,004,283 (19,127,141) 31,674,626 9,941,306 41,615,932 45,620,215	2,635,842 (140,917) 155,028 	2,053,205 (140,917) 266,660 - 662,187 154,470 3,240,630 454,967 53,877,367 9,941,306 63,818,673
Total Non Current Assets Total Assets Current Liabilities Payables GST/VAT Income Tax Loans Payable Provisions Other Current Liabilities Total Current Liabilities Working Capital Non Current Liabilities Loans Payable Other Non Current Liabilities Total Non Current Liabilities Total Non Current Liabilities Total Non Current Liabilities	1,924,711 (174,796) 95,748 397,646 103,284 2,346,593 (9,274,932) 23,159,973 6,516,634 29,676,607 32,023,200	111,847,950 1,326,985 (73,915) 226,672 662,187 191,970 2,333,899 (1,750,405) 14,334,310 9,941,306 24,275,616 26,609,516	132,620,652 3,348,925 (323,195) 161,895 - 662,187 154,470 4,004,283 (19,127,141) 31,674,626 9,941,306 41,615,932 45,620,215	2,635,842 (140,917) 155,028 	2,053,205 (140,917) 266,660 - 662,187 154,470 3,240,630 454,967 53,877,367 9,941,306 63,818,673
Total Non Current Assets Total Assets Current Liabilities Payables GST/VAT Income Tax Loans Payable Provisions Other Current Liabilities Total Current Liabilities Working Capital Non Current Liabilities Loans Payable Other Non Current Liabilities Total Liabilities Net Assets Capital and Reserves	101,678,175 1,924,711 (174,796) 95,748 397,646 103,284 2,346,593 (9,274,932) 23,159,973 6,516,634 29,676,607 32,023,200 69,654,975	111,847,950 1,326,985 (73,915) 226,672 662,187 191,970 2,333,899 (1,750,405) 14,334,310 9,941,306 24,275,616 26,609,516 85,238,435	3,348,925 (323,195) 161,895 - 662,187 154,470 4,004,283 (19,127,141) 31,674,626 9,941,306 41,615,932 45,620,215 87,000,437	2,635,842 (140,917) 155,028 662,187 154,740 3,466,610 (17,074,003) 51,239,119 9,941,306 61,180,425 64,647,035 88,731,349	2,053,205 (140,917) 266,660 - 662,187 154,470 3,240,630 454,967 53,877,367 9,941,306 63,818,673 67,059,303 90,294,832
Total Non Current Assets Total Assets Current Liabilities Payables GST/VAT Income Tax Loans Payable Provisions Other Current Liabilities Total Current Liabilities Working Capital Non Current Liabilities Loans Payable Other Non Current Liabilities Total Liabilities Net Assets Capital and Reserves Share Capital Reserves	101,678,175 1,924,711 (174,796) 95,748 - 397,646 103,284 2,346,593 (9,274,932) 23,159,973 6,516,634 29,676,607 32,023,200 69,654,975	111,847,950 1,326,985 (73,915) 226,672 662,187 191,970 2,333,899 (1,750,405) 14,334,310 9,941,306 24,275,616 26,609,516 85,238,435 9,380,400 49,634,711	3,348,925 (323,195) 161,895 662,187 154,470 4,004,283 (19,127,141) 31,674,626 9,941,306 41,615,932 45,620,215 87,000,437	2,635,842 (140,917) 155,028 - 662,187 154,740 3,466,610 (17,074,003) 51,239,119 9,941,306 61,180,425 64,647,035	2,053,205 (140,917) 266,660 - 662,187 154,470 3,240,630 454,967 53,877,367 9,941,306 63,818,673 67,059,303 90,294,832 9,380,400 49,634,711
Total Non Current Assets Total Assets Current Liabilities Payables GST/VAT Income Tax Loans Payable Provisions Other Current Liabilities Total Current Liabilities Working Capital Non Current Liabilities Loans Payable Other Non Current Liabilities Total Liabilities Net Assets Capital and Reserves Share Capital	1,924,711 (174,796) 95,748 397,646 103,284 2,346,593 (9,274,932) 23,159,973 6,516,634 29,676,607 32,023,200 69,654,975	111,847,950 1,326,985 (73,915) 226,672 662,187 191,970 2,333,899 (1,750,405) 14,334,310 9,941,306 24,275,616 26,609,516 85,238,435	3,348,925 (323,195) 161,895 - 662,187 154,470 4,004,283 (19,127,141) 31,674,626 9,941,306 41,615,932 45,620,215 87,000,437	2,635,842 (140,917) 155,028 662,187 154,740 3,466,610 (17,074,003) 51,239,119 9,941,306 61,180,425 64,647,035 88,731,349 9,380,400 49,634,711	2,053,205 (140,917) 266,660 - 662,187 154,470 3,240,630 454,967 53,877,367 9,941,306 63,818,673 67,059,303 90,294,832

The impact of revaluations or vesting of any assets to PNCC has not been included in the Statement of Financial Position

STATEMENT OF CHANGES IN EQUITY

For 12 months to 30 June

	2022/23 SOI	2022/23 Forecast	2023/24 SOI	2024/25 SOI	2025/26 SOI
Equity at the Beginning of the Year	68,909,908	82,990,345	85,238,435	87,000,438	88,731,349
Asset Revaluation Reserve Movement	-	-	-	-	-
Total Comprehensive Income/Loss	745,067	2,248,090	1,762,003	1,730,911	2,588,483
Dividends Declared*	-	-		-	(1,025,000)
Equity at the End of the Year	69,654,975	85,238,435	87,000,438	88,731,349	90,294,832

^{*}Declared dividends are paid in the following financial year



STATEMENT OF CASHFLOWS

For 12 months to 30 June

	2022/23 SOI	2022/23 Forecast	2023/24 SOI	2024/25 SOI	2025/26 SOI
Cash Flows from Operating Activities					
Cash was provided from:					
Receipts from Customers	11,210,561	14,296,103	15,103,339	17,708,106	20,353,788
Interest Received	-	-		-	-
Income Tax Refund	-	-	-	-	-
Operating Cash Inflows	11,210,561	14,296,103	15,103,339	17,708,106	20,353,788
Cash was disbursed to:					
Payment to Suppliers and Employees	6,718,236	9,096,559	6,544,670	6,124,004	9,651,562
Tax Loss Payment to PNCC	-	-	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	-	-
Payment of Income Tax	284,608	582,000	750,000	680,000	895,000
Interest Payments	688,539	589,364	1,233,626	2,656,245	3,215,162
Operating Cash Outflows	7,631,383	10,267,923	8,528,296	9,460,249	13,761,724
	1,001,000	10,207,525	0,520,250	5,100,215	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Net Cash Flows from Operating Activities	3,519,178	4,028,180	6,575,043	8,247,857	6,592,064
Cash Flows from Investing Activities					
Cash was provided from:					
Sale of Property Plant and Equipment		486,516		-	-
Investing Cash Inflows	-	486,516	-	-	_
Cash was applied to:					
Acquisitions of Property, Plant & Equipment	12,668,323	4,503,150	23,911,900	27,815,470	0.220.620
Acquisitions of Investment Property	12,008,323	4,303,130	23,911,900	27,813,470	9,230,629
Investing Cash Outflows	12,668,323	4,503,150	23,911,900	27,815,470	9,230,629
investing cash outnows	12,008,323	4,503,130	23,911,900	27,813,470	9,230,029
Net Cash Flows from Investing Activities	(12,668,323)	(4,016,634)	(23,911,900)	(27,815,470)	(9,230,629)
Cash Flows from Financing Activities					
Cash was provided from:	0.455.000	0.674.404	47.766.070	40.056.000	4.660.056
Borrowings	9,455,000	2,671,134	17,766,273	19,856,328	4,668,956
Financing Cash Inflows	9,455,000	2,671,134	17,766,273	19,856,328	4,668,956
Cash was applied to:					
Repayment of Borrowings	303,600	2,737,623	425,957	300,835	2,030,708
Repayment of Dividend	-	-	-	-	
Financing Cash Outflows	303,600	2,737,623	425,957	300,835	2,030,708
Net Cash Flows from Financing Activities	9,151,400	(66,489)	17,340,316	19,564,493	2,638,248
	-, - ,	(,,	,,-	-,,	,,
Net Increase/(Decrease) in Cash, Cash					
Equivalents and Bank Overdrafts	2,255	(54,943)	3,459	(3,120)	(317)
Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the year	53,999	110,229	55,286	58,744	55,624
Cash, Cash Equivalents and Bank Overdrafts Year End	56,254	55,286	58,745	55,624	55,307

CAPITAL EXPENDITURE PROGRAMME

For 12 months to 30 June

	2022/23 SOI	2022/23 Forecast	2023/24 SOI	2024/25 SOI	2025/26 SOI
Land	-	-	-	-	-
Buildings	410,000	60,000	-	-	-
Terminal Development	2,830,000	740,272	14,198,664	20,499,332	4,856,570
Infrastructure - Landside	905,000	1,826,105	1,685,000	670,000	325,000
Infrastructure - Airside	1,495,000	1,095,000	550,000	1,154,000	1,189,000
Plant & Equipment	400,000	213,689	200,000	700,000	200,000
Furniture & Fittings	40,000	22,358	40,000	40,000	40,000
Computers	25,000	25,000	25,000	25,000	25,000
Fire Appliances	20,000	79,208	20,000	20,000	20,000
Ruapehu Aeropark & Airport Drive Development	5,822,000	502,142	5,796,272		-
Intangibles	-	-	20,000	-	-
Total Capital Expenditure	11,947,000	4,563,774	22,534,963	23,108,332	6,655,570



GOVERNANCE AND SHAREHOLDER

Governance Objectives

The Board's approach to governance of PNAL is to preserve and enhance shareholder value. The Board is committed to ensuring a high level of governance of company processes and policies, including health and safety and encouraging ethical and responsible decision making to ensure Management effectively achieve the Company's goals.

Due to the everchanging commercial environment of the aviation and airport industry, the Board is committed to ensuring regular reviews of all aspects of the business and the implementation of best practice.

Regulatory Framework and Statement of Expectations

The Board is responsible for the proper direction and control of PNAL's activities and is accountable to the shareholder within the strategic framework set out in this Statement of Intent, PNAL's Constitution, and the provisions of the Local Government Act 2002 (LGA), and the Companies Act 1993.

Shareholder Statement of Expectation

The Board is also responsible for ensuring it meets the requirements of the shareholder's Statement of Expectations dated 21 November 2022 for the three-year period of the Statement of Intent, with particular reference to Schedule 8, Part 2 LGA, Section 64B (1) and 64B (2). Importantly the Board will ensure alignment of the Company's objectives with the Shareholder's vision, goals and key strategies and the District Plan

Board Composition and Fees

The Board is comprised of five to six Directors appointed by the Shareholder in accordance with PNAL's Constitution. Director appointments are for a period of three years with retiring directors able to be reappointed by the Shareholder.

The Board normally meets eleven times per year with intervening meetings in person or by other means as required. To enhance efficiency, the Board may formally document and delegate some of its powers and authorities to the Chief Executive or other senior executives.

PNAL has an Audit & Risk Committee (ARC) comprised of three directors of the PNAL Board. The Committee has a board-approved Charter, outlining its membership, authority, primary and secondary roles and reporting procedures.

The ARC meets three to four times each year and is responsible for overseeing the financial accounting, financial statements and audit activities of PNAL. This includes the adequacy and effectiveness of internal controls, external auditor performance, insurances, risk management and financial and accounting policies.

PNAL also established a Terminal and Property Development Committee (TPDC), comprised of three directors of the PNAL Board, in September 2022 The Committee has a board-approved Terms or Reference, outlining its membership, authority and purpose.

The TPDC meets bi-monthly (or more frequently where required) and is comprised of three directors of the PNAL Board. The TPDC acts as a steering group to PNAL's Board, reviews feasibility studies and business cases, and provides oversight of PNAL's vertical and horizontal property development in Ruapehu Aeropark, as well as the redevelopment of the terminal. This Committee was set up to provide adequate governance over PNAL's increasing capital expenditure and increasing complexity of commercial development and the terminal.

Fees for the Board are reviewed annually. The Board recommends fee levels to the Shareholder for approval based on commercial or near-commercial rates.

Shareholders Equity in PNAL

PNAL's land, building, and airside infrastructure assets are revalued on a three yearly cycle, unless warranted earlier. PNAL's land and buildings and airside infrastructure were last revalued at 30 June 2022. Fair value assessments and/or revaluations will be conducted annually at year-end.

PNAL's investment property is revalued annually, in line with accounting standards.

Shareholder equity as shown in the Statement of Financial Position as at 30 June 2022 is \$82.99 million.

The ratio of consolidated shareholder's equity to total assets will be maintained at no less than 40%. For the purposes of this ratio, 'consolidated shareholder's equity' is total shareholder funds inclusive of retained earnings and revaluation surplus, and 'total assets' are current assets plus net book value of fixed assets plus future tax benefit (if any).

Information to be Provided to the Shareholder

The Shareholder will receive:

- An Annual Report including audited financial statements within three months of balance date.
- A summary of PNAL's achievements of the Key Objectives and its performance against the metric targets as outlined in this SOI.
- An Interim Report including non-audited financial statements within two months of the end of the first half of the financial year.
- A Statement of Intent submitted for shareholder consideration in accordance with the Local Government Act 2002.
- Other interim reports as agreed with the Shareholder.

Timeframes for the Interim and Annual Reports are legislative maxima. However, PNAL will meet the reporting and governance requirements of the Shareholder.

Accounting Policies

The accounting policies adopted by PNAL are consistent with New Zealand's Financial Reporting Standards, with PNAL designated as a Public Benefit Entity (PBE) for financial reporting purposes.

The policies are included in PNAL's Annual Report which is available on PNAL's website: www.pnairport.co.nz/corporate/corporate_profile.

Forecast Financial Statements

The financial information contained in the SOI is a forecast for the purposes of the PBE financial reporting standard (FRS) 42. This information may not be appropriate for purposes other than those described. It has been prepared on the basis of assumptions as to future events that PNAL reasonably expects to occur, associated with the actions it reasonably expects to take, as at the date the forecast was prepared. The actual results are likely to vary from the information presented and may vary materially depending on the circumstances that arise during the period.

Compensation Sought From the Shareholder

PNAL acknowledges that the Palmerston North City Council holds shares in PNAL for strategic reasons and that PNAL needs to facilitate the development and promotion of both aeronautical and complimentary non-aeronautical business activities. As well as direct benefit to PNAL this impacts through to the economic development of the city and the wider region.

At the request of the shareholder, PNAL may undertake activities that are not consistent with normal commercial objectives subject to the Shareholder providing a specific subsidy to meet the full commercial cost for providing such activities.

PNAL anticipates significant future capital investment within this SOI period and will be required to materially increase its debt levels in order to fund this investment. Refer to the separate debt funding section below for further details.

Debt Funding via the Shareholder

PNAL currently has two separate debt funders, the Bank of New Zealand (BNZ) and PNCC (indirect LGFA funding).

BNZ facilities total \$16.1m while the PNCC facility limit is tied to approved SOI debt plus 10%, to a maximum of \$50m. The current maximum available debt is therefore \$66.1m.

The PNCC facility was established in FY22 in order to save PNAL~\$6m in financing costs over the next 10 years. In exchange, PNAL pays PNCC a fair market margin (above LGFA interest rates) on this debt.

PNAL's Performance Metric Targets above include three metrics specific to debt funding. These are:

- 1. PNAL's debt covenant to maintain an interest coverage ratio of EBITDA to interest of not less than 2.5;
- 2. A long term target to achieve Net Debt / EBITDA of less than 4.5 and;
- 3. A long term target to achieve FFO / Net Debt greater than 11%.

It is accepted that PNAL may not achieve the two long term targets in any one financial year, dependent upon the capital expenditure requirements at the time.

During the period of the SOI, PNAL is anticipated to comply with the debt covenant throughout the three years, while the long term, aspirational targets are anticipated to fall below target levels for the three years, due to the substantial capital investment required. Notwithstanding this, the third year of the SOI shows a trend towards achieving these targets, which is expected to occur after the SOI period.

Dividend Policy

PNAL is focussed on delivering against strategic objectives as outlined in this Statement of Intent. The achievement of these strategies will ensure PNAL is well placed in the medium to long-term to generate enhanced financial returns and to maximise value to our Shareholder through an appropriate balance between regional social and economic outcomes, re-investment and dividends.

In total over \$52 million of capital expenditure is projected to be undertaken over the three-year SOI period. The level of investment is unprecedented in PNAL's history with the TDP alone anticipated to cost \$40 million. The company's financial performance is projected to improve, however with debt at historical highs the gearing risks assumed to achieve strategic objectives is high. Given debt levels and the Shareholder expectations the Airport company must actively seek like-minded investment partners who can support the commercial development priorities outlined within Ruapehu Aeropark and Te Utanganui.

In this context the Airport company's focus on prudent cashflow management remains as critical as it did during the Covid-19 pandemic. Any divided declaration must therefore carefully consider actual and projected performance. In establishing a dividend recommendation, the directors will consider;

- 1. The scale of the company's capital expenditure plans including shareholder expectations,
- 2. The company's financial performance including cashflows from operations,
- 3. The Company's ability to raise debt finance and the terms thereof,
- 4. Compliance with performance metric targets,
- 5. The risks associated with airline schedule uncertainty in the short to medium term.

Reflecting the above criteria, and the Shareholder's expectation that dividend's are progressively re-instated, an indicative dividend has been included for the third year of the FY24-FY26 SOI, payable in FY27. The Airport company will however review its ability to declare this dividend in subsequent SOIs.









MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 12 April 2023

TITLE: Central Economic Development Agency (CEDA): Six-Month

Report 1 July to 31 December 2022 and Draft Statement of

Intent 2023-24

PRESENTED BY: David Murphy, Chief Planning Officer
APPROVED BY: David Murphy, Chief Planning Officer

RECOMMENDATIONS TO ECONOMIC GROWTH COMMITTEE

- 1. That the Committee receive the Central Economic Development Agency (CEDA) Six-Month Report 1 July to 31 December 2022 (Attachment 1).
- 2. That the Committee receive the Central Economic Development Agency (CEDA) draft Statement of Intent 2023-24 (Attachment 3).
- 3. That the Committee agree that the recommended comments on the draft Statement of Intent 2023–24 outlined in Table 1 be advised to the Central Economic Development Agency (CEDA).

1. ISSUE

- 1.1 The Central Economic Development Agency (CEDA) has delivered its sixmonth report 1 July to 31 December 2022 and draft Statement of Intent (SOI) 2023-24. This report includes analysis of both documents, which are attached to this memorandum.
- 1.2 Under the Local Government Act 2002 (LGA), when preparing the final SOI, a Council Controlled Organisation (CCO) must consider any comments made on the draft by the Council prior to delivering a final SOI by 30 June 2023.
- 1.3 The Economic Growth Committee has the delegation to receive the performance report and agree the Statement of Intent for Te Manawa on Council's behalf.
- 1.4 The purpose of this report is to receive the CEDA six-month report 1 July to 31 December 2022 and provide an opportunity for Council to give feedback to the CEDA on their draft SOI 2023-24.
- 1.5 As a joint shareholder of CEDA with the Manawatu District Council (MDC), any feedback to CEDA on their draft SOI 2023-24 should carefully consider any implications for MDC and the views of MDC on the draft SOI 2023-24. The



content of this memorandum and comments on the draft SOI 2023-24 have been shared with MDC.

2. BACKGROUND

- 2.1 CEDA is a Council Controlled Organisation (CCO) under the LGA and is jointly owned by PNCC and MDC. A CCO must deliver a draft SOI to PNCC and MDC each year and a final SOI by 30 June 2023.
- 2.2 The CEDA Board must consider any feedback from the shareholders before delivering a final SOI for approval in June 2023.
- 2.3 The Council is required by the LGA to regularly undertake performance monitoring of its CCOs. Council is required to evaluate:
 - The contribution of each CCO to the Council's objectives for the CCO;
 - The desired results set out in the SOI; and
 - The overall aims and outcomes of the Council based on the six-month reports.

3. SIX-MONTH REPORT 1 JULY TO 31 DECEMBER 2002

- 3.1 The six-month report allows the Committee to track CEDA's progress against their SOI 2022/3.
- 3.2 A copy of the six-month report is included as Attachment 1.
- 3.3 From a contract-manager perspective, we have seen a renewed focus from CEDA in the last 12-months to actively connect with partners and foster inward investment opportunities that are aligned to the region's strategic objectives. This has been particularly evident with regards to the work completed on Te Utanganui, Central New Zealand Distribution Hub, where projects of this nature require a long-term commitment to relationships.
- 3.4 The six-month report is based around the following three pillars:
 - People Attract, retain, and develop talent in the region
 - Business Attract, retain, and develop business and investment in the region
 - Place Profile the region to attract people, business, and investment
- 3.5 Highlights from CEDA's six-month report include the following:



- People Attract, retain, and develop talent in the region:
 - Workforce development planning toolkit 30 businesses registering
 - Sustainability toolkit for employers launched online platform
 - o Freight and Logistics Workforce planning group established
 - o Health and School Transitions Workforce Plan established
 - Health Sector Accelerate Academy Programme 50 to 90 students for each week of the 12-week programme
- Business Attract, retain, and develop business and investment in the region:
 - o Te Utanganui, Central New Zealand Distribution Hub raising the profile, regional advocacy and collateral development.
 - o Manawatū Food Strategy due for completion by the end of June
 - Investment opportunities supported Soundsphere;
 pharmaceutical company; commercial analysis for Safari Group; Te
 Āpiti West Accomodation Hub
- Place Profile the region to attract people, business, and investment:
 - o Profiling Manawatū's regional identity 12 content pieces
 - o 34 media features secured profiling the city and region total reach of 33,401,364
 - 29,712 social media followers Palmy & Manawatū Facebook and Manawatū_NZ Instagram.
- 3.6 CEDA's financial performance is detailed on pages 29 to 33 of the six-month report and includes a \$194,626 surplus for the six-months to 31 December 2022 (unaudited).

4. STATEMENT OF EXPECTATION 2023/24

- 4.1 In September 2022, the former Palmerston North City Council/Manawatū District Council Joint Strategic Planning Committee agreed a new Statement of Expectation (SOE) 2023/24 for CEDA, to assist them in preparing their draft SOI. A copy of the SOE 2023/24 is included as Attachment 2.
- 4.2 The SOE 2023/24 was largely a rollover from previous years and maintained a focus on developing a talent pipeline (people); inward investment (business); and domestic visitation (place).



- 4.3 There is an opportunity for Council to work with Manawatū District Council to complete a more comprehensive review the next SOE alongside the review of both shareholders' strategic priorities as part of the 2024 Long Term Plan.
- 4.4 Both shareholders have also signalled a desire to move to a three-yearly SOE and funding agreement from 2024/25 aligned to the 2024 Long Term Plan cycle, with a letter exchange in the intervening years.

5. DRAFT STATEMENT OF INTENT 2023/24

- 5.1 A copy of the draft SOI 2023/24 is included as Attachment 3.
- 5.2 CEDA has presented a draft SOI that aligns with the SOE, as outlined in the table below.

Table 1: Comparison of CEDA SOI with the SOE

Statement of Expectation	CEDA Draft SOI 2023/24	Comments
Taking a leadership position and building strategic relationships in the Manawatū region and beyond, is fundamental for CEDA to achieve its purpose.	CEDA has addressed strategic partners at page 18 of the SOE.	While PNCC and MDC are not listed, it is implicit they are key strategic partners.
The shareholders have identified the following strategic partners for CEDA: Palmerston North City Council, Manawatū District Council, Iwi, Manawatū Chamber of Commerce, Talent Central, The Factory, and key central government agencies.		
Stimulate inward investment (both national and international), retention and expansion of business in the Manawatū region, along with business recovery to COVID-19.	CEDA has addressed these outcomes via the three pillars, statement of intent outcomes, projects, activities and strategies summarised	No comment. Good progress shown in the six-month report 1 July to 31 December 2022.
Developing a talent pipeline Support Domestic Visitation and tourism recovery post COVID-19.	on page 8.	



Top Priorities for PNCC

Implementation of the Central NZ Distribution Hub Strategy.

Support advocacy on the Palmerston North Integrated Transport Investment project.

Stimulate inward investment in Palmerston North city.

Continue to stimulate visitor activity in Palmerston North city, in conjunction with the PNCC marketing unit and MDC

CEDA has addressed its work to support Te Utanganui, Central NZ Distribution Hub at page 10.

Te Utanganui, Central NZ Distribution Hub advocacy is addressed at page 10 but does not explicitly reference the links to PNITI.

Inward investment is addressed via pillar one (business) and the supporting statement of intent outcomes, projects and activities summarised on page 8.

Visitor activity is addressed via pillar three (place) and the supporting statement of intent outcomes, projects and activities summarised on page CEDA should explicitly address the key strategic connections between Te Utangtanui, Central NZ Distribution Hub and PNITI.

Top priorities for MDC

Promotion and development of key tourism and visitor destinations, including The Country Road tourism route.

Stimulate inward investment for Manawatū district.

Promote Manfeild as a conference and events venue option

Deliver on the Regional Identity implementation.

Identify activities that help resolve labour shortages in the district.

Promotion and development of key tourism and visitor destinations, including The Country Road tourism route addressed through Pillar one (business) Destination Management Plan Progression, detailed 11 page and performance measure page 26

Inward investment is addressed via pillar one (business) and the Promotion/development of key tourism and visitor destination priority:

- further develop The Country Road tourism/ visitor business
- facilitate farm diversification workshops to develop farm business offerings and farm stay, home hosting options
- develop



Development of a Food Strategy that addresses the total value chain from primary production, farmers and growers to agribusiness clusters, e.g. rural banks, real estate, insurance, vets, sale yards, stock firms, grain & seed merchants, agri-retail and rural	supporting statement of intent outcomes, projects and activities summarised on page 8 and performance measure page 26 Promotion of Manfeild as a conference and events venue option is not explicitly mentioned Regional Identity is addressed via pillar three (place), detailed on page 15 and performance measures page 27 Identification of activities to help resolve labour shortages are addressed via pillar two (people), detailed on page 13, and performance measure page 26 CEDA has addressed the Food Strategy at page 10 as part of the business pillar.	clusters/hubs in the district to create visitor destination product i.e. recent Makoura Lodge and Awastone visitor packages Manfeild promotion priority: CEDA advises that Manfeild is promoted via their relationship with the Regional Conference Bureau (that sits within PNCC). CEDA facilitates the relationship between Manfeild and the Bureau and provides visitor destination package options for prospective Conference managers Regional Identity priority: Note: regional Manawatū signage ready to be erected No comment. Good progress shown in the six-month report 1 July to 31 December 2022.
tourism with a Manawatu District focus, through to agri-tech & science, including supporting the Factory and Food HQ with its aspirations.		
CEDA's success will be measured by the shareholders using the following indicators of the health of the regional economy:	Addressed in the performance measures (pages 26 and 27) and monitoring indicators	No comment.



Job growth	on page 30.	
Increase in median household income		
Number of investment leads and deals secured		
Strength of the relationship with strategic partners		

- 5.4 CEDA has for the first time included explicit quantifiable outcomes for each of its performance measures detailed on pages 26 and 27 of the draft SOI.
- 5.5 The draft SOI addresses CEDA's financial performance at pages 33 36 and includes a projected \$78,611 deficit and total equity of \$664,445 for 2023/24.

6. NEXT STEPS

- 6.1 Provide comments on the draft SOI in writing to CEDA, noting that any comments on the draft SOI agreed by Council will need to be cognisant of what they mean for Manawatū District Council as a joint shareholder.
- 6.2 CEDA will deliver its final SOI to both councils (shareholders) in June 2022.

7. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
If Yes quote relevant clause(s) from Delegations Manual	163
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
The recommendations contribute to Goal 1: An Innovative and Growing	City

The recommendations contribute to Goal 1: An Innovative and Growing City

- The recommendations contribute to the achievement of action/actions in Economic Development
- The actions are:
- Agree a Statement of Intent with CEDA



• Carry out regular performance monitoring and reporting for CEDA

Contribution to strategic direction and to social, economic, environmental and cultural wellbeing The Innovative and Growing Strategy includes the following:

Increasing economic wellbeing will depend on Council working well with businesses, support agencies, central government and other local authorities. The Central Economic Development Agency (CEDA) will support business development and retention and will promote a diverse economy. CEDA will focus on helping young people develop the skills they need for the changing jobs market.

ATTACHMENTS

- 1. CEDA Six-Month Report 1 July to 31 December 2022 🗓 📆
- 2. CEDA Statement of Expectation 2023/24 J
- 3. CEDA Draft Statement of Intent 2023/24 # 12



Pūrongo Tau Haurua **Half Yearly Report**

Contents

Company Directory

Central Economic Development Agency Limited

Level 1, TSB Tower, 1-19 Fitzherbert Avenue Palmerston North, 4410

Phone: 06 350 1830

Website: CEDA.nz

Chief Executive

Jerry Shearman

Directors

Robyn O'Fee (Bobbie) - Chairperson Paul Bayly Margharita Mare (Margy) David Norman Robbie Pickford Te Ahu Teki (interim)

Registered Office

Morrison Creed Advisory 236 Broadway Avenue Palmerston North 4410

Bankers

Westpac New Zealand Limited

Legal Status

Central Economic Development Agency Limited ("CEDA") was incorporated in New Zealand on 15 October 2015 under the Companies Act 1993 (NZBN 9429042001096). As the shareholders of CEDA are Palmerston North City Council (50%) and Manawatū District Council (50%) CEDA is a Council Controlled Organisation as defined in section 6 of the Local Government Act 2002.

Pūrongo Ngātahi a te Heamana me te Tumuaki Joint Report of Chairman and Chief Executive	03
Ā Mātou Tutukinga What We Have Achieved	04
Tā Mātou Matawhānui Our Vision	18
Ā Mātou Whāinga Rautaki Our Strategic Objectives	19
He Tauākī Whakatutuki Ratonga Statement of Service Performance	20
Ngā Tohu Aroturuki Monitoring Indicators	26
Mō CEDA About CEDA	27
Tutukinga Ahumoni Financial Performance	28
Ō Mātou Hoa Mahi Tahi Our Partner Organisations	4

Cover image: Te Arapiki a Tāne | The stairway of Tāne

2 CEDA

Pūrongo Ngātahi a te Heamana me te Tumuaki Joint Report of Chairman and Chief Executive

Tēnā koutou katoa.

New Zealand has moved into a period of a more challenging economic outlook with a significant increase in the cost of living and many markers of economic performance over the second half of 2022 trending down. The region has also seen house sales decline with a weakening demand leading to falling prices. The most recent economic data shows however that the Manawatū region continues to perform better economically in a national context with electronic card spending up and job gains in most sectors, most notably construction, retail, and financial services.

CEDA remains focused on supporting the economic positioning of the region around the pillars of People, Place, and Business. We have been working hard with stakeholders, iwi, and our regional businesses to leverage off key economic growth poles to provide growth opportunities for existing business and to attract new operators to the region.

Te Utanganui, the Central New Zealand Distribution Hub is one of our significant projects that has active workstreams in Advocacy and Communication, Inward Investment and Acceleration, and Master Planning. This has involved diverse activities ranging from ministerial presentations, and significant engagement with the logistics and distribution sector, profiling the strength of our regions distribution and logistics hub, to working with potential investors looking to invest in Te Utanganui.

The Manawatū Food Strategy Stage Two development commenced in October 2022 and will be a key document for shaping the direction of the region across the sector. This work is looking at the opportunities in food production, agritech and agribusiness and producing a clear picture of what success looks like for the region. Key regional stakeholders will be able to refer to the strategy to advance outcomes by sectors, and businesses in those sectors, that align to the mahi of science and innovation in the food story.

The Manawatū Business Attraction, Retention and Expansion Strategy 2022-23 implementation plan has focused on increased engagement across the business community including collecting business sentiment and improved advocacy and profiling of the Manawatū by working with partners to leverage and promote our strengths and assets.

CEDA continues delivery of a programme of work that aims to attract and retain talent in the region, working with businesses. In the last six months we have developed a Workforce Development Planning toolkit to support employers to attract, retain and train staff that was produced in partnership with UCOL | Te Pukenga. Recent profiling of our regional sectors of strength has gone live on the ManawatuNZ.co.nz regional website to help showcase our diverse economy and support our work in attracting business and investment to the region.

The Manawatū Destination Management Plan refresh was completed and sets out the strategic direction for the city

and regions visitor sector, with a view to growing visitor activity and value for the benefit of our communities. The strategy that is facilitated and driven by CEDA and owned and delivered by our stakeholders has identified a number of priority projects that include an Agri Showcase and Food Experience, and Te Āpiti opportunities, and highlighting our already present but growing outdoor experiences such as mountain biking.

