PALMERSTON NORTH CITY COUNCIL

AGENDA

ECONOMIC DEVELOPMENT COMMITTEE

9AM, WEDNESDAY 3 JUNE 2020

ELWOOD ROOM, CONFERENCE & FUNCTION CENTRE
354 MAIN STREET, PALMERSTON NORTH

MEMBERSHIP

Tangi Utikere (Chairperson)
Leonie Hapeta (Deputy Chairperson)
Grant Smith (The Mayor)

Brent Barrett	**Lew Findlay QSM**
Susan Baty	**Patrick Handcock ONZM**
Rachel Bowen	**Ruma Karaitiana**
Zulfiqar Butt	**Bruno Petrenas**
Vaughan Dennison	**Aleisha Rutherford**
Renee Dingwall	

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

Heather Shotter

Chief Executive, Palmerston North City Council

Palmerston North City Council

W **pncc.govt.nz** | E **info@pncc.govt.nz** | P **356 8199**
Private Bag 11034, 32 The Square, Palmerston North

ECONOMIC DEVELOPMENT COMMITTEE MEETING

3 June 2020

ORDER OF BUSINESS

NOTES:

- The Economic Development Committee meeting coincides with the ordinary meeting of the Infrastructure Committee. The Committees will conduct business in the following order:
  - Infrastructure Committee
  - Economic Development Committee
- Due to the changing situation in relation to COVID-19, this meeting will also be held via audio visual links. A recording of the meeting will be made available on our website shortly after the meeting has finished.

  If you wish to attend this meeting via audio visual link then please contact the Democracy & Governance Administrator, Natalya Kushnirenko, on natalya.kushnirenko@pncc.govt.nz to request a link.

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. Presentation - RACE Incorporated Page 7

6. Presentation - Manawatu Chamber of Commerce Page 9

7. Presentation - Central Economic Development Agency Page 11

8. Confirmation of Minutes Page 21

"That the minutes of the Economic Development Committee meeting of 11 March 2020 Part I Public be confirmed as a true and correct record."

9. Summary report on the March 2020 Palmerston North Quarterly Economic Monitor, Major Developments, and Quarterly Retail Report for April 2020 Page 27

Memorandum, presented by Peter Crawford, Economic Policy Advisor and Linda Stewart, CEO, CEDA.

10. Business Improvement District Policy Page 65

Memorandum, presented by David Murphy, City Planning Manager.

11. Inner City/CBD Portfolio Update (May) Page 103

Memorandum, presented by Councillor Leonie Hapeta.

12. Committee Work Schedule Page 107

13. Exclusion of Public

To be moved:

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

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

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

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].

PRESENTATION

TO: **Economic Development Committee**

MEETING DATE: **3 June 2020**

TITLE: **Presentation - RACE Incorporated**

RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

1. **That the Economic Development Committee receive the presentation for information.**

SUMMARY

RACE Incorporated CEO Alasdair Robertson and New Zealand Thoroughbred Racing CEO Bernard Saundry will present an update on the Racing Industry and recent announcements as they pertain to the city.

ATTACHMENTS

Nil

PRESENTATION

TO: **Economic Development Committee**

MEETING DATE: **3 June 2020**

TITLE: **Presentation - Manawatu Chamber of Commerce**

RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

1. **That the Economic Development Committee receive the presentation for information.**

SUMMARY

Amanda Linsley, Chief Executive, Manawatu Chamber of Commerce will give an overview of what the Chamber has been doing to support businesses during Covid-19 and future plans.

ATTACHMENTS

Nil

PRESENTATION

TO: **Economic Development Committee**

MEETING DATE: **3 June 2020**

TITLE: **Presentation - Central Economic Development Agency**

RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

1. **That the Economic Development Committee receive the presentation and report for information.**

SUMMARY

Linda Stewart, Chief Executive, CEDA will provide an overview of CEDA's COVID-19 response activities and initiatives to date, primarily on their work in the first two stages – resolve and resilience.

ATTACHMENTS

1. CEDA COVID-19 Response ⇩

Central Economic Development Agency COVID-19 Response

The purpose of this report is to provide Palmerston North City Council Economic Development Committee an overview of CEDA's COVID-19 response activities and initiatives to date.

Our approach

The economic response and recovery plan was developed, and refined using a five-stage framework, adapted from McKinsey and Company:

Stage	Timeframe (indicative)	Focus
Resolve	0-1 month	Address the immediate challenges and needs of our business community
Resilience	0-3 months	Address the near-term challenges and impacts, and support broader business/sector resilience plans
Restart	3-12 months	The detailed plan to return businesses, industries, economies back to scale quickly, as knock on effects become clearer
Reimagination	6-24 months	What the new normal looks like and the implications that has for how we can and/or should reinvent our economy
Reform	Ongoing	Clarity on how the regulatory and competitive environment in our economy may shift

This report will focus primarily on our work in the first two stages – resolve and resilience.

Business Support

CEDA's response has been guided largely by 'real time' data and insights; the information we collect through our individual business engagements and the data generated via our surveys of businesses. This intelligence, alongside our understanding of the main drivers of our economy has enabled us to respond quickly to the rapidly changing needs of our businesses, from the communications and information made available, through to the resources created and the webinars developed. It also meant that we were able to be proactive in our approach, monitoring trends in the sectors, types and sizes of businesses being impacted, and then proactively targeting businesses that are similar, as well as responding to those that contacted CEDA directly.

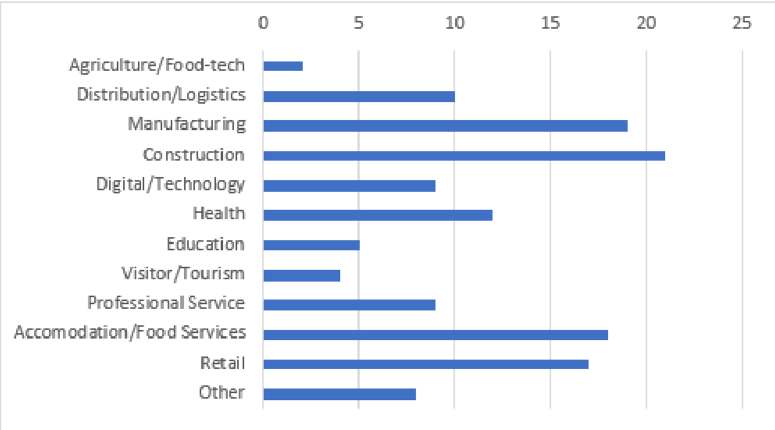
A priority request from the business community was for straightforward information on the support available, in ‘user friendly’ language. This led to the development of the CEDA business support hub on the ceda.nz website which provided easy access to up to date COVID-19 information, advice and resources.

Regional Business Partner Network

Through the Regional Business Partner Network, funded by NZTE, CEDA has rolled out significant support to businesses impacted by COVID-19.This has included facilitating access to specialist service providers in areas such as HR, staff wellbeing, accounting, cash flow management, financial viability, and business continuity planning.

The following charts provide greater detail on the number of businesses provided with specialist COVID-19 support in Palmerston North City specifically. Figure are correct to 15th May 2020.

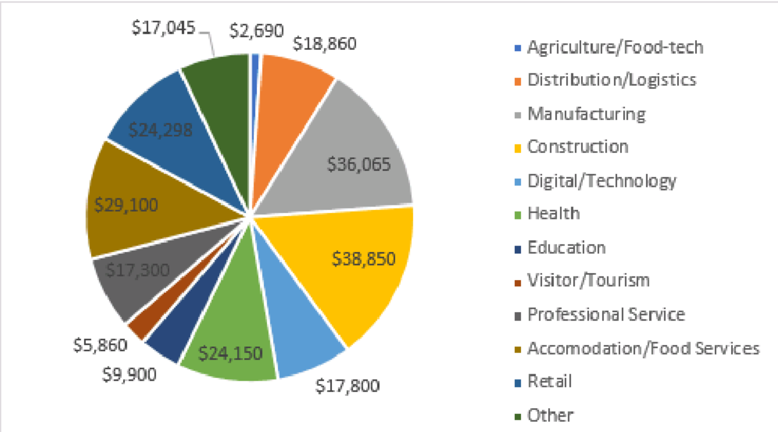
Number of Engagements by Sector in Palmerston North City (COVID-19 Impacted Businesses*)



**Total of 134 businesses*

CEDA
CENTRAL ECONOMIC DEVELOPMENT AGENCY

Funding Support by Sector in Palmerston North**



***Total funding allocated to Palmerston North City Businesses $241,918*

In addition to the funding support for access to specific expertise, 52 businesses have been provided with access to a mentor since the beginning of April 2020 under the Business Mentors New Zealand (BMNZ) programme across the Manawatu-Whanganui region, of which 28 businesses are from Palmerston North.

A total of thirteen webinars of the Navigating COVID-19 webinar series have been held to date. Topics have included business continuity planning, financial management, communicating in a crisis, staff wellness, leadership resilience, business planning, managing supply chain risk, team management, employment law, company director responsibilities, marketing, cash flow management, accessing financing schemes and tax navigation. The webinars have attracted 573 attendees.

Business Survey

Three business surveys have been sent out, with a dedicated survey under each of the COVID-19 alert level phases. All surveys were open for a minimum of seven business days. A summary of the results of each of the survey for Palmerston North follows:

Survey 1 of 313 businesses, conducted 9 days after the first NZ cases of COVID-19:

- PN city businesses accounted for 42% of respondents.
- Concern level was 43% 'moderate'; 26% 'A Little; and 20% 'A Lot'.
- Key areas of concern/impact: The need for current and clear COVID-19 info; reduction in customers; staff well-being; reduction in cash flow.

Survey 2 of 382 Businesses, conducted 48 hours after Alert Level Four Lockdown commenced:

- PN city businesses accounted for 43% of respondents.
- Concern level was 44% 'a great deal'; 28% 'a lot' and 23% 'moderate'.
- Key areas of concern/impact: reduction in customers; short term cash flow; ongoing financial viability; staff well-being

Survey 3 of 271 Business, conducted on the second day of ‘zero COVID-19 cases reports and during level three:

- PN city businesses accounted for 36% of respondents.
- Concern level was 30% 'a great deal', 28% 'a lot' and 28% 'moderate'.
- Key areas of concern/impact: reduction in customers; short term cash flow; reduction of staff hours or numbers; ongoing financial viability

Further Palmerston North specific insights can be viewed on our economic dashboard at ceda.nz along with the full survey results.

Business Conference and Events

An events forum is being organised in partnership with PNCC. The forum will include the major conference and events venues and companies, and will support the local industry with advice on the changing COVID-19 level regulations for the industry, the targeting of events for the region to pursue, and enhanced co-ordination.

CEDA is in the process of commissioning the development of a conference sector strategy. The strategy will clearly identify and plan how CEDA can lead the improvement of regional market share of conferences and business events. In light of the COVID-19 pandemic, the strategy and action plan will take the pressures on the industry into account and develop a way forward on how as a region we should respond to support the development of the conference and business events sector.

Choose Manawatu

The initial focus of this collaborative ‘support local’ project is to get businesses registered, and improve their digital footprint. The second phase is about to commence, which includes a 6-week targeted campaign to our local audience, and beyond to the 1-2-hour drive market.

Māori

We have continued our engagement with Rangitāne and are currently working on a partnership agreement.

CEDA is supporting the development of a relationship between Rangitāne and KiwiRail, specifically looking at employment and training opportunities.

We have assisted Māori businesses through the Regional Business Partners Program, but unfortunately the uptake for the program has not been high (across NZ, not just Palmerston North). Work continues with NZTE, Poutama and TPK to help rectify this.

We are hosting a Palmerston North City and Manawatu District specific Maori Economy Infometrics webinar to assist us in building a clearer picture of the impact of COVID-19 on Māori in our region, and to develop initiatives in partnership with Iwi and other agencies to respond to this.

International Education

Data/insights from the sector:

The international student numbers have been heavily impacted across New Zealand, however this number is not as severe as envisioned in Palmerston North.

- IPU are most affected of our Tertiary sector with only 200+ back of their normal 450-500 annual co-hort.
- Massey is really solid at roughly 75% of their numbers.
- UCOL are solid at 75-80% of International students.
- We are still waiting on the year end reforecasting and international student EFTs budget for 2021 from providers.

Institutions have raised the need to consider international students that graduate at the end of semester 1 or end of semester 2 as many will be trying to secure work, which is a condition of their student visa. As a result of this, and further discussions with Education New Zealand (ENZ), we have applied to ENZ for funding for retention focussed activities, which will be suitable for international students at both secondary and tertiary providers. We should find out if we have been successful within the next couple of weeks.

The Student Connect programme of activities continues, coordinated by our intern and the Student Experience Working Group. This includes a range of virtual events connecting international students with each other and potentially domestic students.

Labour Market

Data/insights to date:

- Service Industries (incl. tourism, hospitality, accommodation, retail, personal services), labourers & related elementary service workers have been the most impacted to date.
- Māori, Pasifika, Youth (NEETS 16 - 17 year olds) and 18 - 35 year olds have been impacted.
- Roles deemed 'low skilled' are prevalent in the stats.

We have partnered with the MSD regional team to match businesses that are making employees redundant with those that are actively seeking employees.

Visitor Sector

All visitor content and campaigns were immediately halted, reviewed and then reworked as New Zealand went into Lockdown.

We developed 13 pieces of tailored content in response to the differing needs/parameters of each of the Alert Levels, providing locals and kiwis with positive, useful Manawatu content to ensure our reach and profile was still maintained.

A sector specific online webinar/workshop series was launched to continue our product development work and provide the visitor sector operators with industry specific tools and learnings. These have included Maverick Digital presenting on Digital Best Practice in Tourism, and Qualmark, with more underway over the coming months.

Due to demand, our bi-monthly sector updates moved up to weekly frequency, to keep the sector informed, provide key insights and updates from a national and regional level, as well as tools, resources and key information for operators during the different Alert Levels.

We have been actively involved at a national level, liaising with our partners Regional Tourism New Zealand, Tourism New Zealand, and MBIE on the response and recovery approach. We are currently advocating to ensure the new model supports, not detracts, from those regions who already have significant domestic audience.

Comms and Marketing - General

The previously mentioned development and launch of COVID-19 Business Support Hub on CEDA.nz occurred on the 18th March 2020. This hub is continually evolving to ensure it is fit for purpose, up to date and useful to our audience. This has seen the CEDA.nz website traffic increase by 193.44% YoY - more than 5,100 visited in the first month.

We have launched a targeted marketing campaign across radio, print, digital and social to engage with businesses needing direct support, which has seen us reach a large amount of businesses who previously had not needed or accessed the government support. An 0800 number was also launched to provide an additional, easy to remember way to access our support outside of our digital channels.

Our extensive communications throughout the last few months have been purposefully curated to ensure we're adding value - not adding to the noise - and providing real time information and insights, as well as positive information on our economy and the confidence that exists in our city.

Restart

Our detailed planning has commenced for 'Restart' – and this is aligned to our draft Statement of Intent 2020/21. As well as remaining focused on our three goals through to 2025, which are:

1. Manawatu is recognised as one of the top three agrifood hubs in the world
2. Manawatu is a leading distribution hub and leverages off its role in central New Zealand

3. Manawatu is renowned for its exceptional lifestyle, competitive advantages, and is a magnet for investment business and talent,

we have approached our restart or recovery plan with the following drivers in mind:

- Improving business performance
- Supporting priority sectors
- Raising skills and reducing unemployment
- Stimulating investment
- Maximising connectivity; destination promotion, identity, and visibility
- Enhancing quality of life

Some examples of the planned initiatives for the coming 12 months are detailed below. Please note that these are not exhaustive but given to provide you with insight into aspects of the work that is already underway or planned for the near future.

Investment promotion and business retention:

We will continue to support the development of the Central New Zealand Logistics Strategy, which includes the KiwiRail regional freight initiative, as part of leveraging the region's locational advantages.

Work is ongoing to build the investment pipeline including a potential hydrogen fuel technology investment, support for the bio-forestry investment work by Massey University and NZ Bio Forestry, as well as other business relocation bids.

We are in the process of meeting with our large businesses as part of our business retention work. This includes identifying opportunities for 'match-making' via our work with MSD, as well as identifying opportunities for our large businesses to support our SME's through procurement and subcontracting of projects.

CEDA will be developing a Business Retention Strategy to support local companies that are already located in Palmerston North. The strategy will be aimed at facilitating expansions and investments through a practical action orientated plan.

Business Conference and Events

The development of a "Meet in Manawatu" campaign targeting larger companies within a 3-hour drive time, and those with offices based in region to hold their meetings and conferences here.

Māori

Work will continue with PNCC and Massey University on data and insights into our Maori economy which will feed into our work to develop our Maori business community.

The development of a partnership agreement and the mutually agreed outcomes sought from this with Rangitāne will be ongoing.

International Education

The Sort It Careers Expo is now being promoted to everyone with an interest in work/careers, including international students.

Our Employability Resources will be completed by end of June. Implementation including promotion will occur by December 2020.

Some secondary schools and tertiary providers are moving to the 'default' position of in-country marketing. As a sector we will be reviewing the marketing approach, and the need that has been indicated to 'sells' the experience of studying by distance, but creates connection to the provider, city and region, and we need to 'invest' in the retention of existing international students, whether already at a tertiary provider or study pathways from secondary through to tertiary. Work is ongoing with the sector on this.

Labour market

The Sort It Careers Expo has moved into the digital environment and will run from the 25th May to the 19th June. The website has been revamped, and we have also developed and launched an event app. The uptake for this new model has been significant; original plans included 10 webinars to be held, but current level of interest has over 20 webinars being held by businesses, education providers and individuals that will showcase the jobs, careers, and training opportunities available in our sectors and businesses. These webinars will be live, and will be streamed into schools, as well as recordings being made available on the website and app.

The Talent Attraction and Retention Strategy and action plan will be completed by the end of June and will form an important part of our labour market response.

Work will continue with Talent Central and the Skills Hub re programmes and initiatives to meet the labour needs of our large infrastructure and commercial projects

Review of our partnership with NXTStep, which includes investigation of broadening its use beyond graduate and entry level positions to meet the developing needs of our business community.

Visitor Sector

The development of a 'Coastal Arts Trail' with Whanganui and Taranaki, to target initially the Wellington/Kapiti market is underway. This will provide additional domestic product and trade product in the future. This would be ready for launch in July.

We are currently working with Go Travel NZ, Tots to Teens NZ, the NZ Motor Caravanner and others on a targeted campaign to bring the domestic drive market into our region for Level 2 and 1. And we are engaging with several travel agencies in NZ who are proactively seeking domestic product and itineraries.

Our trade section on ManawatuNZ.co.nz is under development. This in response to the postponement of visitor sector events such as the March RTNZ Trade Event and the Manawatu Trade Day and Famil planned for May. The development of this Trade Section ensures we are market ready despite COVID-19, and continues the work underway to up-skill our operators and get them ready and engaged with inbound operator market - albeit a domestic one for the near future.

As mentioned, the activities detailed under the Restart stage of our recovery plan are just some of the initiatives we have planned, and we are happy to discuss in more detail areas of specific interest with the Committee Members.

PALMERSTON NORTH CITY COUNCIL

Minutes of the Economic Development Committee Meeting Part I Public, held in the Council Chamber, First Floor, Civic Administration Building, 32 The Square, Palmerston North on 11 March 2020, commencing at 9.02am

Members Present:	Councillor Tangi Utikere (in the Chair), The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Patrick Handcock ONZM, Leonie Hapeta, Bruno Petrenas, Aleisha Rutherford and Mr Ruma Karaitiana.
Non Members:	Councillor Lorna Johnson.
Apologies:	Councillors Rachel Bowen, Zulfiqar Butt (for early departure), Lew Findlay QSM, Billy Meehan and Karen Naylor.

NOTE: Prior to the commencement of the meeting, Mr Ruma Karaitiana made a Declaration of Office.

Councillor Zulfiqar Butt left the meeting at 10.39am during consideration of clause 5. He entered the meeting again at 11.46am during consideration of clause 8. He was not present for clauses 5 to 7 inclusive.

Councillor Lew Findlay QSM was present when the meeting resumed at 11.08am. He was not present for clauses 1 to 5 inclusive.

Mr Ruma Karaitiana was not present when the meeting resumed at 1.09pm. He was not present for clauses 9 and 10.

1-20 Apologies

Moved Tangi Utikere, seconded Leonie Hapeta.

The **COMMITTEE RESOLVED**

1. That the Committee receive the apologies.

Clause 1-20 above was carried 13 votes to 0, the voting being as follows:

For:
The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Bruno Petrenas, Aleisha Rutherford, Tangi Utikere and Mr Ruma Karaitiana.

2-20 Public Participation at Meetings

Memorandum, presented by Natalya Kushnirenko, Democracy & Governance Administrator.

Moved Tangi Utikere, seconded Leonie Hapeta.

The **COMMITTEE RESOLVED**

1. That the Economic Development Committee set aside a public comment section of not more than 30 minutes at the commencement of each ordinary meeting of the Committee to provide members of the community the opportunity to comment.

Clause 2-20 above was carried 13 votes to 0, the voting being as follows:

For:
The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Bruno Petrenas, Aleisha Rutherford, Tangi Utikere and Mr Ruma Karaitiana.

3-20 Presentation - Agriculture and Investment Services, Ministry for Primary Industries

Messrs Andrew Clark and Blair Jamieson made a presentation updating the Committee on Ministry for Primary Industries (MPI) activity in the region.

MPI's focus was on encouraging provincial growth and developing and supporting rural innovations. This was achieved by promoting and advocating for the needs of primary industry, assessing and supporting grant proposals and/or loans and building effective partnerships with government agencies and industry.

Supporting Māori agribusiness was a priority for MPI. With more land being returned to Māori, MPI was providing assistance in deciding on the best use of the land. Māori business teams were facilitating Māori in getting products to market and producing feasibility studies and business cases. Some Māori land blocks are too small to be productive on their own, so a collective approach was being used to group several blocks together to make them financially viable. In the next few years, the biggest investment in agriculture would be from iwi.

Work was also being done to plant one billion trees on unproductive land. Although there had been criticism of the scheme when planting had occurred on productive soil, this was an exception and most trees were planted on unproductive hill country land. MPI worked with unsuccessful applicants to strengthen their applications.

MPI also focused on building skills, encouraging people to attend agri-based training courses and supporting the development of agri-technologies, eg. the rural-lab think-tank at Massey University was developing digital technology to make agricultural systems more efficient.

Moved Tangi Utikere, seconded Leonie Hapeta.

The **COMMITTEE RESOLVED**

1. That the Economic Development Committee receive the presentation for

information.

Clause 3-20 above was carried 13 votes to 0, the voting being as follows:

For:
The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Bruno Petrenas, Aleisha Rutherford, Tangi Utikere and Mr Ruma Karaitiana.

4-20 Presentation - Central Economic Development Agency

Ms Christine Atkins (Talent Advisor) and Ms Linda Stewart (CEO) made a presentation updating the Committee on recent work done by Central Economic Development Agency (CEDA).

CEDA's goals were to *develop* talent in the city, *attract* talent into the city and *retain* talent in the city.

Palmerston North was facing a skills shortage in the construction industry and in filling middle management positions. CEDA was encouraging the development of skills in secondary schools and partnering with Immigration New Zealand to attract migrants to Palmerston North.

The pilot programme Next Step which promotes local organisations to skilled migrants had been successful at promoting Palmerston North as a place to live and work. The pilot runs for nine months and tracks people who register, interact with businesses and apply for jobs.

CEDA had developed an educational resource to promote what school was like in New Zealand to international students, with a view to encouraging more international students to study in Palmerston North.

The Careers Expo would be held in May, which would be an opportunity to showcase the industries and businesses in Palmerston North and the Manawatū.

Moved Tangi Utikere, seconded Leonie Hapeta.

The **COMMITTEE RESOLVED**

1. That the Economic Development Committee receive the presentation for information.

Clause 4-20 above was carried 13 votes to 0, the voting being as follows:

For:
The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Bruno Petrenas, Aleisha Rutherford, Tangi Utikere and Mr Ruma Karaitiana.

5-20 Summary report on the December 2019 Palmerston North Quarterly Economic Monitor, 2019 Annual Employment Report for the Manawatū region, Major Developments and Quarterly Retail Report for January 2020

Memorandum, presented by Peter Crawford, Economic Policy Advisor and Linda Stewart, CEO, CEDA.

Councillor Zulfiqar Butt left the meeting at 10.39am

Moved Leonie Hapeta, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

1. That the Summary report on the December 2019 Palmerston North Quarterly Economic Monitor, 2019 Annual Employment Report for the Manawatū region, Major Developments, and Quarterly Retail Report for January 2020, be received.

Clause 5-20 above was carried 12 votes to 0, the voting being as follows:

For:
The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Vaughan Dennison, Renee Dingwall, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Bruno Petrenas, Aleisha Rutherford, Tangi Utikere and Mr Ruma Karaitiana.

The meeting adjourned at 10.51am.
The meeting resumed at 11.08am.

Councillor Lew Findlay QSM was present when the meeting resumed.

6-20 Manawatū Region Retail Health Check (2019) Report

Memorandum, presented by Peter Crawford, Economic Policy Advisor and Linda Stewart, CEO, CEDA.

