



PALMERSTON NORTH CITY COUNCIL

AGENDA

ECONOMIC DEVELOPMENT COMMITTEE

9AM, WEDNESDAY 16 MARCH 2022
COUNCIL CHAMBER, FIRST FLOOR, CIVIC ADMINISTRATION BUILDING
32 THE SQUARE, PALMERSTON NORTH

MEMBERS

Leonie Hapeta (Chairperson)

Vaughan Dennison (Deputy Chairperson)

Grant Smith (The Mayor)

Brent Barrett

Susan Baty

Rachel Bowen

Zulfiqar Butt

Renee Dingwall

Lew Findlay QSM

Patrick Handcock ONZM

Orphée Mickalad

Bruno Petrenas

Aleisha Rutherford

Ruma Karaitiana

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

To Mārae o Hine | 32 The Square
Private Bag 11034 | Palmerston North 4442 | New Zealand
pncc.govt.nz

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NORTH
CITY

(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 - Humphries Construction and Racing Awapuni Combined Enterprise (RACE)** Page 7
6. **Presentation - Central Economic Development Agency (CEDA)** Page 9
7. **Presentation - Manawatū Chamber of Commerce** Page 11
8. **Confirmation of Minutes** Page 13
 "That the minutes of the Economic Development Committee meeting of 8 December 2021 Part I Public be confirmed as a true and correct record."
9. **Summary report on the December 2021 Quarterly Economic Monitor** Page 19
 Memorandum, presented by Peter Crawford, Economic Policy Advisor.
10. **International Relations and Education Update Report** Page 35
 Memorandum, presented by Gabrielle Nguyen, International Relations Manager.
11. **Health Care and Social Assistance Sector Profile 2021 and Logistics Sector Profile 2021** Page 47
 Memorandum, presented by Julie Macdonald, Strategy and Policy Manager.
12. **Committee Work Schedule** Page 105

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: 16 March 2022

TITLE: Presentation - Humphries Construction and Racing Awapuni Combined Enterprise (RACE)

RECOMMENDATION TO ECONOMIC DEVELOPMENT COMMITTEE

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

SUMMARY

Paul Humphries from Humphries Construction and former Chairperson of Racing Awapuni Combined Enterprise (RACE) will present to the Committee on:

- housing and economic development
- what projects they are working on
- Racing Awapuni Combined Enterprise (RACE)

ATTACHMENTS

Nil

PRESENTATION

TO: Economic Development Committee

MEETING DATE: 16 March 2022

TITLE: Presentation – Central Economic Development Agency (CEDA)

RECOMMENDATION TO ECONOMIC DEVELOPMENT COMMITTEE

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

SUMMARY

Jerry Shearman, Chief Executive of the Central Economic Development Agency (CEDA) will update the Committee on the work they have been doing on logistics.

ATTACHMENTS

Nil

PRESENTATION

TO: Economic Development Committee

MEETING DATE: 16 March 2022

TITLE: Presentation – Manawatū Chamber of Commerce

RECOMMENDATION TO ECONOMIC DEVELOPMENT COMMITTEE

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

SUMMARY

Amanda Linsley, Chief Executive of the Manawatū Chamber of Commerce will update the Committee on the work they have been doing.

ATTACHMENTS

Nil

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 08 December 2021, commencing at 1.06pm

Members Present: Councillor Leonie Hapeta (in the Chair), The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Bruno Petrenas, Aleisha Rutherford and Mr Ruma Karaitiana.

Non Members Present: Councillors Lorna Johnson, Billy Meehan and Karen Naylor.

Apologies: Councillors Lew Findlay QSM and Orphée Mickalad,

Councillor Susan Baty left the meeting at 1.25pm during consideration of clause 29. She entered the meeting again at 1.27pm after the consideration of clause 30. She was not present for clause 29.

27-21 Apologies

Moved Leonie Hapeta, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

1. That the Committee receive the apologies.

Clause 27-21 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Leonie Hapeta, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Ruma Karaitiana.

28-21 Retail Health Check Profile – November 2021

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

Moved Leonie Hapeta, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

1. That the memorandum titled 'Retail Health Check Profile –

November 2021', be received for information.

Clause 28-21 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Leonie Hapeta, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Ruma Karaitiana.

29-21

Presentation - Andrew Heaphy

Andrew Heaphy, Plaza Director spoke on the retail health of the Plaza shopping centre. He made the following comments:

- Covid has distorted the numbers, the Plaza prefers to compare the 2019 year with 2021, to get a more accurate reflection on the health of the centre.
- Generally retail in the Plaza has bounced back but some services are struggling.
- Personal services sales have decreased by 30% and food outlets sales are struggling.
- Some well-known retailers have gone – Lush is only trading in the main centres and STA travel has ceased.
- Have noticed a change in shopping habits of the mature customer, with stores that cater for those shoppers experiencing lower sales.
- In terms of property, there are some vacancies in the Plaza. We are prepared to wait for a 'quality offer' and have pop up stores to fill the vacancies.
- Over the last year, there has been pressure on landlords for abatements to keep the tenants going. Rising rates has not helped and insurance premiums keep increasing (30-45%).
- Crime continues to be a problem with burglaries and vandalism causing a nuisance and adding to costs. Tenants are responsible for store security.
- The Plaza is not responsible for vaccines mandate passes as it is an essential service. Mandates are managed at the store level.

Councillor Susan Baty left the meeting at 1.25pm

Moved Leonie Hapeta, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

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

Clause 29-21 above was carried 14 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Leonie Hapeta, Brent Barrett, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Ruma Karaitiana.

30-21

Presentation – Central Economic Development Agency (CEDA)

David Wright, Interim Chief Executive and Sarah Towers, Talent and Skills Officer provided an update on CEDA's current workstreams

They spoke on the following topics:

- Food Strategy - purpose of draft strategy is to identify the economic areas of the region which CEDA can capitalise on to exploit our competitive advantage.
- Central NZ Distribution Hub – Strategy is developed and is being implemented.
- Profiling the region – critical enabler of economic development.
- Regional identity brand being launched.
- NZ house and garden event scheduled for 2022.
- Talent and Skills - focus on infrastructure and construction; and food and fibre sectors. Sector profiles have been developed and 'talent-attraction' marketing campaign has begun for the infrastructure and construction industry in partnership with the sector. Campaign focusses on the lifestyle options of the region to attract workers.
- Defence force – relocation project for defence families into region with a focus on careers and transitioning outside of the force into other work.

Councillor Susan Baty entered the meeting again at 1.27pm.

Moved Leonie Hapeta, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

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

Clause 30-21 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Leonie Hapeta, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Ruma Karaitiana.

31-21

Presentation – Palmy Business Improvement District (BID)

Rob Campbell, Chair and Amanda Linley from the Palmy Business Improvement District (BID) updated the committee on the work done in the last 6 months,

Purpose of the BID is to grow the city centre, advocate for its members and increase vibrancy in the city centre.

They outlined their key milestones for the last 6 months:

- Advocacy on behalf of community in relation to increase in carpark changes and extending hours.
- Engaging and supporting businesses to find solutions to nuisance problems in the city centre (eg begging).
- Working on a vision and mission for the Palmy BID.
- Working with Council to negotiate a funding agreement.

Future work proposed includes: finalising an operation structure, advocacy focus will be on centre city parking, regional transport and civic and cultural precinct

Moved Leonie Hapeta, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

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

Clause 31-21 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Leonie Hapeta, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Ruma Karaitiana.

32-21

Confirmation of Minutes

Moved Leonie Hapeta, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

1. That the minutes of the Economic Development Committee meeting of 15 September 2021 Public be confirmed as a true and correct record.

Clause 32-21 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Leonie Hapeta, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Ruma Karaitiana.

- 33-21** **Summary report on the September 2021 Quarterly Economic Monitor, Annual Population report and Annual Business and Employment report**
Memorandum, presented by Peter Crawford, Economic Policy Adviser.

Moved Leonie Hapeta, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

1. That the Summary report on the September 2021 Palmerston North Quarterly Economic Monitor, Annual Population report and Annual Business and Employment report is received.

Clause 33-21 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Leonie Hapeta, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Ruma Karaitiana.

- 34-21** **Portfolio Update 2020/21 – Education and Students**
Memorandum, presented by Councillor Rachel Bowen, Education and Students Portfolio Lead.

Moved Leonie Hapeta, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

1. That the Committee receive the Portfolio Update – Education and Students for information.

Clause 34-21 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Leonie Hapeta, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Ruma Karaitiana.

- 35-21** **Committee Work Schedule**

Moved Leonie Hapeta, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

1. That the Economic Development Committee receive its Work Schedule dated December 2021.

Clause 35-21 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Leonie Hapeta, Brent Barrett, Susan Baty, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Ruma Karaitiana.

The meeting finished at 2.25pm

Confirmed 16 March 2022

Chairperson

MEMORANDUM

TO: Economic Development Committee

MEETING DATE: 16 March 2022

TITLE: Summary report on the December 2021 Quarterly Economic Monitor

PRESENTED BY: Peter Crawford, Economic Policy Advisor

APPROVED BY: David Murphy, Chief Planning Officer

RECOMMENDATION TO ECONOMIC DEVELOPMENT COMMITTEE

1. That the Summary report on the December 2021 Quarterly Economic Monitor is received for information.

- 1.1 This memorandum presents a summary of key themes in the latest Palmerston North Quarterly Economic Monitor for the December quarter,
- 1.2 COVID-19 restriction levels applying in Palmerston North during the December quarter were:
 - a. Level-2, 1 October – 2 December
 - b. COVID-19 Protection Framework, Orange traffic light setting, 3 – 31 December
- 1.3 Economic activity accelerated strongly in the December quarter, despite the constraints on some sectors from the COVID-19 Level-2 and Orange Traffic light settings, which were in place during the quarter. Growth improved from an increase of 1.1% in the September quarter to 8.0% in the December quarter. Infometrics revised its initial estimates for the September quarter, which had suggested City GDP declined by 2.6% in the quarter. GDP in the City increased by 7.8% in the 12 months ended December 2021, the highest recorded in the 20-year Infometrics series.
- 1.4 Retail spending in the City was strong during the December quarter, but the growth rate for the City hides significant differences in growth rates in the sector. Accommodation spending declined by 20% in the quarter, while the cafes, restaurants, bars and takeaways sector declined by 0.6%. The strongest growth was in the fuel and automotive sector, increasing by 21%.
- 1.5 Daily retail data for January shows a weakening in retail growth in Palmerston North after the move to the Red Traffic Light setting. Average growth in spending for the month of January was 8.6%, but growth reduced to 4.0%

after the move to the Red setting. In the last week of January grocery and liquor spending increased by 11% and fuel automotive spending increased by 19%. The cafes, bars restaurant and takeaways sector declined by 8%, with electronic card turnover down by \$213,000 in that week, while accommodation spending declined by 33%. Apparel and personal goods and services spending declined by 15%.

2. PALMERSTON NORTH QUARTERLY ECONOMIC MONITOR – DECEMBER

- 2.1 Estimated annual gross domestic product (GDP) growth in Palmerston North was 8.0% in the December 2021 quarter, while GDP growth for New Zealand was estimated to be 2.8%.
 - a. Provisional GDP in Palmerston North was \$5,864 million (2021 prices) in the year ended December 2021, an increase of 7.8% from the previous year. New Zealand GDP is estimated to have increased by 5.5%
- 2.2 Infometrics estimates for total filled jobs for residents of Palmerston North suggest 37,703 residents were employed in the December 2021 quarter, increasing by 1.8% from the previous year, while filled jobs for New Zealand increased by 1.7%. There were 641 more residents employed in the City in December 2021 compared with December 2020.
- 2.3 Electronic card retail spending in Palmerston North in the December quarter was \$393 million, an increase of 7.4% from the December 2020 quarter, while national spending declined by 0.4%.
 - a. Annual electronic card retail spending in Palmerston North for the year ended December 2021 was \$1,343 million, an increase of 9.2% from 2020. This compares with an increase of 5.0% for New Zealand.
- 2.4 The total value of building consents issued in Palmerston North in the December 2021 quarter was \$90 million, an increase of 35% from the December 2020 quarter. National consent values increased by 25%.
 - a. Building consents to the value of \$421 million were issued in Palmerston North in the year to December 2021, an increase of 16% from the previous year. National consent values increased by 20%.
 - b. Consents for 124 new residential dwellings were issued in Palmerston North in the December 2021 quarter, compared with 110 in the December 2020 quarter, an increase of 13%. National consents increased by 14%.
 - c. Consents for 557 new residential dwellings were issued in Palmerston North in the year ended December 2021, compared with 524 in the previous year, an increase of 6%. National consents increased by 24%.
 - d. Commercial/non-residential consents to the value of \$170 million were issued in Palmerston North during the year to December 2021, a

decline of 4% from the previous year. National consents increased by 17% over the same period.

- 2.5 The average value of residential properties in Palmerston North was \$750,536 in the three months ended December 2021, an increase of 29% from the December 2020 quarter (QV estimate). The average value for New Zealand was \$1,006,632, an increase of 27.6%. The values shown in the Infometrics report are an average of the past 12 months.
- 2.6 Car registrations in Palmerston North increased by 23% in the year ended December 2021 (national registrations increased by 20%) while the number of commercial vehicles registered increased by 9% (compared to a national increase of 25%).
- 2.7 It is estimated the annual average unemployment rate in Palmerston North in the year ended December 2021 was 3.4%, which was below the unemployment rate of 3.8% for New Zealand.
- 2.8 The number of people in Palmerston North registered for the MSD Job Seekers benefit declined by 17% in December 2021 from December 2020, while the number in New Zealand declined by 11.5%. The MSD benefit numbers reported in the Infometrics report are based on the average of the last four quarters.
- 2.9 Traffic flows in Palmerston North in the year to December 2021 increased by 11% from 2019, while there was an increase of 4% for New Zealand.
- 2.10 Electronic card tourism spending in Palmerston North was \$275 million in the year ended December 2021, increasing by 16% from the previous year (New Zealand increased by 4%).
 - a. Domestic electronic card visitor spending in Palmerston North was \$260 million in the year ended December 2021, increasing by 15% from the previous year (12% increase for New Zealand).
 - b. International electronic card spending in Palmerston North was \$15 million in the year ended December 2021, increasing by 24% from the previous year (44% decline for New Zealand). MBIE is unable to identify the amount of spending on international cards by New Zealanders returning from overseas, so is unable to distinguish between spending by visitors and returning residents.
- 2.11 Population estimates, based on primary health organisation registrations, suggest Palmerston North's population increased by 663 people between December 2020 and December 2021, an increase of 0.8% (0.9% increase for New Zealand).
- 2.12 The Palmerston North Quarterly Economic Monitor report for the December 2021 quarter is attached.

3. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual 166	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 1: An Innovative and Growing City	
The recommendations contribute to the achievement of action/actions in Economic Development	
The action is: Implement Inward Investment Strategy	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Reporting on economic trends in the City and 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 Quarterly Economic Monitor December 2021 [↓](#)



Overview of Palmerston North City

In the December 2021 year, The Palmerston North outpaced the national economy on a number of key economic indicators. Infometrics provisionally estimates that the city's GDP grew 7.8% in the December 2021 year compared with national growth of 5.5%. Over the same period, traffic flows rose 11.3% compared with 3.5% nationally, according to Marketview data consumer spending was up 9.3% compared with 5.0% across the country as a whole, spending by tourists grew 16% - well ahead of 3.9% growth across New Zealand, and employment of Palmerston North residents grew 1.8% compared with a 1.7% rise nationwide.

Employment has grown across a broad range of sectors, spearheaded by strong gains in construction, retail, health care and social assistance, and accommodation and food services. Job creation has seen the region's unemployment rate fall to 3.4% for the December 2021 year compared with 3.8% nationally – the fifth consecutive quarter that the city's unemployment rate has been below the national average. Jobseeker Support recipients also continue to fall back from their peak in March 2021, down 3.9% in Palmerston North in contrast to 1.9% growth nationally.

House values in Palmerston North rose 27%pa in the December 2021 year, which is down from the peak of 39%pa in the June 2021 quarter. Residential consents remain elevated, growing 6.3% in Palmerston North in the December 2021 year. If higher interest rates and tighter credit conditions start to weaken housing demand, 2022 could see the city's house price inflation continue to fall away.

Despite falling 3.9% in the December 2021 year, Palmerston North's non-residential consents remain at very high levels with factories and industrial buildings, education buildings, office, administration, and public transport buildings, and shops restaurants and bars all posting strong numbers in 2021.

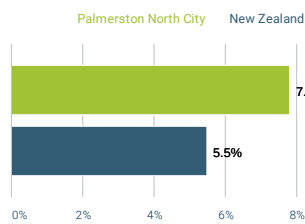
Indicator	Palmerston North City	Manawatū-Whanganui Region	New Zealand
Annual Average % change			
Gross domestic product (provisional)	7.8 % ▲	7.6 % ▲	5.5 % ▲
Traffic flow	11.3 % ▲	7.4 % ▲	3.5 % ▲
Consumer spending	9.3 % ▲	8.8 % ▲	5.0 % ▲
Employment (place of residence)	1.8 % ▲	2.4 % ▲	1.7 % ▲
Jobseeker Support recipients	-3.9 % ▼	-3.0 % ▼	1.9 % ▲
Tourism expenditure	15.5 % ▲	12.5 % ▲	3.9 % ▲
Health enrolments	0.8 % ▲	0.7 % ▲	0.9 % ▲
Residential consents	6.3 % ▲	26.1 % ▲	24.0 % ▲
Non-residential consents	-3.9 % ▼	13.3 % ▲	16.2 % ▲
House values *	27.2 % ▲	28.5 % ▲	27.3 % ▲
House sales	-0.4 % ▼	-7.7 % ▼	3.5 % ▲
Car registrations	22.6 % ▲	19.9 % ▲	20.2 % ▲
Commercial vehicle registrations	9.0 % ▲	14.8 % ▲	25.4 % ▲
Level			
Unemployment rate	3.4 %	3.5 %	3.8 %

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

Gross domestic product

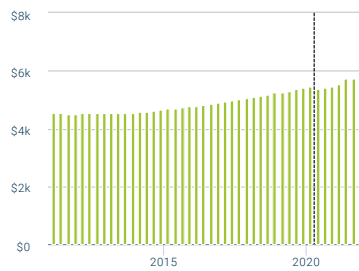
Gross domestic product growth (provisional)

Annual average % change December 2020 - December 2021



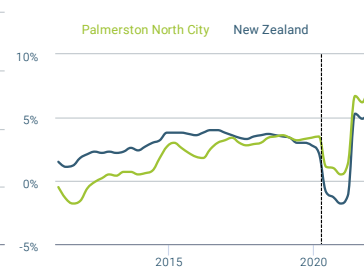
Gross domestic product (\$m)

Annual level, Palmerston North City



Gross domestic product growth

Annual average % change



Highlights for Palmerston North City

- GDP in Palmerston North City was provisionally up 7.8% for the year to December 2021 compared to a year earlier. Growth was higher than in New Zealand (5.5%).
- Provisional GDP was \$5,864 million in Palmerston North City for the year to December 2021 (2021 prices).
- Annual GDP growth in Palmerston North City peaked at 7.8% in the year to December 2021.

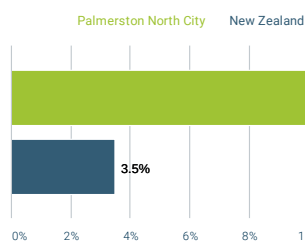
National overview

The New Zealand economy saw a determined but short-lived rebound in economic activity in the December 2021 quarter, as restrictions were relaxed across the country over the course of the quarter. Provisional estimates from Infometrics show a 2.8% rise in economic activity, leaving annual activity over the 2021 calendar year sitting 5.5% above the 2020 total, and 3.6% above pre-pandemic levels. There was substantial regional variation, with a longer period of Alert Level and Traffic Light restrictions keeping upper North Island activity lower than last summer. Other areas saw a rush back to building, manufacturing, and primary sector activities in December, alongside strong summer holiday spending boosts in many areas. Expectations remain for the Omicron outbreak to disrupt this rebound and economic activity over the early stages of 2022.

Traffic flow

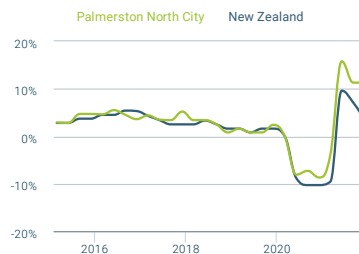
Annual change in traffic flows

Annual average % change December 2020 - December 2021



Traffic volume growth

Annual average % change



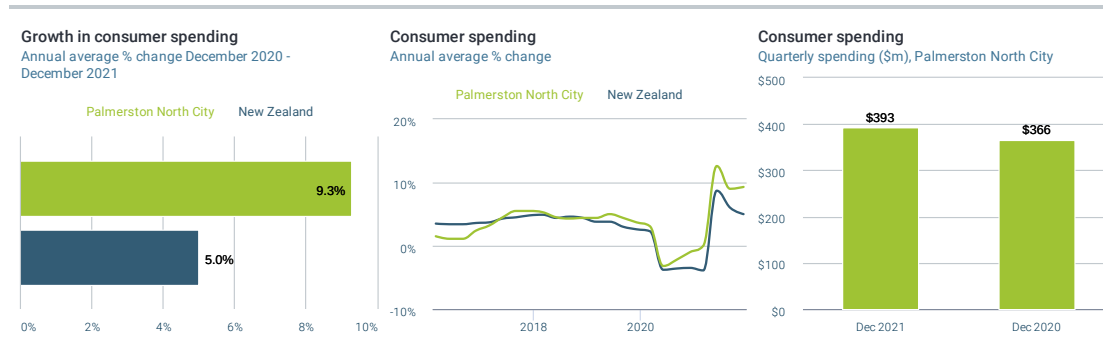
Highlights for Palmerston North City

- Traffic flows in Palmerston North City increased by 11.3% over the year to December 2021. This compares with an increase of 3.5% in New Zealand.

National overview

Traffic activity remained subdued in the December 2021 quarter, driven by considerably lower movement in the upper North Island. Auckland's third of the national population weren't able to move outside the Super City boundaries for most of the quarter, with a 31%pa drop in traffic from a year earlier. Northland's traffic volumes were sitting nearly 40% below last summer's levels, due to the lack of Auckland traffic, and Red setting over the key summer period. Rising fuel prices over the December quarter will also have contributed to traffic activity, with a 30%pa increase in prices at the pump. A more expensive trip, combined with uncertainty over possible Covid restrictions over summer, appears to have kept New Zealanders home more throughout the December quarter.