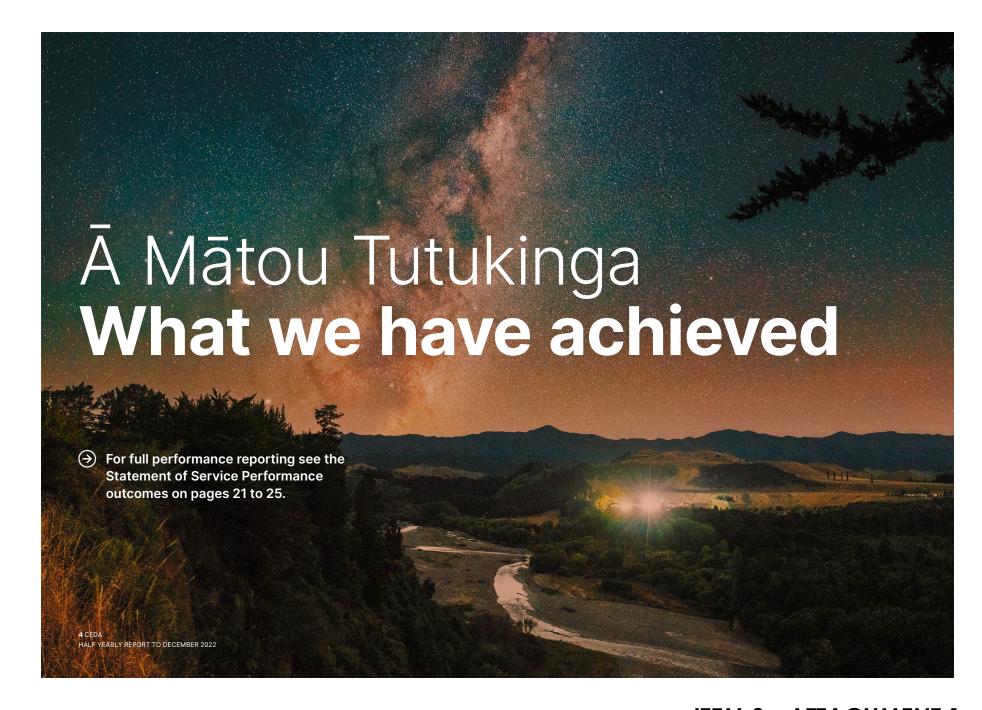
We remain focused on planning and delivering economic development outcomes for our region over the second half of the year. There will also be a need to be agile and flexible in a fast-changing economic landscape.

CEDA is as always grateful for the support of our shareholders, CEDA board and team, iwi, and our partners as delivering on the ambitions and aspirations of the Manawatū relies on multiple organisations working together.

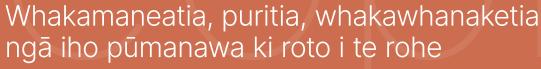
Titiro whakamuri, Kokiri whakamuaLook back and reflect so you can move forward

Ngā mihi nui ki a koutou katoa,

Bobbie O'Fee *Heamana Chairperson* Jerry Shearman **Tumuaki** Chief Executive







Attract, retain, and develop talent in the region

Through our data and research, we know that the biggest barrier to business growth in the region is the ability to attract the right people for the job. The development of a talent pipeline for the region that includes the attraction of those with the skills and experience our businesses need, the training and development of the people they

already have, the recruitment of students to the region, along with an understanding of the future needs of our sectors and businesses is key to the region being able to grow and prosper by 2025, becoming recognised for our exceptional lifestyle and competitive advantages.

5 CEDA

Workforce Development Planning Toolkit

to support employers in the attraction, retention and training of staff developed in collaboration with UCOL | Te Pūkenga. Four information booklets were created (People Strategy, Bringing the right people on board, Growing your people, and Keeping your people), and was launched with three workshops held in Palmerston North and Feilding with 30 businesses registering.

Sustainability Toolkit for Employers

launched through an online platform for businesses to start their sustainability journey from understanding the benefits of sustainable practices, to practical tools and resources, links to the climate action toolbox, and sustainability calculators.

Freight and Logistics Workforce planning group established

working with Hanga-Aro-Rau – Manufacturing, Engineering and Logistics, Workforce Development Council and the Regional Skills Leadership group. The purpose of the group is to look at the region's future skills and training needs for this sector. This will be important particularly for Te Utanganui, the Central New Zealand Distribution Hub, in relation to future labour requirements.

Health and School Transitions Workforce Plan

was established through working with Toitū te Waiora - Community, Health, Education and Social Services Workforce Development Council and the Regional Skills Leadership Group, to support programmes of work to transition youth into the health sector.

Health Sector Accelerate Academy Programme

to give insight into employment opportunities available in the health sector to year ten rangatahi Māori students was completed, with five schools from the region involved and student attendance numbers ranging from 50 to 90 for each week of the 12-week programme. This programme was a direct output of the Regional Skills Leadership Group Health and School Transitions Workforce Plan, and was supported by Rangitāne o Manawatū.

6 CED

Whakamaneatia, puritia, whakawhanaketia ngā pakihi me ngā haumitanga ki roto i te rohe

Attract, retain, and develop business and investment in the region

Business development and expansion in the region, and attracting business and investment to the region, is at the core of economic development and at the forefront of CEDA's objectives for Manawatū to be a leading distribution hub, be recognised as one of the top three agrifood hubs in the world, and a magnet for investment,

business, and talent. We have a strong competitive edge to achieve these outcomes with our central location, comparatively affordable land and development costs, a diverse labour pool, and a growing culture of innovation and entrepreneurship.

Attract business and investment to the region

Te Utanganui (Central New Zealand Distribution Hub)

initial work on raising the profile and developing funding opportunities commenced with the following activities:

- Raising the profile of Te Utanganui through advocacy with the sector, potential investors, and partners including KiwiRail, Waka Kōtahi, Napier Ports, CentrePort, and Air New Zealand, to maximise the linkages between the key components within the strategy and support investment decisions.
- Regional advocacy with Accelerate 25, Hawke's Bay Councils, PNCC and MDC, Horizons Regional Council, and central government (Delegation to Minster Wood, and several MP visits to the region) to create a linked-up approach to the national freight strategy led out by the Ministry of Transport.
- The website for Te Utanganui was launched and final collateral for dissemination was produced including a condensed version of the strategy and a Te Utanganui Story document.

Manawatū Food Strategy

development of stage two commenced in October 2022 with a new project team, project approach, and broader 15 member Technical Advisory Group. Twenty three interviews have been conducted with a broad range of businesses and stakeholders across the sector to inform the development of the strategy which is due for completion by the end of June.

Four investment opportunities supported in the region

with ongoing support of the SoundSphere high-tech audio potential establishment in the region, development of a pitch for an international pharmaceutical company, commercial demand analysis for Safari Group to support a hotel investment in the region, and work to support the development of Te Āpiti West Accommodation Hub.

Destination Management Plan

refreshed to support the development of visitor opportunities to the region. Five catalyst projects were identified, supported by several key enablers for the region. A total of 64 recommendations and actions were analysed as part of the refresh, following engagement with 83 industry stakeholders through workshops, interviews, presentations and discussions and a community engagement survey with 338 responses from residents across the region.

Business Attraction, Retention & Expansion Strategy

implementation through the engagement with the one hundred businesses identified under the strategy for the purpose of identifying investment opportunities, understanding barriers to expansion, and retention of businesses in the region. Eleven business sentiment engagements have been completed year to date and this has resulted in follow up actions for six of these businesses being completed.

265 small and medium enterprises supported

in the year to date including twenty-five Māori businesses. This is from a total of 325¹ engagements through the Regional Business Partner Programme, Business Mentors New Zealand mentor matching, Visitor Sector support, talent and skills industry activity and general business support. Business development capability funding of \$83,770 was issued through the Regional Business Partner Programme.

Digital Boost Pilot Programme

funded by the Ministry of Business, Innovation, and Employment, with a purpose of providing businesses tailored digital capability support focused on increasing their digital presence and skills following the impacts of the pandemic. Rolled out through thirteen providers, training has been provided to 565 businesses in the region.

Twelve events supported through the Regional Events Fund

government funding to support in the attraction of visitors to the region through the impacts of COVID-19, which ceases on 30 June, with a total funding allocated of \$92,750. Events supported included the Manawatū Arts Trail, Palmy Drag Fest and the NZ Blues, Roots & Groove Festival

9 CEDA HALF YEARLY REPORT TO DECEMBER 2022

businesses may have received more than one service

entrepreneurs including The Factory Innovate event in November and Minister Verrell being hosted by Sprout at The Factory with CEDA attending.

The Factory's Innovate programme saw eight businesses pitching for the supreme award, with Precycle taking out the winning title with their construction materials made from non-recyclable waste.

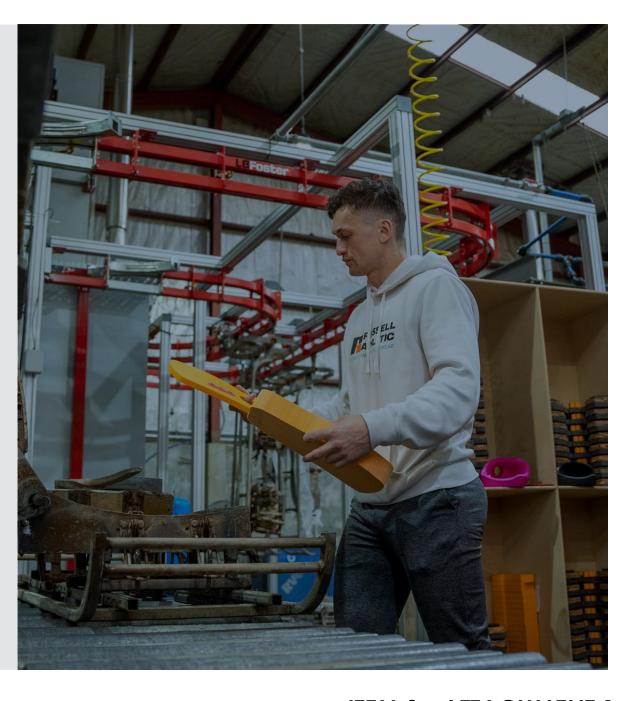
Sprout's Cohort IX of their Accelerator Programme saw a wide range of companies from a robotic prototype for grain silos, to cameras capable of facial recognition for sheep. There were nine businesses involved being a mix of food tech and agritech.

62 businesses supported with Research and Development

through Callaghan Innovation programmes including 46 Action Plans being developed, 13 referrals for Student Career Grants and three referrals for the newly developed Research and Development Grants².

2 In line in with a change in focus for Callaghan Innovation, Getting Started, Project and Student Fellowship grants were removed from the programme on 1st July 2022, and therefore no Research and Development grant funding was available for the period July to December 2022.

10 CEDA





Whakatairangatia te rohe hei whakamanea i te tangata, i te pakihi me te haumitanga

Profile the region to attract people, business, and investment

Profiling the region to highlight our strengths, our people and our places through a shared regional identity, targeted storytelling and partnerships ensures Palmerston North city and Manawatū district is renowned for its exceptional lifestyle, competitive advantages and is a magnet for investment, business, and talent.

A coordinated approach to better showcasing the strengths of our region and profiling our successes is key to achieving recognition as one of the top three global agrifood hubs by 2025.

11 CEDA

Profiling Manawatū's regional identity

12 content pieces were created and published made up of; Six new content features for the regions key visitor markets, focusing on family activities and walks and hikes, and six new business profiles to help tell the story of our successful and diverse business sectors and industries in Manawatū. An additional 15 micro clips (video snippets) were created to be used across digital channels and platforms.

34 Media Features secured profiling the city and region

across a broad audience base, including business, investment, and visitation to the region with a total reach of 33,401,364.

The launch of the Coastal Arts Trail, and the Manawatū Version 2.0 campaign, resulted in an increase in media features and reach, with over 17 million reached through the Coastal Arts Trail coverage alone. Key channels have included Stuff National, and Stuff Travel features, the Urban List, Kia Ora Magazine, Verve Magazine, Radio New Zealand, and Concrete Playground. A key highlight was securing Manawatū as the feature region for a Stuff travel takeover in July.

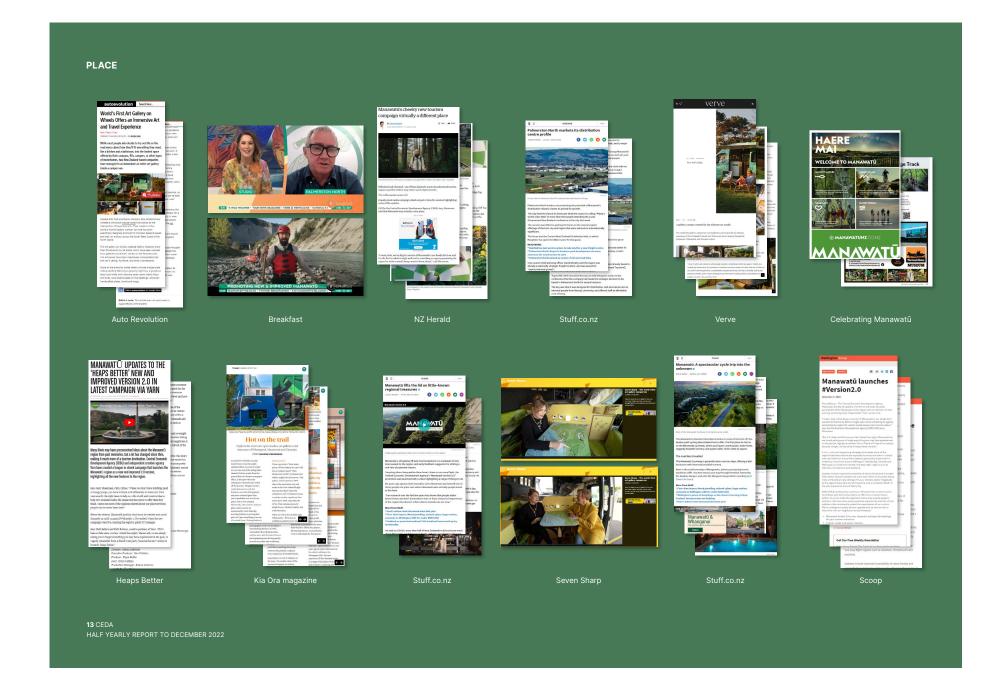
29,712 Social Media followers

across Palmy & Manawatū Facebook and Manawatu_NZ Instagram channels.

21,771 ManawatuNZ Facebook followers on 31 December, up from 20,659 in December 2021 (5.3% increase), and 7,941 ManawatuNZ Instagram followers from 7,830 in December 21 (1.4% increase).

ManawatuNZ.co.nz total sessions (1 Jul - 31 Dec 2022) were 108,512 down from 136,115 for the same period in the previous year.

Changes to the website including removal of the Choose Manawatū business directory which was implemented to provide support to businesses impacted by COVID-19 has contributed to this outcome.







Central government agreements in place

with the Ministry of Business, Innovation, and Employment agreements in place for; Regional Business Partner Programme, Regional Events Fund, Digital Boost Pilot Programme, and Support, Reset and Recovery funding to support the Visitor Sector through the impacts of COVID-19. Also, with Te Whatu Ora, Health NZ, and Te Tāhuhu o te Mātauranga, Ministry of Education for the Accelerate Academy programme.

Regional partnerships in place

with The Factory, Sprout Agritech, Manawatū Young Professionals Network, and UCOL | Te Pūkenga for the Workforce Development Planning project. Regional Business Partner Programme agreements in place with Whanganui & Partners (Horowhenua, Rangitīkei, Ruapehu and Whanganui, districts) and Te Manu Atatu (Māori business growth advisor), and with Ventura Taranaki and Whanganui & Partners for collaborative visitor sector projects.

Rangitāne o Manawatū Māori Tourism Strategy

implementation underway to support Rangitāne to tell their stories, through the Tourism Working Group, with printed collateral development underway which will highlight locations of interest for visitors from an iwi perspective and will include a 'kaitiaki guide' to ensure these spaces and places are looked after by all.

He Ara Kotahi, Hei Ara Kōrero project

funded through the Manatū Taonga Ministry of Culture and Heritage Te Urungi fund has commenced with initial planning underway including project plan, stakeholder engagement, and workstream planning. A site tour of Ngā Ara Tipuna in Waipukurau was completed in November to gain an understanding of what is being done successfully elsewhere.

Data and Insights communications on the performance of the region's economy

43 stakeholder communications published

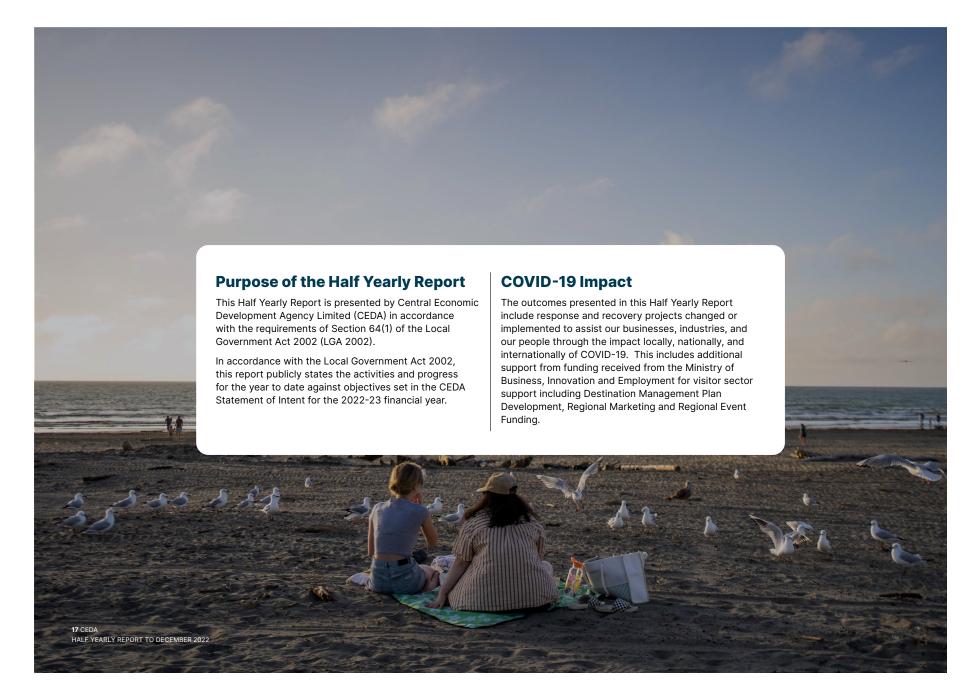
including Manawatū Quarterly Economic Monitor, 60 Seconds with CEDA, Training and Development Guides, Visitor Industry Updates, and Shareholder Updates.

2,289 Social Media followers

on CEDA Facebook and LinkedIn channels, with 1,139 Facebook followers up 6.3% from 1 Jul 2022 (1,071), and 1,150 LinkedIn followers up 11.7% from 1 Jul 2022 (1,030).

CEDA.nz year to date sessions in the period 1 July to 31 December 2022 were 14,303 up 13.84% compared to the previous period.







Ā Mātou Whāinga Rautaki Our Strategic Objectives

Achieving our vision

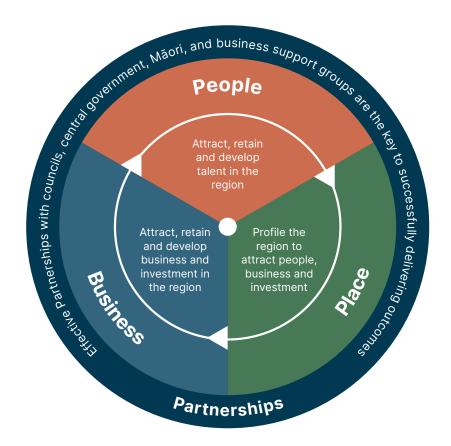
CEDA works across the three strategic pillars of economic development; People, Place and Business, and our success is underpinned and enabled by the strength of our relationships with our regional and national partners.

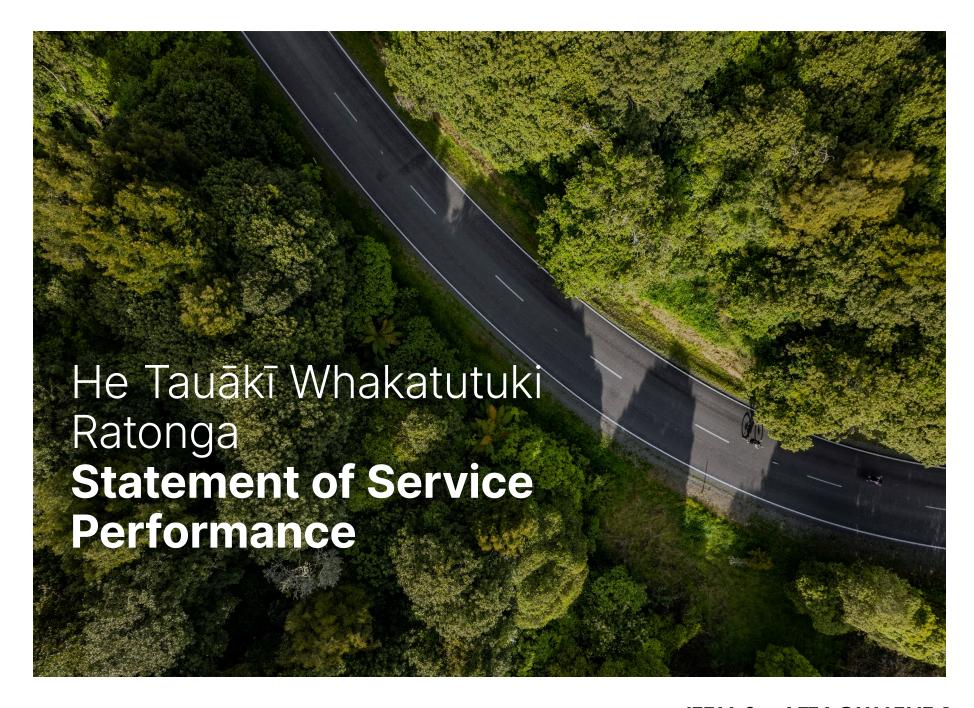
Our core objectives, programmes and activities are all aligned to these pillars, and are designed to create the environment, stimulus, outcomes, and impact that will power our economic prosperity and achieve our vision for Palmerston North city and Manawatū district.

These key objectives guide the development of our short and medium-term programmes of work as articulated through our Statement of Intent for 2022/23.

When considering how to prioritise our efforts, and based on our current resources and functions, we focus on programmes and activities that offer the greatest opportunities for economic prosperity.

These are identified through research, monitored, and reviewed using the latest data, and viewed through a regional, national, and international lens.





PEOPLE

Service Level Statement	Performance Measure	2022/23*	Performance year to date
Develop the talent pipeline to grow a skilled workforce, and better utilise the existing labour market	Lead and support the regions attraction and retention of talent, skills, and investment	Lead the delivery of the Manawatū Talent and Skills Attraction and Retention Strategy year two action plan, through the establishment of a digital talent and skills hub, that includes work integrated learning and graduate opportunities	A Workforce Development Planning toolkit to support employers to attract, retain and train staff was developed in collaboration with UCOL Te Pūkenga. Four information booklets were created (People Strategy, Bringing the right people on board, Growing your people, and Keeping your people). This was launched with 3 workshops in Palmerston North and Feilding with 30 businesses registering. The Sustainability Toolkit was launched to help businesses to start their sustainability journey from understanding the benefits, to practical tools and resources, links to the climate action toolbox and calculators.
		Lead the delivery of a programme of work that will attract and retain talent in the region working with businesses	 CEDA has engaged with five of the six Workforce Development Councils. From these engagements we have progressed two initiatives relating to the regions sectors of strength: Working with Hanga-Aro-Rau – Manufacturing, Engineering & Logistics, Workforce Development Council and the Regional Skills Leadership group has resulted in the establishment of a freight and logistics workforce planning group whose purpose is to look at the region's future skills and training needs for this sector. This will be important particularly for Te Utanganui in relation to future labour requirements. The first hui for this group occurred in November 2022. Working with Toitū te Waiora - Community, Health, Education and Social Services Workforce Development Council and the Regional Skills Leadership group resulted in the development of a Health and School transitions workforce plan. A direct output of this was the Hauora Wananga ō ngā rangatahi ō Manawatū - Accelerate Academy programme. The purpose of the programme was to showcase the health sector to year 10 rangatahi Māori students and was held over a 12-week period with students from five schools in attendance, ranging from 50 to 90 students in attendance each week, and supported by Rangitāne o Manawatū.

*these objectives or outcomes may be impacted by CEDA's requirements to be adaptable and responsive to the needs of the regional economy due to the impact of COVID-19

BUSINESS

Service Level Statement	Performance Measure	2022/23*	Performance year to date
Attract business and investment to the region	Implementation of Inward Investment strategy with regional partners, through the attraction of investment to the region including key regional projects	Te Utanganui (Central New Zealand Distribution Hub) Strategy implementation, in the development of funding opportunities and brand narrative	 Outcomes of our work to date include: Raising the profile of Te Utanganui through advocacy with the sector, potential investors, and partners including KiwiRail, Waka Kōtahi, Napier Ports, CentrePort, and Air New Zealand, to maximise the linkages between the key components within the strategy and support investment decisions. Regional advocacy with Accelerate25, Hawke's Bay Councils, PNCC and MDC, Horizons Regional Council, and central government (Delegation to Minster Wood, and several MP visits to the region) to create a linked-up approach to the national freight strategy led out by the Ministry of Transport. The website for Te Utanganui was launched and final collateral for dissemination was produced including a condensed version of the strategy and a Te Utanganui Story document, and video.
		Development of phase two of the Manawatū Food Strategy and implementation of year one actions	Stage One development of the Manawatū Food Strategy was completed in June 2022, which delivered an analysis of international best practice, and highlighted the requirement for further refinement to reflect the local context. As a result, Stage Two of this work commenced in October 2022 with a new project team, project approach, and broader Technical Advisory Group with 15 members. 23 interviews were conducted with a broad range of businesses and stakeholders across the sector to inform the development of the strategy which is due for completion by year end.
			Four other investment opportunities supported in the year to date were ongoing assistance of SoundSphere hi-tech audio with potential for establishing themselves in the region, development of a pitch for an international pharmaceutical company working with New Zealand Trade and Enterprise, a Commercial Demand Profile Analysis for Safari Group to assist with planning in relation to a hotel investment, and work to support the development of Te Āpiti West Accommodation Hub.
Support our sectors of strength to grow through targeted business development and retention initiatives and activities	Development of priority sectors through sector strategy implementation, cluster development and partnerships with Māori.	Refreshed Destination Management Plan developed including establishment of a steering group, to reflect changing environment and regional aspirations	The refreshed Manawatū Destination Management Plan was completed in December 2022 and five key priority strategic initiatives (from the 72 identified) were agreed. 64 recommendations were also made. Development of the plan included engaging with 83 industry stakeholders, and partners, through workshops, interviews, presentations and discussions and a community engagement survey with 338 responses from residents across the region.

Service Level Statement	Performance Measure	2022/23*	Performance year to date
	Retain businesses in the region through engagement and identification of barriers to growth	Implementation of the Business Attraction, Retention and Expansion Strategy framework through structured business engagements and facilitating the resolution of constraints	Of the 100 businesses identified under the Business Attraction, Retention and Expansion Strategy, 11 business sentiment engagements have been completed. The purpose of the engagements is to identify investment opportunities and understanding barriers to expansion, and retention of businesses in the region. This has resulted in follow up actions for six of these businesses being completed. The sectors of strength pages have been redeveloped on ManawatuNZ.co.nz with the addition of six new business videos.
		Support or engage with 210 businesses including Māori businesses through CEDA activities**	265 unique business engagements (including 25 Māori businesses) in the year to date. This is from a total of 325 engagements through the Regional Business Partner Programme, Business Mentors New Zealand mentor matching, Visitor Sector support, talent and skills industry activity and general business support.
			Business development capability funding was issued of \$83,770 through the Regional Business Partner Programme.
			A government funded Digital Boost Programme for supporting businesses through increasing their digital capability and online presence after the impacts of CVOVID-19 was rolled out through 13 intermediaries which has provided online digital training to 565 businesses.
			12 events have been supported through the Regional Events Fund, government funding to support in the attraction of visitors to the region through the impacts of COVID-19, which ceases this year, with a total funding allocated of \$92,750. Events supported included the Manawatū Arts Trail, Palmy Drag Fest and the NZ Blues, Roots & Groove Festival.
	Facilitate access to specialist innovation, and start-up expertise	Partner with The Factory and Sprout Agritech to deliver start-up and	Agreements are in place to support and accelerate tech start-ups and entrepreneurs including through the Factory Innovate event in November, and Minister Verrell being hosted by Sprout out at The Factory with CEDA attending.
		innovation support	Sprouts Cohort IX of their Accelerator Programme saw a wide range of companies from a robotic prototype for grain silos, to cameras capable of facial recognition for sheep and much more. There were nine businesses involved comprising 33% food tech and 67% agritech.
			The Factory's Innovate programme saw eight businesses pitching for the supreme award that went to Precycle who turn non-recyclable waste into construction materials.
			Support for businesses to innovate through Callaghan Innovation programmes of work has resulted in 46 Innovation Action Plans being developed, 13 referrals for Student Career Grants and three referrals for the newly developed Research and Development Grants. In line in with a change in focus for Callaghan Innovation, Getting Started, Project and Student Fellowship grants were removed from the programme on 1st July 2022, and therefore no Research and Development grant funding was available for the period July to December 2022.

PLACE

Service Level Statement	Performance Measure	2022/23*	Performance year to date
Profile Manawatū locally, nationally, and globally	Lead and develop the stories of Manawatū, creating a narrative and a unified positioning, incorporating the cultural heritage of iwi	Leverage the Regional Identity to grow the profile and narrative of the city and region, with 10 content pieces published targeting key audiences	 12 content pieces created and published for the regions key audiences, made up of: Six new content features for the regions key visitor markets, focusing on family activities and walks and hikes. Six new business profiles to help tell the story of our successful and diverse business sectors and industries in Manawatū. An additional 15 micro clips (video snippets) were created to be used across digital channels and platforms.
	50 direct media features published profiling the region, with a reach of more than 2.7 million*** New Trade and Media Hulaunched on ManawatuNZ.co.nz		34 media features published year to date with a total reach of 33,401,364. The launch of the Coastal Arts Trail, and the Manawatū Version 2.0 campaign, resulted in an increase in media features and reach, with over 17 million reached through the Arts Trail coverage. Key channels have included Stuff National, and Stuff Travel features, the Urban List, Kia Ora Magazine, Verve Magazine, Radio New Zealand, and Concrete Playground. A key highlight was securing Manawatū as the feature region for a Stuff travel takeover in July.
	Grow engagement on regional web and digital platforms for increased promotion of and information on the region	10% increase in 'sessions' on ManawatuNZ.co.nz, and social media engagement****	ManawatuNZ.co.nz total sessions to (1 Jul – 31 Dec 2022) were 108,512 down from 136,115 for the same period in the previous year. ManawatuNZ FB followers (21,771) up 0.97% from 30 June 2022 (21,560), and ManawatuNZ Instagram followers (7,941), up 0.20% from 30 June 2022 (7,925).

PARTNERS

Service Level Statement	Performance Measure	2022/23*	Performance year to date
Develop strategic partner relationships, leveraging opportunities	Continue to build on relationships with shareholders, central	Partnership agreements and workplans reviewed	Ministry of Business, Innovation, and Employment agreements in place for; Regional Business Partner Programme, Regional Events Fund, Digital Boost Pilot Programme, and Support, Reset and Recovery funding to support the Visitor Sector through the impacts of COVID-19.
	government agencies, key regional stakeholders, local iwi and Māori, and business support groups		Accelerate Academy programme agreement (Te Whatu Ora – Health NZ, and Te Tāhuhu o te Mātauranga - Min. of Education), Workforce Development Planning project (UCOL Te Pūkenga), The Factory and Sprout Agritech Partnership agreements, Manawatū Young Professionals Network.
			Regional Business Partner Programmes sub-contracts in place with Whanganui & Partners (Horowhenua, Rangitīkei, Ruapehu and Whanganui, districts) and Te Manu Atatu (Māori business growth advisor).
		lwi partnership projects implementation, including the Rangitāne o Manawatū Tourism Working Group and identification of additional project(s)	The Rangitāne o Manawatū Māori Tourism Strategy implementation continues with printed collateral development underway which will highlight locations of interest for visitors from iwi perspective. He Ara Kotahi, He Ara Kōrero project implementation commenced with initial planning underway including project plan, stakeholder engagement plan, and workstream planning. A site tour of Ngā Ara Tipuna in Waipukurau completed in November. A Terms of Reference is to be completed for the project team.
Data and insights communications on the performance of the region's economy	Economic impact information regularly communicated to stakeholders and business, including iwi and Māori business sector	5% growth in audience engagement across key communications including economic updates, Māori economy data and regional news	 43 business and sector communications sent year to date consisting of: 29 CEDA 60 Seconds 8 Training & Development Guides 5 Visitor Industry Updates 1 Manawatū Economic Overview CEDA.nz year to date sessions (1 Jul -31 Dec 2022) were 14,303, (up 13.84% compared to the previous period). CEDA Facebook followers (1,139) up 6.3% from 1 Jul 2022 (1,071) and CEDA LinkedIn followers (1,150) up 11.7% from 1 Jul 2022 (1,030).