Moved Patrick Handcock ONZM, seconded Leonie Hapeta.

The **COMMITTEE RESOLVED**

1. That the Manawatū Region Retail Health Check (2019) and Manawatū Region Retail Health Check Executive Summary (2019) be received.
2. That the Chief Executive be instructed to identify and report on other retail zones within the Central Business District.

Clause 6-20 above was carried 13 votes to 0, the voting being as follows:

For:
The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Bruno Petrenas, Aleisha Rutherford, Tangi Utikere and Mr Ruma Karaitiana.

7-20 Timetable for Updating Sector Profiles

Memorandum, presented by Julie Macdonald, Strategy & Policy Manager.

During discussion Elected Members acknowledged the timetable was a good starting point, but felt that it needed to be confirmed and endorsed prior to publication.

Moved Tangi Utikere, seconded Leonie Hapeta.

The **COMMITTEE RESOLVED**

1. That the timetable for updating sector profiles be received as outlined on page 124 of the Economic Development Committee Agenda dated 11 March 2020 be confirmed.
2. That all sector profiles be subject to the Economic Development Committee's endorsement prior to publication, and that the work schedule be updated to reflect this.

Clause 7-20 above was carried 13 votes to 0, the voting being as follows:

For:
The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Bruno Petrenas, Aleisha Rutherford, Tangi Utikere and Mr Ruma Karaitiana.

8-20 International Relations 6-monthly update

Memorandum, presented by Toni Grace, International Relations Manager.

Councillor Zulfiqar Butt entered the meeting at 11.46am

Moved Susan Baty, seconded Leonie Hapeta.

The **COMMITTEE RESOLVED**

1. That the Committee notes the progress of International Relations activity over the past six months, contributing to the International Relations Plan and Economic Development Strategy.

Clause 8-20 above was carried 14 votes to 0, the voting being as follows:

For:
The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Bruno Petrenas, Aleisha Rutherford, Tangi Utikere and Mr Ruma Karaitiana.

9-20 Housing Portfolio Update (February 2020)

Memorandum, presented by Councillor Susan Baty.

After discussion Elected Members agreed that financial modelling should be undertaken regarding the possibility of retaining one third of sections at Whakarongo for public rental housing at market rates, in view of the current housing shortage.

The meeting adjourned at 12.01pm.
The meeting resumed at 1.09pm.

When the meeting resumed Mr Ruma Karaitiana was not present.

Moved Susan Baty, seconded Lorna Johnson.

The **COMMITTEE RESOLVED**

1. That the Housing Portfolio update report for February 2020 be received for information.
2. That the Chief Executive be instructed to undertake financial modelling on the possibility of retaining one third of sections at Whakarongo for public rental housing at market rates and reported back to the May 2020 Finance & Audit Committee meeting.

Clause 9-20 above was carried 13 votes to 0, the voting being as follows:

For:
The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

10-20 Committee Work Schedule

After discussion Elected Members agreed to the additions to the Work Schedule.

Moved Tangi Utikere, seconded Leonie Hapeta.

The **COMMITTEE RESOLVED**

1. That the Economic Development Committee receive its Work Schedule dated March 2020, with the following additions:
   - June 2020 CEDA Projects/Activities Report
   - June 2020 Portfolio Update – Inner City/CBD
   - June 2020 Sector Profiles Timetable
   - October 2020 Portfolio Update – Science, Technology & Innovation
   - December 2020 Portfolio Update – Defence
   - December 2020 Portfolio Update – Education & Students

Clause 10-20 above was carried 13 votes to 0, the voting being as follows:

For:
The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Leonie Hapeta, Lorna Johnson, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

The meeting finished at 1.19pm

Confirmed 3 June 2020

Chairperson

MEMORANDUM

TO: **Economic Development Committee**

MEETING DATE: **3 June 2020**

TITLE: **Summary report on the March 2020 Palmerston North Quarterly Economic Monitor, Major Developments, and Quarterly Retail Report for April 2020**

PRESENTED BY: **Peter Crawford, Economic Policy Advisor and Linda Stewart, CEO, CEDA**

APPROVED BY: **Sheryl Bryant, General Manager - Strategy & Planning**

RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

1. **That the summary report on the March 2020 Palmerston North Quarterly Economic Monitor, Major Developments, and Quarterly Retail Report for April 2020 are received.**

1.1 This memorandum presents a summary of:

a. the key themes in the latest Palmerston North Quarterly Economic Monitor for the March 2020 quarter;

b. the outlook for major construction projects in the region; and

c. the latest CEDA retail report for the three months ended January 2020.

1.2 The latest Palmerston North Quarterly Economic Monitor report indicates weaker GDP growth in the city in the year ended March 2020 due to the impacts of Covid-19 restrictions in March. The additional lead day in February provided a slight offset to the estimated decline.

1.3 It is important to note that Infometrics uses production-based GDP for reporting economic growth. Alternatives for measuring economic activity are income-based and expenditure-based GDP measures. Quarterly income-based GDP is not produced by Statistics New Zealand but would show a smaller decline in GDP in New Zealand during the Covid-19 Level-3 and Level-4 restrictions. Many organisations were not able to operate during the Level-4 restrictions but were still paying salaries and wages to their employees, so the decline in income during this period was smaller than the decline in production.

1.4 Infometrics is forecasting an 8.4% decline in Palmerston North employment in the year to March 2021 and a 9.8% decline for New Zealand. Treasury forecasts in the Budget on 14 May suggest a smaller decline, forecasting a 1.0% decline in national employment in the year to June 2020 and a further decline of 2.4% in the year to June 2021. The Treasury forecasts appear to be more realistic, with increased government spending and Reserve Bank stimulus offsetting some of the negative impacts expected from Covid-19 restrictions.

1.5 There are challenges with forecasting the impact of the coronavirus outbreak due to uncertainty over how long New Zealand will remain under Level-2 restrictions and difficulty in estimating the productivity impacts of the restrictions applied under Levels 1 and 2. However, it is likely there will be less impact on the city than the overall trend for New Zealand because:

a. Palmerston North has a high share of government employment in the city. In February 2019, 29.9% of jobs in the city were in central and local government entities, while there was a 19.9% share for New Zealand. Earnings data for the year ended March 2018 showed 37.9% of salaries and wages paid in the city came from these central and local government entities.

b. the primary sector is performing well, with the lower New Zealand dollar helping to offset some weakness in international commodity prices.

c. Palmerston North has a low share of international visitor spending and a low share of domestic accommodation spending, due to the high proportion of visitors to the region who stay with friends and family. We also have high share of visitor expenditure coming from day visitors because of our central location.

d. strong growth is occurring in building consents, which will be important in driving economic growth during the remainder of 2020 and may contribute to increased movement of people into the region for work from regions where construction activity has slowed.

1.6 Retail spending in the city was impacted significantly due to the domestic travel restriction applied during Levels-3 and 4. Data recently purchased by the Council shows that 46% of retail spending in the city's central business district (CBD) usually comes from non-residents. Marketview has been providing weekly retail data since late March, which will be useful for monitoring the improvement in economic activity under Level-2.

1.7 It is difficult to assess what impact there will be on population growth from the recent short-term from the surge in net overseas migration, which has been caused by an increase in the number of New Zealanders returning from overseas. Net overseas migration for New Zealand increased from 49,573 people in the year to March 2019 to 71,456 in the year to March 2020, the highest annual net migration gain recorded. There is an 18-month delay in the publication of local authority net migration data.

1.8 There was a 24% increase in the number of people in the city registered for the job seeker benefit in April (from April 2019), which was significantly weaker than the 41% increase in national job seeker numbers. It has been reported that some of the growth in national job seeker benefits has been due to the increase in New Zealanders returning from overseas.

2. PALMERSTON NORTH QUARTERLY ECONOMIC MONITOR – MARCH 2020

2.1 Estimated annual gross domestic product (GDP) growth in Palmerston North was 1.3% in the year ended March 2020, compared with an increase of 3.3% in the year to March 2019. New Zealand GDP is estimated to have increased by 1.7% in the year to March 2020.

2.2 Annual salaries and wages paid in Palmerston North in the year ended March 2019 were $2,723 million, increasing by 7.1% from the previous year, while earnings for New Zealand increased by 6.2%.

2.3 Total filled jobs in Palmerston North were 47,540 in the March 2019 quarter, increasing by 0.8% from the previous year, while filled jobs for New Zealand increased by 2.4%. There was a 4.6% increase in jobs in the city in the year to March 2018, when several large projects were getting underway.

2.4 Annual median salaries and wages paid in Palmerston North in the year ended March 2019 were $52,130, increasing by 4.7% from the previous year, while median salaries and wages for New Zealand were $53,770, increasing by 4.2% from the previous year.

2.5 The average quarterly worker turnover rate in Palmerston North in the year ended March 2019 was 14.6%, declining from 14.8% in the year to March 2018, while the average worker turnover rate for New Zealand was 16.3%, declining from 16.7% in the previous year.

2.6 Electronic card retail spending in Palmerston North in the March quarter was $287 million, an increase of 0.8% from the March 2019 quarter, while national growth was 1.0%.

a. Annual electronic card retail spending in Palmerston North for the year ended March 2020 was $1,210 million, an increase of 2.1% from 2019. This compares with an increase of 2.3% for New Zealand.

2.7 The total value of building consents issued in Palmerston North in the March 2020 quarter was $84 million, compared with $48 million in the March 2019 quarter, an increase of 76%. National consent values declined by 7%.

a. Building consents to the value of $279 million were issued in Palmerston North in the year to March 2020, an increase of 11% from the previous year. National consent values increased by 5% over the year to March 2020.

b. Consents for 115 new residential dwellings were issued in Palmerston North in the March 2020 quarter, compared with 95 in the March 2019 quarter, an increase of 21%. National consents were unchanged from 2020.

c. Consents for 464 new residential dwellings were issued in Palmerston North in the year ended March 2020, compared with 427 in the previous year, an increase of 9%. National consents also increased by 9%.

d. Non-residential consents to the value of $107 million were issued in Palmerston North during the year to March 2020, an increase of 15% from the previous year. National consents declined by 1% over the same period.

2.8 The average value of dwellings in Palmerston North was $504,229 in the three months ended March 2020, an increase of 15.7% from the March 2019 quarter. The average value for New Zealand was $728,276, an increase of 6.1%.

2.9 Car registrations in Palmerston North declined by 13.1% in the year ended March 2020 (national registrations declined by 11.5%) while the number of commercial vehicles registered declined by 6.0% (compared to a national decline of 12.8%).

2.10 It is estimated the annual average unemployment rate in Palmerston North in the year ended March 2020 was 4.5%, which was above the unemployment rate of 4.1% for New Zealand.

2.11 The number of people in Palmerston North registered for the MSD Job Seekers benefit increased by 1.9% in March 2020 from March 2019, while the number in New Zealand increased by 15.2%. The MSD benefit numbers reported in the Infometrics report are based on the average of the last four quarters.

2.12 Traffic flows in Palmerston North in the year to March 2020 declined by 0.4% from 2018, while there was a decline of 0.2% for New Zealand.

2.13 Tourism spending in Palmerston North was $433 million in the year ended March 2020, increasing by 1.2% from the previous year. New Zealand tourism spending increased by 1.4%.

a. Domestic visitor spending in Palmerston North was $359 million in the year ended March 2020, declining by 0.4% from the previous year (with a 0.4%

increase for New Zealand). Spending in the city increased strongly during January and February but declined by $13 million in March compared with March 2019. Major events cancelled during the month included the Field Days and national secondary schools' volleyball tournament.

b. International visitor spending in Palmerston North was $74 million in the year ended March 2020, increasing by 10.0% from the previous year (2.9% increase for New Zealand). Spending in the city increased slightly between February and March due to growth in spending from visitors from the United States. The biggest decline in spending was from the rest of Europe (other than the UK and Germany).

2.14 Population estimates, based on primary health organisation registrations, suggest Palmerston North's population increased by 3.6% between March 2019 and March 2020 (with a 3.0% increase for New Zealand overall).

2.15 The Palmerston North Quarterly Economic Monitor report for the March 2020 quarter is attached.

3. MAJOR DEVELOPMENTS

3.1 Major development and construction projects announced for Palmerston North and the Manawatū region amount to at least $3.0 - $3.5 billion of construction activity to 2030. Projects which have been updated or added since the last report in March include:

a. Updated investment plan for 2020-2030 for Massey University. The 2016 – 2026 plan signalled investment of $186 million, while the new plan signals investment of $230 million.

b. Updated investment data for MidCentral DHB. The new acute services block is now budgeted to cost $370 million, an increase from the original $197 million estimate.

c. A consent was lodged in March for the construction of the new $66 million Countdown distribution centre.

3.2 A summary of major developments in the Manawatū region is attached.

4. MANAWATŪ REGION QUARTERLY ELECTRONIC CARD RETAIL REPORT FOR APRIL 2020

4.1 The latest CEDA quarterly retail report for the three months ended April 2020 shows an 18.6% decline in electronic card retail spending in the Manawatū region, while New Zealand retail spending declined by 18.3% over the same period.

4.2 Spending by residents at Manawatū region retailers declined by 13.0% in the three months ended April 2020, while spending by residents in other regions declined by 29.2%. There was a 31.7% decline in domestic visitor spending in the region, with visitor spending from the rest of the Horizons region declining by 38.2%, and visitor spending from the rest of New Zealand declining by 29.7%. International visitor spending increased by 29.7% but contributed just $4.9 million out of total spending of $277 million in the quarter.

4.3 Retail precinct data shows a 52% decline in spending in Broadway, while there was a decline of 23% in the rest of the Palmerston North CBD. Total spending in Palmerston North declined by 19.2%, while spending in spending in Manawatū District declined by 8.9%.

4.4 Food retailing, which accounted for 45% of spending in the quarter, recorded an increase of 17% in spending compared with the same period last year, while all other store types recorded declines, ranging from 20.8% for appliances to 50.8% for apparel retailers.

4.5 Manawatū region residents spent $36.5 million online in the three months ended April 2020, accounting for 12.1% of total electronic card spending by residents in the region. This remains below the 15.5% online share for all New Zealand residents. Manawatū region resident online spending increased by 29.8% in the three months ended April while national growth was 15.0%.

4.6 The Manawatū Region Electronic Card Quarterly Retail Report is attached.

5. 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 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 outcomes of the Economic Development Strategy	
The recommendations contribute to the achievement of action/actions in the Economic Development Plan	

The action is: Attract investment expansion and new businesses	
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 businesses to invest in growing their business and attracting new businesses to the city.

ATTACHMENTS

1. Palmerston North City Quarterly Economic Monitor Report - March 2020 ⇩
2. Major Developments ⇩
3. Manawatu Quarterly Electronic Card Retail Report for April 2020 ⇩

Infometrics

Quarterly Economic Monitor

Palmerston North City March 2020

Overview of Palmerston North City

Growth in Palmerston North's economy continued to weaken in the March 2020 year with Infometrics' provisional GDP estimate increasing 1.3%, down from a recent high of 4.2% in the December 2018 year. Consumer spending remains subdued with electronic card spending on retail purchases rising 2.5% in the March 2020 year, spending by tourists rose 1.2%, car registrations were down 13% and commercial vehicle registrations were down 6.0%.

House price inflation in Palmerston North continued to strengthen, rising 14.5% in March 2020. House sales fell 6.2% in the March 2020 year but remain at elevated levels. The city's unemployment rate edged down further to 4.5% for the March year, and the number of people claiming Jobseeker Support rose 2.5% which is a reasonably good result compared with a 12% rise nationally.

The city's strong labour market is about to experience a shock with Infometrics forecasting Palmerston North's GDP to fall 6.4% in the March 2021 year compared with an 8.0% fall nationally. Employment is forecast to decline 8.4% compared with a 9.8% fall nationally, and the unemployment rate is expected to rise to 9.0% as a result.

Palmerston North is exposed to the decline in international education resulting from New Zealand's borders being closed. In addition, the recent lockdown will result in large falls in consumer spending, car and commercial registrations, and house sales in the June 2020 quarter, the effects of which will ripple through the city's economy for several quarters to come.

Building consents are a source of optimism. Residential consents grew 8.7% and non-residential consents grew 15% in the March 2020 year and are both well above their 10-year averages. Assuming these consents translate into building work, this should help support the local construction industry through the downturn.

Indicator	Palmerston North City	Manawatu-Wanganui Region	New Zealand
Annual average % change			
Gross domestic product	1.3%	1.8%	1.7%
Traffic flow	-0.4%	-0.5%	-0.2%
Health Enrolments	3.6%	2.6%	2.5%
Consumer spending	2.5%	4.4%	3.0%
Residential consents	8.7%	-1.4%	9.0%
Non-residential consents	14.6%	6.9%	-0.4%
House prices*	14.5%	17.1%	5.9%
House sales	-6.2%	-5.4%	2.0%
Tourism expenditure	1.2%	0.1%	1.4%
Car registrations	-13.1%	-10.5%	-11.5%
Commercial vehicle registrations	-6.0%	-10.3%	-12.8%
Jobseeker Support recipients	2.5%	6.5%	11.7%
Level			
Unemployment rate	4.5%	4.6%	4.1%

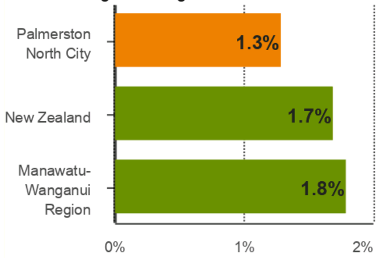
** Annual percentage change (latest quarter compared to a year earlier)*

Overview of national economy

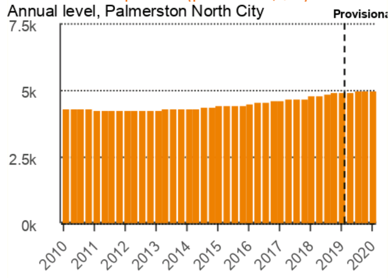
The COVID-19 pandemic has upended the economy and plunged New Zealand into the sharpest recession in living memory. The March quarter includes the full progression of the virus, from its origins in China and subsequent hit to New Zealand exports, through to border closures forcing lower tourism arrivals, before culminating in the lockdown of New Zealand under Alert Level 4. Our March 2020 Quarterly Economic Monitor only captures the initial economic effects of putting the New Zealand economy on life support. The June Monitor will better reflect activity changes. No sector of the economy will be spared, with the regional impacts dependant on the local economic structure – Infometrics is now forecasting the loss of 250,000 jobs nationally over the next year, followed by a long period of restructuring the economy.

Gross domestic product (provisional)

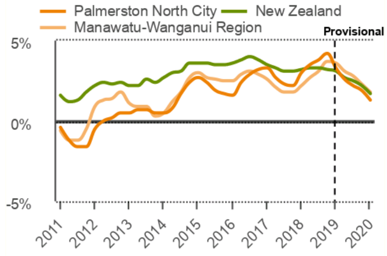
Gross domestic product growth (provisional)
Annual average % change Mar 19 - Mar 20



Gross domestic product (provisional, $m)
Annual level, Palmerston North City



Gross domestic product growth (provisional)
Annual average % change



Highlights for Palmerston North City

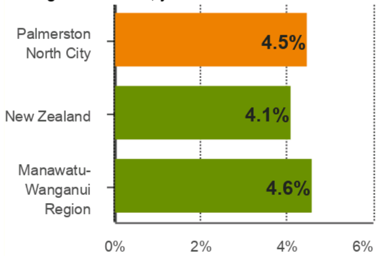
- GDP (provisional) in Palmerston North City was up 1.3% for the year to March 2020 compared to a year earlier. Growth was lower than in New Zealand (1.7%) and lower than in Manawatu-Wanganui Region (1.8%).
- GDP (provisional) was $5,015 million in Palmerston North City for the year to March 2020 (2010 prices).
- Annual GDP growth in Palmerston North City peaked at 4.2% in the year to December 2018.

National overview

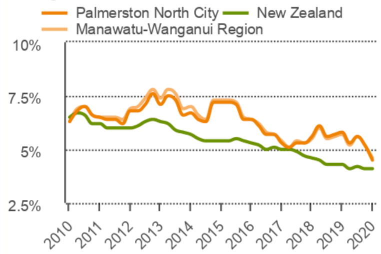
Economic activity dropped significantly in the March 2020 quarter, with lower tourism and trade activity over the first two months of the quarter combining with a collapse in activity at the end of March. Infometrics provisional estimates point towards a 0.6% contraction in activity from the December quarter, taking economic growth over the 12 months to March 2020 to 1.7%pa. Lower tourism activity, softer freight volumes, and empty construction sites were key drivers of the decline, with unsurprisingly stronger government administration activity keeping activity from dropping lower. With the Level 4 lockdown only captured in the last 6 days of March, estimates for June will be far more dire.

Unemployment rate

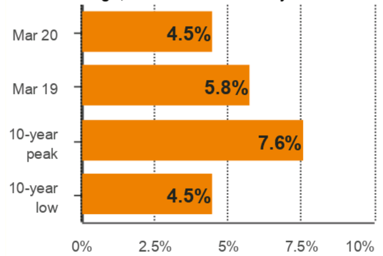
Unemployment rate
Average annual rate, year to March 2020



Unemployment rate
Average annual rate



Unemployment rate
Annual average, Palmerston North City



Highlights for Palmerston North City

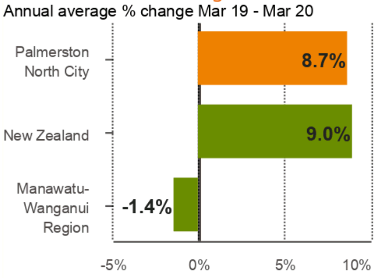
- The annual average unemployment rate in Palmerston North City was 4.5% in March 2020, down from 5.8% a year earlier.
- The unemployment rate in Palmerston North City was higher than in New Zealand, where the unemployment rate averaged 4.1% over the year to March 2020.
- Over the last ten years the unemployment rate reached a peak of 7.6% in December 2012;

National overview

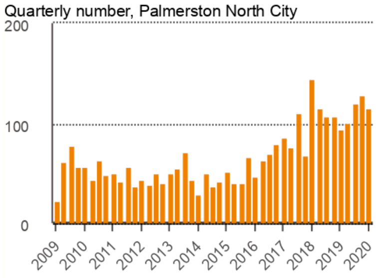
Unemployment remained low at an annual average rate of 4.1% for the March 2020 year. The March quarter saw rises in both full-time and part-time work compared with the same quarter a year earlier. However, labour market tightness is unlikely to persist. The COVID-19 pandemic and government's containment measures, such as closing New Zealand's borders and implementing an economic lockdown, will cause a sharp shock to New Zealand's short-term growth prospects. The coming recession will result in immediate job losses that will materialise in the June 2020 quarter results. With the knock-on effects of the lockdown reaching almost every sector of the economy, we are forecasting the unemployment rate to rise to 9.0% in the March 2021 year.

Residential consents

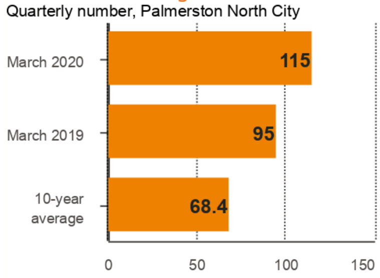
Growth in no. of new dwelling consents
Annual average % change Mar 19 - Mar 20



Residential consents
Quarterly number, Palmerston North City



Number of new dwelling consents
Quarterly number, Palmerston North City



Highlights for Palmerston North City

- A total of 115 new residential building consents were issued in Palmerston North City in the March 2020 quarter, compared with 95 in the same quarter last year.
- On an annual basis the number of consents in Palmerston North City increased by 8.7% compared with the same 12-month period a year ago. The number of consents in New Zealand increased by 9.0% over the same period.

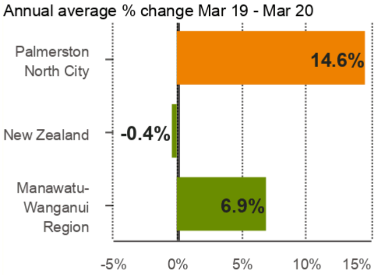
National overview

Residential building consents grew by 9.0% in the year to March 2020, and growth was starting to ease as consents reached a plateau level.

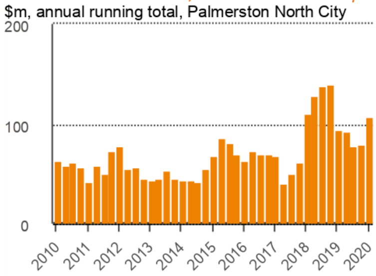
However, due to COVID-19 we expect extreme levels of uncertainty among both businesses and households to drive consents lower throughout the rest of 2020 and 2021. We also believe that some confidence effects are already apparent in data for the month of March.