Consumer spending



Highlights for Palmerston North City

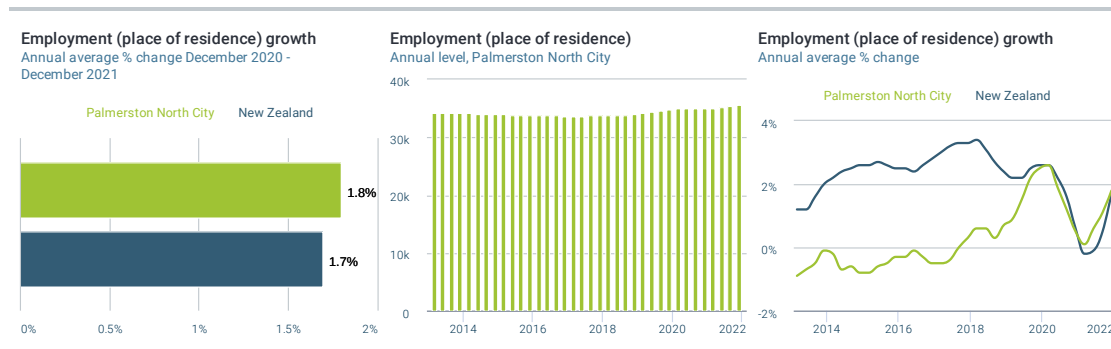
- Electronic card consumer spending in Palmerston North City as measured by Marketview, increased by 9.3% over the year to December 2021 compared to the previous year. This compares with an increase of 5.0% in New Zealand.

National overview

National spending activity was still slightly down on a year earlier, as the sustained lockdown restrictions in the upper North Island for part of the quarter limited activity. Marketview card spending data shows a 0.4%pa drop in national spending over the December quarter, representing a further \$68m drop in spending. However, excluding Auckland, spending rose 4.4% from a year earlier as the rebound in activity occurred and savings from the Delta lockdown were spent. Higher inflation means that underlying spending growth wasn't as impressive, with the consumers price index rising 5.9%pa in the December quarter as supply chain disruptions and a stretched economy hit household wallets.

Note that we have now switched our reporting basis to align with Marketview's Council Tool spending definitions, resulting in a revision in the consumer spending timeseries.

Employment (place of residence)



Highlights for Palmerston North City

- Employment for residents living in Palmerston North City was up 1.8% for the year to December 2021 compared to a year earlier. Growth was higher than in New Zealand (1.7%).
- An average of 35,703 people living in Palmerston North City were employed in the year to December 2021.
- Annual employment growth for Palmerston North City residents peaked at 2.6% in the year to March 2020.

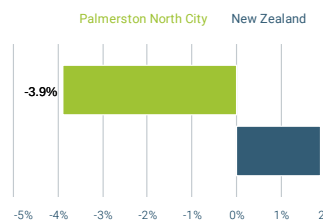
National overview

Labour market pressures remain intense, with more people still getting into jobs. December quarter filled jobs are estimated to have risen 3.7%pa, with construction and professional service employment leading the way. However, jobs growth slowed or fell in tourism-related industries, and the primary sector remains smaller than usual due to the difficulty finding staff. Wage pressures are rising, with an average 7.2% increase in earnings per filled job in 2021. High inflation, higher levels of staff turnover, and continued economic demand are set to see workers demand higher wages in 2022, particularly with a further rise in the minimum wage to match inflation.

Jobseeker Support recipients

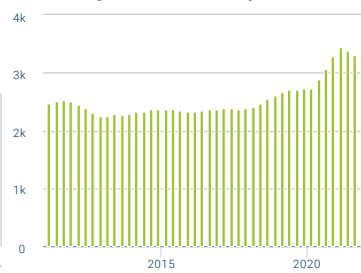
Annual change in Jobseeker Support recipients

Annual average % change December 2020 - December 2021



Jobseeker Support recipients

Annual average, Palmerston North City



Jobseeker Support recipients

Annual average, Palmerston North City



Highlights for Palmerston North City

- Jobseeker Support recipients in Palmerston North City in the year to December 2021 decreased by 3.9% compared with previous year. Growth was lower relative to New Zealand (1.9%).
- An average of 3,158 people were receiving a Jobseeker Support benefit in Palmerston North City in the 12 months ended December 2021. This compares with an average of 2,578 since the start of the series in 2012.

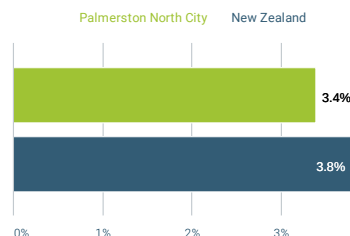
National overview

Jobseeker Support recipient levels resumed their downward path in the December 2021 quarter, to sit nearly 12% below December 2020 levels. Around a fifth (18%) of the fall in Jobseekers is due to policy changes reclassifying some benefit recipients. On an annual average basis, Jobseeker figures are now just 1.9% higher than in the 2020 year. Jobseeker numbers remain around 40,000 (28%) higher than pre-pandemic levels, indicating that despite the tight labour market there remain some discouraged potential workers available. Additionally, there remain some with more complex support needs which need to be addressed to get them into sustainable employment.

Unemployment rate

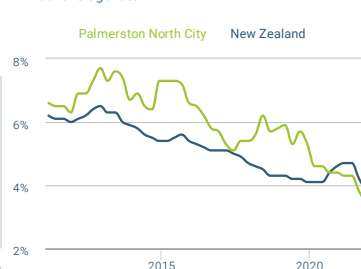
Unemployment rate

Annual average % change December 2020 - December 2021



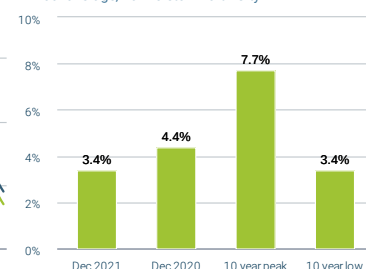
Unemployment rate

Annual average rate



Unemployment rate

Annual average, Palmerston North City



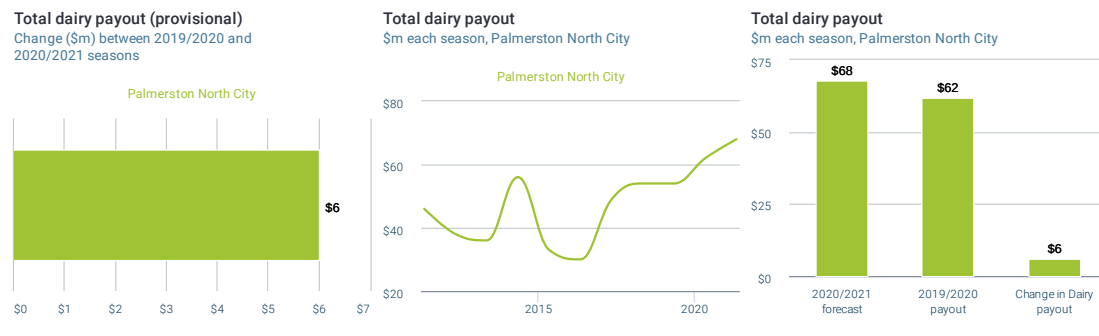
Highlights for Palmerston North City

- The annual average unemployment rate in Palmerston North City was 3.4% in December 2021, down from 4.4% 12 months earlier.
- The unemployment rate in Palmerston North City was lower than in New Zealand (3.8%) in December 2021.
- Over the last ten years the unemployment rate in Palmerston North City reached a peak of 7.7% in December 2012.

National overview

The labour market tightened even further in December 2021, with the unemployment rate hitting a new record low of 3.2%, just below our (and the market's) pick of 3.3%. The underutilisation rate was steady at 9.2%, as part-time employment growth (5.6%pa) outpaced full-time employment (3.2%pa). The labour market is at its tightest since the Household Labour Force Survey began in the mid-1980s, with employment struggling to grow in the face of worker shortages. The pressure across the labour market suggests that wage growth will have to pick up during 2022, as firms compete more for talent.

Dairy payout



Highlights for Palmerston North City

- Palmerston North City total dairy payout for the 2019/2020 season is estimated to have been approximately \$62 million.
- Palmerston North City's dairy payout for the 2020/2021 season is expected to be approximately \$68 million, \$6 million 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 \$13,537 million in the 2019/2020 season, and is expected to be \$1,147 million higher in the 2020/2021 season.

National overview

Milk prices continue to rise as demand remains strong, but milk supplies shrink. Fonterra has further increased the farmgate milk price for the 2021/22 season to between \$8.90 and \$9.50, with a midpoint of \$9.20/kgms. The estimated pay-out has risen to \$17.6b, around \$2.2b higher than the peak seen in the 2013/14 season. New Zealand milk volumes have been falling for five straight months now and are down 3.2%pa for the season to date. However, substantial cost rises will skim some cream off the top. Global feed prices were up 40%pa in 2021, and domestic fertilizer costs were up 58%pa rise in the December quarter. Our estimates suggest that the milk price could rise further still.

Tourism expenditure



Highlights for Palmerston North City

- Total tourism expenditure in Palmerston North City increased by 15.5% in the year to December 2021. This compares with an increase of 3.9% in New Zealand.
- Total tourism expenditure was approximately \$275 million in Palmerston North City during the year to December 2021, which was up from \$238 million a year ago.

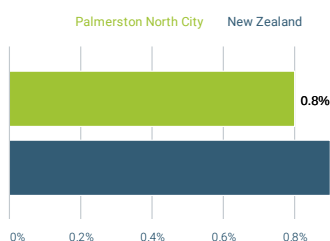
National overview

Visitor spending growth over the 12 months to December 2021 slowed back further, up 3.9% from a year earlier. Tourism card spending growth has slowed from above 5%pa in June, as last summer's strong run is replaced with lower tourism spending since August 2021. Domestic travel spending was down 14%pa nationally over the December 2021 quarter, reinforcing the softer level of travel undertaken by Kiwis this summer.

Health enrolments

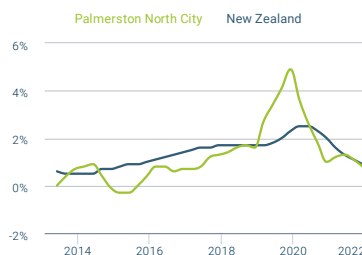
Annual change in health enrolments

Annual average % change December 2020 - December 2021



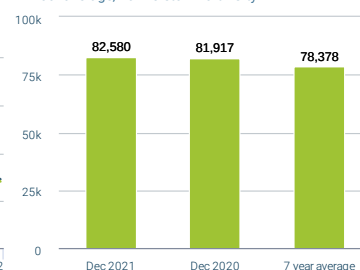
Health enrolments

Annual average % change



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 December 2021 increased by 0.8% compared with previous year. Growth was lower relative to New Zealand (0.9%).
- An average of 82,580 people were enrolled with primary healthcare providers in Palmerston North City in the 12 months ended December 2021. This compares with an average of 77,862 since the start of the series in 2014.

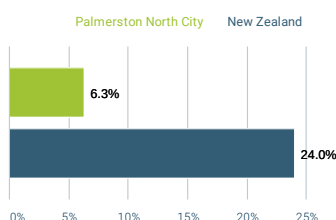
National overview

Population growth remained low in the December quarter, as the population ages and the workforce remains limited. Health enrolments, which provide insight into local populations, rose 0.7%pa in the December quarter, the slowest rate in eight years. This low growth took annual average growth to below 1.0% for the first time since late 2015. Provisional net migration data shows a net loss of around 4,000 over the year to December 2021 – the first drain of talent in a decade. Some regional economies are showing slower or negative growth, as the labour market and regional migration becomes the driver of local population changes.

Residential consents

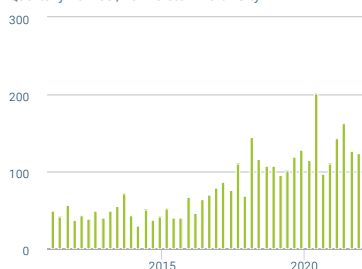
Growth in number of new dwelling consents

Annual average % change December 2020 - December 2021



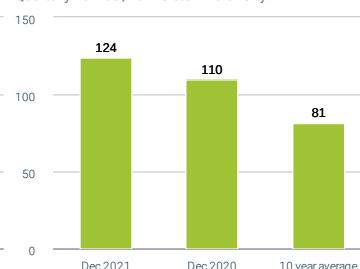
Residential consents

Quarterly number, Palmerston North City



Number of new dwelling consents

Quarterly number, Palmerston North City



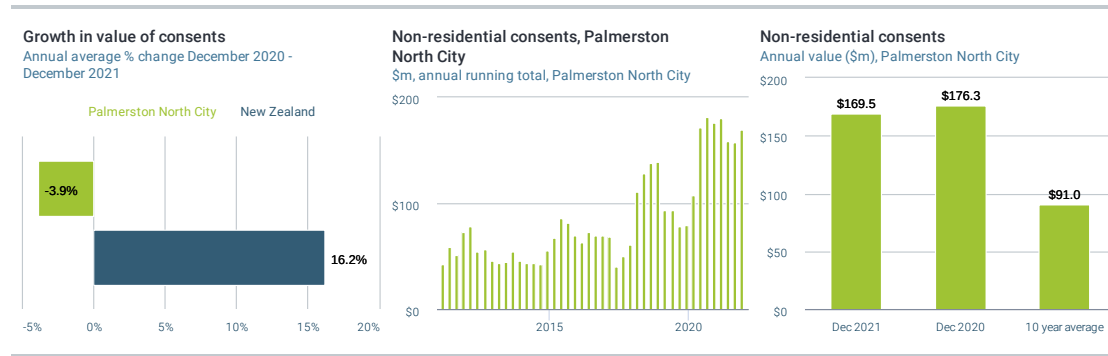
Highlights for Palmerston North City

- A total of 124 new residential building consents were issued in Palmerston North City in the December 2021 quarter, compared with 110 in the same quarter last year.
- On an annual basis the number of consents in Palmerston North City increased by 6.3% compared with the same 12-month period a year ago. This compares with an increase of 24.0% in New Zealand over the same period.

National overview

Residential consents have climbed even higher to 48,899 consents approved over the year to December 2021, sitting up 24% higher than throughout 2020. Townhouses remain the driving factor of growth, with 16,327 in 2021, up 41% compared to 2020. However, we are starting to see momentum wane, with quarterly growth in December sitting at 14%pa, compared to 30%pa in September. New Zealand has had an undersupply of housing for many years, and as a result house prices have been pushed incredibly high as supply has been unable to match strong demand. The record number of consents over the past year will help making some headway into alleviating some of the supply issues.

Non-residential consents



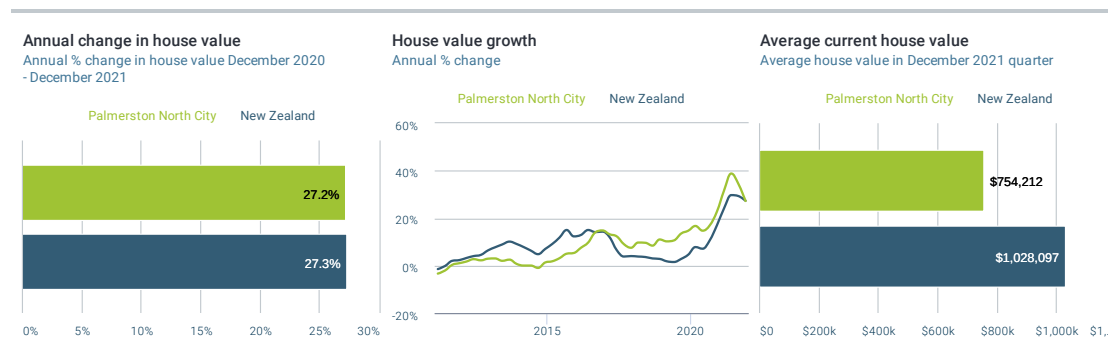
Highlights for Palmerston North City

- Non-residential building consents to the value of \$169.5 million were issued in Palmerston North City during the year to December 2021.
- The value of consents decreased by 3.9% over the year to December 2021. By comparison the value of consents increased by 16.2% in New Zealand over the same period.
- Over the last 10 years, consents in Palmerston North City reached a peak of \$181.7 million in the year to September 2020.

National overview

The value of non-residential consents was \$8.2b in the year to December 2021, sitting 16% higher than in the 2020 year. Public consents drove growth over 2021, with the value of public consents sitting up 42%. Hospitals were responsible for a large share of this growth, with over a billion dollars of hospital consents approved in 2021. Factory and education consents were also strong, sitting up 63% and 22% respectively. Although non-residential consents were very strong over 2021, there was massive difference across building types, with those most impacted by COVID restrictions, such as accommodation, offices, and retail being notably weaker than others.

House values



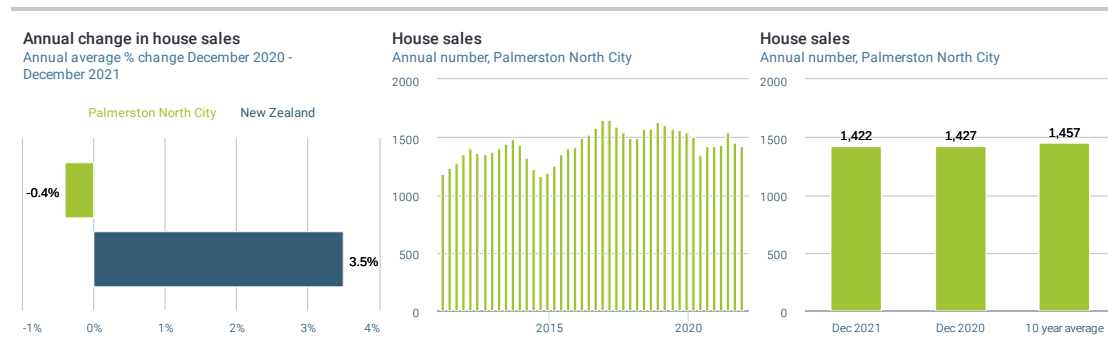
Highlights for Palmerston North City

- The average current house value in Palmerston North City was up 27.2% in December 2021 compared with a year earlier. Growth underperformed relative to New Zealand, where values increased by 27.3%.
- The average current house value was \$754,212 in Palmerston North City in December 2021. This compares with \$1,028,097 in New Zealand.

National overview

House values in New Zealand were sitting up 23%pa in December, with values across the country reaching incredible highs over the year. Value growth across the country has been absurd over the past year, driven by incredibly low interest rates encouraging buyers into the market, and demand outstripping supply pushing prices up even further. It appeared as though there was no end in sight for house value growth, however the most recent months show the market has begun to turn a corner. Annual value growth has started to flatten off from earlier highs, driven by new lending restrictions making it harder for buyers to access credit.

House sales



Highlights for Palmerston North City

- House sales in Palmerston North City in the year to December 2021 decreased by 0.4% compared with the previous year. Growth underperformed relative to New Zealand, where sales increased by 3.5%.
- A total of 1,422 houses were sold in Palmerston North City in the 12 months ended December 2021. This compares with the ten year average of 1,457.

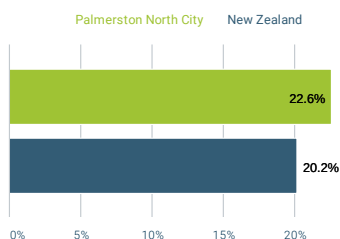
National overview

House sales grew 3.5% over the year to December 2021. House sales have seen a dramatic slowdown in the second half of the year, after strong growth in the first half of 2021. The initial decline in sales was driven by a lack of available supply, with not enough houses being available on the market for buyers. However, particularly in recent months, new lending restrictions have made it harder for buyers to access credit and sales are continuing to drop despite listing numbers picking back up.

Car registrations

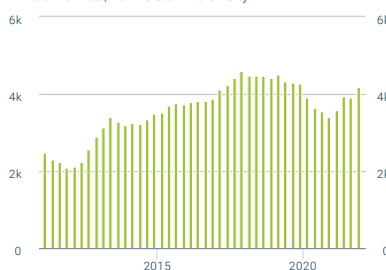
Car registrations

Annual average % change December 2020 - December 2021



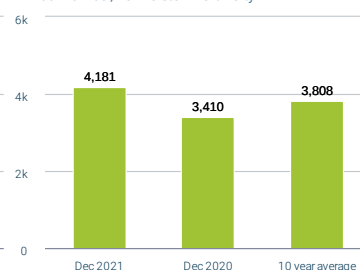
Car registrations

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 increased by 22.6% in the year to December 2021 compared with the previous 12 months. Growth was higher than in New Zealand (20.2%).
- A total of 4,181 cars were registered in Palmerston North City in the year to December 2021. This compares with the ten year average of 3,808.

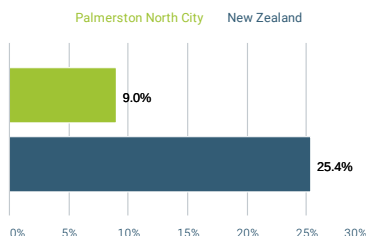
National overview

New car registrations ended 2021 at a new annual record, with solid lift in the December month to see year-end growth sitting at 20%pa. Full-battery EV registrations rose 142% in 2021, accounting for 4.0% of total registrations – double their share in 2020. The new car market continues to go gangbusters, although used cars are still struggling, with less supply and sometimes eye-wateringly high prices. The 2022 year could see momentum in the car market shift back a gear, due to a range of factors. Interest rates are heading higher, and consumer confidence has weakened considerably, which is expected to limit household spending.

Commercial vehicle registrations

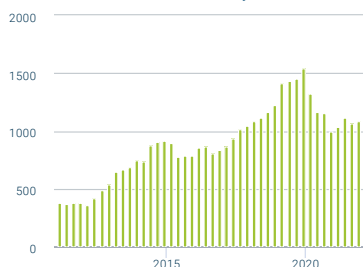
Commercial vehicle registrations

Annual average % change December 2020 - December 2021



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 increased by 9% in the year to December 2021 compared with the previous 12 months. Growth was lower than in New Zealand (25.4%).
- A total of 1,082 commercial vehicles were registered in Palmerston North City in the year to December 2021. This is higher than the ten year annual average of 971.

National overview

Total new commercial registrations were up 34%pa in the December quarter, leaving commercial registrations in the 2021 year sitting 25% higher than 2020. There were nearly 51,000 new commercial vehicle registrations in 2021, the most we have on record since 1991. The bounce-back has been reflective of the boom in construction, high commodity prices, but also making up for the lack of activity in 2020. Early 2022 is expected to see this pickup in activity continue, particularly ahead of Clean Car Standard fees for higher-emitting vehicles (like some utes) entering in April 2022.