^{*} these objectives or outcomes may be impacted by CEDA's requirements to be adaptable and responsive to the needs of the regional economy due to the impact of COVID-19

^{**} assuming discontinuation of funding of the Regional Business Partner programme by the Ministry of Business, Innovation and Employment from July 2022

^{***} reach measured by media and/or publication audience/readership

^{****} increase in sessions for 2021/22 was based on a baseline of 250,000 due to additional activity in the 2020/21 financial year due to funding received in response to COVID-19

rage

Ngā Tohu Aroturuki Monitoring Indicators

In addition to our performance measures, the shareholders have identified a further set of monitoring indicators. These indicators reflect outcomes at the regional level which are impacted by a range of factors outside of our control, for example: exchange rates, natural disasters, government policy. As the region's economic development agency, we have a role in

monitoring and influencing these indicators where we can, however we do not measure the performance of our organisation against them. The Councils have the responsibility to report on these indicators. The Councils have the responsibility to report on these indicators.

Indicator	2023	2024	2025	Regional target*
Change in total number of jobs	1.9% increase	1.9% increase	1.9% increase	1.9% average annual increase over three years
Change in median salaries and wages	2.6% increase	2.6% increase	2.6% increase	2.6% pa increase.
Change in total earnings (salaries, wages, and self-employment income)	3.7% increase	3.7% increase	3.7% increase	3.7% pa increase, average annual increase of \$104 million
Change in total GDP and per capita GDP	1.8% GDP	1.8% GDP	1.8% GDP	1.8% average annual increase in total GDP
	0.6% per capita	0.6% per capita	0.6% per capita	0.6% average annual increase in per capita GDP
Estimated population change	1,350 increase	1,350 increase	1,350 increase	1,350 population increase pa, 1.2% average increase pa
- 65 years and over population (for demographic monitoring)	530 increase	530 increase	530 increase	Estimated 530 population increase pa, 3.3% pa
Electronic card spending by visitors in Manawatū region (domestic and international)	5.7% increase	5.7% increase	5.7% increase	5.7% pa increase, average annual increase of \$22 million
Number of guest nights in Manawatū region	1.6% increase	1.6% increase	1.6% increase	1.6% pa increase
Change in MSD benefit numbers	1.6% decline	1.6% decline	1.6% decline	1.6% pa decline, average annual decline of 130 people

*excludes any annual inflation increase

26 CEDA



The Central Economic Development Agency (CEDA) is a Limited Liability Company incorporated and registered under the Companies Act 1993. CEDA commenced full operations is September 2016 and is a Council controlled organisation jointly owned by the Palmerston North City Council (50%) and the Manawatū District Council (50%).

CEDA's Purpose and Principal Activities

The primary objective of CEDA is to drive and facilitate the creation and growth of economic wealth for Manawatū and beyond. CEDA's principal activities are directed by its Statement of Intent for the current year.

CEDA's Constitution Objectives

- (a) objectives of the Shareholders, both commercial and non-commercial as specified from time to time in the Statement of Intent and, in particular, to drive and facilitate the creation and growth of economic wealth for Manawatū and beyond;
- b) be a good employer;
- c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which the Company operates and by endeavouring to accommodate or encourage these when reasonably able to do so.

CEDA's Structure and Governance

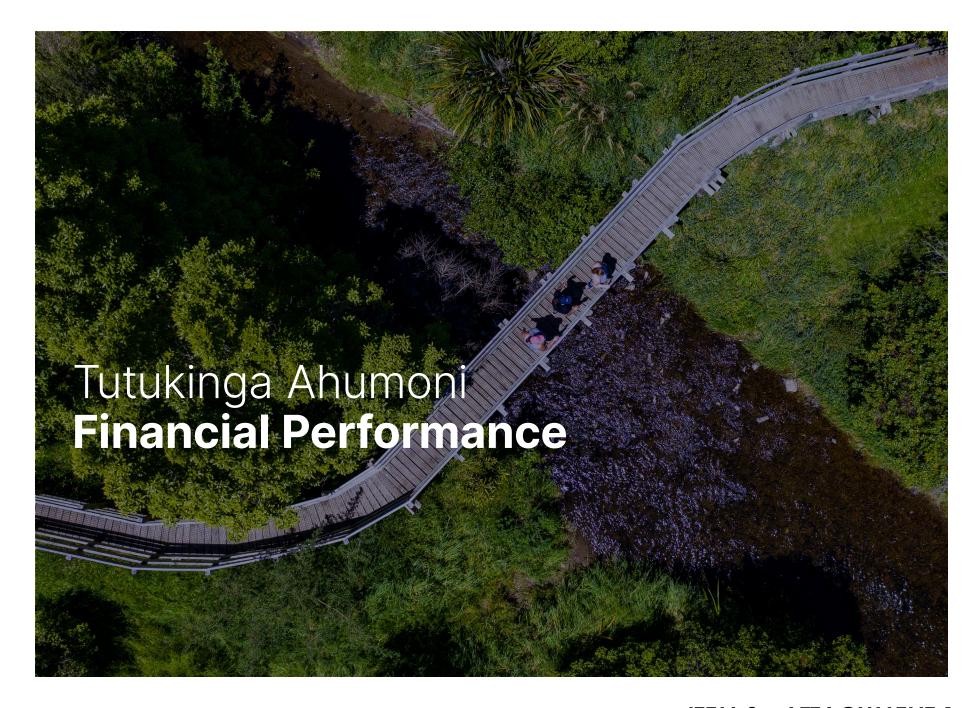
The Board of up to seven (currently six) independent directors is responsible for the strategic direction and control of CEDA's activities.

The Board guides and monitors the business and affairs of CEDA, in accordance with the Companies Act 1993, the Local Government Act 2002, the Company's Constitution and this Statement of Intent.

The Board's approach to governance is to adopt "good practice" with respect to:

- the operation and performance of the Board
- managing the relationship with the Chief Executive
- being accountable to all shareholders and reporting to the Joint Strategic Planning Committee of Manawatū District Council and Palmerston North City Council

The Chief Executive Officer is responsible for the day-today operations of CEDA, engaging and oversight of staff and reporting to the directors on performance against CEDA's objectives.



ITEM 8 - ATTACHMENT 1

Page | 101

Group Statement of Comprehensive Revenue and Expense

Central Economic Development Agency Ltd (CEDA)

For the 6 Months to December

Account	Notes	Jul-Dec 2022 (Unaudited)	Jul-Dec 2021 (Unaudited)	30 Jun 2023 (Budget)	30 Jun 2022 (Audited)
Revenue					
Council Funding	4	1,268,101	1,177,557	2,698,107	2,510,001
Other Services Revenue		894,269	556,447	731,000	1,162,734
Project Revenue		375,000	9,554	85,000	94,299
Total Revenue		2,537,370	1,743,558	3,514,107	3,767,034
Cost of Sales					
Other Services Expenses		1,413,940	801,403	1,465,000	1,789,245
Project Expenses		2,102	14,396	87,000	46,223
Total Cost of Sales		1,416,042	815,799	1,552,000	1,835,468
Gross Surplus (Deficit)		1,121,328	927,759	1,962,107	1,931,566
Gross Surplus (Deficit) Other Revenue		1,121,328	927,759	1,962,107	1,931,566
·		1,121,328 29,121	927,759 3,883	1,962,107 5,000	
Other Revenue	uipment		·		1,931,566 15,086 653
Other Revenue Interest Revenue	uipment	29,121	3,883	5,000	15,086 653
Other Revenue Interest Revenue Gain on Sale of Property, Plant and Eq	uipment	29,121	3,883 653	5,000 0	15,086 653
Other Revenue Interest Revenue Gain on Sale of Property, Plant and Eq Total Other Revenue	uipment	29,121	3,883 653	5,000 0	15,086 653 15,739
Other Revenue Interest Revenue Gain on Sale of Property, Plant and Eq Total Other Revenue Expenses	uipment	29,121 0 29,121	3,883 653 4,535	5,000 0 5,000	15,086 653 15,739 3,852
Other Revenue Interest Revenue Gain on Sale of Property, Plant and Eq Total Other Revenue Expenses Depreciation	uipment 5	29,121 0 29,121 1,890	3,883 653 4,535	5,000 0 5,000	15,086 653 15,739 3,852 170,868
Other Revenue Interest Revenue Gain on Sale of Property, Plant and Eq Total Other Revenue Expenses Depreciation Directors' Fees		29,121 0 29,121 1,890 87,917	3,883 653 4,535 1,926 81,159	5,000 0 5,000 3,500 180,000	15,086 653 15,739 3,852 170,868 1,359,340
Other Revenue Interest Revenue Gain on Sale of Property, Plant and Eq Total Other Revenue Expenses Depreciation Directors' Fees Employee Expense		29,121 0 29,121 1,890 87,917 632,413	3,883 653 4,535 1,926 81,159 719,693	5,000 0 5,000 3,500 180,000 1,366,643	15,086
Other Revenue Interest Revenue Gain on Sale of Property, Plant and Eq Total Other Revenue Expenses Depreciation Directors' Fees Employee Expense Financing Expenses	5	29,121 0 29,121 1,890 87,917 632,413 0	3,883 653 4,535 1,926 81,159 719,693 0	5,000 0 5,000 3,500 180,000 1,366,643 200	15,086 653 15,739 3,852 170,868 1,359,340

See Appendix for Accounting Policies

P a g e

Group Statement of Comprehensive Revenue and Expense

Central Economic Development Agency Ltd (CEDA)

For the 6 Months to December

Account	Notes	Jul-Dec 2022 (Unaudited)	Jul-Dec 2021 (Unaudited)	30 Jun 2023 (Budget)	30 Jun 2022 (Audited)
Taxation					
Income Tax Expense	7	0	0	0	0
Total Taxation		0	0	0	0
Surplus (Deficit) after tax		194,626	(72,878)	(3,507)	12,546
Other comprehensive revenue ar	id expense				
Items that could be reclassified to sur	plus (deficit)	0	0	0	0
Total Other comprehensive revenue	and expense	0	0	0	0
Total comprehensive revenue and	d expense				
Total comprehensive revenue and exp	ense	194,626	(72,878)	(3,507)	12,546
Total comprehensive revenue and	d expense attribu	ıtable to:			
Palmerston North City Council		97,313	(36,439)	(1,754)	6,273
Manawatū District Council		97,313	(36,439)	(1,754)	6,273
Total comprehensive revenue and ex	noncoc	194,626	(72,878)	(3,507)	12,546

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

Variations on comparatives from the previous Half Yearly Report, December 2021 are due to adjustments as part of the year end process.

Page | 103

Group Statement of Financial Position

Central Economic Development Agency Ltd (CEDA)

As at 31 December 2022

Account	Notes	31 Dec 2022 (Unaudited)	31 Dec 2021 (Unaudited)	30 Jun 2023 (Budget)	30 Jun 2022 (Audited)
Assets					
Current Assets					
Cash and Cash Equivalents	8	1,783,520	1,987,411	624,450	2,039,054
Receivables and Accruals	9	536,595	112,099	150,593	66,037
Prepayments		30,604	14,213	4,875	11,053
Total Current Assets		2,350,719	2,113,723	779,918	2,116,145
Non-Current Assets					
Property, Plant and Equipment	10	28,146	28,582	23,156	26,656
Total Non-Current Assets		28,146	28,582	23,156	26,656
Total Assets		2,378,866	2,142,305	803,074	2,142,801
Liabilities					
Current Liabilities	11	1520 487	1 570 873	100 800	1 /80 351
Current Liabilities Payables and Deferred Revenue	11	1,529,487	1,570,873	199,899	1,489,351
Current Liabilities Payables and Deferred Revenue Employee Entitlements	11	84,864	86,967	86,371	83,561
Current Liabilities Payables and Deferred Revenue Employee Entitlements Total Current Liabilities	11	84,864 1,614,351	86,967 1,657,840	86,371 286,270	83,561 1,572,912
Current Liabilities Payables and Deferred Revenue Employee Entitlements	11	84,864	86,967	86,371	83,561 1,572,912
Current Liabilities Payables and Deferred Revenue Employee Entitlements Total Current Liabilities	11	84,864 1,614,351	86,967 1,657,840	86,371 286,270	83,561 1,572,912 1,572,912
Current Liabilities Payables and Deferred Revenue Employee Entitlements Total Current Liabilities Total Liabilities	11	84,864 1,614,351 1,614,351	86,967 1,657,840 1,657,840	86,371 286,270 286,270	83,561 1,572,912 1,572,912
Current Liabilities Payables and Deferred Revenue Employee Entitlements Total Current Liabilities Total Liabilities Net Assets	11	84,864 1,614,351 1,614,351	86,967 1,657,840 1,657,840	86,371 286,270 286,270	83,561 1,572,912 1,572,912 569,889
Current Liabilities Payables and Deferred Revenue Employee Entitlements Total Current Liabilities Total Liabilities Net Assets Equity	·	84,864 1,614,351 1,614,351 764,515	86,967 1,657,840 1,657,840 484,465	86,371 286,270 286,270 516,804	1,489,351 83,561 1,572,912 1,572,912 569,889

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

Variations on comparatives from the previous Half Yearly Report, December 2021 are due to adjustments as part of the year end process.

See Appendix for Accounting Policies

Group Statement of Changes in Equity

Central Economic Development Agency Ltd (CEDA)

For the 6 months to December

Account	Jul-Dec 2022 (Unaudited)	Jul-Dec 2021 (Unaudited)	30 June 2023 (Budget)	30 Jun 2022 (Audited)
Equity				
Opening Balance	569,889	557,343	520,311	557,343
Increases				
Total comprehensive revenue and expense for the period	194,626	(72,878)	(3,507)	12,546
Total Increases	194,626	(72,878)	(3,507)	12,546
Total Equity	764,515	484,465	516,804	569,889
Total comprehensive revenue and expense attribu	table to:			
Palmerston North City Council	97,313	(36,439)	(1,754)	6,273
Manawatū District Council	97,313	(36,439)	(1,754)	6,273
Total comprehensive revenue and expense	194,626	(72,878)	(3,507)	12,546

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

Variations on comparatives from the previous Half Yearly Report, December 2021 are due to adjustments as part of the year end process.

Group Statement of Cash Flows

Central Economic Development Agency Ltd (CEDA)

For the 6 months to December

Account	Jul-Dec 2022 (Unaudited)	Jul-Dec 2021 (Unaudited)	30 Jun 2023 (Budget)	30 Jun 2022 (Audited)
Cash Flows from Operating Activities				
Receipts of council funding	1,213,463	1,227,557	3,102,823	2,455,113
Interest received	19,479	2,777	5,000	10,797
Receipts from other operating activities	1,012,345	1,215,916	1,102,761	1,768,824
Income tax refunded/(paid)	0	0	0	883
GST	(63,324)	(16,495)	(194,978)	(10,939)
Payments to suppliers and employees	(2,434,116)	(1,959,828)	(4,702,132)	(3,703,108)
Finance costs	0	0	(200)	(1)
Total Cash Flows from Operating Activities	(252,153)	469,926	(686,726)	521,569
Cash Flows from Investing Activities Proceeds from sales of property, plant and equipment	0	1,652	0	1,652
Payment for property, plant and equipment	(3,381)	0	0	C
Total Cash Flows from Investing Activities	(3,381)	1,652	0	1,652
Net Cash Flows	(255,534)	471,578	(686,726)	523,221
Cash Balances				
Cash and cash equivalents at beginning of period	2,038,854	1,515,633	1,311,176	1,515,633
Cash and cash equivalents at end of period	1,783,320	1,987,211	624,450	2,038,854
Net change in cash for period	(255,534)	471,578	(686,726)	523.221

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

Variations on comparatives from the previous Half Yearly Report, December 2021 are due to adjustments as part of the year end process.

ye | 106

Notes to Accounts

Central Economic Development Agency Ltd (CEDA)
For the 6 months to December

34 CEDA HALF YEARLY REPORT TO DECEMBER 2022

Accounting Policies

1. Reporting Entity

Central Economic Development Agency Ltd (CEDA) was established and commenced operations in New Zealand on 15 October 2015 under the Companies Act 1993 (NZBN 9429042001096). As the shareholders of CEDA are Palmerston North City Council (50%) and Manawatū District Council (50%). CEDA is a council-controlled organisation as defined in section 6 of the Local Government Act 2002.

CEDA has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of CEDA are for the 6 months ended 31 December 2022.

2. Statement of Accounting Policies

Basis of Preparation

The financial statements are prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period, unless otherwise stated.

Statement of Compliance

The financial statements of CEDA have been prepared in accordance with the requirements of the Local Government Act 2002, the Companies Act 1993, and the Financial Reporting Act 2013. This includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) Reduced Disclosure Regime (RDR). CEDA is eligible and has elected to report in accordance with Tier 2 PBE standards RDR on the basis the entity has no public accountability and has expenses > \$2m and < \$30m.

Presentation Currency

The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except when otherwise indicated

Historical Cost

These financial statements have been prepared on a historical cost basis.

2

Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period. New group standards have been applied but have resulted in no impact to the financial statements.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, excluding goods and services tax rebates and discounts, to the extent it is probable that the economic benefits will flow to the entity and revenue can be reliably measured. Specific accounting policies for significant revenue items are explained below:

Sales of goods are recognised when the goods are sold to the customer.

Sales of services are recognised in the period by reference to the stage of completion of the services delivered at balance date as a percentage of the total services to be provided.

Interest received is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest method.

Grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Donated assets. Where a physical asset is gifted to or acquired by CEDA for nil consideration or at a subsidised cost, the asset is recognised at fair value. The difference between the consideration provided and fair value of the asset is recognised as revenue. The fair value of donated assets is determined as follows:

- For new assets, fair value is usually determined by reference to the retail price of the same or similar assets at the time the asset was received.
- For used assets, fair value is usually determined by reference to market information for assets
 of a similar type, condition, and age.

Inventories

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus (deficit) in the period of the write-down.

35 CEDA HALF YEARLY REPORT TO DECEMBER 2022

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets and includes the cost of replacements that are eligible for capitalisation when these are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Depreciation

Account	Method to be used	Rate
Leasehold Improvements	Diminishing Value	10%
Office Furniture & Equipment	Diminishing Value	0% - 50%
Office Furniture & Equipment	Straight Line	8.5% - 10.5%
Vehicles	Diminishing Value	30%
Websites	Straight Line	40%

Income Tax

Income tax expense includes components relating to current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

8

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Receivables

Receivables are recorded at their face value, less any provision for impairment.

Impairment of financial assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and receivables

Impairment is established when there is evidence CEDA will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits or bonds are recognised directly against the instrument's carrying amount.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Payables

Short-term creditors and other payables are recorded at their face value.

36 CEDA
HALF YEARLY REPORT TO DECEMBER 2022

Equity

Equity is the shareholders' interest in CEDA and is measured as the difference between total assets and total liabilities

Good and Services Tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as operating cash flow in the statement of cashflows.

Commitments and contingencies are disclosed exclusive of GST.

Employee Entitlements

Employer contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

Short-term employee entitlements - Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, and annual leave earned but not yet taken at balance date, and sick leave. These are classified as a current liability.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

CEDA does not provide for long service or retirement leave entitlements.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is an obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

Leases - Where CEDA is the Lessee

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Critical accounting estimates and assumptions

In preparing these financial statements CEDA has made judgements, estimates and assumptions concerning the future.

These judgements, estimates and assumptions may differ from the subsequent actual results. Judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Useful lives and residual values of property, plant, and equipment - refer to Note 11.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

Funding received - refer to Note 4.

3. Subsidiaries

CEDA consolidates in the group financial statements all entities where CEDA has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. This power exists where CEDA controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by CEDA or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

CEDA has the power to appoint 100% of trustees of the Events Manawatū Trust. The consolidation of the Events Manawatū Trust into CEDA's financial statements has resulted in no change to the reported financial statements as the Trust is dormant and did not trade during the year.

	Jul-Dec 2022	Jul-Dec 2021
4. Council Funding		
Palmerston North City Council	(940,273)	(872,219)
Manawatū District Council	(327,828)	(305,338)
Total Council Funding	(1,268,101)	(1,177,557)

Project income, as disclosed in the Statement of Comprehensive Revenue and Expense, includes income from Council's specifically received for project or other services delivery. This income is not included in Council Funding income.

Council Funding included in Project Revenue

Palmerston North City Council	0	8,280
Manawatū District Council	0	1,274
Total Council Funding included in Project Revenue	0	9,554

Critical judgements in applying accounting policies - funding received

CEDA must exercise judgement when recognising project or specific programme revenue to determine when conditions of the funding contract have been satisfied. As at 31 December 2022 1,203,175 (2021:1,403,290) has been recognised as a liability as the conditions attached to the receipt of this funding have not yet been met.

5. Employee Expenses

Salaries and wages	613,706	734,662
Employer contribution to Kiwisaver	16,604	15,974
Movement in employee entitlements	2,103	(30,943)
Total Employee Expenses	632,413	719,693

37 CEDA HALF YEARLY REPORT TO DECEMBER 2022

	Jul-Dec 2022	Jul-Dec 202
6. Other Operating Expenses		
Fees to Grant Thornton Audit New Zealand for the audit of the financial statements	14,500	13,779
Other operating expenses	219,102	188,61
Total Other Operating Expenses	233,602	202,39
7. Income Tax Expense		
Net Profit (Loss) Before Tax	194,626	(72,878
Tax at 28%	54,495	(20,406
Plus (less) tax effect of:		
Non-deductible expenditure	0	
Non-taxable income	0	
Tax loss not recognised (recognised)	(54,495)	20,46
Deferred tax adjustment	0	ı
Tax expense	0	(
Components of tax expense		
Current year	0	
Deferred tax	0	
Total Deductions from Tax Payable	0	
3. Cash and Cash equivalents		
CEDA Current Account	132,520	86,41
CEDA Money Market Account	1,650,000	1,900,00
CEDA Trust Account	1,000	1,00

Accounts Receivable	516,789	110,103
GST refund due	5,867	(
Provisional tax paid	11,728	1,95
Accrued Interest	2,210	39
otal Receivables and Accruals	536,595	112,099
otal Receivables and Accruals Comprise Receivables from exchange transactions	2,307	1,075
Receivables and Accruals Comprise Receivables from exchange transactions Receivables from non-exchange transactions	2,307 534,288	1,075 111,024

Jul-Dec 2022

Jul-Dec 2021

io. Property, Plant and Equipment									
	Opening Value	Accum Dep	Carrying Amount	Additions	Disposals	Depn	Closing Value	Accum Depn	Carrying Amount
Leasehold Im- provements	13,049	(8,121)	4,928	0	0	(246)	13,049	(8,367)	4,682
Office Furniture & Equipment	71,054	(51,195)	19,859	3,381	0	(1,364)	74,435	(52,559)	21,876
Vehicles	19,382	(17,513)	1,869	0	0	(280)	19,382	(17,793)	1,589
Websites	17,725	(17,725)	0	0	0	0	17,725	(17,725)	0
Total	121,210	(94,554)	26,656	3,381	0	(1,890)	124,591	(96,444)	28,146

There are no restrictions on title of CEDA's property, plant and equipment. No property, plant and equipment has been pledged as securities for liabilities.

	Jul-Dec 2022	Jul-Dec 2021
11. Payables and Deferred Income		
Accruals General	35,718	57,186
Accounts Payable	284,548	79,241
Funding in Advance	809,087	245,541
Funding in Advance - NZ AgriWeek	0	39,632
Funding in Advance - Sector Development	394,088	1,118,117
GST	0	26,238
Credit Cards	6,045	4,918
Total Payables and Deferred Income	1,529,487	1,570,873
Total Payables and Deferred Income Comprise		
Payables under exchange transactions	316,012	118,832
Payables under non-exchange transactions	1,213,475	1,452,041
Total Payables and Deferred Income Comprise	1,529,487	1,570,873
12. Equity		
Share Capital		
Opening Balance	1,000	1,000
Total Share Capital	1,000	1,000
Retained Earnings		
Opening Balance	568,889	556,343
Current Year Earnings	194,626	(72,878)
Total Retained Earnings	763,515	483,465
Total Equity	764,515	484,465

Each fully paid ordinary share confers on the holder one vote at a meeting of the company, a share in distributions approved by the Directors, and a share in distribution of the surplus assets of the company on dissolution.

At balance date there were 1,000 shares on issue.

39 CEDA HALF YEARLY REPORT TO DECEMBER 2022

13. Key personnel compensation

Directors	2022	2021
Remuneration	87,917	81,159
Full-time equivalent members	6	6

Jul-Dec 2022

Jul-Dec 2021

Due to the difficulty in determining the full time equivalent for Directors the full time equivalent figure is taken as the number of Directors.

14. Related Parties

CEDA is a council-controlled organisation as defined in section 6 of the Local Government Act 2002. As per the constitution the shareholders of CEDA being Palmerston North City Council and Manawatu District Council, are responsible for the appointment of the Board of Directors.

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and conditions no more or less favourable that those that it is reasonable to expect CEDA and the group would have adopted in dealing with the party at arm's length in the same circumstances.

15. Financial Instruments

516,789	110,103
2,210	39
1,783,520	1,987,411
2,302,520	2,097,553
2,302,520	2,097,553
	2,210 1,783,520 2,302,520

Financial Liabilities

Financial Liabilities at amortised cost		
Payables	(316,032)	(166,700)
Total Financial Liabilities at amortised cost	(316,032)	(166,700)
Total Financial Liabilities	(316,032)	(166,700)

16. Operating leases as lessee

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

Operating leases as lessee

Total non-cancellable operating leases	245,495	303,805
Later than five years	0	0
Later than one year and not later than five years	85,019	178,008
Not later than one year	160,476	125,797

The office space located at Level 1, TSB Towers, 1-19 Fitzherbert Avenue, Palmerston North has a lease term of four years to 30 June 2024, with two rights of renewal of three years each. This disclosure has included lease payments up to the end of the term, being 30 June 2024, as it is uncertain whether CEDA will exercise the option to renew the lease.

17. Events after balance date

There are no significant events after balance date.

18. COVID-19 impact

COVID-19 has had an impact to CEDA in relation to its non financial performance and impact on its financial performance mostly by way of Events and programmes unable to be held or in their usual format due to Alert Level and COVID-19 Protection Framework requirements. CEDA also received additional funding support through the Ministry of Business, Innovation and Employment to support the visitor sector and provide additional resources. There has been no impact to core funding and council grants, or to the ability for CEDA to continue its operations.

Page | 113

Ö Mātou Hoa Mahi Tahi Our Partner Organisations

Current partner organisations that CEDA works with:

Local

Central Skills Hub

Chiasma

Feilding and District Promotion

FoodHQ

IPU New Zealand

Lamberts

ManawaTech

Manawatū Business Chamber

Manawatū District Council

Manawatū Young Chamber

Manawatū Young Professionals Network

Manfeild

Massey University

National Driver Training Centre

Network of Skilled Migrants Manawatū

Palmerston North City Council

Palmerston North Airport

Regional Schools

Spearhead Manawatū

Sport Manawatū

Sprout Agritech

Talent Central

41 CED

HALF YEARLY REPORT TO DECEMBER 2022

Te Au Pakihi

Te Manawa

The Factory

UCOL | Te Pūkenga

Venues and Events Palmerston North

Welcoming Communities

Regional

Accelerate 25

Business Central and Export NZ

Horizons Regional Council

Horowhenua District Council

Regional Skills Leadership Group -

Manawatū-Whanganui

Ruapehu District Council

Rangitīkei District Council

Tararua District Council

Te Manu Atatū

The Horowhenua Company

Venture Taranaki

Whanganui and Partners

Whanganui Chamber of Commerce

Whanganui District Council

National

AgResearch

Agritech NZ

Air New Zealand

Business Mentors New Zealand

Callaghan Innovation

Economic Development New Zealand

Immigration New Zealand

Kanoa - Regional Economic Development

& Investment Unit

Ministry of Business, Innovation and

Employment

Ministry of Culture and Heritage

Ministry of Social Development

New Zealand Careers Expo

New Zealand Trade and Enterprise

New Zealand Media and Entertainment

New Zealand Motor Caravan Association

Regional Tourism New Zealand

Regional Business Partners Network

Regional Tourism Organisations New

Zealand

Stuff

Te Puna Whakaaronui - New Zealand's Primary Sector Think Tank

Te Tāhuhu o te Māturanga - Ministry of

Education

Te Whatu Ora - Health NZ

Tourism New Zealand

Waka Kotahi

Workforce Development Councils







24 January 2023

Bobbie O'Fee Chair Central Economic Development Agency Ltd Level 1/1-19 Fitzherbert Avenue PALMERSTON NORTH 4410

Dear Bobbie.

CEDA Statement of Expectations 2023-2024

The purpose of this Statement of Expectations is to provide CEDA with the Shareholders' focus and priorities for delivery, against its purpose of driving and facilitating the creation and growth of economic wealth in the Manawatu region and beyond.

When working beyond the Manawatū, there must be a causal link of the outcomes or benefits back to the Manawatu region based on the core functions and measures of success outlined below.

It is also expected that CEDA will use this letter to guide the development of the Statement of Intent (SOI) for 2023-2024.

Strategic Relationships

Taking a leadership position and building strategic relationships in the Manawatū region and beyond, is fundamental for CEDA to achieve its purpose. CEDA must be relationship-driven at all levels and we appreciate your commitment to this. From our perspective (both as shareholders and partners), this means CEDA developing a deep understanding of the roles of its strategic partner organisations, what their priorities and strengths are, and how CEDA can add value to the relationship (and vice versa) to achieve better economic outcomes for the region.

CEDA formalising these strategic relationships, is important to us as shareholders, to ensure we have cohesion in the region around economic development activities. We would like this to be driven further by CEDA through mutually agreed partnership agreements or similar, to ensure everyone is on the same page and provide the basis for a consistent and collective approach with measurable outcomes.

Ongoing review of the existing strategic partnership agreements already in place is expected.

The shareholders have identified the following strategic partners for CEDA: Palmerston North City Council, Manawatū District Council, Iwi, Manawatū Chamber of Commerce, Talent Central, The Factory, and key central government agencies.

The Shareholders and CEDA will continue to work together to update the existing list of strategic partners.

2

There may be opportunities for CEDA to leverage existing strategic relationship agreements entered into by the shareholders, e.g. NZ Defence Force and Accelerate 25.

Key Agreed Functions and Outcomes

We understand that to be effective, CEDA must be able to focus on key outcomes within a well-defined mandate. We also recognize this is a challenge given there can be differing stakeholder expectations.

This means CEDA focusing on the delivery of its core functions and outcomes in:

- Stimulate inward investment (both national and international), retention and expansion of business in the Manawatū region, along with business recovery to COVID-19.
- Developing a talent pipeline
- Support Domestic Visitation and tourism recovery post COVID-19.

Top priorities for MDC are:

- Promotion and development of key tourism and visitor destinations, including the country road tourism route.
- Stimulate inward investment for Manawatū district.
- Promote Manfeild as a conference and events venue option
- Deliver on the Regional Identity implementation.
- Identify activities that help resolve labour shortages in the district.

Top priorities for PNCC are:

- Implementation of the Central NZ Distribution Hub Strategy.
- Support advocacy on the Palmerston North Integrated Transport Investment project.
- Stimulate inward investment in Palmerston North city.
- Continue to stimulate visitor activity in Palmerston North city, in conjunction with the PNCC marketing unit and MDC

A specific joint priority of MDC and PNCC is:

 Development of a Food Strategy that addresses the total value chain from primary production, farmers and growers to agri-business clusters, e.g. rural banks, real estate, insurance, vets, sale yards, stock firms, grain & seed merchants, agri-retail and rural tourism with a Manawatu District focus, through to agri-tech & science, including supporting the Factory and Food HQ with its aspirations. In balancing the priorities of each council, and within its resources, CEDA is expected to adhere to its purpose in the constitution of "driving and facilitating the creation and growth of economic wealth in the Manawatū region and beyond" and take into account the priorities identified in regional strategic planning documents, including the Regional Spatial Plan.

While International Education is now a function that primarily sits with Palmerston North City Council, the shareholders expect CEDA to continue to consider the aspirations of the International Education sector with respect to the delivery of its other core functions.