Non-residential consents

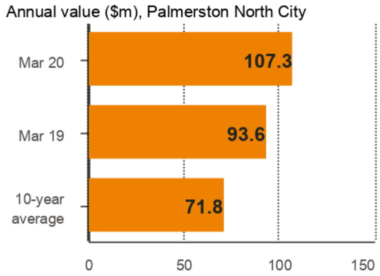
Growth in value of consents
Annual average % change Mar 19 - Mar 20



Non-residential consents, Palmerston North City
$m, annual running total, Palmerston North City



Value of non-residential consents
Annual value ($m), Palmerston North City



Highlights for Palmerston North City

- Non-residential building consents to the value of $107 million were issued in Palmerston North City during the year to March 2020.
- The value of consents increased by 14.6% over the year to March 2020. By comparison the value of consents in New Zealand decreased by -0.4% over the same period.
- Over the last 10 years, consents in Palmerston North City reached a peak of $139 million in the year to December 2018.

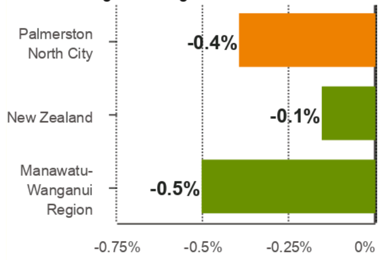
National overview

The value of non-residential consents notched back by 0.4% in the year to March 2020, driven down by a very soft result for the month of March. While COVID-19 will have some influence on March, this represents a broader slowing down of non-residential consents which has been in motion for some time.

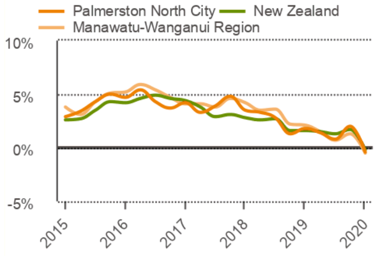
With a weak economic outlook due to COVID-19, consents will fall further in future months. Furthermore, previously consented projects in badly hit sectors, such as retail and accommodation, may not proceed. Public sector activity remains strong, and recently announced funding for education and hospital construction may help to shore up overall levels of activity.

Traffic flow

Annual change in traffic flows
Annual average % change Mar 19 - Mar 20



Traffic volume growth
Annual average % change



Highlights for Palmerston North City

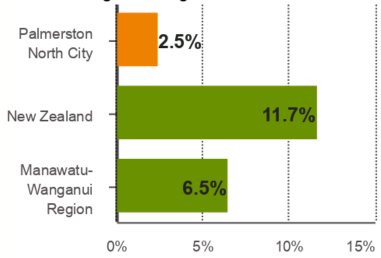
- Traffic flows in Palmerston North City decreased by -0.4% over the year to March 2020. This compares with an decrease of -0.2% in New Zealand.

National overview

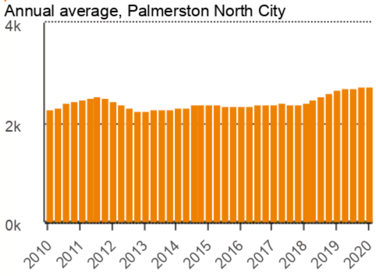
Transport activity declined by 0.1%pa over the 12 months to March 2020, reversing the slightly faster pace of traffic activity over the December 2019 year. Daily traffic flow analysis shows that transport activity across the country drifted lower throughout February, with lower tourism numbers combining with fewer freight movements. However, the immediate move to Level 3 on 23 March saw traffic volumes drop 15% from volumes on March 1. The Level 4 lockdown saw traffic flows on the last day of March at just a quarter (26%) of usual traffic levels. Heavy traffic flows held up better, operating at around 60% of normal levels on the last day of March. Lower consumption is set to keep traffic volumes subdued even as the economy reopens.

Jobseekers

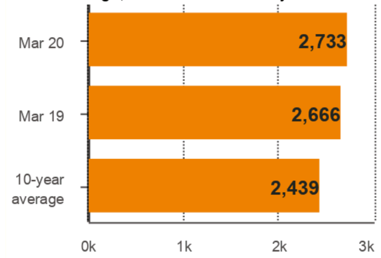
Annual change in Jobseekers
Annual average % change Mar 19 - Mar 20



Jobseekers
Annual average, Palmerston North City



Jobseekers
Annual average, Palmerston North City



Highlights for Palmerston North City

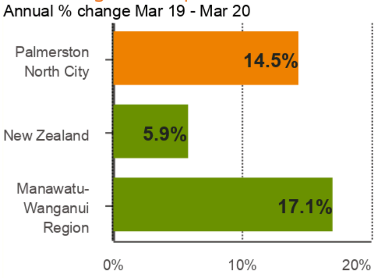
- Working age Jobseeker Support recipients in Palmerston North City in the year to March 2020 increased by 2.5% compared with the previous year. Growth was lower relative to New Zealand, where the number of Jobseeker Support recipients increased by 11.7%.
- An average of 2,733 people were receiving a Jobseeker Support benefit in Palmerston North City in the 12 months ended March 2020. This compares with an average of 2,439 since the start of the series in 2010.

National overview

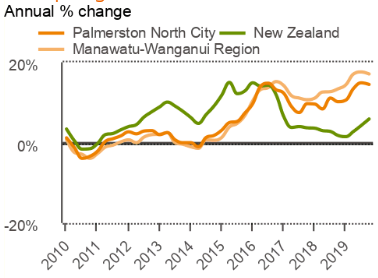
Job losses have already started to filter through to the economy, with the number of Jobseeker Support recipients increasing by around 4,300 at the end of March 2020 compared to the end of December 2019. Jobseeker numbers are now up nearly 12%pa on average over the 12 months to March 2020, and only capture the start of the rise of unemployment across the economy. Since the end of March, 35,000 additional people have been added to the Jobseeker Support benefit. Young people, who already had a higher unemployment rate, are bearing the brunt of job losses, with a 57% increase in Jobseeker Support Work Ready recipients aged under 30 in April compared to February, compared to a 35% rise in recipients aged 30-64.

House prices

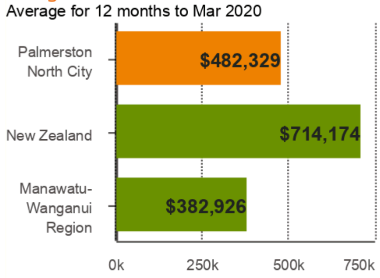
Annual change in house prices
Annual % change Mar 19 - Mar 20



House price growth
Annual % change



Average current house value
Average for 12 months to Mar 2020



Highlights for Palmerston North City

- The average current house value in Palmerston North City was up 14.5% in March 2020 compared with a year earlier. Growth outperformed relative to New Zealand, where prices increased by 5.9%.
- The average current house value was $482,329 in Palmerston North City over the March 2020 year. This compares with $714,174 in New Zealand.

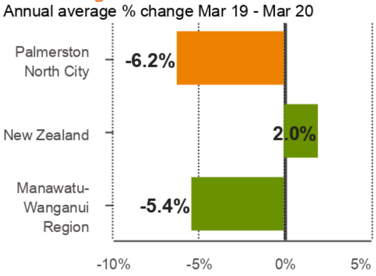
National overview

House prices were up by 9.3% across the country over the year to March 2020. All regions were up, with Auckland recording its fastest growth in three years (8.2%pa). House price growth was spurred on by successive cuts to interest rates throughout 2019.

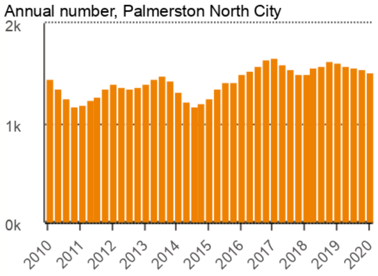
House prices are forecast to fall significantly between now and the end of 2021, although declines in the near-term are likely to be kept in check by the government's mortgage holiday scheme that will limit the number of forced sales taking place.

House sales

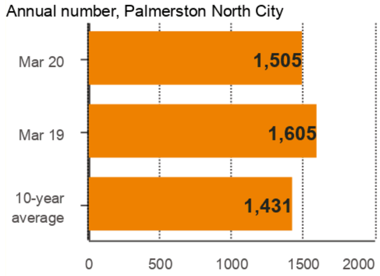
Annual change in house sales
Annual average % change Mar 19 - Mar 20



House sales
Annual number, Palmerston North City



House sales
Annual number, Palmerston North City



Highlights for Palmerston North City

- House sales in Palmerston North City in the year to March 2020 decreased by 6.2% compared with the previous year. Growth underperformed relative to New Zealand, where sales increased by 2.0%.
- A total of 1,505 houses were sold in Palmerston North City in the 12 months ended March 2020. This compares with the ten year average of 1,431.

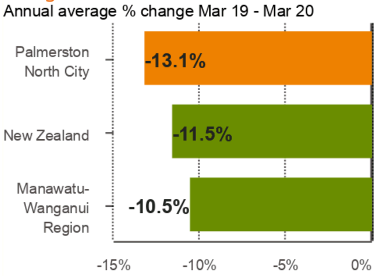
National overview

House sales across New Zealand fell by 12% in the year to March 2020. Sales picked up through the latter half of 2019 in response to cuts in interest rates, however this growth was unpicked by a soft month of March as the Level 4 lockdown began to bite.

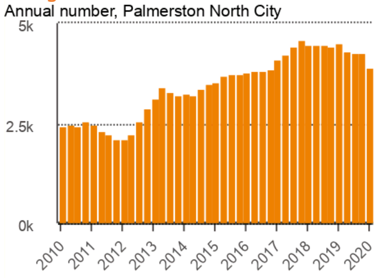
We expect house sales to drop over the coming year, with limited numbers of buyers in the market due to the economic fallout from the COVID-19 pandemic. However, the forecast declines in house prices might entice some buyers into the market in the second half of 2021.

Car registrations

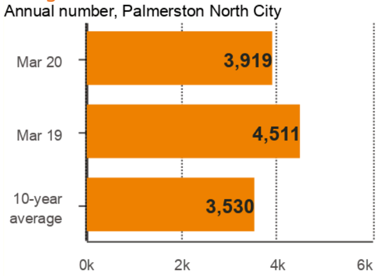
Car registrations
Annual average % change Mar 19 - Mar 20



Car registrations
Annual number, Palmerston North City



Car registrations
Annual number, Palmerston North City



Highlights for Palmerston North City

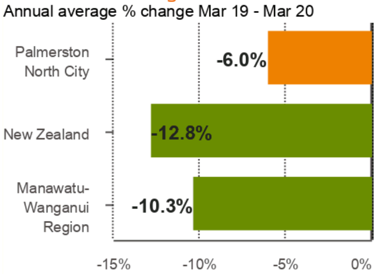
- The number of cars registered in Palmerston North City decreased by -13.1% in the year to March 2020 compared with the previous 12 months. Growth was lower than in New Zealand, where car sales decreased by -11.5%.
- A total of 3,919 cars were registered in Palmerston North City in the year to March 2020. This compares with the ten year average of 3,530.

National overview

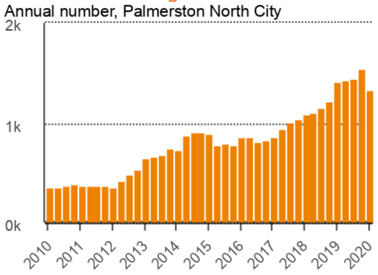
Car registrations continue to decline, falling 11.5% in the March 2020 year. The downturn in car registrations reflects a weakening economic tapestry of slowing population growth, softening employment growth and subdued consumer confidence. Trading restrictions under Alert Level 3 then Level 4 in late March didn't help either. The softening car market was reflected in falling registrations across both new and used cars and, within these two markets, across both large and small vehicles. The outlook for the car market is dire. Further trading restrictions in April and May will make for a difficult June quarter. With the economy expected to contract 8.0% in the March 2021 year, and unemployment set to hit 9.0% over the same period, consumers' will be unwilling to make major purchases for the foreseeable future.

Commercial vehicle registrations

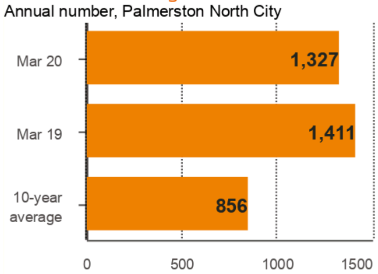
Commercial vehicle registrations
Annual average % change Mar 19 - Mar 20



Commercial vehicle registrations
Annual number, Palmerston North City



Commercial vehicle registrations
Annual number, Palmerston North City



Highlights for Palmerston North City

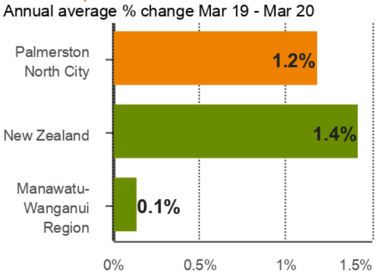
- The number of commercial vehicles registered in Palmerston North City decreased by -6.0% in the year to March 2020 compared with the previous 12 months. Growth was higher than in New Zealand, where commercial vehicle sales decreased by -12.8%.
- A total of 1,327 commercial vehicles were registered in Palmerston North City in the year to March 2020. This is higher than the ten year annual average of 856.

National overview

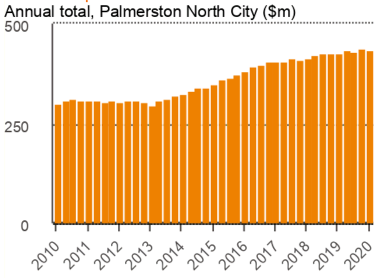
Commercial vehicle registrations continued to fall, dropping 13% in the March 2020 year as softening economic growth and weakening residential construction activity continued to sap businesses' willingness to invest in either light, medium or very heavy commercial vehicles. Looking forwards, with the economy coming almost to a standstill during Alert Levels 4 and 3, freight firms' profitability will be under pressure. Commercial vehicle registrations will decline further in the coming year as a forecast 8.0% contraction in the economy in the March 2021 year sends construction activity and consumer spending into freefall. Export volumes are also expected to come under stern downward pressure as the global economy enters recession.

Tourism Spending

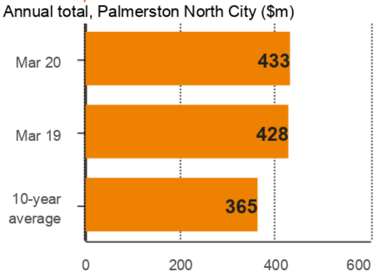
Tourism expenditure
Annual average % change Mar 19 - Mar 20



Tourism expenditure
Annual total, Palmerston North City ($m)



Tourism expenditure
Annual total, Palmerston North City ($m)



Highlights for Palmerston North City

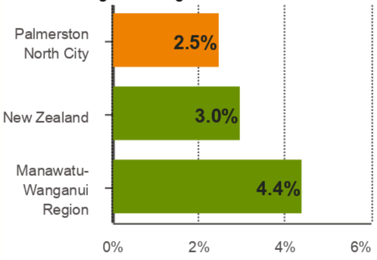
- Total tourism expenditure in Palmerston North City increased by 1.2% in the year to March 2020. This compares with an increase of 1.4% in New Zealand.
- Total tourism expenditure was approximately $433m in Palmerston North City during the year to March 2020, which was up from $428m a year ago.

National overview

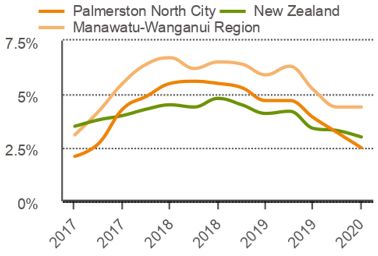
Tourism spending growth over the 12 months to March 2020 dropped markedly, from above 3%pa over 2019 to just 1.4%pa over the March 2020 year. Spending in the March 2020 month alone was down 29% from last March. Tourist arrivals dropped 54%pa in the March quarter, with progressively more restrictive border controls throughout the quarter. Infometrics' working assumption is that the borders will remain closed until the end of the year, although an earlier opening of a trans-Tasman bubble provides some upside risk. Our forecasts currently expect a 91% drop in international tourism activity, and a 21% drop in domestic activity, as lower household incomes and other factors restrain travel.

Consumer Spending

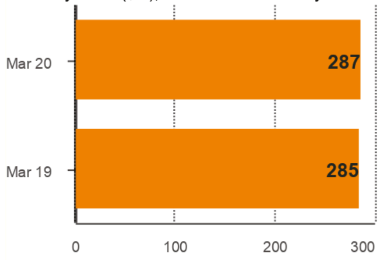
Growth in consumer spending
Annual average % change Mar 19 - Mar 20



Consumer spending ($m)
Annual average % change, Palmerston North City



Consumer spending
Quarterly value ($m), Palmerston North City



Highlights for Palmerston North City

- Electronic card consumer spending in Palmerston North City, as measured by Marketview, increased by 2.5% over the year to March 2020 compared to the previous year. This compares with an increase of 3.0% in New Zealand.

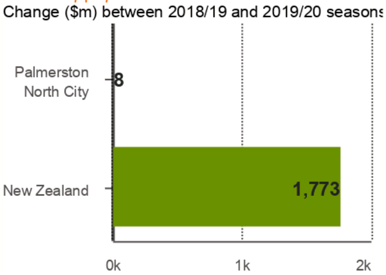
National overview

Consumer spending grew by a relatively modest 3.0% in the year to March 2020, with the rate of growth steadily easing since 2018. Spending in the March month was 4.5%pa lower after wild spending swings. Panic buying pushed spending levels up 24%pa on the day before Level 4 lockdown commenced, before quickly falling away over the rest of March, with spending down 63%pa.

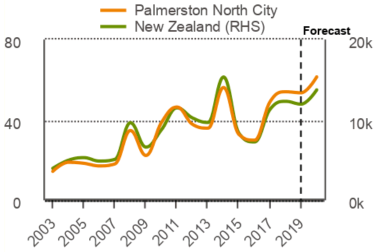
Consumer spending will deteriorate substantially over the coming quarters, initially due to the lockdown period limiting consumers ability to spend, and subsequently due to a loss of consumer confidence as households face real or perceived concerns around job losses. With New Zealand's borders closed, the forecast decline in migration will reinforce this downward trend.

Total dairy payout

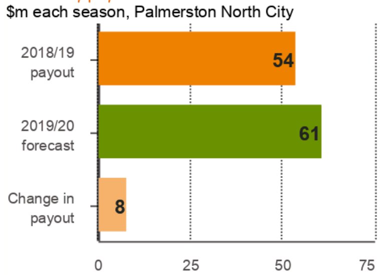
Total dairy payout
Change ($m) between 2018/19 and 2019/20 seasons



Total dairy payout
$m each season, Palmerston North City



Total dairy payout
$m each season, Palmerston North City



Highlights for Palmerston North City

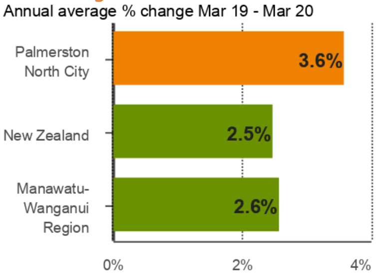
- Palmerston North City's total dairy payout for the 2018/19 season is estimated to have been approximately $53.5m.
- Palmerston North City's dairy payout for the 2019/20 season is expected to be approximately $61.4m, $7.93m higher than last season, assuming that production levels from last season are maintained.
- The total dairy payout for New Zealand is estimated to have been approximately $11,964m in the 2018/19 season, and is expected to be $1,773m higher in the 2019/20 season.

National overview

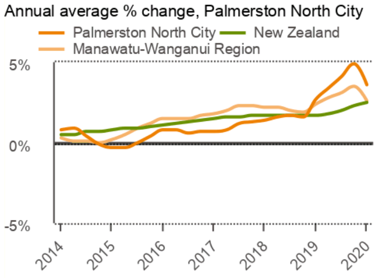
Expectations for the dairy sector have softened, with dual issues putting the primary sector under pressure. Drought conditions continue to present a substantial challenge for regional communities, with feed both less accessible and more expensive to access. The COVID-19 pandemic has also put dairy prices under pressure. Infometrics is still using the midpoint of Fonterra's $7.00-$7.60/kgms pay-out in our estimates, but our internal expectations point towards a pay-out at the lower end of this range, at around $7.05/kgms. A decline from $7.30/kgms to $7.05/kgms would reduce the national pay-out by around $470m. Our early estimate for the 2021 season is currently tracking at $6.15/kgms, although there is significant uncertainty. Dairy prices have firmed in recent weeks as Asian demand rebounds, and dairy export values remain above 2019 levels.

Health Enrolments

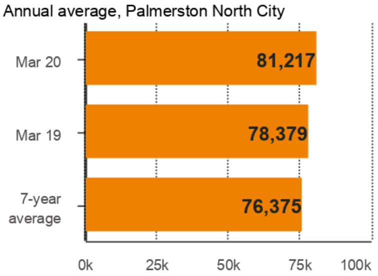
Annual change in Health enrolments
Annual average % change Mar 19 - Mar 20



Health enrolments
Annual average % change, Palmerston North City



Health enrolments
Annual average, Palmerston North City



Highlights for Palmerston North City

- The number of people enrolled with a primary health organisation in Palmerston North City in the year to March 2020 increased by 3.6% compared with the previous year. Growth was higher relative to New Zealand, where the number of enrolments increased by 2.5%.
- An average of 81,217 people were enroled with primary healthcare providers in Palmerston North City in the 12 months ended March 2020. This compares with an average of 76,375 since the start of the series in 2013.

National overview

Health enrolments continue to grow, with both a rise in the current population and a new health issue contributing to better coverage of the population. Growth in health enrolments advanced to 2.5%pa over the 12 months to March 2020, up from 2.3%pa in December. After slowing in recent quarters as net migration levels held steady, national population growth jumped to 2.0%pa, from a revised 1.7%pa in December. We expect that health enrolment could continue to rise in future quarters even if population growth slows in line with our expectations, with the current environment making it more likely for people to enrol for health services because of COVID-19 and ability to access cheaper healthcare if enrolled.

Technical notes

Building Consents

Building consents data is sourced from Statistics New Zealand. The number of residential consents issued for new dwellings is the measure for residential consents. For non-residential consents, the measure is the value of both new buildings and alterations.

Consumer Spending

The consumer spending data is sourced from Marketview. It measures total electronic card spending using spending through the Paymark network and adding to it an estimate of non-Paymark network spending using the pattern of BNZ card holder spending at non-Paymark retailers. For further breakdown of the data by storetype and other variables contact Marketview.

Dairy

Dairy data has been sourced from the "New Zealand Dairy Statistics", a publication co-owned by DairyNZ and LIC, as well as calculations made by Infometrics. The data accords to dairy seasons, which run from June to May. Total dairy payouts in each territorial authority have been calculated by Infometrics by utilising milk solids production in conjunction with Fonterra's farmgate milk price (excluding dividends) from the dairy season in question. For the current season, Infometrics calculates a payout forecast using our own expectation of the farmgate milk price and the assumption that milk solids production continues running at the same level from the previous season.

Earnings

The earnings data comes from the quarterly Linked Employer Employee Data (LEED) published by Statistics New Zealand. LEED publishes the mean earnings of full quarter jobs for each quarter. Full quarter jobs may include full time and part time jobs. Earnings include overtime and lump sum payments. We sum the mean earnings for the four quarters making up the year to arrive at an estimate of average annual earnings. Infometrics projects average annual earnings to the current quarter using growth rates in industry earnings measured in the Labour Cost Index.

Gross Domestic Product

Gross Domestic Product is estimated by Infometrics. A top down approach breaks national industrial production (sourced from production based GDP measures published by Statistics New Zealand) is broken down to TA level by applying TA shares to the national total. Each TA's share of industry output is based on earnings data from LEED. GDP growth in recent quarters is based on a model which uses the various partial economic indicators presented in this report as inputs. Estimates of GDP for these most recent quarters are provisional until Infometrics updates its annual GDP series in the Regional Economic Profile at the beginning of each year. Gross domestic product is measured in 2019 dollar terms.

Health Enrolments

Health enrolments are sourced from the Ministry of Health. They record the number of people in each area who are enrolled with a Primary Health Organisation (PHO). Enrolment is voluntary, but most New Zealanders enrol at a general practice for health reasons and for the benefits of enrolment, such as cheaper doctors' visits and reduced costs of prescription medicines. Changes to how the Ministry of Health recorded this data led to Infometrics revising our approach to health enrolment figures for the March 2019 Quarterly Economic Monitor onwards. Our new approach completely revises our timeseries of health enrolments, so care should be taken when comparing the March 2019 report with previously downloaded reports.

Previously, the data provided was only for those people whose addresses are able to be accurately recorded by the Ministry of Health. We have now switched to breaking down TA-level health enrolments based on trends in stated health enrolments by area, to ensure that the total number of enrolees published in the Monitor align with the national-level figures published by the Ministry of Health. A new system for classifying and recording health enrolment addresses from March 2019 onwards by the Ministry means significantly higher numbers of unallocated enrolees, resulting in the need to review our model.

House Sales

The number of house sales is sourced from REINZ. The indicator measures the number of house sales at the point when the sale becomes unconditional. The unconditional date is the date when all the terms of an agreement have been satisfied and the sale and purchase can proceed to settlement.

House Values

House value (dollar value) are sourced from QVNZ. The levels quoted in the report are average current values over the past 12 months . An average current value is the average (mean) value of all developed residential properties in the area based on the latest house value index from QVNZ. It is not an average or median sales price, as both of those figures only measure what happens to have sold in the period. These average current values are affected by the underlying value of houses (including those not on the market) and are quality adjusted based on the growth in each house's price between sales.