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.

Employment (place of residence)

Employment data is based off a range of Stats NZ employment datasets, and represents the number of filled jobs, based on the area of residential address for the employee (rather than workplace address). This place of residence location means that the employment series reflects trends in employment of an area's residents, which may be different to trends in employment at businesses in an area, particularly when there are strong commuting flows. The most recent quarter is based off the average of Monthly Employment Indicator (MEI) filled jobs from Statistics New Zealand for the past three months, with previous quarters being backcasted using the percentage change in the quarterly Business Data Collection dataset published by Statistics New Zealand.

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) to TA level by applying TA shares to the national total. Each TA's share of industry output is based on labour market 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 2021 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 values (dollar value) are sourced from CoreLogic. The levels quoted in the report are average values for the quarter.

Jobseeker Support Recipients

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.

Data presented for the September 2013 quarter onwards is provided by the Ministry of Social Development (MSD). Data prior to September 2013 are Infometrics estimates based on re-grouping pre-July 2013 benefit categories to be consistent with the post-July 2013 benefit categories. The pre-July 2013 benefit categories used to estimate the number of Jobseekers Support recipients are: Unemployment Benefit and Unemployment Benefit Hardship; Unemployment Benefit Training and Unemployment Benefit Hardship Training; Sickness Benefit and Sickness Benefit Hardship; Domestic Purposes Benefit - Sole Parent (if youngest child is 14 or over); Women Alone and Widow's Benefit (without children or with children 14 or over)

Tourism Expenditure

New Tourism Electronic Card Transactions (TECTs) are an interim replacement for the Monthly Regional Tourism Estimates (MRTes). We have removed our previous timeseries of MRTes and published the three annual snapshots provided in the TECTs. The TECTs reflect the expenditure for all electronic card transactions (ECTs) in New Zealand related to tourism. Marketview use a base of spending on the Paymark network (approximately 70 per cent of total ECT spend) to scale up to total ECT spend.

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 Rate

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.

Weekly Rents

Rents (\$ per week) are sourced from monthly data provided by MBIE and averaged across each quarter or year using weighted geometric means. Rental data pertains to averages from data collected when bonds are lodged and does not control for specifications of the home (eg. size, number of bedrooms, age of home, etc).

MEMORANDUM

TO: Economic Development Committee

MEETING DATE: 16 March 2022

TITLE: International Relations and Education Update Report

PRESENTED BY: Gabrielle Nguyen, International Relations Manager

APPROVED BY: David Murphy, Chief Planning Officer

RECOMMENDATION TO ECONOMIC DEVELOPMENT COMMITTEE

1. That the Committee note the progress on the International Relations and Education activity over the past six months, contributing to the Economic Development Plan and Innovative and Growing City Strategy.

1. ISSUE

The purpose of this memorandum is to update the Economic Development Committee on the development of Palmerston North's key international relations and international education outcomes and activities over the past six months, and their contribution to the relevant goal, strategy and plan.

2. BACKGROUND

The position of International Relations Manager was vacant from May 2021–November 2021. Most communication, events and activities during that period were paused.

In addition, programmes such as Global Ambassadors and other ceremonies were postponed due to COVID restrictions.

The International Education function has been transferred to PNCC from CEDA. A new position of International Relations and Education Advisor was created to manage the International Education portfolio and provide support to the International Relations activities.

The International Relations and Education Advisor works with the International Education Leadership Group (IELG) and International Education Manawatu (IEM) on strategic plans and their implementation.

3. OVERVIEW OF CURRENT STATUS

International Relations

The previous International Relations Manager established a solid foundation for the city's international network. The initial priority of the new International Relations division has been to reconnect with key partners and stakeholders and establish new relationships. Within the first six weeks, all key partners and stakeholders have been contacted and introduced to the new team.

The second priority was for Palmerston North's annual Lunar New Year celebration in January and the Festival of Cultures in February. All embassies and high commissions based in Wellington received a save the date communication in December 2021 about these events. Much work went into liaising with Massey University, Mercury Energy (the Turitea windfarm), the central New Zealand Distribution Hub and Wildbase Recovery to prepare for a city tour highlighting sustainable development initiatives. When the red-light settings came into effects on January 23, 2022, these events were unfortunately cancelled. Nonetheless, the communication remains open with the diplomatic corp to continue to raise Palmerston North's profile and promote our emerging sectors.

2022 marks our 40 years sister city relationship with Missoula – USA and 30 years with Guiyang – China. In order to deepen the partnerships, celebrations are being planned in ways to engage the wider public and realise benefits to the art and business communities.

With Missoula, we are discussing:

- A livestreamed introduction to Missoula's screening of the NZ movie An Angel at My Table as part of their Spring World View Film Series.
- A movie screening of A River Runs Through It – a movie filmed in Missoula and The Power of the Dog – the recent nominee for multiple Oscar awards set in rural Montana in the 1920s but filmed in New Zealand.
- A live chat booth for various groups to connect/reconnect with their counterparts in Missoula.
- A square-dancing event alongside one of the regular Block Party events.
- A potential MOU signing between Downtown Missoula Partnerships and Palmy BID.
- A potential visit to Missoula after October, subject to border controls and covid-19 pandemic.

With Guiyang, we are discussing:

- A seminar on business opportunities for Palmerston North – Guiyang in collaboration with Chamber of Commerce and CEDA

- A potential display of digital artworks from Guiyang's Bid Data Expo at Te Manawa
- Opportunity to showcase Māori culture and Guiyang's rich ethnic cultural diversity to the wider communities of both cities.
- Celebrations of the Dragon Boat Festival and the mid-autumn festival in conjunction with local Chinese communities.

In addition, we are working with the New Zealand embassy in Tokyo to produce some visual materials for their social media platform, marking 70 years of diplomatic relations between Japan – New Zealand. We are also in communication with other partner cities: Mihara – Japan, Wageningen – the Netherlands, Kunshan – China, and Ho Chi Minh City – Vietnam. We expect that deepening our relationships with these cities will open up new opportunities to explore in the coming years.

International Education

The international education function for the city was transferred to PNCC from CEDA from 1 July 2021, in the middle of the COVID pandemic. The once ranked 4th export industry in New Zealand – worth \$5 billion dollars – was significantly impacted. According to Education New Zealand's (ENZ) study, the total international enrolments in New Zealand decreased by more than 40% in 2020, and further reduced in 2021 (see Figure 1 below). Other countries like Canada and Australia have already reopened their borders for international students, meaning New Zealand is losing market share to them and risking a reputation of being unwelcoming to international students.

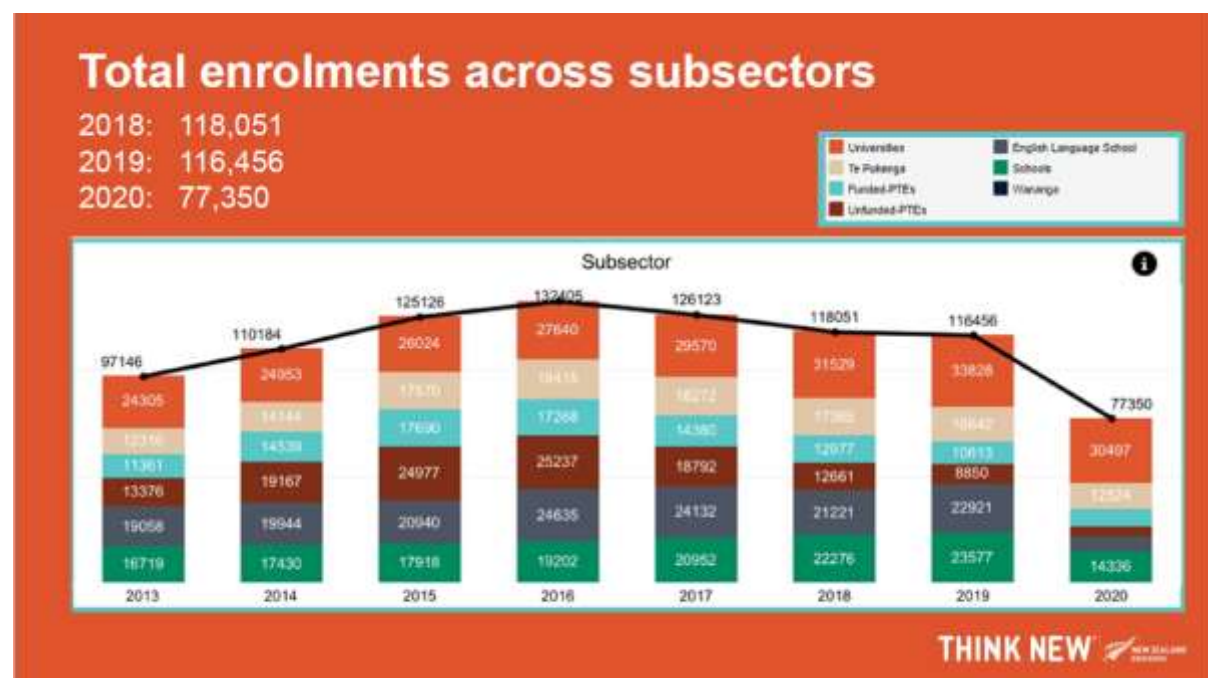


Figure 1: Total enrolments across subsectors 2020

PNCC's International Education remit includes all schools in Palmerston North but also includes Feilding High School and Nga Tawa Diocesan School outside of the city, Massey University, UCOL, IPU and ETC – our English language school. While the data captured by ENZ in 2020 only shows a slight reduction in international enrolment numbers in the region (see Figure 2 below), this is not a true reflection of the international student numbers present in Palmerston North because all our tertiary institutions offer offshore online learning.

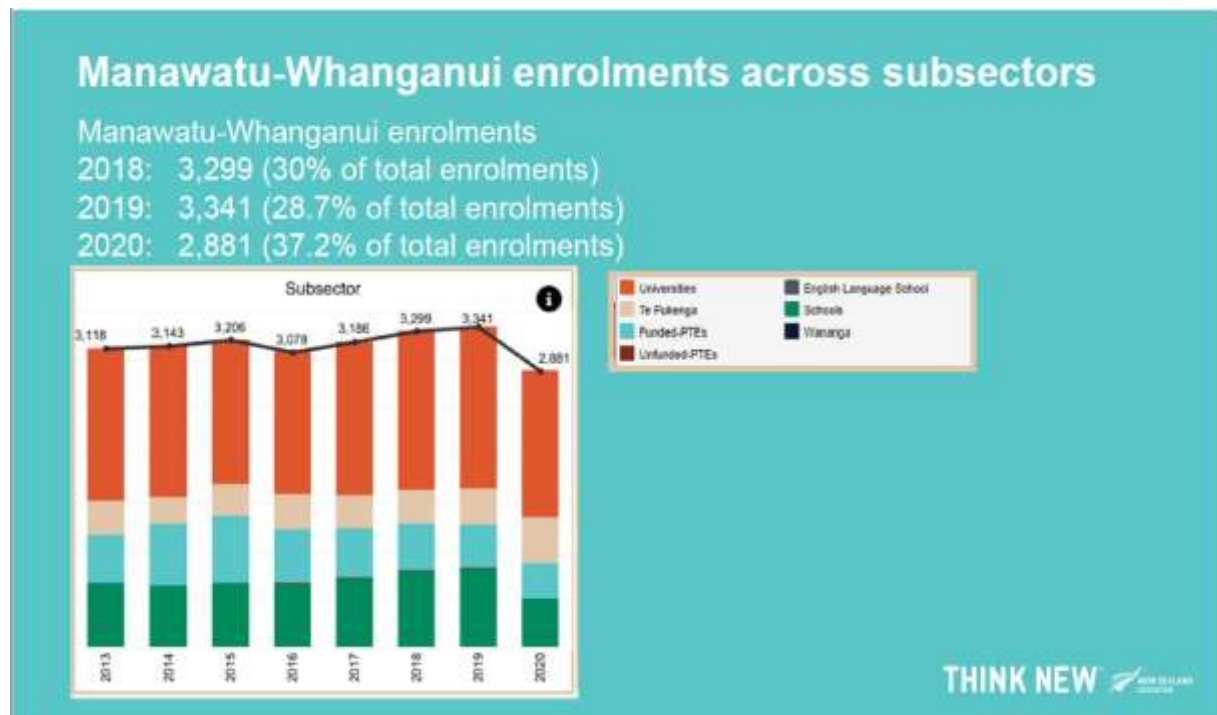


Figure 2: Manawatu-Whanganui enrolments across subsectors 2020

By the end of 2021, IELG reported a further decrease in international student numbers with significant decreases in the school sector. With the exception of Palmerston North Boys' High School and Palmerston North Girls' High School who have managed to hold on to 26 and 17 international students respectively, most other schools only have international student numbers in the single digits or none at all in Term 1 2022.

IPU has suffered the most during this pandemic, having lost approximately 80% of total students due to border restrictions and has reported to have an estimated loss of \$3 million dollars each year.

UCOL is waiting on a decision on how enrolment will work once it has been completely absorbed as part of Te Pūkenga. There is a concern that if enrolment becomes centralised then Palmerston North will be disadvantaged as students typically prefer to go to the big cities.

A further study produced by ENZ shows that students are not rating their study experience in Palmerston North as high as in other cities (See Figure 3). Therefore, our focus will be on improving a holistic student experience in Palmerston North, getting students to connect deeper with our community, and mapping out a promising

career pathway
we are more
and retain
and skills in the

for them so that
able to attract
young talents
city.

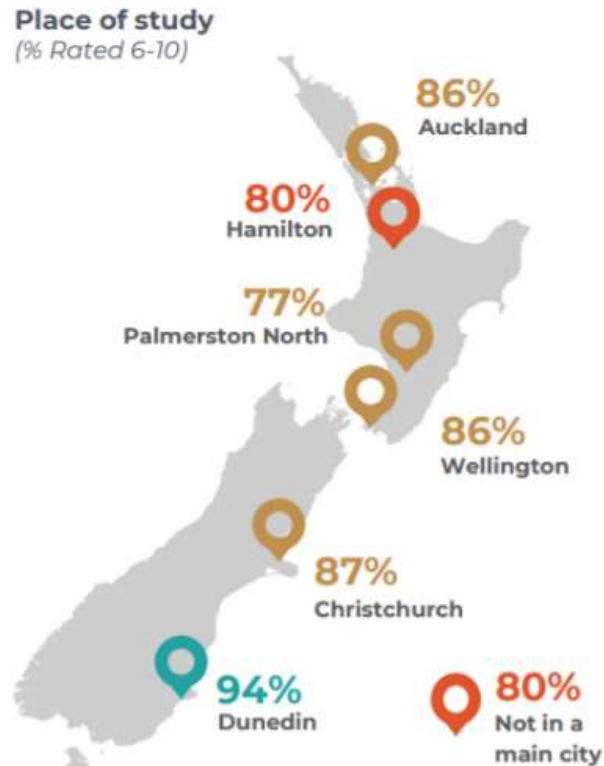
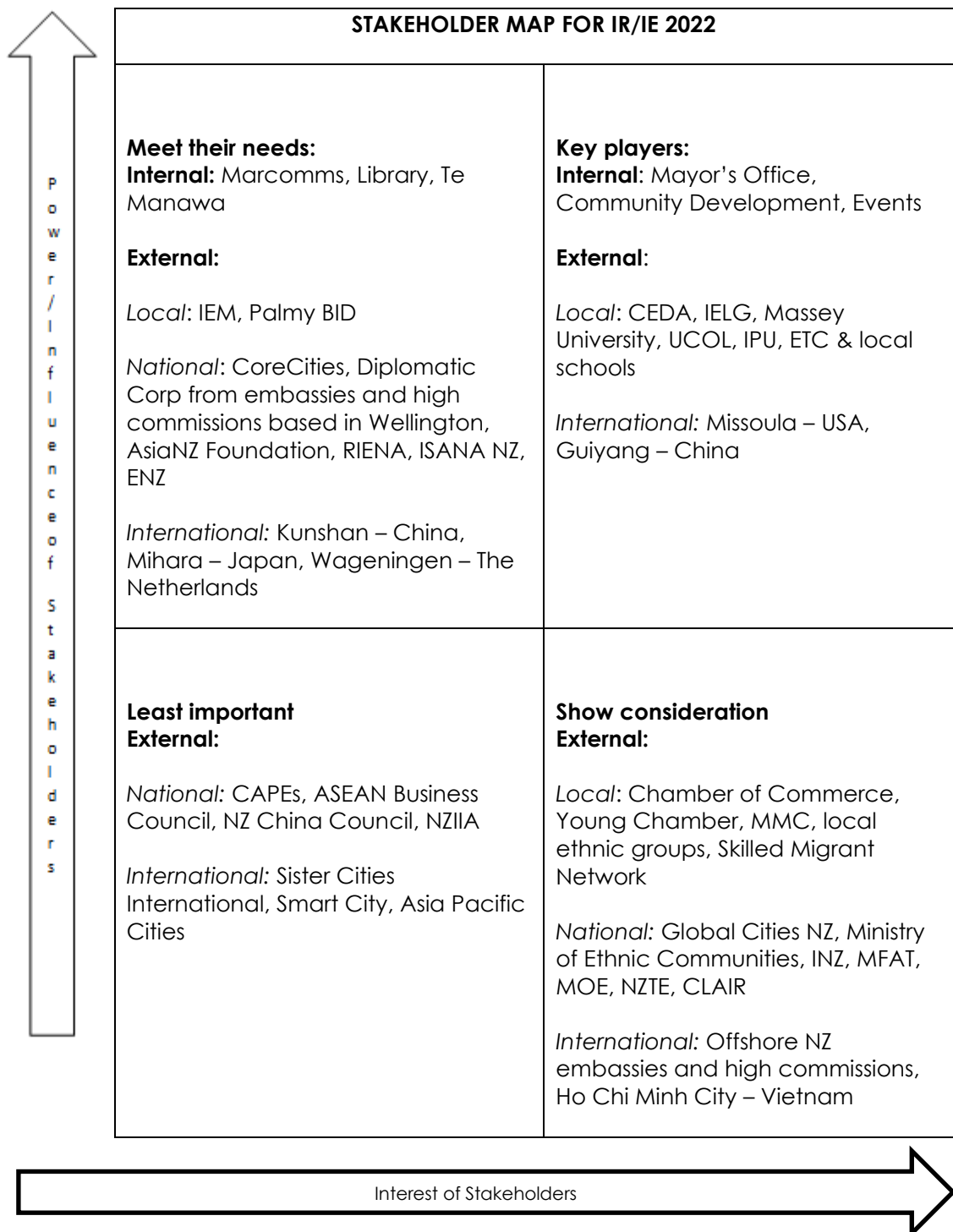


Figure 1: Students' rating of preferred study destination by ENZ

4. STAKEHOLDER MAPPING

The International Relations and Education division works with multiple stakeholders across a wide range of sectors within limited resources. Therefore, it is essential to assess our stakeholder list by impact and influence in order to prioritise and maximise effective communication. This map will constantly be reviewed and re-assessed for accuracy and relevancy.



5. ACTIVITY UPDATES

DESIRED OUTCOMES AS OUTLINED IN THE INTERNATIONAL RELATIONS CHAPTER OF THE ECONOMIC DEVELOPMENT PLAN	ACTIVITIES TO DATE	NEXT STEPS
Palmerston North has a positive international reputation and is successful in attracting investment, businesses, visitors and students.	<ul style="list-style-type: none"> Reconnected with Embassies and High Commissions and invited to 2022 Festival of Cultures with a special city tour prepared with a 'Sustainability and Distribution' theme. This was cancelled due to the shift to red light settings. Renewed dialogue with Wageningen City Council to formalise a strategic partner city relationship. Designed a diplomats' city tour for 2022 Festival of Cultures with a focused theme on Sustainability and Distribution which has been cancelled under the red-light settings. 	<ul style="list-style-type: none"> Invite a small number of relevant diplomats to the New Zealand AgriFood Talks 2022. Organise diplomat visit to city highlights i.e. Central New Zealand Distribution Hub, Wildbase Recovery Centre, Massey University School of Aviation etc.
Rangitāne o Manawatū have opportunities for involvement in projects and initiatives to achieve the partnership aspirations identified in this plan.		<ul style="list-style-type: none"> Connect and engage with Rangitāne on the matter of official city gifts to Missoula and Guiyang on our anniversaries.
Rangitāne o Manawatū and Council have clearly defined roles in civic engagement on behalf of the community		<ul style="list-style-type: none"> Engage with Rangitāne on the orientation programme for international students to the city, the concept of kotahitanga and extending āwhina to everyone.
Palmerston North has a rationalised network of global city partnerships	<ul style="list-style-type: none"> Reconnected with our international partner cities Missoula, Guiyang, 	<ul style="list-style-type: none"> Continue to work on finalising the celebration plans with

DESIRED OUTCOMES AS OUTLINED IN THE INTERNATIONAL RELATIONS CHAPTER OF THE ECONOMIC DEVELOPMENT PLAN	ACTIVITIES TO DATE	NEXT STEPS
and is focused on managing them well	<p>Kunshan, Mihara, and Wageningen.</p> <ul style="list-style-type: none"> Established reliable digital communication channels for regular dialogue. Sent Mayoral letter to congratulate Ambassador Ito on Japan's National Foundation Day (11 Feb) and remark on 70 years of diplomatic relations between Japan and New Zealand. Reconnected with ENZ in Ho Chi Minh City (HCMC) to organise the official signing of the MOU on Education between the two cities. 	<p>each city.</p> <ul style="list-style-type: none"> Ensure that each activity planned can still go ahead under red light settings but has the flexibility to expand if we move back to orange or green. Start planning a Mayoral visit to commemorate these significant milestones as well as to reconnect with our longest-standing sister city relationships. The trip will be planned for the end of the year when our border is reopened.
The City has excellent economic and education connections to its international partners	<ul style="list-style-type: none"> Initiated discussions with local stakeholders i.e. CEDA, Manawatu Chamber of Commerce, Te Manawa, etc. on how to better utilise our international city partnerships for the community's economic, educational and cultural development. Attended Japan's Local Government Exchange & Cooperation Seminar focused on the Zero Emission Tokyo Strategy to establish networks. 	
A greater proportion of visitor spending in Palmerston North is by international visitors	<ul style="list-style-type: none"> Discussed virtual tours with NZ Nature Highlights to increase level of attraction of international visitors to Palmerston 	<ul style="list-style-type: none"> Collaborate with Marcomms and other relevant stakeholders to tell the Palmy story to the world

DESIRED OUTCOMES AS OUTLINED IN THE INTERNATIONAL RELATIONS CHAPTER OF THE ECONOMIC DEVELOPMENT PLANT	ACTIVITIES TO DATE	NEXT STEPS
	North utilizing digital platforms	
There are deeper relations with Palmerston North global city partners, and greater economic, education and community cooperation.	<ul style="list-style-type: none"> • Prioritised sister city anniversary's celebrations: Missoula – 40 years (Oct 1982), Guiyang – 30 years (Aug 1992). • Mayors of Guiyang and Palmerston North exchanged letters of greeting and support as we entered the new year. • Worked together with our partners to draft a bilateral celebration for each city in which activities will be planned for every 2-3 months, commencing in March 2022. Activities proposed include: movie showing events, digital art displays, live chat booths, educational exchange/programmes in schools, etc. 	<ul style="list-style-type: none"> • Discuss a MOU on collaboration between Palmy BID and Downtown Missoula. • Discuss to organise a seminar to introduce business opportunities between Guiyang and Palmy in collaboration with CEDA, Manawatu Chamber of Commerce, Guiyang City, and AsiaNZ Foundation.
The community is familiar with the city's international city partnerships and have opportunities to be involved through the Global Ambassadors programme.	<ul style="list-style-type: none"> • Connected with Te Manawa to arrange for a long-term display of partner cities' gifts with an educational purpose for a young audience. 	<ul style="list-style-type: none"> • Discuss educational programmes with the library and explore a set-up enabling our community and sister city communities to interact virtually. • Plan social media posts with MarComms to share with our community about our international city relationships and opportunities to get involved.