Action plans to deliver on these core functions should identify KPIs based on clear intervention logic.

It is expected that CEDA will work very closely with key stakeholders of the regions strengths of research/agri-food/agri-business/land/horticulture, distribution and logistics, defence, health, visitor, education (domestic and international), digital and technology, and a growing Māori economy.

CEDA is expected to scan for new opportunities, whether or not it is a key strength, where this can benefit the region.

CEDA's success will be measured by the shareholders using the following indicators of the health of the regional economy:

- Job growth
- Increase in median household income
- Number of investment leads and deals secured
- Strength of the relationship with strategic partners

The shareholders acknowledge that the first two measures are not directly under CEDA's control. Significant changes in international and national economic factors will be taken into account when the Shareholders measure CEDA's performance.

Understanding the strategic drivers of the Councils and aligning CEDA's core functions to those drivers is critical to the partnership between the Councils and CEDA. The Councils have a key role in setting the economic environment for business to flourish and CEDA acts on the Councils behalf in facilitating opportunities for improved economic outcomes. CEDA is the Councils Agency for the delivery of economic development across the region.

Therefore, it is expected that CEDA will engage with the Councils in the development and implementation of their strategies and plans (such as Inward Investment Strategy, Labour Market Plan, Visitor Strategy and Māori Engagement Plan). These strategies and plans are expected to demonstrate active engagement with other strategic partners in their development.

The Councils are obliged to ensure that our services are delivered effectively and efficiently. As a Council-Controlled Organisation (CCO), this expectation extends to CEDA. The Shareholders require CEDA to provide an activity-based budget so the Council can effectively communicate levels of service and value for money to their ratepayers. In addition, there are many opportunities where shared resourcing, expertise and services should be explored and we would like to discuss these opportunities from both a short-term and long-term perspective.

To ensure the Shareholders and CEDA are on the same page, the focus, scope of activity, and priorities will be set through the Statement of Intent (SOI), and delivery managed through any relationship agreement that is put in place.

The shareholders expect that where CEDA is marketing the Manawatū region and this requires differentiating between the Manawatu, Feilding and Palmerston North, that this will continue to be delivered by CEDA in close collaboration with both shareholders.

The Shareholders would like to continue the monthly team meeting between the Mayors, Council CE's and relationship managers with the CEDA Chair and CE, although the purpose and participation at these meetings should be reviewed in collaboration with the shareholders.

The Shareholders will invite CEDA to formally report to each Shareholder twice per year, being the 6-month report and Annual Report.

CEDA will host two informal meetings with the Shareholders together to share progress on key priorities and connect outside of the formal reporting processes.

We look forward to working with CEDA to develop an economic development model that successfully delivers. We thank the Board, CEDA CE, and CEDA staff for their continued commitment to economic growth in the Manawatū region.

Yours sincerely

Grant Smith

Mayor

PALMERSTON NORTH CITY COUNCIL

Helen Worboys

Mayor

MANAWATŪ DISTRICT COUNCIL



Page | 120

Te Tauākī Takune Statement of Intent 2023–2026

Rārangitanga Umanga Company Directory

Central Economic Development Agency Limited

Level 1, TSB Tower, 1-19 Fitzherbert Avenue Palmerston North, 4410

Phone: 06 350 1830 Website: CEDA.nz

Chief Executive

Jeremy Shearman

Directors

Robyn O'Fee (Bobbie) (Chairperson) Paul Bayly Margharita Mare (Margy) David Norman Robbie Pickford Te Ahu Teki (interim)

Registered Office

Morrison Creed Advisory 236 Broadway Avenue Palmerston North 4410

Bankers

Westpac New Zealand Limited

Legal Status

Central Economic Development Agency Limited ("CEDA") was incorporated in New Zealand on 15 October 2015 under the Companies Act 1993 (NZBN 9429042001096). As the shareholders of CEDA are Palmerston North City Council (50%) and Manawatū District Council (50%) CEDA is a Council Controlled Organisation as defined in section 6 of the Local Government Act 2002.

Contents

Foreword	0:
Tā Mātou Matawhānui Our Vision	0
Ā Mātou Whāinga Rautaki Our Strategic Objectives	0
Ā Mātou Mahi What We Do	0
Ko Mātou Who we are	2:
A Mātou Paearu Tutukinga Our Performance Measures for 2022-23	2
Te Aronui ki te Hunga Whaipānga Alignment with Our Shareholders	2
Ngā Tohu Aroturuki Monitoring Indicators	3
Mō CEDA About CEDA	3
Tutukinga Ahumoni Financial Performance	3:
Ō Mātou Hoa Mahi Tahi Partner Organisations	4:

12

Kupu Takamua

Foreword

Tēnā koutou katoa.

We are pleased to present our Statement of Intent for 2023/24.

Our regional economy continues to perform well despite the challenges we have faced in Aotearoa over the last couple of years. We have a diverse range of sectors, with our central North Island location and ongoing investment in capital projects already in the pipeline that have undoubtedly protected us somewhat from the economy slowing down. Whilst our region won't avoid the impacts of the cooling economic conditions, the diversity of our regions key sectors will continue to buffer these impacts relative to places with greater reliance on private sector employment and discretionary spending.

As we reflect on the previous 12 months, with a new Board Chair and CEO, and a refreshed Vision we are cautiously optimistic for the year ahead and confident that our approach to the work we do under the key economic pillars of Business, People, and Place, which are underpinned by our partnerships and relationships, is the right one to continue fostering, connecting, and driving growth and opportunity for Manawatū and beyond.

This Statement of Intent is focused on priority projects, partnerships and ensuring that we as a region are well positioned to respond to future economic opportunities. As the regional economic development agency, we will continue to focus on areas of potential for the region such as supporting and growing existing businesses, attracting new businesses to the region, and showcasing Manawatū to attract more talent, investment, and visitors to our region.

There are several exciting long-term regional kaupapa that we have been working on over the previous few years that CEDA will continue to lead through 2023-2024. The progression of Te Utanganui, the Central New Zealand Distribution Hub, will cement the region's position as the third node in New Zealand's national transport and freight network. This kaupapa is a classic 'growth pole' economic development activity that will see medium and long term economic, social and environmental benefits for the region and Aotearoa. Te Utanganui is already here with businesses inside the precinct, the airport and rail freight connections in place, and significant expansion and investment plans underway that will see the project bear fruition over a number of decades.

The Manawatū Food Strategy will come to life in this year, with CEDA working in partnership with industry, iwi, and key partners on a multi-stakeholder action plan to deliver on the core theme of sustainable nutrition and getting us closer to the regions ambition of becoming Aotearoa's most progressive region by 2030.

The Manawatū Destination Management Plan, which sets the strategic direction for the city and regions visitor sector, seeks to grow visitor activity and value for the benefit of our communities. The Plan is a shared vision for the region, and we look forward to facilitating and driving the implementation of the Plan over the coming year to deliver on the identified key priorities and projects for the

CEDA has some key partners who enable our mahi that we would like to acknowledge including Rangitane o Manawatū, The Factory, Sprout Agritech, FoodHQ, UCOL Te Pukenga, Massey University, IPU, Manawatū Business Chamber, Talent Central, and Feilding and District Promotions, who like us are champions for the region and partner to develop and attract innovation, investment and talent, facilitate business growth, and bring people and visitors to our slice of Aotearoa.

In my first year as CEDA Chair, I've been buoyed by the connectivity and support amongst our businesses and stakeholder community, and the passion and resilience that is so intrinsic with the people of Manawatū. It is this that will help us get to an eventual economic bounce back in the coming years.

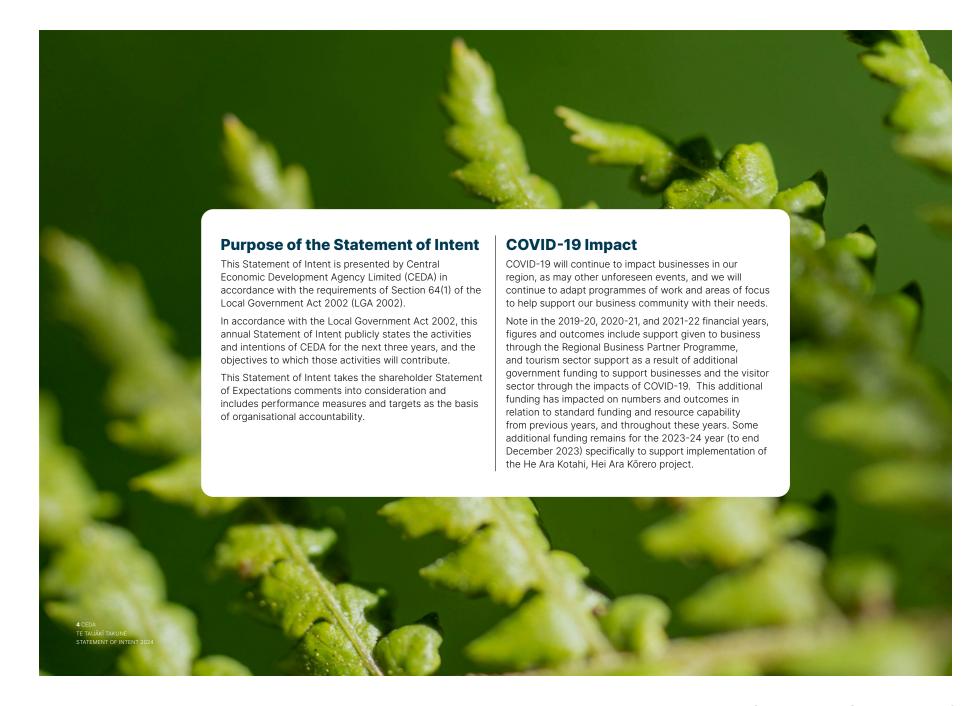
Finally, I'd like to thank our shareholders, the CEDA board and team, iwi, partners and stakeholders and the wider community for their continued support for CEDAs vision for the region. All that CEDA does relies on strong partnership and shared ambition to achieve economic growth for the region, and we are grateful to have that

He matawhānui tiritahi, he rautaki tiritahi mā te katoa With shared vision and strategy for everyone

Ngā mihi nui ki a koutou katoua.

Bobbie O'Fee Heamana

Chairperson





Ā Mātou Whāinga Rautaki Our Strategic Objectives

Te Whakatutuki i te MatawhānuiAchieving our vision

CEDA works across the three strategic pillars of economic development; Business, People, and Place, and our success is underpinned and enabled by the strength of our relationships with our regional and national partners.

Our core objectives, programmes and activities are all aligned to these pillars, and are designed to create the environment, stimulus, outcomes, and impact that will power our economic prosperity and achieve our vision for Palmerston North city and Manawatū district.

These key objectives guide the development of our short and medium-term programmes of work as articulated through this Statement of Intent for 2023/24.

When considering how to prioritise our efforts, based on our current resources and functions, and guided by our intervention logic, we focus on programmes and activities that offer the greatest opportunities for economic prosperity.

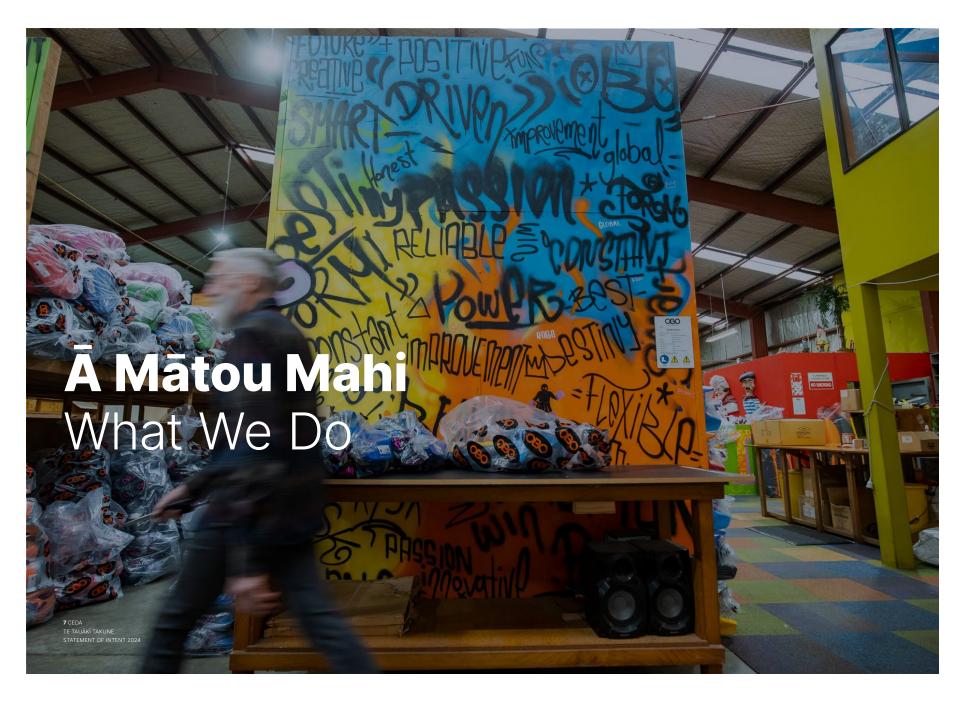
These are identified through research, monitored, and reviewed using the latest data, and viewed through a regional, national, and international lens.

People

Attract, retain and develop talent in the region to and attract people business and investment

Attract, retain Profile the region to and attract people business and investment thective partnerships with councils, co Partnerships

6 CEDA



Page | 12

Tā Mātou Mahere Arorau

Our Intervention Logic

CEDA operates within a simplified intervention logic that shows the connection between the programmes of work and activities undertaken, and the desired outcomes for the region.

This is supported by key performance indicators in the Statement of Service Performance table, project deliverables, and through the measurement of stakeholder (biennial) and client satisfaction. Together these form the basis of CEDA's accountability and performance reporting. Long term regional outcomes are also monitored through regional monitoring indicators measured by CEDA's shareholders.

VISION	Manawatū: Ko te rohe tino ahu whakamua o Aotearoa hei te 2030 Manawatū: New Zealand's most progressive region 2030						
GOALS	 Manawatū is renowned for its exceptional lifestyle, competitive advantages, and is a magnet for investment, business, talent and visitors Manawatū is a world leading agrihub Manawatū is a leading distribution hub, and leverages off its role in central New Zealand 						
STRATEGIC PILLARS	Business		People	Place			
STATEMENT OF INTENT OUTCOMES	Attract, retain, and develop, business and investment in the region	Attract, retain, and develop talent in the region		Profile the region to attract people, business, and investment			
PROJECTS/ ACTIVITIES STRATEGIES	 Te Utanganui Central New Zealand Distribution Hub Strategy Manawatū Food Strategy Inward Investment Framework Destination Management Plan Sector development Business Attraction, Retention and Expansion Start-up and innovation support 	 Talent & Skills attraction and retention Profiling the region Success stories and business profiles Talent and workplace development Integrated industry groups Pathways to employment 		 Regional Identity PR Machine Featuring the region through media Direct media features ManawatuNZ.co.nz and social media engagement 			
Partnerships – The connections that make our region tick							
STATEMENT OF INTENT OUTCOMES Lead inclusive and sustainable economic development for the region			PROJECTS/ACTIVITIES Partnership agreements with key partners and iwi, outcomes aligned with partnership and funding agreements, iwi lead projects, Rangitāne o Manawatū Māori Tourism Strategy, research, data and insights, economic updates, stakeholder and business community e-newsletters, reporting and legislative requirements.				

8 CEDA

TE TAUĀKĪ TAKUNE STATEMENT OF INTENT

1 MARCH 2023

Whakamaneatia, puritia, whakawhanaketia ngā pakihi me ngā haumitanga ki roto i te rohe

Attract, retain, and develop business and investment in the region

Business development and expansion in the region, and attracting business and investment to the region, is at the core of economic development and at the forefront of CEDA's objectives for Manawatū to be a leading distribution hub, be recognised as one of the top agrifood

hubs in the world, and a magnet for investment, business, talent, and visitors. We have a strong competitive edge to achieve these outcomes with our central location, comparatively affordable land and development costs, and a growing culture of innovation and entrepreneurship.

Inward Investment Strategy Implementation, with regional partners, to attract investment to the region

Te Utanganui, The Central New Zealand Distribution Hub

Manawatū offers exceptional locational advantages for businesses and investors, with room to grow, and a unique central location. The strategic approach to developing Te Utanganui will cement Manawatū as the third node of distribution in New Zealand's national freight network and future proof our region's economic opportunities.

Te Utanganui is a long-term project that will provide economic, social, and environmental benefits for the region and the country. Leveraging the regions comparative advantages, Te Utanganui seeks to maximise the value of infrastructure investments already committed across the central North Island and will stimulate private investment and business opportunities.

CEDA's role is championing and driving this project, with a focus on attracting and facilitating both public and private investment, advocacy and profile of the opportunity and benefits, including to central government, and enhancing inter-regional collaboration for the benefit of the central North Island and the national freight network.

Manawatū Food Strategy

Manawatū as a region has some unique opportunities in relation to food which do not exist in other regions of Aotearoa, or in very few other places in the world. These opportunities are linked to the significant cluster of innovation capability that exists in the region, the exceptional growing conditions and soils here, and our region's central North Island location.

The Manawatū Food Strategy is focussed on the core theme of Sustainable Nutrition. Sustainable Nutrition in the context of this Strategy means understanding the needs of current generations, while enhancing the ability for future generations to find solutions to meet their needs, from the field to the consumer, both here and around the world. This theme encompasses threads through the opportunities in the near, medium, and long-term for each part of the value chain, including research and innovation, sustainable production, health-sustaining food, and the consumer journey.

Inward Investment Opportunities

CEDA will continue to lead the positioning of Manawatū as a strategic investment location, providing support for stakeholders looking to grow the region's economy through their own activities, and acting on inward investment leads provided or identified. We will target public and private investment opportunities and leverage our relationships with central government to further advocate for our region's significant strengths and opportunities.

While specific focus will be placed on our key inward investment activity related to Te Utanganui, the Manawatū Food Strategy, and the Manawatū Destination Management Plan, CEDA will remain agile in responding to any opportunities that benefit our regions strengths and vision.

Developing our priority sectors through targeted business development and retention initiatives

Destination Management Plan

The Manawatū Destination Management Plan went through a significant refresh in 2022, to ensure a long term, strategic approach for the region. The plan identifies the priorities, barriers and catalyst projects required to future proof the region and support the visitor economy to thrive for the benefit of our communities.

CEDA will continue focus on building the capability of key visitor sector operators to help stimulate growth in the visitor economy and provide quality experiences for visitors and residents alike. This includes the continued development and growth of trade and industry partnerships, enhancing The Country Road experiences, providing a visitor economy lens to support projects such as Te Āpiti - Manawatū Gorge, and our core functions as the Regional Tourism Organisation for Palmerston North city and Manawatū.

Sector Development

Through CEDAs business engagement programmes of work we will look to support identified opportunities for growth focusing on the regions sectors of strength. This will be supported through the development of sector led industry groups who will drive the recommendations and actions of sector development initiatives in an integrated approach CEDAs work in the development of the talent and skills pipeline to support the future proofing of our businesses and these key sectors for the region.

Business Attraction, Retention & Expansion initiatives

Business attraction, retention and expansion are well established economic development tools, and are key areas of focus for any economic development agency. CEDA will continue supporting business attraction, retention, and expansion, primarily through targeted business support, tailored programmes, and supporting key projects and inward investment opportunities in the region. The delivery of the Regional Business Partner Programme continues to be an important component of our business engagement toolbox, with continued business support activities and a focus on Māori business, connections, and referrals to other key regional agencies.

Building on this work, we will continue to focus on engagement with businesses across industries and connecting with key business leaders and stakeholders. These engagements will ensure we have access to the latest insights into business sentiment, regional opportunities through connections and trends, and are able to proactively respond to and support business expansion and investment opportunities.

Supporting innovation and start-ups in the region

Fueling innovation is key to fostering our competitive advantage as a region, and in creating jobs and investment opportunities. CEDA focuses on delivering on these outcomes through key partnerships with The Factory and Sprout Agritech. CEDA are also the conduit to the market for Callaghan Innovation, supporting innovation and research and development services to suit each stage of business growth.

The Factory's Innovate programme has been designed to help potential entrepreneurs transform ideas into early-stage start-up businesses. CEDA contributes to the partnership by way of funding and mentoring support to help facilitate and grow the next generation of innovators and entrepreneurs.

The Sprout Agritech Accelerator programme selects national and international start-ups and businesses to undergo an intensive mentorship process to accelerate innovation with a view to commercialising technology. The Accelerator is rapidly becoming a highly effective mechanism to attract start-up interest in the region, and as a key partner of Sprout Agritech, proving funding and support, and working with Sprout on the selection process to ensure successful outcomes for the programme and highlight the capability we have within the region.

Whakamaneatia, puritia, whakawhanaketia ngā iho pūmanawa ki roto i te rohe

Attract, retain, and develop talent in the region

Through our data and research, we know that the biggest barrier to business growth in the region is the ability to attract the right people for the job. The development of a talent pipeline for the region that includes the attraction of those with the skills and experience our businesses need, the training and development of the people they

already have, the recruitment of students to the region is key. This along with an understanding of the future needs of our sectors and businesses will support the region being able to grow and prosper by 2030, becoming recognised for our exceptional lifestyle and competitive advantages.

Lead and support the 'Manawatu Talent and Skills Framework' with an integrated sector approach

Talent Attraction – Reputation and profiling of the region

Profiling the regions competitive lifestyle advantages and career opportunities through the development of tools, content, and targeted marketing initiatives. CEDA will support the regions business community to collectively showcase our regions offerings and opportunities.

CEDA will support talent attraction in a number of ways using ManawatuNZ as a key platform to showcase the regions as a great place to live and do business, by sharing success stories and business profiles focusing on our sectors of strength. Further development of the regions online Investment Prospectus to attract new investment that will lead to future employment opportunities. Also, through engagement with key tertiary providers and industry sectors to raise the regional profile in a consistent way.

Pathways to Employment – Future Proofing the talent pipeline

CEDA will continue its work with secondary schools and employers to support transitions and pathways into employment. This will include activities that provide opportunities for rangitahi, secondary school students, and staff to engage with employers, with a focus on vocational pathways, such as the New Zealand Careers Expo, Manawatū.

Critical to future proofing our regions talent pool are the development of sector led industry groups who will drive the recommendations and actions for our sectors of strength in relation to talent and skills needs, integrated with broader sector development initiatives.

Talent and Workplace Development – Skills of existing workforce

We will continue the development and roll out of tools to support businesses and their talent and skills development and retention needs, through our digital Employer and Workplace Hub on CEDA.nz. The tools are aimed at building organisations capabilities to support the attraction, integration, development, and retention of talent and skills in the region and within their businesses.

We will continue to partner with our key tertiary education collaborators (Massey University, UCOL | Te Pūkenga, and IPU) to provision for future skills needs, and ensure that key regional projects such as Te Utanganui the Central New Zealand Distribution Hub, are supported in identifying and fulfilling the training, attraction, and retention needs to support the growth and ambitions of the region's priority investment projects.

Whakatairangatia te rohe hei whakamanea i te tangata, i te pakihi me te haumitanga Profile the region to attract people, business and investment

Profiling the region to highlight our strengths, our people and our places through a shared regional identity, targeted storytelling and partnerships ensures Palmerston North city and Manawatū district is renowned for its exceptional lifestyle, competitive advantages and is a magnet for investment, business, and talent.

A coordinated approach to better showcasing the strengths of our region and profiling our successes is key to achieving recognition as one of the top three global agrifood hubs by 2025.

Lead and develop stories of Manawatū, creating a narrative and a unified positioning, incorporating the cultural heritage of iwi

Regional Identity

Leveraging the Regional Identity, CEDA will work with our shareholders and partners to raise the profile of the Manawatū region as a compelling destination for investment, business, talent, and visitors through targeted storytelling and media partnerships.

This work will be woven across our projects and strategic plans including inward investment, destination management, visitor sector marketing, talent and skills attraction and retention, and business attraction and retention. Using key channels, and working with regional stakeholders and partners, we will work to grow the profile of our city and region and collectively showcase on our distinct and respected value proposition through the Regional Identity to build momentum and awareness of the city, district, and region*.

CEDA will focus on building the awareness of Manawatū and what the region has to offer, by managing and executing on the messaging and tone, imagery, campaign work, digital presence and every touch point we have going forward, to ensure that the Regional Identity is a legacy for Manawatū and creates maximum impact as a distinctive and compelling proposition.

Featuring the region through media

Our work with local, national, and international media ensures a strong and consistent regional presence and rhetoric across all traditional and digital channels. CEDA will continue to leverage existing media relationships and proactively build new ones to pitch stories and features to national and local media organisations and publications to attract investment, business, visitation, and talent*.

In our role as the Regional Tourism Organisation for Palmerston North and Manawatū, we work with key national organisations including Tourism New Zealand, Air New Zealand, Tourism Industry Aotearoa and more to ensure we are maximising our relationships and opportunities for the region.

Grow engagement on regional web and digital platforms for increased promotion of and information on the region

ManawatuNZ.co.nz and social media*

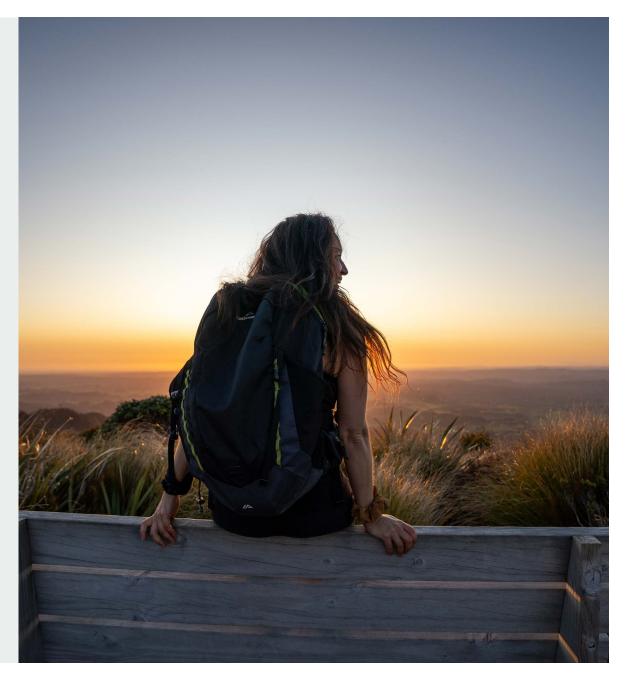
Digital marketing plays a key role in connecting with our main audiences and profiling the region's strengths to attract talent and investment into the region, showcasing our lifestyle advantages, inspire visitation, and help tell our region's stories.

Our digital platforms are one of our biggest, most efficient, tools in building increased awareness of the breadth of what Palmerston North and Manawatū has to offer. Through our regional social media channels and the regional website ManawatuNZ.co.nz, CEDA will continue to build on our narrative as a region to ensure we can collectively profile the region on a local, national, and global stage.

The ManawatuNZ.co.nz regional website Trade and Media Hub will further support our partners, stakeholders, business community, and media with fresh, engaging imagery and content of the city and region to build a consistent and strong rhetoric of Manawatū's strengths, opportunities, and identity.

* Through investment made by the government for the 2022-23 year, CEDA has been able to significantly increase the amount of media coverage and profile, digital engagement, and content pieces delivered. This funding ceased on 31 December 2022, and as a result outcomes in these areas are expected to significantly reduce this financial year.

16 CEDA TE TAUÂKÎ TAKUNE STATEMENT OF INTENT 1 MARCH 2023



Aratakina ngā whakawhanaketanga ohaoha kauawhi, toitū anō hoki mō te rohe

Lead inclusive and sustainable economic development for the region

A strength of our region is the ability to work together using our combined resources, connections and skills to compete nationally and globally. Collaborative relationships and partnerships with key regional and

national stakeholders, central and local government, Māori, and iwi are key to ensuring our strategic outcomes for the city and district.

Grow relationships with Māori, iwi and hapū in the region

We work collaboratively with regional iwi through our key strategic projects for the region to increase business and employment opportunities for Māori, and, but also supporting iwi led projects such as the Rangitāne o Manawatū Māori Tourism Strategy, ongoing profile and use of the Regional Identity, and Te Urungi – Innovate Aotearoa, He Ara Kotahi, Hei Ara Kōrero project, to provide an iwi-led and owned platform to share and protect the stories of Rangitāne o Manawatū, and delivery of data and insights.

We continue to develop partnerships with Māori business networks such as Te Au Pakihi, Te Manu Atatū, and the Poutama Trust, through a dedicated Māori business growth Advisor role shared with Whanganui & Partners under the Regional Business Partner Programme, to enable access to support programs that build capability for Māori business.

We also continue to work on developing CEDA's internal capability in understanding te reo and tikanga, to support strategic relationship with Tangata Whenua and ensure we have meaningful relationships with iwi and Māori organisations.

Build on relationships with shareholders, central government agencies, and regional stakeholders

Strategic relationships with partners, iwi, central government, economic development agencies and key regional stakeholders, such as Rangitāne o Manawatū, Ngati Kauwhata, Ngati Raukawa, The Factory, Sprout Agritech, Manawatū Business Chamber, Feilding and District Promotions, Massey University, UCOL | Te Pūkenga, IPU, Talent Central, Air New Zealand, Tourism New Zealand, Regional Tourism New Zealand, and Immigration New Zealand, enable CEDA to connect, discover and leverage mutual opportunities.

We review our partnership agreements and workplans, including identifying new opportunities for partnerships, to ensure plans are in place to support working collectively and identifying opportunities across all that we do.

Economic impact information regularly communicated to stakeholders and business

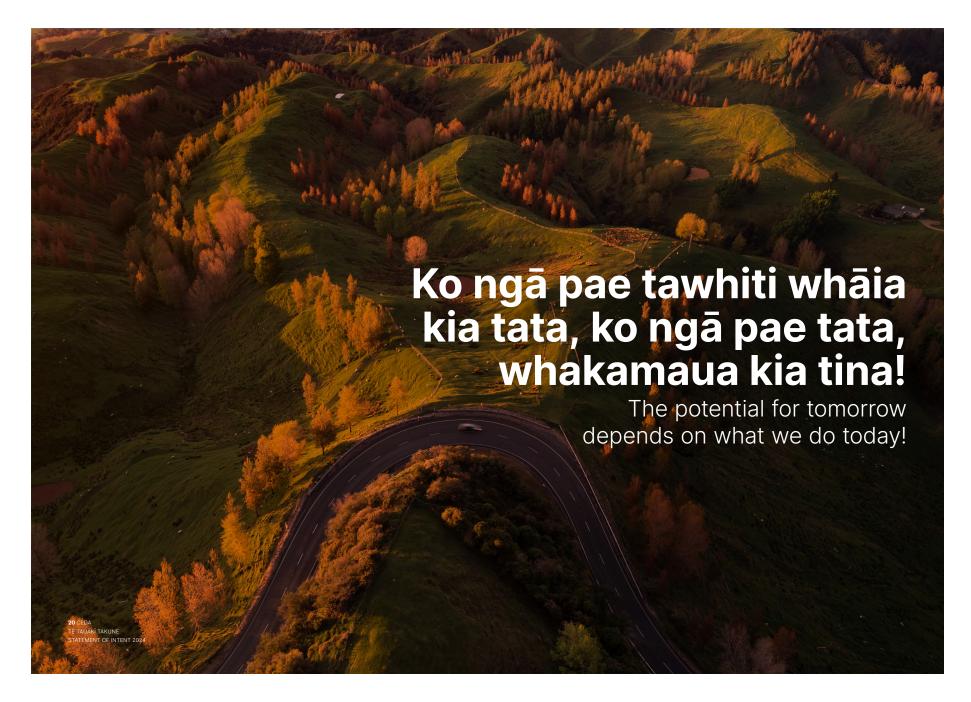
CEDA works with national agencies including Verisk, Data Ventures, Infometrics, Statistics New Zealand, Tourism New Zealand, and the Ministry of Business, Innovation and Employment to provide the latest information from the visitor and retail sectors, our sectors of strength and key growth indicators such as GDP, population, housing prices, consents, employment, and more. These relationships ensure CEDA is able to share this data and to add context to enable our business communities and stakeholders to easily absorb and understand the information relevant to them, while monitoring and responding to trends and opportunities.

Business and stakeholder communications

Providing comprehensive regional data and insights is crucial to supporting businesses, investors and communities in making informed decisions. Partnering with Palmerston North City Council and Manawatū District Council, and key industry leaders, CEDA works to analyse the data and insights of our economy and provide context and commentary around how the region's economy is performing in a local and national context, in an informative and engaging manner. We will continue to partner on sector profiles, adding the sector insights and commentary at a micro and macro level.