Jobseekers Support

In July 2013 the New Zealand's welfare system changed to better recognise and support people's work potential. As part of this the Jobseekers Support benefit was introduced. This benefit is for people who can usually look or prepare for work but also includes people who can only work part-time or can't work at the moment, for example, because they have a health condition, injury or disability.

Tourism Expenditure

Tourism expenditure data is sourced from the Ministry of Business, Innovation and Employment's (MBIE) Monthly Regional Tourism Estimates. These are estimated values for tourism spending that approximate values found in the International Visitor Survey (IVS) and Tourism Satellite Account (TSA), using modelling of a sample of electronic card spending throughout New Zealand from domestic and international accounts.

Traffic Flow

Traffic flow growth rates are calculated from the number of vehicles passing approximately 110 sites monitored by New Zealand Transport Agency. Each of the sites has been mapped to a territorial authority.

Unemployment

Regional level unemployment rates are sourced from Statistics New Zealand's Household Labour Force Survey. Trends in the number of Jobseekers are used to break down regional unemployment rates to TA levels. The TA level unemployment rates are benchmarked on census following the release of each census. To reduce volatility the unemployment rate is presented as an average for the last four quarters.

Vehicle Sales

Car and commercial vehicle sales data are sourced from New Zealand Transport Authority. Sales are based on new registrations which include the first time registration of new vehicles and used vehicles imported from overseas.

Major construction and development projects in Palmerston North and the Manawatū region

Summary

Major development and construction projects announced for Palmerston North and the Manawatū region amount to at least $3.0 - $4 billion of construction activity over the period to 2030. Some projects are still waiting for final approval, one of the largest being the construction of the MidCentral DHB acute services block. There are several projects under development where final values have not been put on the final value of the project, such as the construction of the new KiwiRail freight hub, but estimates have been included in the summaries below.

New capital projects and renewals in the Palmerston North City Council and Manawatū District Council 2018-28 10-year plans total $877 million. The Palmerston North plan proposes that $125 million (18%) of the capital budget of $687 million will be funded externally. The Manawatū District plan proposed capital expenditure is $190 million, primarily on roading and water supply, wastewater and stormwater projects.

Key projects identified in the region are:

1. $397 million at Linton and Ohakea Defence Regeneration Plan 2016 – 2030 ($176 million over 2016 – 2021).
2. MidCentral DHB investment plan (2016 – 2026) – timing of investment for the $370 million acute services block still to be confirmed and has been delayed from the original plan. The original budget for the acute services block was $197 million. The investment is subject to Ministry of Health and Treasury approval, but construction is probably 10 years away. Smaller projects which have been given funding are:
    a. $30 million mental health services facility
    b. $26 million expansion of the surgical services unit.
3. $256 million for the construction of 33 wind turbines for Mercury Energy at Turitea, with preliminary construction work underway and turbines due to be operating by the end of 2020. A further 27 turbines are planned at Turitea and 53 in the Puketoi Range in Tararua District, with a value of $750 million, but Mercury hasn’t committed to when construction will occur.
4. $230 million Massey University Capital Plan (2020 – 2030). Construction projects in progress.
5. $150 million Powerco (Manawatū and Tararua) - $60 million over 5-7 years on growth and security projects, $90 million renewal programme over five years.

6. Redevelopment of the Hokowhitu Campus – 130 housing lots over three stages, with an estimated value of $90 - $135 million - resource consent approved and work started to remove some of the existing buildings and construct infrastructure.

7. $110 million Totara Road Wastewater Treatment Plant - Consent Renewal Upgrade. Construction scheduled for 2024/25 to 2026/27.

8. $66 million for construction of new Countdown distribution centre.

9. $58 million Te Manawa Upgrade - Option A. Construction scheduled for 2023/24 to 2027/28.

10. $47.5 million urban growth projects to cater for increased residential and non-residential growth in the City. Projects planned throughout the 10-year plan.

11. $41 million wastewater, stormwater and water supply renewal and growth projects in Manawatū District 2018-28 10-year plan.

12. $40 million BUPA retirement village, Napier Road – construction started in 2019.

13. $29.1 million City Centre Streetscape upgrade. Projects planned throughout the 10-year plan.

14. $24.5 million Arena Master Plan. Construction scheduled for 2018/19 to 2022/23.

15. $20 million - construction of new Manukura School on Massey University campus.

16. $20 million - two new primary schools in Palmerston North over the next ten years to cater for population growth – Potoua area unit has been identified as the priority area for the first new school.

17. Major regional roading investment:

    a. Palmerston North rural ring road - the initial stage will improve two sections of State Highway 3, between Kairanga and Bunnythorpe, and Napier Rd, from Keith St to Whakarongo. Total project estimated to be over $200 million.

    b. Manawatū Gorge Road replacement –$650 million – construction expected to begin in 2020.

    c. Four-laning SH1 Otaki to north of Levin highway –$817 million, construction expected to occur over 2024 - 2029.

    d. Manawatū District Council 10-year plan - $95 million.

18. P-8A Poseidon Maritime Patrol Aircraft – construction of hangers, runway improvements and other infrastructure – to be completed by 2023 – estimated to be $300 million.

19. Rail investment:

a. KiwiRail regional freight hub – with an estimated value of $300 million.

b. Improvements to the Wellington, Wairarapa and Palmerston North rail network and beyond, including upgraded tracks for the Wairarapa and Capital Connection lines, safety connections and refurbishment of Capital Connection carriages - $217 million

20. $8 million – new building at Manawatū Prison – building consent application received.

21. Countdown Awapuni supermarket – construction beginning in 2020.

22. Multiple consents already received and expected for earthquake strengthening and refurbishment of buildings for schools, churches and commercial buildings in the region.

Background Information for Key Projects

Defence Regeneration Plan 2016 – 2030

Linton indicative five-year programme

Drinking Water Network (<$3 million)
Multi-purpose Unit Facilities (<$10 million)
(Ammo) Hanger and Offices (<$5 million)
Ammunitions Storage Facility (<$5 million)
Logistics Warehouse (<$15 million)
Camp Workshop (<$20 million)
Camp Centre Multi-purpose Building (<$25 million)
Vehicle Shelters (<$1 million)

Ohakea indicative five-year programme

Hangar Fire Suppression Deluge Tank (<$3M)
Hazardous Waste Storage Facility (<$1M)
Refuelling Section Facility (<$1M)
Temporary Multi-Purpose Office Accommodation (<$3M)
Covered Tanker Park (<$3M)
Taxiway Replacement (<$20M)
Air Terminal Freight Loading Area (<$1M)
Aircraft Safe Arming Area (<$3M)
Additional Taxiway Apron Entry/Exit Point (<$3M)
Warehouse (<$10M)
General Equipment Workshop (<$5M)
Flight Rations Store (<$3M)
Base Chapel Relocation (<$1M)
Base Multi-purpose Administration Building (<$20M)
Physiotherapy and Medical Facilities (<$15M)

Palmerston North City Council 10-year Plan (current dollar values)

$m	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
City Centre Streetscape Upgrade	2.9	4.1	3.3	3.9	2.6	2.6	2.9	4.3	2.0	0.5	29.1
Urban Growth	3.3	8.6	7.2	4.0	5.8	3.0	6.7	4.2	2.6	2.2	47.5
Arena Masterplan	6.0	5.6	4.7	6.5	1.7	0.0	0.0	0.0	0.0	0.0	24.5
Major roading network upgrades	1.5	5.6	6.2	3.0	2.2	0.8	1.2	0.0	0.0	0.0	20.5
Social Housing	3.9	1.1	0.5	2.4	2.7	0.7	0.7	0.7	0.3	0.0	13.0
Seismic Strengthening	0.0	1.4	3.7	1.8	2.0	0.0	2.6	0.6	1.7	0.0	13.8
628-Totara Road Wastewater Treatment Plant	0.0	0.0	0.0	0.0	0.0	20.0	40.0	30.0	20.0	0.0	110.0
1460-Te Manawa Upgrade - Option A	0.0	0.0	0.0	0.0	0.6	1.7	1.7	11.6	17.4	24.9	58.0
1518-Central Library Upgrade	0.8	3.5	3.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.5
He Ara Kotahi Bridge and Pathway	10.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.2
Remaining capital new	13.5	19.5	21.9	17.9	12.1	13.0	6.0	6.4	5.8	5.0	121.1
Renewals	23.7	20.7	22.3	22.9	23.2	22.0	23.0	26.6	22.3	25.0	231.7
TOTAL	**$65.8**	**$70.1**	**$73.1**	**$62.4**	**$52.8**	**$63.8**	**$84.9**	**$84.3**	**$72.2**	**$57.6**	**$686.9**
of which funded externally	13.3	9.0	7.9	11.8	6.9	8.8	6.2	15.3	19.2	26.6	125.0
% funded externally	20%	13%	11%	19%	13%	14%	7%	18%	27%	46%	18%

MANAWATU REGION QUARTERLY REPORT

For Period Ending April 2020

Central Economic Development Agency

Prepared for
Central Economic Development Agency

Date
May 2020

CONTENTS

APRIL 2020 QUARTER

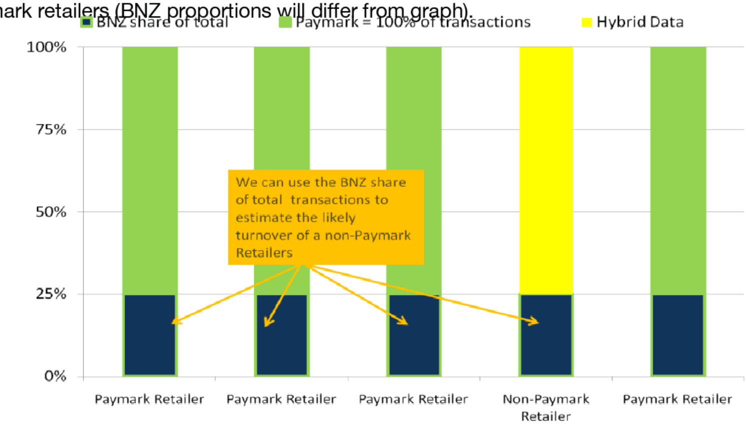
DATA SOURCE

The data included in this report represents the total value of electronic card retail transactions. For a frame of reference, Statistics NZ report just under 70% of total retail is paid with an electronic card (ECT publication and Retail Trade Survey). The rest is comprised of cash, hire-purchase and any other less-frequent method of payment. The data (referred to as Hybrid Data on the graph below) combines our two primary data sets in order to capture the complete quantity of retail spending.

The first of these is the Bank of New Zealand cardholder base. This set is based on the eftpos, debit and credit card transactions made by BNZ cardholders. BNZ has around a 20% share of the cards market, so on average BNZ Marketview accounts for one in five retail transactions. (As at July 1 2015, there were over 650,000 active BNZ cardholders).

The second is the Paymark merchant database. New Zealand has two eftpos networks. The largest of these is run by Paymark, a joint venture owned by ASB, BNZ, (formerly) the National Bank and Westpac. Approximately 75% of New Zealand retailers use the Paymark network. This data set provides a complete view of all eftpos, debit and credit card transactions made at merchants on the Paymark network, both from New Zealanders and international visitors. (As at July 1 2015, there were over 40,000 active merchants on the Paymark network).

For retailers which are not on Paymark network, there is no transactional data available from on the Paymark database. To fill this data gap we weight the BNZ cardholder spending at non-Paymark merchants. The weightings would be based on BNZ's share of the Paymark transactions. The underlying assumption would be that the BNZ cardholders would make up a similar share of spending at Paymark and non-Paymark merchants. The graph below illustrates how our Hybrid Data is used to account for spend at non-Paymark retailers (BNZ proportions will differ from graph).



RETAIL OVERVIEW

FOR PERIOD ENDING APRIL 2020 QUARTER

QUARTERLY ACTIVITY

Changes over same time last year

SPENDING	TRANSACTIONS
$277,455,719	5,829,922
▼ -18.6%	▼ -27.8%

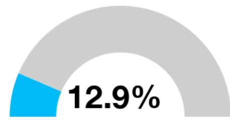
Spending in your area fell by 18.6% over the same time last year. Transactions in your area fell by -27.8%. NZ spending grew by -18.3%, and transactions by -26.6%

CARDHOLDER ORIGIN

	CARDHOLDER CONTRIBUTION	VALUE SPENT IN YOUR REGION	CHANGE (VS. SAME QUARTER LAST YEAR)
LOCALS	76.4%	$211.90 mn	-13.0% ▼
REST OF HORIZONS	10.7%	$29.63 mn	-31.5% ▼
REST OF NZ CARDHOLDERS	11.2%	$31.02 mn	-38.2% ▼
INTERNATIONAL CARDHOLDERS	1.8%	$4.90 mn	29.7% ▲

MARKET SHARE

Your Share vs Key Competitors



vs. last year

▼ -0.5%

Market share is your share of spending in the market (yourself and key competitors).

Your key competitors are based on areas you have chosen, in this case Rest of Horizons Region, Taranaki, Hawkes Bay, Hamilton, and Waikato territorial authorities

FASTEST GROWING STORETYPES

Based on Spending

IN YOUR REGION vs. last year

Food Retailing ▲ 17.0%

IN COMPETITOR LOCATIONS vs. last year

Food Retailing ▲ 19.5%

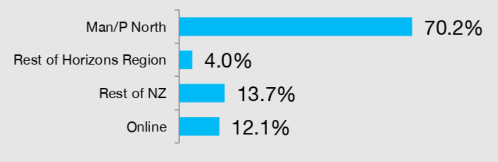
Food Retailing in your area had the largest growth amongst storetypes, up 17.0%.

Food Retailing had the largest growth in Key Competitor locations, up 19.5%.

LOYALTY AND OUTFLOW

Destination of Locals' Spending

Manawatu / Palmerston North residents conducted 70.2% of their retail spending in Man/P North and 4.0% in the Rest of Horizons Region. They spent 12.1% online.



WHERE ARE THE RETAIL HOTSPOTS?

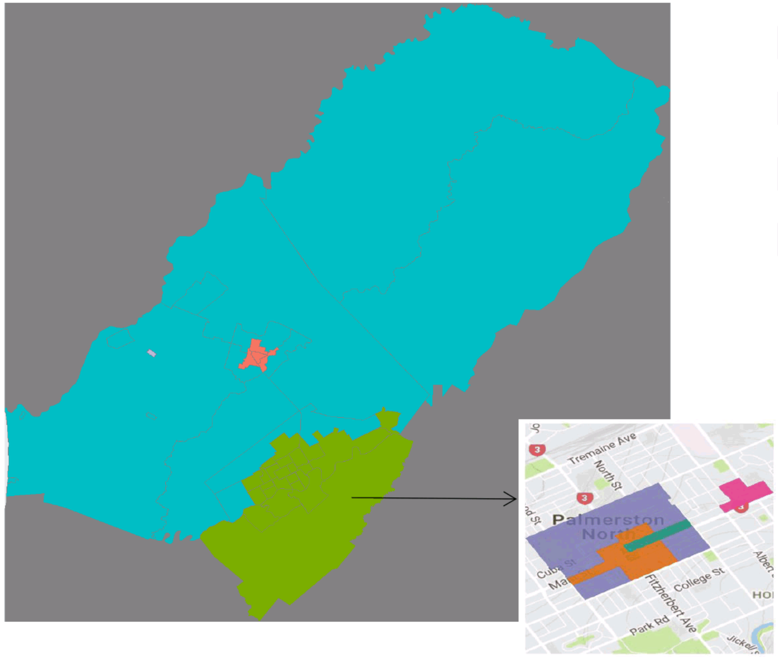
How does this affect planning? Is it happening where we want it to happen?

TOP PERFORMING LOCATIONS

Based on percentage change in spending from same period last year

FOR ALL CARDHOLDERS FEILDING

INTERNATIONAL CARDHOLDERS TERRACE END



** Map insert in Appendix

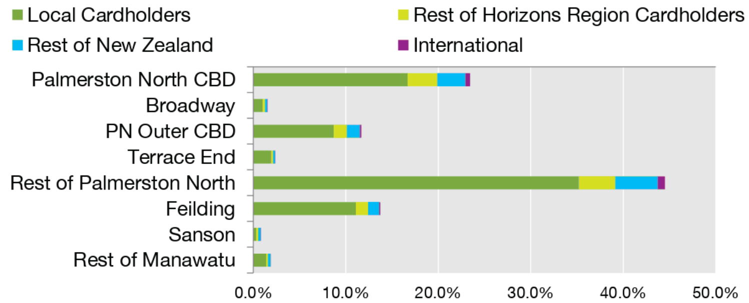
CHANGE IN SPENDING

Change in spending over same period last year

RANK	LOCATION	VALUE OF SPENDING	CHANGE IN SPENDING
1	Feilding	$38,082,151	-7.2%
2	Rest of Palmerston North	$123,469,827	-14.0%
3	Sanson	$2,275,827	-15.5%
4	Rest of Manawatu	$5,231,961	-19.4%
5	Palmerston North CBD	$65,063,730	-23.1%
6	PN Outer CBD	$32,431,642	-26.3%
7	Terrace End	$6,564,478	-29.2%
8	Broadway	$4,336,104	-51.7%
	TOTAL	**$277,455,719**	**-18.6%**

DISTRIBUTION OF SPENDING

Split by cardholder location



ITEM 9 - ATTACHMENT 3

WHO IS SPENDING AT OUR RETAILERS?

Is this changing? How appealing are we to visitors/ tourists?

SPENDING BY CARDHOLDER LOCATION

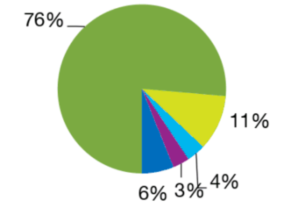
Change in spending over same period last year

CARDHOLDER AREA	VALUE SPENT	CHANGE ON SAME QUARTER LAST YEAR
MANAWATU / PALMERSTON NORTH	$211.90 mn	▼ -13.0%
REST OF REGION	$29.63 mn	▼ -31.5%
REST OF NZ CARDHOLDERS	$9.96 mn	▼ -39.2%
WELLINGTON REGION	$8.98 mn	▼ -40.2%
AUCKLAND REGION	$5.77 mn	▼ -40.1%
INTERNATIONAL	$4.90 mn	▲ 29.7%
WAIKATO REGION	$3.44 mn	▼ -34.1%
HAWKE'S BAY REGION	$2.87 mn	▼ -27.0%

International cardholder spending within New Zealand is up -14.4% over the same period last year, and transactions are up -15.1%. Regions are chosen based on top spenders in Manawatu/Palmerston North for the quarter.

DISTRIBUTION OF CARDHOLDERS

Including international cardholders



FASTEST GROWING CONSUMER GROUP

Based on spending change from the same period last year

▲ INTERNATIONAL

WHAT DOES OUR RETAIL CASHFLOW LOOK LIKE?

How much are we leaking to other areas?

OVERVIEW OF INFLOW AND OUTFLOW TO/FROM MANAWATU / PALMERSTON

LOCAL INFLOW
The total amount spent in your region
+ **$211.90 mn**

VISITOR INFLOW
The total amount of spending by cardholders living outside your region
- **$65.56 mn**

NET INFLOW TO YOUR AREA
Total inflow minus total outflow
= **$277.46 mn**

NET GAIN FOR YOUR AREA
Net gain in spending for your region
= **-$24.24 mn**

THE BREAKDOWN

Non-locals include international cardholders

LOCALS SPENDING LOCALLY

$211.90 mn

LOCALS SPENDING ELSEWHERE

$89.80 mn
This figure includes $53.31mn spent in other areas, and $36.48mn spent online"

ORIGIN OF INFLOW BY CARDHOLDER LOCATION

Breakdown of spending in your council

What's coming into your region
What's spent outside your region

CARDHOLDER LOCATION	YOUR REGION	ELSEWHERE IN NZ
Manawatu / Palmerston North	$211.90 mn	$53.31 mn
Rest of Region	$29.63 mn	$279.01 mn
Rest of NZ Cardholders	$9.96 mn	$4,521.18 mn
Wellington Region	$8.98 mn	$1,336.45 mn
Auckland Region	$5.77 mn	$4,159.09 mn
International	$4.90 mn	$642.29 mn
Waikato Region	$3.44 mn	$1,080.58 mn
Hawke's Bay Region	$2.87 mn	$438.42 mn
TOTAL	$277.46 mn	$12,510.34 mn

HOW ARE OUR RETAILERS PERFORMING?

Are we keeping pace? Are our retailers maximising the available opportunities?

RETAIL CATEGORY CHANGE IN SPENDING AND PERFORMANCE

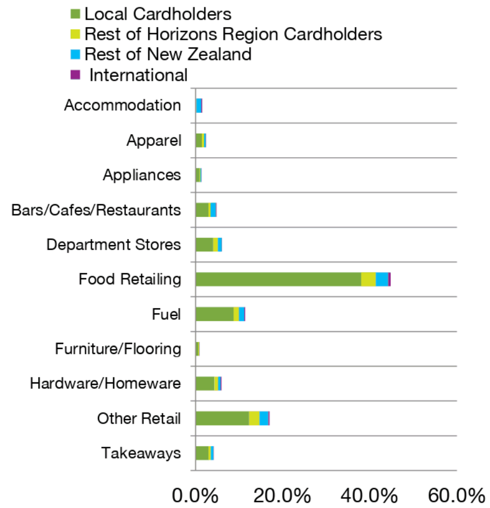
Spending change over same period last year

RETAIL CATEGORY	$$ SPEND	YOUR RESULT	YOU VS. COMPETITOR GROUP: RANK	YOU VS. COMPETITOR GROUP: CHANGE ON LAST
ACCOMMODATION	$4.15 mn	▼ -43.6%	5	-4
APPAREL	$6.74 mn	▼ -50.8%	5	0
APPLIANCES	$3.53 mn	▼ -20.8%	1	2
BARS/CAFES/RESTAURANTS	$13.30 mn	▼ -44.4%	5	-1
DEPARTMENT STORES	$16.64 mn	▼ -39.0%	4	0
FOOD RETAILING	$124.09 mn	▲ 17.0%	5	-3
FUEL	$31.49 mn	▼ -22.0%	3	2
FURNITURE/FLOORING	$2.53 mn	▼ -39.5%	4	-2
HARDWARE/HOMEWARE	$16.40 mn	▼ -29.0%	5	-3
OTHER RETAIL	$47.17 mn	▼ -34.1%	4	-1
TAKEAWAYS	$11.42 mn	▼ -39.0%	5	-1

The competitor group is made up of retailers in Rest of Horizons Region, Taranaki, Hawkes Bay, Hamilton, and Waikato, and based on similar and/or neighbouring regions.

ORIGIN OF CARDHOLDERS

Including international cardholders



FASTEST GROWING CATEGORIES

Domestic/ International split

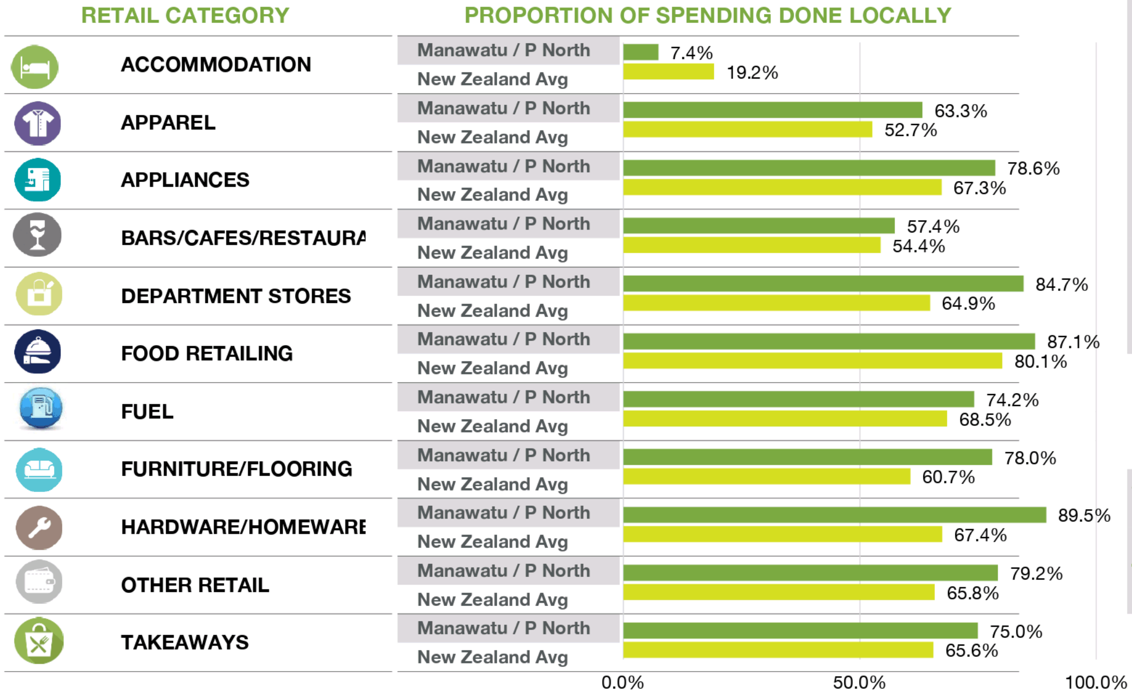
For ALL Cardholders	For INTERNATIONAL Cardholders
FOOD RETAILING	FURNITURE/FLOORING

DOES OUR LOCAL RETAIL MEET THE NEEDS OF CUSTOMERS?