DESIRED OUTCOMES AS OUTLINED IN THE INTERNATIONAL RELATIONS CHAPTER OF THE ECONOMIC DEVELOPMENT PLANT	ACTIVITIES TO DATE	NEXT STEPS
		<ul style="list-style-type: none"> Plan to collaborate with ENZ and ISANA NZ on a Global Citizenship programme for school students. Liaise with Community Development and Youth Space to revive the city's Global Ambassador programme.
Palmerston North is internationally recognised as a preferred destination in New Zealand for international education and research.	<ul style="list-style-type: none"> Attended ENZ Brief for Regions – Studying Sustainability in Aotearoa New Zealand webpage for Japanese audience. 	<ul style="list-style-type: none"> Liaise with MarComms and CEDA to review and update existing collaterals for promoting Palmy as a preferred study destination. Exploring work with ENZ and the US National Science Foundation to connect indigenous academics to post videos of the MULTIPLIER event. Exploring work with ENZ and the Global Engagement Office at the University of Montana to engage indigenous community members around international education and partnering with NZ. Review marketing materials to promote Palmy as a preferred study and research destination

DESIRED OUTCOMES AS OUTLINED IN THE INTERNATIONAL RELATIONS CHAPTER OF THE ECONOMIC DEVELOPMENT PLAN	ACTIVITIES TO DATE	NEXT STEPS
Opportunities for digital engagement are maximised.	<ul style="list-style-type: none"> Registered to attend Smart City Summit on Smart City Planning and Digital Transformations. 	
Recovery from the disruption of international education and other activities occurs as quickly as possible and is supported by strong international city partnerships.	<ul style="list-style-type: none"> Worked with IELG on regional strategy for IE recovery. Discussed IE Advisor's role and the future working relationship between PNCC, IELG and IEM. Established connections with all institutions and schools to form appropriate working groups and work with IEM on implementation. Connected with ENZ, ISANA NZ, and the Regional International Education Network Aotearoa (RIENA) to keep abreast with the national IE recovery plan and advocacy. 	<ul style="list-style-type: none"> Attend Local Government COVID-19 Community and Business Reactivation and Recovery Initiatives Forum by CLAIR.

6. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	
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	No

plans?	
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the achievement of action/actions in Economic Development Plan	
The actions in the: International Relations Chapter	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	The International Relations 6-month report outlines the progress of actions in the International Relations Chapter, which contributes to the Economic Development Plan and Innovative and Growing City Strategy.

ATTACHMENTS

Nil

MEMORANDUM

TO: Economic Development Committee

MEETING DATE: 16 March 2022

TITLE: Health Care and Social Assistance Sector Profile 2021 and Logistics Sector Profile 2021

PRESENTED BY: Julie Macdonald, Strategy and Policy Manager

APPROVED BY: David Murphy, Chief Planning Officer

RECOMMENDATION TO ECONOMIC DEVELOPMENT COMMITTEE

1. That the memorandum titled 'Health Care and Social Assistance Sector Profile 2021 and Logistics Sector Profile 2021', be received for information

1. HEALTH CARE AND SOCIAL ASSISTANCE SECTOR PROFILE - 2021

- 1.1 Attached is a copy of the full Health Care and Social Assistance Sector Profile and the summary profile, which have been updated.
- 1.2 The sector has a regional workforce of 8,000 people, annual earnings (salaries, wages and self-employment income) of \$500 million and a contribution to GDP of \$513 million.

2. LOGISTICS SECTOR PROFILE 2021





- 2.1 Also attached is a copy of the full Logistics Sector Profile and the summary profile, which have been updated.
- 2.2 The sector has a regional workforce of 6,638 people, annual earnings (salaries, wages and self-employment income) of \$440 million and a contribution to GDP of \$704 million.

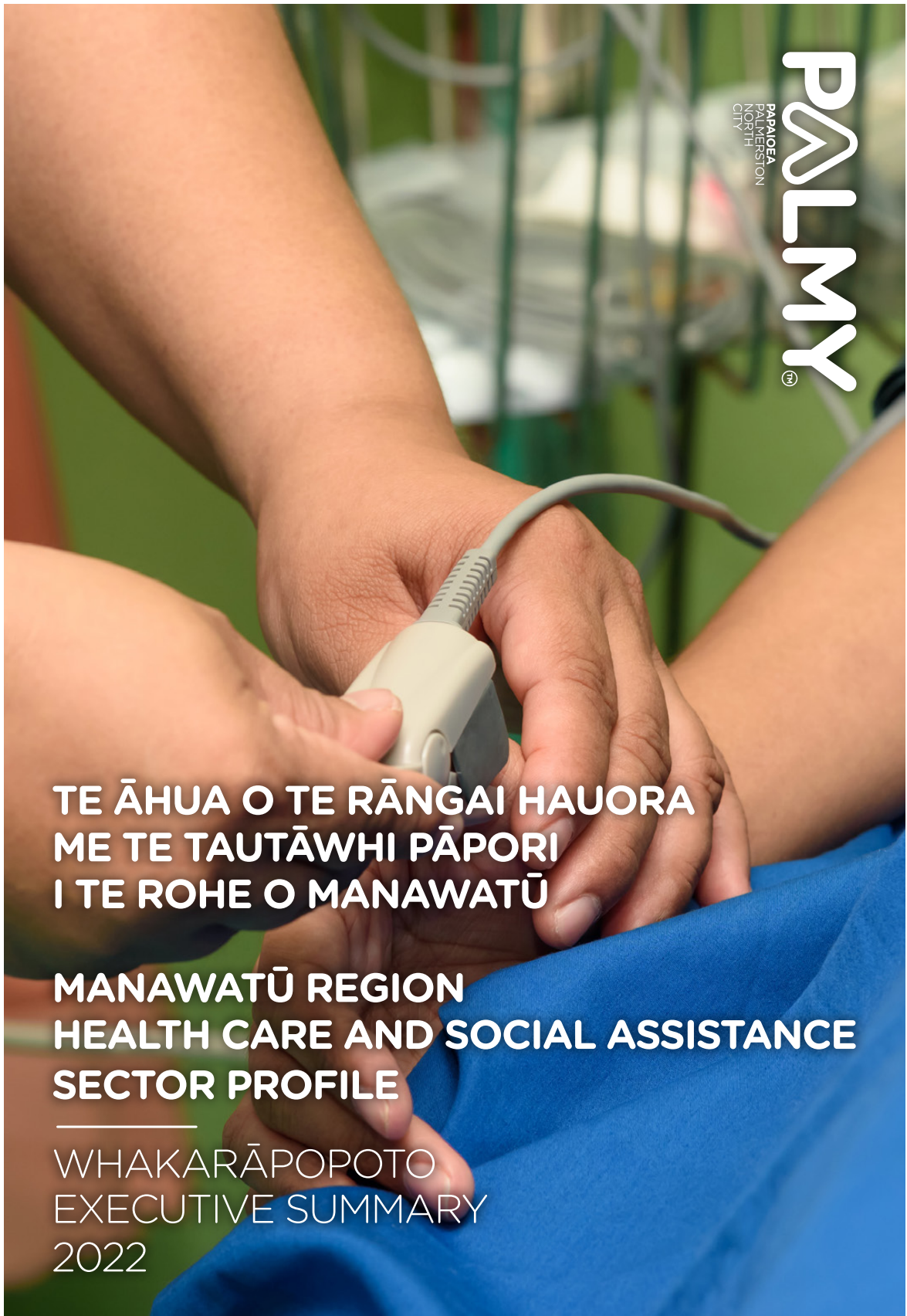
3. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual 166	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	No

Consultative procedure?		
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 1: An Innovative and Growing City		
The recommendations contribute to the achievement of action/actions in Economic Development Plan		
The action is: Attract investment expansion and new business		
Contribution to strategic direction and to social, economic, environmental and cultural well-being	Reporting on economic trends in the city and the longer-term outlook for growth is important for encouraging local businesses to invest in growing their businesses and attracting new businesses to the city.	

ATTACHMENTS

1. Health Care and Social Assistance Sector Profile 2022 - Executive Summary [↓](#) 
2. Health Care and Social Assistance Sector Profile 2022 [↓](#) 
3. Logistics Sector Profile 2022 - Executive Summary [↓](#) 
4. Logistics Sector Profile 2022 [↓](#) 



**TE ĀHUA O TE RĀNGAI HAUORA
ME TE TAUTĀWHI PĀPORI
I TE ROHE O MANAWATŪ**

**MANAWATŪ REGION
HEALTH CARE AND SOCIAL ASSISTANCE
SECTOR PROFILE**

**WHAKARĀPOPOTO
EXECUTIVE SUMMARY
2022**

Executive Summary

The purpose of these economic sector profiles for the Manawātū region is to describe the contribution of key sectors to the economic wellbeing of the region. Seven sectors are expected to contribute to a significant share of future growth in the number of jobs and incomes in the region over the next 25 years. They are healthcare, public administration (including defence), logistics, construction, tourism, professional, scientific and technical services, and manufacturing.

The health care and social assistance sector is the largest sector for employment in the Manawātū region. With an estimated workforce of 8,000 people in March 2020, and total earnings (salaries and wages and self-employment income) of \$451 million in the year ended March 2020, the sector accounted for 12.3% of employment in the region and 12.6% of earnings. At a national level the sector contributed 8.6% of total employment and 9.9% of earnings.

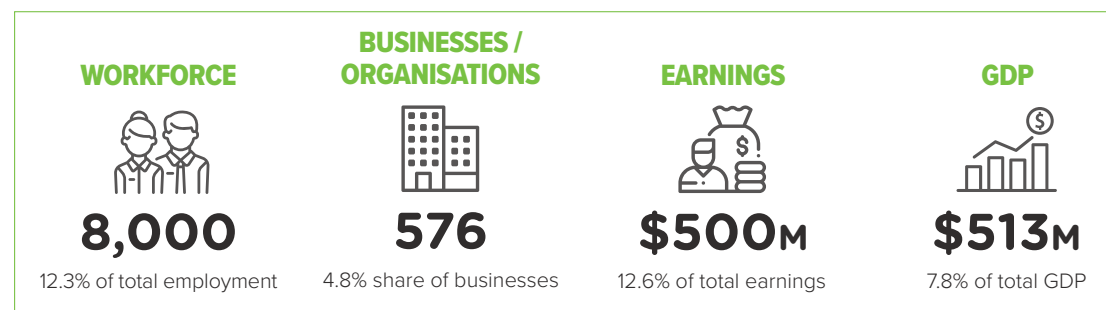
Employment in the sector has increased strongly over the past 20 years, with the workforce in the region increasing by 51% (2,720 people) between 2000 and 2020, while national growth in the sector was 69%. The 51% increase in employment in the health sector in the region was significantly higher than the employment growth of 29% recorded across all sectors in the Manawātū region. The 2,720 jobs created account for 19% of total employment growth in the region.

Infometrics' projections for workforce growth in the sector suggest the total health sector workforce will increase from 7,983 people in 2018 to 13,282 by 2048, an increase of 66% from 2018, with an additional 5,298 people working in the sector. The overall workforce in the region is projected to increase by 35% over this time.

Earnings in the sector have more than doubled between 2000 and 2020 (the latest earnings data available), increasing by \$357 million over this period - an increase of 249%. This accounted for 15% of total income growth in the region over this period. Total earnings across all sectors in the region increased by 159% between 2000 and 2020.

There were 576 businesses and other organisations operating in the sector in February 2021, a 4.8% share of total organisations in the region. This share is much lower than the sector's share of jobs and earnings because employment is concentrated in large organisations. Organisations with 50 or more employees accounted for 72% of health care and social assistance salary and wage earners in 2021. Organisations with 50 or more employees accounted for 53% of salary and wage earners in all sectors in the region.

The contribution to gross domestic product (GDP) by the health care and social assistance sector is estimated to have been \$513 million in the region in the year to March 2020 (7.8% of regional GDP). GDP in the sector increased by 72% between 2000 and 2020, an average annual growth rate of 2.7%.



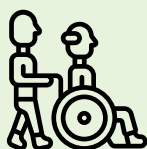
Major employment subgroups within the health care and social assistance sector in the Manawātū region are:



Hospitals

In February 2020, 2,384 people were employed in the two hospitals based in Palmerston North (Palmerston North Hospital and Crest Hospital), an increase of 706 jobs (42% increase) from February 2000. The importance of the City as a major regional centre for hospital-based services is reflected in the region's 3.1% share of national hospital employment, while the region's share of national employment across all industries is 2.7%.

Palmerston North Hospital has a dedicated Intensive Care Unit, Coronary Care Unit and Neonatal Unit, amongst other services, and provides one of the largest provincial trauma centres in New Zealand. Regional speciality services are provided at the hospital to residents of the Taranaki, Whanganui, Hawkes Bay, Tairāwhiti and Wairarapa DHBs.



Residential care services

In 2020 1,719 people were employed in residential care services in the region. The largest component of the employment in the residential care sector is aged care residential services, where 1,072 people were employed, increasing by 53% between 2000 and 2020 - well ahead of national employment growth of 41% in this sector. Statistics New Zealand population estimates show the Manawātū region experienced strong population growth in the 85 years and over age group, which increased by 115% between 1996 and 202. The total population in the region increased by only 19%.

Other residential care services employed 647 people in 2020, an increase of 121% from 2000. The category includes Arohanui hospice, Idea Services accommodation, MASH Trust, Women's Refuge, respite residential care, and other residential care facilities, such as Ozanam House (which provides accommodation for cancer patients and their families).

Palmerston North has a high number of disabled people because of the wide range of services offered in the City, the relative affordability of housing compared with larger centres and the ease of getting around the City. This is reflected in Ministry of Social Development data, showing that the region has a 3.3% share of the people receiving the Supported Living Payment as at June 2020, higher than its 2.4% share of the total population. The region has a 2.8% share of people receiving the Disability Allowance. The higher than expected number of people with a disability not only increases economic activity in the region through the additional number of people employed to provide support services, but also adds to the level of spending in the region by the people with a disability who have chosen to move here.



Medical and other health care services

The medical and other health care services category covers a broad range of health providers not covered elsewhere in the health care and social assistance classification. These include general practice and specialist medical service, dentists, midwives, podiatrists, clinical psychologists, dieticians and nursing services. In 2020 2,631 people were employed in the sub-sector, with a significant proportion employed in providing health and support services for people in their own home.



Child care services

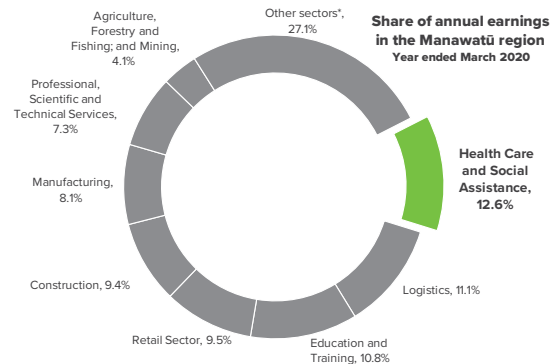
The child care services classification includes after-school care services, childminding services and day care services which are not accredited early childhood education providers, which are classified in the education sector. Employment increased by 143% between 2000 and 2020, with 553 people employed in February 2020.

Measuring economic benefits of the health care and social assistance sector

Health has long been recognised in development economics policy as one of the fundamental determinants of economic growth and poverty reduction. The positive impact that health has on growth and poverty reduction occurs through a number of mechanisms, such as a reduction of production losses due to less illness among workers, increased productivity as a result of better nutrition, lower absenteeism rates and improved learning among school children.

Improved health also allows for the alternative use of financial resources that might normally have been destined for the treatment of ill health. While the priorities for health improvement in high income countries change from those in developing countries, there is recognition that public investment in health services still produces significant social and economic benefits.

Other economic benefits from the expansion of the health sector are seen through increased demand for visitor accommodation (patients, their family and friends, and conferences and training associated with the health sector), the attraction of people to the region due to the availability of specialist services and expertise, and the attraction of skilled staff and their families.



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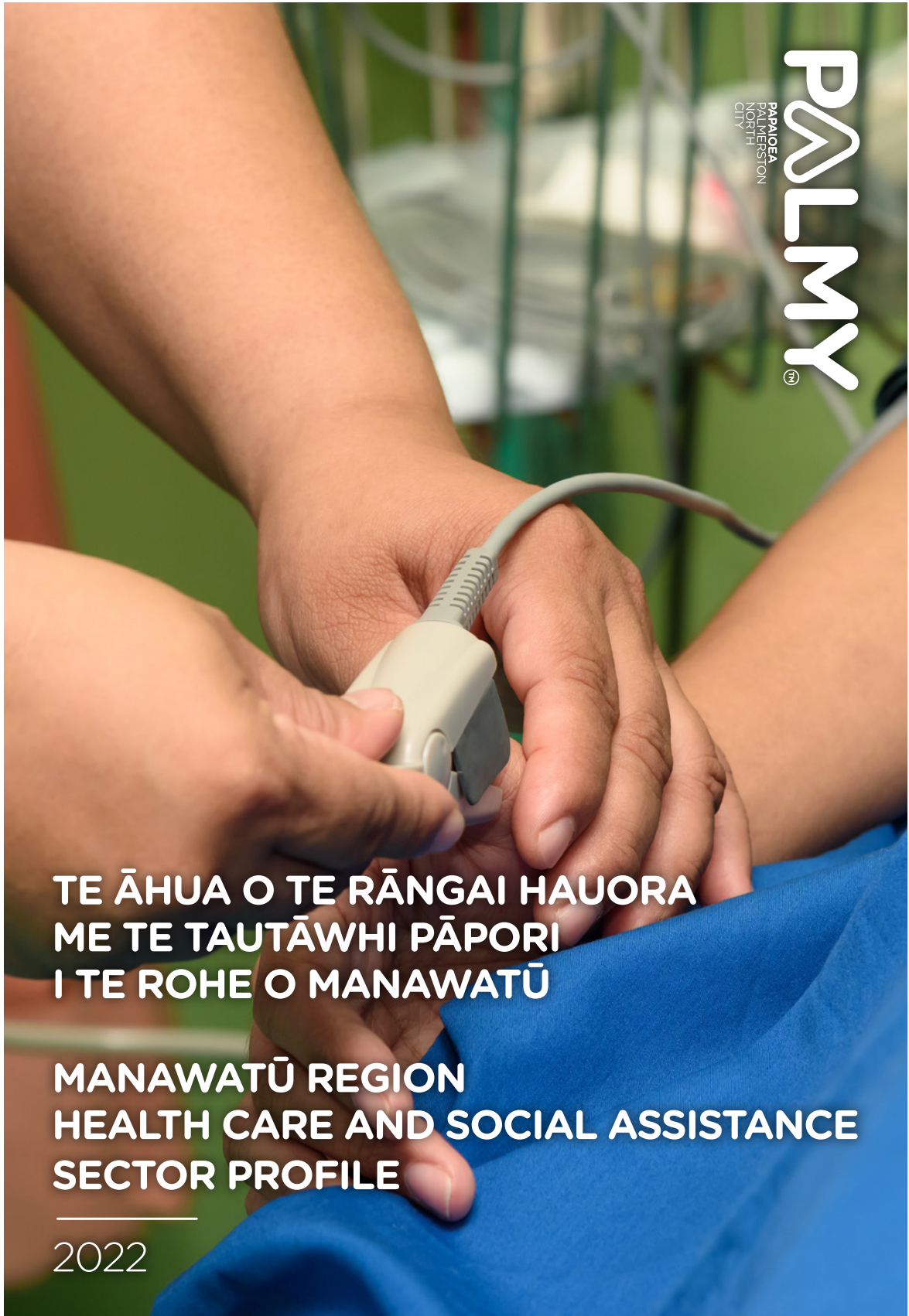
CEDA
CENTRAL ECONOMIC
DEVELOPMENT AGENCY

MANAWATU
DISTRICT COUNCIL

PALMY
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NORTH
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Te Kaunihera o Papaioea Palmerston North City Council

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PALMY
PAPAIOEA
PAPERSTON
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**TE ĀHUA O TE RĀNGAI HAUORA
ME TE TAUTĀWHI PĀPORI
I TE ROHE O MANAWATŪ**

**MANAWATŪ REGION
HEALTH CARE AND SOCIAL ASSISTANCE
SECTOR PROFILE**

2022



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Executive Summary

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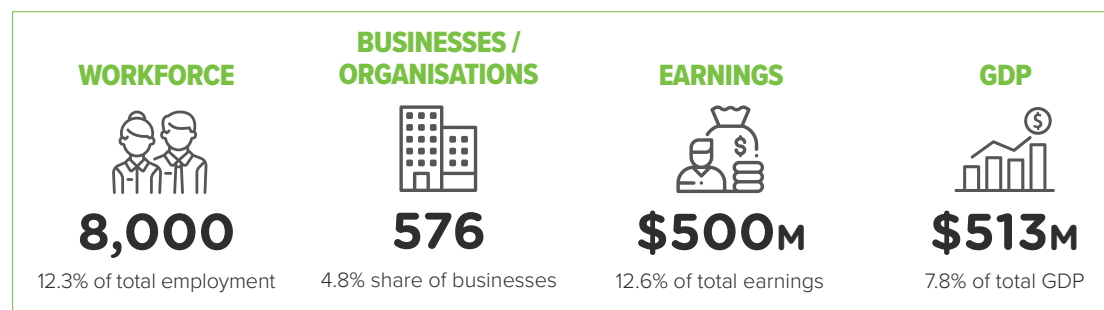
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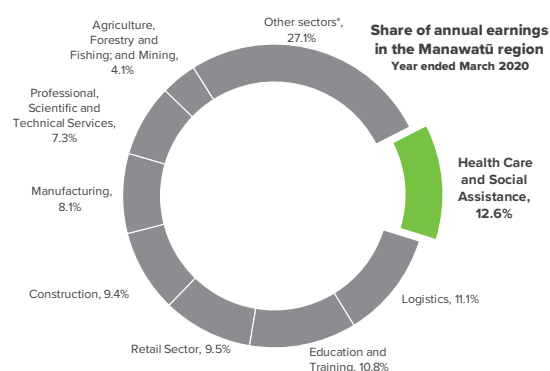
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Measuring economic benefits of the health care and social assistance sector

Health has long been recognised in development economics policy as one of the fundamental determinants of economic growth and poverty reduction. The positive impact that health has on growth and poverty reduction occurs through a number of mechanisms, such as a reduction of production losses due to less illness among workers, increased productivity as a result of better nutrition, lower absenteeism rates and improved learning among school children.