This includes publishing this information on a regular basis through targeted communication channels such as 60 Seconds (e-newsletter), developing the Manawatū Quarterly Economic Snapshots, and engaging media to help profile our economic pulse. This work covers data, insights and trends on our sectors of strength and key growth indicators, retail reports, and updates on regional projects and economic development activities, ensuring our stakeholders, businesses and communities have access to and an understanding of what is happening in the local economy, the impact it may have on their businesses, and even identify shared project opportunities.

TE TAUĀKĪ TAKUNE STATEMENT OF INTENT 20:



Page

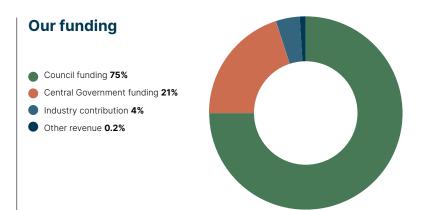
Where we focus our time and money

CEDA receives funding from Palmerston North City Council and Manawatū District Council, its shareholders, and also funding from institutions and central government partners for initiatives that bring benefit to the wider region and New Zealand.

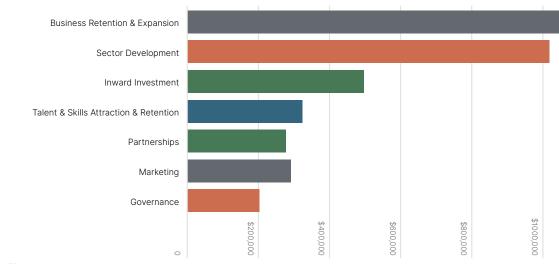
This funding gives us the ability to deliver and partner in programmes of work across the region, business and community including targeted sector specific sector work that will bring benefit to the wider region in the long term.

Further funding may also be received from stakeholders or industry for support of programmes and joint projects.

Additional central government funding has been received for specific sector support with a focus on protecting Māori stories (Mātauranga Māori), to be spent in this financial year.



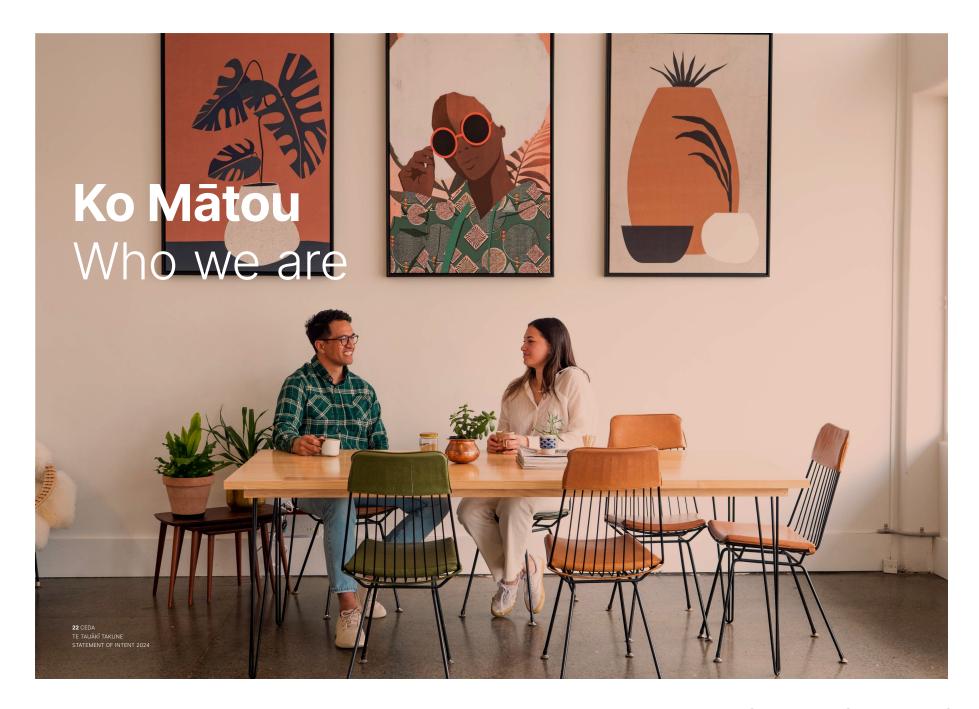
How we're going to allocate our funding*



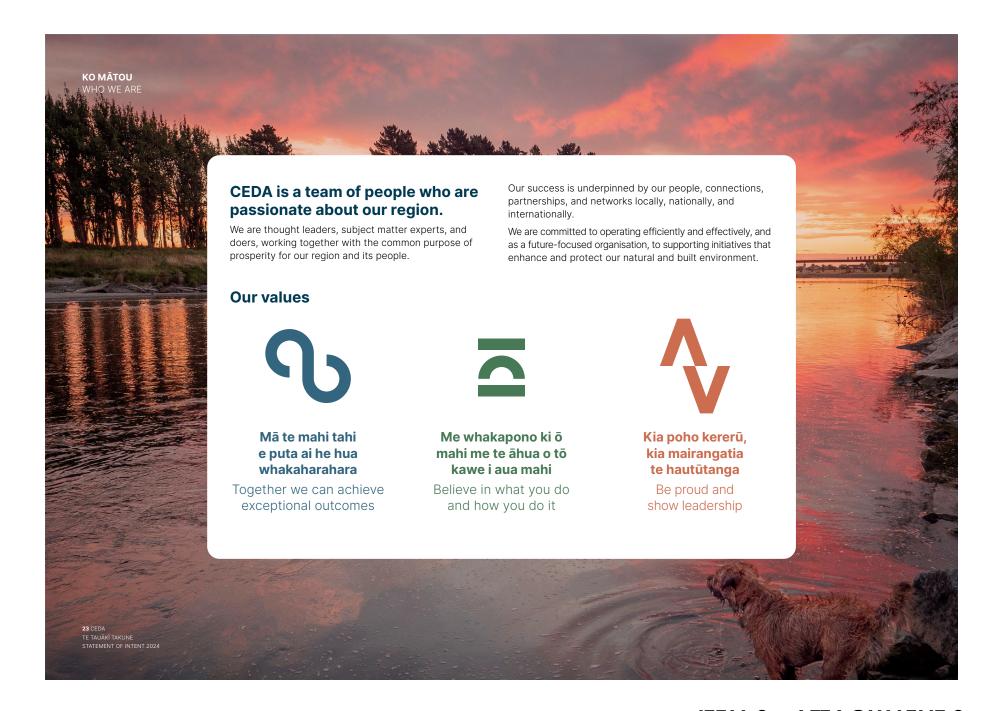
*Note:

- l. Marketing costs where directly related to an activity are included in the budgeted costs for that activity
- 2. Sector Development expenses include expenses in relation to additional central government funding for the He Ara Kotahi, Hei Ara Körero project
- Business Retention and Expansion includes the Regional Business Partner programme
- 4. Employee and operating expenses where not directly related to an activity have been allocated on a percentage of expenditure basis

21 CEDA TE TAUÁKÍ TAKUNE STATEMENT OF INTENT 1 MARCH 2023



ITEM 8 - ATTACHMENT 3



We recognise the principles of Te Tiriti o Waitangi and acknowledge the importance of partnering with local iwi and recognition of Tangata Whenua in the region through localised partnering.

Our focus will continue to be on Participation through our growing relationships with regional iwi and mana whenua across Palmerston North and Manawatū. Through Partnerships, we aim to work together with our regional iwi for agreed outcomes that benefit the region, and we will ensure Protection is a priority focus by incorporating te reo and tikanga across our projects and programmes, and continued development of the team's cultural awareness and, knowledge and understanding, of the principals of te Tiriti.

Sustainable Development Goals

We are committed to sustainable practices in both CEDA's office environment and the environment within which we work and live. We value diversity in both our team at CEDA and our commitment to promoting diversity in age, culture, ethnicity, and gender in all that we do.

The Sustainable Development Goals or Global Goals are a collection of 17 interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all". The Goals were set in 2015 by the United Nations General Assembly and are intended to be achieved by the year 2030.

CEDA's top three Sustainable Development Goals we use to inform our programmes of work are:









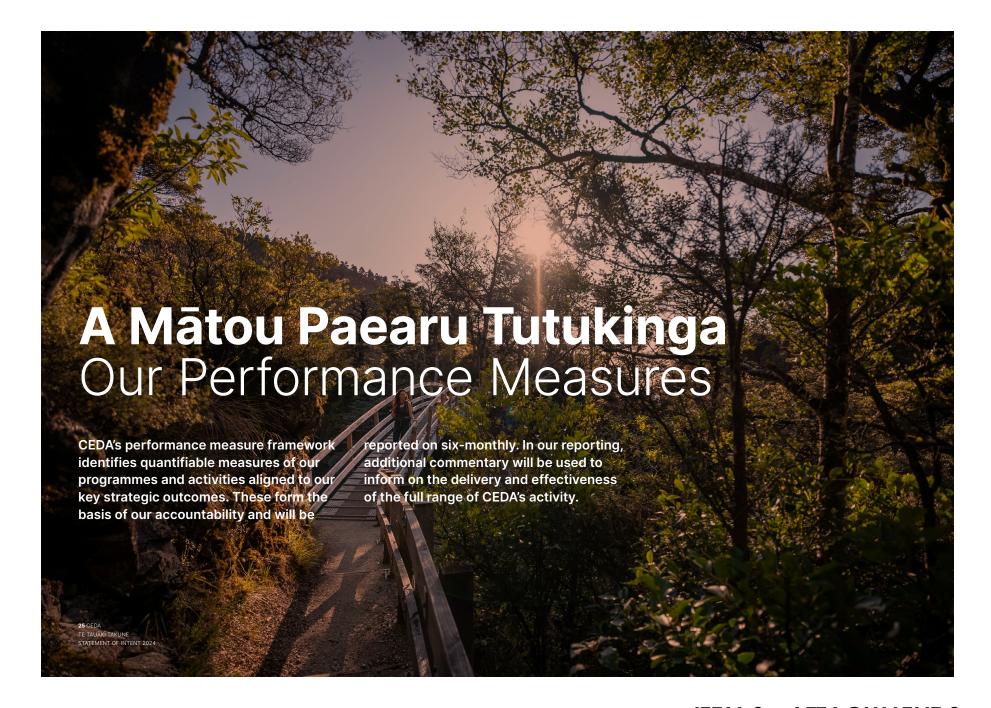
The Environment and Carbon Emissions

CEDA works with businesses through its regular business engagements to encourage considerations around carbon emission reduction and sustainability options for their operations. When looking at opportunities for investment in the region we consider the environmental impacts of any businesses looking to relocate here.

CEDA also advocates for sustainability through our business and community engagements such as e-newsletters and social media and ensuring we as an organisation are doing what we can through procurement and waste reduction initiatives.



24 CEDA



A MĀTOU PAEARU TUTUKINGA OUR PERFORMANCE MEASURES

Service Level Statement	Performance Measure	2023/24	2024/25	2025/26
Support the development and growth of business and sectors of strength in the region including inward	Implementation of Inward Investment strategy with regional partners, through the attraction of investment	Te Utanganui implementation through 10 advocacy engagements and identification of 6 potential investment opportunities	Te Utanganui implementation through 10 advocacy engagements and identification of 6 new potential investment opportunities	Te Utanganui implementation through 10 advocacy engagements and identification of 6 new potential investment opportunities
investment	to the region including key regional projects	Support implementation of the Manawatū Food Strategy through delivery of 3 outcomes that relate to the strategic priorities identified	Support implementation of the Manawatū Food Strategy through delivery of 3 new outcomes that relate to the strategic priorities identified	Support implementation of the Manawatū Food Strategy through delivery of 3 new outcomes that relate to the strategic priorities identified
		4 leads/activities linked to other investment opportunities or promoting the region for investment	4 further leads/activities linked to other investment opportunities or promoting the region for investment	4 further leads/activities linked to other investment opportunities or promoting the region for investment
	Development of priority sectors through targeted business development and retention initiatives	Facilitate implementation of the Destination Management Plan through delivery of 3 activities or initiatives	Facilitate implementation of the Destination Management Plan through delivery of 3 activities or initiatives	Facilitate implementation of the Destination Management Plan through delivery of 3 activities or initiatives
		Deliver 6 sector development initiatives to support the regions sectors of strength	Deliver 6 sector development initiatives to support the regions sectors of strength	Deliver 6 sector development initiatives to support the regions sectors of strength
		400 engagements with businesses including support of Business, Attraction, Retention and Expansion in the region, and including 320 businesses actively engaged through the Regional Business Partner Programme	420 engagements with businesses including support of Business, Attraction, Retention and Expansion in the region, and including 320 businesses actively engaged through the Regional Business Partner Programme	450 engagements with businesses including support of Business, Attraction, Retention and Expansion in the region, and including 320 businesses actively engaged through the Regional Business Partner Programme
		Partner with key stakeholders including Sprout, The Factory and Callaghan Innovation to deliver 6 start-up and innovation activities or initiatives	Partner with key stakeholders including Sprout, The Factory and Callaghan Innovation to deliver 6 start-up and innovation activities or initiatives	Partner with key stakeholders including Sprout, The Factory and Callaghan Innovation to deliver 6 start-up and innovation activities or initiatives
Develop the talent pipeline to grow a skilled workforce, and better utilise the existing labour market	Lead and support the regions attraction and retention of talent and skills through an integrated approach	Develop 4 success stories and business profiles to showcase successes in attraction and retention of talent	Develop 4 success stories and business profiles to showcase successes in attraction and retention of talent	Develop 4 success stories and business profiles to showcase successes in attraction and retention of talent

A MĀTOU PAEARU TUTUKINGA OUR PERFORMANCE MEASURES

Service Level Statement	Performance Measure	2023/24	2024/25	2025/26
		Deliver 3 talent and skills initiatives to support industry in the region	Deliver 3 talent and skills initiatives to support industry in the region	Deliver 3 talent and skills initiatives to support industry in the region
		Deliver 2 initiatives that support youth into employment	Deliver 2 initiatives that support youth into employment	Deliver 2 initiatives that support youth into employment
nationally, and globally st	Lead and develop the stories of Manawatū, creating a narrative and a unified positioning,	5 content pieces targeting key audiences to support growing the profile and narrative of the city and region, leveraging the Regional Identity	5 content pieces targeting key audiences to support growing the profile and narrative of the city and region, leveraging the Regional Identity	5 content pieces targeting key audiences to support growing the profile and narrative of the city and region, leveraging the Regional Identity
	incorporating the cultural heritage of iwi	20 direct media features published profiling the region, with a reach of more than 1.5 million**	20 direct media features published profiling the region, with a reach of more than 1.5 million**	20 direct media features published profiling the region, with a reach of more than 1.5 million**
	Grow engagement on regional web and digital platforms for increased promotion of and information on the region	180,000 'sessions on ManawatuNZ for the year, and a 3% increase in social media engagement	180,000 'sessions on ManawatuNZ for the year, and a 3% increase in social media engagement	180,000 'sessions on ManawatuNZ for the year, and a 3% increase in social media engagement
Develop strategic partner relationships, leveraging opportunities	Grow and foster relationships with Māori, iwi and hapu in the region	Deliver 3 initiatives to support iwi engagement including support of iwi led projects	Deliver 3 initiatives to support iwi engagement including support of iwi led projects	Deliver 3 initiatives to support iwi engagement including support of iwi led projects
	Build on relationships with shareholders, central government agencies, and regional stakeholders	10 Partnership and funding agreements in place Completion of an independent Customer Satisfaction survey with key insights shared with Shareholders	10 Partnership and funding agreements in place	10 Partnership and funding agreements in place
Data and insights communications on the performance of the region's economy	Economic impact information regularly communicated to stakeholders and business	50 communications to key sectors and businesses in the region including economic updates	50 communications to key sectors and businesses in the region including economic updates	50 communications to key sectors and businesses in the region including economic updates

27 CEDA TE TAUĀKĪ TAKUNE STATEMENT OF INTENT 2024

Te Aronui ki te Hunga Whaipānga Alignment with Our Shareholders

It is imperative that CEDA's objectives are aligned with our shareholder council's plans and visions for the city and district. The Palmerston North City and Manawatū District Councils signed Long Term Plans which outline these objectives.

CEDA plays a critical part in delivering outcomes identified in the relative Long-Term Plans as outlined below:

PNCC Long Term Plan Strategic Goals	CEDA Service Level Statement alignment
An Innovative and Growing City He tāone auaha, he tāone tiputipu	 Lead and support the regions attraction and retention of talent and skills through an integrated approach. Support the development and growth of business and sectors of strength in the region including inward investment. Profile Manawatū locally, nationally, and globally. Develop strategic partner relationships, leveraging opportunities. Data and insights communications on the performance of the region's economy.
A Creative and Exciting City He tāone whakaihiihi tapatapahi ana	 Lead and support the regions attraction and retention of talent and skills through an integrated approach. Support the development and growth of business and sectors of strength in the region including inward investment. Profile Manawatū locally, nationally, and globally
A Connected and Safe Community He hapori tūhonohono, he hapori haumaru	 Support the development and growth of business and sectors of strength in the region including inward investment. Data and insights communications on the performance of the region's economy.
An Eco city Te tāone tautaiao	 Support the development and growth of business and sectors of strength in the region including inward investment. Data and insights communications on the performance of the region's economy.

TE TAUĀKĪ TAKUNE STATEMENT OF INTENT

ALIGNMENT WITH OUR SHAREHOLDERS

MDC Long Term Plan Priorities	CEDA Service Level Statement alignment
A prosperous, resilient economy He kāinga ka tōnui tōna ōhanga	 Lead and support the regions attraction and retention of talent and skills through an integrated approach. Support the development and growth of business and sectors of strength in the region including inward investment. Profile Manawatū locally, nationally, and globally. Develop strategic partner relationships, leveraging opportunities. Data and insights communications on the performance of the region's economy.
Infrastructure fit for future He kāinga ka tūwhena tonu ōna pūnahahanga, haere ake nei te wā	Support the development and growth of business and sectors of strength in the region including inward investment.
A future planned together He kāinga ka whakamaherea tahitia tōna anamata e te hapori tonu	 Lead and support the regions attraction and retention of talent and skills through an integrated approach. Support the development and growth of business and sectors of strength in the region including inward investment. Profile Manawatū locally, nationally, and globally. Develop strategic partner relationships, leveraging opportunities. Data and insights communications on the performance of the region's economy.
An environment to be proud of He kāinga ka rauhītia tōna taiao	 Support the development and growth of business and sectors of strength in the region including inward investment. Profile Manawatū locally, nationally, and globally.

Ngā Tohu Aroturuki Monitoring Indicators

In addition to our performance measures, the shareholders have identified a further set of monitoring indicators. These indicators reflect outcomes at the regional level which are impacted by a range of factors outside of our control, for example: exchange rates, natural disasters, government policy. As the region's

economic development agency, we have a role in monitoring and influencing these indicators where we can, however we do not measure the performance of our organisation against them. The Councils have the responsibility to report on these indicators.

Indicator	2024	2025	2026	Regional target*
Change in total number of jobs	1.9% increase	1.9% increase	1.9% increase	1.9% average annual increase over three years
Change in median salaries and wages	2.6% increase	2.6% increase	2.6% increase	2.6% pa increase
Change in total earnings (salaries, wages, and self-employment income)	3.7% increase	3.7% increase	3.7% increase	3.7% pa increase, average annual increase of \$104 million
Change in total GDP and per capita GDP	1.8% GDP	1.8% GDP	1.8% GDP	1.8% average annual increase in total GDP
	0.6% per capita	0.6% per capita	0.6% per capita	0.6% average annual increase in per capita GDP
Estimated population change	1,350 increase	1,350 increase	1,350 increase	1,350 population increase pa, 1.2% average increase pa
- 65 years and over population (for demographic monitoring)	530 increase	530 increase	530 increase	Estimated 530 population increase pa, 3.3% pa
Net overseas migration	660 gain	660 gain	660 gain	660 average annual net migration gain
Spend by visitors in Manawatū region (domestic and international)	5.7% increase	5.7% increase	5.7% increase	5.7% pa increase, average annual increase of \$22 million
Number of visitor nights in Manawatū region	1.6% increase	1.6% increase	1.6% increase	1.6% pa increase
Change in MSD benefit numbers	1.6% decline	1.6% decline	1.6% decline	1.6% pa decline, average annual decline of 130 people
Reputation of Manawatū / Palmerston North as a great place to live and do business**	1% increase	1% increase	1% increase	3% increase over 3 years

*excludes any annual inflation increase

**as measured by UMR Research compiled 3 yearly, first measured 2016

30 CEDA

TE TAUĀKĪ TAKUNE

STATEMENT OF INTENT 20:

Mō CEDA About CEDA



The Central Economic Development Agency (CEDA) was incorporated with the Companies Office in October 2015 and began full operations in September 2016. CEDA is a Council Controlled Organisation jointly owned by the Palmerston North City Council and the Manawatū District Council.

CEDA's Purpose

To drive and facilitate the creation and growth of economic wealth for Manawatū and beyond.

CEDA's Constitution Objectives

- (a) The principal objectives of the Company are to achieve the objectives of the shareholders, both commercial and non-commercial as specified from time to time in the Statement of Intent and, in particular, to drive and facilitate the creation and growth of economic wealth for Manawatū and beyond;
- b) be a good employer;
- exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which the Company operates and by endeavouring to accommodate or encourage these when reasonably able to do so.

CEDA's Structure and Governance

The Board of up to seven (currently six) independent directors is responsible for the strategic direction and control of CEDA's activities.

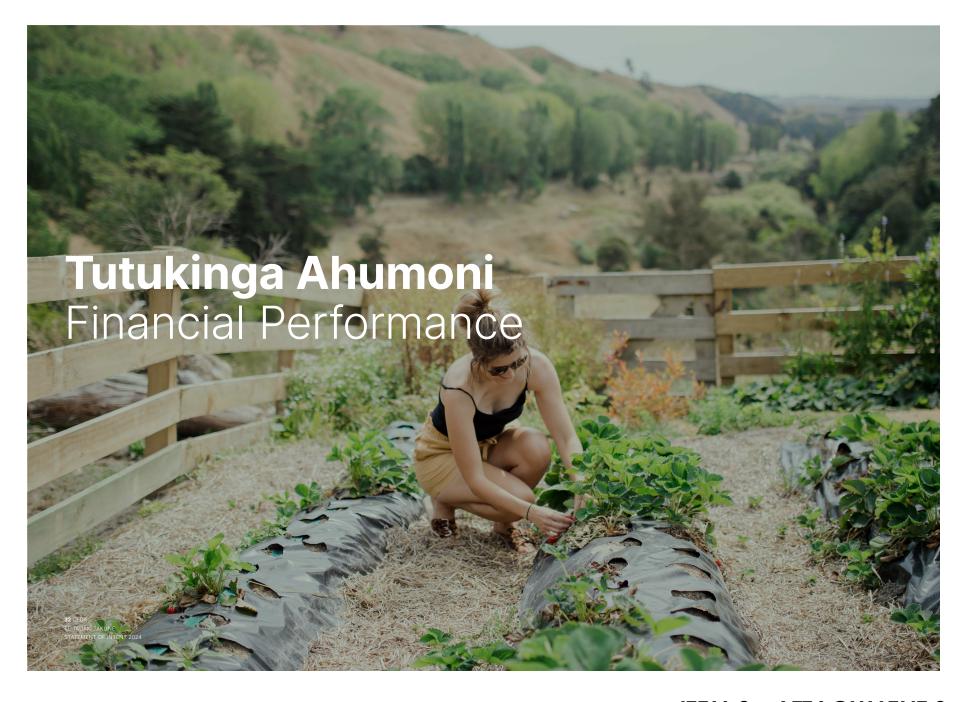
The Board guides and monitors the business and affairs of CEDA, in accordance with the Companies Act 1993, the Local Government Act 2002, the Company's Constitution and this Statement of Intent.

The Board's approach to governance is to adopt "good practice" with respect to:

- the operation and performance of the Board
- managing the relationship with the Chief Executive
- being accountable to all shareholders and reporting to both the Manawatū District Council and Palmerston North City Council

The Chief Executive is responsible for the day-to-day operations of CEDA, engaging and oversight of staff and reporting to the directors on performance against CEDA's objectives.

31 CEDA TE TAUĀKĪ TAKUNE STATEMENT OF INTENT 2024



Page | 151

Group Statement of Comprehensive Revenue & Expenses

Central Economic Development Agency Limited

For the 12 Months to June

	Notes	2023-24 Budget	2024-25 Forecast	2025-26 Forecast
Income				
Council Funding	1	2,645,261	2,777,525	2,916,401
Other Services Income	2	930,887	543,000	543,000
Total Income		3,576,148	3,320,525	3,459,401
Cost of Sales				
Other Services Expenses	2	1,452,511	1,054,624	1,156,201
Total Cost of Sales		1,452,511	1,054,624	1,156,201
Gross Surplus (Deficit)		2,123,637	2,265,901	2,303,200
Other Income				
Sundry Income		10,000	4,000	3,000
Total Other Income		10,000	4,000	3,000

Group Statement of Comprehensive Revenue & Expenses

Central Economic Development Agency Limited

For the 12 Months to June

	Notes	2023-24	2024-25 Forecast	2025-26 Forecast
Expenses		Budget	Forecast	Forecast
Depreciation		3,900	3,120	3,000
Directors' Fees		180,000	180,000	180,000
Employee Expense		1,594,538	1,704,265	1,789,478
Financing Expenses		200	200	200
Other Operating Expenses		433,610	394,510	407,906
Total Expenses		2,212,248	2,282,095	2,380,584
Net Surplus (Deficit) Before Tax		(78,611)	(12,194)	(74,384)
Taxation				
Income Tax Expense		0	0	0
Total Taxation		0	0	0
Net Surplus (Deficit) after tax		(78,611)	(12,194)	(74,384)

^{1.} Assumes 4.3% annual CPI/local government increase

^{2.} Includes MBIE Regional Business Partner Programme, and Ministry of Culture and Hertiage (2023-24) funding

P a g e | 153

Group Statement of Financial Position

Central Economic Development Agency Limited As at 30 June

	30 June 2024 Budget	30 June 2025 Forecast	30 June 2026 Forecast
Assets			
Current Assets			
Cash and Cash Equivalents	810,717	802,610	731,475
Receivables and Accruals	57,106	54,656	55,987
Prepayments	1,400	1,400	1,400
Total Current Assets	869,223	858,666	788,862
Non-Current Assets			
Property, Plant and Equipment	22,104	18,984	15,984
Total Non-Current Assets	22,104	18,984	15,984
Total Assets	891,327	877,650	804,846
Current Liabilities			
Current Liabilities			
Payables and Deferred Revenue	133,947	132,464	134,044
Employee Entitlements	92,935	92,935	92,935
Total Current Liabilities	226,882	225,399	226,979
Total Liabilities	226,882	225,399	226,979
Net Assets	664,445	652,251	577,867
Equity			
Contributed Capital	1,000	1,000	1,000
Contributed Capital			
Retained Earnings	663,445	651,251	576,867

35 CEDA TE TAUĀKĪ TAKUNE STATEMENT OF INTENT

Page | 154

Group Statement of Cash Flows

Central Economic Development Agency Limited

For the 12 Months to June

	30 June 2024 Budget	30 June 2025 Forecast	30 June 2026 Forecast
Cash Flows from Operating Activities			
Receipts of council funding	3,041,008	3,192,887	3,352,529
Interest received	10,000	4,000	3,000
Receipts from other operating activities	633,432	628,173	624,456
GST	(166,100)	(279,153)	(284,707)
Payments to suppliers and employees	(3,952,524)	(3,553,813)	(3,766,213)
Finance costs	(200)	(200)	(200)
Total Cash Flows from Operating Activities	(434,384)	(8,106)	(71,135)
Net Cash Flows	(434,384)	(8,106)	(71,135)
Cash Balances			
Cash and cash equivalents at beginning of period	1,245,112	810,728	802,622
Cash and cash equivalents at end of period	810,728	802,622	731,487
Net change in cash for period	(434,384)	(8,106)	(71,135)

See Appendix for Accounting Policies

Pαge

155

Section 65 of the L Approve the appoint remuneration of di Review and approvacy SOI, requiring their The Board aims to ensuinformed of all major de

Ngā Here a te Hunga Whaipānga

Shareholder requirements

Reporting to Shareholders

The Shareholders will invite CEDA to formally report to each Shareholder twice per year, being the 6-month report and Annual Report.

The role of the formal reports to each shareholder is to:

- Review the performance of CEDA, and report to shareholders on that performance on a periodic basis
- Undertake performance monitoring of CEDA, as per section 65 of the Local Government Act
- Approve the appointment, removal, replacement, and remuneration of directors
- Review and approve any changes to policies, or the SOI, requiring their approval

The Board aims to ensure that the shareholders are informed of all major developments affecting CEDA's state of affairs, while at the same time recognising that commercial sensitivity may preclude certain information from being made public.

CEDA will adhere to a 'no surprises' approach in its dealings with its shareholders.

Statement of Expectations

By 1 December in each year the shareholders will deliver to CEDA a Statement of Expectations. The Statement of Expectations is intended to provide direction on issues that are important to both Councils, and to assist in the development of CEDA's next SOI. A Statement of Expectations for 2023/24 has been delivered to CEDA.

Statement of Intent

By 1 March in each year CEDA will deliver to the shareholders its draft SOI for the following year in the form required by Clause 9(1) of Schedule 8 and Section 64(1) of the Local Government Act 2002.

Having considered any comments from the shareholders received by 30 April, the Board will deliver the completed SOI to the shareholders on or before 15 June each year.

Half Yearly Report

By the end of February each year, CEDA will provide to the shareholders a Half Yearly Report complying with Section 66 of the Local Government Act 2002. The Half Yearly Report will include the following information:

- Director's commentary on operations for the relevant six-month period
- Comparison of CEDA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances
- Un-audited half-yearly Financial Statements incorporating a Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Equity and Statement of Cashflows

Annual Report

By 30 September each year, CEDA will provide its shareholders an Annual Report complying with Sections 67, 68 and 69 of the Local Government Act 2002 and the Companies Act.

The Annual Report will contain the information necessary to enable an informed assessment of the operations of the company, and will include the following information:

- · Directors' Report
- Financial Statements incorporating a Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Equity, Statement of Cashflows, Statement of Accounting Policies and Notes to the Accounts
- Comparison of CEDA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances
- Auditor's Report on the financial statements and the performance targets
- Any other information that the directors consider appropriate

Shareholder Meetings

CEDA will hold an Annual General Meeting (AGM) between 30 September and 30 November each year to present the Annual Report to all shareholders unless it is agreed between CEDA and the shareholders that the business of the AGM will be done by resolution in writing.

Shareholder Approval

Any subscription, purchase, or acquisition by CEDA of shares in a company or organisation will require shareholder approval by special resolution as will the other matters outlined in clause 3 of CEDA's Constitution.

Dividend policy

CEDA is a not for profit Council Controlled Organisation, as such the Board is not intending to pay any dividends in the foreseeable future.

Pαge

38 CEDA

TE TAUĀKĪ TAKUNE STATEMENT OF INTENT

| 156

Āpitihanga Appendices

Accounting Policies

1. Reporting Entity

Central Economic Development Agency Ltd (CEDA) was established and commenced operations in New Zealand on 15 October 2015 under the Companies Act 1993 (NZBN 9429042001096). As the shareholders of CEDA are Palmerston North City Council (50%) and Manawatū District Council (50%). CEDA is a council-controlled organisation as defined in section 6 of the Local Government Act 2002.

CEDA has designated itself as a public benefit entity (PBE) for financial reporting purposes.

2. Statement of Accounting Policies

Basis of Preparation

The financial statements are prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period, unless otherwise stated.

Statement of Compliance

The financial statements of CEDA have been prepared in accordance with the requirements of the Local Government Act 2002, the Companies Act 1993, and the Financial Reporting Act 2013. This includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) Reduced Disclosure Regime (RDR). CEDA is eligible and has elected to report in accordance with Tier 2 PBE standards RDR on the basis the entity has no public accountability and has expenses > \$2m and < \$30m.

Presentation Currency

The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except when otherwise indicated.

Historical Cost

These financial statements have been prepared on a historical cost basis.

Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period. New group standards have been applied but have resulted in no impact to the financial statements.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, excluding goods and services tax rebates and discounts, to the extent it is probable that the economic benefits will flow to the entity and revenue can be reliably measured. Specific accounting policies for significant revenue items are explained below:

Sales of goods are recognised when the goods are sold to the customer.

Sales of services are recognised in the period by reference to the stage of completion of the services delivered at balance date as a percentage of the total services to be provided.

Interest received is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest method.

Grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Donated assets. Where a physical asset is gifted to or acquired by CEDA for nil consideration or at a subsidised cost, the asset is recognised at fair value. The difference between the consideration provided and fair value of the asset is recognised as revenue.