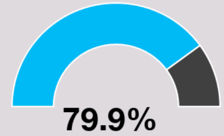
Have we got gaps? Where should be target development?

PROPORTION OF LOCAL CARDHOLDER'S SPENDING THAT GOES TO LOCAL MERCHANTS

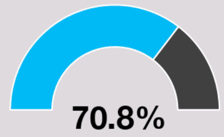
High percentages presume that local cardholders are happy with local options



OVERALL LOYALTY



Local cardholders spent 79.9% at local merchants this quarter (exc Online).



New Zealanders spent 70.8% with their local merchants this quarter.

MOST LOYAL CATEGORY

SPENDING

HARDWARE/HOMEWARE

TRANSACTIONS

HARDWARE/HOMEWARE

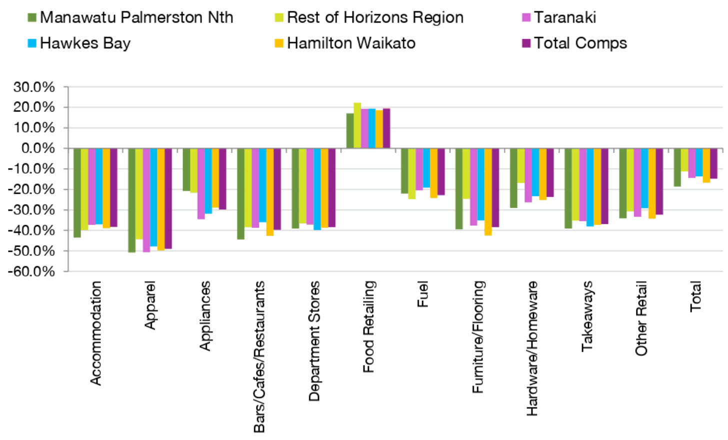
ITEM 9 - ATTACHMENT 3

HOW DO WE COMPARE TO COMPETITORS?

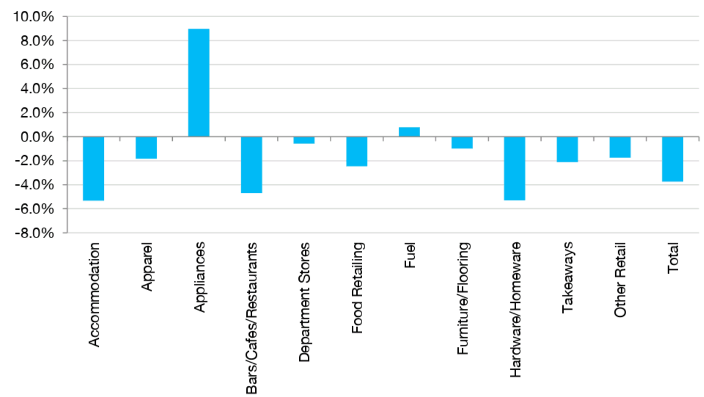
Is your local offering sufficient? How to you compare against competitors?

CHANGE IN SPENDING BY RETAIL CATEGORY

Over Same Period last year



MANAWATU / PALMERSTON NORTH CHANGE COMPARED TO PEER GROUP AVERAGE



BEST COMPARED TO AVERAGE PEER

Based on change in spending this year over same time last year

APPLIANCES

WORST COMPARED TO AVERAGE PEER

Based on change in spending this year over same time last year

ACCOMMODATION

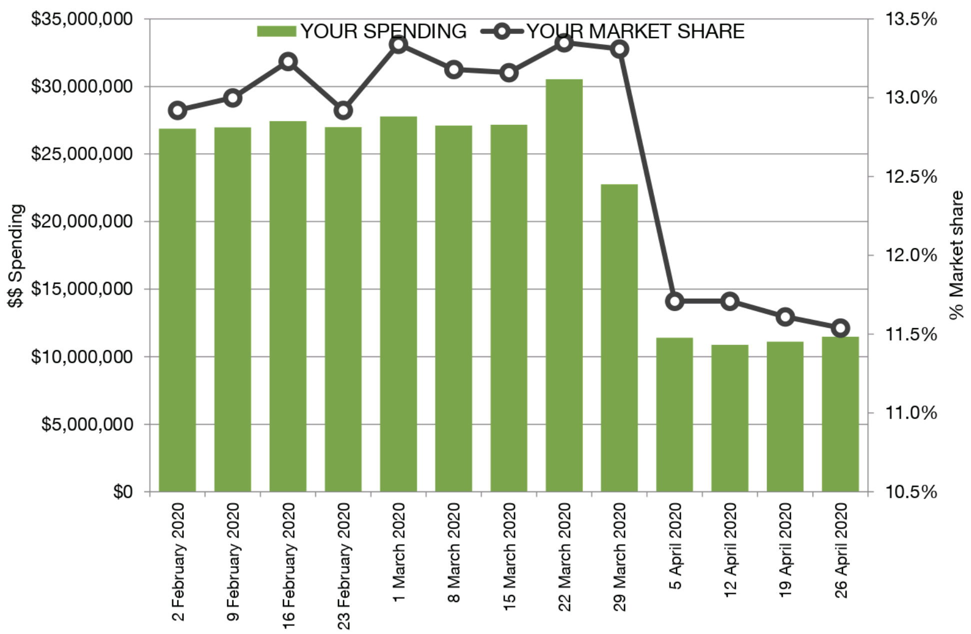
The competitor group is made up of retailers in Rest of Horizons Region, Taranaki, Hawkes Bay, Hamilton, and Waikato, and based on similar and/or neighbouring regions.

HOW HAS RETAIL ACTIVITY VARIED BY WEEK?

How does this affect planning? Has any event stimulated activity?

SPENDING DONE IN MANAWATU / PALMERSTON NORTH AND SHARE OF THE MARKET

By Week Ending:



BEST PERFORMERS

YOUR HIGHEST TOTAL WEEKLY SPEND

Week ending

22 March 2020

YOUR HIGHEST WEEKLY MARKET SHARE

Week ending

22 March 2020

Total market is based on spending at yourself and competitors. The competitor group is made up of retailers in Rest of Horizons Region, Taranaki, Hawkes Bay, Hamilton, and Waikato, and based on similar and/or neighbouring regions.

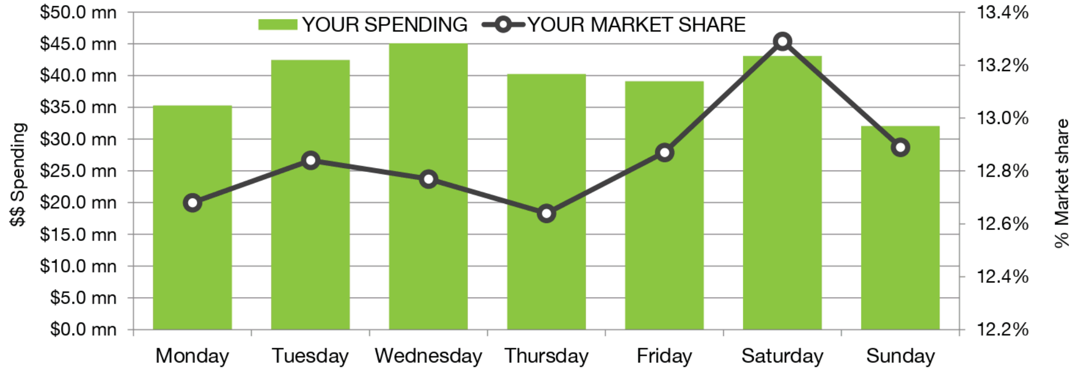
marketview
A Verisk Business

WHEN ARE OUR RETAILERS BUSIEST?

Are we managing council resources effectively to match these busy periods?

SPENDING DONE IN MANAWATU / PALMERSTON NORTH AND SHARE OF THE MARKET

By Week



DiSTRIBUTION OF SPENDING AT MERCHANTS IN YOUR REGION - BY TIME OF DAY

The darker the box, the higher the proportion of spending

	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY	Avg. for Period
Midnight - 4am	0.2%	0.2%	0.3%	0.3%	0.3%	0.6%	1.0%	**0.4%**
4am - 8am	3.0%	3.3%	3.3%	3.4%	3.1%	1.8%	1.6%	**2.8%**
8am - Midday	26.6%	29.0%	26.9%	26.8%	26.5%	30.5%	28.9%	**27.9%**
Midday - 4pm	38.0%	35.6%	35.3%	36.2%	36.6%	39.3%	41.0%	**37.3%**
4pm - 8pm	28.4%	27.4%	29.0%	28.2%	27.8%	22.6%	23.8%	**26.8%**
8pm - Midnight	3.9%	4.5%	5.2%	5.0%	5.7%	5.2%	3.8%	**4.8%**
Avg. for Day	**12.9%**	**15.3%**	**16.4%**	**14.8%**	**14.1%**	**15.0%**	**11.5%**	**100.0%**

YOUR BEST PERFORMERS

DAY OF THE WEEK WITH MOST SPENDING

Wednesday

DAY OF THE WEEK WITH HIGHEST MARKET SHARE

Saturday

TIME PERIOD WITH HIGHEST PROPORTION OF SPENDING

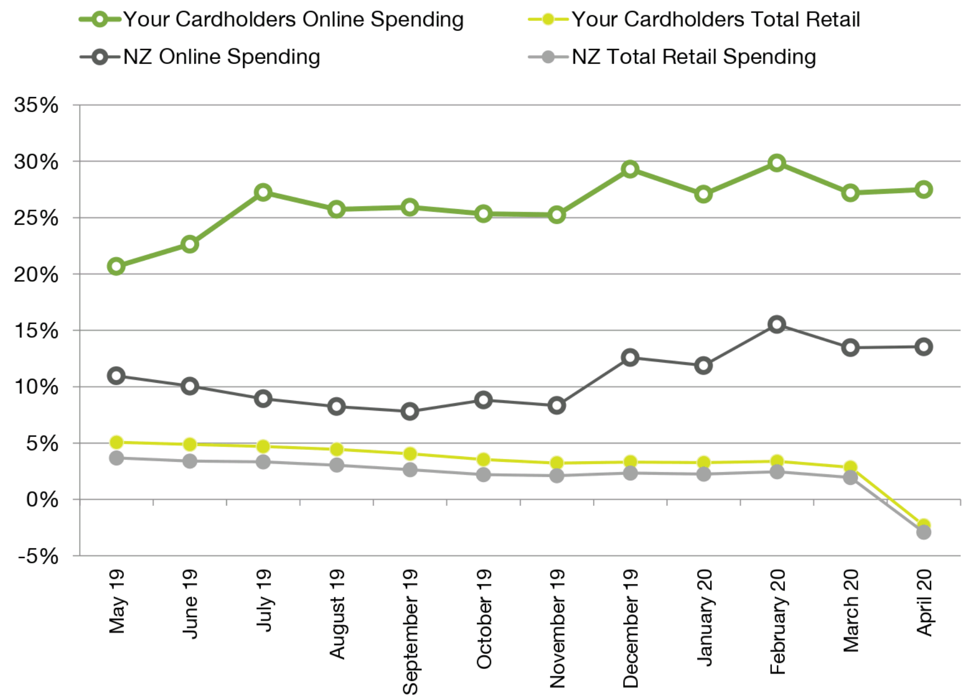
Midday - 4pm

HOW MUCH ARE LOCALS SPENDING ONLINE?

Is your local offering sufficient? What does this mean for property prices?

CHANGE IN ONLINE SPENDING VS TOTAL NZ TRENDS

Rolling 12 months change in spending



GROWTH IN ONLINE SPENDING (this quarter)

Your Locals	NZ Average
▲ 29.8%	▲ 15.0%

SHARE OF TOTAL RETAIL SPENDING

Your Locals	NZ Average
12.1%	15.5%

% SPENT ON OVERSEAS WEBSITES (this quarter)

Your Locals	NZ Average
38.1%	41.9%

FASTEST GROWING ONLINE CATEGORY (for local cardholders)

Fuel

Fuel may be the highest category as consumers pay fuel cards through credit card

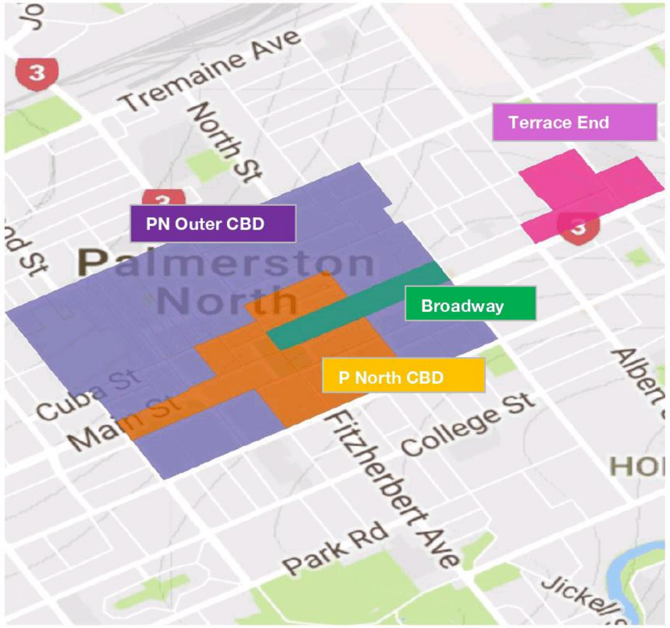
APPENDIX

STORETYPE DEFINITIONS- BASED ON ANZSIC CATEGORIES

Accommodation:	Accommodation
Apparel:	Clothing Retail, Foodwear Retail
Appliances:	Domestic Apliances
Bars/Cafes/Restaurants:	Cafes and Restaurants, Pubs Taverns and Bars
Department Stores:	Department Stores
Food Retailing:	Bread and Cake Retailing, Fresh Meat, Fish and Poultry Retailing, Fruit and Vegetable Retailing, Specialised Food Retailing, Supermarket and Grocery Stores
Fuel:	Automotive Fuel Retailing
Furniture/Flooring:	Floor Covering Retailing, Furniture Retailing
Hardware/Homeware:	Domestic Hardware and Houseware Retailing, Building Supplies
Other Retail:	Antique and Used Goods, Automotive Electrical Services, Automotive Repair and Service, Clubs (Hospitality), Fabric and Other Soft Good Retailing, Flower Retailing, Funeral Directors, Crematoria, and Cemeteries, Garden Equipment Retailing, Gardening Services, Hairdressing and Beauty Salons, Household Equipment Repair, Laundries and Drycleaners, Liquor Retailing, Marine Equipment, Newspaper, Books and Stationery, Personal and Household Goods, Personal Services, Pharmaceutical, Cosmetic and Toiletry Retailing, Photographic Equipment, Photographic Film Processing, Photographic Studios, Recorded Music Retailing, Retailing nec, Smash Repairs, Sport and Camping Equipment, Toy and Game Retailing, Travel Agency, Tyre Retailing, Video Hire Outlets, Watch and Jewellery Retailing
Takeaways:	Takeaways

APPENDIX

Map Insert for Palmerston North breakdown. The map is indicitive and the boundaries may vary, due to street/meshblock split. Broadway is inline with council definitions.



MEMORANDUM

TO: Economic Development Committee

MEETING DATE: 3 June 2020

TITLE: Business Improvement District Policy

PRESENTED BY: David Murphy, City Planning Manager

APPROVED BY: Sheryl Bryant, General Manager - Strategy & Planning

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RECOMMENDATION(S) TO COUNCIL

1. **That the Business Improvement District Policy (2020), as attached to the memorandum reported to the 3 June 2020 Economic Development Committee titled "Business Improvement District Policy", be received.**
2. **That the Business Improvement District Policy (2020) as attached to the memorandum reported to the 3 June 2020 Economic Development Committee be adopted.**
3. **That the Mayor and Chairperson of the Economic Development Committee be authorised to make minor amendments to the Business Improvement District Policy (2020), as attached to the memorandum reported to the 3 June 2020 Economic Development Committee titled "Business Improvement District Policy", prior to a Business Improvement District proponent putting forward a proposal to Council under the Business Improvement District Policy (2020).**

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1. ISSUE

1.1 There are opportunities for greater collaboration and organising power within the business community to contribute to the growth, development, and sense of place of the city centre. Projects such as Streets for People, Palmy Unleashed and placemaking partnerships have shown the value of business-city relationships.

1.2 Unlike most cities in New Zealand, Palmerston North does not have a self-governed local economic initiative dedicated to specific business districts, e.g. the city centre. Palmerston North previously had a City Centre Marketing group, however a membership-based scheme and little integration with Council strategic direction led to an insufficiently-resourced group without adequate collaboration with Council activities.

1.3 Business Improvement Districts (BID) have been found globally to enhance the way that business districts strategically position themselves for economic and social development.

2. BACKGROUND

2.1 Council has sought to actively encourage self-organisation within the city centre business community since 2017, prompted by the now superseded Vibrant City Centre Plan. This Plan was developed with Peter Smith of Place Governance Partners and produced programme outcomes such as Palmy Unleashed.

2.2 City centre engagement has been ad-hoc to date, often established on an 'as needs' basis depending on the engagement requirements of individual programmes and projects. In recent history, coordination efforts between businesses have mainly focused around single-issue concerns regarding carparking and landscaping.

2.3 Individual engagements and partnerships with businesses remain effective, for instance maximising public space for business use in streetscape design, or the activation and co-creation of business initiatives to enhance the uniqueness of that public space. Higher-level strategic collaboration across precincts in the city centre has however been difficult to maintain on the side of both Council and the business community.

2.4 Within the business ecosystem (Figure 1, Attachment 1), there are a number of economic development agencies with an interest, but not a distinct responsibility for local precincts such as the city centre. This means that their ability to influence and drive specific initiatives in these areas is limited.

2.5 Compared to the individual and ad-hoc engagement experienced in Palmerston North, other city centres can collaborate with a business association or BIDs to advocate for better-informed decision-making on strategy and capital programmes, and better align expectations and delivery for levels of service. Likewise, BIDs are an international standard for self-governing city centre communities. BIDs operate with their own strategic plan, board of directors, relationship manager/s, and their own resourcing to implement projects and programmes for the wellbeing of their trading environment.

2.6 The following extracts from the City Centre Plan 2018 highlight Council's strategic intent to explore the use of BIDs to support trading environments in Palmerston North:

"Council needs to work with city centre stakeholders to establish a business association that will use marketing, events and management to promote and reinforce community attachment and place-identity in other locations within the city centre. In other cities, Business Improvement Districts (BIDs) are formed to drive this activity. This approach needs to be considered in Palmerston North."

Where we are now…

"• There is a lack of coordination and leadership by city centre stakeholders.

• There is no city centre business association.

• There is no business improvement district(s) (BID)."

Where we want to be…

"• There is a strong business association which supports the establishment of a self-funded business improvement district (BID)."

New ongoing actions to achieve this purpose…

"• Facilitate the formation of a business association and supporting contacts register for the city centre business community.

• Formulate a self-funded business improvement district (BID)."

2.7 BIDs require a targeted rate to be applied to a geographic area to be their main source of income. The targeted rate can be viewed by BID members as part of their marketing budget that delivers projects that reinforce the identity and non-price competition to attract customers to shop local. As such, a BID Policy is necessary in order to guide how rating mechanisms are to be used for the purposes of a business community.

2.8 The Long-Term Plan and an additional resolution of Council allocated funding to assist with expenses incurred to develop a BID proposal and support communications for a city centre BID. These are detailed at paragraph 2.9 and 2.10 below.

2.9 Long Term Plan (2018-28) Programme 1471 - Formation of City Centre Business Association:

"Seed funding for formation of city centre business association and development of city centre contacts register."

2.10 Resolution in the Council Meeting of 23/09/2019:

"1. That $48,000 of unbudgeted expenditure be authorised to progress the Proposed City Centre Business Improvement District.

2. That it be noted that the Chief Executive will seek to absorb the $48,000 of unbudgeted expenditure to progress the Proposed City Centre Business Improvement District within existing Strategy and Planning budgets."

2.11 The BID Policy has been drafted with the entire city in mind, so that if BID proponents were to propose a BID structure for a village or suburban trading environment, then the policy can provide for that opportunity.

2.12 The Draft BID Policy has been informed by the following BID Policies, in addition to the BID Playbook developed for Palmerston North:

- Wellington BID Policy.
- Auckland BID Policy.
- Hastings BID Policy.
- Christchurch BID Policy.
- Hamilton BID Policy.

3. OUTLINE OF COMMUNITY ENGAGEMENT

3.1 Community engagement has included:

- July 2017: Vibrant City Centre Presentations in the Palmerston North Conference and Function Centre and Downtown Cinemas.
- June 2017: BID research and ‘Playbook’ developed for Palmerston North. Manawatū Chamber of Commerce interviewed as part of this research.
- March-April 2018: Consultation on the City Centre Plan via Long-Term Plan consultation.
- June 2018: BID presentation to the city centre business community and expressions of interest for BID Leadership Group, Palmerston North Conference and Function Centre.
- November 2018: BID presentation to the city centre business community, Downtown Shopping Centre.
- March 2019: City centre leadership group strategy workshop, Palmerston North Conference and Function Centre.
- February 2020: Draft BID Policy consultation with BID Leadership Group, Downtown Shopping Centre.

3.2 Ongoing engagements:

- Temporary BID relationship manager contracted from August 2018 to engage all businesses in the city centre about BID concepts and city centre collaboration

- BID representatives involved in a Streetscape Design Sub-Committee to inform the way that the Streets for People Programme is delivered.

- BID Leadership Group meeting on a regular basis to discuss common issues and opportunities in the city centre.

- Engagement with Manawatū Chamber of Commerce and BID Leadership Group Chair to provide input into BID constitution and communications.

3.3 Future engagement touchpoints in the BID process:

- Bid establishment poll – minimum of 25% voter turnout, with a greater than 50% majority vote in favour of establishing a bid.

- Council's Long Term Plan Consultation regarding any targeted rate that the BID Association applies for.

4. NEXT STEPS

4.1 Enable Palmy BID proposal to explore a city centre BID with their community by providing targeted rate options and completing a comprehensive voting register for the bid proponent to progress consultation and voting on a city centre BID.

4.2 Engage an independent election consultant to run a BID establishment poll once the BID proponent had run full consultation.

4.3 If BID establishment is successful, a targeted rate on the BID area would be included in the Draft Long-Term Plan to resource the delivery of the BID Association's strategic plan and be subject to the Long Term Plan consultation process.

5. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	**No**
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 2: A Creative and Exciting City	
The recommendations contribute to the outcomes of the Creative and Liveable Strategy	
The recommendations contribute to the achievement of action/actions in the City Centre Plan The action is: "*Formulate a self-funded business improvement district (BID).*"	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	A BID Policy provides the process and communicates expectations to prospective business communities wishing to increase the social, economic, environmental, and cultural wellbeing of their precincts.

ATTACHMENTS

1. Business Improvement District Policy 2020 ⇩

Business Improvement District Policy

For Palmerston North 2020

Contents

1. Introduction

A Business Improvement District (BID) is a partnership between a local authority and a geographically-defined local business community to develop projects and services that benefit the trading environment and place identity which align with the local authority's strategic direction. A BID is supported by a targeted rate, levied on and collected from properties within the defined boundary.

A BID provides a vehicle for local business-led initiatives that support key city objectives of vibrant centres, increased employment, business creation and development.

There is no minimum size for a BID; however, any proposed BID must demonstrate that it is viable.

2. Purpose of this Policy

This policy guides BID Proponents and describes the role of Palmerston North City Council (Council) which is required to approve any BID and collect the associated targeted rates on behalf of the BID.

The policy addresses:

- The responsibilities of the Council and BID Associations
- The city objectives that a BID must meet
- The process to establish a BID
- The operation of a BID
- Managing the performance of a BID.

3. Definitions

BID

Business Improvement District

BID Proponent

A business leader or group that is proposing the establishment of a BID

BID Association

A legal entity constituted to administer the BID

Council

Palmerston North City Council

Executive Committee

The body elected by businesses in the BID area to govern the operations of the BID

BID Manager

A person or organisation recruited or contracted to manage the BID programme

Property

A rating unit as defined by Palmerston North City Council

4. Strategic Context

A BID has been identified as an important ingredient for delivering the strategic direction for Palmerston North.

The City's strategic direction is clear on protecting the natural hierarchy of business areas:

1. City Centre: Characterised as the prime retail, office, entertainment, cultural and pedestrian-related retail focus of the City;
2. Outer CBD: Made up of larger format retail, commercial service and light industrial activities.
3. Fringe Business Area: Vehicle-oriented commercial and retail activities with convenient access to the City's northern arterial roads.
4. Local Business Areas: Small local centres providing for the daily shopping needs of residential neighbourhoods, e.g. Hokowhitu Village, Highbury Shopping Centre.