Improved health also allows for the alternative use of financial resources that might normally have been destined for the treatment of ill health. While the priorities for health improvement in high income countries change from those in developing countries, there is recognition that public investment in health services still produces significant social and economic benefits.

Other economic benefits from the expansion of the health sector are seen through increased demand for visitor accommodation (patients, their family and friends, and conferences and training associated with the health sector), the attraction of people to the region due to the availability of specialist services and expertise, and the attraction of skilled staff and their families.



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Introduction

The World Health Organisation defines health as “a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity”¹.

Health and disability services in New Zealand are delivered by a complex network of organisations and people. Each has their role in working with others across the system to achieve better health for New Zealanders. Around three quarters of Government funding for the health sector is currently administered by District Health Boards (DHBs). DHBs plan, manage, provide and purchase health services for the population of their District to ensure services are arranged effectively and efficiently for all of New Zealand. This includes funding for primary care, hospital services, public health services, aged care services, and services provided by other non-government health providers, including Māori and Pacific providers. Accident services are funded by the Accident Compensation Corporation (ACC).

There will be substantial change to the way the health system is structured, with all DHBs being disestablished and the establishment of Health NZ and the Māori Health Authority by July 2022. Health NZ will be responsible for

the planning and commissioning of hospital, primary and community health services and will operate four regional offices. The Māori Health Authority, established alongside Health NZ, will have shared responsibility for decision-making, planning and delivery.

Important roles in providing health services and ensuring efficiency and quality are undertaken by public health units, primary health organisations, non-government organisations, Crown entities, health professionals, and professional and regulatory bodies for all health professionals – including all medical and surgical specialist areas, nurses and allied health groups.

There is a range of educational and research institutions involved in the provision of services and training of the workforce. There are also many consumer bodies and non-government organisations that provide services and advocacy for the interests of different groups, and more formal advocacy and inquiry boards, committees and other entities.

¹ Preamble to the Constitution of the World Health Organization as adopted by the International Health Conference, New York, 19-22 June, 1946; signed on 22 July 1946 by the representatives of 61 States (Official Records of the World Health Organization, no. 2, p. 100) and entered into force on 7 April 1948.

Health and economic development

Health has long been recognised in the development economics field as one of the fundamental determinants of economic growth and poverty reduction.

The positive impact that health has on economic growth and poverty reduction occurs through a number of mechanisms, such as a reduction of production losses due to less illness among workers, increased productivity as a result of better nutrition, lower absenteeism rates and improved learning among school children. Good health also allows for the alternative use of financial resources that might normally be destined for the treatment of ill-health. While the priorities for health improvement in high income countries change from those in developing

countries, there is recognition that public investment in health services still produces significant social and economic benefits.

An example of this recognition is a 2011 health and economic development paper prepared for the New York Regional Economic Development Council². The paper includes the following brief overview of how health and economic development interact.

How do health and economic development interact?

Health is fundamental to one of the main inputs for economic development: human capital. Along with financial, intellectual, social, and political capital, development schemes rely on skilled, healthy individuals as workers and as consumers. When you have a healthy population, economic benefits follow:

- Half of the overall economic growth in the US during the last century is associated with improvements in population health.³
- Reductions in heart disease and cancer mortality produce significant economic benefits for current and future generations.⁴
- A 10 - year increase in life span is associated with an increase of 4.5 percentage points in savings rates because healthier individuals with increased longevity are more concerned with future financial needs.⁵

Conversely, poor health and illness generate an economic burden to individuals, organisations, and regions. A less healthy population generates costs in preventable health care expenditures, higher premiums from insurance companies and healthcare costs to business.

These expenditures come at the expense of other investments. The public sector forgoes critical investments in education, transportation, housing and other infrastructure, social services, and the arts. Businesses experience opportunity costs and may have to sacrifice expansion and capital investment. Businesses want to locate in regions with healthier populations because their costs are lower and productivity is higher.

Furthermore, unemployment and low-income are among the leading determinants of poor health. Unemployment is consistently linked with higher rates of illness, injury, and premature mortality.

² The New York Academy of Medicine. (2011). Health and Economic Development.

³ Nordhaus WD. (2002). The Health of Nations: The Contribution of Improved Health to Living Standards. Cambridge, MA: National Bureau of Economic Research.

⁴ Murphy K, Topel R. (2003). Diminishing returns? The costs and benefits of improving health. *Perspect Biol Med*. 2003;46 (suppl 3):S108–S128.

⁵ Bloom DE, Canning D, Graham B. (2003) Longevity and life-cycle savings. *Scand J Econ*. 2003;105:319–338.

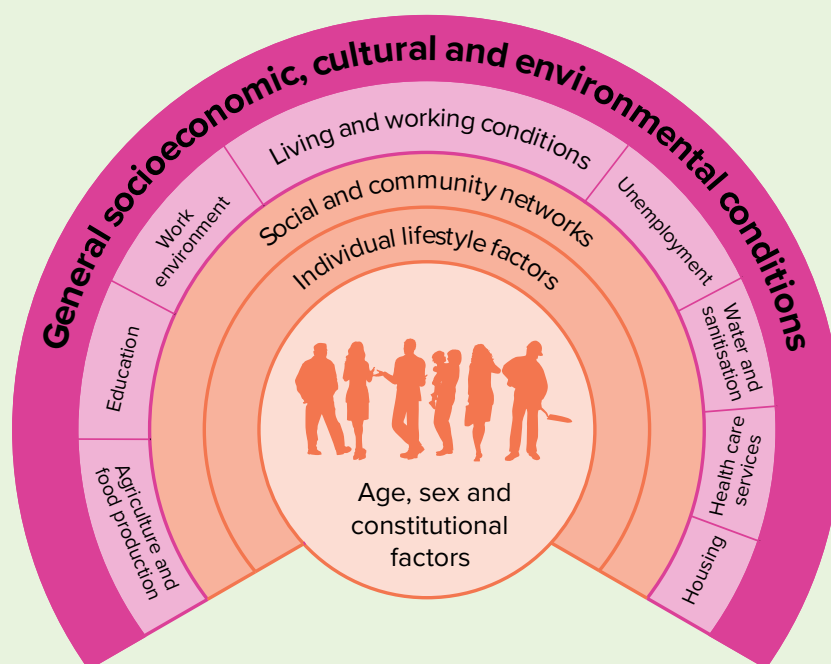
How can economic development produce health?

Health and economic development are often linked in people's minds to the health care industry: hospitals and health care systems care for the sick and create health sector jobs. However, economic development can improve health and, over the long term, generate health care system savings in other ways.

Economic development strategies create the overarching "socioeconomic, cultural, and environmental conditions" (illustrated in Figure 2) that

influence population health. Creating a business climate and supporting public investments that contribute to good-paying jobs can create an economically thriving community that strengthens education, social networks, and community resources, in turn contributing to good health outcomes.

Figure 2: Dahlgren & Whitehead's determinants of health⁶



Economic development plans also present an opportunity to make direct investments that can help prevent unnecessary illness and premature death from chronic diseases like heart disease, cancer, pulmonary disease, diabetes, and obesity — all of which have the same

risk factors of diet, exercise, tobacco, and alcohol use. Investments that support disease prevention can also yield economic returns.

⁶ Dahlgren, G., Whitehead, M., & World Health Organization WHO. (2006). European strategies for tackling social inequities in health: Levelling up part 2. Copenhagen: WHO Regional Office for Europe.

Key definitions and statistical classifications

Data on the Manawātū region Health Care and Social Assistance sector is based on the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006. Major groups within the Health Care and Social Assistance sector are:

Hospitals – general and psychiatric.

Medical services – includes GPs and specialist medical services.

Pathology and diagnostic imaging services

Allied health services – includes dental, optometry, physiotherapy, chiropractic, osteopathic and midwifery services, home-based healthcare services.

Other health care services – includes ambulance service and blood bank.

Residential care services – includes retirement villages, hospice, Women's Refuge and other community care facilities.

Child care services – early childhood education is included in the education sector, but services included in the health sector include; before and after school care services, child minding and children's nursery services.

Other social assistance services – includes a wide range of social support services, such as marriage guidance, counsellors and youth welfare services.

It is important to note that all employment in an organisation is classified to the predominant activity of the organisation. MidCentral District Health Board employment is recorded solely to the Hospitals classification even though staff employed by MidCentral are involved in a wide range of activities.

Other terms commonly used

Public health services

These are delivered by 12 District Health Board-owned public health units, and a range of non-government organisations, each delivering about half of these services.

Public health units focus on environmental health, communicable disease control, tobacco control and health promotion programmes. Many of these services include a regulatory component performed by statutory officers appointed under various statutes, though principally under the Health Act 1956. The MidCentral District Health Board Public Health District covers Manawātū, Whanganui, and Ruapehu (southern part)

Primary health care services

Primary health care relates to the professional health care received in the community, usually from a general practitioner (GP) or practice nurse. Primary health care covers a broad range of health and preventative services, including health education, counselling, disease prevention and screening.

Manawātū region

The Manawātū region covers the area of Palmerston North City Council and Manawātū District Council. In June 2021 the region had an estimated population of 123,500 people, a workforce of 65,385 (2020 estimate) and a land area of 2,950 km².

MidCentral DHB

The MidCentral DHB region covers the area of Palmerston North City Council, Manawātū, Horowhenua and Tararua District Councils, and the Otaki Ward of Kapiti Coast District Council. The region had a population of 189,100 in June 2021.

Key sectors



Hospitals

In March 2020 there were 2,384 people working in the two hospitals based in Palmerston North (Palmerston North Hospital and the Crest Hospital), an increase of 706 jobs (42% increase) from March 2000. The importance of the City as a major regional centre for hospital-based services is reflected in the region's 3.1% share of national hospital employment.

Palmerston North Hospital has a dedicated Intensive Care Unit, Coronary Care Unit and Neonatal Unit, amongst other services, and provides one of the largest provincial trauma centres in New Zealand. Regional speciality services are provided at the hospital to residents of the Taranaki, Whanganui, Hawkes Bay, Tairāwhiti and Wairarapa DHBs. Some aspects of cancer services across the continuum (prevention and early detection to palliative care) is provided by all DHBs. Major cancer treatment centres for the lower North Island are based in Capital & Coast (Wellington) and MidCentral (Palmerston North) DHBs. Clinicians from these services undertake regular scheduled outpatient clinics in the other DHBs (including Tairāwhiti and Taranaki). All patients who require radiotherapy travel to Wellington or Palmerston North for that component of treatment.

In August 2012, Southern Cross Hospital and Aorangi Hospital in Palmerston North amalgamated their hospital operations and a partnership was formed known as Southern Cross Aorangi Hospital Partnership. At the beginning of April 2013, the partnership assumed a new collective identity and became Crest Hospital.

The hospital sector accounts for 22% of the health care and social assistance sector employment in the region, with the two hospitals located in close proximity in the City. Improvements in primary health care provision are not reflected in the workforce data because all District Health Board employment is classified to its predominant activity (hospital). An increase in DHB spending on primary health care will therefore be recorded as an increase in hospital employment, unless there is an increase in the funding which goes to other non-hospital health service providers.

Hospital care facilities provided in retirement villages are included in the employment data for aged care residential services. Some minor surgical procedures, such as vasectomies and skin cancer removal are performed in clinics, consulting and/or procedural rooms, and are therefore included in the medical services classification. This is because they can be performed in smaller facilities, without the need of a general anaesthetic. Some oral and maxillofacial surgical procedures and minor plastic surgery procedures are not included in the hospital sector data. However, primary health care services and other non-hospital services provided by MidCentral DHB have been included in the hospital sector employment.

The number of hospitals in New Zealand declined by 11% between 2000 and 2020, reflecting the trend towards consolidation of health services in major regional hospitals and changes in the provision of mental health and intellectual disability services.

MidCentral DHB Workforce Profile (number of staff)





Medical services

The classification for medical specialists covers practices mainly engaged in the independent practice of specialised medicine, apart from pathology and diagnostic imaging services. These units consist of specialist medical practitioners who generally operate private or group practices in medical clinics or centres. Medical services employment in the region increased by 41% between 2000 and 2020, with 576 people employed in the sector in February 2020. Between 2000 and 2020 the number of general practice medical services declined due to consolidation of medical practices into larger facilities, which operate with more than one GP and shared facilities in the practice. The number of employees in general practice medical services increased by 56% from 2000, but the number of practices in the region declined from 84 in 2000 to 60 in 2021.

There were a further 103 people employed in specialist medical services in the region in 2020, a decline of 10% since 2000. In 2020 there were 75 specialist medical services operating in the region, an increase of 30 (67% increase) from 2000.



Pathology and diagnostic imaging services

This activity area covers the provision of pathology laboratory or diagnostic imaging services, such as analytical services including body fluid analysis, ultrasound or x-ray services. Employment in this sector has increased by 17% between 2000 and 2020, with 211 people employed in the region in February 2020.



Allied health services

The Allied Health Services classification is a broad category covering dental services, optometry and optical dispensing, physiotherapy, chiropractic and osteopathic services and other health care services not elsewhere classified. Some of the key activities included are:

- Audiology service
- Clinical psychology service
- Dental hygiene service
- Dietician service
- Hearing aid dispensing
- Herbalist service
- Homoeopathic service
- Hydropathic service
- Midwifery service
- Naturopathic service
- Nursing service
- Occupational therapy service
- Podiatry service
- Speech pathology service
- Therapeutic massage service

The provision of home-based nursing services is a major component of employment in the sector, accounting for a significant share of the 1,280 jobs in the “Other allied health services” classification in February 2020. There have been challenges with monitoring employment in this sector, with the number of jobs in this classification declining from 1,932 in 2000 to 1,280 in 2020. Statistics New Zealand noted there was a high prevalence of part-time and casual work in organisations providing nursing services. This includes home care services for the elderly and others requiring home support, such as following surgery, an accident, or for people with a disability.

There were 1,672 jobs in Allied health services in the region in February 2020, an increase of 19% from 2000 (276 additional jobs).



Other health services

The Other health services classification covers ambulance services (including air ambulance services), blood banks and other health assessment and care services. Restructuring by St Johns has contributed to fluctuations in ambulance services employment, with their regional office based in Palmerston North.

There were 172 employees in the Other health services sector in 2020, an increase from the 130 employees recorded in 2000.



Residential care services

The Manawātū region residential care services sector has experienced the largest increase in employment in the health sector, with 727 more jobs in February 2020 compared with February 2000, an increase of 73%.

The largest subsector within the sector is the aged care residential services sector, with 1,072 employees counted in 2020. This is an increase of 373 jobs since 2000, or a 53% increase. Total New Zealand employment in the sector increased by 41% between 2000 and 2020.

The strong growth of employment in the sector is also reflected in the strong growth in building consents for the construction of retirement village apartments and villas during the last ten years. Services offered by retirement villages include:

Independent living	Townhouse, apartment or villa options
Assisted Living	Serviced apartments
Care	Rest home
	Hospital
	Dementia care (secure environment)

Care options include day care, short-term respite care and long-term care for residents of the retirement village or rest home.

A stronger rate of employment growth was recorded in the other residential care services classification, with employment increasing by 121% between 2000 and 2020, with 354 additional jobs in the region. In 2020 there were 647 people employed in this subsector. Employment is highly concentrated in Palmerston North, with 600 jobs based in the City and just 47 in Manawātū District. It is likely that services are delivered across the wider region, but the employers are primarily based in Palmerston North.

One contributor to this growth is the closure of the Kimberley Centre near Levin in 2006 and the transfer of former residents into cluster housing in Levin and Palmerston North and single house community group homes.



Arohanui Hospice

One example of an organisation classified in the 'Other residential care services' subsector is the Arohanui Hospice, which is located adjacent to Palmerston North Hospital. While the ANZSIC classification for the residential care subsector includes hospices, Arohanui Hospice does not provide long-term inpatient care. Most patients are cared for at home, coming into the inpatient unit for specialist care for short periods of time.

Arohanui Hospice provides specialist palliative care for people living with any life-limiting condition, throughout Palmerston North, Manawātū, Rangitikei, Tārarua, Horowhenua and Otaki. The care is tailored to each patient's individual needs. Hospice care is holistic, considering a person's physical, emotional, social, cultural and spiritual needs; to optimise their quality of life. Support is also provided for the patient's whanau and carers throughout the illness and after the death of their loved one.

Annually, Arohanui Hospice provides care for more than 1,100 patients throughout the region, and support for their whanau and carers. Around two-thirds of patients are cared for entirely in their own homes or place of residence, with regular visits by an assigned specialist registered nurse who provides patient assessment, monitoring and care coordination. They are supported by Arohanui Hospice doctors and pharmacists, as well as social workers, and pastoral, spiritual, cultural and bereavement support staff. Community team members work in partnership with a patient's General Practice (GP) team and/or District nurses. Around one-third of patients have an admission to the inpatient unit in Palmerston North, mostly for symptom management before returning home.

The hospice has on-average around 220 patients in its care at any one time. Its services also include respite care, a 24/7 telephone advice service, outpatient clinics, day procedures, activities-based day programmes, family support and bereavement support. Arohanui Hospice also has an education service to provide support to healthcare workers in a range of settings, including aged residential care, general practice, community hospitals, and other primary and secondary healthcare providers.



Ozanam House

The Ozanam House Trust provides homely accommodation for out of town cancer patients and their caregivers while undergoing radiotherapy treatment at the Regional Cancer Treatment Service, Palmerston North Hospital. Many patients travel from throughout the lower North Island from Hawkes Bay across to Taranaki and are treated as out-patients needing accommodation for anything from one day to weeks.

Being able to stay close to the hospital with a partner, close friend or relative can make a real difference in that time and is a major benefit for guests from outside of the City. Housework, cooking and recreation are often shared by mutual consent as guests come and go. Ozanam House is often referred to as a "home away from home".

In 2020/21, 1,425 patients and carers were accommodated with an average stay of two weeks, accounting for 9,898 room nights.



IDEA Services

IDEA Services is part of IHC and is New Zealand's largest provider of services for people with intellectual disabilities. It supports adults of all ages with intellectual disabilities to live independently and be part of their local communities. IDEA Services employs around 4,000 staff in New Zealand and in 2020/21 supported more than 3,800 people.

Its services are funded by government contracts through the Ministry of Health and Ministry of Social Development. This includes residential care, supported living and vocational support.

Choices NZ, another subsidiary of IHC, helps people with all disabilities and health-related conditions achieve their goals. This is achieved through flexible support relationships and access to community services. It assists people to achieve greater independence, develop social networks, find a home, gain employment, experience new challenges or interests and transition from school. In 2021 Choices NZ employed 17 people across New Zealand and in 2020/21 supported almost 400 people.



Enable New Zealand

Enable New Zealand is Aotearoa's largest provider of disability equipment and modifications. Its focus is supporting disabled people to live everyday lives in their communities. In the Manawātū region, it is contracted by the Ministry of Health and ACC to provide:

- Disability information services
- Disability equipment
- Housing modification and vehicle modification services.

Enable New Zealand also supports Mana Whaikaha, a disability support system based on the Enabling Good Lives principles, that is currently available to people in the MidCentral DHB region. It operates the EASIE Living Retail Store and Demonstration Centre, which is a one-stop-shop for disabled people, older people and those caring for them to access information, advice and products that promote and enable independent living. As well as a fully functional demonstration home, regular product demonstrations, and accessible meeting and conference facilities, it also has a mobile van service which provides demonstrations and retail opportunities to community groups across the region.

Does the Manawātū region have a higher than average proportion of people with disabilities who need access to care and support services?

There is no comprehensive data on the number of people in Palmerston North who need access to care and support services, but several partial indicators suggest the region does have a higher than average proportion of people with disabilities. One partial indicator is the number of people registered for the Ministry of Social Development Supported Living Payment. In June 2021 there were 3,162 people in the region receiving the Supported Living Payment benefit - 3.3% of national Supported Living Payment benefits. This was higher than the region's 2.4% share of New Zealand's population.

Between September 2013 and June 2021, the number of people in New Zealand receiving the Supported Living Payment increased by 2.9%, while there was an increase of 8.8% for the Manawātū region. The increase was 12.4% in Palmerston North, reflecting the availability of support services in the City, which are helping to attract more people to the region.

The benefits data only covers individuals aged between 18 and 64 years who are eligible to receive a benefit. Census 2018 included new questions on activity limitations, which also suggest there are higher rates of disability in the region compared with New Zealand's overall population. The proportion of people living in the region aged five years and over with activity limitations was higher than the region's 2.4% share of New Zealand's population:

1. The percentage of residents reporting some difficulty ranged from 2.8 to 2.9% across all activity areas,
2. The percentage of residents reporting a lot of difficulty ranged from 2.8 to 3.1% across all activity areas,
3. The percentage of residents reporting cannot do at all was 3% for difficulty walking and climbing steps and 2.7% for difficulty washing all over or dressing.



Child care services

Organisations providing accredited early childhood education are included in the education sector classification of economic activity, but other organisations primarily providing day care of infants or children are classified in the health care and social assistance sector. Organisations classified under the heading of child care services include before and/or after school care services, child minding services and other children's nursery or child care facilities that are not education providers. In 2020 553 people were employed in the child care sector while a further 820 people were employed in preschool education. Employment in child care in the region has increased strongly since 2000, with 325 more jobs in 2020, an increase of 143%.