The fair value of donated assets is determined as follows:

- For new assets, fair value is usually determined by reference to the retail price of the same or similar assets at the time the asset was received.
- For used assets, fair value is usually determined by reference to market information for assets of a similar type, condition, and age.

Inventories

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus (deficit) in the period of the write-down.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets and includes the cost of replacements that are eligible for capitalisation when these are incurred

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

39 CEDA
TE TAUĀKĪ TAKUNE STATEMENT OF INTENT
1 MARCH 2023

Depreciation

Account	Method	Rate
Leasehold Improvements	Diminishing Value	10%
Office Furniture & Equipment	Diminishing Value	0% - 50%
Office Furniture & Equipment	Straight Line	8.5% - 10.5%
Vehicles	Diminishing Value	30%
Websites	Straight Line	40%

Income Tax

Income tax expense includes components relating to current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Receivables

Receivables are recorded at their face value, less any provision for impairment.

Impairment of financial assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and receivables

Impairment is established when there is evidence CFDA will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits or bonds are recognised directly against the instrument's carrying amount.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Payables

Short-term creditors and other payables are recorded at their face value.

Equity

Equity is the shareholders' interest in CEDA and is measured as the difference between total assets and total liabilities.

Good and Services Tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

40 CEDA TE TAUĀKĪ TAKUNE STATEMENT OF INTENT 1 MARCH 2023

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as operating cash flow in the statement of cashflows.

Commitments and contingencies are disclosed exclusive of GST.

Employee Entitlements

Employer contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

Short-term employee entitlements - Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, and annual leave earned but not yet taken at balance date, and sick leave. These are classified as a current liability.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

CEDA does not provide for long service or retirement leave entitlements.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

Leases - Where CEDA is the Lessee

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.









24 January 2023

Bobbie O'Fee Chair Central Economic Development Agency Ltd Level 1/1-19 Fitzherbert Avenue PALMERSTON NORTH 4410

Dear Bobbie,

CEDA Statement of Expectations 2023-2024

The purpose of this Statement of Expectations is to provide CEDA with the Shareholders' focus and priorities for delivery, against its purpose of driving and facilitating the creation and growth of economic wealth in the Manawatu region and

When working beyond the Manawatū, there must be a causal link of the outcomes or benefits back to the Manawatu region based on the core functions and measures of success outlined below.

It is also expected that CEDA will use this letter to guide the development of the Statement of Intent (SOI) for 2022-2023.

Strategic Relationships

Taking a leadership position and building strategic relationships in the Manawatū region and beyond, is fundamental for CEDA to achieve its purpose. CEDA must be relationship-driven at all levels and we appreciate your commitment to this. From our perspective (both as shareholders and partners), this means CEDA developing a deep understanding of the roles of its strategic partner organisations, what their priorities and strengths are, and how CEDA can add value to the relationship (and vice versa) to achieve better economic outcomes for the region.

CEDA formalising these strategic relationships, is important to us as shareholders, to ensure we have cohesion in the region around economic development activities. We would like this to be driven further by CEDA through mutually agreed partnership agreements or similar, to ensure everyone is on the same page and provide the basis for a consistent and collective approach with measurable outcomes.

Ongoing review of the existing strategic partnership agreements already in place is expected.

The shareholders have identified the following strategic partners for CEDA: Palmerston North City Council, Manawatū District Council, Iwi, Manawatū Chamber of Commerce, Talent Central, The Factory, and key central government agencies.

The Shareholders and CEDA will continue to work together to update the existing list of strategic partners.

There may be opportunities for CEDA to leverage existing strategic relationship agreements entered into by the shareholders, e.g. NZ Defence Force and Accelerate

Key Agreed Functions and Outcomes

We understand that to be effective, CEDA must be able to focus on key outcomes within a well-defined mandate. We also recognize this is a challenge given there can be differing stakeholder expectations.

This means CEDA focusing on the delivery of its core functions and outcomes in:

- Stimulate inward investment (both national and international), retention and expansion of business in the Manawatū region, along with business recovery to COVID-19.
- Developing a talent pipeline
- Support Domestic Visitation and tourism recovery post COVID-19.

Top priorities for MDC are:

- · Promotion and development of key tourism and visitor destinations, including the country road tourism route.
- Stimulate inward investment for Manawatū district.
- Promote Manfeild as a conference and events venue option
- · Deliver on the Regional Identity implementation.
- · Identify activities that help resolve labour shortages in the district.

Top priorities for PNCC are:

- Implementation of the Central NZ Distribution Hub Strategy.
- Support advocacy on the Palmerston North Integrated Transport Investment
- · Stimulate inward investment in Palmerston North city.
- Continue to stimulate visitor activity in Palmerston North city, in conjunction with the PNCC marketing unit and MDC

A specific joint priority of MDC and PNCC is:

• Development of a Food Strategy that addresses the total value chain from primary production, farmers and growers to agri-business clusters, e.g. rural banks, real estate, insurance, vets, sale yards, stock firms, grain & seed merchants, agri-retail and rural tourism with a Manawatu District focus, through to agri-tech & science, including supporting the Factory and Food HQ with its aspirations.

In balancing the priorities of each council, and within its resources, CEDA is expected to adhere to its purpose in the constitution of "driving and facilitating the creation and growth of economic wealth in the Manawatū region and beyond" and take into account the priorities identified in regional strategic planning documents, including the Regional Spatial Plan.

While International Education is now a function that primarily sits with Palmerston North City Council, the shareholders expect CEDA to continue to consider the aspirations of the International Education sector with respect to the delivery of its other core functions.

Action plans to deliver on these core functions should identify KPIs based on clear intervention logic.

It is expected that CEDA will work very closely with key stakeholders of the regions strengths of research/agri-food/agri-business/land/horticulture, distribution and logistics, defence, health, visitor, education (domestic and international), digital and technology, and a growing Māori economy.

CEDA is expected to scan for new opportunities, whether or not it is a key strength, where this can benefit the region.

CEDA's success will be measured by the shareholders using the following indicators of the health of the regional economy:

- Job growth
- Increase in median household income
- Number of investment leads and deals secured
- Strength of the relationship with strategic partners

The shareholders acknowledge that the first two measures are not directly under CEDA's control. Significant changes in international and national economic factors will be taken into account when the Shareholders measure CEDA's performance.

Understanding the strategic drivers of the Councils and aligning CEDA's core functions to those drivers is critical to the partnership between the Councils and CEDA. The Councils have a key role in setting the economic environment for business to flourish and CEDA acts on the Councils behalf in facilitating opportunities for improved economic outcomes. CEDA is the Councils Agency for the delivery of economic development across the region.

Therefore, it is expected that CEDA will engage with the Councils in the development and implementation of their strategies and plans (such as Inward Investment Strategy, Labour Market Plan, Visitor Strategy and Māori Engagement Plan). These strategies and plans are expected to demonstrate active engagement with other strategic partners in their development.

The Councils are obliged to ensure that our services are delivered effectively and efficiently. As a Council-Controlled Organisation (CCO), this expectation extends to CEDA. The Shareholders require CEDA to provide an activity-based budget so the Council can effectively communicate levels of service and value for money to their ratepayers. In addition, there are many opportunities where shared resourcing, expertise and services should be explored and we would like to discuss these opportunities from both a short-term and long-term perspective.

To ensure the Shareholders and CEDA are on the same page, the focus, scope of activity, and priorities will be set through the Statement of Intent (SOI), and delivery managed through any relationship agreement that is put in place.

The shareholders expect that where CEDA is marketing the Manawatū region and this requires differentiating between the Manawatu, Feilding and Palmerston North, that this will continue to be delivered by CEDA in close collaboration with both shareholders.

The Shareholders would like to continue the monthly team meeting between the Mayors, Council CE's and relationship managers with the CEDA Chair and CE, although the purpose and participation at these meetings should be reviewed in collaboration with the shareholders.

The Shareholders will invite CEDA to formally report to each Shareholder twice per year, being the 6-month report and Annual Report.

CEDA will host two informal meetings with the Shareholders together to share progress on key priorities and connect outside of the formal reporting processes.

We look forward to working with CEDA to develop an economic development model that successfully delivers. We thank the Board, CEDA CE, and CEDA staff for their continued commitment to economic growth in the Manawatū region.

Yours sincerely

Grant Smith

Mayor

PALMERSTON NORTH CITY COUNCIL

Helen Worboys

2000C

Mayor

MANAWATŪ DISTRICT COUNCIL

42 CEDA TE TAUĀKĪ TAKUNE STATEMENT OF INTENT

Ō Mātou Hoa Mahi Tahi

Our Partner Organisations

Local

Central Skills Hub

Central Region Talent and Skills Advisory Group

Feilding and District Promotion

FoodHQ

IPU New Zealand

Lamberts

ManawaTech

Manawatū Business Chamber

Manawatū District Council

Manawatū Young Chamber

Manawatū Standard

Manawatū Young Professionals Network

Manfeild

Massey University

National Driver Training Centre

Palmerston North City Council

Palmerston North Airport

Poutama Trust

Rangitāne o Manawatū

Regional Schools

Spearhead Manawatū

Sport Manawatū

Sprout Agritech

Talent Central

Te Au Pakihi

Te Manawa

The Factory

UCOL | Te Pūkenga

Welcoming Communities

Regional

Accelerate25

Business Central and Export NZ

Horizons Regional Council

Horowhenua District Council

Rangitīkei District Council

Regional Skills Leadership Group - Manawatū-Whanganui

Ruapehu District Council

Tararua District Council

Te Manu Atatū

Te Utanganui partners, Kiwirail and Napier Ports

The Horowhenua Company

Venture Taranaki

Whanganui and Partners

National

AgResearch

Air New Zealand

Business Mentors New Zealand

Callaghan Innovation

Economic Development New Zealand

Fonterra Cooperative Group

Immigration New Zealand

Ministry of Business, Innovation and Employment

Ministry of Culture and Heritage

Ministry of Social Development

New Zealand Careers Expo

New Zealand Trade and Enterprise

New Zealand Motor Caravan Association

Regional Tourism New Zealand

Regional Business Partners Network

Regional Tourism Organisations New Zealand

Stuff

Te Tāhuhu o te Māturanga – Ministry of Education

Tourism Industry Aotearoa

Tourism New Zealand

Waka Kotahi

Workforce Development Councils

43 CEDA

TE TAUĀKĪ TAKUNE





Report

TO: Economic Growth Committee

MEETING DATE: 12 April 2023

TITLE: College Street and Botanical Road Intersection

PRESENTED BY: Hamish Featonby, Group Manager - Transport and

Development

APPROVED BY: Bryce Hosking, Group Manager - Property and Resource

Recovery

RECOMMENDATIONS TO ECONOMIC GROWTH COMMITTEE

- 1. That the Committee refer an additional Capital New Programme of \$120,000 to the 2023/24 Annual Budget deliberations to enable the right turn infrastructure and phases change work to be implemented at the College St/ Botanical Road intersection (Option 1).
- 2. That the Committee refer the cycleway improvement work at the College Street/Botanical Road intersection for consideration to the 2024-34 Long Term Plan process (Option 1).

SUMMARY OF OPTIONS ANALYSIS

Problem or Opportunity	In response to concerns raised by members of the public relating to turning traffic and cyclists at the Botanical Rd/College St intersection, Council requested Officers investigate safety improvement options for the intersection. This report seeks direction on the timing of when the work is to be implemented, if at all.
OPTION 1:	Install the right turn bays and phases in 2023/24
(Preferred option)	Defer the cycleway work for consideration as part of the 2024-34 Long Term Plan process.
Benefits	The right turn infrastructure and phases can be implemented in 2023/24 which will resolve some of the safety concerns and will improve the safety of turning traffic. Council Officers are comfortable that this can be implemented alongside their existing workloads without impacting the delivery of other programmes of work.
	The cycleway infrastructure can be implemented in a coordinated way with any future cycleway infrastructure



	along Botanical Road.
	The public will feel that their submissions on the safety at this intersection were listened to and that action is being taken to remedy these in a timely manner.
	 Provides the opportunity for Officers to apply for co- funding from Waka Kotahi for the cycleway part of the project as part of the 3-year funding allocation submission.
Risks	Altering the intersection will increase the delays experienced at the intersection, especially in peak times.
	 As the cycleway infrastructure is being deferred to the LTP, no improvement to active transport safety will be achieved in 2023/24.
Financial	The implementation of the right turn bays and phases is estimated to cost \$120,000.
	This work was not planned for in 2023/24 and as such \$120,000 capital new budget would need to be included in the 2023/24 Annual Budget prior to its approval in June to progress.
	The \$120,000 right turn bay portion of the project is not co- funded from Waka Kotahi.
	 The cycleway infrastructure at the intersection is estimated to cost \$500,000 and would be considered as part of the 2024-34 LTP.
OPTION 2:	Make no changes to the intersection.
Benefits	 No additional financial commitment will be required in the 2023/24 Financial Year.
	There will be no impact on the current wait times experienced at the intersection, maintaining the current level of service in this respect.
Risks	The public may feel their submissions on the safety at this intersection were ignored.
	The safety concerns raised for turning traffic and active transport users remains as it is currently.
Financial	• None.



OPTION 3:	Refer both the right turn and separated cycleway work for consideration as part of the 2024-34 Long Term Plan.
Benefits	The public may feel disappointed any work to remedy their concerns raised in submissions will be delayed from their initial expectations.
	The intersection improvements can be considered in a coordinated way with any future cycleway infrastructure along Botanical Road.
	 No additional financial commitment will be required in the 2023/24 Financial Year.
	 There will be no immediate impact on the current wait times experienced at the intersection, maintaining the current level of service in this respect.
	 Provides the opportunity for Officers to apply for co- funding from Waka Kotahi for the project as part of the 3- year funding allocation submission.
Risks	The public may feel that Council is not prioritising their safety concerns as these would not be attended to for several years as they would be considered in the LTP.
	The safety concerns raised for turning traffic and active transport users remains as it is currently.
Financial	No additional financial commitment will be required in the 2023/24 Financial Year.
	The implementation of the right turn bays and phases is estimated to cost \$120,000.
	The separated cycleway is estimated to cost \$500,000.
	 Both expenses would be considered as part of the 2024- 34 Long Term Plan.
	 Provides the opportunity for Officers to apply for co- funding from Waka Kotahi for the project as part of the 3- year funding allocation submission.

1. OVERVIEW OF THE PROBLEM OR OPPORTUNITY

1.1 Council received several requests from the public as part of the 2022/23 Annual Plan consultation which raised concerns about the safety of the intersection at Botanical Road and College Street. Specific concerns were raised regarding right turning of vehicles and active transport navigation through the intersection.



- 1.2 Council requested Officers investigate safety improvement options for the intersection to address the concerns raised relating to turning traffic and cyclists.
- 1.3 Officers have investigated safety improvements. This report updates Elected Members on this work and seeks direction on the timing of when the work is to be implemented, if at all.

2. BACKGROUND-BOTANICAL RD/COLLEGE ST INTERSECTION

- 2.1 Under the PNCC Urban Cycle Network Master Plan 2019, both College Street and Botanical Road are indicated as cycle routes. College Street currently has buffered cycle lanes along its length, but the lanes terminate leading up to the intersection as cyclists are expected to merge with traffic on approach. Botanical Road currently has minimal markings along its length but is currently not fit for purpose as a cycle route. Work is planned in future LTPs for a separated cycleway on Botanical Road.
- 2.2 In the 5-year period between 2018-2022, there have been eight recorded crashes at the intersection. This involved one serious, one minor, and six non-injury crashes. The one serious crash involved a pedestrian, and two of the crashes involved vehicles turning right. This intersection has not registered as a high priority under Road to Zero due to there being other intersections within our road network that have ranked higher (this conclusion is based on road safety reviews/planning between Council and Waka Kotahi Officers).
- 2.3 Near to the intersection is a dairy and neighbouring shops on the North East corners, West End School and Hilton Brown swimming pool on the South East corner, as well as a childcare centre and Awatapu College nearby.
- 2.4 The current layout of the intersection has right hand turning bays, straight through and left turning combined bays and painted sections providing provision for cyclists as per the image below. The intersection itself includes painted turning bays but not the traffic light infrastructure to create a prioritised right hand turning for cycles.
- 2.5 Whilst Officers acknowledge that some members of the public may feel unsafe, it is important to note that the incident data for the intersection is relatively low compared to other intersections.

Current Intersection- Botanical Rd/ College St





3. SAFETY IMPROVEMENTS PROPOSED

- 3.1 In October 2022, Officers commissioned WSP to assess the current performance of the intersection and model the impact on traffic wait times should certain safety improvement works be implemented.
- 3.2 Several scenarios were considered. Analysis included assessment of the potential impacts on traffic flows.
- 3.3 A summary of the WSP Report and the scenario investigations are attached as Appendix 1.
- 3.4 After considering the findings of the WSP report, Officers consider the best solution to address the safety concerns is:
 - Adding a right turn bay and phases for all approaches to the intersection.
 - Cycle lanes extending to the intersection on all approaches including a phase for cycling.

This is Scenario 5 in the WSP report.



4. TIMING OF IMPROVEMENTS

- 4.1 Given the above, Council now has options around the timing of when the work is to be implemented, if at all. Officers suggest there are three options to consider:
 - 1. Add the right turn infrastructure and phases in 2023/24 and defer the cycleway work for consideration as part of the 2024-34 Long Term Plan process.
 - 2. Make no changes to the current situation.
 - 3. Refer both the right turn and separated cycleway work for consideration as part of the 2024-34 Long Term Plan.

Option 1 - Install the right turn infrastructure and phases in FY 2023/24 and defer the cycleway work for consideration as part of the 2024-34 Long Term Plan process.

- 4.2 This option allows the right turn bay and phases to be implemented in 2023/24, resolving some of the safety concerns and will improve the safety of turning traffic.
- 4.3 The cycleway infrastructure can then be implemented in a coordinated way with any future cycleway infrastructure along Botanical Road as it will be considered as part of the 2024-34 Long Term Plan.
- 4.4 This also provides the opportunity for Officers to apply for co-funding from Waka Kotahi for the cycleway part of the project as part of the 3-year funding allocation submission.
- 4.5 As this work was not planned for in 2023/24 this work is currently not included in the draft 2023/24 budget. As such, an additional \$120,000 capital new budget would need to be included in the 2023/24 Annual Budget for this to proceed next year and this would be unsubsidised from Waka Kotahi.

Option 2 – Make no changes

4.6 This is option would keep the Level of Service at under 35 seconds throughout the peak times, ensuring reasonable traffic flows. However, it does not address the safety concerns at that intersection or prepare it for future cycleways along the route.

Option 3 – Defer both the right turn and separated cycleway work for consideration as part of the 2024-34 Long Term Plan.

- 4.7 This option reflects the desire to proceed with the right turn bay and cycleway with phases, but instead defers all works for prioritisation as part of the 2024-34 Long Term Plan.
- 4.8 This option allows for the all the work to be planned and timed to coordinate with any future cycleway along Botanical Road.



5. NEXT ACTIONS

- 5.1 If Recommendation 1 is agreed by the Committee, it will be included as part of the 2023/24 Annual Budget deliberations.
- 5.2 Should the 2023/24 budget be confirmed, Officers will commission the work to have the right turning phase added to the traffic lights at College / Botanical intersection during the 2023/24 Financial Year.
- 5.3 If Recommendation 2 is agreed by the Committee, Officers will apply for cofunding from Waka Kotahi for future Long-Term Plans for the cycleway along Botanical Road as part of the 3-year funding allocation submission.
- 5.4 Following approval of the 2024-34 Long Term Plan, work would begin on engagement, consultation, and designs for cycling for Botanical Rd including this intersection and its improvements in the considerations.

COMPLIANCE AND ADMINISTRATION

Does the Committee	Yes		
If Yes quote relevan	res		
Are the decisions sig	gnificant?	No	
If they are significan	nt do, they affect land or a body of water?	No	
Can this decision or	nly be made through a 10 Year Plan?	No	
Does this decision require consultation through the Special No Consultative procedure?			
Is there funding in th	ne current Annual Plan for these actions?	No	
Are the recommendations inconsistent with any of Council's policies or plans?			
The recommendations contribute to Goal 1: An Innovative and Growing City			
The recommendations contribute to the achievement of action/actions in Transport			
The action is: Deliver the Urban Cycle Network Masterplan.			
Contribution to strategic direction and to social, economic, environmental, and cultural wellbeing The implementation of the safety improvements and the cycleway improvements at the intersection will contribute towards the Urban Cycle Network Masterplan and make the intersection safer for its users.			



ATTACHMENT

 Appendix 1 - Summary of WSP Report - Botanical and College Intersection <u>1</u>

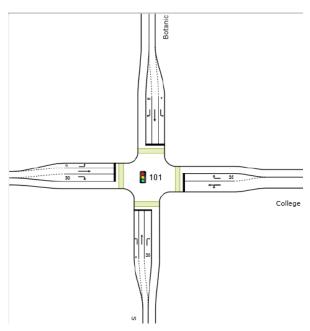
WSP REPORT - INTERSECTION INVESTIGATION SUMMARY

In October 2022, Officers commissioned WSP to assess the current performance of the intersection and model the impact on traffic wait times should certain safety improvement works be implemented. of several scenarios.

1. DESCRIPTION OF SCENARIOS

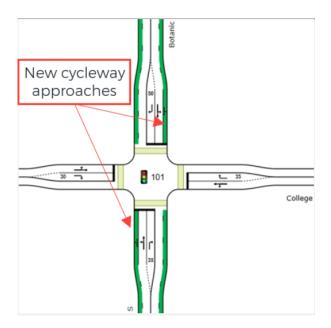
Scenario 1: Introduction of right turn bays and phases for all approaches

1.1 This would introduce a dedicated right turn phase for traffic at the intersection. The purpose of this scenario is to prevent the conflict with other movements and avoid crashes. Right turn conflicts are likely to rise as traffic volumes within the intersection increase, where the gap between traffic decrease and so the opportunity for drivers to turn safely is reduced.



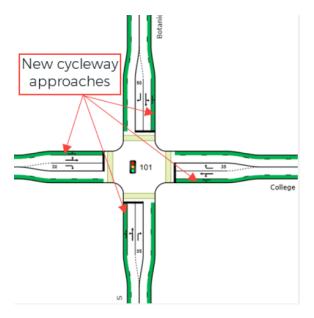
Scenario 2: Introduction of cycle lanes on Botanical Road up to the intersection in anticipation of a future cycleway.

- 1.2 Currently the traffic approaches the intersection include a dedicated right turn lane and a wide combined through and left lanes (which can operate as two lanes if drivers choose to give space).
- 1.3 The introduction of cycle lanes to the intersection would decrease the capacity for general traffic as the combined through and left turn lane will be reduced to a singular lane.



Scenario 3: Combines effects of adding right turn lanes and phases (Scenario 1) along with cycleways without phases (Scenario 2).

Scenario 4: Similar to Scenario 2 and also includes the extension of the cycle lanes on College Street to the intersection and a dedicated traffic light phase for cyclists.



Scenario 5 looks at the combined effects of Scenarios 1 and 4, if all measures were to be considered.

1.6 This would be an ultimate measure to address the concerns raised and would include a right turn phase and cycle lane for all approaches plus dedicated and individual phases for both turning traffic and cyclists.

2. FINDINGS OF THE WSP REPORT

- 2.1 The modelling determined that outside of peak times AM & PM peak hours the effect of any of the options is minimal so the key effect to consider is during those times.
- 2.2 Currently the intersection is operating at LOS C (Vehicle movement Level of Service, based on Traffic Level of Service Calculation Methods documentation) during peak periods, which for signalised intersections relates to light congestion with occasional backups on critical approaches.

LOS	Signalized Intersection	Unsignalized Intersection
Α	≤10 sec	≤10 sec
В	10-20 sec	10–15 sec
С	20–35 sec	15–25 sec
D	35–55 sec	25–35 sec
Е	55–80 sec	35–50 sec
F	>80 sec	>50 sec

- 2.3 The worst period is in the morning peak, at which users will currently experience an average delay of 32 seconds. The worst queue length is on the north approach of Botanical Road and west approach of College Street 114s; the worst delay is the right turn from the north approach of Botanical Road at 42 seconds. The morning peak is not too dissimilar to the afternoon peak in terms of average delay.
- 2.4 During those peak times all the following scenarios push the Level of Service into E or above which is wait times of 55 80 seconds: severe congestion with some long-standing queues that may block nearby intersections upstream of critical approaches.
- 2.5 A summary of the potential impact on wait times for the various scenarios is:

Scenario	Potential Impact on Wait Times	Queue direction	Queue length	Level of Service
CURRENT (morning peak)	32 seconds (average delay)	West approach of College St	114m	С

1	68 seconds	North approach of Botanical Rd	230m	Е
2	60 seconds	West approach of College Street	341m	E
3	143 seconds	West approach of College Street	562 m	F
4	89 seconds	West approach of College Street	498 m	F
5	141 seconds	West approach of College Street	Increase to 548 m	F

2.6 For context, on College Street the intersection of Pitama Road (Awapuni Shops/Village) is 620m from the intersection.

3. CONCLUSIONS

- 3.1 The intersection is currently operating with filtered right turns, which is generally considered less safe than separate right turn phasing.
- 3.2 The modelling results for Scenario 1 indicated that having separate right turn phasing rather than filter right turns will make the operation of the intersection worse from a capacity point of view.
- 3.3 Similarly, the inclusion of cycle lanes and phases to the intersection for Scenarios 2 and 4 increases the average delay to traffic.



MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 12 April 2023

TITLE: Vogel Street Safety Improvements

PRESENTED BY: Hamish Featonby, Group Manager - Transport and

Development

APPROVED BY: Bryce Hosking, Acting Chief Infrastructure Officer

RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE

1. That the Committee note that public engagement will be undertaken to seek community feedback on Vogel St safety improvement packages.

1. ISSUE

- 1.1 This report:
 - Provides the Committee with more detail on potential packages of work that can address safety concerns for walking and cycling on Vogel St.
 - Notifies the Committee that Council Officers will be undertaking community engagement on these packages to understand public preference(s).

2. BACKGROUND

Previous Decisions

2.1 In response to public submission and accompanying petition to the Annual Budget 2022/23, Council resolved,

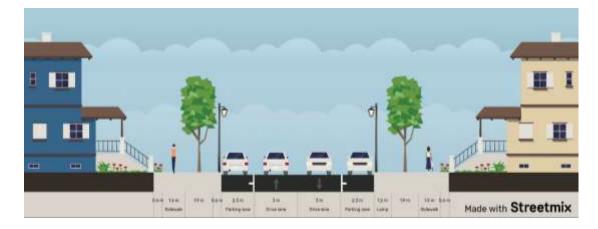
"That the Chief Executive report to Council with a staged plan to address the road safety concerns in Vogel Street as raised by petitioners in Submission 174, including information on community engagement, budget and timing."

2.2 Following this, Officers investigated options to resolve the safety concerns. The Vogel Street Safety Investigation Plan was presented at the Council meeting on 5 October 2022. The memorandum of <u>5 October 2022</u> should be read in conjunction with this report. It focuses on the strategic and implementation considerations for developing safety improvements for Vogel St.



Vogel Street Context

- 2.3 In the five-year period 2018-2022, there were 50 crashes on Vogel Street (not including Tremaine Avenue intersection). This comprised of two serious injuries, 13 minor and 35 non-injury crashes:
 - 25 crashes involved vehicles rear ending with a combination of speed and distracted driving being the main causes.
 - nine lost control on bend.
 - five lost control on straight.
 - 21 intersections at intersections (only five involved turning).
 - 2 pedestrian crashes (1 serious, 1 minor).
- 2.4 The road reserve is approximately 20.2m wide and has a carriageway (kerb to kerb) width of approximately 10.5m-11.5m. The width between the kerb to the property boundary varies between 4m and 5m.
- 2.5 Current street configuration:



- 2.6 On approach to the intersection of Tremaine Avenue, the street cross section changes as there are three lanes on approach. Due to the change in cross section the carriageway widens to 15m and the width between properties and the kerbs is reduced to 2.7m.
- 2.7 Each side of Vogel Street has 37 trees where the estimated value is \$800,000 for each side based on the "Tree valuations in the city of Melbourne" methodology. The methodology provides a dollar figure to represent a combination of replacement cost, amenity, species, age, condition and locality for protection bonds and removal fees and can be used towards understanding the true cost of a project. While this metric is useful for comparison purposes it does not necessarily reflect the public sentiment or views on tree value.



3. PROPOSED VOGEL STREET SAFETY IMPROVEMENTS

- 3.1 In the urban environment there are multiple different users and requirements of the road reserve (from fence to fence) competing for limited space. Accommodation of pedestrians, cyclists, buses, cars, freight vehicles, parking, and trees are currently sharing the space and so the options will require reallocating that space.
- 3.2 Officers have undertaken a detailed assessment and derived feasible opportunities that address the following areas:
 - Pedestrian improvements
 - Right Turn Bay considerations
 - Cycling improvements

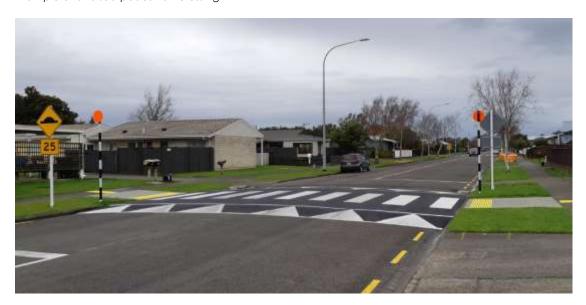
These opportunities have then been aligned into two potential work packages which could be implemented should Council wish to proceed with the work.

- 3.3 The recommended approach to make improvements for **pedestrians** crossing the road is to install raised pedestrian crossings near key intersections along the corridor. The rationale behind this approach is to facilitate key walking routes within the neighbourhood which improves neighbourhood connectivity and targets locations pedestrians are more likely to cross.
- 3.4 Officers recommend three raised crossings at a cost of circa \$80,000 each. The advantage of starting with a small number of crossings is that additional crossings and/or traffic calming can be considered as future options should the community feel more is needed.
- 3.5 The use of **right turn bays** should be undertaken where the intersection is experiencing a high volume of right turning traffic and is supported by crashes.
- 3.6 Along the corridor there are 15 intersections. Based on the crash data, turning type crashes at most intersections along Vogel Street is low (21 crashes over 14 intersections). Featherston Street has the worst record on along Vogel Street at with two minor crashes and one non-injury.
- 3.7 Officers recommend one right turn bay at a cost of circa \$20,000. Due to the high volume of Featherston Street and crash data, a right turn bay (or painted median) is only recommended to be considered at this intersection.
- 3.8 Officers will continue to investigate a possible conflict between the right turn bay and pedestrian crossing and whether it may be appropriate to use a painted median instead which would operate similarly.
- 3.9 **Cycleway options** in both the safety improvement packages below have been costed out for the West side of Vogel Street (City side) as it has fewer intersections to deal with and makes the connection to Featherston Street



and its future cycleway easier. That said, the options would still work and be of similar expense on the other side and so this would be a consideration included when talking to the community to determine whether there is a strong preference for one side over another.

Example of a raised pedestrian crossing



<u>Safety Improvement Package options</u>

	Package 1	Package 2
Raised pedestrian crossings ¹	3 locations:	3 locations:
	• Rata St	• Rata St
	 Featherston St/Haydon St 	 Featherston St/Haydon St
	Rangiora Ave	Rangiora Ave
Right turn bay	1 location:	1 location:
	Featherston St	 Featherston St
Cycles	Shared pathway	Separated cycleway
Cost estimate ²	\$3,560,000	\$2,360,000

¹ A crossing near Rangiora Avenue may require the removal of an Ash Street tree.

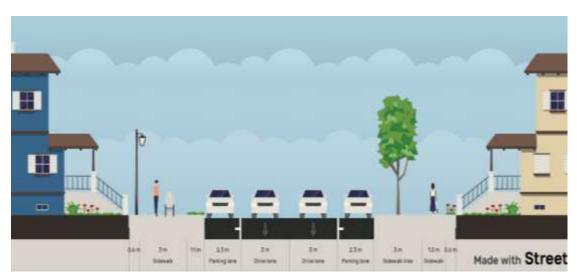
 $^{^{2}}$ Costs are estimates only and would need to be confirmed in more detail as part of the 2024-34 LTP process.



Package 1

This work package includes a Shared pathway, Raised Pedestrian Crossings, and a Right Turn Bay.