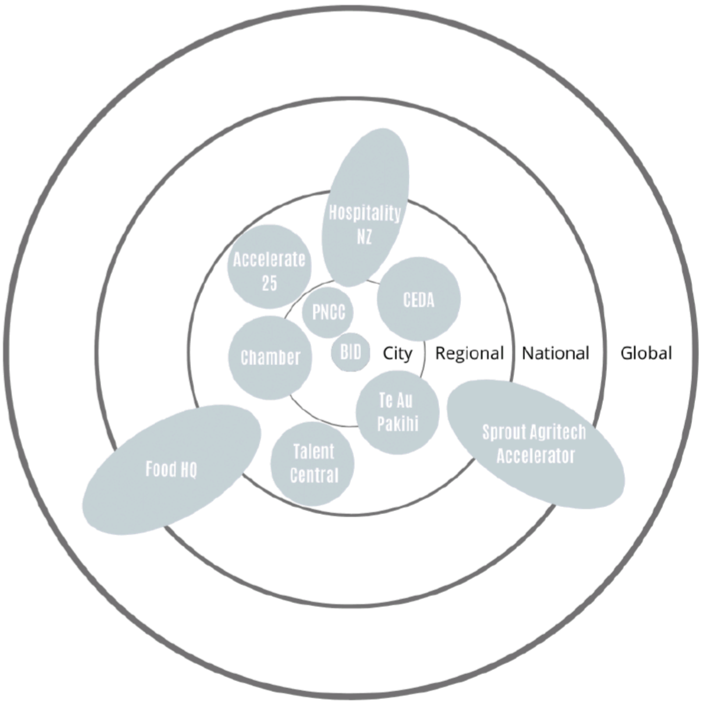


Figure 1: The Economic Development Landscape (adapted from the Business Improvement District Playbook 2017)

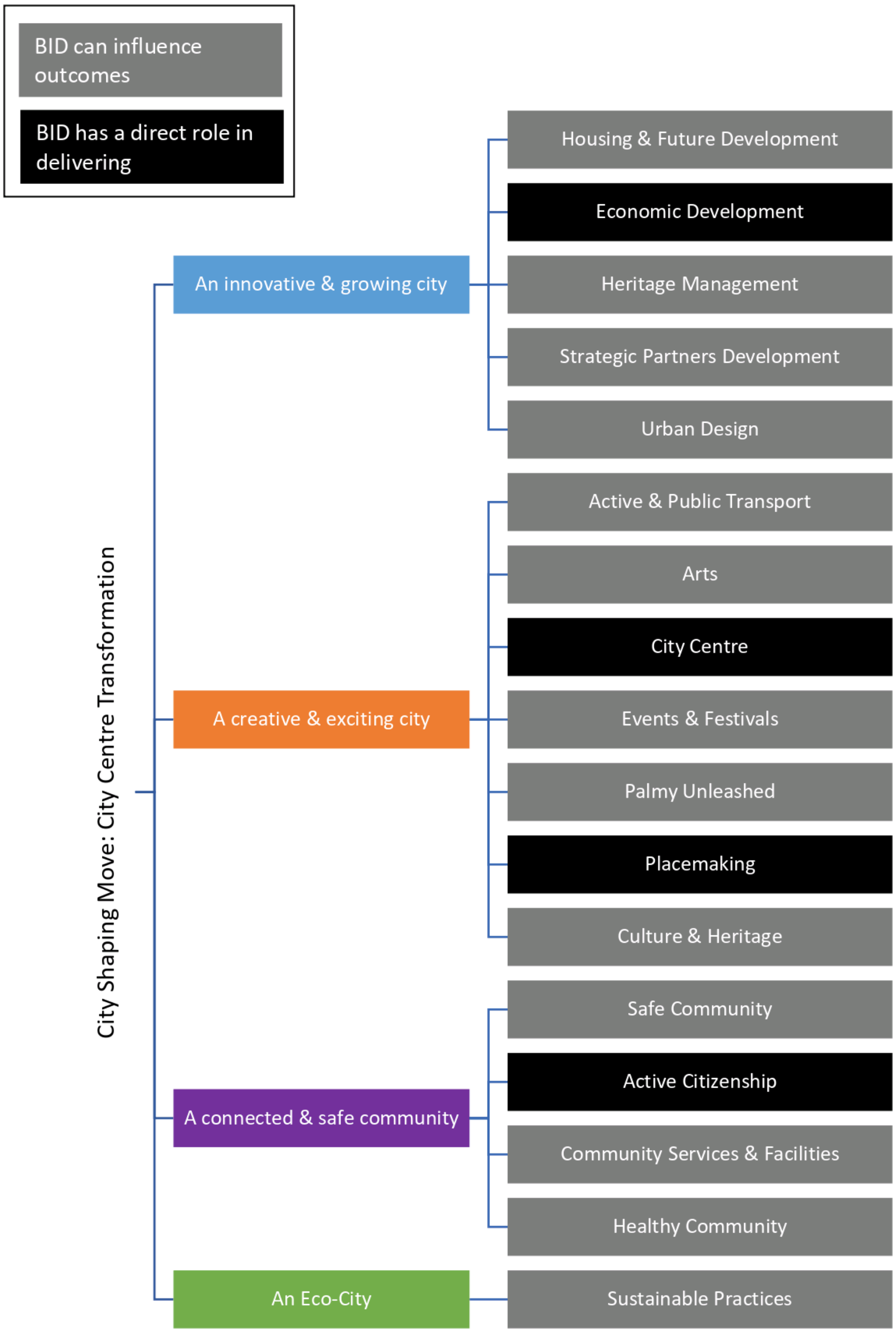
The strategic outcomes for the City Centre underpinned by the strategic direction include:

- Supporting sustainable growth for existing and new businesses and inner-city residents in the City Centre.
- Anchoring the City Centre as the key social, cultural and economic destination for Palmerston North.
- Representation from communities in BIDs visibly enhances the level of collaboration and co-creation of places within the BID area to create a network of economic resilience.

While there is a clear priority towards protecting the growth and role of a strong city centre, Council is supportive of the development of BIDs in local centres or outlying commercial areas to enhance the sense of place, level of coordination, and decision-making leadership of local business communities. BIDs can devolve power to communities closest to the opportunities and issues faced by them and can maintain strong relationships for other economic development players to harness.

The strategic plan of each BID will set out how it supports the priorities underpinning these strategies. The planning of the BID programme should take account of key Palmerston North City Council planning and policy documents.

This section of the policy will be updated as necessary to accommodate any changes in Council's strategic direction.



2 Alignment with Council's Strategy & Plan Framework

5. Partnership Between the Council and BID Association

Council Responsibilities	BID Association Responsibilities
• Provide information and advice as appropriate • Consider whether to set a targeted rate for BID programmes • Set a targeted rate, if appropriate • Monitor and review the performance of BIDs	• Comply with its constitution and the BID policy • Comply with all other relevant laws and regulations • Maintain proper meeting and accounting records demonstrating how the targeted rate and grant money is used and make such records available to the Council on request

6. BID Objectives

6.1. What Business Improvement Districts can do

All BID programmes should develop an in-depth understanding of the needs of their community. The BID policy allows for a wide range of activities that could be undertaken with the provisos that the activities:

- Assist in the delivery of and influence the Palmerston North City Council's strategic direction for the City;
- Are relevant for their community; and
- Are not already being undertaken as part of the Council's responsibilities under the general rating provision. There is no prohibition of BIDs providing levels of service additional to those provided by the Council through general rates.

6.2. Accountability

The BID Association is accountable to its eligible voters. It is also accountable to the Council for the use of the BID targeted rate and alignment with the Council BID Policy.

This accountability is supported by the development of a business plan, the measurement of key performance indicators, production of an annual report and financial accounts for its members, and annual reporting to the Council. Audited accounts to be provided: annually where the targeted rate income is equal to or over $100,000; and every second year where the targeted rate income is less than $100,000, or on request by the Council.

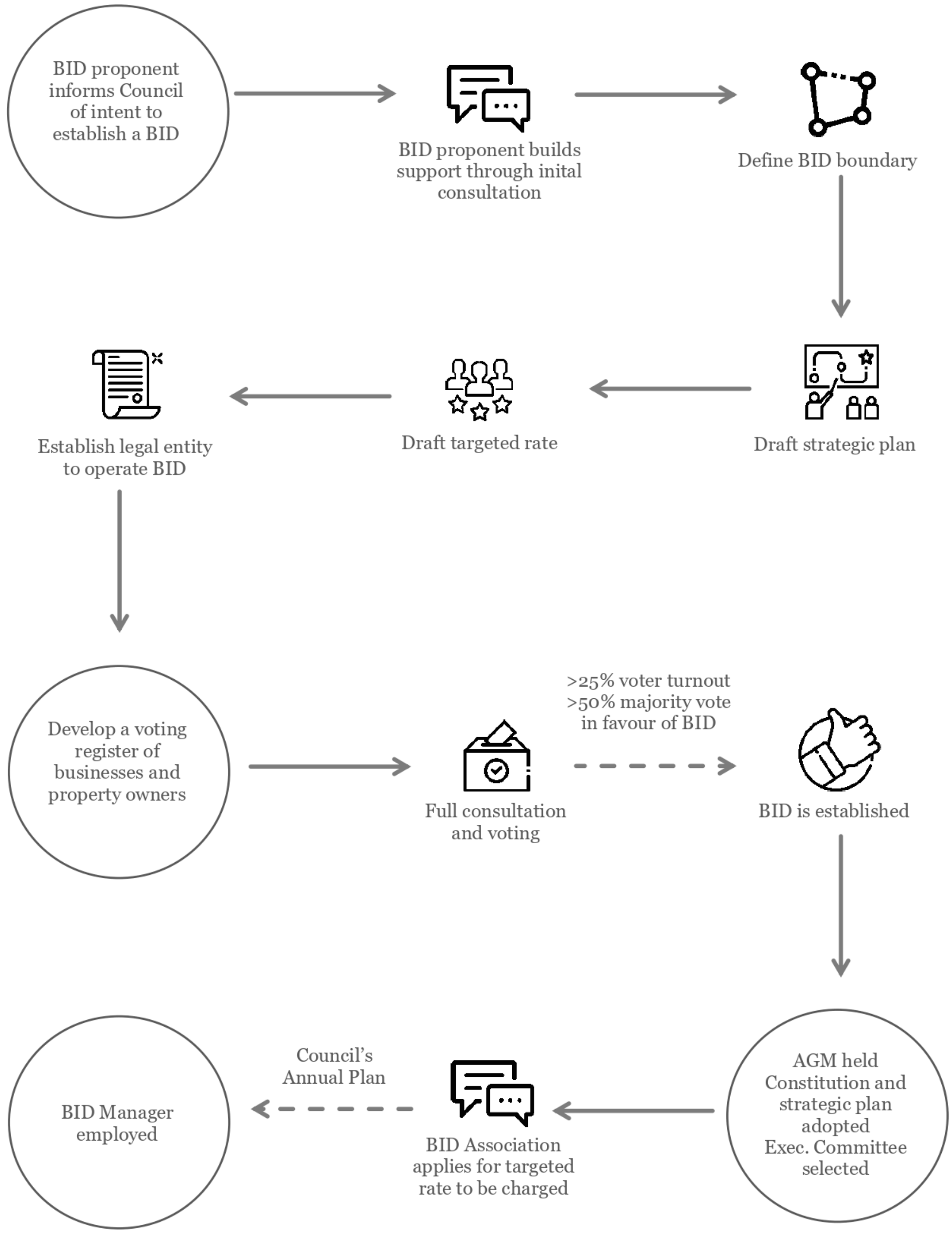
The Council is accountable for the collection and payment of the BID targeted rate amount to individual BID Associations, and ensuring the targeted rate collected is spent as intended. The BID targeted rate may only be applied to the agreed activities of the BID Association and for no other purpose.

Where the Council has serious concerns with the performance of a specific BID Association, the BID targeted rate may be withheld until specific improvements or alterations have been made by the BID Association.

In accordance with the provisions of the Local Government Act 2002 and the Local Government (Rating) Act 2002, the Council will make the final decisions on what BID targeted rates, if any, to set in any particular year (in terms of the amount and the geographic area to be rated).

7. Establishment Process

The following steps must be taken by any group proposing to establish a BID:



7.1. Initial Consultation

The BID Proponent is to undertake initial consultation with the business community on the potential range of services a BID could offer. This will help to determine the level of support for forming a BID. These stakeholders might include, for example, owners of businesses, landowners and ratepayers, residents, local or central government agencies within the proposed BID, or interested community groups. This consultation could include a public meeting to communicate the proposal to establish a BID, the area that it is proposed to cover, and its potential objectives and activities.

Following this initial consultation, the group proposing the BID will give feedback to the Council on the response received, and whether they wish to proceed with the establishment of a BID. If there is sufficient interest (indicatively >25 percent support) then the following steps would be undertaken:

7.2. BID Boundaries

Confirm the boundaries where the targeted rate would apply. In the first instance, the Council will allow those proposing a BID to determine the boundaries within which the targeted rate will be collected. However, should the Council disagree on the proposed boundaries; the Council's decision is final, as it is the Council which takes responsibility for the targeted rate.

7.3. Strategic Plan

Develop a strategic plan outlining the proposed activities that will be funded by the targeted rate and which comply with BID policy.

7.4. Draft Targeted Rate

The BID Proponent and Council will agree on the level of targeted rate required to support the BID budget and the basis for its collection. The Local Government (Rating) Act 2002 gives the Council authority to set a targeted rate for an activity such as a BID. The level of the rate needs to be enough to support the BID programme of activities. The BID must agree on the total budget required for the programme with its members (at an AGM) and advise the Council that the BID targeted rate be included in the Annual Plan of the Council.

There are three options for calculating the targeted rate collection. Targeted rates can be established by the:

- Proportional value method
- Flat rate method
- Hybrid method (which is a combination of both the proportional value and flat-rate methods).

Council staff will work through the different options with BIDs on a case-by-case basis.

Proportional/Variable value method

Under the proportional value method, the total amount of the targeted rate to be collected is divided by the capital value of the properties within the collection area. As a result, larger capital value properties pay a greater proportion of the targeted rate. Every property will therefore be paying a different BID targeted rate amount.

This method is preferable where owners owning or renting more valuable areas of land or businesses will gain significantly more from the BID programme than owners with less valuable areas of land or businesses.

Flat rate/Fixed method

Under the flat-rate method, the Council applies a flat rate for every rateable business within the BID programme area. This method is used where there is little difference between the size of the businesses within the boundary or the likely benefits from the BID programme.

Hybrid rate method

The hybrid method involves setting a flat rate per business and a proportional rate based on capital value. This method is most appropriate where there are many small businesses balanced by a smaller number of large businesses operating within the BID area. The advantage of this approach is that it evens out the impact of the targeted rate across all businesses and ensures the larger businesses pay a higher amount proportional to their value.

The hybrid rating method is often the preferred approach for a BID targeted rate.

7.5. Constitution

Before a BID can be set up, a legal entity to administer the BID must be established and registered. In many cases, an incorporated society structure is used. The Council will not set a rate without evidence that the BID Association has been legally constituted and a constitution has been developed in consultation with affected parties. Council officers should be consulted on the BID Association's constitution before registration.

7.6. Voting Register

Develop a voting register of eligible owners and occupiers within the district.

A list must be compiled of owners and occupiers within the agreed boundaries of the BID. Businesses occupying, but not owning property, will need to be identified. The Council will compile property owner details. The list will form the basis of the voter register.

The following are not covered under this policy, will not be on the voter register and will not become liable for the targeted rate:

- Any property not attracting a commercial rate.
- Business owners who give a business address which is a commercial property within the BID, but who do not physically run their businesses from that address (for example, businesses who use their accountant's address, or businesses who have mail delivered to a relative or friend running a business within the BID).

Those proposing the BID have the final decision over eligibility, in consultation with the Council.

New properties or redeveloped properties liable to pay the BID targeted rate and appearing in the BID area during any financial year will not be rated until the following financial year. These properties have the impact of redistributing the existing total BID targeted rate collected.

Each rating unit and tenancy has a vote.

Every owner and occupier within the proposed district must be contacted to determine who will be registered as a voter for the eligible rating units or tenancies on the final voter register.

Occupiers are eligible to vote if they trade within one or more properties in the BID area. BID proponents may be expected to validate an eligible occupier if it is not clear whether they operate from a property within the proposed BID area. Evidence showing the business trading address could include one or more of the following: Companies Office register, NZ Business Number, lease agreement or some other proof such as the Yellow Pages, a Facebook page or website that confirms that the business is trading from that address, an invoice or bill from a utility provider or bank statement.

If an occupier holds leases for multiple premises, then they are eligible for one vote per lease. Where a property owner is also the/an occupier, they will be entitled to one vote.

If the owner and/or occupier is an individual, that person should be registered as the voter unless they nominate someone else to act on their behalf. All future communication from those proposing the BID or the eventual BID Association must be addressed to that nominated individual unless the owner or occupier subsequently communicates a desire to nominate a different representative to the BID Association.

If the owner and/or occupier is not an individual, those proposing a BID must communicate with the owner's management and request the name of a nominated representative to register as a voter.

All registered voters automatically qualify to become members of the BID.

Once established, it is the responsibility of the BID to maintain and update the membership register. One of the roles of a BID manager, contractor, or agency is to oversee the maintenance of the database of all BID programme affiliates and full members of the BID Association, as set out in BID Association's constitution. Council may assist in providing up to date property owner information to the BID Association for the maintenance of their membership register.

7.7. Full Consultation & Voting

Undertake full consultation (notification on the proposed targeted rate and the planned activities) and apply to Council to complete an establishment vote with a majority vote supporting the BID (>50% majority in favour). Refer to section 8 of this policy.

7.8. BID Establishment

Undertake an initial AGM, adopting the constitution, appointing board members and officers and approving the business plan.

7.9. Confirm Targeted Rate

Apply to the Council for a targeted rate, with the following supporting documents:

- Evidence of a mandate from voters
- A strategic plan which is aligned with the Council's Strategic Direction
- An approved constitution for the entity.

Gain approval of the targeted rate for the BID in the Council Annual Plan process. Note that the previous steps need to be completed in enough time so that a targeted rate can be consulted on within Annual Plan timelines. This would be expected to be submitted to the Council before November of any year to be included in the following year's Annual Plan process.

8. Polling

Polls must be completed with enough time so that they can be ratified by the Council and any changes included in the Annual Plan process (refer to section 7 of this policy).

BID polls will be run by Council (either inhouse or via an independent electoral agency) in collaboration with the proposed BID Association in the following circumstances:

Establishing a BID

A poll is held when the BID is being established to ensure that the rateable stakeholders within the district boundaries support the proposal.

Increasing or decreasing the boundary

A BID may be expanded to include adjoining areas not included in the original proposal.

Where the BID is to be expanded, the BID Association must request for a poll to be conducted in the expansion area only. In the event of a BID boundary being reduced, a poll is conducted for the whole BID area because this change implies a reduction in the budget for the whole programme.

Dissolving a BID programme

This may be called by the BID Association at any time, however, the Council does not need a disestablishment poll to stop setting a BID targeted rate.

8.1. Informing Voters

The BID proponent is required to publish the preliminary eligible voter list (business name and property address only) at least one month before any proposed ballot, to enable transparency of the ballot process and ensure businesses are aware of whether they will receive voting information. Personal information should be removed from the published list.

The BID Association must inform all registered voters of any poll and ensure voters are aware of the key issues to be decided. Such issues may include, but are not limited to the:

- Boundaries of the proposed BID
- Total budget and approximate targeted rate to be assessed
- Objectives of the BID strategic and business plans
- Contacts for those proposing the BID.

To achieve these aims, those proposing a BID must:

- Advise and hold at least one information meeting, open to all interested parties, no less than 10 days before the poll closes
- Place at least two advertisements about the poll in local newspapers, at least seven days apart, with the last advertisement a minimum of three days before the poll closes.

Additional methods may be used to inform eligible voters of the vote, such as face-to-face meetings, email, or newsletters.

8.2. Sending out the Ballots

The Council will provide the services of its returning officer or recommend one for the group to use. The group will contact the returning officer as soon as the voter register has been finalised to enable the election service to begin preparing for the poll. Material prepared for the poll will include:

- A copy of the register of voters
- A copy of an easy-to-understand information sheet outlining the BID proposal
- A copy of a ballot form approved by the independent election service
- A copy of a contact update form which includes the name of the nominated representative of the business
- Boundary information if the poll includes an increase or decrease of the BID boundary area.

The Council's returning officer will send out an envelope including the information sheet, the ballot form, the contact update form and a prepaid return envelope.

8.3. The Goals of the Poll

It is a goal of the BID poll to achieve a 25% voting return from the eligible voters for that poll, and with the majority of those votes to be in favour of the proposition. This majority must be by the number of eligible voters voting in the poll.

The higher the level of the voting return achieved by the poll, the greater the level of assurance for the Council in any decision to support, or not support, a targeted rate.

8.4. Proxy & Absentee Voting

Proxy voting is not permitted for BID polls. Registered voters who will be absent from their registered addresses during the period of the poll, but who wish to vote, should provide a forwarding address to the BID.

8.5. Non-registered Eligible Voters

Those proposing a BID should attempt to ensure all eligible voters in a BID area are registered. If an individual believes he or she is entitled to vote but does not appear on the register of voters, the returning officer shall determine the status of the individual and whether a ballot should be issued to that individual.

Any new business ratepayer or business occupier that is established prior to the ballot closing can vote, provided they are able to submit their ballot before it closes. No ballots will be accepted after the time and date specified.

8.6. Confirming the Result

The independent election service will receive, count and verify all returned ballot papers. It will then report the result of the poll to those proposing the BID or BID Association and the Council.

8.7. The Final Decision on BID Targeted Rate Changes to be Made by the Council

The final decision about whether to establish, extend, reduce or disestablish a BID targeted rate shall be made by the Council because, under the Local Government (Rating) Act 2002, it is the Council alone which can set the targeted rate. In making that decision, the Council will consider, but will not be bound by, the poll result.

9. Accountability Processes of the BID Association

The BID Association will be required to have processes in place to ensure that it can demonstrate accountability to the levy payers.

This will include having:

- An appropriate constitution including membership rights for any eligible voting business within the boundary area (and any associate membership types) and entitlements of the individual member
- Meeting processes including for the initial annual general meeting following a successful
- Establishment poll and subsequent annual general meetings
- Processes for the appointment of any officers and Executive Committee and their rights and responsibilities
- Processes for the development, approval and updating of the BID Association budget, strategic and business plans, and performance measures.

The Council must be advised of any changes to the constitution and the contact details of elected officers and committee members.

The Council must be satisfied that accountability requirements are met and recognised in the constitution of the BID Association.

The Council may prepare and require the BID Association to complete an annual accountability agreement on terms satisfactory to the Council.

10. The Relationship with the Palmerston North City Council

10.1. Applying for the targeted rate

Once confirmation of legal incorporation has been received, the BID Association can apply to the Council for a targeted rate. The BID Association must present the following information to the Council:

- Evidence of a mandate.
- Evidence of incorporation.
- The agreed BID boundaries.
- The budget that has been ratified at the AGM.
- The strategic plan that has been ratified at the AGM.

Under the Local Government Act 2002:

- Any payment to the BID Association from the targeted rate will be by a conditional BID Funding Grant.
- The grant must be separately accounted for in the BID Association's financial records.
- The funding generated from any BID targeted rate will be paid to the BID Association after the end of each financial quarter

10.2. Council–Executive Committee Relationship

The BID Association and the Council will always communicate with each other in such a way as to most effectively further the strategic objectives of the stakeholders and to protect and enhance the partnership between the BID

Association and the Council.

The Council's Annual Plan and budget process provide a mechanism for reviewing BID budgets and existing programme boundaries. For the Council to change the targeted rate, the Executive Committee must submit a detailed programme, budget and performance reports.

By the end of November each year, the Executive Committee must provide the Council with the following information:

- A copy of the financial audited accounts/financial accounts (refer Section 5.2) an annual report for the previous financial year (including statements that the association has acted in compliance with its constitution and all other relevant laws and regulations).
- Any proposed changes to the boundaries.

In January each year, the Executive Committee must provide the Council with a detailed programme and budget for the period 1 July to 30 June (the next financial year).

BID Associations will be notified as soon as possible in the unlikely event of a discrepancy between the amounts requested at the BID Association's AGM and the amount shown in Council's annual or long-term plans. The Council will discuss implications regarding this discrepancy with the affected BID Association.

Council will report variances between the amount of targeted rate that was agreed to be collected, as detailed in the Annual Plan (or Long-term Plan) and the amount of targeted rate actually collected over the financial year just ended.

10.3. Council Review

In the Council's planning processes, it will review the performance of the BID against the stated strategic and business plans, KPIs, financial audited accounts/ financial accounts (refer Section 5.2) and any reporting.

Where the Council has concerns with the progress or success of a BID, the targeted rate may be withheld until specific improvements or alterations have been made to the business, communication or strategic plans, or implementation processes.

In accordance with the provisions of the Local Government Act 2002 and the Local Government (Rating) Act 2002, the Council will make the final decisions on what targeted rate, if any, to set in any particular year (in terms of the amount and the geographic area to be rated).

The Council may initiate a review of all or any BID programmes outside the annual and three-yearly reviews. Such a review will be funded through general rates.