Other social assistance services

The other social assistance services classification includes organisations mainly engaged in providing a wide variety of social support services directly to their clients. These services do not generally offer accommodation, except on a short stay basis. Activities listed in this classification include:

- Adult day care centre operation
- Aged care assistance service
- Disabilities assistance service
- Drug and alcohol counselling
- Relationship services
- Welfare counselling service
- Youth welfare service

Statistics New Zealand annual employment data shows there were 72 different organisations in the region offering services in this sector, employing 715 staff. Employment has increased strongly since 2000, with 361 more people working in the sector than in 2000, an increase of 102%.



Health education in the Manawātū region

The strong base in Palmerston North for health education at Massey University and UCOL reflects the importance of the health care sector to the Manawātū region and is also a factor in the strength of health services offered in the region.

Massey University College of Health

Massey University is taking a fresh approach to the complex issue of health, wellness and wellbeing, establishing a new College of Health in 2013. The College of Health has three broad goals: health promotion (the promotion of health and wellbeing), disease prevention (prevention of disease and injury at primary, secondary and tertiary levels) and health protection (protection from environmental risks to health). To achieve those goals, it has brought together specialists in public health, nursing, medical imaging, nutrition and dietetics, sport and exercise, social work and social policy, mental health and addiction, rehabilitation, Māori and Pacific health, social work, environmental health, occupational health and safety, physiology and medical laboratory science.

Working together, these disciplines will create a stronger health focus for Massey University students and researchers, one where there is greater understanding of the complex interactions between the social and economic factors that underpin health and wellbeing.

UCOL's Faculty of Health, Social Services & Applied Sciences

UCOL is a part of Te Pūkenga, a unified, sustainable public network of regionally accessible vocational and applied learning. It meets the needs of learners and employers by bringing together on-job, on-campus, and online learning.

The Health, Social Services, and Applied Science faculty has helped prepare successful graduates with industry relevant education for more than 30 years. Their many programmes focus on giving learners the opportunity to gain practical learning experience for rewarding careers in fields such as nursing, health, mental health, social services, and exercise and wellness.

UCOL's Bachelor of Nursing programme learners become registered nurses, who offer comprehensive nursing care. The well-equipped nursing simulation lab completes the learner's experience, enabling them to

work on "real" patients, each with their own personality, vital signs, and medical history. Laboratory teaching and learning uses SimCapture, which is a high tech audio and video data, easy to use web-enabled interface for peer-to-peer education.

UCOL's Health and Social Services programmes develop learners' knowledge and skills to enable them to better support people facing both chronic and acute health conditions, including mental health and addiction challenges. Degrees like our Bachelor of Social Services enhance learners' understanding of how social and community dynamics impact individuals, families, and groups of people. Learners who want to support people with mental health and addiction issues gain the knowledge and skills within the NZ Certificate in Health and Wellbeing (Social and Community Services) Programme. Learners interested in science can enrol in programmes such as Bachelor of Applied Science (Laboratory Science) and the Bachelor of Applied Science (Medical Imaging Technology) – both being community-based, industry-focused approach that combines laboratory and classroom teaching with clinical learning.

Learners who wish to turn their passion for exercise and sport into a career can explore the Exercise programmes that UCOL offers. The Bachelor of Applied Science (Exercise and Wellness) programme enables learners to develop a wide range of exercise knowledge and skills, culminating in offering students advanced skills in either physical health and wellbeing (diabetes prevention), athletic strength and conditioning, or sport and recreation management. Pathway programmes such as the New Zealand Certificate in Study & Career Preparation Levels 3 & 4 provide students entry status into degrees across UCOL, including other Health Science programmes.

UCOL is in the process of constructing a new HealthCare and Social Services Centre, due to open at the end of 2022. This modern Centre will be custom designed for teaching UCOL's practical programmes in nursing, medical imaging, social services, and mental health support.

Health programmes offered by Massey University and UCOL in the Manawatū region

Environmental Health – Offers the training needed for a career in human / community health protection working with people to promote a healthier environment in which to live. Graduates are eligible for key occupations such as health protection officers and environmental health officers.

Food Science and Technology - Food technology is all about using science to add value to commodity foods, such as dairy products, meat, fruit, vegetables and grains.

Health Disability and Rehabilitation - Offers a broad knowledge of the purpose, practice and philosophy of rehabilitation. A major in rehabilitation provides specific knowledge of the needs of people with physical, sensory, aged health related, psychiatric, intellectual and social disabilities.

Health and Life Sciences - Research in health and life science focuses on detection, examination and determination of the risk environmental factors such as water quality; noise control and hazardous substances play on human health also.

Human Nutrition - Study of biological, social and environmental aspects of nutrition equips graduates for careers in public health areas, private practice, industry, research and international organisations.

Human Physiology - The physiology major within the Bachelor of Science degree shows how the cells, tissues and organs of living organisms function and interact to ensure the survival and wellbeing as a whole, with early papers giving students an overall understanding of body function.

Medical Imaging – Career opportunities include general radiography, mobile and theatre radiography, computed tomography, digital angiography, mammography (breast screening), forensic radiography, Magnetic Resonance Imaging, ultrasound nuclear medicine, veterinary radiography, clinical teaching research, marketing and sales application specialist.

Medical Laboratory Science - Enables graduates to provide the test results essential for use by clinical medical staff in the detection, monitoring or prevention of disease. It gives a thorough grounding in biological sciences.

Mental Health and Addiction – Enables graduates to gain key concepts in mental health and addiction, its determinants and advocacy and providing the knowledge and transferrable skills to work within a range of mental health settings.

Nursing - Undergraduate nursing and the Master of Clinical Practice (Nursing) programmes provide two different pathways that prepare students to become registered Nurses.

Nutrition and Dietetics – Enables graduates to become accredited by the New Zealand Dietitians Board to become a New Zealand Registered Dietitian and to practice as a dietitian in New Zealand, applying nutritional science to practical dietary care for people in health and various disease states.

Occupational Health and Safety - Designed to provide advanced education in the fields of safety management, occupational health, environmental control, loss control and occupational hygiene.

Postgraduate Nursing – Designed to provide opportunities to further develop clinical knowledge and skills, postgraduate programmes allow students to progress in their preparation for advanced practice roles and/or Nurse Practitioner registration through the pathway embedded in the Master of Nursing.

Public Health - Brings together the combined efforts of several research programmes and centres, including the Research Centre for Hauora and Health, with expertise in numerous aspects of public health and Māori health research including environmental and occupational health and non-communicable diseases. It also includes work in areas such as sleep carried out at the Sleep/Wake Research Centre. The SHORE and Whāriki Research Centre is engaged in public-good research relevant to the health and social sectors, working to improve health and wellbeing in Aotearoa, New Zealand and globally. SHORE is a World Health Organization collaborating centre.

Social Work and Social Policy – Accredited undergraduate and postgraduate programmes providing a thorough knowledge of human development, detailed study of social institutions and policies and work integrated learning experience equipping graduates to become registered social workers.

Social Services – Understand how social and community dynamics can impact individuals, families, and groups of people. Gain the skills needed to work in a variety of areas such as community and social services worker, disability support advocate, and mental health advocate.

Sport and Exercise – Provides a broad, interdisciplinary understanding of key sport and exercise concepts and knowledge and the sociology of sport and high-performance sport with specialisation in sports development, physical education, and exercise prescription and valuable real-world experience through the sport and exercise practicum.



Characteristics of the health care and social assistance sector labour force

National and regional data for the health sector shows strong growth in the number of people employed in the sector, as well as growth in median earnings.

The data presented in this section is based on a mix of Manawātū region, Manawātū-Whanganui region and New Zealand wide statistics. The majority of indicators are published at the level of the Manawātū region. In 2020 the Manawātū region accounted for 57% of the health sector workforce in the Manawātū-Whanganui region and 62% of earnings in the region.

The data contained in this chapter of the profile is drawn from annual data from the Linked Employer-Employee Data (LEED) series published by Statistics New Zealand and the 2018 Census. The LEED data is created by linking a longitudinal employer series from the Statistics NZ Business Frame to a longitudinal series of Employer Monthly Schedule payroll and Payday filling data from Inland Revenue. Despite the lag in the availability of this data, it provides the most detailed picture of the regional workforce.

Age profile

The health care and social assistance sector in the Manawātū region is dominated by older workers, with 43% of the workforce in the sector aged 50 years and over compared with 35% for all industries. Just 9% of the health care and social assistance sector workforce is aged under 25 years compared with 17% for all industries.

The sector recorded strong growth in the proportion of its workforce in the region aged 50 years and over during the period from 2006 to 2018, increasing from 33% of the sector's workforce in 2006 to 43% by 2018. The proportion of the total workforce in the region aged 50 years and over increased from 28% to 34% between 2006 and 2018.

Part-time status

At the time of the 2018 Census 29% of the Manawātū region health sector workforce worked part-time, compared with an average of 23% for the total workforce in the region (30% of the New Zealand health sector workforce was employed part-time). Manawātū District had a higher part-time share, where 33% of the health sector workforce worked part-time, while in Palmerston North 28% were part-time. The difference between the two areas is likely to be due to the higher share of Manawātū District employment in aged care residential services. The share of fulltime employment in the health sector in the region has been increasing, with 65% employed fulltime in 1996, compared to 71% in 2018. The part-time share in 2018 was lowest in hospitals (19%) and higher in residential care (33%) and social assistance (35%) services.

Gender

The health care and social assistance sector in the Manawātū region is predominantly female, with males accounting for just 18% of the health sector workforce. Males hold a 19% share in the national health sector workforce. This small share for males in the workforce contrasts with the 53% share for males in the total workforce in the Manawātū region.

Female workers in the health sector were more likely than males to work part-time, with 32% of females working part-time in 2018 compared with 16% of males.

Ethnicity

The sector has a smaller proportion of its workforce with a Māori or Pacific ethnicity, but the proportion with an Asian ethnicity is higher than for the overall workforce in the region. In 2018 13.1% of health workers identified as Māori (15.1% share for the total workforce), 2.7% identified as Pacific peoples (3.1% share of the overall workforce) and 12.4% identified as Asian (8.5% for the total workforce). The Asian ethnic share increased from 5.3% in 2006.

Qualifications

The 2018 Census shows the health care and social assistance sector workforce is significantly better qualified than the overall workforce in New Zealand. Just 9% of the health sector workforce had no qualification, while 45% had a degree or higher qualification. In contrast 13% of the overall workforce had no qualification and 27% had a degree or higher qualification.

Median earnings

Median earnings in the health care and social assistance sector in the Manawātū-Whanganui region increased by 105% between 2000 and 2020. The median increase in earnings across all industries was 96%. The strongest growth in incomes was for salary and wage earners, with a 108% increase in median earnings between 2000 and 2020, significantly higher than the 30% growth in median earnings for those whose main income came from self-employment. This increase has reduced the gap in earnings between salary and wage earners, and those whose main income comes from self-employment. The data series does not include information on hours worked, so it is not possible to estimate median hourly earnings or changes in hourly earnings. Data for median earnings in the Manawātū region is not available.

The strongest growth in the workforce in the region was in the number of salary and wage earners, increasing by 51% between 2000 and 2020. The number of people whose main income came from self-employment increased by 51%

Employment status

Self-employment accounted for just 4.7% of the health care and social assistance sector in the Manawātū region compared with an average of 7.8% for all sectors in the region. A further 2.0% of the health workforce were classified as employers compared 5.1% for all sectors.

Employment by size of organisation

Employment in the Manawātū region health care and social assistance sector is strongly concentrated in large organisations, with organisations of 50 or more employees accounting for 72% of salary and wage earners in 2021. The proportion for all industries in the region was 53%. The concentration of employment in large organisations in the sector in the region is slightly lower than for the national health care and social assistance sector workforce. Organisations with 50 or more employees accounted for 80% of salary and wage earners in 2021 in the New Zealand health sector.

Projected employment growth

Infometrics' projections for workforce growth in the sector suggest the total health sector workforce will increase from 7,983 people in 2018 to 13,282 by 2048, an increase of 66% from 2018, with an additional 5,298 people working in the sector. The overall workforce in the region is projected to increase by 35% over this time, with an additional 22,000 jobs created. That suggests the health sector will contribute nearly a quarter of employment growth in the region over the next 30 years.

Population trends

Population trends data used in this section of the profile is drawn from Infometrics 30-year population and employment projections, which were published in March 2020.

These are useful for understanding future trends in the health sector since they will influence future levels of demand for health services. Expected population changes include slowing population growth due to continuing low fertility (the number of births per female), further gains in life expectancy, increasing ethnic diversity, and an ageing population.

There are limitations with employment and population projections. Firstly, projections are neither predictions nor forecasts. They represent the statistical outcomes of various combinations of selected assumptions about future changes in various dynamics of population change. These assumptions are formulated from the latest population trends and patterns, as well as international experiences.

Secondly, given the uncertainties about future trends in fertility, mortality and migration and their determinants, Infometrics prepared a range of alternative low, medium and high growth scenarios. The medium growth series has been used in this analysis, but it is acknowledged that this is one of several alternative future paths. In general, the chosen series conveys the broad features of likely future dynamics and patterns in Palmerston North City and Manawātū District. This data is combined to present the projections for the Manawātū region.

Thirdly, these projections do not take into account non-demographic factors such as war, catastrophe or changes in the economic outlook for the region (or New Zealand as a whole) that may invalidate the projections. Population trends and patterns are monitored regularly and, when necessary, the projections are revised to incorporate new demographic evidence. The projections were completed before the introduction of COVID-19 controls in New Zealand, and it is still too early to establish whether the pandemic will only have a short-term impact on the region or whether there will be longer-term change in the rate of growth in the region.

Annual population estimates were released by Statistics New Zealand in October 2021 and show continuing strong population growth in the Manawātū region. The population of the region is estimated to have increased to 123,500 people in June 2021, an increase of 19,600 people since June 2000 (18.9% increase). The population of Palmerston North is now estimated to be 90,500, while the population of Manawātū District is estimated to be 33,000. New Zealand's population is estimated to have increased by 1,264,900, a 32.8% increase, between 2000 and 2021.

The medium growth population projections prepared by Infometrics suggest the Manawātū region population could reach 164,600 by 2053 if growth levels continue based on current patterns, an increase of 42,000 people over the period between 2018 and 2053. The projections are based on assumptions about future fertility rates, life expectancy and migration levels, suggesting a gradual decline in annual growth rates. All age groups are expected to experience growth between 2018 and 2053. The strongest growth is expected to be in the 65 years and over population, which is projected to increase from 18,140 people in 2018 to 33,886 in 2053, an increase of 87%.

The projections suggest there will be an 83% increase in the 75 – 79 years population, a 165% increase in the 80 – 84 years population, and a 268% increase in the 85 years and over population.

Measuring economic benefits of the health care and social assistance sector

Infometrics GDP estimates suggest the health sector contributed \$513 million directly to regional GDP in the year ended March 2020, or 7.8% of annual GDP in the Manawātū region. Regional GDP in the sector increased by 72% between 2000 and 2020, a much stronger increase than the 49% increase in GDP for all sectors in the region. National GDP growth in the health sector has been stronger than in the region, which national GDP increasing by 93% between 2000 and 2020.

There are also wider economic benefits from the expansion of the health sector. These include increased demand for visitor accommodation (patients, their family and friends, conferences and training associated with the health sector), the attraction of people to the region through the availability of specialist services and expertise, and attraction of skilled staff and their families.

The positive impact that good health has on growth and poverty reduction occurs through a number of mechanisms, such as a reduction of production losses due to less illness among workers, increased productivity as a result of better nutrition, lower absenteeism rates and improved learning among school children.

Improved health also allows for the alternative use of financial resources that might normally have been destined for the treatment of ill health, and there is recognition that public investment in health services produces significant social and economic benefits. These economic benefits are more difficult to measure and have not been estimated for the region.

Funding for district health boards is based on the estimated population in each region, with adjustments for age, ethnicity and total MSD benefit numbers. Annual population growth in the MidCentral DHB region has been significantly weaker than the overall growth in New Zealand's population over the past 20 years, but the difference between the growth rate for the MidCentral region and New Zealand has decreased significantly over the last ten years. The closing of this gap has contributed to larger annual funding increases for MidCentral in recent years. Due to the concentration of specialist and hospital services for MidCentral DHB in Palmerston North, the health sector will continue to increase in importance in the City's economy.

The Government has announced it will be merging all DHBs to create four regional institutions across New Zealand. This may result in some loss of resources from Palmerston North, but may result in increased regional specialisation in Palmerston North, due to its central position in the new health region.

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TE RĀNGAI TŪNUKU HAUTAONGA I TE ROHE O MANAWATŪ

MANAWATŪ REGION LOGISTICS SECTOR PROFILE

WHAKARĀPOPOTO
EXECUTIVE SUMMARY
2022

Executive Summary

Overview

The purpose of these economic sector profiles for the Manawatū region is to describe the contribution of key sectors to the economic wellbeing of the region. Seven sectors are expected to contribute to a significant share of future growth in the number of jobs and incomes in the region over the next 25 years. They are healthcare, public administration (including defence), logistics, construction, tourism, professional, scientific and technical services, and manufacturing.

The logistics and supply chain sector comprises wholesale trade, and transport, postal, and warehousing activities. Logistics is a significant employer in the Manawatū region, accounting for 6,638 jobs, 10.2% of the total workforce in the region in 2020. The 58% growth in workforce numbers between 2000 and 2020 was significantly higher than the 29% increase in total employment in the region. The region's workforce growth is even more remarkable when compared with national workforce growth in the logistics and distribution sector, which grew by just 29% between February 2000 and February 2020.

Infometrics' projections for workforce growth in the sector suggest the total logistics workforce will reach 7,411 by 2033, an increase of 12% from 2020, with an additional 773 people working in the sector. The overall workforce in the region is projected to increase by 19% over this time. These projections are based on assumptions of significant productivity change in the logistics sector and do not take into account the possibility of additional logistics companies relocating to Palmerston North in response to the investment in the new KiwiRail freight hub, which is expected to begin operations in 2031.

Annual earnings (salaries, wages and self-employment income) were \$440 million in the year to March 2020, accounting for 11.1% of earnings in the region. Earnings growth was 211% between 2000 and 2020, with only

Timaru and Tauranga achieving higher rates of growth in the logistics sector. National earnings growth in the logistics sector was 141%. The sector's share of earnings in the region is higher than its share of the region's workforce because it has a higher share of people employed on a full-time basis than the average for the region.

There were 819 businesses in the logistics sector in 2021, a decline of 7% (66 fewer businesses) since 2000. Businesses with 50 or more employees accounted for 47% of total jobs in the sector in 2021. There were 369 business with no employees, accounting for 45% of businesses in the sector.

The contribution to GDP by the logistics sector is estimated to have been \$704 million in the region in the year to March 2020, increasing by 92% from 2000, with an average annual growth rate of 3.3%. The sector accounts for 10.7% of regional GDP.

The Central New Zealand Distribution Hub is located in the Bunnythorpe area and encompasses the North East Industrial Zone (NEIZ), Palmerston North Airport and the planned KiwiRail freight hub, with connections into the future regional freight ring road. Once the KiwiRail facility is developed, the Central NZ Distribution Hub will be the only location in New Zealand with rail, road and air connectivity provided in one precinct.



KiwiRail freight hub

The KiwiRail freight hub is a major economic development opportunity for the Manawātū-Whanganui region. It forms part of a broader regional strategy to develop a highly efficient, multi-modal freight and distribution precinct in the North East Industrial Zone

(NEIZ) area, adjacent to the Airport. The objective is to strengthen the Manawātū's role as a major distribution centre within the national freight network, leading to investment and employment growth in the sector.

Components of the logistics sector

Wholesale trade

The largest component of the logistics sector in the Manawātū region is wholesale trade, which covers businesses mainly engaged in the purchase and on-selling of goods to businesses, rather than to the public. Some companies are primarily involved in distributing goods to sites within the same business. For example, the Countdown distribution centre distributes product to Countdown and SuperValue stores in the local area. Other companies distribute goods to other businesses, such as Toyota, which distributes vehicle parts to mechanics and Toyota-franchised car retail businesses throughout New Zealand.

In February 2020 there were 4,146 people employed in wholesale trade, with an increase of 1,541 jobs from 2000. The 59% increase in workforce in the region was more than twice the national increase of 25%. Earnings in wholesale trade were \$283 million in the year ended February 2020, increasing by 210% from 2000.

There were 435 businesses in wholesale trade in 2021, a decline of 9% since 2000. Businesses with 50 or more employees accounted for 50% of total jobs in the sector in 2021. There were 162 business with no employees, accounting for 37% of businesses in the sector.

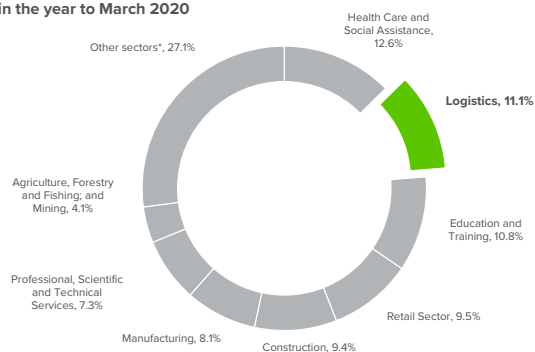
Transport, postal and warehousing

In February 2020 there were 2,492 people employed in the region in transport, postal and warehousing, with an increase of 879 jobs from 2000. The 54% increase in jobs in the region was much stronger than the national increase of 35%. Earnings in transport, postal and warehousing were \$157 million in the year ended February 2020, increasing by 214% from 2000.