- 3.10 The main benefit of a shared path is that the function of Vogel Street will remain like it is today with the availability of on street parking.
- 3.11 The disadvantage of a shared path is:
 - Pedestrians will be at a higher safety risk.
 - There is an increased likelihood of cyclists being struck by vehicle emerging from driveways, particularly where there are tall fences and vegetation. Driveways will also affect the quality of the ride due to level changes with the vehicle crossings.
 - Unfortunately, the only way to feasibly construct a shared pathway on Vogel Street, would require the removal of the 37 street trees and relocation of 14 streetlights to enable the 3m-wide path required.
- 3.12 Like the bi-directional cycleway, intersections pose a safety risk. As such it is recommended that intersections are treated with raised platforms and kerb extensions to slow down vehicles entering the intersection.
- 3.13 The Shared Pathway Street Configuration could look like the following:



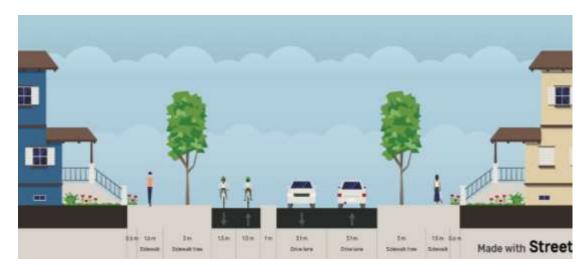
3.14 A shared pathway is estimated at \$3,300,000.



Package 2

This work package includes a Separated Cycleway, Raised Pedestrian Crossings, and a Right Turn Bay.

- 3.15 To undertake a separated cycleway within the existing carriage way, the cycleway would need to be bi-directional due to the narrow width. The change will require the removal of on-street parking and require bus and collection services to operate within the traffic lane which will slow down traffic.
- 3.16 The main advantage of this option is the retention of street trees.
- 3.17 The disadvantage of a bi-directional cycleways is the complex interactions at intersections. To alleviate the risk associated, the cycleway would need safety improvements by using raised platforms at intersections to slow down traffic. The platforms would be supported with kerb extensions to narrow down the road carriage way. This would also include raised platforms/kerb extensions, lighting relocation, cycling separators, and line marking.
- 3.18 Separated Cycleway Street Configuration could look like the following:



3.19 A separated bi-directional cycleway is estimated at \$2,100,000.

4. NEXT STEPS

- 4.1 Undertake public engagement on the Vogel Street safety improvement packages detailed in Section 3 of this report.
- 4.2 Report community feedback to the Economic Growth Committee alongside officer analysis of the strengths and weaknesses of options for a decision on how to proceed.
- 4.3 A preferred improvement package could then be considered as part of the 2024-34 Long Term Plan process.



5. **COMPLIANCE AND ADMINISTRATION**

Does the Committee have delegated authority to decide?	Yes		
If Yes quote relevant clause(s) from Delegations Manual			
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		
The recommendations contribute to Goal 1: An Innovative and Growing	Citv		

The recommendations contribute to the achievement of action/actions in Transport

The action is: Prioritise active transport programmes that deliver on Council goals, the purpose of this plan, and the Government Policy Statement on Transport.

Contribution to strategic direction and to social, economic, environmental, and cultural wellbeing

Road safety improvements will encourage active transport and in turn improve the social and environmental wellbeing of the Vogel St residents; noting that the strategic nature of the route is not defined and therefore does not prioritise modes of travel.

ATTACHMENTS

NIL



MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 12 April 2023

TITLE: Palmerston North Quarterly Economic Update - March 2023

PRESENTED BY: Stacey Bell - City Economist

APPROVED BY: David Murphy, Chief Planning Officer

RECOMMENDATION TO COMMITTEE

1. That Committee receives the following reports for information:

- a. Palmerston North Quarterly Economic Update March 2023; and the,
- Palmerston North electronic card spending report December quarter 2022

1. ISSUE

- 1.1 This memorandum presents a summary of the key themes in the Palmerston North Quarterly Economic Update to March 2023, and the Palmerston North City Centre Quarterly electronic card spending (retail and selected tourism sectors) for the December quarter 2022.
- 1.2 The quarterly economic update presented today departs from the Infometrics Quarterly Economic Monitor presented to Committee previously. The new report has been developed in-house and employs December quarter data, and, where available, more recent monthly data to provide upto-date information on economic activity and wellbeing in the city.
- 1.3 The Palmerston North City Centre Quarterly electronic card spending report is also prepared in-house and provided as a resource to the city retail sector. This report includes information on retail spending across the city and by precinct, as well as data on retail flows, customer loyalty, and the origin of customers that are spending in Palmerston North. For this reason, it is now included within quarterly economic reporting to Committee to provide more detailed information of retail spending and trends in the city,

PALMERSTON NORTH QUARTERLY ECONOMIC UPDATE - MARCH 2023

2.1 The mix of industries has supported economic activity in the city with GDP growing by 21.5 percent over the five-years to December 2022, compared with 17.8 percent nationally.



- 2.2 Over the year to December 2022, GDP increased by 2.9 percent in Palmerston North to reach a total value of \$6.34b. Growth in the city over the 2022 year remained above national GDP growth of 2.8 percent.
- 2.2 High employment and earnings growth has been a substantial driver of economic activity in Palmerston North with an additional 758 jobs generated in the city over the year to December 2022, and total earnings growth of 7.1 percent.
- 2.3 Tight labour market conditions continue with annual average unemployment in the city dipping below both regional and national unemployment at 3.2 percent in December 2022. This compares with a regional and national unemployment rate of 3.3 percent over the same period.
- 2.4 High jobs and earnings growth, and the recovery of tourism related activity is supporting core spending in the city, with retail spending increasing 7.0 percent over the year to February 2023. This is despite annual national inflation of 7.2 percent in 2022 and falling disposable incomes.
- 2.5 While core spending is holding up, spending on high-value and discretionary items is falling away. Other consumer spending, which includes cars and motorcycles, fell by 34.6 percent in the February quarter 2023 compared with the February quarter 2022, while home and recreational retail spending fell by 4.6 percent over the same timeframe. Falling numbers of new registrations for cars and commercial vehicles further supports the conclusion of weakening discretionary spending both in the city, and nationally.
- 2.6 Tourism spending increased by 7.7 percent in Palmerston North over the year to January 2023. Domestic spending increased by 4.4 percent over the year, while international tourism spending was up 96.2 percent.
- 2.7 The pipeline from record building consents in 2020 and 2021 continues to flow through to development in the city. However, softer consenting volumes and values for the January 2023 year signals a slow-down of construction investment intentions in the city:
 - a. New dwelling consents fell from a record 572 over the year to July 2020, to 402 in the January year 2023. Rolling annual new dwelling consents remained above 500 to March 2022.
 - b. A total of \$327.7m in consents were issued over the year, down 15.9 percent from the January year 2022. Residential consent values fell 20.0 percent while non-residential consents values fell 8.8 percent over the year.
- 2.8 The weakening housing market was the first indication of softening domestic economic conditions:
 - a. Sales volumes fell 18.2 percent in Palmerston over the year to February 2023, compared with 29.9 percent nationally.



- b. The average number of days to sell lifted to 59 days in the Manawatū-Whanganui Region compared to 60 days nationally.
- c. The pace of house price decline is slowing. Average house prices in the city fell 13.4 percent since the market peak and 13.2 percent over the year. This compares with a 9.5 percent fall from the peak nationally, and an annual fall of 8.9 percent.
- d. Median house prices fell 24.3 percent in the city since the peak, and 14.3 percent over the year to February 2023. This compares with a 21.3 percent fall from the peak nationally, and a 13.8 percent fall over the year. The median house price is influenced by where in the market houses are selling, with a higher proportion of lower value properties pulling the median down.
- 2.9 Per capita GDP in Palmerston North is nearing national per capita GDP at \$67,731 per annum. This compares with \$69,880 nationally, and \$53,648 in the Manawatū-Whanganui Region.
- 2.10 The public housing register fell 12.1 percent over the year to December 2022. This trend is emerging across the country with a 9.4 percent decline in numbers, nationally.
- 2.11 Rental prices continue to rise but at a slower rate. The number of rental properties formally rented in Palmerston North has increased by 150 over the year to a total of 7,647.
- 2.11 The number of people receiving the Jobseeker benefit fell 7.4 percent over the year to December 2022, with numbers falling across all age groups. Numbers, however, remain above pre-pandemic levels.
- 2.12 Persistent inflation, higher than anticipated borrowing costs, and ongoing challenges accessing and affording labour, continue to weigh on organisations and businesses in the city.
- 2.13 The Palmerston North Quarterly Economic Update March 2023 is attached as Appendix 1.

PALMERSTON NORTH ELECTRONIC CARD SPENDING REPORT – DECEMBER 2022

- 3.1 Total electronic card spending was \$406 million in Palmerston North in the December quarter 2022. Of this total, 57.4 percent was spent in the city centre.
- 3.2 Spending increased 7.1 percent in Palmerston North over the year to December 2022. This compares with a 6.1 percent increase in spending in the central city and a 10.3 percent increase across New Zealand. National spending was coming off a low base, due to restrictions on economic activity in the upper half of the North Island from August to December 2021.



- 3.3 The annual inflation rate to December 2022 was 7.2 percent, indicating real spending is holding up in the city.
- 3.4 The loyalty rate, explained as the percentage of spending by Palmerston North residents at local retailers, remained high at 81.6 percent over the year to December 2022. This compares with 81.2 percent the previous year.
- 3.5 There was a \$295m net gain from spending flowing into the city, compared with spending flowing out of the city in 2022. This is a 14.7 percent increase in net gain to the city, compared with 2021.
- 3.6 Spending in Palmerston North CBD and Broadway Avenue increased by 8.8 percent in 2022, while spending across the rest of Palmerston North increased 10.0 percent over the same period. The rest of Palmerston North covers all locations outside Terrace End, the CBD and Broadway Avenue.
- 3.7 Spending on arts, recreation and visitor transport, fuel and automotive, and other consumer spending increased the most over the year to December 2022. As previously indicated, other consumer spending fell sharply in the February 2023 quarter compared with the February 2022 quarter, indicating the impact of rising costs on discretionary spending.
- 3.8 The Quarterly Economic Card Spending Report for December 2022 is attached as Appendix 2.

2. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Voc		
If Yes quote relevant clause(s) from Delegations Manual	Yes		
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?			
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		

The recommendations contribute to Goal 1: An Innovative and Growing City

The recommendations contribute to the achievement of action/actions in Economic Development

The action is: Implement Inward Investment Strategy



Contribution to strategic direction and to social, economic, environmental and cultural well-being

Reporting on economic trends in the city and Manawatū region and the longer-term outlook for growth, is important for encouraging local business to invest in growing their business and attracting new businesses to the city.

ATTACHMENTS

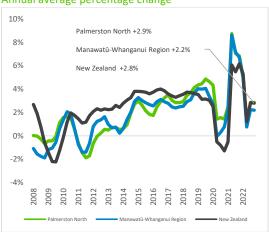
- 1. Palmerston North Quarterly Economic Update March 2023 🗓 📆
- 2. Palmerston North Electronic Card Spending Report December Quarter 2022 J. Tall

The Palmerston North economy continued to perform above expectation in 2022, however, there are clear signs of slowing across the city and domestic economy.

GDP growth in Palmerston North for the year ended December 2022 exceeded national growth, rising 2.9 percent compared with 2.8 percent nationally.

Gross domestic product growth

Annual average percentage change



Source: Infometrics QEM, December 2022

Growth in the city has been driven by high employment and earnings growth, development from record construction consents in 2020 and 2021, substantial public sector employment and investment, and the recovery of events and tourism activity in the city.

High employment and rising incomes have helped to sustain day-to-day household spending in the city despite persistent inflationary pressures.

Signs of a slowing economy are evident however, with national GDP falling -0.6 percent in the December quarter 2022. This result is worse than the expected fall of -0.2 percent and signals weaker economic conditions than previously thought.

Economic data for the city also indicates weakening activity with building consents and household and business spending on discretionary items pulling back in 2022. Falling house values are also weighing on spending, as household wealth falls and people feel less confident to spend on discretionary items.

Departing from the norm, a slowing economy is what we need to pull back inflationary pressures and limit the height of interest rate rises and higher for longer borrowing costs. There will be challenges for businesses and households however, as higher costs impact on affordability and profitability.

The domestic economy will continue to slow throughout 2023. However, substantial public employment and investment, and the high value professional and services sector in the city, will continue to support jobs and incomes relative to economies with greater dependence on private sector employment and discretionary spending.

The structure of the economy has supported economic activity in the city with GDP growing by 21.5 percent over the five-years to December 2022, compared with 17.8 percent nationally.

This report employs December quarter data and, where available, more recent monthly data, to provide an up-to-date understanding of the factors that are driving economic activity in the city as well as areas where we are seeing a pull-back in activity. The impact of current economic conditions on wellbeing is included in the final section of this report, alongside a snapshot of December quarter 2022 economic data.

Economic highlights:

- Palmerston North GDP hit \$6.34b over the year to December 2022.
- Jobs in the city increased by 2.1 percent over the year to December with earnings up 7.1 percent over the same timeframe.
- Elevated demand for labour in Palmerston North is reflected in the low unemployment rate of 3.2 percent and falling jobseeker benefit numbers.
- High employment and earnings growth are continuing to support core spending, however, spending on high value and discretionary items is falling as rising costs weigh on disposable incomes.
- Record construction investment from 2020/2021 is continuing to flow through to construction activity in the city, but consent numbers and values have fallen substantially from the peak.
- Housing market indicators continue to show weak demand and falling house prices.
- Impacts on economic wellbeing are mixed:
 - Per capita GDP has increased, taking some pressure off rising costs, but not all households benefit from earnings growth.
 - Rental price growth continues but at a slower rate, while rental stocks in the city increase.
 - Public housing register numbers are falling.
 - Challenges continue for organisations and businesses as they navigate prolonged inflationary pressures, higher borrowing costs and ongoing labour challenges.

High employment and earnings growth continue to fuel the city economy.

The city generated 758 additional jobs to reach a total of 47,005 filled jobs in December 2022. Total earnings from jobs in the city increased by 7.1 percent over the December 2022 year, to reach a total of \$2.26b.

Palmerston North residents in jobs

Total earnings of jobs located in the city

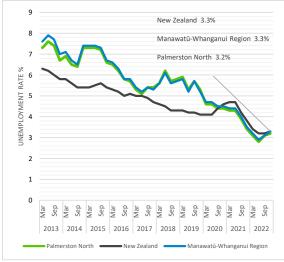


Source/s: Infometrics, Statistics NZ, December guarter 2022

Tight labour market conditions are also reflected in unemployment figures, with the unemployment rate for the city below both the regional and national unemployment rate.

Unemployment

Annual average unemployment rate



Source: Infometrics, QEM, December 2022

Wider competition for workers remains high with filled jobs increasing by 2.1 percent in the Manawatū-Whanganui Region, and 2.5 percent nationally.

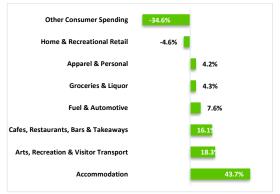
High levels of employment and earnings growth are supporting core household spending in the city, despite falling disposable incomes.

Per capita disposable incomes across the country fell 2.0 percent in the December quarter compared with the September quarter 2022.

Statistics New Zealand, GDP December 2022 quarter

Retail spending increased by 7.0 percent over the year to February 2023. This is slightly behind annual inflation of 7.2 percent but does indicate that consumers are continuing to spend on core goods and services amid sharply rising costs.

Retail data for the February 2023 quarter shows where spending has fallen relative to the previous February quarter, with discretionary spending taking the hit¹.



Marketview, February 2023

As we see above, recovery in tourism related spending in the city is helping to boost spending to our businesses.

Tourism spending totalled \$273.6m in the city over the year to January 2023.

Latest data indicates tourism spending in the city increased 7.7 percent over the year to January 2023, compared with the previous year. Domestic tourism was up 4.1 percent off a relatively strong 2021, while international tourism spending increased 96.2 percent.

High levels of investment have also been driving economic activity, with development from record consents issued in 2021 continuing to flow through to economic activity in the city.

 $^{^{\}rm 1}$ Other consumer spending incudes cars and motorcycles.

Building consent values peaked at \$426m over the year to November 2021. Residential consents were valued t \$251m while \$175m in non-residential consents were issued over the year.

Signs of a slowing economy

While economic activity remains solid in parts of the economy, there are clear signs that the economy is slowing in-line with Reserve Bank intentions.

The Reserve Bank is forecasting the New Zealand economy will enter recession in the December quarter 2023, with the latest GDP figures implying the economy may enter recession earlier than forecast.

House prices, building consents and spending on big ticket household and business items, have all taken a hit in the city.

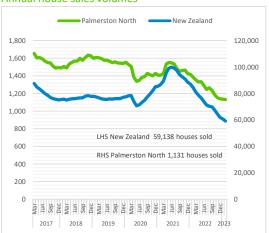
The housing market is the canary in the coalmine

Softening house prices, driven by falling demand from rising mortgage interest rates and challenges securing finance, served as the first indication of softening economic conditions.

- House sales fell 18.2 percent in Palmerston North over the year to February 2023 compared with 29.9 percent nationally.
- The average number of days to sell lifted to 59 days in the Manawatū-Whanganui Region compared to 60 days nationally.

Palmerston North and New Zealand

Annual house sales volumes



Source: REINZ, February 2023

House prices have softened substantially since the peak, however, there are signs that prices are

approaching the bottom of the market. Economic conditions remain challenging, however, and downside risk remains.

The following table shows the change in average and median house prices from the market peak and over the year to February 2023 for Palmerston North city and New Zealand as a whole.

Annual and peak house price change - Feb 2023

Area	Average house	Median house		
	price	price		
New	\$944,077	\$762,500		
Zealand				
	-9.5% from	-21.3% from		
	market peak	market peak		
	-8.9% year on	-13.8% year on		
	year	year		
Palmerston	\$653,384	\$600,000		
North				
	-13.4% from	-24.3% from		
	market peak	market peak		
	-13.2% year on	-14.3% year on		
	year	year		

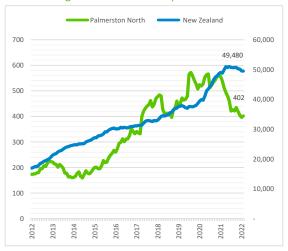
Source/s: Corelogic, REINZ, February 2023

The current economic conditions have affected residential investment as high construction costs, mortgage interest rates, and constraints on access to funding serve as a disincentive.

Over the year to January 2023, 402 new dwelling consents were issued in Palmerston North city.

Palmerston North and New Zealand

New dwelling consents to February 2023



Source: Statistics NZ, February 2033

New dwelling consents peaked early in the city with 572 dwellings consented over the year to July 2020 and annual consents remaining above 500 until the year ended March 2022. National dwelling consents have been falling since the peak over the year to May 2022.

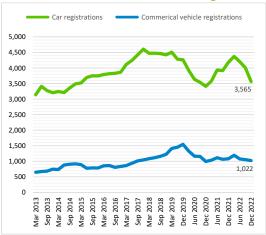
Consent values fell 15.9 percent in the city over the year to January 2023.

A total of \$327.7m in consents were issued over the year to January 2023. The value of residential consents fell 20.0 percent to \$197.9m while non-residential consents were down 8.8 percent. This compares with a 7.0 percent increase in consent values nationally.

Falling car and commercial vehicle registrations also reflect weaker discretionary spending across the economy.

Palmerston North

Annual new car and commercial vehicle registrations



Source: Infometrics, QEM, December 2022

New car registrations in the city fell by 14.7 percent over the year to December 2022 compared with a 16.8 percent decline across the Manawatū-Whanganui Region and a 2.2 percent fall nationally.

Impacts on commercial vehicle registrations were less pronounced in Palmerston North with new registrations down 5.5 percent, versus an 8.6 percent fall in the Manawatū-Whanganui Region and a 6.2 percent fall nationally.

Economic wellbeing of households

Current economic conditions are impacting on economic wellbeing, with rising costs placing pressure on stretched household budgets and driving down disposable incomes. On the other side of the equation, high demand for labour, and earnings growth are

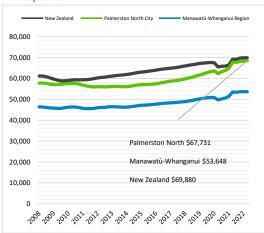
increasing per capita GDP, and relieving some of the pressure of rising costs for some households.

City GDP per capita nears national GDP per capita.

There will be some in our community however, who do not benefit from rising incomes and therefore are more vulnerable to rising costs. While recent government announcements on additional financial support will lift the economic wellbeing of our more vulnerable households, there will continue to be pain from high living costs and the economic slowdown.

Palmerston North, MW Region and New Zealand

Per capita GDP



Source/s: Infometrics QEM, Statistics NZ, 2022

Household living costs increased 8.2 percent in the December quarter 2022 compared with the December quarter 2021.

Costs for highest expenditure households rose 9.4 percent compared with a 7.1 percent increase for lowest expenditure households.

Rental costs in the city continue to rise but at a slower rate. Supply of rental properties in Palmerston North increased by 150 over the January 2023 year, to a total of 7,647 properties.

Weekly rental costs increased 6.8 percent to \$444 per week in Palmerston North over the year to January 2023. Lower quartile rents were up 3.7 percent to \$363 per week while upper quartile rents rose 8.5 percent per week to \$571.

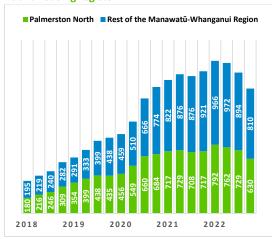
Rental costs in Palmerston North remain relatively affordable when compared with the national average. Weekly rents average \$522 across New Zealand with a lower quartile average rent of \$428 per week and an upper quartile average rent of \$660 per week.

Public housing demand in the city falls but need remains high.

The number of households on the register for public housing in Palmerston North fell by 12.1 percent over 2022, with 630 families remaining on the register. This is a wider trend, with numbers across the Manawatū-Whanganui region and New Zealand falling by 12.1 percent and 9.4 percent respectively.

Palmerston North and Manawatū-Whanganui region

Public housing register



Source: MSD, December 2022

Employment opportunities have reduced the number of people receiving Jobseeker benefits in the city, but numbers remain above pre-pandemic levels.

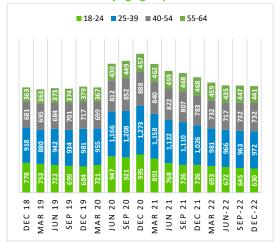
The number of people receiving jobseeker benefits in the city fell by 222, down 7.4 percent over the year to December 2022. Jobseekers fell across all age groups, with 18-24 year olds down 96, 25-39 year olds falling by 54, jobseekers aged 40-54 years down 51, and those aged 55-64 years falling by 27.



 $^{^2}$ The official cash rate (OCR) is the interest rate at which banks can borrow, short-term from the Reserve Bank. The

Palmerston North

Job seeker benefits by age group



Source: MSD, December 2022

Pressure on organisations and business

Challenges continue for organisations and businesses as they navigate prolonged inflationary pressures, higher borrowing costs and ongoing labour challenges. In February 2022, the Reserve Bank of New Zealand (RBNZ) forecast that annual inflation would fall back from a peak of 6.6 percent in March 2022 to 2.6 percent by June 2023, with a peak Official Cash Rate (OCR)² of 3.3 percent. Annual inflation data for December confirmed inflation at a near record high of 7.2 percent - well above expectation.

The strength of the New Zealand economy has proven hard to tame, as record employment and earnings growth defied the Reserve Banks attempts to rein in spending and drive down inflation over 2022.

The pace and height of interest rate increases required to bring inflation under control has exceeded expectations, with annual inflation now expected to reach 7.3 percent in June 2023 alongside a peak OCR of 5.5 percent in December this year.

The combined pressure of persistent cost increases, high borrowing costs and ongoing challenges in finding and affording workers, is creating significant challenges for organisations and businesses across the country.

The impacts of these challenges on economic activity and wellbeing in Palmerston North will be watched closely and reported on within the quarterly economic reporting series.

 $\ensuremath{\mathsf{OCR}}$ influences short term interest rates for households and business lending.

Palmerston North: Economic snapshot - December 2022 quarter

(also available through City Dashboards)

Level	Period	Palmerston North	New Zealand
Annual inflation rate	As at Dec 2022	7.2%	7.2%
Unemployment rate*	Average of 4 recent quarters	3.2%	3.3%
Indicator	Period	Palmerston North Annual average % change	New Zealand Annual average % change
Gross domestic product (provisional)*	YE Dec 2022	+2.9%	+2.8%
Consumer spending (Electronic Card Retail Spending)	YE Dec 2022	+7.1%	+10.3%
Employment (Place of residence)	YE Dec 2022	+1.8%	+2.5%
Health enrolments	YE Dec 2022	-0.3%	+0.4%
Residential consents (number)	YE Dec 2022	-28.9%	+1.1%
Non-residential consents (value)	YE Dec 2022	-24.3%	+13.1%
Commercial vehicle registrations	YE Dec 2022	-5.5%	-6.2%
Jobseeker support recipient	Dec 2022 quarter	-7.4% compared to Dec 2021 quarter	-9.5% compared to Dec 2021 quarter
Tourism electronic card transactions - domestic**	YE Dec 2022	+4.3%	+8.4%
Tourism electronic card transactions -international**	YE Dec 2022	<u>+76.3%</u>	+167.6%
Housing Indicator	Period	Palmerston North	New Zealand
Average house value***	Dec 2022	-12.1% compared to Dec 2021	-5.0% compared to Dec 2021
Average weekly rent** (based on rental bond data)	Dec 2022 quarter	+3.0% compared to Dec 2021 quarter	+3.0% compared to Dec 2021 quarter
Home ownership affordability* (ratio of average house value to estimated annual average household income)	Dec 2022 quarter	<u>5.9</u>	7.8
Rental affordability* (% of average annualised rent to estimated annual average household income)	Dec 2022 quarter	20.2%	22.0%

Sources: Stats New Zealand, *Infometrics, **MBIE, ***Corelogic

Note: YE = Year ending



Palmerston North City Centre Quarterly electronic card spending

(retail and selected tourism sectors)

December 2022

This report presents analysis of electronic card retail spending (ie. total value of electronic card transactions made in person) in the city. The focus is on Palmerston North City Centre; city as a whole (see map on page 9 for location of precincts); and comparison with New Zealand.

Data is obtained from Marketview and is based on information from Worldline (formerly known as Paymark) the largest electronic card payment network in New Zealand. Analysis covers eight retail sectors consisting of accommodation; apparel & personal; arts, recreation & visitor transport; cafes, restaurants, bars & takeaways; fuel & automotive; groceries & liquor; home & recreational retail; and other consumer spending (see retail sector classification on page 10).

Table of Contents

SUMMARY - DECEMBER 2022	1
RETAIL PRECINCTS	2
RETAIL SECTORS	5
CITY CENTRE: CUSTOMER ORIGIN	6
PALMERSTON NORTH: RETAIL FLOWS	7
PALMERSTON NORTH: WEEKLY SPENDING	8
PRECINCT MAP	8
RETAIL SECTOR CLASSIFICATION	9

Summary - December 2022

Palmerston North: At a glance

- 1) For quarter ending Dec 2022, total electronic card spending was \$406 million
- 2) There was 3.2% increase from same period the previous year vs 11.4% across New Zealand.
- 3) This was expected due to increased electronic card retail spending from October to December 2022 compared to the year before, where the northern part of North Island (eg. Upper Northland, Auckland, Raglan, Te Kauwhata, Huntly, Ngāruawāhia, Hamilton City and surrounding areas) experienced higher levels of Covid-19 restrictions¹ while other parts of New Zealand were in Alert Level 2. In other words, the rest of New Zealand was "catching up" (see Annual change in electronic card retail spending on page 5).
- 4) The annual inflation rate for the December 2022 quarter was 7.2%.
- 5) The loyalty rate (i.e. percentage of spending by residents at local retailers) for Palmerston North remained high at 81.6% in the year ending Dec 2022 compared to 81.2% the year before.
- 6) For Palmerston North, visitors spending was \$506 million for year ending Dec 2022, accounting for 35.1% total electronic card retail spending (see *Palmerston North: Retail flows* on page 7)...
- 7) There was a \$295 million net gain spending (i.e. visitor spending in Palmerston North exceeds local residents spending in other regions) for year ending Dec 2022, representing a 14.7% increase over the same period last year (see *Palmerston North: Retail flows* on page 7).

City Centre: December 2022 guarter

- 8) This quarter's electronic card retail spending in the city centre was \$233 million, increasing by 4.6% from Dec 2021 quarter.
- 9) This accounted for 57.4% of the spending in the city.

City Centre: Year ending December 2022

- 10) Annual electronic retail spending in the city centre was \$798 million, which accounted for 55.4% of spending in the city.
- 11) Annual retail spending in the city centre increased by 6.5%, compared to 7.1% for Palmerston North, and 10.3% across New Zealand.
- 12) The top three retails sectors were "Home and recreational retail" (36%), "Groceries and liquor" (31%) and "Café, restaurants, bars and takeaways" (14%). Together they represented 81% of retail electronic card spending. See page 6 for breakdown by retail sectors.
- 13) "Other consumer spending" experienced highest annual growth (97%) followed by "Arts, recreation and visitor transport" (56%) and fuel and automotive (42%).
- 14) Annual visitor spending was \$293 million (36.8% of total spending) compared to \$272 million for year ending Dec 2021.

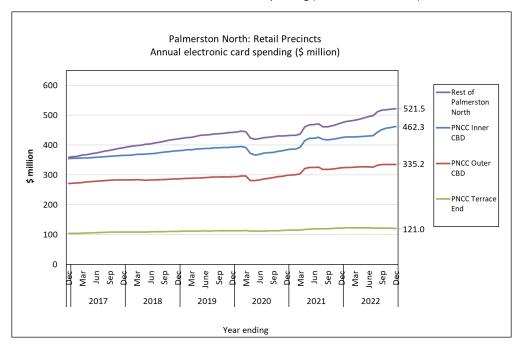
¹ before the nation switched over to the traffic light system in 2 December 2021

Retail Precincts

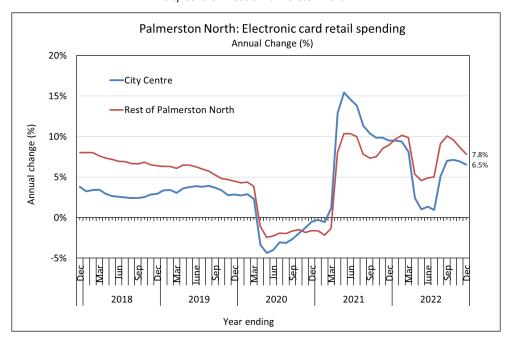
	Dec 2022	022 quarter		Year ending Dec 2022		
Retail Precincts	Value of spending (\$m)	Change from same quarter last year (%)		Value of spending (\$m)	Change from last year (%)	Precinct share (%)
Palmerston North CBD and Broadway Avenue	137.6	7.8%		462.3	8.8%	32.1%
Palmerston North Outer CBD	95.7	0.2%		335.4	3.6%	23.3%
Palmerston North City Centre*	233.3	4.6%		797.6	6.5%	55.4%
PNCC Terrace End	33.0	-3.6%		121.2	-0.7%	8.4%
Rest of Palmerston North	139.5	2.8%		520.5	10.0%	36.2%
Total Palmerston North**	405.8	3.2%		1,440.1	7.1%	100%
Total New Zealand	20,505	11.4%		72,615	10.3%	

Notes: *Palmerston North City Centre spending consists of spending from: 1) CBD and Broadway Avenue (inner business zone) precinct, and 2) Outer CBD (outer business zones) precinct. **Total Palmerston North City spending consists of spending from the city centre + Terrace End precinct + the rest of the city. See map on page 10 for location of the precincts.

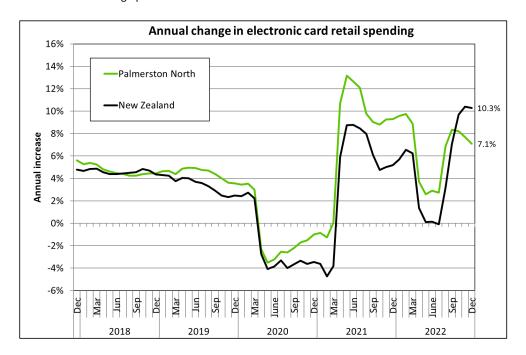
Time series: Annual Electronic Card Spending (Dec 2017 – Dec 2022)



Time series: Annual Change (Dec 2017 – Dec 2022) City Centre v Rest of Palmerston North



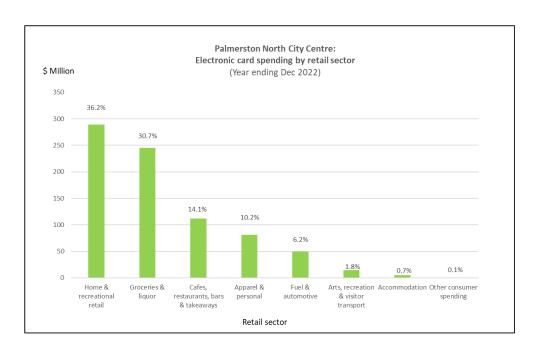
The time series below shows annual change in electronic card spending (Dec 2017 – Dec 2022) of Palmerston North and New Zealand. The annual growth rate for New Zealand began to increase higher than Palmerston North starting from October 2022. This was expected due to increased electronic card retail spending from October to December 2022 compared to the year before, where the northern part of North Island (eg. Upper Northland, Auckland, Raglan, Te Kauwhata, Huntly, Ngāruawāhia, Hamilton City and surrounding areas) experienced higher levels of Covid-19 restrictions² while other parts of New Zealand were in Alert Level 2. In other words, the rest of New Zealand was "catching up".