In the event that a BID programme is disestablished, once debts and liabilities of the BID Association have been discharged, any remaining unspent BID programme grant monies held by the BID Association must be returned to the Council. Any unspent funds will be applied towards any purpose for which the targeted rate was set.

10.4. BID Performance Survey

The Council may commission a BID performance survey. The results of the survey will be used to analyse the performance of individual BIDs as well as the success of the BID programme on a citywide basis.

The survey process and delivery will be formulated in collaboration with all of the BID programmes to ensure a high rate of return and clarity of objectives. An approach of continuous improvement will be used for the survey to ensure that the latest technology and best-practice methods are considered and used where possible. The cost of the survey will be funded proportionally (based on BID programme budgets) by the city's BIDs through the targeted rate.

The primary focus of the survey will be on the business community's perception of the effectiveness of the BID programme in each district. The survey will cover such aspects of the BID programme as overall satisfaction; the ability of eligible voters to influence the programme; the results achieved; the communication processes used; and other such matters agreed between the Council and the associations administering BID programmes.

10.5. Alternative revenue streams

The BID Association at any time can engage in negotiations with the Council to establish alternative revenue streams through the Annual Plan Process, e.g:

- Parking Benefit Areas – Where car parking revenue and management for specific places being managed by the BID.
- Service level agreements for asset or service maintenance contracts.
- Fee for service agreements for event management contracts.

11. Dispute Resolution

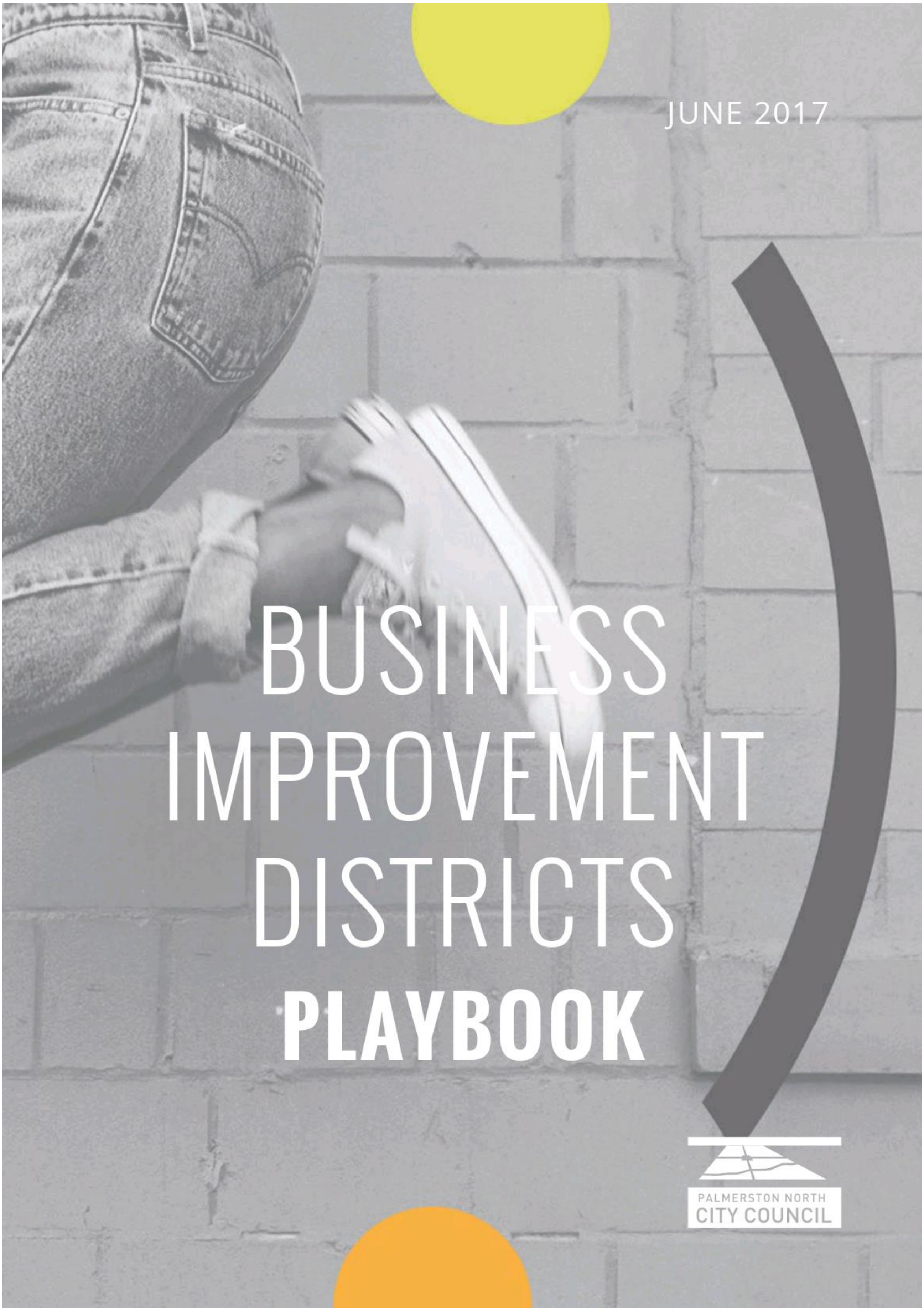
11.1. Resolution Between the Counciland the BID Association

Any decisions about whether or not to set a targeted rate, the amount of that rate, to provide for an additional rate or alter the boundaries of the area subject to the rate, and whether or not to establish, disestablish, reduce or extend the BID, are within the discretion of the Council to make as part of its annual funding and rating decision-makingprocess.

Any other disputes between the BID Association and the Council will be settled following the following procedure:

- Having exhausted normal means of resolving a dispute or difference (by engaging in a process of good faith negotiation and information exchange), either party may give written notice specifying the nature of the dispute and its intention to refer such dispute or difference to mediation.
- If a request to mediate is made, then any party may refer the matter to a mediator that is acceptable to all parties.
- All discussions in the mediation will be without prejudice and will not be referred to in any later proceedings. The parties will bear their own costs in the mediation and will equally share the mediator's costs.
- Where the parties are unable to agree on a mediator, or if the dispute is not resolved within 30 days after the appointment of a mediator, any party may then invoke the following provisions:
    - The dispute will be referred to arbitration by a sole arbitrator in accordance with the Arbitration Act 1996.
    - The award in the arbitration will be final and binding on the parties.

Appendix 1: Business Improvement Districts Playbook 2017


JUNE 2017
BUSINESS
IMPROVEMENT
DISTRICTS
PLAYBOOK
PALMERSTON NORTH
CITY COUNCIL

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urban kin.

Disclaimer

This document (Report) has been produced independently by Urban Kin (The consultant) on the request of the Palmerston North City Council (Client) for the City Centre Vibrancy project.

The information, statements, statistics and commentary (together the 'Information') contained in this Report have been prepared from publicly available material, research and analysis by the consultant and from discussions held with stakeholders. The consultant does not express an opinion as to the accuracy or completeness of the information provided, the assumptions made by the parties that provided the information or any conclusions reached by those parties.

The consultant has based this Report on information received or obtained, on the basis that such information is accurate and, where it is represented to the consultant as such, complete. The Information contained in this Report has not been subject to an audit.

CONTENTS

BID OVERVIEW

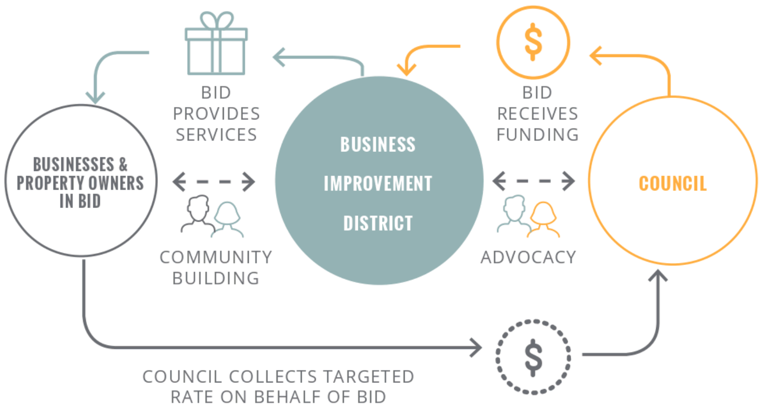
WHAT IS A BID?

A Business Improvement District (BID) is:

- An Incorporated Society with a constitution and rules.
- An independent organisation governed by a Board.
- Managed by professionals who carry out the activities in the BID's Strategic Plan and annual programme.
- Able to undertake any activity or service within the parameters of its constitution.
- Funded by its membership - businesses and property owners - who voted to request council to apply a compulsory targeted rate on their behalf to a business area as a method to create a sustainable funding source for activities which create shared benefits.

WHAT IT ISN'T

- A local government-led organisation.
- An organisation for delivery of capital projects.



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BID BENEFITS

Allows the BID business community to define success on its own terms.

Build the business community and local economy.

Improve business capability and skills.

Strong and independent business voice with Council.

A financial incentive to collaborate - Business to Business, and, Business to Council.

Sustainable funding structure (relieves waste effort on constant membership drives).

Long-term commitment (often for a minimum period such as 5 years).

Initiated by businesses for businesses with a shared vision for progress.

Transparent and democratic relationship between members and with Council.

BID partners with other organisations to maximise return on investment and resources.

Professional management of BID allows businesses to focus on their own business development.

Relevant services for operational issues and ongoing economic development of the area.

Info and feedback systems provide intelligence to existing and potential business and investors.

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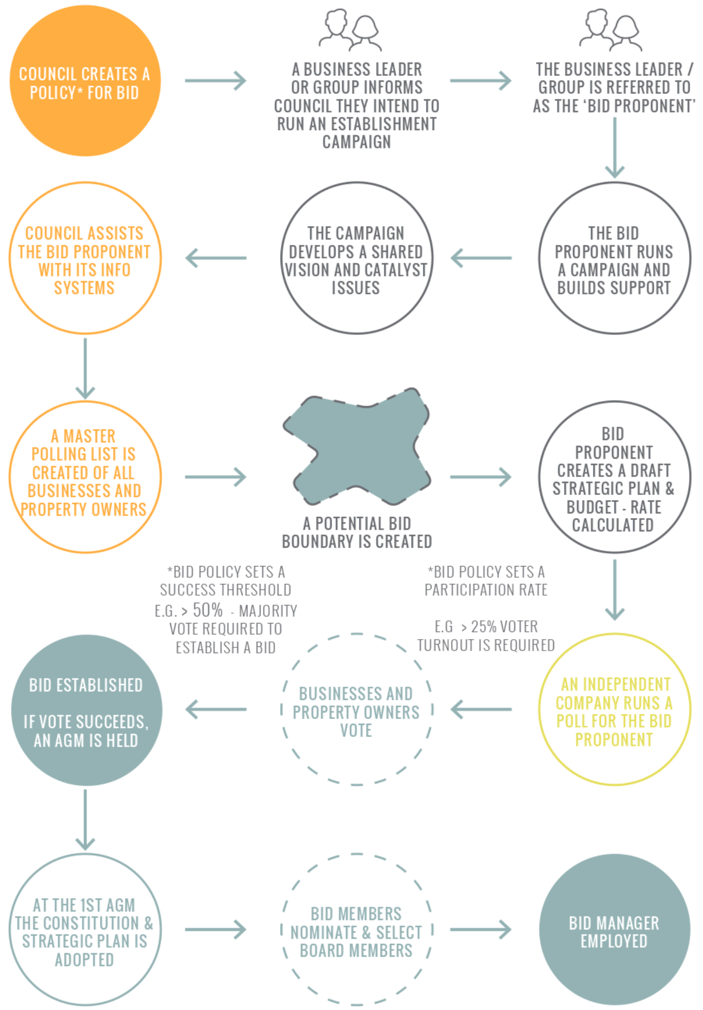
ESTABLISHMENT PROCESS



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BID EVOLUTION

1º - STARTUP

ADVOCACY & OPERATIONAL ISSUES

A BID forms around catalyst issues - these typically have an operational focus, for example, additional security, cleaning, begging or shoplifting. This evolves to form the basis of an ongoing Advocacy voice and the focus is on building trust. Trust allows higher order aims to be pursued once the 'hygiene' issues are resolved. The brand presence of these BID is fairly generic.

2º - SOLID PERFORMERS

IMPROVE BUSINESS ENVIRONMENT & ATMOSPHERE

The BID begins to work on higher order development of the business environment and atmosphere to improve conditions for business. At this stage bespoke place branding and development of sophisticated marketing and promotion is the norm. The focus is on attracting customers of businesses and providing intelligence and skill-building workshops to their members. The place brand is focused on digital, publications, and social media (channels).

3º - VETERAN

OPTIMIZING BID AND LEVERAGE PLACE BRAND

The BID begins to work pro-actively with property owners to optimize the business mix in areas through the BID, and sub-brands (such as a lane or street) of the overall area develop. Businesses now 'trade off' the place brand. The BID operates as the first contact for potential investors and businesses - it provides unbiased intelligence on the area to members and investors (unlike commercial agents who benefit through leasing). The place brand is coordinated across physical and digital channels.

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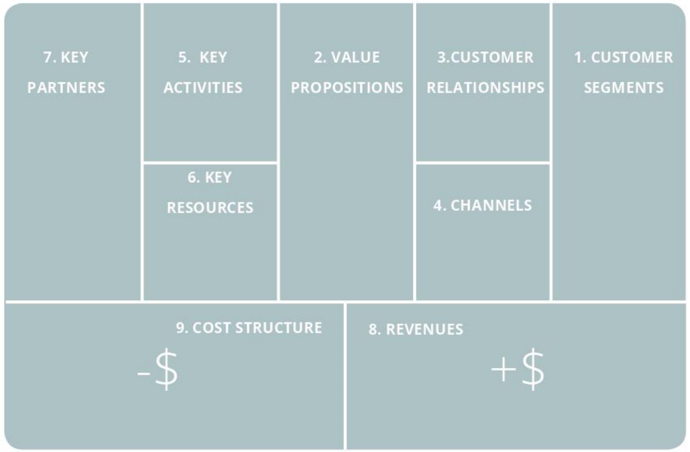
BID BUSINESS MODEL

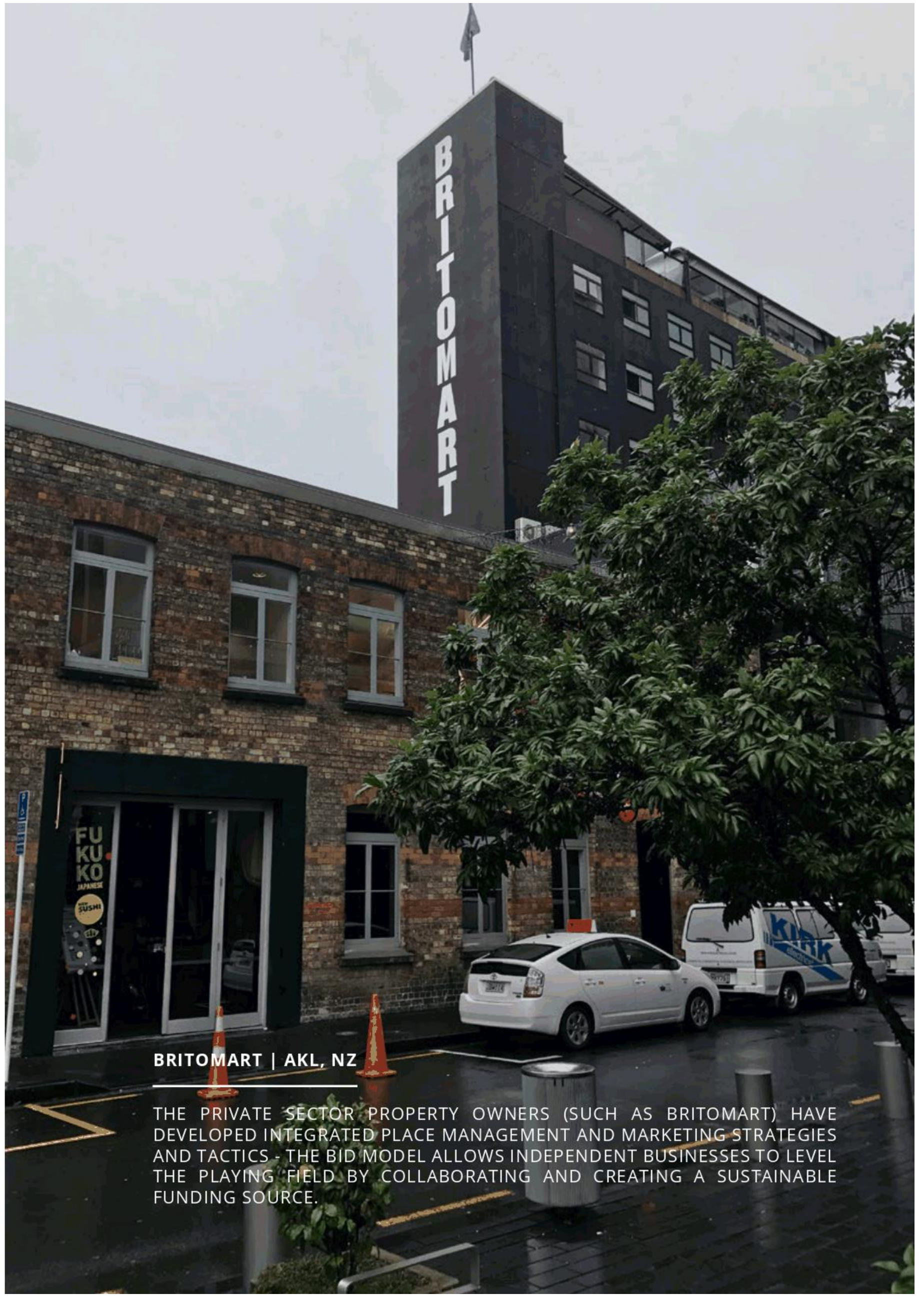
This BID Playbook is structured around the Business Model Canvas. The Canvas tells a story of how a BID creates and delivers value to its customers, and the resources, activities, revenues and costs involved.

The model presented here includes examples from BID in NZ already in use in mid-2017. The current set of tactics and values propositions are a starting point and new hypotheses about value propositions for customers segments and how they are delivered should be an ongoing project as is any business which operates in the ever changing world.

The diagram shows how the Canvas represents a business model through 9 components, and shows the order they are presented in this Playbook.

BUSINESS MODEL CANVAS STRUCTURE





BRITOMART | AKL, NZ

THE PRIVATE SECTOR PROPERTY OWNERS (SUCH AS BRITOMART) HAVE DEVELOPED INTEGRATED PLACE MANAGEMENT AND MARKETING STRATEGIES AND TACTICS - THE BID MODEL ALLOWS INDEPENDENT BUSINESSES TO LEVEL THE PLAYING FIELD BY COLLABORATING AND CREATING A SUSTAINABLE FUNDING SOURCE.

CUSTOMER SEGMENTS

ABOUT

Business models can serve a number of different customers segments, and their products and services meet the customer segments needs in different ways through the value propositions and how they're delivered.

BID CUSTOMER SEGMENTS

Business Improvements Districts serve different purposes depending on their membership type:

- Light industrial
- City centre / activity centre

The city / activity centre (PN's focus) has the following five customer segments. A BID's value propositions for each customer segments will vary according to its circumstances and strategy and the BID may not start providing value to all of these segments until the BID is mature.

1. *Current businesses (and employees)*
2. *Current property owners*
3. *Potential customers of BID members*
4. *Potential businesses*
5. *Potential property investors / developers*

PARNELL MARKET | AKL, NZ

MANY BID FOCUS PART OF THEIR STRATEGY ON ATTRACTION OF POTENTIAL CUSTOMERS OF THE BID MEMBERS. DEVELOPING PERSONAS OF EACH CUSTOMER SEGMENT HELPS TO SHARPEN THE TACTICS AND UNDERSTAND THEIR DRIVERS, PAINS, AND GAINS.

ITEM 10 - ATTACHMENT 1

VALUE PROPOSITIONS

ABOUT

Value propositions are the mix of products as services which create values for specific customer segments. Not all activities a BID undertakes will be relevant for all customer segments.

BID VALUE PROPOSITIONS

Many BID opt to split their operations into a consumer / public facing side and a member-focused set of services and activities The most developed BID act as a 'platform' to connect business and property owners with their customers, and to amplify members' marketing.

Most BID services can be divided into three broad categories:

1. *Independent voice of the business community - Advocacy*
2. *Cultivating the business environment and atmosphere - Business improvement*
3. *Customer and investor attraction*

A variety of tactics are used in each category, these are constantly evolving. Some common tactics are:

- *Member forums and information supply and feedback systems*
- *Member events - social and skill based (community building)*
- *Place brand (e.g. a Quarter) and 'sub-place' brands (e.g. a lane)*
- *Member profiles and feature articles*
- *Social media profiles and marketing, plus amplification of member's marketing content.*
- *Publicly accessible performance info for the BID*
- *Signature events in BID sub-areas*

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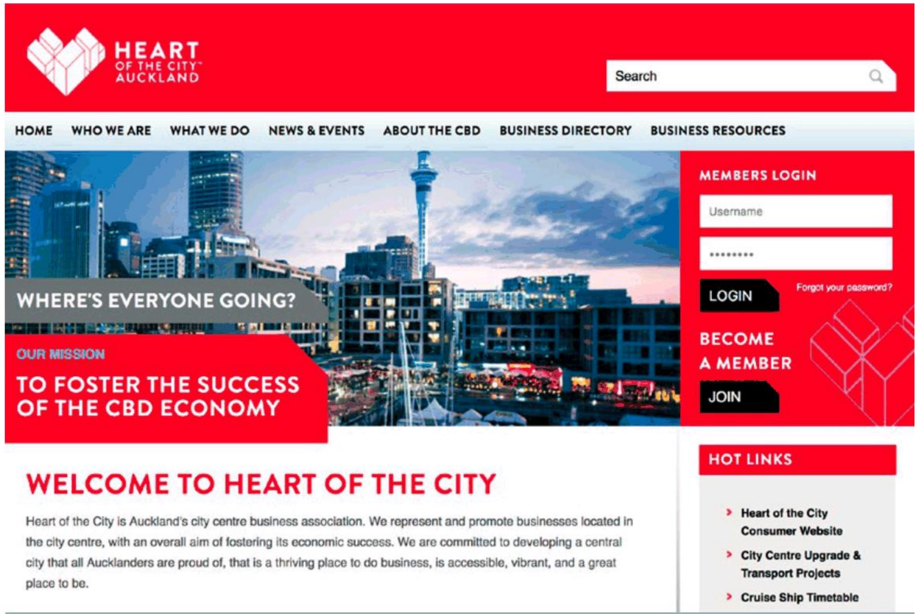

HEART OF THE CITY| AKL, NZ

ABOVE - BID MEMBER AND INVESTOR PLATFORM
BELOW - BID CUSTOMER PLATFORM (NOTE EVENT SPONSORSHIP)

CUSTOMER RELATIONSHIPS

ABOUT

Customer relationships take a number of forms: personal assistance, dedicated personal assistance, self-service, automated services, communities, and co-creation.

BID CUSTOMER RELATIONSHIPS

The BID interviewed for this project used the following types of Customer relationships:

Personal assistance *- BID Managers or community managers liaise directly with BID Members. Regular drop-in times at a BID shop-front may be scheduled for members to engage as it suits them.*

Communities *- BID managers foster a collaborative spirit amongst members who exchange knowledge in both real-world settings and in online communities such as private facebook groups.*

Self-service *- BID often have extensive member facing and customer facing digital presences. This allows members, investors and potential customers to help themselves. BID Member platforms allow them to login to create and update their business profile on the BID website.*

Co-creation *- most businesses create their own marketing content, which the BID management amplifies through its social media profiles. A reciprocal relationship forms as BID members repost event and promotions / deals of the BID and other members. Organic marketing through collaboration can achieve a large reach without spending on ads.*

Automated services *- BID may use services such as push notifications via SMS to notify retailers of shoplifters. These services leverage a normal work-flow of an organisation such as the Police.*

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DIVERSE TACTICS FOR BID CUSTOMER RELATIONSHIPS

ABOVE - A PRIVATE FACEBOOK GROUP FOR MEMBERS
BELOW - INSTAGRAM (LEFT), WEBSITE - ABOUT AND SIGN-UP (RIGHT)

ITEM 10 - ATTACHMENT 1

CHANNELS

ABOUT

Channels are how a business delivers products and services to its customers. Each individual channel works as part of a broader system.

BID CHANNELS

BID in NZ have adopted similar channels to deliver a diverse range of services:

1. *Face to face (individual and group)*
2. *Physical - prominent storefront, integrated in buildings and open spaces, and way-finding.*
3. *Website incl. blog/news posts, business profiles, interactive map*
4. *Social media profiles*
5. *Private social media groups*
6. *Web platforms (e.g. Trip Advisor)*
7. *Email platforms and digital newsletters*
8. *Mobiles - SMS / Push notifications*
9. *Publications (e.g. magazine, precinct guidebook) - physical and digital versions*

The channels have different levels of resources required to use them effectively and they have wildly different reach and purposes. Interviews revealed that many BID have discontinued traditional advertising such as radio, and newspapers, and paid distribution for direct marketing. Printed material remains important as a way to cut through digital 'noise'.