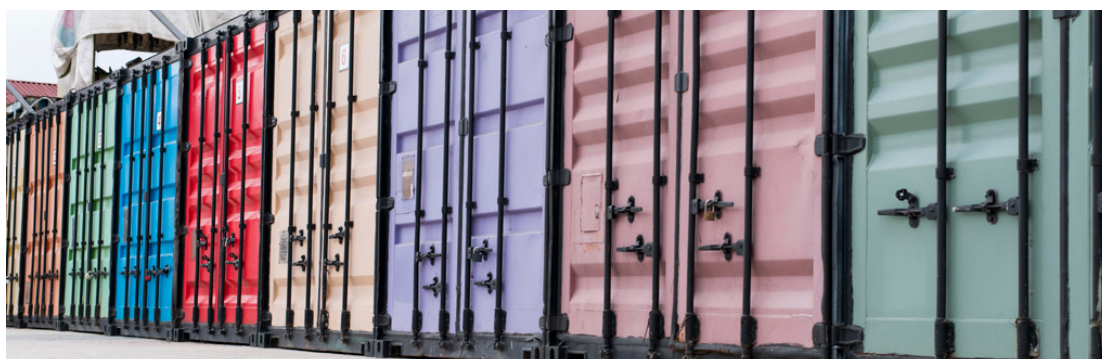
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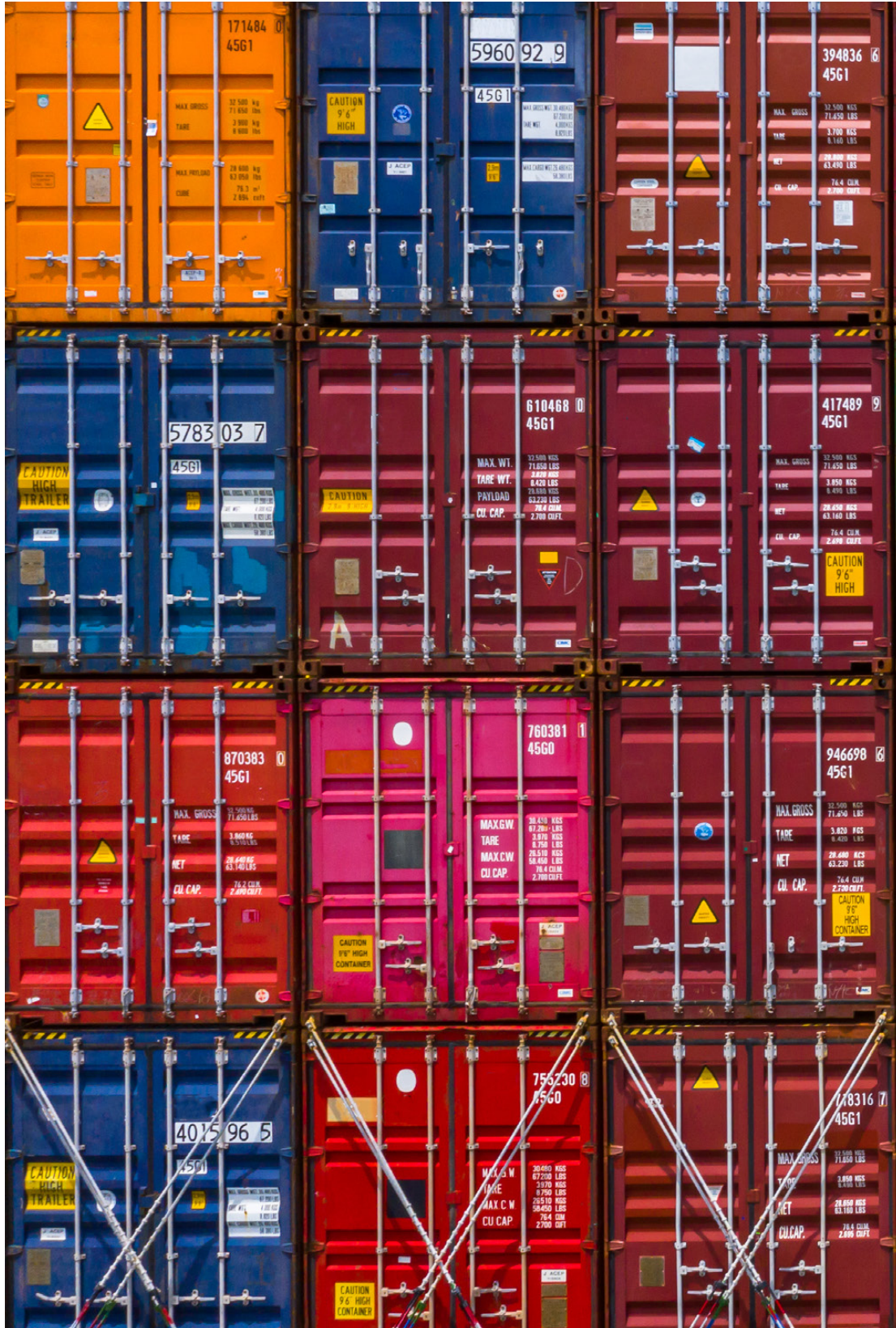


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MANAWATŪ REGION LOGISTICS SECTOR PROFILE

2022



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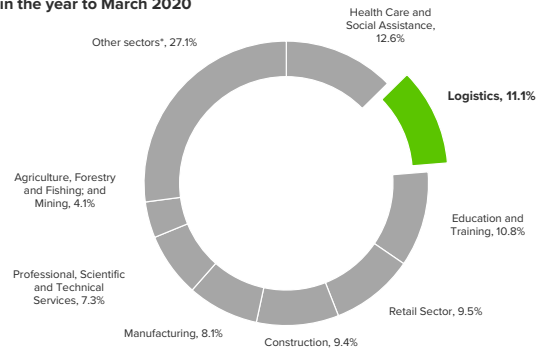
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Introduction

The development of logistics and supply chain activities has been occurring since human settlements began trading outside their local community and moving beyond individual stores of key supplies. The goods that people wanted were not always produced where they wanted to consume them so means of transport and storage methods began to develop.

Seasonal production of agricultural products meant that people had the choice of consuming goods when they were harvested or moving the produce to a preferred site and storing it for later use. The development of communal stores for produce is an early example of the developing logistics and distribution sector.

As transport networks increased and the technology for preserving goods for later consumption increased, the distance between consumers and producers began to widen. Regions were able to specialise in those commodities which could be produced more efficiently than other regions and were able to supply commodities out of season to consumers located in another hemisphere.

Increasing global wealth levels have also significantly contributed to the range of commodities now expected by consumers, while increased competition between

producers on a global scale means typical grocery stores now offer a vast range of products compared with what was available even 50 and 20 years ago. The increasing cost competitiveness of air transport compared with other forms of transportation has significantly increased the range of perishable products available for consumers. This, however, has added much greater complexity to the infrastructure required to manage the transportation and distribution of these products.

Increased use of air transport has also allowed distributors to move to just-in time supply of products to customers. While air transport is still more expensive than transport by sea, the financial benefits from the opportunity to minimise stock levels and to allow for faster responses to changes in demand can more than outweigh the additional transport costs involved.

Logistics and supply chain management

The elements of logistics and supply chain management have always been fundamental to the manufacturing, storage and movement of goods and products to customers. However, more recently distribution and logistics have come to be recognised as vital elements in the business environment. Concepts such as trade-off analysis, value chains, and systems theory play a major part in the success of individual businesses. In an environment where global business competition has intensified, the opportunity to make small changes in the cost of supplying products to customers or advances in the level of service provided can play an important role in long-term business profitability and growth.

Rapid progress in the development of information management and communications technologies has enabled logistics companies to improve their competitive advantage through differing strategies involving improved levels of service and/or improved cost or productivity advantages. Strategies for improved levels of service include:

- Tailored service
- Improved reliability – guaranteed service “in full and on time”
- Increased responsiveness to customer needs
- Improved information – such as real-time information on the progress of goods in transit
- Ensuring the right goods are picked for delivery

Strategies for reducing costs and/or improving productivity include:

- Improved capacity utilisation
- Increased stock turnover
- Reduced inventory levels
- Increased automation

Key business categories

Distribution centres and transport operators are essential elements of the supply network between farmers, manufacturers and importers, and the final customer. A large retailer such as a supermarket may stock thousands of different products from more than a thousand different producers and it is not feasible for each supplier to ship product to each individual supermarket in New Zealand. To manage the flow of goods from the producer to the customer some producers operate their own distribution networks to manage the supply of products to individual customers. Some retailers own and run their own distribution centres to consolidate shipments of product from thousands of suppliers while other distribution operations are run independently of either the producer or the supplier.

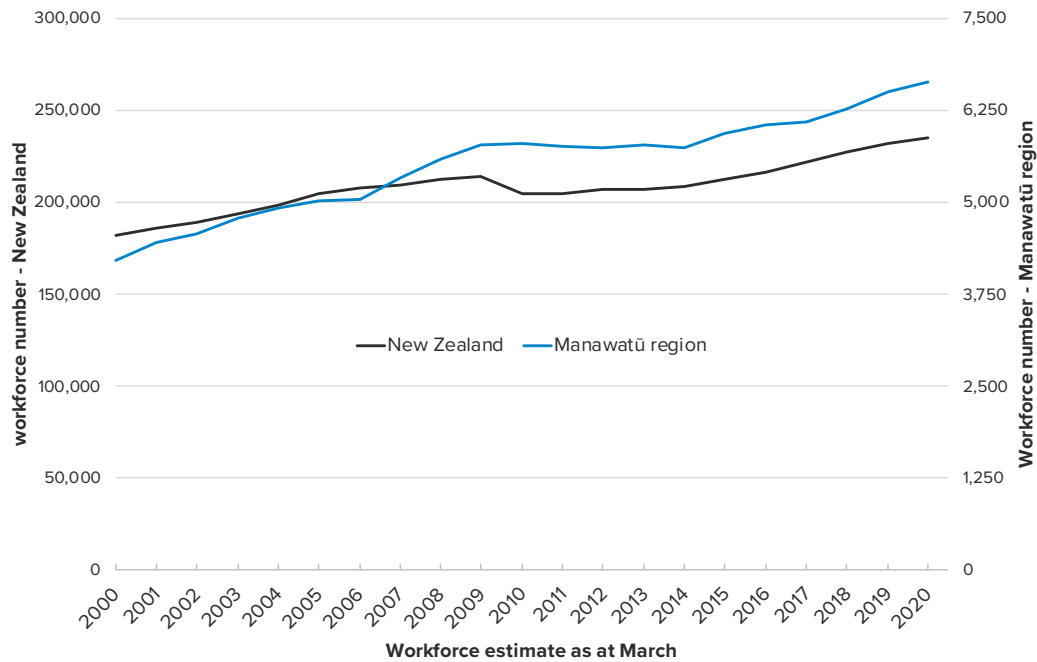
The development of distribution and warehousing facilities allows manufacturers to increase their efficiency through larger production runs of a single item. They supply products on a quick response basis by storing surplus product while other items are being produced. Warehousing and improved storage technology has also been important for the steady supply of seasonal products to customers throughout the year. Increased automation of product handling in distribution centres is leading to the development of larger facilities to justify the increased investment required. Automation technology is increasingly used to select products which have been previously brought into the distribution centre and to pack shipments for distribution to the final customer.

Logistics sector workforce

In February 2020 the logistics sector workforce in the Manawātū region was 6,638 people, 2.8% of the New Zealand logistics workforce (235,100 people). Palmerston North had 85% of the logistics sector workforce in 2020, but Manawātū district has experienced a higher rate of growth in workforce numbers between 2000 and 2020. Logistics employment in the region increased by 59% between 2000 and 2020 while New Zealand logistics employment increased by 29% over this time period. The national logistics sector contributed 9.1% of total New Zealand employment in 2020 while 10.2% of total Manawātū employment was contributed by the logistics sector.

Infometrics employment projections prepared in March 2020 suggest there will be 7,411 jobs in the region's logistics sector by 2043, an increase of 19%, or 773 jobs. This is lower than the 21% increase in the region's total workforce between 2018 and 2043 because Infometrics is projecting a high rate of productivity improvement in the sector.

Figure 1: Logistics employment for the Manawātū region and New Zealand (2000 to 2020)



Ethnicity

The logistics workforce in the region in 2018 was predominantly European New Zealanders. However, compared to the total New Zealand logistics workforce, there were higher percentages of European and Māori ethnicity in the region and lower proportions of Pacific and Asian people. Compared with other sectors in the Manawātū region, logistics has higher proportions of Māori and Pacific peoples.

Qualifications

Data for the highest qualification gained by logistics employees shows more workers with no qualifications and fewer workers with university degrees than the average for all industries in the region. In 2018 the logistics sector had 20% of employees with no qualification, 67.9% with a school or post-school qualification (such as a trade course) and 12.1% with university degrees or higher qualification. The average

for all industries was 12.5% with no qualifications, 60.9% with a post school qualification and 26.6% with degrees or higher (2018 Census).

Gender

Logistics has a greater proportion of males, accounting for 72.5% of the workforce in 2018 compared with 52% for the total Manawātū region workforce. The male share has been very stable as employment in the sector has grown.

Employment status

Logistics employees are more likely to be in full time employment, with 86.5% employed full-time in 2018 compared with 77.2% for the overall Manawātū region workforce. Self-employment is lower in the sector, accounting for 6.6% of the total logistics workforce in 2018. The share for self-employment for all sectors in the region was 7.8%.

Earnings

Logistics sector earnings (salaries, wages and self-employment income) in the region were \$440 million in the year ended March 2020, contributing 11.1% of Manawātū region earnings. The sector contributed 9.9% of national earnings. Manawātū region earnings in the sector increased by 211% between 2000 and 2020, while national growth in logistics earnings was 141%. The only territorial authorities with stronger rates of growth in logistics earnings over the past twenty years were Timaru and Tauranga. Tauranga had a 29% share of New Zealand's imports and exports by value in the year to June 2020. Its share of imports increased from 2% in 1989 to 16% by 2020, while its share of exports increased from 14% in 1989 to 41% in 2020.

Earning growth in logistics was significantly stronger than the 159% growth in total earnings in the Manawātū region between 2000 and 2020. The Manawātū region logistics sector accounted for 2.0% of national logistics employee earnings in 2000 and 2.6% in 2020.

Gross domestic product (GDP)

The contribution to GDP by the logistics sector is estimated to have been \$704 million in the region in the year to March 2020 (10.7% of regional GDP). GDP in the sector increased by 92% between 2000 and 2020, an average annual growth rate of 3.3%.

Table 2: Logistics sector earnings
(wholesale trade + transport, postal and warehousing)
(year to March 2020)

	\$ million	2000 - 2020 change
Timaru District	185	288%
Tauranga City	539	225%
Palmerston North City	377	214%
Manawātū District	63	198%
Marlborough District	109	191%
New Plymouth District	245	178%
Hastings District	193	168%
Hamilton City	488	159%
Invercargill City	167	158%
Whanganui District	78	158%
Auckland City	8,274	142%
Whangarei District	197	142%
New Zealand	16,725	141%
Dunedin City	314	139%
Christchurch City	1,698	135%
Gisborne District	97	126%
Nelson City	174	108%
Porirua City	64	98%
Napier City	174	92%
Rotorua District	173	92%
Wellington City	801	73%
Lower Hutt City	302	39%

Source: Statistics New Zealand LEED

Table 1: Ethnicity of workforce in 2018¹

	European	Māori	Pacific peoples	Asian
New Zealand - all industries	71.6%	13.5%	6.5%	15.0%
New Zealand - logistics	69.8%	13.4%	9.1%	14.1%
Manawātū region - all industries	80.8%	15.1%	3.4%	8.5%
Manawātū region - logistics	82.0%	15.9%	3.7%	6.2%

Source: Statistics New Zealand

¹ Note: percentages for ethnicity add up to more than 100% because people can identify with more than one ethnic group.

Manawatū Region logistics and supply chain sector

The logistics and supply chain sector comprises wholesale trade, and transport, postal, warehousing activities. It is a significant employer in the Manawatū region, accounting for 6,638 jobs (10.2% of total employment in the region in 2020) and an 11.1% share of total earnings (salaries, wages and self-employment income).

The logistics and distribution sector in the Manawatū region grew strongly over the 20 years, with the 58% growth in workforce in the region (employees and self-employed) significantly higher than the 29% increase in total employment in the region. The 2,429 jobs created in the sector between 2000 and 2020 account for nearly 17% of the total employment increase in the region during this period. The region's employment growth is even more remarkable when compared with national employment growth in the logistics and distribution sector, which grew

by 29% between February 2000 and February 2020.

The growth of large distribution centres in the region has been mostly occurring in Kelvin Grove and the North-East Industrial Zone in Palmerston North, but there has also been strong growth in smaller distribution centres and warehousing and storage services employment in other parts of the region. There was a 79% increase in Manawatū District logistics and distribution employment between 2000 and 2020 as an outcome from this growth.

Table 3: Logistics workforce by sector

	2020 workforce	2000 - 2020 increase	
	Number	Number	% growth
Wholesale trade			
Basic Material wholesaling	669	249	59%
Machinery and equipment wholesaling	916	299	48%
Motor vehicle and motor vehicle parts wholesaling	653	295	82%
Grocery, liquor and tobacco product wholesaling	1,438	723	101%
Other Goods Wholesaling	368	0	0%
Commission Based Wholesaling	102	-25	-20%
Total wholesale trade employment	4,146	1,541	59%
Transport, postal and warehousing			
Road transport	1,420	748	111%
Rail transport	163	106	186%
Water transport	0	0	0%
Air and Space Transport	51	4	9%
Other Transport	13	2	18%
Postal and courier pick-up and delivery services	441	-67	-13%
Transport support services	227	69	44%
Warehousing and storage services	177	17	11%
Total transport employment	2,492	879	54%
Total logistics employment	6,638	2,420	57%
Total Manawatū region employment	65,385	14,612	29%

Source: Infometrics

Distribution (wholesale trade) sector

The distribution sector in the Manawātū region has experienced significant growth over the last 20 years. This is reflected in the 59% growth in employment in distribution sector employment in the region between February 2000 and February 2020. National employment in the sector increased by 29% over this period.

In February 2020 there were 4,146 people employed in wholesale trade, with an increase of 1,541 jobs from 2000. The 59% increase in workforce in the region was more than twice the national increase of 25%. Earnings in wholesale trade were \$283 million in the year ended February 2020, increasing by 210% from 2000.

There were 435 businesses in wholesale trade in 2021, a decline of 9% since 2000. Businesses with 50 or more employees accounted for 50% of total jobs in the sector in 2021. There were 162 business with no employees, accounting for 37% of businesses in the sector.

The main subdivisions for wholesale trade activity are:

Grocery, liquor and tobacco product wholesaling, which had a workforce of 1,438 people in the region in 2020. Workforce numbers increased by 111% from 2000. Major businesses which dominate employment in this sector in the region are the large distribution centres for Foodstuffs (for example supplying Pak N'Save, New World, 4 Square, Shoprite and Liquorland stores) and Countdown (supplying Countdown and SuperValue stores). The Foodstuffs distribution operations in the city include the dry goods store in Roberts Line, the cool store in Makomako Road and Gilmours Wholesale in Jasper Place. Other major distributors are also based in the region. Coca-Cola operates a 5000 square metre warehouse in Palmerston North, DKSH is an importer and distributor of international grocery and confectionery brands, while Bidfood and Provida Foods are foodservice/hospitality wholesalers based in the region.

Machinery and equipment wholesaling, which had a workforce of 916 people in the region in 2020. Workforce numbers increased by 48% from 2000. Agricultural and construction machinery wholesaling is the largest source of employment in this sub-sector. One of the key firms operating locally in this sector is C B Norwood Distributors, a leading tractor and machinery distribution group based in Palmerston North, with sales outlets throughout New Zealand.

Basic material wholesaling, which had a workforce of 669 people in the region in 2020. Workforce numbers increased by 59% from 2000. This sector includes agricultural products, petroleum, as well as plumbing supplies and other hardware products.

Motor vehicle and motor vehicle parts wholesaling, which had a workforce of 653 people in the region in 2020. Workforce numbers increased by 89% from 2000. The motor vehicle and vehicle parts sector accounts for 10% of Manawātū region distribution sector employment. Its importance in the region is largely due to the presence of the Toyota head office and distribution centre in Palmerston North. Toyota is the dominant vehicle brand in New Zealand. Toyota stock parts for cars they supply new to the New Zealand market as well as parts for all imported second-hand cars. Its location in Palmerston North is a key aspect in the company's ability to maintain an overnight service rate of 95%.

Other goods wholesaling - is the second largest of the product groups nationally within the distribution sector, accounting for 20% of national employment but only 9% of Manawātū region distribution sector employment. The sector includes textile products, clothing, footwear, pharmaceutical and toiletry goods, furniture, floor coverings, jewellery and watches, kitchen and dining ware, toys, sporting goods, books and magazines, and paper products and packaging.

Overview of the flow of goods

The complexities of the logistics and distribution sector means it is difficult to provide one simple definition of the flow of goods managed by the sector, but key categories are listed below:

Manufacturer direct to retail store

An example of distribution direct to retail stores is a perishable product like bread, which is distributed directly from the bakery to each supermarket, using the baker's own vehicle fleet. Staff employed by the baker are often responsible for the restocking of bread displays in the supermarket.



Manufacturer/importer via manufacturer's distribution operation to retail store/customer

The Toyota distribution centre in Roberts Line is the largest local example of a manufacturer's distribution operation in the region. The Roberts Line distribution centre stocks parts for all Toyota cars imported new and used into New Zealand. Individual parts are shipped daily, and in the case of the lower North Island, every few hours, in response to orders received from customers.

Manufacturer/importer via distribution centre to retail store

The Countdown Logistics distribution centre in the city supplies the Countdown and SuperValue supermarkets in the lower North Island. The retailer-owned distribution centre acts as a consolidation point, as goods from the various manufacturers and suppliers are brought into the distribution centre, unpacked and then repacked for distribution to individual supermarkets. Full vehicle loads of all of the different manufacturer's products are distributed to the Countdown and SuperValue own stores in response to orders received daily from each store.

The two Foodstuffs distribution centres in the city supply grocery products to Foodstuffs affiliated shops (such as Pak N'Save, New World, Write Price and Four Square) throughout the southern half of the North Island.

This physical distribution channel has altered in recent years with the development and growth of wholesale organisations or voluntary chains (Mitre 10 and 100% Electrical are well-known examples of chains of independent retailers using a common brand). These

voluntary chains were generally begun on the basis of securing a price advantage by buying in bulk from manufacturers or suppliers and have led to the development of major distribution centres.

Manufacturer/importer to national distribution centre to retail shop/customer

A major example of this flow of product is Ezibuy, which purchases clothing from overseas and local manufacturers. All clothing is shipped to the distribution centre in Palmerston North and is then shipped out to individual customers in response to phone and internet orders or distributed for sale through one of their retail outlets. The Statistics New Zealand industrial classification classifies non-store retail activities, such as Ezibuy, in the retail classification, so it is not classified as a wholesale trade activity.

Transport, postal and warehousing

Wholesale trade and warehousing operations are important aspects in managing the flow of goods between manufacturers and importers and the final customers. However, the transport sector also plays an important role in the physical transportation of goods from the manufacturer or port (for imported goods) to the final customer. Strong growth in transport sector employment in the Manawātū region is therefore not surprising, given the growth which has been occurring in distribution centres in the region. There is significant movement of bulk product, especially by road into the region and then the subsequent re-shipment of smaller quantities out of the region to customers.