² before the nation switched over to the traffic light system in 2 December 2021

Retail sectors

	Year ending Dec 2022						
	City (City Centre		Palmerston North		New Zealand	
Retail sectors	Value of spending (\$m)	Change (from last year)	Value of spending (\$m)	Change (from last year)	Value of spending (\$m)	Change (from last year)	North City Centre share of NZ
Accommodation	5	7.3%	22	9.7%	1,581	20.3%	1.4%
Apparel & personal	81	0.3%	97	0.3%	4,304	12.8%	2.3%
Arts, recreation & visitor transport	14	56.1%	26	29.3%	1,985	43.0%	1.3%
Cafes,restaurants, bars & takeaways	112	6.4%	171	6.6%	9,774	10.2%	1.8%
Fuel & automotive	50	41.9%	248	25.0%	12,785	25.0%	1.9%
Groceries & liquor	245	6.5%	475	4.9%	24,955	3.2%	1.9%
Home & recreational retail	289	2.3%	397	1.2%	16,892	7.5%	2.3%
Other consumer spending	1	97.1%	3	15.1%	338	-0.1%	1.0%
Total	797.6	6.5%	1,440	7.1%	72,615	10.3%	2.0%



City Centre: Customer origin

Year ending Dec 2022

Cardholder origin	Value of spending (\$m)	Change from last year (%)	Share of total spending (%)
Palmerston North City	504.4	5.9%	63.2%
Manawatu District	81.7	9.4%	10.2%
Horowhenua District	41.9	8.2%	5.3%
Tararua District	32.4	9.3%	4.1%
Wellington Region	28.5	2.0%	3.6%
Rangitikei District	24.1	9.7%	3.0%
Auckland Region	14.5	5.5%	1.8%
Whanganui District	14.3	1.2%	1.8%
Ruapehu District	2.5	-7.0%	0.3%
Rest of New Zealand	42.3	-1.1%	5.3%
International	10.8	83.3%	1.4%
Total	797.6	6.5%	100.0%

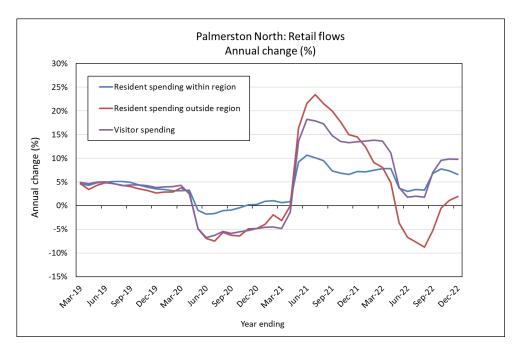
For year ending Dec 2022, 63.2% of retail spending in the City Centre were made by locals. The visitor (ie. non-local) share of was 36.8% of total spending. The top five spenders were from the Manawatu, Horowhenua, Tararua, Wellington and Rangitikei. Together, these contributed to 26% of total annual spending for year 2022.

International visitors recorded the highest annual growth (83%) as the New Zealand's borders gradually opened - Australian visitors (12 April), visa waiver countries (2 May) and visitors from anywhere in the world (October). Despite high growth rates, international visitors represented only 1% of annual spending.

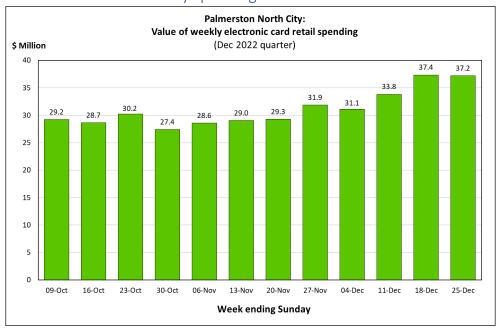
Palmerston North: Retail flows

Year ending Dec 2022

Retail flow	Value of spending (\$m)	Change from last year (%)
Resident spending locally (A)	933.9	5.8%
Resident spending outside region (B)	211.2	3.3%
Total resident spending (A)+(B)	1,145.1	5.3%
Visitor spending (C)	506.2	9.7%
Total spending at Palmerston North merchants (A)+(C)	1,440.1	7.1%
Net gain in spending for region (C)-(B)	295.0	14.7%
	Year ending 2022	Year ending 2021
Visitor share of Palmerston North spending	35.1%	34.3%
Palmerston North loyalty rate	81.6%	81.2%



Palmerston North: Weekly spending



Precinct Map



Retail sector classification

Accommodation

Accommodation

Apparel & personal

Clothing retailing Footwear retailing Watch & jewellery retailing Other personal accessory retailing Hairdressing & beauty services

Arts, recreation & visitor transport

Interurban & rural bus transport Urban bus transport (including tramway) Taxi & other road transport Rail passenger transport Water passenger transport Air & space transport Scenic & sightseeing transport Passenger car rental & hiring Other motor vehicle & transport equipment rental & hire Travel agency & tour arrangement services Museum operation

Zoological & botanical gardens operation Nature reserves & conservation parks operation

Performing arts operation

Creative artists, musicians, writers & performers Performing arts venue operation Health & fitness centres & gymnasia operation Sport & physical recreation clubs & sports professionals Sports & physical recreation venues, grounds & facilities Sport & physical recreation admin. & track operation Horse & dog racing administration & track operation Other horse & dog racing activities Amusement parks & centres operation Amusement & other recreation activities n.e.c

Casino operation Lottery operation Other gambling activities

Cafes, restaurants, bars & takeaways

Cafes & restaurants Takeaway food services Catering services Pubs, taverns & bars Clubs (hospitality)

Fuel & automotive

Motor vehicle parts retailing Tyre retailing Fuel retailing Other automotive repair & maintenance

Groceries & liquor

Supermarket & grocery stores Fresh meat, fish & poultry retailing Fruit & vegetable retailing Liquor retailing Other specialised food retailing

Home & recreational retail Sport & camping equipment Entertainment media retailing Toy & game retailing Newspaper & book retailing Marine equipment retailing Department stores Pharmaceutical, cosmetic & toiletry goods Stationery goods retailing Antique & used goods retailing Flower retailing Other store-based retailing n.e.c. Furniture retailing Floor coverings retailing Houseware retailing Manchester & other textile goods retailing

Electrical, electronic & gas appliance retailing Computer & computer peripheral retailing Other electrical & electronic goods retailing Hardware & building supplies retailing Garden supplies retailing

Other consumer spending

Car retailing Motor cycle retailing Trailer & other motor vehicle retailing Retail commission based buying & selling



MEMORANDUM

TO: Economic Growth Committee

MEETING DATE: 12 April 2023

TITLE: 6-monthly report on International Relations and Education

Activities

PRESENTED BY: Gabrielle Loga, International Relations Manager

APPROVED BY: David Murphy, Chief Planning Officer

RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE

1. That the Committee note the progress on the International Relations and Education activity over the past six months, contributing to the Economic Development Plan and Innovative and Growing City Strategy.

1. ISSUE

1.1 The purpose of this memorandum is to update the Economic Growth Committee on the development of Palmerston North's key international relations and education outcomes and activities over the past six months, and their contribution to the relevant goal, strategy and plan.

2. BACKGROUND

International Context: New Zealand and European Union Free Trade Agreement

2.1 On 30 June 2022, New Zealand and the European Union (EU) finally concluded a Free Trade Agreement (FTA) after 12 rounds of formal negotiations since 2018. The EU is New Zealand's 4th largest trading partner, with two-way trade in goods and services worth NZ\$17.5 billion in 2021. It is one of New Zealand's most important markets, with close to 450 million high-income consumers.

2.2 Under the FTA:

- 91% of New Zealand's current goods trade to the EU will enter duty free from day one, rising to 97% after seven years; and
- Estimated tariff savings of \$100 million from day one, rising to \$110 million after seven years.



- The FTA will also open up valuable additional quota access for key products of export interest to New Zealand, including for beef and dairy.
- 2.2 This agreement also contains a chapter on 'Māori Trade and Cooperation' which talks about collaborating to enhance the ability for Māori enterprises to benefit from the FTA's trade and investment opportunities, strengthen links between EU and Māori enterprises (with a particular emphasis on SMEs), supporting science, research and innovation links, and cooperating on geographical indications. It sets a new modality for New Zealand EU engagement.

International Context: Viet Nam Mekong Delta Regional Master Plan

- 2.3 As detailed in later sections of this memorandum, Viet Nam is a growing opportunity for New Zealand and Palmerston North. Viet Nam's economy experienced a strong rebound in 2022 as the national GDP grew 8.02% in 2022, the highest in the 2011-2022 period, outpacing the target of 6.5% set by the National Assembly, and inflation was curbed at 3.15%, below the 4% projected. This growth was partly due to a low base effect, driven by a rebound in domestic private consumption following COVID-19 and solid performance in export-oriented manufacturing.
- 2.4 In addition, Viet Nam has also launched its comprehensive Mekong Delta Regional Master Plan to boost the socio-economic development of the Mekong Delta area. The Mekong region of Viet Nam covers 12 provinces and is home to 18 million people. It is Viet Nam's food basket and is known for its intensive rice production and fertile soils allowing two to three harvests per year. Together the Mekong provinces account for almost 50% of Vietnam's rice production, and 70% of total fruit production.
- 2.5 A key feature of the plan is the development of enhanced and comprehensive infrastructure which is needed to increase trade and connectivity in the region. This includes the construction of new roads and highways, expansion of airports and development of inland waterway cargo and logistics hubs. The plan sets out a commitment to ensure development takes place in a sustainable and environmentally friendly manner. This includes a commitment to clean and renewable energy, with wind and solar power projects to be developed, and gas-fired power projects under way by 2030.
- 2.6 There are potential opportunities for New Zealand to contribute to the implementation of the plan, including through climate finance projects and private investment in sustainable agriculture; agri-tech; eco-tourism consultancy; and expertise in countering the effects of climate-related change, such as coastal erosion and seawater intrusion.
- 2.7 The World Bank, the Netherlands and Australia are also expected to be major partners in the implementation of the Plan.



3. INTERNATIONAL RELATIONS ACTIVITY

City Partnerships – Missoula

- 3.1 Following the successful hybrid celebration of the 40th sister city anniversary between Palmerston North and Missoula, the International Relations team joined Dr. Udo Fluck, Director of Arts Missoula Global in his International Voices podcast to talk about the special milestone of the sister city connection between the two cities; to highlight how education and international relations are connected; how students in both locations can benefit from that bond; and how the two communities can learn from each other locally.
- 3.2 On 25 November 2022, PalmyBID ran 'Missoula Day' in Te Marae o Hine to celebrate the 40th anniversary of Palmerston North's sister city partnership with Missoula. The city of Missoula puts on a 'New Zealand Day' every year, so this was Palmerston North's turn to bring all things Missoula to our community. Amongst the performances, food trucks, rides, games, and a competitive allages hotdog eating competition, Council ran an educational sister city booth.
- 3.3 Our friends in Missoula, namely Arts Missoula, Bayern Brewery and the University of Missoula, and also the Embassy of the United States in Wellington and Education USA, were kind enough to send us merchandise which we could giveaway to members of the community who approached the booth and asked questions or could tell us a story about their travels to Missoula. PalmyBID has indicated that Missoula Day will become an annual event due to the success of the pilot. 'Missoula Day' was picked up by US media and featured on NBC Montana on 30 November 2022:

https://nbcmontana.com/news/local/missoula-day-in-new-zealand-celebrates-sister-city-connection





Image 1: Kate Harridge, International Relations and Education Advisor (left), Jenna Kelly, Events Manager (centre) and Brent Barrett, City Councillor (right) show off Missoula and Montana merchandise at the event.

3.4 At the 2022 Global Cities New Zealand Forum on 10 November 2022, Palmerston North was congratulated for the effort and commitment the city had dedicated to nurturing 40 years of sister city relationship with Missoula and 30 years with Guiyang.

City Partnerships - Mihara

- 3.5 On 24 November 2022, Koizumi Elementary School from Mihara and Carncot School from Palmerston North collaborated in an online cultural exchange. Thirteen Year 6 students from Koizumi Elementary and nineteen Year 6 students from Carncot connected via Zoom to each share a self-introduction and presentations about their most recent school holidays (winter in Japan and summer in New Zealand). For the students of Koizumi Elementary School, it was an opportunity to practise what they had been learning in their English language class and interact with native English speakers of similar ages.
- 3.6 The online cultural exchange closed with a waiata from Carncot School, a traditional song from Koizumi Elementary and a big group photo with lots of smiles, waving and laughter. Koizumi Elementary is the second primary school from Mihara to connect with schools in Palmerston North, the first being Saigura Elementary School which connected with Terrace End School in 2017, Palmerston North Intermediate Normal School in 2019 and St Peter's College in 2020. Not only do these connections from early age provide an opportunity



for language and culture exchanges, they also encourage students from both cities to develop their global competence and confidence about their own cultural identity as well as to grow their international friendship network for the future.

With the support from both councils, education providers are expected to foster further connections, both online and in-person, between Mihara and Palmerston North schools in the future.



Image 2: Koizumi Elementary School students (top left and bottom middle) connect with Carncot School students (top right).

Diplomatic Corps Relations – European Ambassadors

- 3.7 Three months after the conclusion of the New Zealand EU Free Trade Agreement negotiations, the city hosted a group of nine European ambassadors and diplomats on 11-12 November 2022. The visitors received a warm welcome at Te Hotu Manawa O Rangitāne O Manawatū Marae and experienced first-hand te ao Māori, mātauranga Māori, tikanga Māori, and kaupapa Māori. They were taken to visit Prepared Foods (Moana NZ), Massey University including Massey School of Aviation, and Te Utanganui Central New Zealand Distribution Hub. A business dinner talk was organised that evening where Her Excellency Mrs. Nina Obermaier, European Union ambassador to New Zealand, discussed the new NZ-EU Free Trade Agreement and what it meant for our local businesses.
- 3.8 After a full day touring the city, the guests recognised many possible opportunities for local businesses and organisations to do well in European markets.





Image 3: European delegation receiving instructions on tikanga before entering Prepared Foods (Moana Ltd) for a site visit.

3.9 The visitors stayed on for the launch of the V4 Wildlife Exhibition on Saturday 12 November 2022 at Caccia Birch. It was a week-long exhibition of stunning pictures of wildlife and landscapes from the Czech Republic, Poland, Hungary and Slovakia, taken by some of the region's top photographers. With the strengthening trade ties and freer borders within the European Union, it was hoped to encourage locals to travel to Europe for music, history, culture and art. All koha donations collected went towards humanitarian aid for the people of Ukraine.





Image 4: Honorary Consul of the Kingdom of Belgium, Honorary Consul of The Slovak Republic, HE Ambassador of Hungary, HE Ambassador of The Republic of Poland, His Worship Mayor Grant Smith at the Opening of the V4 Wildlife Exhibition.

Embassy of Israel

3.10 Council worked with the Embassy of Israel, CEDA, and Manawatū Business Chamber to organize an AgriFood Business Connect luncheon on 16 September 2022. The attendees had the opportunity to connect with business interests in the field like Kenneth Irons, Managing Director of AgSorted Ltd; Glen Holland, Managing Director and Founder of Tasman Bay Berries; Pierre Venter, General Manager of Innovation Services at Fonterra; Gil Meron, CEO of SproutAgritech; and Eitan Dan, Managing Director at CropX New Zealand Ltd. They were offered the chance to participate in a trade delegation to Israel and participate in AgriFood Week in Tel Aviv in November 2022. Prior to the day of the event, His Excellency Mr. Ran Yaakoby, visited the Mayor to brief him on Israel's offerings to our local businesses. He went on to visit SproutAgritech, Riddet Institute and Fonterra Research and Development Centre.





Image 5: Ambassador of Israel hosting AgriFood Business Connect Luncheon at CEDA on 16 September 2022.

President of the National Assembly of Vietnam, Mr. VUONG Dinh Hue

3.11 Continuing with the theme of economic development, in response to former Prime Minister Ardern's invitation during her visit to Vietnam, President of the National Assembly of Vietnam, Mr. VUONG Dinh Hue, arrived New Zealand on Saturday 3 December with his entourage of 175 senior officials from the



- Ministry of Planning & Investment, Ministry of Industry & Trade, Ministry of Defence and Ministry of Education & Training.
- 3.12 During his visit to New Zealand, whilst in Auckland, he met with key businesses including Fonterra, Fiso Investment, VietTech New Zealand and Viet River Holdings. Whilst in Hamilton, Mr. VUONG Dinh Hue also witnessed the signing of 10 MOUs between New Zealand universities and a number of top universities in Vietnam. He said by the first quarter of 2023, Vietnam's population would reach 100 million. By 2035, there would be 3.5 million Vietnamese students in need of tertiary education and New Zealand with its advanced education system was well-placed to meet that need.



Image 6: Viet Nam and New Zealand official permit for New Zealand to export butternut squash and strawberries to Viet Nam and for Viet Nam to export limes and pomelos to New Zealand.

- 3.13 Palmerston North City Council was invited to join the Viet Nam New Zealand Economic Forum on 4 December 2022 where Mr. VUONG Dinh Hue attended alongside Trade Minister, Hon Damien O'Connor. He celebrated the Strategic Partnership between the two countries highlighting recent permissions for New Zealand to export butternut squash and strawberries to Viet Nam and for Viet Nam to export limes and pomelos to New Zealand. He insisted that trade and investment cooperation was a key component for the direct benefit of our people and businesses. The areas of cooperation interests for Viet Nam include food, national defence, security, education-training, labour and agriculture, as well as climate change response, digital transformation and energy transition.
- 3.14 The PNCC International Relations Manager was also invited by the Embassy of the Socialist Republic of Viet Nam to meet with the President of the Vietnam's National Assembly in a separate function afterwards to speak to Mr VUONG Dinh Hue about Palmerston North and the opportunity to establish city-to-city partnerships to deepen the bilateral relations between the two countries. His



Excellency Ambassador NGUYEN Van Trung is very much in support of this view and indicated the embassy will support our initiative in exploring partnership opportunities with cities/regions in Viet Nam.

As a result, PNCC in collaboration with the Embassy of the Socialist Republic of Viet Nam, the Viet Nam Trade Office in Wellington, CEDA and Manawatū Business Chamber is organising an informative business development session on 3 April 2023 where businesses attending will receive market updates of Viet Nam in post-Covid times, learn about opportunities for Manawatū and Palmerston North businesses, as well as how to get support to do business with Viet Nam. This event will be reported in further detail in the next 6-monthly report.

Lunar New Year

3.15 The celebrations of Lunar New Year – The Year of the Rabbit – on Sunday 29 January 2023 was a fantastic opportunity for the community to gather and enjoy a mix of contemporary and traditional cultural performing arts, as well as a variety of flavoursome, iconic and exotic dishes of Asia. PNCC had the honour of welcoming His Excellency Mr NGUYEN Van Trung, Ambassador of the Socialist Republic of Viet Nam to New Zealand and his Trade Counsellor TRAN Dieu Oanh, as well as Minister Counsellor Mr YE Su and Mr SONG Haigang, Head of the Consular section from the Embassy of the People's Republic of China. The distinguished guests spoke about the significance of Lunar New Year in their culture, spent time with the community and showed strong support for the effort of preserving and promoting cultural diversity in the city.

Festival of Cultures

- 3.16 On Friday 24 February and Saturday 25 February 2023, the city welcomed 22 diplomats to our iconic Festival of Cultures, including:
 - Ambassadors of Italy; the Republic of Poland; the Republic of Cuba; the Argentine Republic; and Socialist Republic of Viet Nam
 - Deputy heads of mission from the embassy of the People's Republic of China; Australia High Commission; and High Commission of Malaysia;
 - Counsellors from Indonesia; Republic of Korea; and Embassy of the Philippines.

The members of the diplomatic corps were welcomed in a pōwhiri by PNCC and Rangitāne and participated in a city tour of Palmerston North themed around logistics, distribution and infrastructure on Friday 24 February. They visited the Manawatū Industrial Park, received a briefing on Te Utanganui, Central New Zealand Distribution Hub at Higgins HQ and had a site visit to Te Ahu a Turanga – Manawatū Tararua Highway.

3.17 The diplomatic dinner that evening was a great opportunity for the eminent visitors to meet and network with elected members and leaders from



Palmerston North's key sectors such as Massey University and Fonterra. On Saturday 25 February, they attended a Mayoral morning tea before attending the opening ceremony of the 2023 World Food, Craft and Music Fair in Te Marae o Hine and enjoyed the festivities with the community. Council ran a stall at the World Food, Craft and Music Fair to promote the city's international partnerships and encourage local residents and businesses to take advantage of the city's support to explore various opportunities with these international connections.

3.18 This diplomatic visit not only added to the attendance of the Festival of Cultures, but also brought business opportunities for the city's key sectors. It helps attract further interest in Palmerston North and promotes the city's international and national profile.



Image 7: David Murphy, Chief Planning Officer, discusses Te Utanganui with members of the diplomatic corps at Higgins HQ.





Image 8: Wiremu Te Awe Awe (Rangitāne) and Elected Members joined by 22 members of the diplomatic corps at the Opening of the 2023 World Food, Craft and Music Fair in Te Marae o Hine on 25 February 2023.



Image 9: Sister City stall at World Food, Craft and Music Fair

International Women's Day

3.19 PNCC, in collaboration with the embassy of the Republic of Poland and the Palmerston North branch of the New Zealand Institute of International Affairs, organised a panel discussion, followed by a live Q&A on International



Women's Day at Caccia Birch House. The theme for International Women's Day was "DigitALL: Innovation and technology for gender equality".

3.20 The event brought together technologists, entrepreneurs, international representatives, education providers and community organisations. Panelists included Heather Todd from Yorb and ManawaTech; Sarah Cowan from The Herb Farm; Dr. Izabela Gladkowska from Fonterra; and Jemma Cheer from Jemma Cheer Design.



Image 10: Inspiring panel discussion with Gemma Cheer, Heather Todd, Dr. Isabella Gladkowska, Sarah Cowan, and Ramola Duncan (from left to right)

3.21 The Ambassador of Poland to New Zealand – Grzegorz Kowal and Mayor Grant Smith were also present to address the official opening of the Polish Outstanding Women's Exhibition (New Zealand premiere) as a part of this year's celebration of Poland-New Zealand's 50th anniversary of diplomatic relations.

International Education Projects with Education New Zealand

3.22 100 secondary school students aged between 14 and 16 years old from Paraná (southern Brazil) travelled to New Zealand in August to undertake a three-month study experience. The trip was the outcome of long-term relationship building with key stakeholders in Paraná State and Education New Zealand. The students represent all regions of the state, which has a population of around 11 million people and an economy with a strong emphasis on agribusiness. Palmerston North was fortunate enough to host 10 of these students at Freyberg High School.



- 3.23 On 29 September 2022, Kate Harridge (International Relations and Education Advisor, Palmerston North City Council) and Roma Pōtiki (Programme Developer, Te Manawa) hosted a small event at Te Manawa Art Gallery for the 10 students who undertook the three-month student experience programme at Freyberg High School. The purpose of the event was to celebrate their presence within region and acted as a farewell prior to their departure from New Zealand in October. The event was well attended by the students, Freyberg High School International Staff and Senior Management, Education New Zealand, Council officers and elected members, and representatives from Palmerston North's Latin American Society. The event began with a guided tour of The Iny People of Central Brazil exhibition, followed by speeches and formalities, and concluding with the students one-by-one sharing the highlights of their time in Palmerston North and New Zealand.
- 3.24 Every student had such a positive experience at Freyberg High School and was emotional retelling stories of their time in class, with their host families, and in the Palmerston North community. The study programme is fully funded by the Paraná Government, through Paraná's Secretary of Education and Sport, and is expected to continue next year for around 2,000 students. The positive experience of this cohort will encourage even more students to choose Palmerston North as their preferred study destination.



Image 11: Students from Freyberg High School saw a presentation on the Iny People of Central Brazil exhibition at Te Manawa Museum, Palmerston North

Waseda University

3.25 On Monday 21 November to Wednesday 23 November, Kate Harridge (International Relations and Education Advisor) and Dana Mitchell (then-



International Relations and Education Intern) coordinated and hosted a regional education familiarisation visit by a delegation from Waseda University (ranked 2nd in Japan with 7 subjects in World Top 100) and its network of affiliated schools from Tokyo, Japan. The delegation comprised of 11 principals, teachers, international staff and administrators from Waseda Senior High School, Waseda Saga Senior High School, Waseda Honjo Senior High School, Waseda Jitsugyo High School and Waseda University; and 2 representatives from Education New Zealand's Wellington and Tokyo offices.

- 3.26 The delegation visited Palmerston North Girls' High School, Palmerston North Boys' High School, Freyberg High School, Awatapu College, Nga Tawa Diocesan School, IPU New Zealand, Massey University and the English Teaching College. Each institution got a chance to showcase their strengths and explain why Manawatū should be the preferred study destination for international students. Some highlights included a powhiri and haka at Palmerston North Boys High School, a tour of the Equestrian Centre at Nga Tawa, a performance by the Kodama Drum Team at IPU New Zealand, afternoon tea with a homestay family, as well as witnessing a smorgasbord of dance, drama, physical education, automotive, textiles, woodwork, food technology and visual arts classes in action.
- 3.27 Some classrooms in Japan still use blackboards and fax machines so the delegation was blown away by the seamless integration of digital literacy and Bring Your Own Device initiatives. Most of the delegation had never visited New Zealand before which makes it even more special that they could experience so many firsts with us in the Manawatū/Rangitīkei.
- 3.28 As a result of our successful proposals earlier this year, Manawatu and Hawkes Bay were selected as the two regions to host a Group Study Programme for students from Waseda University's network of affiliated schools in 2023 and beyond. Commencing on 19 March 2023, our local secondary schools will host 21 students for 2 weeks in which they will study English, attend regular classes with domestic students, participate in extracurricular activities and live with a homestay family or in the schools' boarding accommodation. This number could grow to 50+ students annually with potential interests to come back for tertiary education.





Image 12: The Waseda Teacher Famil delegation with staff and students from Palmerston North Girls High School.

Student Experience events

- 3.29 On 1 February 2023, Kate Harridge, PNCC International Relations and Education Advisor, hosted Assistant Professor Killian Kinney from Pacific University in Oregon at Massey University. Assistant Professor Kinney met with Massey University's School of Social Work and Office of Global Engagement to explore study abroad and internship options for their undergraduate and postgraduate social work students in New Zealand.
- 3.30 The conversation was very fruitful, including in-depth discussion of the academic curriculum and registration requirements, and Massey University was also able to connect Assistant Professor Kinney with industry contacts. The formalisation of a partnership between Massey University and Pacific University is ongoing. PNCC was alerted to this opportunity to host Assistant Professor Kinney by the Strategic and Capability Lead at Whanganui and Partners which highlights the importance of cross-regional relationships and opportunity sharing for the greater good of the international education sector.

4. NEXT STEPS

- Coordinate and support the Waseda Group Study Programme in March 2023.
- Complete the project funded by Education New Zealand for a marketing mission to Japan and Viet Nam in March 2023.



- Liaise with stakeholders participating (CEDA and Massey University) in the overseas mission to Missoula and Wageningen in June 2023 to finalise on the programme.
- Liaise with ManawaTech to promote the opportunity for our local businesses to showcase their products and services at the 2023 China Big Data Expo held in our sister city Guiyang in May 2023.

5. COMPLIANCE AND ADMINISTRATION

Does the Committe	ee have delegated authority to decide?	Yes		
If Yes quote releva	res			
Are the decisions s	ignificant?	No		
If they are significa	nt do they affect land or a body of water?	No		
Can this decision o	only be made through a 10 Year Plan?	No		
Does this decis Consultative proce	ion require consultation through the Special edure?	No		
Is there funding in	the current Annual Plan for these actions?	Yes		
Are the recommer plans?	No			
The recommendat	ions contribute to Goal 1: An Innovative and Growing	City		
The recommendor Economic Develor	ations contribute to the achievement of action oment	n/actions in		
The action is: Various actions with the international relations chapter of the economic development plan.				
Contribution to strategic direction and to social, economic, environmental and cultural well-being	The six-monthly report on International Relations and Activities outlines the progress of actions in the I Relations Chapter, which contributes to the Development Plan and Innovative and Growing City	nternational Economic		

ATTACHMENTS

Nil



WORK SCHEDULE

TO: Economic Growth Committee

MEETING DATE: 12 April 2023

TITLE: Work Schedule - April 2023

RECOMMENDATION TO ECONOMIC GROWTH COMMITTEE

1. That the Economic Growth Committee receive its work schedule for April 2023.

COMMITTEE WORK SCHEDULE 2023

	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction & Clause no.
1	21 June 12 April 2023	Update on infill lighting required to achieve compliance in P and V categories (update for Programme 1367)	Chief Infrastructure Officer		16 March 2022 Clause 3-22
2	12 April 2023	International Relations 6 Monthly report	Chief Planning Officer		Terms of Reference
3	12 April 2023	Quarter 2 Economic Report Oct-Dec 2022	Chief Planning Officer		Terms of Reference
4	12 April 2023	PN Airport – Interim report (6 months to 31 December 2022)	Chief Financial Officer		Terms of Reference
5	12 April 2023	PN Airport - Draft Statement of Intent for 2023-26	Chief Financial Officer		Terms of Reference
6	12 April 2023	CEDA - Draft Statement of Intent for 2023-26	Chief Planning Officer		Terms of Reference
7	12 April 2023	College Street and Botanical Road – Safety Improvement Options	Chief Infrastructure Officer		17 Aug 2022 Clause 13-22





Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction & Clause no.
12 April 2023	CEDA – Six Month Performance Report (to 31 Dec 2022)	Chief Planning Officer		Terms of Reference
21 June 12 April 2023	Te Utanganui Master Plan	Chief Planning Officer	Work in progress	Terms of Reference
21 June 2023	Palmerston North Strategic Transport Networks	Chief Planning Officer	laid on the table	
21 June 2023	Streets for People Update (6 monthly)	Chief Infrastructure Officer		Terms of Reference
21 June 2023	Presentation of Square East Stage 3 and 4 final design plan	Chief Infrastructure Officer		17 Aug 2022 Clause 17-22
21 June 2023	Quarter 3 Economic Report Jan-March 2023	Chief Planning Officer		Terms of Reference
21 June 2023	Streets for People - Options for delivery of the construction stage of the programme (Square East Stage 3+4).	Chief Infrastructure Officer		Council 5 Oct 2022 Clause 119- 22
21 June 2023	Tamakuku Terrace Six Monthly Update	Chief Infrastructure Officer		Terms of Reference
21 June 2023	PNAL - Final Statement of Intent for 2023/26	Chief Financial Officer		Terms of Reference
21 June 2023	CEDA - Final Statement of Intent for 2023/26	Chief Planning Officer		
21 June 2023	Road Maintenance Contract (six-monthly report on work programme and performance)	Chief Infrastructure Officer		16 March 2022 Clause 4-22
30 Aug 2023	Quarter 4 Economic Report April-June 2023	Chief Planning Officer		Terms of Reference





	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction & Clause no.
20	25 Oct 2023	PN Airport – Annual Report for 2022/23	Chief Financial Officer		Terms of Reference
21	25 Oct 2023	CEDA – Annual Report for 2022/23	Chief Planning Officer		Terms of Reference
22	25 Oct 2023	PN Airport –Statement of Expectation for 2024/25	Chief Financial Officer		Terms of Reference
23	25 Oct 2023	Streets for People Update (6 monthly)	Chief Infrastructure Officer		Terms of Reference
24	6 Dec 2023	Quarter 1 Economic Report July-Sept 2023 Present to Council	Chief Planning Officer		Terms of Reference
25	6 Dec 2023	Tamakuku Terrace Six Monthly Update Present to Council	Chief Infrastructure Officer		Terms of Reference
26	TBC	Sector Profiles: Construction (full and summary) Agriculture (full and summary) Manufacturing (full and summary) Education (full and summary) Defence (summary) Non-Profit (summary) Research, Science & Innovation (full and summary)	Chief Planning Officer	Future of sector profiles to be reported back to committee	

ATTACHMENTS

NIL