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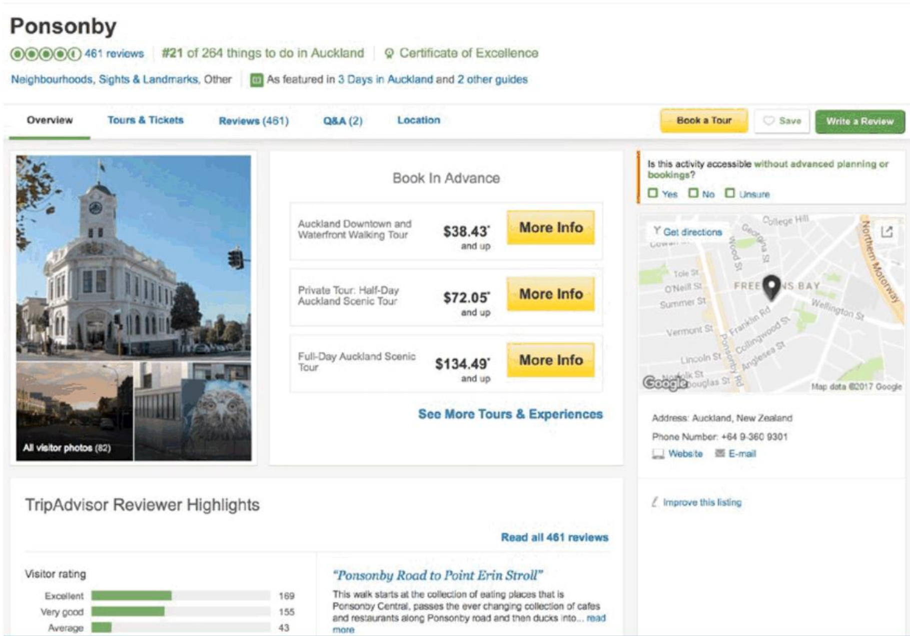
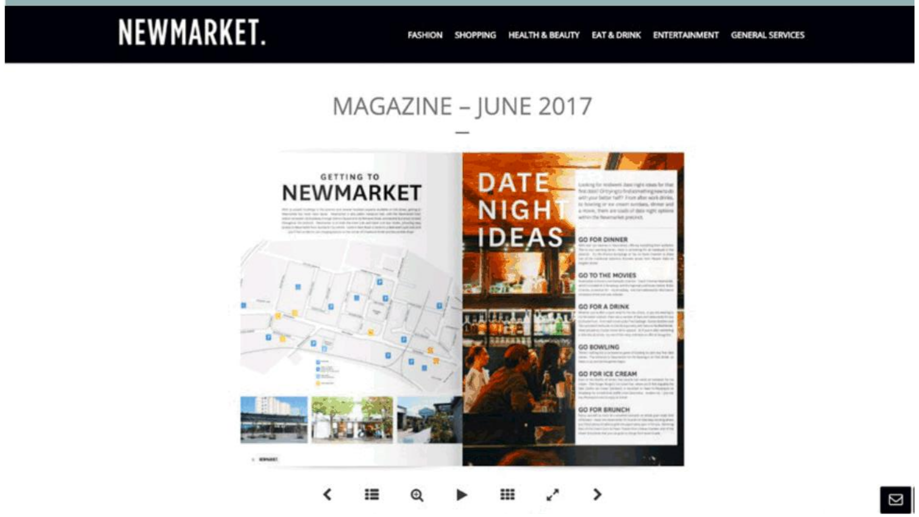


CONTENT CREATION IS KEY FOR PAID AND FREE CHANNELS

ABOVE - CUSTOMER GENERATED CONTENT ON TRIPADVISOR
BELOW -DIGITAL VERSION OF NEWMARKET MAGAZINE



KEY ACTIVITIES

ABOUT

Key activities help create focus for the BID management on the activities which create value. Over time these will change as the operating context changes.

BID KEY ACTIVITIES

A particular concern with BID Managers was the amount of time required for one-to-one community building. In order to maintain focus on higher value activities BID managers minimise time spent on one-to-one meetings.

The following key activities were defined by interviews with BID leaders in NZ:

1. *Building the business community (e.g. social or skill-building events).*
2. *Member research (e.g. 2-min survey of positions on an issue; e.g. reported business performance +/-% revenue).*
3. *Liaison with partners and stakeholders (e.g. CBD Forum with Council, Police, Tourism orgs)*
4. *Sharing info*
5. *Content creation - profiles / story-telling about members*
6. *Reposting BID member content*
7. *Data for feedback systems (e.g. pedestrian count systems)*
8. *Manage member relationship*

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Retail Spotlight: KILT Takapuna

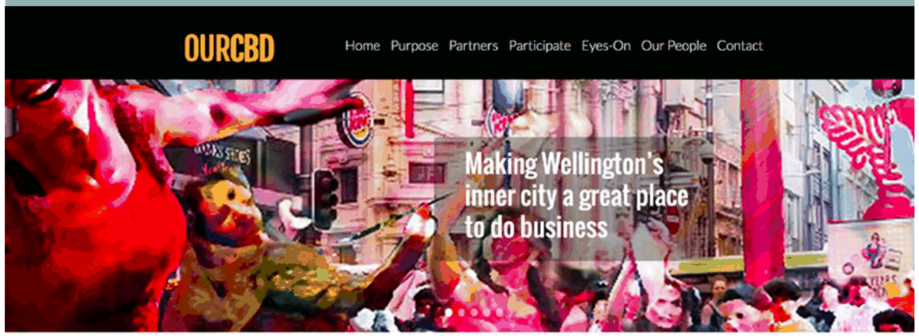
This week we want to shine the spotlight on one of our local shops, KILT Clothing! KILT can be found at 104 Hurstmere Road. Their shop is chic and classy which pretty much describes their range of clothing as well.

What makes them special? In this day and age of big foreign brands coming to New Zealand, KILT aims to give locals and tourists the opportunity to shop for fashion items made and designed with love in New Zealand.

Now with fifteen boutiques across the country (including their online boutique at kilt.co.nz), the idea of KILT came to founder Melissa Williams as a way to address the lack of great, accessible, New Zealand made fashion.

WHAT BID MANAGERS DON'T DO IS AS IMPORTANT AS WHAT THEY DO

ABOVE - STORY-TELLING ABOUT A BID MEMBER ON WEB / SOCIAL
BELOW -BID MAY PARTNER FOR JOINT INITIATIVES (E.G. SAFETY)



OUR PURPOSE

Working together to strengthen and grow Wellington CBD's commercial success

Wellington's retail & hospitality community is an active, diverse group of people who care about the city & its potential. OurCBD provides opportunity to connect with fellow businesspeople, have your say on current and future issues - and make a difference in our city's direction.

ITEM 10 - ATTACHMENT 1

KEY RESOURCES

ABOUT

Key resources identify what the BID requires to be able to deliver its 'promise' to its customers - the BID members (and their customers). Resources can be bought/sold, hired/fired, and built.

BID KEY RESOURCES

BID vary greatly in how well they are resourced which limits what they can deliver in each yearly programme. The yearly programme relates to resources. Some common resources are:

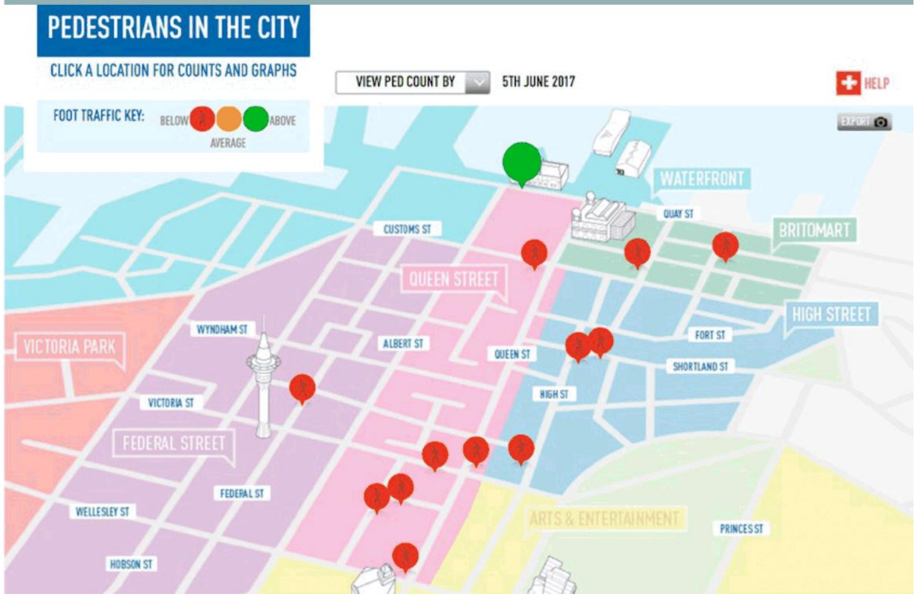
- BID storefront
- Strategic planning and governance advisory services
- Digital support
- Marketing, branding and design skills
- Operating systems (e.g. content creation, marketing, CRM)
- BID performance feedback systems (e.g. sales data, parking data, pedestrian data, tenancy data).

Some BID are engaged in markets, events, and city centre activation programmes. This requires different resources:

- Event / Market coordinators
- Market event collateral e.g. pavilions, signs, movable seating, banners, power sources, waste management.

HIGH-QUALITY OUTCOMES PROVIDE VALUE TO MEMBERS

ABOVE - BESPOKE BRAND IDENTITY IS A HALLMARK OF MATURE BID
BELOW - AN AUTOMATED FEEDBACK SYSTEM WITH PUBLIC ACCESS



PARTNERS

ABOUT

Businesses have partners in order to provide their value proposition to their customers. These partnerships allow a business to outsource some functions, and to acquire resources outside of the organisation.

BID PARTNERS

BID have a number of common partners as they form part of the economic development ecosystem, have a role in central city management, and a role in public safety. Common partners are identified below (PN organisations named where possible):

- City Council - city centre operational management (e.g. cleaning, begging, graffiti), activation programmes.
- Economic development agency (CEDA, Spearhead, Food HQ).
- Tourism Agency (CEDA, www.manawatunz.co.nz).
- Public safety and crime e.g. shoplifting (Police).
- Hospitality industry / 'Night Mayor' (unknown).
- City Business Association (Manawatu Chamber of Commerce).
- Business Training and incubator/startup hubs (Building Clever Companies, CEDA).
- Market operators (Village Night Market, Royal Market, Street Feast).
- Young professionals association (3 Keys?).
- Student Association (Student City?).

PN'S ECONOMIC DEVELOPMENT ECOSYSTEM*

*Assumed position of Partners in economic development ecosystem obtained from interviews - full list of economic development stakeholders is not in scope of project.

REVENUE

ABOUT

Revenues result from value propositions that successfully meet customers needs. The mix of services a BID provides has been proved to be a desirable 'value proposition' for many city centres around the world.

BID REVENUE STREAMS

BID managers reported that it was important to adequately resource a BID as *underfunding is more damaging than having no BID.* The resourcing of a BID is set each year through a request to Council to collect a certain amount that matches the annual programme. The major funding source of a BID the *targeted rate* has a number of benefits:

- *Automatic membership* - eliminates time spent on membership drives to increase revenue.
- *Consistent funding* - whole year can be planned and time spent on delivering strategic plan.

In addition to the funding from the property owners BID obtain revenue streams through a commercial focus. Examples are:

- Corporate sponsorship e.g. events, public space activation kit, car
- Paid advertising in publications e.g. Newmarket magazine
- Fee for services e.g. delivery of an public space activation and management, coordination of small to medium events
- Member skill-building events e.g. social media marketing
- Grants e.g. a one-off art based event

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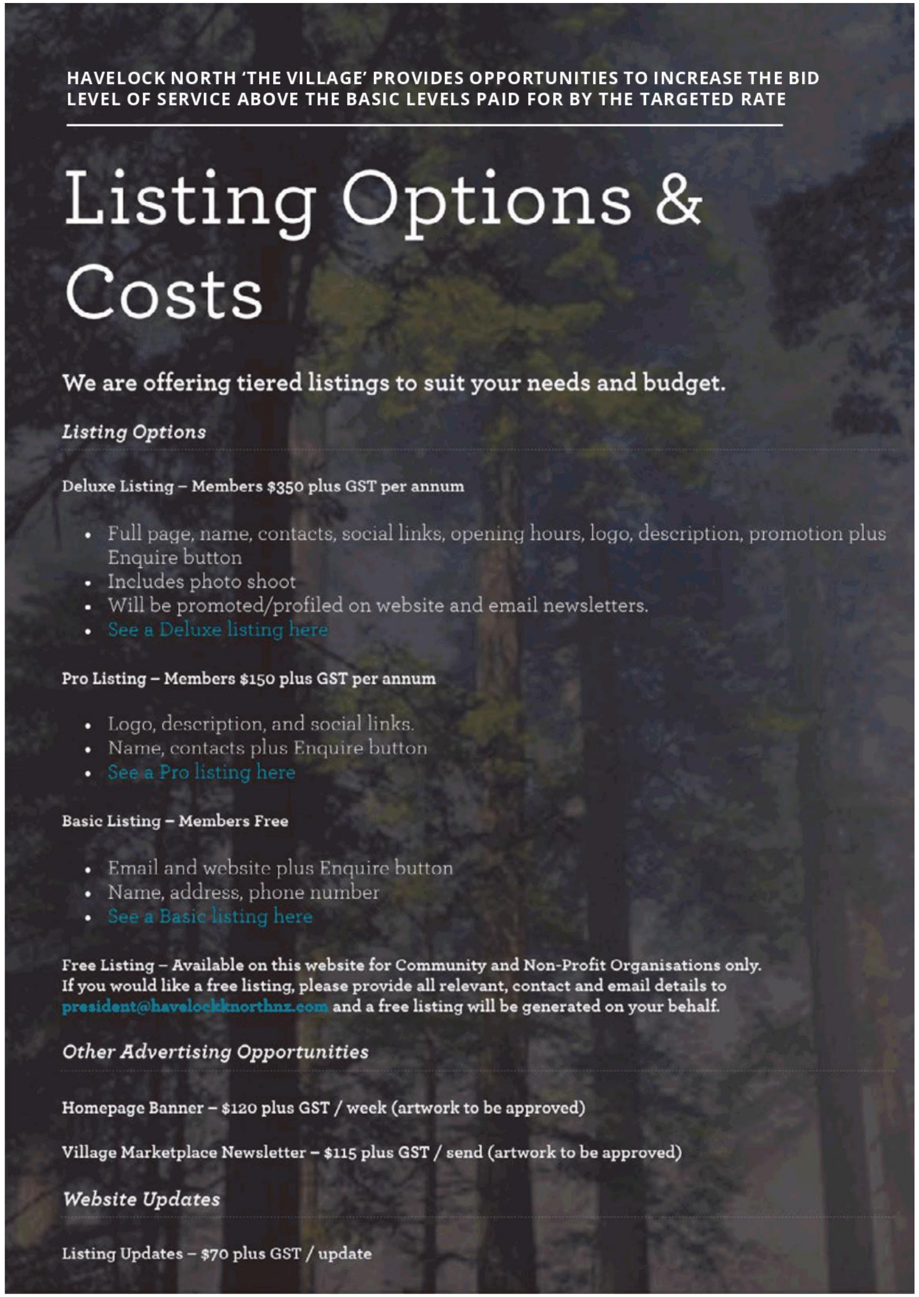

HAVELOCK NORTH 'THE VILLAGE' PROVIDES OPPORTUNITIES TO INCREASE THE BID LEVEL OF SERVICE ABOVE THE BASIC LEVELS PAID FOR BY THE TARGETED RATE

Listing Options & Costs

We are offering tiered listings to suit your needs and budget.

Listing Options

Deluxe Listing – Members $350 plus GST per annum

- Full page, name, contacts, social links, opening hours, logo, description, promotion plus Enquire button
- Includes photo shoot
- Will be promoted/profiled on website and email newsletters.
- See a Deluxe listing here

Pro Listing – Members $150 plus GST per annum

- Logo, description, and social links.
- Name, contacts plus Enquire button
- See a Pro listing here

Basic Listing – Members Free

- Email and website plus Enquire button
- Name, address, phone number
- See a Basic listing here

Free Listing – Available on this website for Community and Non-Profit Organisations only. If you would like a free listing, please provide all relevant, contact and email details to president@havelocknorthnz.com and a free listing will be generated on your behalf.

Other Advertising Opportunities

Homepage Banner – $120 plus GST / week (artwork to be approved)

Village Marketplace Newsletter – $115 plus GST / send (artwork to be approved)

Website Updates

Listing Updates – $70 plus GST / update

COST STRUCTURE

ABOUT

Cost structure is self explanatory - all costs involved in delivering the BID services need to be included.

BID COST STRUCTURE

BID managers report that keeping overheads low is key to running a lean organisation, as is regularly reviewing costs to determine ROI. BID managers who are resourceful, commercially-focused, and numbers-driven help deliver the most value for their members. Common costs are:

- BID Manager salary.
- Specialist staff salaries.
- Contract staff for campaigns or promotions.
- Office space and other office overheads.
- Accounting and consultancy (e.g. governance).
- Contract services (i.e. cleaning, security / hosts, activation).
- Publications and distribution.
- Cloud services (e.g. automated pedestrian and parking data).

BID Managers reported efforts to reduce costs on:

- Advertising by reviewing and eliminating traditional paid media i.e. radio, newspapers.
- Office space through discounted or subsidised rent deals with local government or others.
- High cost, low ROI activities e.g. large events.
- Spending on corporate entertainment.

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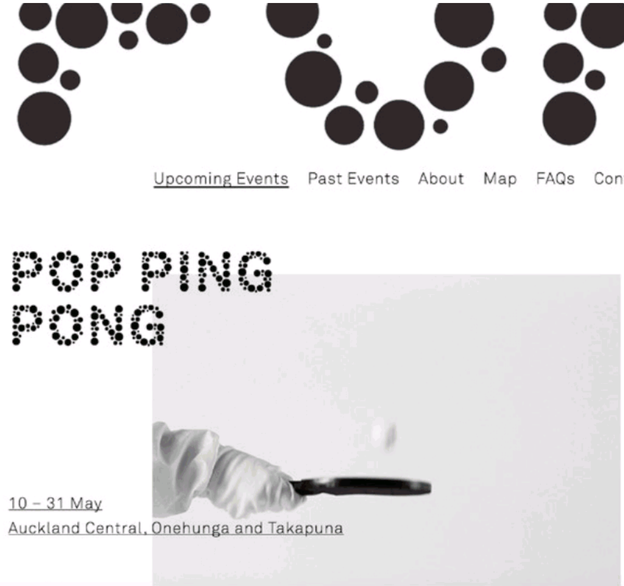
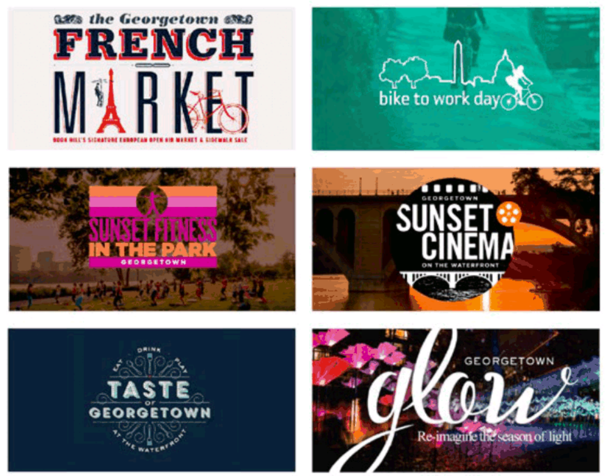


BIDS USE ACTIVATION AND EVENTS AS A CUSTOMER ATTRACTION TACTIC - IT IS THEN UP TO THE BUSINESSES TO SELL TO THE CUSTOMERS.

ABOVE - POP AKL (BY PANUKU DEVELOPMENT) OPERATES IN BID AREAS
BELOW - SIGNATURE EVENTS IN GEORGETOWN BID, USA

EVENTS



ITEM 10 - ATTACHMENT 1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MEMORANDUM

TO:	**Economic Development Committee**
MEETING DATE:	**3 June 2020**
TITLE:	**Inner City/CBD Portfolio Update (May)**
PRESENTED BY:	**Councillor Leonie Hapeta**
APPROVED BY:	**Sheryl Bryant, General Manager - Strategy & Planning**

RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

1. **That the Inner City/CBD Portfolio update report for May 2020 be received for information.**

1. ISSUE

The Inner City/CBD portfolio is reporting to the Economic Development Committee for May 2020.

2. BACKGROUND

The Inner City/CBD portfolio members are encouraged to continue to update their goals and activities throughout the year.

3. 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 Special Consultative procedure?	**No**
Is there funding in the current Annual Plan for these actions?	**No**
Are the recommendations inconsistent with any of Council's policies or plans?	**No**
The recommendations contribute to Goal 3: A Connected and Safe Community	

The recommendations contribute to the outcomes of the Connected Community Strategy	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Active Citizenship Plan – the portfolios provide an opportunity for Elected Members to report on their engagement with organisations in their sector.

ATTACHMENTS

1. Inner City/CBD Portfolio Update_May 2020 ⇩

W pncc.govt.nz | E info@pncc.govt.nz | P +64 6 356 8199 | Private Bag 11034, The Square, Palmerston North, New Zealand

PALMERSTON NORTH CITY COUNCIL

PORTFOLIO UPDATE

TO	Economic Development Committee
CC	Mayor
FROM	Leonie Hapeta **Lead Councillor – Inner City and the CBD**
DATE	15 May 2020
SUBJECT	**INNER CITY/CBD PORTFOLIO UPDATE MAY 2020**

Portfolio membership

Councillors Leonie Hapeta, Pat Handcock, Zulfiqar Butt, Rachel Bowen and Bruno Petrenas.

Portfolio scope

Retail; Business Improvement District (BID); workforce and employment; CBD streetscapes improvements; Central City events.

Portfolio goals

- To see as much of the Streets for People projects completed as can be within the next three years and to involve the retailers as much as possible with good communication
- To see the BID up and running as soon as possible for the CBD
- To engage with retailers and business owners in the CBD on issues that mean a lot to them so that we can give them a voice

Activity summary

(note activity related to Portfolio only)

Short description	Stakeholder (group, individual, etc.)	Engagement type (event, discussion, etc.)	Members (note who attended)
Attend weekly Streets for People meetings	Chamber	Discussion	Leonie, Pat, Bruno, Susan and Rachel
Attend BID board meetings	Chamber and Retailers	Discussion	Leonie and Pat
Visit retailers	Retailers	Discussion	Leonie
Meet with Chamber of Commerce		Discussion	Leonie and Tangi
Meet with CEDA		Discussion	Leonie and Tangi

Issues summary

- Bid update from the Chamber – they have been providing information to CBD businesses throughout the whole of the COVID-19 lockdown period
- Waiting on the BID policy to be completed
- With Retailers – there are some redundancies being made across a wide range of sectors but the Chamber feels there will be more to come
- With Streets for People – it is good for the project to get started again

Next steps

- Pat, Leonie and the Mayor are working on a project for a City Centre shuttle
- Team is continuing to go to the Streets for People meetings with Retailers
- Leonie and Pat have been working with the BID group on the BID process and moving this forward

COMMITTEE WORK SCHEDULE

TO: **Economic Development Committee**

MEETING DATE: **3 June 2020**

TITLE: **Committee Work Schedule**

RECOMMENDATION(S) TO ECONOMIC DEVELOPMENT COMMITTEE

1. **That the Economic Development Committee receive its Work Schedule dated June 2020.**

ATTACHMENTS

1. Work Schedule ⇩

ECONOMIC DEVELOPMENT COMMITTEE

COMMITTEE WORK SCHEDULE – JUNE 2020

Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
~~1.~~	~~June 2020~~	~~Portfolio Update – Inner City/CBD~~	~~Cr Leonie Hapeta~~		
2.	~~June 2020~~ October 2020	Quarterly Economic Report	General Manager – Strategy & Planning		
3.	~~June 2020~~ October 2020	CEDA Projects/Activities Report	General Manager – Strategy & Planning		
4.	October 2020	International Relations Six Monthly Report	General Manager – Strategy & Planning		
5.	October 2020	Portfolio Update – Science, Technology & Innovation	Cr Brent Barrett		
6.	October 2020 (subject to availability of data and sector inputs)	**Sector Profiles** Construction (summary) Manufacturing (summary) Logistics & Supply Chain Sector (summary) Health Care & Social Assistance (summary) Government (summary) Research & Development (summary) Education & Training (full and summary) Non-profit (full and summary)	General Manager – Strategy & Planning		
7.	December 2020 (subject to availability of data and sector inputs)	**Sector Profiles** Defence (full) Tourism (summary)	General Manager – Strategy & Planning		
8.	December 2020	**Portfolio Update – Defence**	Cr Lew Findlay		
9.	December 2020	**Portfolio Update – Education & Students**	Cr Rachel Bowen		
10.	2021	**Sector Profiles**	General Manager –		

Oasis # 13972982

Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
		Retail Health Check (summary) Tourism (full) Logistics (full) Government (full) Agriculture (summary)	Strategy & Planning		