Factors contributing to growth in transport capacity and infrastructure

Rules limiting driver hours have been an important factor in the growth of distribution centres in the region. This is because the region is a central servicing point for the Taranaki, Manawātū-Whanganui, Hawkes Bay, Wairarapa and Wellington regions, an area with a combined population of 1.1 million people in 2020. Delivery trips are able to be made from the Manawātū region to this wider region which allow the driver to deliver goods to a range of destinations and yet still return to the local transport depot within the limit for driver hours. Similar restrictions on driver hours are also relevant to the role of Palmerston North as a key hub for domestic rail freight in the lower North Island. The Manawātū region is well placed nationally in terms of its ability to supply products within 24 to 48 hours of the placement of orders. Rail can service most parts of New Zealand within 48 hours from Palmerston North.

Employment in road transport businesses in the city more than doubled during the period from 2000 to 2020, increasing from an estimated workforce of 672 people in 2000 to 1,420 by 2020. National road transport employment growth was only 23% over this period. Two other sectors which recorded strong growth in regional employment while national employment declined were postal, courier pick-up and delivery services, and rail services. Earnings in transport, postal and warehousing were \$157 million in the year ended February 2020, increasing by 214% from 2000.

Sub-groups within the transport, postal and warehousing sector are:

Road transport is the largest part of the transport, postal and warehousing sector, with a workforce of 1,420 people in February 2020 in the region, an increase of 748 jobs (111% increase) from 2000. There were 1,095 employees in road freight and 325 employees in bus and taxi services. Urban bus employment grew strongly between 2000 and 2020, with improvements to urban bus services requiring more drivers to service the growth in passenger numbers and improvements in service frequency. Road freight employment increased by 92% between 2000 and 2020, supported by the expansion of the major grocery distribution centres in the region.

Rail transport employment in the region increased by 186% between 2000 and 2020 (national rail employment increased by 8% over this period) and by 2020 the region accounted for 8% of national rail transport employment. The rail hub in Palmerston North offers exporters access to the east through to the Port of Napier and to Eastport (Gisborne). The line to the west connects with Westgate (Port Taranaki), the line to the south connects with CentrePort (Wellington), while the line to the north offers connections to both Tauranga and Auckland. Rail is used to bring some products in to Palmerston North for distribution through the range of distribution centres based in the region, although the majority of product comes into the region by road.

Postal and courier pick-up and delivery services are also a significant source of employment in the region, with 441 employees in this sector in 2020. The New Zealand Post mail processing centre in Palmerston North plays an important role in providing employment directly in the city as well as supporting air freight services from Palmerston North Airport. While employment in the region declined by 13% between 2000 and 2020, national employment in the sector declined by 59% over this period. Many distribution centres work on a 24 or 48-hour delivery timescale to the customer, so within New Zealand airfreight and couriers are commonly used in the distribution of high value products. Increased purchases of goods online by consumers has contributed to strong growth in parcel deliveries.

Air transport employment increased by 9% between 2000 and 2020. The 51 people employed in the sector in 2020 represent a very small share of national employment in this sector. Palmerston North Airport is fortunate to be well-located in terms of its central location in the North Island and New Zealand. This is reflected in the services provided by Air New Zealand to the city, offering multiple daily services to Auckland and Christchurch, while Originair services Nelson and Hamilton.

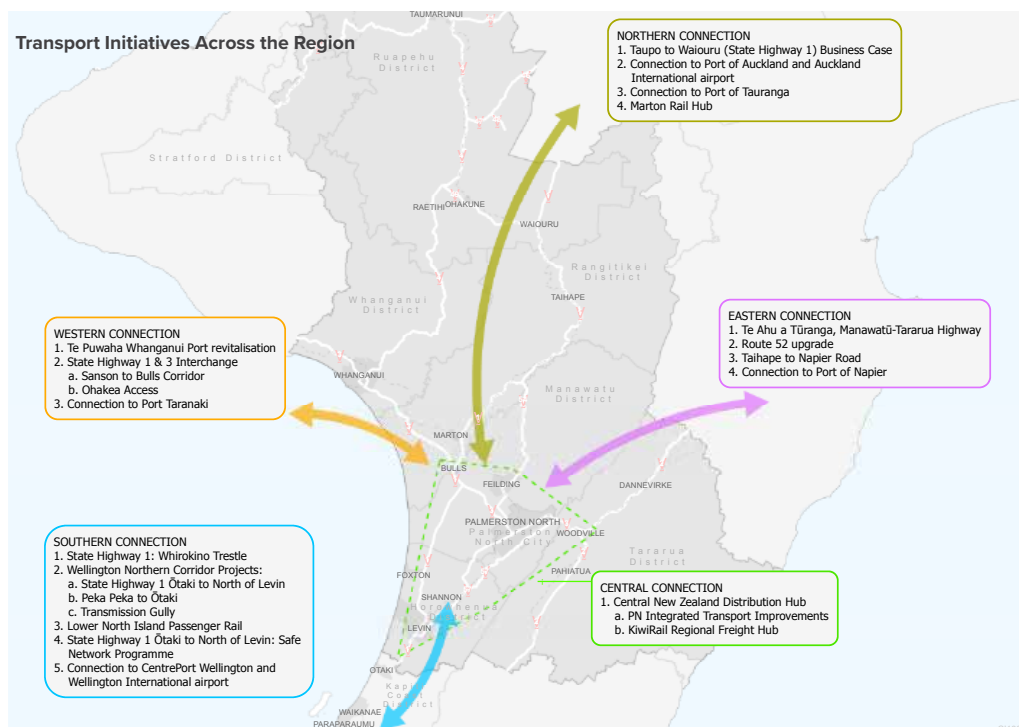
The airport is also well placed in terms of proximity to the State Highway system, the NEIZ, and proposed KiwiRail freight hub. The airport is already a key hub for domestic air freight. The airport also has significant advantages over Wellington Airport, where geographic location at the bottom of the North Island, scarcity of land and an airport curfew operating from midnight to 6 am restrict the opportunities for freight services.

Palmerston North Airport is the third busiest freight-handling airport in New Zealand behind Auckland and Christchurch. Freightways and NZ Post both have significant operations at the airport. The airport intends to develop around 30ha of its non-aeronautical land to accommodate freight and logistics, light industrial, commercial, and retail activities. The development opportunity spans three sites, all of which have the potential to accommodate significant freight and logistics operations.



The Central NZ Distribution Hub

The Central NZ Distribution Hub is located in the Bunnythorpe area and encompasses the North East Industrial Zone (NEIZ), Palmerston North Airport and KiwiRail's planned road-rail Regional Freight Hub, with connections into Waka Kotahi's future regional roading improvements to accommodate freight growth. Once the KiwiRail facility is developed, the Central NZ Distribution Hub will be the only location in New Zealand with rail, road and air connectivity provided in one precinct.



Palmerston North is one of the few locations in New Zealand which has rail freight coming from north, south, east and west. It consists of domestic freight coming into Palmerston North from Auckland, logs from Palmerston North to Napier and Wellington ports, and a range of products transiting Palmerston North (dairy, bulk milk, pulp and sawn timber, north and southbound domestic freight). However, rail is currently a relatively small component of the total freight volumes coming into and out of the Manawātū-Whanganui region.

KiwiRail is in the process of designating 178 hectares of land between Palmerston North Airport and Bunnythorpe for the new Regional Freight Hub. The hub will be around four times the size of KiwiRail's existing rail yard on Tremaine Ave and will be capable of handling containerised and non-containerised freight, including from longer, high-capacity trains that KiwiRail expects to come online in the future. Operations at the freight hub are expected to begin around 2031 and, as demand increases, the hub footprint is expected to grow to its full

size around 2051. Initial estimates suggest a construction cost of \$1 billion to build the freight hub. This doesn't include the cost of building the facilities for the additional logistics business KiwiRail is seeking to attract to the rail hub.

The freight hub will consist of a centralised hub incorporating tracks, marshalling yards, maintenance and service facilities, a train control and operation centre, freight handling and storage facilities (including for logs and bulk liquids), provision of access, including road and intersection upgrades where required, and specific mitigation works including noise walls/bunds, stormwater management devices and landscaping. In addition, the North Island Main Trunk rail line will be relocated to sit within the new designation area and directly adjacent to the Regional Freight Hub. The activities that take place at KiwiRail's Tremaine Avenue freight yard (apart from the passenger terminal and the network signals and communications centre) will be relocated to the new site to form part of the new Regional Freight Hub.

The main economic drivers for KiwiRail's Regional Freight Hub are increased container capacity and the ability to handle longer trains, neither of which are possible at the existing rail yard in Palmerston North. KiwiRail asserts that these capabilities will give rise to the following benefits:

- a. transport cost reductions: encouraging modal shift through reduced freight transport costs for freight hub users. This results from the ability to move expected growth in freight demand by rail instead of by road, and the use of longer, more efficient trains; and

- b. mode shift benefits: improved environmental, safety and congestion outcomes for wider New Zealand resulting from an increase in the mode share of rail for moving freight inter-regionally.

KiwiRail estimates that the freight hub will give rise to total transport cost reduction and mode shift benefits of around \$1.3b in absolute terms over a 60-year evaluation period, or \$420m in present value terms². KiwiRail expects approximately 20% of these benefits to accrue to rail-users based in Palmerston North, 40% to rail users outside the region, and 20% to the wider country. These benefits do not take into account any measures by the Government or other agencies to encourage the use of rail further to help meet wider environmental and social objectives, such as addressing climate change. Of these, the direct benefits to Palmerston North traffic would amount to about 20% and the benefits to the wider community from reduced environmental, crash and congestion costs would amount to about 40% of the total.

KiwiRail's freight demand estimates indicate that containerised freight volumes are expected to increase by around 35% over the period between 2020 and 2062. This is mainly driven by expected growth in inbound manufactured and retail goods destined for the region's distribution centres.

Estimated containerised rail freight volumes into Palmerston North

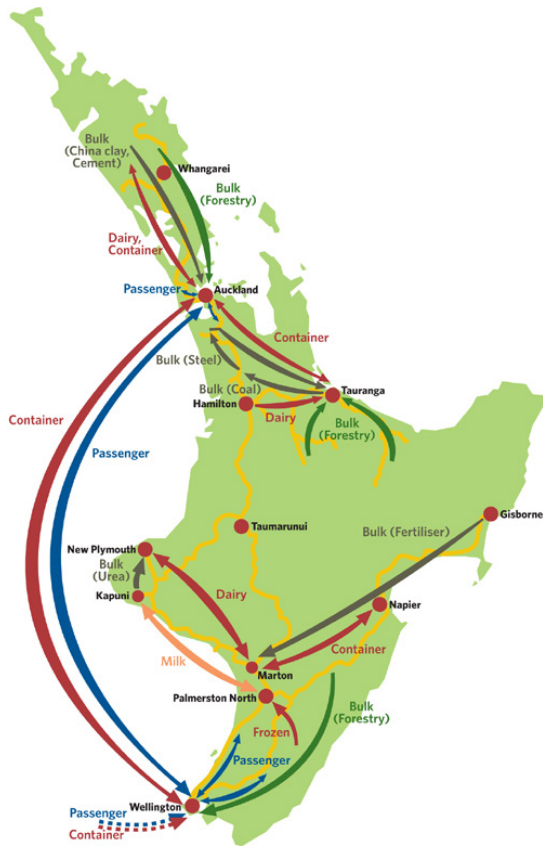
Table 1: Total estimates and forecasts of demand for manufactured freight traffic by rail into Palmerston North (m tonnes pa)

	2017 (Est)	2020 (Est)	2022	2030	2032	2042	2052	2062
Total demand for containerised traffic (m tonnes pa)	0.28	0.26	0.28	0.30	0.31	0.33	0.34	0.35

Source: KiwiRail Regional Freight Hub Section 92 Response, Economic Development Impact February 2021³

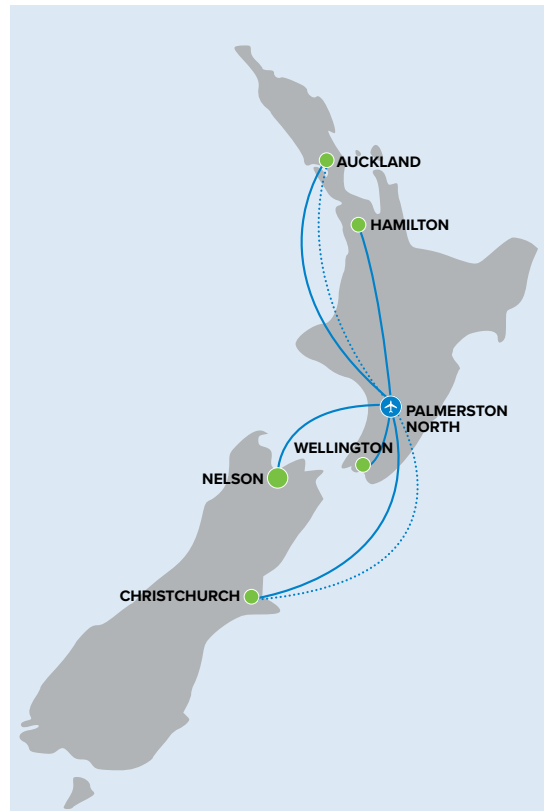
² Statement of Evidence of Richard Paling on behalf of KiwiRail Holdings Limited, Economic, p22, 712, 9 July 2021. <https://www.pncc.govt.nz/media/3134107/economics-evidence-richard-paling.pdf>

³ first page of Appendix A. <https://www.pncc.govt.nz/media/3133658/attachment-8a-s92-response-economic.pdf>



The NEIZ encompasses approximately 212 ha of land immediately south of Bunnythorpe that has been zoned for large-format transport, warehousing and logistics operations. The NEIZ land is well-suited to such activities as it is flat, relatively free from surrounding residential and commercial activities that could constrain its operations and growth, and adjacent to the future ring road route, the main trunk railway line and freight hub, and the airport.

The NEIZ has been rezoned in stages, beginning in 2004. The 126ha NEIZ Extension Area, which includes 60ha of the land subject to the KiwiRail notice of requirement, was rezoned in 2017. If the Freight Hub goes ahead, around 150ha of the 212 ha NEIZ will be developed or secured with the intention to develop. Current major occupants of the NEIZ include the Foodstuffs, Countdown and Ezibuy distribution centres.



PALMERSTON NORTH CONNECTED CITY

Monthly Air movements - passenger services & freight services

Passenger Movements

Passengers (and parcel freight) for July 2021.

	Aircraft movements	Seat capacity
Auckland	494	33,350
Christchurch	298	19,956
Nelson	80	1,256
Hamilton	66	1,101

Freight Movements

Dedicated Freighter services for July 2021.

	Aircraft movements
Auckland	46
Christchurch	44

Advantages for distribution centre location in the Manawatū Region

Central location in New Zealand

Palmerston North is a key central servicing point for the Taranaki, Manawatū-Whanganui, Hawkes Bay, Wairarapa and Wellington regions, an area with a combined population of 1.1 million people in 2020. With a further 1.2 million people in the South Island the city is a key midpoint in servicing New Zealand's 5.1 million population. The region is a key staging point for relatively high value import and domestic freight between Auckland and Wellington and between Auckland and the South Island.

Ease of business for logistics operations

Part of the success of the Manawatū region as a logistics hub is the ease of business for logistics operations in Palmerston North and Manawatū District – businesses are located close to the city airport which is rarely closed and is very efficient, trucks can get in and out of the region in any direction relatively quickly at any time of the day, and there is good railway access.

State Highways 1, 2 and 3 intersect in the region, offering connections to Wellington, the Wairarapa, Hawkes Bay and Taranaki regions. State Highway 1 is the key connection for the region to the Ports of Auckland, Tauranga and Auckland International Airport, which in the year to June 2020 accounted for 67% by value of all freight unloaded at New Zealand ports. The proportion of freight imported through Tauranga has increased significantly since the 1990s, reducing the proportion of sea freight imported through the Port of Auckland. The proportion of imported freight which arrives in New Zealand through the Port of Auckland and Auckland International Airport (by value through sea and airports) reached 73% in 1998 but had declined to 38% for the year ending June 2020. The share of freight imported through Tauranga was 29%

Rail offers a significant freight hub in Palmerston North with rail lines to the west and east connecting with the

North Island Main Trunk. The development of the new KiwiRail freight hub offers the potential for KiwiRail to improve productivity and increase its share of national freight volumes through the ability to offer faster delivery times for customers.

Palmerston North Airport is fortunate to be well located in terms of its central location in the North Island and New Zealand. It is one of three significant domestic freight hubs in New Zealand, offering easy road access for freight to and from the airport and a lack of any restrictions on hours of operation.

Affordability

Data is not readily available to compare the costs between regions of purchasing individual sites or leasing commercial buildings. However, a key regional indicator is home affordability, which shows lower land prices and building costs in the Manawatū compared with most other regions. Since the largest contributor to the difference in home affordability between regions is the difference in land value rather than in building costs, the home affordability indicator is a useful proxy for comparing the costs of operating a distribution centre in different regions.

The average house value in Palmerston North was \$705,000 and Manawatū District was \$600,000 in the three months to June 2021, with Palmerston North over \$200,000 below the national average of \$906,000.

Affordability is also an important factor in the ability of businesses to attract labour to a region and is a factor in constraining domestic migration within New Zealand, particularly to Auckland. There is a lack of any comprehensive database on logistics sector wage rates by region, but median earnings in the region for all sectors in the year to September 2020 were \$55,057, while median earnings for New Zealand were \$56,660.



Labour force

Major distribution centres based in the region have cited the presence of a university in the region (Massey University) as a key factor in the decision to locate their distribution centre in the region. There are several reasons for this interest in educational facilities in the region:

Massey University offers a range of study options in the area of logistics and supply chain management which include the part-time Graduate Diploma in Logistics and Supply Chain Management, Postgraduate Diploma and Master of Logistics and Supply Chain Management and PhD. This offers opportunities for ongoing education for employees in the region and also recruitment opportunities for local businesses.

The region is centre to The Logistics Training Group Ltd (LTG), a specialist logistics and supply chain management educator that has provided UK/EU registered bridging qualifications and short course management programmes in this area for over 25 years. LTG delivers the post-graduate level CILT UK Professional Diploma in Logistics & Transport and an associated undergraduate certificate programme, as well as various topical short courses. LTG has long established partnerships with Massey University in New Zealand and the University of New England in Australia, and has a wide off-shore delivery capability. LTG has its graduates working in all logistics areas and has had Top World Graduate for the UK Professional Diploma twice in the last four years.

Attracting staff to the region is helped if prospective employees view the educational opportunities offered in the region to be favourable. NCEA achievement levels⁴ for secondary schools in the region are higher than the national averages, while the local polytechnic (UCOL) and Massey University offer a wide range of post-school education opportunities in the region. The presence of a large student population assists with the supply of a flexible workforce in the region. The majority of university students work part-time while studying full-time at university and are often willing to accept options for shift work that are less attractive to older workers.

Lack of significant traffic congestion

The physical location of the region on a plain, with multiple road connections to the main state highways (State Highways 1, 2 and 3) means that traffic flows are not significantly affected by congestion, even during high commuter flows in the morning and evening. The new Te Ahu a Turanga highway will provide a faster and more reliable link to the east when it is completed by the end of 2024.

Connections to Wellington are improving with the Transmission Gully and Otaki Expressway projects nearing completion and \$1.5 billion committed to improving State Highway 1 from Otaki to north of Levin. Other road network improvements are proposed includes the completion of a high-speed rural ring road around Palmerston North, which will link with the KiwiRail freight hub. The road to the Port of Napier will be significantly improved when the Te Ahu a Turanga highway, replacing the need to use the Saddle Road over the southern part of the Ruahine Ranges.

⁴ Percentage of school leavers achieving NCEA Level-2 or higher.

Conclusion

The logistics sector will increase in importance in the Manawātū region economy, with investment in the Central NZ Distribution Hub over the next 30 years likely to result in significant growth in employment and earnings in the region. The new KiwiRail Freight Hub is not expected to be operating until 2031, but significant construction employment will be required to build the \$1 billion rail hub if the consent application is approved. The Freight Hub is expected to attract new wholesale trade

and transport businesses to the region over the next 30 years and also contribute to further growth for businesses already located in the region.

The region's central location within New Zealand, affordable land, available workforce and a lack of significant traffic congestion have all supported strong growth in employment in the sector over the past 20 years.









COMMITTEE WORK SCHEDULE

TO: Economic Development Committee

MEETING DATE: 16 March 2022

TITLE: Committee Work Schedule

RECOMMENDATION TO ECONOMIC DEVELOPMENT COMMITTEE

1. That the Economic Development Committee receive its Work Schedule dated March 2022.

ATTACHMENTS

1. Work Schedule March 2022 [↓](#) 

ECONOMIC DEVELOPMENT COMMITTEE

COMMITTEE WORK SCHEDULE – March 2022

Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
1.	March 2022 TBC	Portfolio Update – Housing	Cr Susan Baty	Nothing to report at present.	Terms of Reference
2.	March 2022	Sector Profiles: Healthcare & Social Assistance (full and summary) Logistics (full and summary)	Chief Planning Officer		Terms of Reference
3.	March 2022	Quarter 2 Economic Report Oct-Dec 2021	Chief Planning Officer		Terms of Reference
4.	March 2022	International Relations Six Monthly Report	Chief Planning Officer		Terms of Reference
5.	June 2022	Portfolio Update – Inner City/CBD	Cr Leonie Hapeta		Terms of Reference
6.	June 2022	Sector Profiles: Manufacturing (full and summary) Government (full and summary) Tourism (full and summary)	Chief Planning Officer		Terms of Reference
7.	June 2022	Quarter 3 Economic Report Jan-March 2022	Chief Planning Officer		Terms of Reference
8.	September 2022	Portfolio Update – Education and Students	Cr Rachel Bowen		Terms of Reference
9.	September 2022	Sector Profiles: Construction (full and summary) Agriculture (full and summary) Manufacturing (summary)	Chief Planning Officer		Terms of Reference

Oasis # 13972982

Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
		Education (full and summary)			
10.	September 2022	Quarter 4 Economic Report April-June 2022	Chief Planning Officer		Terms of Reference
11.	September 2022	International Relations 6 Monthly report	Chief Planning Officer		Terms of Reference
	TBC	Sector Profiles: Defence (summary) Non-Profit (summary)	Chief Planning Officer		Terms of Reference
	TBC	Portfolio Update – Science, Technology & Innovation	Cr Brent Barrett		Terms of Reference
	TBC	Sector Profiles: Research, Science & Innovation (full and summary)			Terms of Reference